

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

\* \* \* \* \*

PUBLIC MEETING

\* \* \* \* \*

BEFORE: GREGORY C. FAJT, CHAIRMAN  
Raymond S. Angeli, James B. Ginty (via  
telephone), 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  
Dan Tufano, Representing George Greig,  
Secretary of Agriculture  
HEARING: Wednesday, June 8, 2011  
10:00 a.m.  
LOCATION: State Museum Auditorium  
300 North Street  
Harrisburg, PA 17123  
WITNESSES: Michael Cruz

Reporter: Cynthia Piro Simpson

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## I N D E X

1		
2		
3	OPENING REMARKS	
4	By Chairman Fajt	7 - 8
5	PRESENTATION	
6	By Ms. Yantis	8 - 9
7	By Attorney Cassel	9 - 16
8	By Attorney Yocum	17 - 21
9	By Attorney Sherman	21 - 27
10	By Attorney Cook	27 - 40
11	By Mr. Hannon	40 - 49
12	By Attorney Sklar	50 - 51
13	By Attorney Manifesto	51 - 55
14	QUESTIONS BY BOARD	55 - 73
15	DISCUSSION AMONG PARTIES	73 - 76
16	PRESENTATION	
17	By Attorney Fenstermaker	76 - 78
18	QUESTIONS BY BOARD	78 - 84
19	PRESENTATION	
20	By Attorney Miller	84 - 85
21	CLOSING STATEMENT	
22	By Chairman Fajt	86
23		
24		
25		

E X H I B I T S

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NONE OFFERED

## P R O C E E D I N G S

CHAIRMAN:

I'd like to call our regularly scheduled meeting to order. By way of announcements, the Board held an executive session yesterday for the purpose of discussing personnel matters, pending litigation and to conduct quasi judicial deliberations relating to matters being considered by the Board today.

Additionally, a second executive session was held just prior to our reconvening here. The purpose of that executive session was to consider Mason Dixon Resort, LP's Petition for Expedited Reconsideration of the Board's May 20, 2011 Order and Adjudication awarding a Category 3 Slot License to Fayette --- to Woodlands Fayette, LLC.

Also, with respect to announcements, anyone interested in participating in the June 16, 2011 public input hearing on the license renewal for Sugarhouse HSP Gaming should register no later than noon on June 14th. The hearing will be held in Room 119 A/B of the Pennsylvania Convention Center, 1101 Arch Street in Philadelphia. Details regarding this hearing can be found on our website at

[www.pgcb.state.pa.us](http://www.pgcb.state.pa.us), or you can call our Board

1 secretary, Mickey Kane, at 717-346-8300. Next up is  
2 Claire Yantis, our director of Human Resources.  
3 Welcome, Claire.

4 MS. YANTIS:

5 Good morning, Chairman, Board members.  
6 The Office of Human Resources has before you today a  
7 motion to hire Toni Pesta as a casino compliance  
8 representative at Presque Isle Downs. Ms. Pesta has  
9 completed the PGCB interview process, background  
10 investigation and drug screening and is deemed  
11 recommended for hire by director of casino compliance,  
12 Gerry Stoll. Unless there are any questions, I ask  
13 that the Board consider a motion to hire Ms. Pesta as  
14 indicated.

15 CHAIRMAN:

16 Thank you. Any questions or comments  
17 from the Board? Can I have a motion, please?

18 MR. SOJKA:

19 Yes, you may, Mr. Chairman. I move that  
20 the Board approve the Applicant as proposed on  
21 condition that the necessary background investigation  
22 and drug testing is complete.

23 MR. ANGELI:

24 Second.

25 CHAIRMAN:



1 All in favor?

2 AYES RESPOND

3 CHAIRMAN:

4 Opposed? The motion passes. Thank you,  
5 Claire. All right. Now, we have our Chief Counsel,  
6 Doug Sherman, up next. Welcome, Doug.

7 ATTORNEY SHERMAN:

8 Good morning, Chairman and members of the  
9 Board. The Office of Chief Counsel's (OEC) first  
10 agenda in this presentment --- presentation related to  
11 loan repayments by the Pennsylvania Slot Machine  
12 Licensees of about \$63 million in prior fiscal year  
13 loans from the Property Tax Relief Reserve Fund.  
14 Assistant Chief Counsel, Allison Cassel, will be  
15 providing the presentation.

16 CHAIRMAN:

17 Welcome, Allison.

18 ATTORNEY CASSEL:

19 Thank you very much. Good morning,  
20 Chairman and members of the Board. Allison Cassel,  
21 C-A-S-S-E-L. I am before you for the third  
22 installment of discussions relating to loan repayment.  
23 As has been presented previously, the 2010 Fiscal Code  
24 mandated that the Board establish a repayment schedule  
25 governing the repayment of approximately \$63.8 million

1 in loans from the Property Tax Relief Reserve Fund,  
2 which occurred during the 2007 through 2010 time  
3 frame. The schedule must establish no later than June  
4 3rd --- must be established no later than June 30th,  
5 2011.

6           The parameters of the schedule are that  
7 it must set forth the frequency of the payments, the  
8 term of repayment, which must be no less than five  
9 years and no more than ten years and lastly, assess  
10 the operating casinos in an amount that is in  
11 proportion to each casino's gross terminal revenue.  
12 Industry input was solicited and received on two  
13 occasions, earlier this year and again in April.  
14 Comments and input was also received from public and  
15 elected officials. All the materials pertaining to  
16 the comments received has been posted to the Board's  
17 website.

18           Based upon a review of the comments and  
19 input received, the OEC advocates for the calculation  
20 method which we believe incorporates the best of each  
21 option. Before we get to the actual calculation  
22 method, I would like to note two things. First, the  
23 calculation we advocate does not consider the  
24 so-called surplus funds collected by the Department of  
25 Revenue. These funds which are believed to be

1 approximately \$26.4 million are not within the Board's  
2 control. Legislative action in the form of an  
3 appropriation of that money would be required before  
4 those excess funds could be allocated to loan  
5 repayments.

6           Secondly, as has been suggested by the  
7 Treasurer and some within the legislature, that  
8 repayment should begin as soon as the current fiscal  
9 year closes. However, the current Fiscal Code  
10 mandates that 11 casinos be operational before a  
11 repayment can begin. Because only ten are currently  
12 operational, beginning repayment this summer is not  
13 something the Board could direct in light of existing  
14 statutory provisions. The calculation method we  
15 advocate assumes the 11th facility will become  
16 operational in the first or second quarter of 2012. I  
17 would assume opens in March 2012.

18           The loan repayment term should be ten  
19 years, and the outstanding loan balance should be  
20 divided into ten equal yearly payments. Therefore,  
21 approximately \$6.38 million will be repaid in total  
22 each year. The 11th facility opens in March of 2012.  
23 At the close of that fiscal year, gross terminal  
24 revenue for each facility will be assessed.  
25 Therefore, the 11th casino will have approximately

1 three months of gross terminal revenue. The repayment  
2 amount will be calculated by using each casino's gross  
3 terminal revenue for the fiscal year and dividing it  
4 by the statewide gross terminal revenue for the fiscal  
5 year. The resulting percentage is proportion of each  
6 casino's gross terminal revenue. The percentage will  
7 then be multiplied by the amount due for that year or  
8 \$6.38 million, which results in the dollar payment  
9 each facility will pay. Each facility pays in  
10 proportion to its gross terminal revenue and each  
11 facility contributes towards repayment in the first  
12 year.

13                   We propose that the repayment be due  
14 within 30 to 45 days of notification by the Board.  
15 Since we can determine gross terminal revenue quickly,  
16 an assessment can be sent to the facilities by the  
17 first week of July. Therefore, payment will be due at  
18 the beginning of August 2012 and then each August  
19 thereafter until it is repaid in full.

20                   Lastly, we advocate that the Board be  
21 flexible in the frequency of payment. Each facility  
22 would be required to make a yearly payment. However,  
23 if the facility wishes to make a quarterly or  
24 semi-annual payment, they should be able to do so. We  
25 would be happy to answer any questions you have.

1                   CHAIRMAN:

2                   Thank you, Allison. Questions from the  
3 Board? Commissioner Sojka?

4                   MR. SOJKA:

5                   Just one, Allison, to be sure that I'm  
6 fully understanding. I certainly do understand the  
7 proposal. I have no problem with that. But we do  
8 have this small amount of uncertainty because of  
9 potential legislative action that may actually change  
10 the starting date.

11                   ATTORNEY CASSEL:

12                   Correct.

13                   MR. SOJKA:

14                   And you've built this proposal around the  
15 current statute and its mandatory starting time.

16                   ATTORNEY CASSEL:

17                   Correct.

18                   MR. SOJKA:

19                   Is this sufficiently --- is this proposal  
20 sufficiently flexible, in your opinion, that  
21 regardless of the outcome of any legislative action  
22 changing the start date, that we would be able to put  
23 this into action promptly once we know what the date  
24 will be?

25                   ATTORNEY CASSEL:

1           Absolutely. I believe that no matter  
2 when the start date would be, we would be able to  
3 implement it immediately because it's just taking the  
4 facilities GTR for the fiscal year, dividing it by the  
5 statewide GTR.

6           MR. SOJKA:

7           So, it wouldn't call for any more input  
8 from anyone? You're just ready to go and would apply  
9 that whenever we're given the go-ahead?

10          ATTORNEY CASSEL:

11          Absolutely.

12          MR. SOJKA:

13          Thank you.

14          CHAIRMAN:

15          Allison, I have just a couple questions  
16 just to drill down a little bit. First of all, is  
17 this proposal that we have in front of us now, is it  
18 on our website?

19          ATTORNEY CASSEL:

20          I don't believe this particular proposal  
21 with these years are. However, the way that we  
22 calculated the percentage has been the way that we've  
23 been calculating the percentage in each of our  
24 proposals.

25          CHAIRMAN:

1           Okay. I would just ask that, you know,  
2 at the end of the meeting today, sometime later on  
3 today, if we can, to put this on the website so those  
4 in the legislature and anybody else out in the public  
5 can see that. But as I understand it, I'm looking at  
6 your 2012 column here. And based on your testimony  
7 today, you would divide the \$6.38 million in payments  
8 as followed for --- and again, based on what we know  
9 right now, what we seen in Valley Forge and Nemaquin  
10 will generate in GTR for the '11/'12 fiscal year. So,  
11 there's some variables there. But as of right now,  
12 Mohegan Sun would pay 9.61 of the \$6.38 million for  
13 this year, Parx would pay 6.3, Harrah's 12 ---

14           ATTORNEY CASSEL:

15           Percent.

16           CHAIRMAN:

17           --- 16.3, thank you, percent of the \$6.38  
18 million. Harrah's 12.49, Presque Isle 7.29 percent,  
19 Meadows 10.84 percent, Mount Airy 6.26 percent,  
20 Hollywood 10.25 percent, Sands 10.43 percent, Rivers  
21 10.75 percent, Sugarhouse 4.53 percent, Valley Forge  
22 .64 percent and Nemaquin .61 percent of that \$6.38  
23 million?

24           ATTORNEY CASSEL:

25           Correct. And those are based purely on

1 projections. Those are not hard and fast numbers.

2 CHAIRMAN:

3 Correct. Okay. I want to get that on  
4 the record and then also put this on the website today  
5 for anybody else to take a look at it.

6 ATTORNEY CASSEL:

7 There's just one other thing to note,  
8 that each year the facilities' gross terminal revenue  
9 is going to shift each year, so that percentage is  
10 going to change every single year.

11 CHAIRMAN:

12 Okay. That's a great point and thank you  
13 for that clarification. Any other questions or  
14 comments from the Board? Okay. All right. Thank you  
15 very much, Allison.

16 ATTORNEY CASSEL:

17 Thank you very much.

18 CHAIRMAN:

19 Moving right along, we have our --- I  
20 guess, Doug, you have other issues before the Board  
21 today?

22 ATTORNEY SHERMAN:

23 Many. The next agenda item relates to  
24 temporary regulation and proposed regulation which  
25 Assistance Chief Counsel, Susan Yocum, is here to



1 present.

2 ATTORNEY YOCUM:

3 Good morning, Chairman Fajt and members  
4 of the Board. Susan Yocum, Y-O-C-U-M. There are two  
5 regulations for your consideration today. The first  
6 is 125-153. This is a temporary rulemaking which will  
7 amend the temporary table game chapters, will update  
8 the policy on the acceptance of gratuities by servers  
9 and other employees who are serving food and beverage  
10 on the gaming floor. It will allow for the further  
11 authorization of a credit limit by the second person  
12 that's required to approve credit limits, providing  
13 that the information is documented in the patron's  
14 credit file and that the employee actually signs that  
15 information once arriving at the licensed facility.  
16 This rulemaking will also add an additional side wager  
17 to the game of Caribbean Stud Poker. Additionally,  
18 this will add another game, Crazy 4 Poker. Included  
19 in this is the table layout requirements, the dealing  
20 procedures and the payout odds for all the permissible  
21 wagers associated with Crazy 4 Poker.

22 CHAIRMAN:

23 Thank you. Any questions or comments  
24 from the Board? Commissioner Trujillo?

25 MR. TRUJILLO:

1           On the credit component, is there any  
2 expansion of the availability of credit by virtue of  
3 the regulation?

4           ATTORNEY YOCUM:

5           No.

6           MR. TRUJILLO:

7           That's all I have, Ms. Yocum.

8           CHAIRMAN:

9           Any other questions. Can I have a  
10 motion, please?

11          MR. ANGELI:

12          Mr. Chairman, I move that the Board adopt  
13 the Temporary Regulation 125-153 as described by the  
14 OEC and the Board establish a public comment period of  
15 30 days for this regulation and the temporary  
16 regulation be posted on the Board's website.

17          MR. TRUJILLO:

18          Second.

19          CHAIRMAN:

20          All in favor?

21 AYES RESPOND

22          CHAIRMAN:

23          Opposed? The motion passes.

24          ATTORNEY YOCUM:

25          The second rulemaking we have for your

1 consideration today is 125-154. This is a proposed  
2 rulemaking that will transition two more of our  
3 temporary table game chapters on proposed form. This  
4 will address the table law requiring dealing  
5 procedures and payout odds and amounts for all  
6 permissible wagers for Caribbean Stud Poker and Texas  
7 Hold 'em Bonus Poker.

8 CHAIRMAN:

9 Thank you. Any questions or comments  
10 from the Board? Can I have a motion?

11 MR. TRUJILLO:

12 Mr. Chairman, I move that the Board adopt  
13 proposed Regulation #125-154 as described by the OEC  
14 and that the Board establish a public comment period  
15 30 days for this regulation. And that the proposed  
16 regulation be posted on the Board's website.

17 MR. MCCALL:

18 Second.

19 CHAIRMAN:

20 All in favor?

21 AYES RESPOND

22 CHAIRMAN:

23 Opposed? The motion passes.

24 ATTORNEY YOCUM:

25 Thank you.

1                   CHAIRMAN:

2                   Thank you, Susan.

3                   MR. SOJKA:

4                   Could I ask ---

5                   CHAIRMAN:

6                   Yes.

7                   MR. SOJKA:

8                   --- one more question and that is, we do  
9 these every time. can you give us a quick update on  
10 where we stand with the ultimate rollout of these  
11 regulations?

12                   ATTORNEY YOCUM:

13                   Sure. We've been working through  
14 transitioning all of our temporary table games  
15 chapters into proposed form. As you know, we were  
16 given the authority to promulgate temporary  
17 regulations for a period of two years. That two-year  
18 time period is up in January of 2012. We have begun  
19 the process of working our way through. We have  
20 approximately four more chapters of the temporary  
21 table game rulemakings to transition into proposed  
22 form. And that will be done probably within the next  
23 Board meeting or two. So, we are making significant  
24 headway.

25                   ATTORNEY PITRE:

1 And should easily make the deadline?

2 ATTORNEY YOCUM:

3 Yes.

4 MR. SOJKA:

5 Thank you.

6 CHAIRMAN:

7 Thank you very much, Susan. Doug?

8 ATTORNEY SHERMAN:

9 Today the Board has three petitions  
10 before it for consideration. The first of these  
11 petition was the subject of the public hearing of  
12 Mason Dixon held earlier this morning. The remaining  
13 two petitions will be considered based upon the  
14 documentary record. In all of these matters, the  
15 Board has, in advance of today's meeting, been  
16 provided with each of the petitions, any responsive  
17 pleadings or other documentation, as well as any  
18 supporting evidentiary materials which had been  
19 submitted.

20 The first is that of Mason Dixon Resort.  
21 It's the Petition for Expedite Reconsideration of the  
22 Award of a Category 3 Slot Machine License to  
23 Woodlands Fayette, LLC. This matter was heard just  
24 minutes ago and is appropriate for the Board's  
25 consideration.

1                   CHAIRMAN:

2                   Thank you. Any questions or comments  
3 from the Board? Can I have a motion, please?

4                   MR. SOJKA:

5                   Would you care to mention anything ---  
6 the Order now?

7                   CHAIRMAN:

8                   Let's rule upon --- we'll vote and then  
9 we'll mention it.

10                  MR. SOJKA:

11                  All right. I'll make such a motion then.  
12 Chairman, I move that the Board deny the petition of  
13 Mason Dixon Resorts, LP as described by the OEC.

14                  CHAIRMAN:

15                  Second?

16                  MR. ANGELI:

17                  Second.

18                  CHAIRMAN:

19                  All in favor?

20 AYES RESPOND

21                  CHAIRMAN:

22                  Opposed? The motion passes. And as  
23 Commissioner Sojka mentioned, we will have an Order  
24 issued to that effect within the next several days.

25                  ATTORNEY SHERMAN:

1                   The next petition before the Board is  
2 Holdings Acquisition Company's Petition for an  
3 Extension of Time to Complete the Ballroom at the  
4 River's Casino.

5                   At present, pursuant to an August 14th,  
6 2008 Order of this Board, completion of the ballroom  
7 space is to be done within two years of commencement  
8 of casino operations. That would mean by August 9th  
9 of this year.

10                   The Board will recall that on August ---  
11 I'm sorry, on January 26th, 2011, the Board approved a  
12 request by Holdings to relocate the ballroom from one  
13 area on the second floor to a new area. The Board did  
14 not, however, at that time change the deadline by  
15 which the ballroom had to be constructed and I believe  
16 Holdings was contemplating being able to still meet  
17 the deadline, which was originally proposed.

18                   In the current petition, Holdings states  
19 that due to unforeseen delays in the design and  
20 permitting process and delays in delivery of materials  
21 and equipment for the project, they have gotten behind  
22 schedule somewhat, and have requested an extension of  
23 approximately seven weeks to complete that. It would  
24 make the completion deadline approximately September  
25 30th, 2011.

1                   There's been no objection by the OEC.  
2 And the matter is ready for your decision.

3                   CHAIRMAN:

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

6                   MR. MCCALL:

7                   Mr. Chairman, I move the Board grant the  
8 petition of Holdings Acquisition as described by the  
9 OEC.

10                  CHAIRMAN:

11                  Second?

12                  MR. MOSCATO:

13                  Second.

14                  CHAIRMAN:

15                  All in favor?

16 AYES RESPOND

17                  CHAIRMAN:

18                  Opposed? The motion passes.

19                  ATTORNEY SHERMAN:

20                  And the third petition before the Board  
21 is that of Kirandt Group. The Kirandt Group is  
22 requesting to be removed from the Prohibited Gaming  
23 Service Provider List.

24                  By way of background, the Kirandt Group  
25 is an Illinois limited liability company which



1 conducts service evaluations and competitive  
2 intelligence services exclusively for the casino  
3 industry.

4           Kirandt entered into a 24-month agreement  
5 with Mohegan Sun in early 2008 to conduct service  
6 evaluations for Mohegan Sun.

7           Kirandt subsequently submitted their  
8 application to be a Registered Gaming Service  
9 Provider, or Vendor as they were called back then, in  
10 March of 2008. However, at that time, the Board's  
11 regulations required that a Vendor providing services  
12 on the gaming floor of a casino had to be a Certified  
13 Vendor rather than a Registered Vendor. At  
14 approximately the same time, Mohegan terminated its  
15 agreement with Kirandt. And despite being notified by  
16 the Bureau of Licensing that Kirandt was,  
17 nevertheless, required to submit the completed  
18 Certified Vendor Application, it did not do so. As a  
19 result, Kirandt was placed on the Prohibited Vendor  
20 List.

21           Kirandt has now been contacted by the  
22 Meadows regarding the establishment of a business  
23 relationship. And due to more recent changes in the  
24 Board's regulations, Kirandt is now qualified to be a  
25 Registered Gaming Service Provider and not the

1 Certified Gaming Service Provider, which is a more  
2 onerous process with more restrictions. As a result,  
3 they seek removal from the Prohibited Gaming Service  
4 Provider List.

5           The OEC has no objection to the removal  
6 from the list provided that Kirandt pay a civil  
7 penalty in the amount of \$1,500 and pay any  
8 outstanding costs of its background investigation.  
9 OEC also requests that the Board clearly order that  
10 failure by Kirandt to cooperate in the future will  
11 result in immediate rescission of any interim  
12 authorization Kirandt may have to conduct business  
13 with slot machine licensees in the Commonwealth.

14           This matter is now ready for your  
15 consideration.

16           CHAIRMAN:

17           Thank you. Questions or comments from  
18 the Board? Can I have a motion, please?

19           MR. MOSCATO:

20           Mr. Chairman, I move the Board grant the  
21 petition of Kirandt Group, LLC as described by the  
22 OEC.

23           CHAIRMAN:

24           Second?

25           MR. SOJKA:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 AYES RESPOND

5 CHAIRMAN:

6 Opposed? The motion passes. Next the  
7 withdrawals?

8 ATTORNEY SHERMAN:

9 Withdrawals and Reports and  
10 Recommendations are, as you said, coming next with  
11 Deputy Chief Counsel, Steve Cook, presenting.

12 ATTORNEY COOK:

13 Good morning. The Board has received six  
14 unopposed petitions to withdraw the application of  
15 seven individuals or businesses. The persons or  
16 entities subject to these petitions are as follows,  
17 Farraro Foods, Inc., Shaun Hayes, Brent Leiter, Eric  
18 Pabian, Kent Young, NJG & Associates, Inc. and Nelson  
19 Gammans.

20 The OEC has no objections to these  
21 withdrawals being without prejudice. It should be  
22 noted, however, that with regard to Farraro Foods,  
23 Inc., the OEC's lack of an objection is based upon  
24 Farraro Foods agreeing to not provide any goods or  
25 services to Pennsylvania casinos for a period of three

1 years from the date of the Board's Order. As a  
2 result, the Office of Chief Counsel (OCC) would  
3 recommend that condition be placed in Farraro Foods'  
4 Order of Withdrawal.

5 Each of these matters is now ripe to be  
6 considered by the Board, and I would ask for a motion  
7 to grant same, without prejudice.

8 CHAIRMAN:

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

11 MR. SOJKA:

12 Yes. Chairman, I move that the Board  
13 issue orders to approve the withdrawals as described  
14 by the OCC.

15 CHAIRMAN:

16 Second?

17 MR. TRUJILLO:

18 Second.

19 CHAIRMAN:

20 All in favor?

21 AYES RESPOND

22 CHAIRMAN:

23 Opposed? The motion passes.

24 ATTORNEY COOK:

25 Next before the Board for consideration

1 are three Reports and Recommendations received from  
2 the Office of Hearings and Appeals (OHA) relative to  
3 one gaming employee permit application and two  
4 non-gaming registrations. These Reports and  
5 Recommendations, along with the entire evidentiary  
6 record, has been provided to the Board in advance of  
7 this meeting.

8                   And additionally, each of the persons  
9 implicated has been put on notice that the Board would  
10 be hearing this matter today, and if they desired to  
11 be heard, they should come to the meeting. And come  
12 forward now when their name is announced.

13                   The first Report and Recommendation  
14 pertains to Michael Brady. Mr. Brady was issued a  
15 Temporary Gaming Employee Permit on October 5th, 2010  
16 and was employed as a Supervisor of Casino Games at  
17 Chester Downs and Marina.

18                   Mr. Brady has been charged with 43 felony  
19 counts of child pornography, two felony counts of  
20 dissemination of photographs, videotapes, computer  
21 depictions and films and two counts of criminal use of  
22 a communication facility.

23                   As a result of these charges, the OEC  
24 filed a request for Emergency Order of Suspension of  
25 Mr. Brady's Temporary Gaming Employee Permit and the

1 Order was signed by the Executive Director on March  
2 28th, 2011.

3           Thereafter, on April 14th, 2011, the  
4 Board referred this matter to the OHA to conduct a  
5 hearing on the validity of the Emergency Order of  
6 Suspension and to issue a Report and Recommendation.  
7 The OHA has done so and that Report and Recommendation  
8 is before the Board.

9           The hearing in the matter was held on  
10 April 27, 2011. And despite receiving proper notice,  
11 Mr. Brady failed to appear and therefore, the hearing  
12 was held in his absence.

13           The OEC presented testimony and  
14 documentary evidence indicating that the pending  
15 criminal charges remained pendant. And as such, the  
16 Hearing Officer's Report and Recommendation is that  
17 the Emergency Order of Suspension remain in place  
18 pending further order of the Board.

19           As I said, this matter is before the  
20 Board for consideration.

21           CHAIRMAN:

22           Thank you. Is Mr. Brady here today? Any  
23 questions or comments from the Board? Can I have a  
24 motion, please?

25           MR. TRUJILLO:

1                   Mr. Chairman, I move that the Board  
2 should order to adopt the Report and Recommendation of  
3 the OHA regarding the Gaming Employee Permit of  
4 Michael Brady as described by the OCC.

5                   MR. ANGELI:

6                   Second.

7                   CHAIRMAN:

8                   All in favor?

9 AYES RESPOND

10                  CHAIRMAN:

11                  Opposed? The motion passes.

12                  ATTORNEY COOK:

13                  The next Report and Recommendation before  
14 the Board pertains to Paul Derohn. Paul Derohn was  
15 issued a Non-Gaming Employee Registration on November  
16 11th, 2010 and was employed as a steward at HSP  
17 Gaming, LP, otherwise known as Sugarhouse.

18                  On April 1st, 2011, Mr. Derohn was  
19 charged with 25 felony counts of possession of child  
20 pornography and one felony count of criminal use of a  
21 communication facility.

22                  As a result of these charges, the OEC  
23 filed a request for Emergency Order of Suspension of  
24 Mr. Derohn's Gaming Employee Permit and the Executive  
25 Director signed that Order on April 15th, 2011.

1                   On April 28th, 2011, the board referred  
2 the matter to the OHA, again to conduct a hearing on  
3 the validity of the Emergency Order of Suspension.  
4 After notice was given, the hearing was held on May  
5 4th, 2011. However, once again, Mr. Derohn failed to  
6 attend the hearing and it was held in his absence.  
7 The OEC presented testimony and documentary evidence  
8 at this hearing as well, indicating that the criminal  
9 charges remained pending against Mr. Derohn.

10                   As a result, the Report and  
11 recommendation before the Board recommends that his  
12 Emergency Order of Suspension remain in place until  
13 further order of the Board.

14                   CHAIRMAN:

15                   Is Mr. Derohn here? Any questions or  
16 comments from the Board? Can I have a motion, please?

17                   MR. ANGELI:

18                   Mr. Chairman, I move that the Board issue  
19 an order to adopt the Report and Recommendation of the  
20 OHA regarding the Non-Gaming Employee Registration of  
21 Paul Derohn as described by the OCC.

22                   MR. MCCALL:

23                   Second.

24                   CHAIRMAN:

25                   All in favor?



1 AYES RESPOND

2 CHAIRMAN:

3 Opposed? The motion passes.

4 ATTORNEY COOK:

5 Medina Lott is the last Report and  
6 Recommendation before the Board today. Ms. Lott  
7 submitted an application for an Non-Gaming Employee  
8 Registration seeking work as a beverage server at  
9 Harrah's Chester Downs and Marina.

10 Ms. Lott has disclosed on her application  
11 that she had been arrested in 2006 for the summary  
12 offense of retail theft and the disposition of that  
13 was that she was required to perform community  
14 service. During a background investigation, it was  
15 discovered that in addition to the 2006 charge, Ms.  
16 Lott, in 2007, was charged with two additional counts  
17 of retail theft and one count of receiving stolen  
18 property. I believe, however, that all of those  
19 charges may have been from one incident.

20 On February 18, 2011, the OEC issued a  
21 Notice of Recommendation of Denial based upon the  
22 recency and nature of Ms. Lott's charges, as well as  
23 her alleged failure to disclose her 2007 arrest. Ms.  
24 Lott requested a hearing, which was held on April 26,  
25 2011. Both Ms. Lott and the OEC appeared at the

1 hearing and offered testimony. Ms. Lott admitted to  
2 the arrest, explaining that she was 17 and 18 years  
3 old --- a 17 and 18 years old at the time and that she  
4 knew that her actions were wrong and that she had  
5 learned her lesson. It was further established that  
6 Ms. Lott's 2006 charge occurred when she was a  
7 juvenile and her 2007 charge resulted in a disposition  
8 of ARD, or alternative rehabilitative disposition, and  
9 not with conviction.

10           With respect to her alleged failure to  
11 report her 2007 charges on her application, Ms. Lott  
12 testified that she was not trying to mislead the  
13 Board, but that she did not have all the information  
14 with her. And when she was completing the --- or the  
15 computer-generated application, there were certain  
16 required fields that she didn't have the information  
17 for and the application won't let her continue without  
18 filling in those required fields. So, she decided to  
19 leave the whole thing blank. She was not attempting  
20 to mislead the Board.

21           Subsequent to Ms. Lott's hearing, the  
22 Hearing Officer issued a Report and Recommendation  
23 denying her application based on the nature and  
24 recency of her theft offenses. The Hearing Officer  
25 did, however, find that her explanation as to why she

1 didn't report the later of these offenses was  
2 reasonable and plausible.

3           This matter has now been reviewed by the  
4 OCC and we believe that pursuant to the Juvenile Act,  
5 Ms. Lott's 2007 charge when she was 17 years old  
6 cannot be considered against her. And similarly,  
7 because her theft-related offenses resulted in a  
8 disposition of ARD, they, too, cannot be considered to  
9 her detriment. As a result, the OCC believes that the  
10 appropriate thing to do here would be to deny the  
11 Report and Recommendation and allow Ms. Lott to be  
12 granted an Non-Gaming Permit.

13           CHAIRMAN:

14           Thank you. Is Ms. Lott here today?  
15 Questions or comments from the Board? Commissioner  
16 Sojka?

17           MR. SOJKA:

18           Again, a quick clarification, basically  
19 the Recommendation for denying was based on two  
20 things; right? One, failure to report and the second  
21 was the two instances themselves?

22           ATTORNEY COOK:

23           OEC's Recommendation is based on ---.

24           MR. SOJKA:

25           Exactly. And given what we now know

1 about the forms, obviously that first one can be  
2 understood, the failure to report. But I'm more  
3 troubled by this other issue. I understand very  
4 clearly that we are admonished not to consider  
5 something like a juvenile offense or something against  
6 ARD. But the issue comes up about all sorts of things  
7 that get in front of this Board what we should or  
8 shouldn't consider. And I think this one is very  
9 clear because there's law here that says that. But I  
10 think as we look at other issues, we're going to have  
11 weigh very carefully those things that we can consider  
12 and can't consider and maybe we're going to just have  
13 to say it out loud that we heard it and we don't think  
14 it has consequences. So, in this case, I'm happy to  
15 make such a motion.

16 CHAIRMAN:

17 One second. Any other questions or  
18 comments from the Board?

19 MR. MOSCATO:

20 Mr. Chairman?

21 CHAIRMAN:

22 Yes, Commissioner Moscato?

23 MR. MOSCATO:

24 A quick clarification. You state, Mr.  
25 Cook, that we have taken steps to correct the online

1 process where additional information could be input?

2 ATTORNEY COOK:

3 No, I did not state that. But I've  
4 talked to the Bureau of Licensing about this issue and  
5 they're aware of it and will be taking measures to  
6 address it and put the people on notice how to at  
7 least report partial information if they don't have  
8 all of the information.

9 MR. MOSCATO:

10 Thank you.

11 CHAIRMAN:

12 And I see we have at the dais, OEC Billie  
13 Jo, if you want to make a statement and just mention  
14 your name for the stenographer.

15 ATTORNEY MATELEVICH-HOANG:

16 Sure. Do I need to spell my last name?  
17 I just want to point out that during this case, Ms.  
18 Lott, her juvenile offenses were not considered. She  
19 was not a juvenile in 2007. In her counts that we did  
20 not consider, she was arrested for retail theft. In  
21 2006 when she was arrested for retail theft, she was  
22 18. In 2007, she was still 18 or 19. Not only did  
23 she admit that at the hearing, but she also admitted  
24 that there were all these crimes when she was a  
25 juvenile. So, I just wanted to go on the record and

1 say that we did not consider her juvenile offenses.  
2 The 2006 and 2007 was when she was clearly no longer  
3 considered in the juvenile court and she did not  
4 disclose the 2007 one at that time.

5 MR. SOJKA:

6 But again, just to make sure absolutely  
7 on this, that the ones in which she was not a  
8 juvenile, she did get ARD.

9 ATTORNEY MATELEVICH-HOANG:

10 The 2006 one she received ARD for. But  
11 all of our background information indicated that it  
12 was a disposition unreported. And our BIE, their  
13 process is to contact the applicant to say, can you  
14 tell us what happened, what was the information here?  
15 And Ms. Lott did not respond. Then when it was  
16 referred to OEC, we also reached out to the applicant  
17 to say what's going on here? And she did not respond.  
18 But she did respond when she received her  
19 Recommendation for the denial letter. And she  
20 requested a hearing. So, at the hearing is when we  
21 found out that she actually received ARD and that was  
22 based on her saying that she received ARD.

23 MR. SOJKA:

24 Do we have any evidence of her statement  
25 that she received only ARD?

1                   ATTORNEY MATELEVICH-HOANG:

2                   We do not. She did not bring any  
3 information with her. You know, I'm sorry. In  
4 looking at this now, we do have one that says ARD for  
5 2007 retail theft. I apologize. The other one, the  
6 2006 one, is we did not. But she was not --- she did  
7 not come with any information.

8                   MR. SOJKA:

9                   Right. I'm in a position, I think, to  
10 change my recommendation and I'm going to recommend  
11 that we remand this back to OEC until we get all of  
12 these facts verified and then you bring it back and  
13 we'll resolve the issue then.

14                  CHAIRMAN:

15                  Okay.

16                  MR. SOJKA:

17                  That's a motion.

18                  CHAIRMAN:

19                  That is a motion. Do I have a second on  
20 that motion?

21                  MR. MCCALL:

22                  Second.

23                  CHAIRMAN:

24                  Okay. Everyone in favor of the motion  
25 signify by saying aye.

1 AYES RESPOND

2 CHAIRMAN:

3 Opposed? The motion passes and it will  
4 be remanded back for additional information.

5 ATTORNEY COOK:

6 And that concludes the Report of the OCC.

7 CHAIRMAN:

8 Thank you very much, Steve. Thank you,  
9 Doug. And next up we have Sean Hannon, our manager of  
10 Enterprise Licensing Unit. And Sean is filling in for  
11 our director of licensing, Susan Hensel. We also have  
12 our OEC Cyrus Pitre. Sean, welcome.

13 MR. HANNON:

14 Good morning, Chairman Fajt and members  
15 of the Board. The first matter for your consideration  
16 is the approval of a Key Employee License. Prior to  
17 this hearing, the Bureau of Licensing provided you  
18 with a proposed order for the Key Employee License of  
19 an employee of Downs Racing, LP. I ask that the Board  
20 consider the order approving this license.

21 CHAIRMAN:

22 Thank you. Questions from the  
23 Enforcement Counsel?

24 ATTORNEY PITRE:

25 Enforcement Counsel has no objection.



1                   CHAIRMAN:

2                   Any questions or comments from the Board?

3 Can I have a motion, please?

4 BRIEF INTERRUPTION

5 TELEPHONE CALL TO COMMISSIONER GINTY ENDED

6                   MR. MCCALL:

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

10                  CHAIRMAN:

11                  Second?

12                  MR. MOSCATO:

13                  Second.

14                  CHAIRMAN:

15                  All in favor?

16 AYES RESPOND

17                  CHAIRMAN:

18                  Opposed? The motion passes.

19                  MR. HANNON:

20                  Also for your consideration are

21 Temporary ---.

22                  CHAIRMAN:

23                  Just one second.

24                  MR. HANNON:

25                  Sure.

1                   CHAIRMAN:

2                   Can we just note for the record that we  
3 probably do not have Commissioner Ginty on that vote.  
4 And probably not on any of the subsequent votes that  
5 we're going to take today. Thank you. Go ahead,  
6 Sean.

7                   MR. HANNON:

8                   Also for your consideration are  
9 Temporary ---.

10 BRIEF INTERRUPTION

11 TELEPHONE CALL TO COMMISSIONER GINTY RECOMMENCED

12                   CHAIRMAN:

13                   We have Commissioner Ginty back. Okay.  
14 Welcome, Jim. Jim, let me just ask, we had that last  
15 motion, were you in favor of the motion?

16                   MR. GINTY:

17                   Yes. Yes.

18                   CHAIRMAN:

19                   Okay. Thank you. We're now on the  
20 second motion regarding Temporary Principle and Key  
21 Employee Credentials. Go ahead, Sean.

22                   MR. HANNON:

23                   Okay. Prior to this meeting, the Bureau  
24 of Licensing provided you with an order regarding the  
25 issuance of Temporary Licenses for one Principle and

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

3 CHAIRMAN:

4 Any questions from Enforcement Counsel?

5 ATTORNEY PITRE:

6 Enforcement Counsel has no objection.

7 CHAIRMAN:

8 Thank you. Comments from the Board? can  
9 I have a motion, please?

10 MR. MOSCATO:

11 Chairman, I move the Board approve the  
12 issuance of Temporary Principle and Key Employee  
13 Credentials as described by the Bureau of Licensing.

14 CHAIRMAN:

15 Second?

16 MR. SOJKA:

17 Second.

18 CHAIRMAN:

19 All in a favor?

20 AYES RESPOND

21 CHAIRMAN:

22 Opposed? The motion passes.

23 MR. HANNON:

24 Next are Gaming Permits and Non-Gaming  
25 Registrations. Prior to this meeting, the Bureau of

1 Licensing provided you with a list of 202 individuals  
2 who the Bureau has granted Temporary or Full  
3 Occupation Permits to and 75 individuals who the  
4 Bureau has granted Registrations to under the  
5 authority delegated to the Bureau of Licensing. I ask  
6 that the Board adopt a motion approving this order.

7 CHAIRMAN:

8 Questions from Enforcement Counsel?

9 ATTORNEY PITRE:

10 Enforcement Counsel has no objection.

11 CHAIRMAN:

12 Thank you. Comments from the Board? Can  
13 I have a motion, please?

14 MR. SOJKA:

15 Yes. Mr. Chairman, I move that the Board  
16 approve the issuance of Gaming Employee Permits and  
17 Non-Gaming Employee Registrations as described by the  
18 Bureau of Licensing.

19 CHAIRMAN:

20 Second?

21 MR. TRUJILLO:

22 Second.

23 CHAIRMAN:

24 All in favor?

25 AYES RESPOND

1                   CHAIRMAN:

2                   Opposed? The motion passes.

3                   MR. HANNON:

4                   The additional are Recommendations of  
5 Denial for ten Gaming Employees, four Non-Gaming  
6 Employees and two Gaming Service Provider  
7 Applications. Prior to this meeting, the Bureau of  
8 Licensing provided you with orders addressing these  
9 Applicants that the BIE had recommended for denial.  
10 In each case, the Applicant failed to request a  
11 hearing within the specified time period. I ask that  
12 the Board consider the order denying the Gaming and  
13 Non-Gaming and Gaming Service Provider Applicants.

14                   CHAIRMAN:

15                   Questions or comments from Enforcement  
16 Counsel?

17                   ATTORNEY PITRE:

18                   Enforcement Counsel would request a  
19 denial in each instance.

20                   CHAIRMAN:

21                   Thank you. Comments from the Board? Can  
22 I have a motion?

23                   MR. TRUJILLO:

24                   Mr. Chairman, I move that the Board deny  
25 the Gaming Employee, Non-Gaming Employee and gaming

1 Service Provider Applications as described by the  
2 Bureau of Licensing.

3 MR. ANGELI:

4 Second.

5 CHAIRMAN:

6 All in favor?

7 AYES RESPOND

8 CHAIRMAN:

9 Opposed? The motion passes.

10 MR. HANNON:

11 Next are Withdrawal Requests for Key  
12 Employees, Gaming and Non-Gaming Employees. In each  
13 case, the license, permit or registration is no longer  
14 required due to such circumstances as the employee  
15 failing to report to work or the job offer being  
16 rescinded. For today's meeting, I have provided the  
17 Board with a list of 1 Key Employee, 13 G-2 Employees,  
18 3 Gaming and 2 Non-Gaming Withdrawals for approval. I  
19 ask that the Board consider the order approving the  
20 list of withdrawals?

21 CHAIRMAN:

22 Enforcement Counsel have any questions?

23 ATTORNEY PITRE:

24 Enforcement Counsel has no objection.

25 CHAIRMAN:

1 Thank you. Comments from the Board? Can  
2 I have a motion, please?

3 MR. ANGELI:

4 Mr. Chairman, I move that the Board  
5 approve the withdrawals as described by the Bureau of  
6 Licensing.

7 CHAIRMAN:

8 Second?

9 MR. MOSCATO:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 AYES RESPOND

14 CHAIRMAN:

15 Opposed? The motion passes.

16 MR. HANNON:

17 In addition, we have the order to certify  
18 the following Gaming Service Providers, AmeriPark,  
19 LLC, Gaming Support U.S.A., Inc., GBA Hospitality,  
20 Inc., Hirst & Associates, LLC, KBS Computer Services,  
21 Inc., Praco Limited, Prime Communications, Inc. I ask  
22 that the Board consider the order approving these  
23 Gaming Service Providers for certification.

24 CHAIRMAN:

25 Any objection from Enforcement Counsel?

1                   ATTORNEY PITRE:

2                   No objection.

3                   CHAIRMAN:

4                   Thank you. Comments from the Board? Can  
5 I have a motion, please?

6                   MR. MCCALL:

7                   Mr. Chairman, I move that the Board issue  
8 an order to approve the Applications for Gaming  
9 Service Provider Certification as described by the  
10 Bureau of Licensing.

11                   MR. ANGELI:

12                   Second.

13                   CHAIRMAN:

14                   All in favor?

15 AYES RESPOND

16                   CHAIRMAN:

17                   Opposed? The motion passes.

18                   MR. HANNON:

19                   Finally, we have an Order regarding  
20 Gaming Service Provider Registrations. The Bureau of  
21 Licensing provided you with an order an attached list  
22 of nine Registered Gaming Service Providers. I ask  
23 that the Board adopt a motion approving the order  
24 registering these Gaming Service Providers.

25                   CHAIRMAN:



1 Any objection from Enforcement Counsel?

2 ATTORNEY PITRE:

3 No objection.

4 CHAIRMAN:

5 Comments from the Board? Can I have a  
6 motion?

7 MR. MCCALL:

8 Mr. Chairman, I move that the Board issue  
9 an order to approve the Applications for Gaming  
10 Service Providers Registration as described by the  
11 Bureau of Licensing.

12 CHAIRMAN:

13 Second?

14 MR. MOSCATO:

15 Second.

16 CHAIRMAN:

17 All in favor?

18 AYES RESPOND

19 CHAIRMAN:

20 Opposed? The motion passes.

21 MR. HANNON:

22 This concludes the Bureau of Licensing's  
23 presentation.

24 CHAIRMAN:

25 Thank you very much, Sean. Next up,

1 Cyrus?

2 ATTORNEY PITRE:

3 Enforcement Counsel has three matters for  
4 the Board's consideration for today. The first matter  
5 is a Consent Agreement entered into with the Rivers  
6 Casino --- a Consent Agreement entered into with  
7 Rivers Casino. Michael Sklar is here on behalf of  
8 Rivers. Beth Manifesto will represent the OEC in this  
9 matter.

10 CHAIRMAN:

11 Thank you. Mr. Sklar, are you going to  
12 have any witnesses today?

13 ATTORNEY SKLAR:

14 No.

15 CHAIRMAN:

16 Thank you. Do you have any comments to  
17 make?

18 ATTORNEY SKLAR:

19 Just a couple things. Since these  
20 incidents occurred, the Rivers has retrained each of  
21 the incidents, and I'm sure Beth is going to go  
22 through a little bit of the detail. It all involves  
23 bringing slot machines back online without getting the  
24 Gaming Lab's approval. So, since the incidents that  
25 have occurred, the --- each of the slot technicians

1 has been --- gone through retraining to explain what  
2 the required procedures are and they've been required  
3 to sign a certification acknowledging that they  
4 understand that these are the procedures.

5           Secondly, the Rivers has instituted a  
6 checklist procedure when any slot machine is down and  
7 is going to be brought back online. And the  
8 technician has to go through each of a list of items,  
9 one of which is getting the Gaming Lab's sign-off.  
10 And there has to be a second verifier who's either a  
11 technician or a supervisor, in addition to the  
12 technicians actually doing the work who is going to  
13 acknowledge and verify that the Gaming Lab has signed  
14 off. Each of the individuals are going to have to  
15 sign the checklist and we'll have a permanent record  
16 that this was done. So, hopefully this won't ever  
17 happen again in the future.

18           CHAIRMAN:

19           I jumped the gun. Ms. Manifesto, why  
20 don't you start with your presentation?

21           ATTORNEY MANIFESTO:

22           Thank you. Beth Manifesto on behalf of  
23 OEC, M-A-N-I-F-E-S-T-O. And as Mr. Sklar said, we're  
24 here today to consider a Consent Agreement. There are  
25 five specific instances, and I have a brief

1 description for each one. The first four involve  
2 violation of Title 58, Section 461(a)(12). The dates  
3 in question regarding these incidents are May 29th of  
4 2010. This is the first incident. Here are  
5 progressive IGT Game, which was part of a linked  
6 progressive bank, was assigned two jackpots to the  
7 games at bottom level which would be the fifth  
8 jackpot. This cost a top payout jackpot of \$25,000  
9 when had the game been properly set, the payout would  
10 have been \$12. The progressive levels were later ---  
11 I'm sorry, the progressive levels in this instance  
12 were set by a slot technician employed by the Rivers,  
13 who, in fact, released the game for play without  
14 notification to the Gaming Lab Operation Bureau or  
15 having it tested or certified by the level.

16           The second instance is on September 22nd  
17 of 2010. Here the Rivers notified GLO of a  
18 progressive ramp link where it did allow the lab to  
19 inspect the machine the day and found it to be  
20 improperly set. As a result, Rivers was instructed to  
21 leave the machine out of play until it was properly  
22 set, tested and certified. However, on September  
23 27th, GLO was notified by Rivers that two slot techs  
24 had, in fact, released the machine without the proper  
25 pay table being selected and without GLO's approval.

1                   The next instance is October 6th of 2010.  
2 And here GLO completed coin tests and inspections on  
3 all but two progressive slot machines, which were  
4 located at DL-05. Rivers was instructed, because two  
5 of the machines had not been tested, to hold this bank  
6 of games back from play until the testing was  
7 completed. However, on October 7th, GLO was informed  
8 that the games had been improperly released and, in  
9 fact, played by patrons and then removed from service.

10                   The fifth incident was December 6th of  
11 2011 --- I'm sorry, 2010. In this instance a power  
12 outage occurred at Rivers on December 5th, which  
13 caused the need for machines progressive to  
14 re-actioned and the game to be reset. The game was  
15 reset, however, the progressives were not and the  
16 machine was released for play on December 6th without  
17 notification to GLO. Surveillance footage showed that  
18 the slot tech who initially set the game and released  
19 it for play turned the machine off on December 7th at  
20 4:12 a.m. Approximately ten hours later a second slot  
21 tech accessed the machine. And an hour and 40 minutes  
22 later, two additional techs accessed and reset the  
23 progressive and then placed the game into play without  
24 proper notification, testing and certification by GLO.

25                   The last instance is a violation of Title

1 IV, Section 13.22. This incident involved a machine  
2 being properly taken out of service by a CCR on  
3 January 29th, 2011 as the machine was not reporting to  
4 the GTECH system, and therefore, was not communicating  
5 with the Department of Revenue. The machine was  
6 incorrectly placed back into service on January 30th  
7 due to an improperly filled out MEAL book. The game  
8 came back online with the system on February 3rd,  
9 2011. At which time, all cash-in and cash-out  
10 information for the time period the machine was  
11 offline was, in fact, transmitted and this then  
12 allowed the Department of Revenue to assess the proper  
13 tax, and this figure came back on February 3rd. We do  
14 have printouts from the Department of Revenue showing  
15 this. The Department of Revenue was contacted and did  
16 verify this information and stated taxes paid by the  
17 Rivers on February 4th. As a result, no monies are  
18 owed to the state regarding that incident.

19                   And additionally, the machines involved  
20 in these incidents are progressive slots. Also, after  
21 each described incident, GLO did, in fact, test and  
22 certify all machines involved.

23                   Third, none of the information indicates  
24 that patrons were negatively impacted by these  
25 incidents.

1                   And fourth, there's no tax owed to the  
2 state. All gross tax revenue has been properly  
3 calculated and all tax owed by Rivers has been  
4 properly paid.

5                   CHAIRMAN:

6                   Thank you very much, Beth. I see Mike  
7 Cruz is at the table. Mike, could you stand to be  
8 sworn in, since I think you're going to be testifying?

9 -----

10 MICHAEL CRUZ, HAVING FIRST BEEN DULY SWORN, TESTIFIED  
11 AS FOLLOWS:

12 -----

13                   CHAIRMAN:

14                   Thank you. Any questions from the Board?  
15 Commissioner Sojka?

16                   MR. SOJKA:

17                   I'm going to have a few. I'm sorry. How  
18 did we --- each of these numerous cases, some were  
19 self-reported; right?

20                   ATTORNEY MANIFESTO:

21                   Yes.

22                   MR. SOJKA:

23                   Were any not self-reported?

24                   ATTORNEY MANIFESTO:

25                   I'm sorry.

1                   MR. SOJKA:

2                   Cyrus?

3                   ATTORNEY PITRE:

4                   I think it's not more instances of not  
5 self-reporting, but not following directions.

6                   MR. SOJKA:

7                   Somehow somebody had to be aware that  
8 something was wrong and we have a report in front of  
9 us.

10                  ATTORNEY PITRE:

11                  In the \$25,000 jackpot instance, which is  
12 my favorite, the CCR was notified because it's a large  
13 jackpot. Upon further investigation by the lab, it  
14 was determined that the jackpot was basically an  
15 erroneous jackpot. So, not only did Rivers pay the  
16 \$25,000 jackpot, but then they also paid \$13,700 and  
17 change to the Commonwealth for that erroneous jackpot  
18 for the taxes on that erroneous jackpot. So,  
19 basically they were out somewhere in the neighborhood  
20 of \$38,000.

21                  MR. SOJKA:

22                  A very costly mistake?

23                  ATTORNEY PITRE:

24                  Yes.

25                  MR. SOJKA:



1                   But even then, it sounds as if had our  
2 people not picked that up, that may have repeated.

3                   ATTORNEY PITRE:

4                   That's why Mike has people. And he can  
5 tell you what those people in the field do on a daily  
6 basis better than I could.

7                   MR. SOJKA:

8                   And so in a sense, then, Mr. Cruz, your  
9 people are protecting the casino from shooting itself  
10 in the foot, if you will, on that one; is that  
11 correct?

12                  MR. CRUZ:

13                  Yeah. I mean, the lab's role is to, you  
14 know, protect the common, protect the casino and  
15 protect the patrons of the amenities. And in this  
16 incidence, you know, it was negatively affecting the  
17 casino because a \$12 jackpot was assigned a \$25,000  
18 jackpot, as well as protecting the Commonwealth's  
19 taxes --- tax liability because the large jackpot  
20 reduced the Rivers' tax liability for that day. So,  
21 in that sense, you know, we were protecting the  
22 Commonwealth and as well as the casino's situation.

23                  MR. SOJKA:

24                  And yes?

25                  ATTORNEY SKLAR:

1           Commissioner, I think to answer your  
2 question, to the best of my recollection, I think that  
3 each of these incidents, other than maybe the one  
4 where the slot machine was not connected to the  
5 central computer, I think that they were discovered  
6 and self-reported by the Rivers' staff.

7           MR. SOJKA:

8           Well, that then raises the question about  
9 the one that's not connected to the central computer.  
10 I'm curious to know how that was discovered at all,  
11 because the central computer is not aware that that  
12 machine is operating; is that not correct?

13          MR. CRUZ:

14           It is correct. For that specific  
15 incident, I believe the sequence of events were we  
16 have a procedure now --- although the Gaming Lab has  
17 staff that is --- we have a regionalized approach,  
18 that's several employees in each region covering  
19 several casinos. We rely fully on the Bureau of  
20 Casino Compliance, because they are 24/7/365 presence  
21 in the casino. And the process that we have set up  
22 between the lab and Casino Compliance and the  
23 operators and the system, which is GTECH is that  
24 whenever a game goes not connected to the central  
25 system for 24 hours, a central system operator at

1 GTECH will notify the Bureau of Casino Compliance that  
2 is representing that casino that there's been a game  
3 that has not been connected for 24 hours. And what  
4 they would usually do is they will go to the machine  
5 and check its status, whether it is for service or is  
6 there a tech working on it, what have you. I believe  
7 in this situation, that process did occur.  
8 Notification was sent to Bureau of Casino Compliance.  
9 Casino Compliance representative did go in and disable  
10 and verify that it was out of service. But then  
11 subsequently to that, a tech re-enabled or put the  
12 game back into service. And that's where the  
13 miscommunication and the mix-up happened with in  
14 service/out of service leading back to improperly  
15 filled out MEAL books.

16 MR. SOJKA:

17 Thank you. Let me ask another question  
18 for Mr. Pitre, if I may? We have here a Consent  
19 Agreement in which there are numerous incidents. Are  
20 you aware of similar incidents in similar quantity at  
21 other operators at this time? Is this unusual?

22 ATTORNEY PITRE:

23 I think Mr. Cruz will tell you that we  
24 all make comments that we all have our trouble casinos  
25 in certain areas. Each Bureau will relate that. And

1 I think Mr. Cruz will tell you that he's had a little  
2 bit more problems with the Rivers than he had --- than  
3 he's had at the other casinos.

4 MR. SOJKA:

5 Okay. So, this is a trouble spot and at  
6 --- these incidents have been rolled together and in a  
7 Consent Agreement involving both sides, a penalty had  
8 been assessed. I'm relieved to hear that, one, all  
9 due taxes have been collected. Two, that no patrons  
10 have been disadvantaged. I'm sorry about an  
11 inappropriate payout and the damage done to the casino  
12 for that. But I have to say that I don't look at this  
13 in any way as a kind of slip up in paperwork or  
14 something of that sort. This system in Pennsylvania  
15 involving not the table games yet, but the slot  
16 machines and using that central control system and  
17 relying on it as we do, and if you'll pardon me,  
18 bragging about it, as we do, when we look at something  
19 like this, I think it undercuts our position as a  
20 Board. It draws into question some of things we say  
21 in public. And I look at this as an extraordinarily  
22 important violation, possibly, not possibly, in my  
23 opinion, more egregious than is meant by this Consent  
24 Agreement. I'm certainly not telling anyone what to  
25 do, but I am telling you that I'm sufficiently upset

1 by this that I'm going to essentially recommend that  
2 we deny this Consent Agreement.

3 CHAIRMAN:

4 Thank you.

5 ATTORNEY PITRE:

6 Any in response to that, Commissioner  
7 Sojka, we did take into account that as a whole Rivers  
8 will lose somewhere in the neighborhood of \$60,000 as  
9 a result of the erroneous jackpot, the taxes that it  
10 paid on the erroneous jackpot and the penalty that was  
11 assessed with that. So, we took those things into  
12 consideration. And I respect your decision.

13 Also, ---.

14 MR. SOJKA:

15 Well, talk me out of it.

16 ATTORNEY PITRE:

17 I'm always happy to get more money from  
18 them. When I approached this --- when we approached  
19 this, we tried to do it --- we tried to look at it and  
20 approach it in a fair manner. We're not here to rape  
21 and pillage them. We're here to get their attention.  
22 Mike brought those issues forward to us. And this is  
23 --- I'm going to quite honestly say that we've seen  
24 from warning letters in the past on other instances,  
25 two other instances, that when we talk about central

1 computer systems, I can tell you that in New Jersey, I  
2 mean, those services in the casinos go down, unless  
3 somebody approaches that machine, they will not be  
4 notified of loss of the service. Here, because we  
5 have the central computer system, we're quick to  
6 react. Because we have people checking on it that are  
7 in casinos, what's going on with the casino floor,  
8 we're quick to react. Because we have people that  
9 specialize in that machinery with regard to the  
10 operations of the slot machines and the electronic  
11 parts of the table games, we are quick to react. So,  
12 I would venture to say that in another jurisdiction  
13 that problem may sit for much longer without being  
14 noticed than it has here.

15 MR. SOJKA:

16 And that, again, is comforting, but I  
17 think we're striving for something even better than  
18 that which would, of course, require absolute  
19 assurance by the casino operator to the regulations  
20 that allow the assigned system to work at its optimum.  
21 And so I'm still troubled with this. And I think,  
22 first of all, let me point out I had not calculated  
23 into the proposed fine the losses of the casino. I'm  
24 sitting here thinking about that, and I clearly  
25 understand how that would have helped you come to the

1 number that you did in your negotiation. But there  
2 are other operators that will be listening to this as  
3 well, and we have here a precedent of this proposed  
4 fine and then caught up in it is the understanding  
5 that, well, they also lost a lot of money on their  
6 own. That to me doesn't say clearly enough to all  
7 operators that this is absolutely something to which  
8 they must adhere. And I don't think --- you know,  
9 sometimes we can be a little bit sympathetic about  
10 problems where, for example, underage gamers or  
11 something will pull all kinds of stunts to get in.  
12 And we really demand that people do the best that we  
13 say, you know, life is such as it is. Here I think we  
14 should ask for absolute compliance, zero errors,  
15 because we have this system and you described it as a  
16 potentially extremely valuable system. So, to make  
17 sure that we set the proper precedent here, I am still  
18 not going to approve this Consent Agreement.

19 ATTORNEY SKLAR:

20 Commissioner, just one thing I want to  
21 clarify. Only one of these incidents involved a  
22 non-connectivity to the central computer system. And  
23 I just want to add one other thing. Each of the  
24 technicians who were involved in these incidents were  
25 disciplined and one of which was terminated. So, the

1 Rivers certainly takes this very seriously. And you  
2 know, I think that the procedures that have been  
3 implemented since these incidents have occurred  
4 hopefully with requiring the verification of a second  
5 person before any slot machine is brought online that  
6 that will prevent anything in the future.

7 MR. SOJKA:

8 We would hope so. And I'm not deaf to  
9 the comments you made about attempting improvement and  
10 I'm certainly aware that people are struggling to do  
11 this. And I'm aware of Mr. Pitre's comment about  
12 taking into account all of these other issues, but  
13 let's look at what's before us today and what might  
14 happen. And again, I'm being very careful not to  
15 direct anyone or tell anyone anything. But we've now  
16 --- with this Consent Agreement, you've noticed that  
17 you have at least one Commissioner with a vote which  
18 can be --- you know, I'm a legislative appointee. I'm  
19 really concerned that this is a serious, serious  
20 issue. And I want that message sent to the entire  
21 industry. So, given the fact that I think I'm still  
22 going to recommend denial of this, I think you, as  
23 people aware of this, can do whatever you want, you  
24 can bring it back, you can change it, you can argue  
25 the same point. I don't care. I'm making that



1 statement today by denying this proposal.

2 CHAIRMAN:

3 Other questions or comments from the  
4 Board? Mike?

5 MR. CRUZ:

6 I just want to add a little bit extra,  
7 just in conversation and I'm not going to try to  
8 convince Commissioner Sojka to vote a different way,  
9 but just to add to your education on the way the  
10 system and the games works. So, the central system  
11 should be connected to every single slot machine, but  
12 that's just one side of the equation.

13 MR. SOJKA:

14 Uh-huh (yes).

15 MR. CRUZ:

16 The games, themselves, are a large part  
17 of the equation to the overall connectivity and  
18 production of revenues and accounting of revenues for  
19 the state. In this particular case, although the  
20 manual procedures, the personal procedures in placing  
21 the game out of service and keeping it out of service  
22 failed, the design of the slot machines themselves  
23 where when there is loss of connectivity, the game  
24 continues to play, the storing of that information is  
25 on internal memory, so that whenever it does

1 reconnect, whether it's a minute, two days, three  
2 days, we don't want it to go two or three days, but  
3 whether it gets to that point, at the moment it  
4 connects, it furnishes all of its back data to the  
5 system. And that's why in this specific case, there  
6 was no impact at the end of the day to tax revenue for  
7 the state.

8 MR. SOJKA:

9 And that's correct. But let's not even  
10 talk about the connectivity then. Let's talk about  
11 the progressive issue. And I think what you may have  
12 misspoken in that when you mentioned this. There was  
13 that incorrect jackpot. The casino clearly got  
14 burned. But you suggested that the people of  
15 Pennsylvania didn't, and I think that's wrong.  
16 Because they paid out a larger jackpot than they  
17 should have. That means their gross terminal revenue  
18 was reduced and the actual amount of tax that should  
19 have been collected if that machine had been properly  
20 set was reduced. The only person that won was the  
21 person who got the jackpot incorrectly. So, you can  
22 see how important I think this is to protecting the  
23 people. We depend on not just the connectivity, but  
24 the machines being set up right. And I've seen your  
25 operation. I know how careful you people are and how

1 safe you are and what that service provides to the  
2 operators. And so I want to make sure that they take  
3 advantage of that service.

4 MR. CRUZ:

5 They are. And if I misspoke, I  
6 apologize. And in all reality, the 461(a)(12) she  
7 specifically read that says that the lab must test and  
8 certify prior to it going on was added in two or three  
9 years ago and was not part of our original package of  
10 regulations, because we saw that as these operations  
11 were coming online that we needed to protect it from  
12 the initiation. And we had to codify that rule so  
13 that if someone were to violate it, that it would be  
14 raised to this level.

15 MR. MCCALL:

16 Just further clarification, it was ---  
17 someone testified to the fact that your casino, in  
18 fact, did pay the tax on the \$25,000 payout. Is that  
19 correct or not correct?

20 ATTORNEY PITRE:

21 That's correct.

22 MR. MCCALL:

23 All right.

24 MR. SOJKA:

25 Well, then paying the tax on the payout

1 is really not a help. The tax comes off the gross  
2 terminal revenue. And the fact that they paid out the  
3 jackpot actually reduces the taxes.

4 ATTORNEY PITRE:

5 No.

6 MR. CRUZ:

7 No.

8 ATTORNEY PITRE:

9 No, that's not the way it works.

10 MR. SOJKA:

11 Tell me why that's not true?

12 ATTORNEY SKLAR:

13 Do you want me to --- what happened was,  
14 initially that day the patron hit the jackpot, there  
15 was a reduction on the handle from the slot machine to  
16 reduce. You're correct, it reduced gross terminal  
17 revenue. After the fact, ---.

18 MR. SOJKA:

19 Then maybe back up.

20 ATTORNEY SKLAR:

21 There was an adjustment made which we  
22 contacted DOR, made an adjustment.

23 MR. SOJKA:

24 But that's obviously a manual  
25 readjustment. And had this thing not been caught,

1 that money --- not only would you have been burned,  
2 you the casino, but the state would have been. That  
3 just points out to me the importance of doing this the  
4 right way, because too much depends on it and we count  
5 too much on this. And so I'm --- I guess I'm  
6 impractical here.

7 MR. MCCALL:

8 Our system would have detected that. Our  
9 system, in fact, would have detected, and did detect,  
10 the \$25,000 payout. Correct?

11 MR. CRUZ:

12 Yes. Thank you.

13 CHAIRMAN:

14 Commissioner Sojka? I'm sorry.  
15 Commissioner Moscato?

16 MR. MOSCATO:

17 Thank you, Mr. Chairman. Mr. Sklar, you  
18 began your presentation by stating some things that  
19 the Rivers had put into, please. Could you go over  
20 those one more time, please?

21 ATTORNEY SKLAR:

22 Sure. Each of the technicians were  
23 re-educated on procedures and they were required to  
24 sign a certification acknowledging that these are the  
25 procedures and the requirements under the regulations.

1 The second thing is, there's a checklist of procedure  
2 that has now been implemented. So, the technician who  
3 is the one who's responsible for working on the  
4 machine who runs through a series of things. One of  
5 which is the verification sign-off from the Gaming  
6 Lab. There's a second person who's required to also  
7 sign off to verify the Gaming Lab has signed off. And  
8 they're both --- both of those individuals are  
9 required to sign this checklist and that form is ---  
10 that checklist is maintained in the slot files.

11 MR. MOSCATO:

12 Okay. You also testified that one of the  
13 technicians responsible for one of these instances was  
14 dismissed?

15 ATTORNEY SKLAR:

16 Correct.

17 MR. MOSCATO:

18 And the others were reprimanded in some  
19 way?

20 ATTORNEY SKLAR:

21 Correct. I think they were all suspended  
22 for a period of time and disciplined.

23 MR. MOSCATO:

24 Okay. Mr. Pitre, if we deny this, where  
25 do we go from here? What's the procedure you go

1 through after this?

2 ATTORNEY PITRE:

3 Well, we'd go back to the negotiating  
4 table until we reach another agreement. We file a  
5 complaint against the casino.

6 MR. MOSCATO:

7 Thank you.

8 CHAIRMAN:

9 I have a question, Mike Cruz. One thing  
10 I wanted to make crystal clear in my mind and it goes  
11 to the point that Commissioner Sojka raised in we do  
12 brag about the central computer system. It is the  
13 core of, you know, our ability to obtain, maintain and  
14 do it correctly in getting the tax revenues to the  
15 Commonwealth. So, when that system breaks down,  
16 regardless of how it breaks down, our credibility and  
17 the credibility of the central computer system's  
18 called into question. And so, I do somewhat share  
19 Commissioner Sojka's concerns about that. You know,  
20 may vote in favor of the Consent Agreement, but I do  
21 have those concerns. But did I hear you say that if a  
22 slot machine is not connected for 24 hours to the  
23 central computer system that GTECh notifies your lab  
24 and then do you notify the folks out in the field, or  
25 how does that process work?

1                   MR. CRUZ:

2                   The process notified Casino Compliance  
3 representatives for that particular casino because  
4 they are the 24/7/365 presence in the casino. And if  
5 --- they usually will be able to handle any of the  
6 situations or places out of --- they put the casino  
7 place out of service. If there's more to a technical  
8 issue, then the Casino Compliance representative will  
9 reach out to my technical field representative which  
10 is the lab's field rep, and we will go from there.  
11 So, that's usually the flow of data.

12                   CHAIRMAN:

13                   Okay. I will ask you on behalf of the  
14 Board to please confirm that that is the procedure and  
15 if you could let us know. You can, you know, let us  
16 know through Enforcement Counsel or Kevin or whomever.  
17 But again, I think that's critical that if a machine  
18 is out of place --- and I'm not --- you know, 24 hours  
19 is 24 hours, not 24 days. But I want to make sure  
20 that that is a procedure that is adhered to 100  
21 percent of the time. Because if it's not, then we  
22 could have some problems. And if we have problems, I  
23 want to know about them.

24                   MR. CRUZ:

25                   I agree. I'll get that information for



1 you.

2 CHAIRMAN:

3 Okay. Thank you. Any other questions or  
4 comments from the Board? Can I have a motion, please?

5 OFF RECORD DISCUSSION

6 MR. MOSCATO:

7 In light of the fact that I did learn to  
8 count to one in kindergarten, and certainly bearing in  
9 mind the penalty that The Rivers had already paid in  
10 regard to paying out the jackpot and the procedures  
11 they put into place, Chairman, I'll move that the  
12 Board issue an order to deny the Consent Agreement  
13 between the OEC and Holdings Acquisition Company, LP  
14 as described by Enforcement Counsel.

15 CHAIRMAN:

16 Second?

17 MR. SOJKA:

18 Second.

19 CHAIRMAN:

20 All in favor of the denial of the Consent  
21 Agreement signify by saying aye?

22 AYES RESPOND

23 CHAIRMAN:

24 Opposed?

25 AYES RESPOND

1                   CHAIRMAN:

2                   You're opposed?

3                   MR. ANGELI:

4                   Yes.

5                   CHAIRMAN:

6                   Okay. The motion on the table and  
7 seconded and voted was that we deny the Consent  
8 Agreement. One of our legislative appointees opposes  
9 the denial of the Consent Agreement, and my gut tells  
10 me that puts us still in the denial state. But why  
11 don't you clarify that?

12                   ATTORNEY COOK:

13                   That's correct. Because you don't have a  
14 qualified majority to adopt the motion, the status quo  
15 remains in place and the motion is not adopted, the  
16 Consent Agreement at this point is not approved. You  
17 can entertain a motion to adopt the Consent Agreement.  
18 I don't know if that will change things or not,  
19 probably not, but ---.

20                   CHAIRMAN:

21                   Thank you. I will entertain a motion to  
22 adopt the Consent Agreement. Does anybody want to  
23 make that motion?

24                   MR. SOJKA:

25                   I'll make that motion.

1                   CHAIRMAN:

2                   Okay. Do we have a second to the motion  
3 on the floor to adopt the Consent Agreement?

4                   MR. TRUJILLO:

5                   Second. I will second that motion.

6                   CHAIRMAN:

7                   Okay. We have a second. All in favor of  
8 adopting the Consent Agreement signify by saying aye.

9 AYES RESPOND

10                  CHAIRMAN:

11                  Opposed?

12 AYES RESPOND

13                  CHAIRMAN:

14                  Okay. So we have two opposed.

15                  ATTORNEY COOK:

16                  We need a qualified majority again,  
17 therefore the Consent Agreement is not adopted.

18                  CHAIRMAN:

19                  Thank you. And just again, for the  
20 record, that the Consent Agreement is not adopted as  
21 proposed to the Board.

22                  MR. MCCALL:

23                  Chairman, I guess as part ---.

24                  CHAIRMAN:

25                  Yes, Mr. McCall?

1                   MR. MCCALL:

2                   Do we need a motion to remand it back, or  
3 is it automatically remanded back for negotiation?

4                   CHAIRMAN:

5                   It is automatically remanded back.

6                   MR. MCCALL:

7                   Thank you.

8                   CHAIRMAN:

9                   Thank you. Okay. Good luck to the next  
10 group. And our next item is a Consent Agreement  
11 between the OEC and Harrah's Chester?

12                   ATTORNEY PITRE:

13                   Right. I have Cassandra Fenstermaker,  
14 representing the OEC and Mr. Bill Downey, representing  
15 Harrah's in this instance.

16                   CHAIRMAN:

17                   Okay. Cassandra? I see Counselor James  
18 is here. Okay. Enforcement Counsel, you may begin.

19                   ATTORNEY FENSTERMAKER:

20                   Thank you. Good afternoon, Chairman Fajt  
21 and members of the Board. I'm Cassandra Fenstermaker  
22 on behalf of the OEC. We have today for the Board's  
23 consideration, a Consent Agreement between the OEC and  
24 Chester Downs and Marina, LLC, doing business as  
25 Harrah's Chester Casino & Racetrack. On November 8th,

1 2010, a 19-year-old individual entered Harrah's  
2 Chester and was stopped by a Harrah's Chester security  
3 officer. The individual presented his identification  
4 to the security officer and the patron was provided  
5 with a wristband to show that he was 21 years of age.  
6 The patron proceeded to the gaming floor, where he  
7 wagered at five blackjack tables. During the  
8 approximately 90 minutes that the underage individual  
9 was on the gaming floor, he played a total of 42 hands  
10 of blackjack. The patron was determined to be  
11 underage attempting to sign up for a Player's Club  
12 Card. As a result of the incident, the security  
13 officer was terminated by Harrah's Chester.

14           The parties have agreed the following  
15 order by the Board, Harrah's Chester shall pay a civil  
16 penalty in the amount of \$26,000. This is Harrah's  
17 Chester's second fine for underage gaming violations  
18 since the renewal of its Slots License. And the first  
19 fine involving an underage patron wagering on table  
20 games.

21           The OEC asks that the Board approve the  
22 Consent Agreement as presented today. The OEC and a  
23 representative from Harrah's Chester would be happy to  
24 answer any questions that you may have.

25                           CHAIRMAN:

1           Thank you, Cassandra. Does Harrah's have  
2 a comment to make?

3           ATTORNEY DOWNEY:

4           Thank you, Mr. Chairman. For the record,  
5 Bill Downey, D-O-W-N-E-Y, on behalf of Harrah's  
6 Chester. With me at the Counsel table is Lynne  
7 Hughes, vice president and General Counsel of the  
8 Eastern Division of Caesar's Entertainment.

9           Mr. Chairman, I think it'd probably be  
10 best if we respond to questions. The incident is  
11 actually a little unique, and we're prepared to  
12 respond to any questions the Board might have.

13           CHAIRMAN:

14           Thank you. Let's do that. Are there any  
15 questions or comments from the Board?

16           MR. TRUJILLO:

17           I have a few questions here.

18           CHAIRMAN:

19           Commissioner Trujillo?

20           MR. TRUJILLO:

21           Thanks. I actually --- I guess I'm  
22 interested in not so much what happened here, and I  
23 think we can get into that a little bit, as much as  
24 I'm back to --- and I know we've had a couple  
25 discussions on it, not with you, about what the Board

1 --- beyond fining the casinos, what, if anything,  
2 further the Board might do in order to prevent these  
3 incidents from happening. I'm fairly certain you  
4 don't want them to happen. I'm fairly certain that  
5 --- as people get caught and self-reporting, it's not  
6 in any operators best interest for them to happen.  
7 But we continue to be stuck with it and --- because  
8 they do happen. And so I'm just curious whether you  
9 have any more insight as to anything else that we  
10 might be able to do in order to prevent them from  
11 happening.

12 ATTORNEY DOWNEY:

13 Commissioner, I don't think so. I mean,  
14 at this point, it's our responsibility to adopt  
15 procedures that put the Licensee in a position where  
16 we'll be in the best posture. And Commissioner Sojka,  
17 a little earlier this afternoon, referenced the notion  
18 that where we have underage folks running in our  
19 gates, it's going to happen. We understand that. Our  
20 job is to adopt procedures that put us in a position  
21 where we can best handle that concern. It's your job  
22 to take this to task if we stumble in that process and  
23 may need direction. The enforcement arm will  
24 determine on a rolling basis that either our  
25 procedures are, you know, up to snuff and this is just

1 one of those things, or it's not. In which case, we  
2 have a kind of conversation, likely with --- starting  
3 with the OEC.

4           Let me put it specifically, though, we  
5 remember that we were in the Enforcement Counsel  
6 luncheon. We were in to discuss these matters with  
7 you in October of last year in connection with some  
8 violations in connection with slot play. And during  
9 the course of that conversation, Chairman Fajt asked a  
10 similar question. He said, you know, where do we go  
11 with this. What is it that we can do to further the  
12 defense, if you will, of the gate? And in the course  
13 of that discussion, additionally from the transcript,  
14 Commissioner Fajt asked the following questions.  
15 After confirming that, you know, we all need this to  
16 stop, he says, whether it's swiping machines that  
17 every casino is going to employ, we'll do that.  
18 Whether it's wristbands that we have to put on  
19 everybody under the age of 30, we'll do that. Whether  
20 it's policy to card both males and females under the  
21 age of 30, we'll do that.

22           What we had happen here was a failure by  
23 a single officer to follow very clearly established  
24 procedure. And in doing so, I guess it's sort of a  
25 double-edge sword of the wristband system, we create



1 the presumption by other parties on the floor that  
2 this guy has been vetted by the process, the very  
3 process was put in place to avoid having this  
4 conversation with you today.

5           Again, I think this is one of those  
6 instances where by virtue of a human stumble, you  
7 know, it's not a systemic issue, I don't think. I  
8 think we had a human stumble. We interviewed the  
9 gentleman prior to his termination. He had no excuse.  
10 He knew the procedure. He didn't do it. And as a  
11 result, at least two safeguards that both would have  
12 caught this guy were obviated.

13           MR. TRUJILLO:

14           That's all. Thank you.

15           CHAIRMAN:

16           Other questions? Commissioner Moscato?

17           MR. MOSCATO:

18           One quick question. Did the security  
19 officer know the minor?

20           ATTORNEY DOWNEY:

21           We have good reason to believe that he  
22 knew the minor. He accepted a form of identification  
23 that would have set off a number of other flags. Is  
24 it entirely possible, we determined, post facto that  
25 that ID may have been false ID. When we first looked

1 at this, we had assumed that he simply had misread the  
2 date of birth, because when the gentleman was  
3 ultimately stopped by a slot host, he produced a  
4 different form of identification which contained his  
5 actual birth date.

6 MR. MOSCATO:

7 Thank you.

8 CHAIRMAN:

9 Commissioner Sojka?

10 MR. SOJKA:

11 Yeah, just a couple quick questions for  
12 OEC. I don't care if it's Ms. Fenstermaker or Mr.  
13 Pitre. Precedential issues, there were fines issued  
14 before for a number of incidents that were rolled  
15 together with Harrah's. Now that we have a single  
16 incident, does this represent an escalation in terms  
17 of the fine per individual?

18 ATTORNEY PITRE:

19 Well, it does and this is our first table  
20 games fine. So, ---

21 MR. SOJKA:

22 Okay.

23 ATTORNEY PITRE:

24 --- if that's any ---.

25 MR. SOJKA:

1           And there was also some mention made of  
2 frequency. What's happened since, you know, the  
3 change have been made. Is it my understanding that  
4 the actual number of incidents at Harrah's is starting  
5 to trim down? Is that correct?

6           ATTORNEY PITRE:

7           It has lessened.

8           MR. SOJKA:

9           That is very encouraging to all of us.  
10 Thank you.

11          CHAIRMAN:

12          Any other questions, comments from the  
13 Board? Can I have motion, please?

14          MR. SOJKA:

15          Yes. Mr. Chairman, I move that the Board  
16 issue an order to approve the Consent Agreement  
17 between the OEC and Harrah's Chester Downs as  
18 described by Enforcement Counsel.

19          CHAIRMAN:

20          Second?

21          MR. TRUJILLO:

22          Second.

23          CHAIRMAN:

24          All in favor?

25 AYES RESPOND

1                   CHAIRMAN:

2                   Opposed?   The motion passes.

3                   ATTORNEY DOWNEY:

4                   Thank you.

5                   CHAIRMAN:

6                   The last item is a request for a Default  
7 Judgment in which OEC seeks to place Terrence General  
8 on the Pennsylvania Gaming Control Board's Exclusion  
9 List.   Is Mr. General here today?   Okay.   Enforcement  
10 Counsel, please begin?   Welcome, Dustin.

11                  ATTORNEY MILLER:

12                  Good afternoon, Chairman Fajt, members of  
13 the Board.   The next matter is a request for placement  
14 on the Board's Excluded Persons List today, involving  
15 Terrence General.   The OEC filed a petition to place  
16 Mr. General on the Exclusion List for attempting to  
17 steal eight \$100 chips from a gaming table at Parx  
18 Casino.   The petition was filed on April 14th, 2011.  
19 The petition was properly deserved on Mr. General to  
20 the address listed on the criminal complaint filed  
21 against him by both certified and first-class mail.  
22 Mr. General did not respond to the filing in any way.

23                  Due to Mr. General's failure to respond,  
24 the averments in the petition are deemed to be  
25 admitted as fact and his right to a hearing has been

1 waived.

2                   On May 23rd, 2011, the OEC filed a  
3 request to Enter a Judgment Upon Default. The matter  
4 is now before the Board to consider the placement of  
5 Mr. General on the Board's Excluded persons List.

6                   CHAIRMAN:

7                   Thank you. Any questions or comments  
8 from the Board? Can I have a motion, please?

9                   MR. ANGELI:

10                   Mr. Chairman, I move that the Board issue  
11 an order to approve the addition of Terrence General  
12 to the Pennsylvania Gaming Control Board's Exclusion  
13 List as described by the OEC.

14                   CHAIRMAN:

15                   Second?

16                   MR. TRUJILLO:

17                   I'll second.

18                   CHAIRMAN:

19                   Thank you. All in favor?

20 AYES RESPOND

21                   CHAIRMAN:

22                   Opposed? The motion passes.

23                   ATTORNEY MILLER:

24                   Thank you.

25                   CHAIRMAN:

1                   Thank you. That concludes OEC's report.  
 2 Thank you, everyone. This concludes our normal  
 3 business. Our next scheduled public meeting will be  
 4 held on Tuesday, June 28th, rather than Wednesday,  
 5 June 23rd as previously advertised. That meeting will  
 6 be here on June 28th at the State Museum at ten  
 7 o'clock. Our executive session previously scheduled  
 8 for June 22nd will be held on Monday, June 27th in our  
 9 Harrisburg office located in Strawberry Square. And  
 10 that executive session will begin at 2:00 p.m. Any  
 11 further comments from the Board? Can I have a motion  
 12 to adjourn?

13                   MR. ANGELI:

14                   So moved.

15                   MR. MOSCATO:

16                   Second.

17                   CHAIRMAN:

18                   The meeting is adjourned. Thank you.

19                                   \* \* \* \* \*

20                                   MEETING CONCLUDED AT 12:40 P.M.

21                                   \* \* \* \* \*

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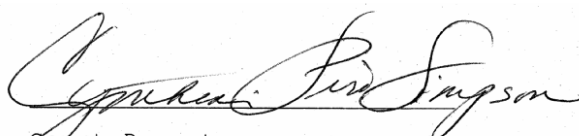
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CERTIFICATE

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I hereby certify that the foregoing proceedings, meeting held before the PA Gaming Control Board, was reported by me on 06/08/2011 and that I Cynthia Piro Simpson read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.



Cynthia Piro Simpson  
Court Reporter