

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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BEFORE: GREGORY C. FAJT, CHAIRMAN
Raymond S. Angeli, James B. Ginty,
Keith R. McCall, Anthony C. Moscato,
Gary A. Sojka, Kenneth I. Trujillo; Members
Christopher Craig, Representing Robert M.
McCord, State Treasurer
Robert Coyne, Representing Daniel P.
Meuser, Secretary of Revenue
Daniel Tufano, Representing George Greig,
Secretary of Agriculture

HEARING: Wednesday, May 25, 2011
10:00 a.m.

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

WITNESSES: Alexander Savinell

Reporter: Cynthia Piro Simpson

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A P P E A R A N C E S

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1	I N D E X	
2	OPENING REMARKS	
3	By Chairperson Fajt	5 - 6
4	STATEMENT	
5	By Mr. Craig	7 - 9
6	PRESENTATION	
7	By Mr. O'Toole	9 - 10
8	By Ms. Knavel	11 - 12
9	QUESTIONS BY BOARD	12 - 14
10	PRESENTATION	
11	By Attorney Yocum	15
12	By Attorney Sherman	16 - 26
13	STATEMENT	
14	By Mr. Trujillo	27
15	By Chairperson Fajt	28 - 29
16	PRESENTATION	
17	By Attorney Cook	30 - 37
18	TESTIMONY	
19	By Mr. Savinell	38
20	PRESENTATION	
21	By Attorney Pitre	39 - 40
22	By Ms. Hensel	41 - 52
23	By Attorney Miller	52 - 53
24	CLOSING REMARKS	
25	By Chairperson Fajt	53 - 54

E X H I B I T S

1
2
3
4
5
6
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<u>Number</u>	<u>Description</u>	<u>Page Offered</u>	<u>Page Admitted</u>
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P R O C E E D I N G S

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CHAIRMAN:

Good morning, everybody. I'm Greg Fajt, here with the Pennsylvania Gaming Control Board. I'd like to ask everyone, as is our normal practice, to please turn off your Blackberries and cell phones and put them on vibrate so that they won't interrupt the proceedings.

Joining us today is Christopher Craig, representing the State Treasurer, Rob McCord; Bob Coyne representing the Secretary of the Department of Revenue, Dan Meuser; and Dan Tufano, representing the Secretary of Agriculture, George Greig. Welcome to all of you.

A quorum of the Board is present. I'd like to call today's meeting to order. As the first order of business, please join me in the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN:

By way of announcements, the Board held an executive session yesterday for the purpose of discussing personnel matters, pending litigation and quasi-judicial deliberation pertaining to matters

1 being considered by the Board today. Also with
2 respect to announcements, anyone interested in
3 participating in the license renewal hearing for
4 SugarHouse, HSP Gaming should register no later than
5 noon on June 14th. All details regarding that hearing
6 can be found on our website at www.pgcb.state.pa.us,
7 or you can call our Board Secretary, Mickey Kane, and
8 that number is 717-346-8300.

9 Next we have consideration to approve the
10 transcripts and minutes of the Board's April 28th and
11 May 11th, 2011 meetings. May I have a motion, please?

12 MR. TRUJILLO:

13 Mr. Chairman, I move that the Board
14 approve the transcripts and minutes of the April 28th
15 and May 11th, 2011 meetings.

16 CHAIRMAN:

17 Second?

18 MR. SOJKA:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL SAY AYE

23 CHAIRMAN:

24 Opposed? The motion passes. Before we
25 move on from old business, Mr. Craig, I believe you

1 would like to be recognized to make some comments
2 regarding the loan pay-back issue that the Board has
3 been looking at and you have comments on behalf of the
4 Treasurer?

5 MR. CRAIG:

6 Thank you, Mr. Chairman. The Treasurer,
7 Mr. McCord, would like to offer into the record his
8 suggestions concerning the repayment of the loan from
9 the Property Tax Relief Reserve Fund. The General
10 Assembly has directed this Board to adopt a repayment
11 schedule by the end of June. Within this context, the
12 Treasurer McCord, as an Ex-Officio Member of the
13 Board but also as the legal custodian of the Property
14 Tax Relief Reserve Fund, submit --- who is charged
15 with safekeeping, management and pertinent investment
16 submits its proposal for the Board's consideration.
17 To my understanding, the proposal is available both on
18 the website of the Board as well as the Department of
19 the Treasury.

20 Just to briefly summarize, the proposal
21 has three components to it. The first general premise
22 is that all operation venues are to participate from
23 year one, day one in the repayment period. The
24 General Assembly has been clear about its intent to
25 spread out the cost burden of the loan among as many

1 venues as possible, recognizing that the Board still
2 has the discretion under the Fiscal Code to define the
3 proportional share and how and whether or not it's
4 smoothed out over multiple years, a single year, the
5 preceding month, or the preceding year.

6 Category One Facility began operation
7 first by function of the law and the fact of the
8 non-competitive nature of their application process.

9 The second premise of the Proposal is
10 that the Treasurer opposes any back-end mode of
11 repayment schedule, such that a proposal --- such a
12 schedule would serve to fund the investment
13 opportunity in the early years. This is further
14 delegated by the fact that the loans are without any
15 interest costs, thereby depriving the Fund of lost
16 dollars, not value.

17 The last premise of the Treasurer
18 McCord's Proposal is really a recommendation to the
19 General Assembly. Currently the Fiscal Code provides
20 that the loan repayment schedule is triggered upon the
21 operation of the 11th venue. It's our assessment that
22 there is risk that the 11th venue may not be
23 operational within the next fiscal year. Accordingly,
24 it is our recommendation that the Fiscal Code should
25 be amended to trigger the immediate repayment of the

1 loan. We believe that this serves two important
2 public policy purposes. It reduces the risk of any
3 further delay in the repayment of the loan, and it
4 also reduces risk, thereupon, that there will be
5 insufficient deposits in the future that would prevent
6 the certification by the Budget Secretary for future
7 property taxes on the late payments.

8 I appreciate the opportunity of the Board
9 to allow us to present this, and I would ask that this
10 be moved into the record.

11 CHAIRMAN:

12 Thank you, and we will move that into the
13 record.

14 MR. CRAIG:

15 Thank you.

16 CHAIRMAN:

17 I will now hear from our Executive
18 Director, Kevin O'Toole. Welcome, Kevin.

19 MR. O'TOOLE:

20 Good morning, Chairman Fajt and Members
21 of the Board. Today I would like to give you an
22 update on our efforts to identify potential new office
23 space for the Office of Hearings and Appeals (OHA).
24 That would also include a Hearing Room for the Board's
25 Public Meetings. At the Board's Public Meeting of

1 April 14th, 2011 you authorized the issuance of a
2 Solicitation for Proposals for office space in
3 downtown Harrisburg to house the OHA. The
4 Solicitation for Proposal was thereafter advertised in
5 the Legal Notice Section of the Patriot News and was
6 posted on the PGCB website. Proposals were accepted
7 from April 15th, 2011 through May 16th, 2011.

8 I would like to report to the Board that
9 we have received two proposals. An evaluation
10 committee consisting of myself, Director of Hearings
11 and Appeals Linda Lloyd, and Board Secretary Mickey
12 Kane were selected to review each proposal.
13 Additionally, the Evaluation Committee conducted a
14 site visit of each location on May 20th, 2011. The
15 two parties who submitted proposals will be notified
16 of which proposal was selected as soon as the
17 evaluation process is completed. Going forward, I
18 fully expect to be presenting you a lease for Board
19 approval at an upcoming Public Meeting. Thank you,
20 Chairman.

21 CHAIRMAN:

22 Thank you, Kevin. Any questions or
23 comments from the Board? Okay. Thank you very much.
24 Next we have our Budget Manager, Stacey Knavel, to
25 present for consideration two Local Law Enforcement

1 Grants. Welcome, Stacey.

2 MS. KNAVEL:

3 Good morning. Good morning, Mr. Chairman
4 and Members of the Board.

5 CHAIRMAN:

6 Stacey, could you pull the microphone
7 closer? And just as a word of caution, I think most
8 of you who have been in here before know that the mics
9 in here aren't the best. We have a stenographer here
10 who always struggles with hearing and when people turn
11 their head away from the microphone. So, anybody who
12 is testifying today, even if somebody in the opposing
13 party is next to you, don't look at them. They won't
14 be offended. Speak clearly into the mic and you will
15 --- the stenographer will get your comments correct.
16 So having said that statement, I wasn't picking on
17 you, but you can proceed.

18 MS. KNAVEL:

19 I have never been accused of not being
20 heard.

21 CHAIRMAN:

22 There you go.

23 MS. KNAVEL:

24 I have two Applications for Local Law
25 Enforcement Grants totaling \$300,000 to present to you

1 today. They are the Delaware County District Attorney
2 for \$150,000 and the Philadelphia District Attorney
3 for \$150,000. These Applications have been reviewed
4 by the appropriate staff and have been determined to
5 be compliant with the Grant Program and are
6 recommended for approval.

7 CHAIRMAN:

8 Thank you. Any questions or comments
9 from the Board?

10 MR. SOJKA:

11 Yes, just a couple of quick questions,
12 Stacey. Other applicants, are there others in the
13 pipeline at the moment?

14 MS. KNAVEL:

15 Yes. My recollection is that there are
16 approximately 11 applications that are currently in
17 various stages of approval and they're worth about a
18 million dollars.

19 MR. SOJKA:

20 So the 11 that are in the pipeline are
21 worth about a million, and this is \$250,000 or
22 \$300,000. Would we still have adequate resources,
23 should all the 11 in the pipeline and these be
24 granted?

25 MS. KNAVEL:

1 Yes.

2 MR. SOJKA:

3 Thank you.

4 CHAIRMAN:

5 Commissioner Ginty?

6 MR. GINTY:

7 Stacey, am I correct that the prior grant
8 through the Philadelphia District Attorney resulted in
9 21 convictions, the seizure of eight gambling machines
10 and the confiscation of over \$12,000?

11 MS. KNAVEL:

12 That seems correct. I can pull out my
13 paper and look.

14 MR. GINTY:

15 I just want to make a point that it's
16 money well spent.

17 MS. KNAVEL:

18 Yes.

19 CHAIRMAN:

20 I have one question. Stacey, after the
21 \$300,000 is allocated today, a million dollars is,
22 say, spent for the folks in the pipeline, what's the
23 cost of balancing that account after all that money
24 has been disbursed?

25 MS. KNAVEL:

1 3.7 million dollars.

2 CHAIRMAN:

3 3.7 million. Okay Thank you. Any
4 other questions? Okay. Can I have a motion, please?

5 MR. SOJKA:

6 Yes, you may. Mr. Chairman, I move for
7 the Board to approve the Local Law Enforcement Grants
8 as presented by the Budget Manager, Stacey Knavel.

9 CHAIRMAN:

10 Second?

11 MR. MOSCATO:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 Opposed? The motion passes.

18 Thank you, Stacey. We can never accuse
19 you of not being heard. Moving along now, we have our
20 Chief Counsel, Doug Sherman, and Susan Yocum up next.
21 Welcome.

22 ATTORNEY SHERMAN:

23 Good morning, Chair and Members of the
24 Board. Our first agenda item relates to a Proposed
25 Regulation which Assistant Chief Counsel, Susan Yocum,

1 will present to you.

2 MS. YOCUM:

3 Good morning, Chairman Fajt and
4 Commissioners. I have one rulemaking for you to
5 consider today. It's Rule 125-152, which was
6 transitioned for a table --- Temporary Table Games
7 Chapters in the proposed form. Included in this
8 rulemaking are the rules of play, the payout
9 requirement and the payout odds and amounts for all
10 permissible wagers for Ultimate Texas Hold 'Em, Four
11 Card Poker, Let It Ride Poker, and Three Card Poker.

12 CHAIRMAN:

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

15 MR. MOSCATO:

16 Mr. Chairman, I move that the Board adopt
17 the proposed regulation, 125-152, as recited by the
18 Office of Chief Counsel (OCC) and that the Board
19 establish a public comment period of 30 days for this
20 Regulation and that the Proposed Regulation be posted
21 on the Board's website.

22 MR. MCCALL:

23 Second.

24 CHAIRMAN:

25 All in favor?

1 ALL SAY AYE

2 CHAIRMAN:

3 Opposed? Motion passes.

4 MR. SHERMAN:

5 Next the Board has three Petitions before
6 it for consideration. Each of the matters was heard
7 by the Board during public hearings and previous
8 meetings. Specifically, the matters before the Board
9 today include Keystone Gaming Technologies' Petition
10 for Authorization to Continue to Utilize and Employ
11 Certain Persons as Technicians. The second, U.S.
12 Playing Cards' Petition for Waiver of the Principal
13 Licensure Requirement for certain outside directors of
14 its parent company. And the final matter is whether
15 or not a fee should be imposed on Valley Forge
16 Convention Center Partners' recently-approved Petition
17 for the Approval of Corporate Restructure.

18 In all three of the matters the Board has
19 been provided with pleadings, transcripts of meetings,
20 responsive pleadings and any other supporting
21 evidentiary materials.

22 First, Keystone Gaming Technologies.
23 They filed a Petition for Authorization to Continue to
24 Utilize and Employ Certain Persons as Technicians, and
25 that matter was heard by the Board at the last meeting

1 on May 11th, 2011. At the conclusion of the Hearing,
2 after extensive testimony from both the Bureau of
3 Licensing and Keystone Gaming Technologies, the Board
4 tabled the matter requesting that Keystone submit into
5 the record contracts it has with Cummins Allison
6 Corporation by May 13th. As directed, Keystone did
7 submit certain documents by that deadline and they've
8 been provided to the Board in advance of this meeting.

9 By way of review, Keystone is requesting
10 that the Board allow it to use technicians otherwise
11 employed by the Cummins Allison Corporation to fulfill
12 its contractual responsibilities established pursuant
13 to certain Service Agreements it has with, I believe,
14 either six or eight Slot Machine Licensees. The
15 Bureau of Licensing believes that these technicians
16 whose services are rendered to Keystone by a series of
17 Service Agreements between Keystone and Cummins is, in
18 effect, Keystone acting as an arm of Cummins, which is
19 a company not licensed as a table games manufacturer
20 in Pennsylvania. As a result, the Bureau of Licensing
21 contends that the Petition should be denied. The
22 matter is now closed and ready for the Board's
23 consideration.

24 CHAIRMAN:

25 Any questions or comments from the Board?

1 MR. ANGELI:

2 I just have one question.

3 CHAIRMAN:

4 Yes?

5 MR. ANGELI:

6 I just want to make sure that the casinos
7 themselves that have this equipment have an option to
8 fix this equipment.

9 ATTORNEY SHERMAN:

10 There is another company, TDN Money
11 Systems, that has employed by itself technicians
12 authorized to service Cummins equipment. The other
13 matter is that I think from the Bureau of Licensing's
14 standpoint, as put into the record at the last
15 meeting, the Keystone Group does not have any trained
16 employees itself, but rather it utilizes Cummins
17 employees and the concern that they voice is it's
18 simply a pass-through for the unlicensed company to
19 continue to do business.

20 MR. ANGELI:

21 Thank you.

22 CHAIRMAN:

23 Mr. Sojka, questions?

24 MR. SOJKA:

25 Just to make absolutely certain, should

1 Cummins Allison for any reason decide that they do
2 wish to enter into the registration, this whole thing
3 could, at that point, be revisited?

4 ATTORNEY SHERMAN:

5 Absolutely. The problem here is Cummins
6 employees are being utilized to service equipment and
7 Cummins is not licensed as a manufacturer, which due
8 to changes in the Act is now required.

9 MR. SOJKA:

10 But we have no problem with someone like
11 Keystone functioning in a position at which they are
12 trying to function, if they were dealing with a
13 licensed entity on the other end?

14 ATTORNEY SHERMAN:

15 Provided there was no circumvention of
16 the Board's Regulations in the arrangement, which I
17 don't think there would be if Cummings was licensed;
18 correct.

19 MR. SOJKA:

20 Thank you.

21 CHAIRMAN:

22 Any other questions from the Board? May
23 I have a motion, please?

24 MR. GINTY:

25 Mr. Chairman, I move that the Board deny

1 the Petition of Keystone Gaming Technologies as
2 described by the OCC.

3 MR. ANGELI:

4 Second.

5 CHAIRMAN:

6 All in favor?

7 ALL SAY AYE

8 CHAIRMAN:

9 Opposed? Motion passes.

10 ATTORNEY SHERMAN:

11 The next petition before the Board is US
12 Playing Cards' Petition for Waiver of the Principal
13 Licensure Requirement for Michael Gross, Douglas
14 Huemme and Robert Wood. For the record, Counsel for
15 US Playing Cards is present; that would be Mark
16 Stewart of Eckert Seamans. If the Board has any
17 questions, Mr. Stewart is here. But otherwise I'll
18 provide a review of the matter before the Board and
19 ask for the Board's consideration.

20 This matter was heard before the Board
21 during a Public Hearing on March 23rd, 2011.
22 Subsequent to the hearing, it requested Board's
23 initial documentation. It was placed into the record
24 by US Playing Cards. The individuals listed in the
25 petition for which relief is sought are all outside

1 directors that serve on the Auditing Committee of the
2 Jarden Corporation, which is US Playing Cards'
3 ultimate parent company. Based upon a restructuring
4 of corporate relationship between US Playing Cards and
5 Jargon, US Playing cards is seeking a Waiver of the
6 Requirement that outside directors serving on Jarden's
7 Auditing Committee be licensed.

8 US Playing Cards avers that the
9 restructuring, which largely consists of any shared
10 voting agreement and establishment of a second Audit
11 Committee at a subsidiary level, will eliminate
12 control over US Playing Cards by Jarden's shareholders
13 and the ultimate parent Board of Directors. The
14 Office of Enforcement Counsel (OEC) had objected to
15 the relief requested, arguing that US Playing Cards
16 had not sufficiently shown a separation between
17 various entities. At the March 23rd, 2011 hearing,
18 both U.S. Playing Cards and Jarden testified that US
19 Playing Cards represents a very small percentage of
20 Jarden's overall business portfolio. And when I say
21 small percentage, I believe the record was .04 percent
22 of the Parent's businesses.

23 US Playing Cards is subject to extensive
24 regulatory compliance and US Playing Cards actually
25 holds over 100 licenses in different gaming

1 jurisdictions. Subsequently, there is substantial
2 incentive for Jarden's center control over US Playing
3 Cards to avoid the burden of having members of
4 Jarden's Audit Committee apply for Principal Licensure
5 in Pennsylvania and other jurisdictions. The matter
6 is closed and ready for your consideration.

7 CHAIRMAN:

8 Thank you. Any questions or comments
9 from the Board? Commissioner Trujillo?

10 MR. TRUJILLO:

11 Thank you, Mr. Chairman. Mr. Stewart,
12 thank you for your previous presentation and the
13 subsequent follow-up. I had and actually the Board
14 has struggled with this issue because of the
15 regulations and because, as you know, the world is
16 moving appropriately in the direction of fuller
17 disclosure, more independence with respect to a lot of
18 activities and the ultimate responsibility of
19 directors, post the last four years of the world. And
20 we have, as you know, a regulatory function, not a
21 function of perhaps a Department of Community and
22 Economic Development or a Chamber of Commerce which
23 occurs in business. Our job is to protect the public
24 with respect to gaming and the activities related to
25 gaming, and so I personally struggle with how to

1 appropriately address this issue in a circumstance
2 where it's --- actually, I think it's .4 and not .04.
3 But nonetheless, the activities --- is it .04 or .4?

4 UNIDENTIFIED SPEAKER:

5 I believe it's point ---.

6 MR. TRUJILLO:

7 I think under any circumstance it's still
8 probably not reaching any materiality standard with
9 respect to the company. Yet we still have a
10 regulation with --- all of the United States requires
11 --- you know, it requires the kind of dependence that
12 it requires. And so as we've gone through this, I am
13 --- I think at the end of the day I'm finally
14 convinced that there are appropriate structures being
15 put in place which won't unduly harness the company at
16 the parent level from doing its work and from --- I
17 think it's important for us to recognize that we want
18 Jarden, we want the parent group, we want full-time
19 companies to be able to attract the best possible
20 directors and if some of our regulations become more
21 of a hindrance than a help, we also don't want that.

22 So, the Commission did come up with what
23 I deem the appropriate way that we can deal with this
24 and one in which I'd be prepared to support the
25 approval of the Petition, with one or two changes

1 perhaps, or conditions. So with that, Mr. Chairman,
2 those are my comments. I believe that Mr. Ginty has a
3 motion to make.

4 CHAIRMAN:

5 Thank you. Mr. Ginty?

6 MR. GINTY:

7 Thank you, Commissioner Trujillo. Mr.
8 Trujillo mentioned we want to welcome companies such
9 as Jarden into the gaming industry and I believe we
10 also want to encourage, as Commissioner Trujillo
11 mentioned, good outside auditors to join, like Jarden.
12 I do want to point out for the record that Jarden is a
13 public company trading on the New York Stock Exchange.
14 And as such, it files extensive reports within the New
15 York Stock Exchange with the FCC, as Commissioner
16 Trujillo mentioned, and the stock requirements ---
17 there's a considerable amount of safeguard built into
18 the simple fact that Jarden is a publicly-traded
19 company. And the amount of revenue here is very
20 small. So I don't think we're setting a huge
21 precedent.

22 I had two points I wanted to make. I
23 don't believe that we are signing off on the
24 restructuring or the machination involved here. This
25 is something that I am uncomfortable with setting that

1 as a precedent for complying with our Regulations. If
2 you want to do that, that's up to you. Our labor is
3 based on the public nature of Jarden and the
4 safeguards. We would require, however, that there be
5 a separate certifying audit of US Playing Cards, that
6 the Jarden Audit Committee sign off on those. Does
7 that meet everybody's understanding?

8 CHAIRMAN:

9 Okay. Any other questions or comments
10 from the Board? May I have a motion, please?

11 MR. ANGELI:

12 Mr. Chairman, I move that the Board grant
13 the Petition of US Playing Cards for Waiver of the
14 Principal License Requirement as described by the OCC,
15 with the recommendations put forth by Commissioner
16 Trujillo and Commissioner Ginty.

17 CHAIRMAN:

18 Do I hear a second?

19 MR GINTY:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 ALL SAY AYE

24 CHAIRMAN:

25 Opposed? The motion passes. Thank you.

1 Mr. Sherman?

2 ATTORNEY SHERMAN:

3 The final Petition before the Board
4 pertains to Valley Forge's Petition for Approval of
5 Corporate Restructuring which the Board approved on
6 April 28th, 2011, but for the issue as to whether a
7 fee should be imposed to the transaction.
8 Specifically, Valley Forge obtained Board approval for
9 Corporate Restructuring to allow an equity investment
10 by CMS Valley Forge Partners, LP. In exchange for the
11 contribution, CMS received a 30-percent interest in
12 the project and the interest of the remaining
13 principals accordingly, originally approved with this
14 license were cumulatively reduced by a like amount.

15 The Board issued an Order on April 28th,
16 2011, stating that the Corporate Restructuring
17 contemplated in the Petition was approved; however,
18 the Board deferred in deciding whether a fee should
19 apply with any further review and analysis. The Board
20 has now had the opportunity to review the situation
21 and determine what, if any fee, should apply to the
22 transaction.

23 CHAIRMAN:

24 Thank you. And I will be making a brief
25 statement on what we determined on this issue after we

1 have a motion and a second. If any of the other Board
2 members want to make a comment, now is the proper
3 time. Okay. Mr. Trujillo?

4 MR. TRUJILLO:

5 Just three minor points. It is clear to
6 me that a change in control as ordinarily used in
7 business is, in fact, taking place. It's just as
8 clear to me to make a change in control as defined by
9 the Statute, which was not taking place, and it is
10 clear to me that the change in control, non-defined,
11 that is taking place is not taking place for the
12 purpose of doing a flip transaction. So, with those
13 recognitions and their unique facets, I'm prepared to
14 support the motion.

15 CHAIRMAN:

16 Great. Any other comments? Mr. Sojka?

17 MR. SOJKA:

18 When you make your statement then, Mr.
19 Fajt, are you going to comment specifically about what
20 that means in terms of precedent?

21 CHAIRMAN:

22 Correct.

23 MR. SOJKA:

24 Then I am fine.

25 CHAIRMAN:

1 Any other comments? May I have a motion,
2 please?

3 MR. GINTY:

4 Subject to the comments that the Chair
5 will make, I move that the Board not impose a fee
6 relative to the Board's April 28th, 2011 granting of
7 --- for Valley Forge Convention Center Partners, LP's
8 Petition for the Approval of Corporate Restructuring
9 as described by the OCC.

10 MR. MCCALL:

11 Second.

12 CHAIRMAN:

13 Okay. Now that we have a motion on the
14 floor, I'd like to make a statement about this fee
15 issue on the record and on behalf of the entire Board.
16 Under Section 1328(c) of the Act, change in control is
17 a defined term. Specifically, it is defined as the
18 acquisition of more than 20 percent of Slot Machine
19 Licensee security or other ownership interest. While
20 there is no question that a non-defined term change in
21 control has occurred, these occurred before the
22 issuance of the license. Accordingly, the Board will
23 not impose a fee on the license. However, I know that
24 we've reached this conclusion on the very unique facts
25 presented before us, taking into account the

1 unanticipated delay of the Appeal and other factors.

2 Accordingly, this decision is not
3 precedential and the Board will certainly look upon
4 any proposed transaction that smacks of flipping of a
5 license in a much different light. And having said
6 all that, can I now have a vote? All in favor of the
7 motion?

8 ALL SAY AYE

9 CHAIRMAN:

10 Opposed? The motion passes. As long as
11 we're considering matters related to Valley Forge,
12 I'll also note for the record that the Board will be
13 voting upon the licensure of the Carpenters Pension
14 and Annuity Fund when Susan Hensel is before us later
15 on, and that the Carpenters Pension and Annuity Fund
16 is one of the lenders to this project. The Board has
17 also had the opportunity to review the Financial
18 Investigation Unit's Report of the entire financing
19 which was supplied to the Board in advance of this
20 meeting.

21 In the event any of the Board members
22 have any questions about the financing, perhaps now
23 would be the appropriate time to entertain those
24 questions. Does anybody have any questions about the
25 Carpenters Pension and Annuity Fund? Okay.

1 ATTORNEY SHERMAN:

2 Next, presenting Withdrawals, Reports and
3 Recommendations and one Emergency Suspension is Deputy
4 Chief Counsel, Steve Cook.

5 CHAIRMAN:

6 Welcome, Steve.

7 MR. COOK:

8 Good morning. The Board received four
9 unopposed Petitions to Withdraw the Applications of
10 the following individuals; John Gilligan, Michael
11 Gavin Isaacs, Kathryn Lever and Melvin Tosseau. The
12 OEC has no objections to these withdrawals. As such,
13 the OCC submits the withdrawals to the Board for
14 consideration of the motion to grant them without
15 prejudice.

16 CHAIRMAN:

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

19 MR. MCCALL:

20 Mr. Chairman, I move that the Board issue
21 Orders to approve the withdrawals described by the
22 OCC.

23 CHAIRMAN:

24 Second?

25 MR. MOSCATO:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 ALL SAY AYE

5 CHAIRMAN:

6 Opposed? The motion passes.

7 MR. COOK:

8 Next before the Board for consideration
9 are two Reports and Recommendations received from the
10 OHA relative to one Gaming Employee Permit Application
11 and one Petition for Placement on the Exclusion List.
12 These Reports and Recommendations, along with the
13 evidentiary record in this hearing have been provided
14 to the Board in advance of this meeting.
15 Additionally, the persons involved have been notified
16 of the matters coming before the Board today and they
17 have the right to be present to address the Board if
18 they so choose.

19 Robert Drayton is the first Report and
20 Recommendation before the Board today. Mr. Drayton
21 submitted his Application for a Gaming Employee Permit
22 on July the 1st, 2010, to work as a table games dealer
23 at Harrah's. On his Application Mr. Drayton disclosed
24 three 2000-2001 arrests and convictions, two of which
25 were felonies. Additionally, during background

1 investigation it was discovered that Mr. Drayton
2 failed to disclose a number of other arrests dating
3 back as far as 1987.

4 On July 28th, 2010, the OEC issued a
5 Notice of Recommendation of Denial of Mr. Drayton's
6 application based upon his felony convictions and his
7 nondisclosure. Mr. Drayton requested a hearing on the
8 matter. That was held on November the 13th, 2010,
9 where Mr. Drayton and the OEC appeared and offered
10 evidence.

11 Subsequent to that hearing, the Report
12 and Recommendation which is present before the Board
13 was issued, recommending that the Application be
14 denied based upon Mr. Drayton's ineligibility, having
15 been convicted of a felony within the last 15 years.
16 As I indicated, that matter is presently before the
17 Board.

18 CHAIRMAN:

19 Thank you. Is Mr. Drayton here today?
20 Any questions or comments from the Board?

21 MR. SOJKA:

22 Just one quick one. As I understand it,
23 that the Board essentially had no discretion in this
24 matter. He was simply ineligible?

25 MR. COOK:

1 That is correct.

2 CHAIRMAN:

3 Can I have a motion, please?

4 MR. SOJKA:

5 Yes. Mr. Chairman, I move that the Board
6 issue an Order to adopt the Report and Recommendation
7 by the OHA regarding the Gaming Employee Permit of
8 Robert Drayton as described by the OCC.

9 CHAIRMAN:

10 Second?

11 MR. TRUJILLO:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 Opposed? Motion passed.

18 MR. COOK:

19 The second and final Report and
20 Recommendation before the Board today pertains to
21 Alexander Salter. On September 2nd, 2010, Mr. Salter
22 was accused of leaving a child unattended in his car
23 at the Parx Casino's parking lot while he gamed inside
24 the facility. Upon learning of the incident, the OEC
25 filed a Petition on January 10th, 2011 requesting Mr.

1 Salter be placed upon the Exclusion List. The hearing
2 before the OHA was held on April the 12th, 2011. Mr.
3 Salter appeared pro se at the hearing and offered
4 testimony. Specifically, he indicated that he went to
5 Parx to meet one of his friends in order to help her
6 repair her car and they were supposed to meet in the
7 Parx parking lot. While waiting for his friend to
8 arrive, Mr. Salter testified that he went into the
9 Parx facility to use the restroom, leaving his
10 12-year-old grandson in his vehicle.

11 While inside the casino, Mr. Salter did
12 play the slot machines for a few minutes and then left
13 the casino. In total, he was inside the casino for
14 less than one half hour. Nevertheless, Mr. Salter was
15 charged with endangering the welfare of a child and on
16 November 29th, 2010, he pleaded guilty to a reduced
17 summary offense of disorderly conduct, for which he
18 was sentenced to 90 days of probation and 25 hours of
19 community service. In this matter, the Hearing
20 Officer recommends that he be placed on the Exclusion
21 List and it is before the Board for consideration.

22 CHAIRMAN:

23 Thank you. Is Mr. Salter here today?
24 Okay. Any questions or comments from the Board? Mr.
25 Ginty, do you have a comment as far as a motion?

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MR. GINTY:

In light of the --- I think we have to be very strict on the matter of leaving children unattended in cars, and we have been very strict in doing that. In this case it's unique in that the child is older mostly, a 12-year-old, and the time that Mr. Salter was gone was relatively short. In that case, I would suggest that we limit his exclusion to one year on the Exclusion List and he can come back and reapply.

CHAIRMAN:

Any other comments? May I have a motion, please?

MR. TRUJILLO:

Mr. Chairman, I move that the Board issue an Order to adopt the Report and Recommendation of the OHA regarding the Petition for Placement of Alexander Salter on the PGCB Exclusion List, as described by the OCC. And I would accept the penalty recommendation of Mr. Ginty that Mr. Salter be allowed to petition for removal from the list one year from today's date.

MR. ANGELI:

Second.

CHAIRMAN:

All in favor?

1 ALL SAY AYE

2 CHAIRMAN:

3 Opposed? Motion passes.

4 MR. COOK:

5 The final OCC matter before the Board
6 today pertains to Sean Savinell, who is present today,
7 I believe. Mr. Savinell, please come forward.

8 By way of background, the Board revoked
9 Mr. Savinell's Gaming Permit pursuant to default
10 judgment at the April 14th, 2011 Board meeting. Mr.
11 Savinell was employed as a Table Games Floor
12 Supervisor at the Meadows Racetrack and Casino. On
13 December 10th, 2010, another Meadows floor supervisor
14 reported that the chip inventory on the table being
15 worked by Mr. Savinell was short by one \$500 chip.

16 As a result of this incident, the Meadows
17 terminated Mr. Savinell on December 17th, 2010. The
18 Pennsylvania Police filed a complaint against him,
19 alleging theft and disorderly conduct. These charges
20 remain pending. On May 5th, 2011, Mr. Savinell filed
21 an application for reconsideration of the Board's
22 Default Judgment Order, claiming that he did not
23 receive any mailings from the Board due to the fact
24 that he moved and his forwarding address was never
25 submitted correctly to the United States Post Office.

1 He maintains that he's not guilty of the charges
2 alleged against him and he's retained Counsel and is
3 awaiting trial. He also argues that he's worked in
4 the gaming industry since 1990 and is licensed in four
5 different jurisdictions. He maintains that this
6 revocation will destroy his ability to obtain
7 licensure --- maintain licensure in other
8 jurisdictions and will effectively end his gaming
9 career.

10 Before we hear from Mr. Savinell, we'd
11 also note for the record that in preparation for
12 today's meeting, the OCC came upon information of a
13 second arrest of Mr. Savinell on May 13th, 2011, this
14 time by the Pittsburgh Police Department, who charged
15 him with certain drug offenses. As a result of this
16 second arrest, if the Board is inclined to grant the
17 Request for Reconsideration, I would recommend that
18 the matter be referred to the OHA for an evidentiary
19 hearing, not only on the original Enforcement action
20 but also on the new criminal charges and the effect of
21 those on this gentleman's license.

22 I would indicate Mr. Savinell is present
23 and I believe he would like to address the Board.

24 CHAIRMAN:

25 Mr. Savinell, would you please address

1 the Board?

2 MR. SAVINELL:

3 Yes, sir. I appreciate ---.

4 CHAIRMAN:

5 I'm sorry. Can you please stand and be
6 sworn in by the stenographer?

7 -----

8 ALEXANDER SAVINELL, HAVING FIRST BEEN DULY SWORN,
9 TESTIFIED AS FOLLOWS:

10 -----

11 CHAIRMAN:

12 You may begin. And again, please speak
13 directly into the microphone so we can hear you.

14 MR. SAVINELL:

15 Yeah. As Counsel stated, I didn't
16 receive the original mailing back in April, whenever
17 the original relocation was submitted. I would have
18 gladly been here, but I didn't get any mailing. I
19 submitted my new address to Counsel and I would like
20 the opportunity to have it tendered in Washington
21 County, because of this criminal matter. And I intend
22 to be exonerated, as there's no proof of anything.
23 I'd just like the Board to reconsider. You know, this
24 is my business and I've never been accused of anything
25 like this.

1 CHAIRMAN:

2 Thank you. We'll hear from the OEC,
3 Cyrus Pitre.

4 MR. PITRE:

5 Given the gravity of this matter, we have
6 no problem with the Board rendering a reconsideration
7 of --- for a full evidentiary hearing on the matter.
8 With that, if the Board does reconsider, we'd ask that
9 Mr. Savinell confirm his present address on the record
10 so there is no confusion in the future.

11 CHAIRMAN:

12 Thank you. Mr. Savinell, what is your
13 current address, and what will be your address for the
14 next six months where we can reach you?

15 MR. SAVINELL:

16 4301 Earl Drive, Apartment A-6, in
17 Steubenville, Ohio 43953.

18 CHAIRMAN:

19 Could you spell that street name?

20 MR. SAVINELL:

21 Earl, E-A-R-L, Drive.

22 CHAIRMAN:

23 Thank you. And the Apartment number, I'm
24 sorry, was?

25 MR. SAVINELL:

1 A-6.

2 CHAIRMAN:

3 Eighty-six?

4 MR. SAVINELL:

5 A-6, Apple and six.

6 CHAIRMAN:

7 Thank you. Any questions or comments
8 before the Commissioners' review? Mr. Trujillo?

9 MR. TRUJILLO:

10 Mr. Pitre, what's his employment status
11 now?

12 MR. PITRE:

13 He's unemployed.

14 MR. SOJKA:

15 He was terminated.

16 CHAIRMAN:

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

19 MR ANGELI:

20 Mr. Chairman, I move that the Board issue
21 an Order to approve the request for reconsideration of
22 Sean Savinell's Gaming Employee Permit described by
23 the OCC and that the issue be referred to the OHA for
24 a full evidentiary hearing for Mr. Savinell's May 13th
25 arrest in Pittsburgh.

1 CHAIRMAN:

2 Second?

3 MR GINTY:

4 Second.

5 CHAIRMAN:

6 All in favor?

7 ALL SAY AYE

8 CHAIRMAN:

9 Opposed? Motion passes. Thank you, Mr.
10 Savinell. The input of this is referred back to the
11 Hearings and Appeals.

12 MR. SAVINELL:

13 Thank you very much.

14 MR. COOK:

15 And that concludes the matters of the
16 OCC.

17 CHAIRMAN:

18 Thank you, Steve. Thank you, Doug.
19 Thank you, OEC. Next we have our Director of the
20 Bureau of Licensing, Susan Hensel.

21 MS. HENSEL:

22 Thank you, Chairman Fajt.

23 CHAIRMAN:

24 Welcome, Susan.

25 MS. HENSEL:

1 Thank you. Thank you, Chairman Fajt and
2 Members of the Board. The first matter for your
3 consideration is the renewal of the Slot Machine
4 Manufacturer License and the Table Games Manufacturer
5 License for Bally Gaming, Inc. The Bureau of
6 Investigations and Enforcement (BIE) has completed its
7 investigation, and the Bureau of Licensing has
8 provided you with the Renewal of Background
9 Investigation and Suitability Report for the Licensee.
10 No issues were identified by either the BIE or
11 Licensing that would preclude the renewal of these
12 licenses. I have provided you with Draft Orders and
13 ask that the Board consider the renewals of Bally
14 Gaming, Inc.'s Slot Machine and Table Games
15 Manufacturer Licenses.

16 CHAIRMAN:

17 Thank you. Any questions from
18 Enforcement Counsel?

19 MR. PITRE:

20 Enforcement Counsel has no objection to
21 the motion.

22 CHAIRMAN:

23 Questions or comments from the Board?
24 Could I have a motion, please?

25 MR. GINTY:

1 Mr. Chairman, I move that the Board
2 approve the renewal of Bally Gaming, Inc.'s Slot
3 Machine and Table Games Manufacturer Licenses as
4 described by the Bureau of Licensing.

5 CHAIRMAN:

6 Second?

7 MR. MCCALL:

8 Second.

9 CHAIRMAN:

10 All in favor?

11 ALL SAY AYE

12 CHAIRMAN:

13 Opposed? The motion passes.

14 MS. HENSEL:

15 Next for your consideration are the
16 approvals of Table Games Manufacturer Licenses for
17 Gemaco, Inc. and South Jersey Precision Tool and Mold,
18 Inc. Both of these companies are currently
19 conditionally licensed as Table Games Manufacturers.
20 The BIE has completed its investigation of the
21 companies and the Bureau of Licensing has provided you
22 with the Background Investigation and Suitability
23 Reports for each of these Licensees. No issues were
24 identified by either the BIE or Licensing that would
25 preclude the approval of the licenses. I provided you

1 with Draft Orders and ask that the Board consider the
2 approval of each, beginning with Gemaco, Inc.

3 MR. PITRE:

4 Enforcement Counsel has no objection.

5 CHAIRMAN:

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

8 MR. MCCALL:

9 Mr. Chairman, I move the Board approve
10 the Table Games Manufacturer License for Gemaco, Inc.
11 as described by the Bureau of Licensing.

12 CHAIRMAN:

13 Second?

14 MR. MOSCATO:

15 Second.

16 CHAIRMAN:

17 All in favor?

18 ALL SAY AYE

19 CHAIRMAN:

20 Opposed? The motion passes.

21 MS. HENSEL:

22 And next South Jersey Precision Tool and
23 Mold, Inc.

24 MR. PITRE:

25 Chief Enforcement Counsel has no

1 objection.

2 CHAIRMAN:

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

5 MR. MOSCATO:

6 Mr. Chairman, I move that the Board
7 approve the Table Games Manufacturer License for South
8 Jersey Precision Tool and Mold, Inc. as described by
9 the Bureau of Licensing.

10 CHAIRMAN:

11 Second?

12 MR. SOJKA:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 ALL SAY AYE

17 CHAIRMAN:

18 Opposed? Motion passes.

19 MS. HENSEL:

20 We also have for your consideration the
21 approval of Principal and Key Employee Licenses.
22 Prior to this meeting, the Bureau of Licensing
23 provided you with a Proposed Order for one Principal
24 and five Key Employee Licenses for Washington Trotting
25 Association, Holdings Acquisition Co., SugarHouse/HSP

1 Gaming, Valley Forge Convention Center Partners, and
2 this is the Carpenters' Pension Fund of Philadelphia
3 and Vicinity and Shuffle Master, Inc. I ask that the
4 Board consider the Order approving these Licenses.

5 CHAIRMAN:

6 Questions from Enforcement Counsel?

7 MR. PITRE:

8 Enforcement Counsel has no objection.

9 CHAIRMAN:

10 Comments from the Board? May I have a
11 motion, please?

12 MR. TRUJILLO:

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

17 MR. GINTY:

18 Second.

19 CHAIRMAN:

20 All in favor?

21 ALL SAY AYE

22 CHAIRMAN:

23 Opposed? Motion passes.

24 MS. HENSEL:

25 Next for your consideration, our

1 Temporary Principal and Key Employee Licenses. Prior
2 to this meeting, the Bureau of Licensing provided you
3 with an Order regarding the issuance of Temporary
4 Licenses for two Principals and five Key Employees. I
5 ask that the Board consider the Order approving these
6 Licenses.

7 CHAIRMAN:

8 Enforcement Counsel have any comments?

9 MR. PITRE:

10 Enforcement Counsel has no objection.

11 CHAIRMAN:

12 Thank you. Questions from the Board?

13 May I have a motion, please?

14 MR. TRUJILLO:

15 So moved.

16 CHAIRMAN:

17 Second?

18 MR. ANGELI:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL SAY AYE

23 CHAIRMAN:

24 Opposed? Motion passes.

25 MS. HENSEL:

1 We also have Gaming Permits and
2 Non-Gaming Registrations. Prior to this meeting, the
3 Bureau of Licensing provided you with a list of 322
4 individuals who the Bureau has granted Temporary or
5 Full-Occupation Permits to and 130 individuals who the
6 Bureau has granted Registrations to under the
7 authority delegated to the Bureau of Licensing. I ask
8 that the Board approve the Order.

9 CHAIRMAN:

10 Any comments from Enforcement Counsel?

11 MR. PITRE:

12 Enforcement Counsel has no objection.

13 CHAIRMAN:

14 Comments from the Board? May I have a
15 motion, please?

16 MR. MCCALL:

17 So moved.

18 MR. MOSCATO:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL SAY AYE

23 CHAIRMAN:

24 Opposed? The motion passes.

25 MS. HENSEL:

1 In addition, we have Withdrawal Requests
2 of Key Employees and Gaming Employees. In each case,
3 the license or permit is no longer required. For
4 today's meeting I have provided the Board with a list
5 of seven Key Employees and 54 Gaming Withdrawals for
6 approval. I ask that the Board consider the Order
7 approving this list of withdrawals.

8 CHAIRMAN:

9 Any comments from Enforcement Counsel?

10 MR. PITRE:

11 Enforcement Counsel has no objection.

12 CHAIRMAN:

13 Any questions or comments from the Board?

14 May I have a motion?

15 MR. ANGELI:

16 So moved.

17 CHAIRMAN:

18 Second?

19 MR. MCCALL:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 ALL SAY AYE

24 CHAIRMAN:

25 Opposed? The motion passes.

1 MS. HENSEL:

2 In addition, we have an Order to certify
3 the following Gaming Service Providers; Carnegie Deli
4 Products, Inc., Coccia Ford, Inc., George M. Raymond
5 Company, Global Payments Gaming Services, Inc. and
6 Keating Consulting, LLC. I ask that the Board
7 consider the Order approving these Gaming Service
8 Providers for certification.

9 MR. PITRE:

10 OCC has no objections.

11 CHAIRMAN:

12 Thank you. Any questions or comments
13 from the Board? May I have a motion?

14 MR. MOSCATO:

15 So moved.

16 CHAIRMAN:

17 Second?

18 MR. SOJKA:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL SAY AYE

23 CHAIRMAN:

24 Opposed? The motion passes.

25 MS. HENSEL:

1 Finally, we have an Order regarding
2 Gaming Service Provider Registrations. The Bureau of
3 Licensing provided you with an Order and an attached
4 list of six Registered Gaming Service Providers. I
5 ask that the Board adopt a motion approving the Order
6 registering these Gaming Service Providers.

7 CHAIRMAN:

8 Any questions from Enforcement Counsel?

9 MR. PITRE:

10 Enforcement Counsel has no objection.

11 CHAIRMAN:

12 Thank you. Comments from the Board? May
13 I have a motion?

14 MR. SOJKA:

15 So moved.

16 CHAIRMAN:

17 Second?

18 MR. TRUJILLO:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL SAY AYE

23 CHAIRMAN:

24 Opposed? The motion was passed.

25 MS. HENSEL:

1 That concludes the Bureau of Licensing's
2 presentation.

3 CHAIRMAN:

4 Thank you very much. Next up we have
5 Enforcement Counsel, Cyrus Pitre, to present one item.

6 MR. PITRE:

7 Dustin Miller will be presenting the
8 matter for the Board's consideration.

9 MR. MILLER:

10 Good morning, Chairman Fajt and Members
11 of the Board. The next matter we request for
12 placement on the Board's Excluded Persons List today
13 involving John Gallagher. The OEC filed a Petition to
14 place Mr. Gallagher on the Exclusion List for using a
15 cheating device at the Parx Casino. The Petition was
16 filed on January 13th, 2011. The Petition was
17 properly served upon Mr. Gallagher to the address of
18 the Civil Complaint filed against him by both
19 Certified and First Class Mail. Mr. Gallagher did not
20 respond to the filing in any way. Due to Mr.
21 Gallagher's failure to respond, the averments in the
22 Petition are deemed to be admitted as fact and his
23 right to a hearing has been waived.

24 On March 24th, 2011, the OEC filed a
25 Request to Enter Judgment Upon Default. The matter is

1 now before the Board to consider the placement of Mr.
2 Gallagher on the Board's Excluded Persons List.

3 CHAIRMAN:

4 Is Mr. Gallagher present today? Any
5 questions or comments from the Board? May I have a
6 motion?

7 MR. ANGELI:

8 Mr. Chairman, I move that the Board issue
9 an order to approve the addition of John Gallagher to
10 the PCGB's Exclusion List as described by the OEC.

11 MR. GINTY:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 Opposed? The motion passes.

18 MR. MILLER:

19 Thank you.

20 CHAIRMAN:

21 Thank you both. That concludes our
22 normal business. This may be an all-time record for
23 the Gaming Board, in light of our last couple meetings
24 that were several hours long. But our next scheduled
25 Public Meeting will be held on Wednesday, June 8th in

1 the State Museum Auditorium. The meeting will begin
2 at 10:00 a.m.

3 Any final comments from the Board? Do I
4 have a motion to adjourn?

5 MR. ANGELI:

6 So moved.

7 MR. GINTY:

8 Second.

9 CHAIRMAN:

10 The meeting is adjourned. Thank you.

11 * * * * *

12 MEETING CONCLUDED AT 11:00 A.M.

13 * * * * *

14

15 CERTIFICATE

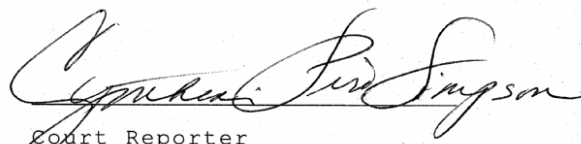
16 I hereby certify that the foregoing
17 proceedings, hearing held before the PA Gaming Control
18 Board, was reported by me on 05/25/2011 and that I
19 Cynthia Piro Simpson read this transcript and that I
20 attest that this transcript is a true and accurate
21 record of the proceeding.

22

23

24

25


Cynthia Piro Simpson
Court Reporter