

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: U.S. PLAYING CARDS PETITION FOR RECONSIDERATION

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PUBLIC HEARING

BEFORE: GREGORY C. FAJT, CHARIMAN

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

Matthew Meals, representing George Greig,  
Secretary of Agriculture

HEARING: Wednesday, July 20, 2011

10:56 a.m.

LOCATION: Hearing Room 1

Keystone Building

400 North Street

Harrisburg, PA 17120-0211

WITNESSES: Mark Stewart

Reporter: Rhonda K. Thorpe

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CHAIRMAN:

Our final hearing this morning is U.S. Playing Cards Petition for Reconsideration relative to the Board's Order of June 17th, 2011, granting a Petition seeking waiver of licensure for the Audit Committee Members of U.S. Playing Cards, Jarden Corporation. Pursuant to the Board's regulation, relating to request for Reconsideration, I don't believe that we need to hear from Enforcement Counsel on this request for Reconsideration nor is this a hearing which they can get that. Notwithstanding that fact, if OEC has anything to add after we hear from U.S. Playing Cards, we certainly will be willing to hear that. Mr. Stewart, welcome and you may begin.

MR. STEWART:

Good morning. May it please the Board, my name is Mark Stewart, S-T-E-W-A-R-T, with Eckert Seamans on behalf of the United States Playing Card Company. We thank the Pennsylvania Gaming Control Board for allowing us to be before you today. We realize that you have a very full agenda and we will rely primarily on our Petition and the exhibits, which we attached to it, which we believe show the basis for

1 Reconsideration. And address the Board's concern for  
2 an ongoing independent check on USPC's financial  
3 processes and statements.

4           You never want to be in the position of  
5 having to ask for Reconsideration of an Order that  
6 granted your condition. Unfortunately that's where we  
7 are. The company very much appreciated the Board's  
8 granting of the waiver for the Audit Committee, it's  
9 recognition of the material. The role of the company  
10 in Jarden's portfolio, as we discussed at the primary  
11 hearing, USPC's Casino business represented only .3  
12 percent of Jarden's total net sales in 2010.

13 Unfortunately the separate certified Audit condition  
14 arose for the first time at the time of the Board's  
15 action and it presents significant challenges for the  
16 company that are outlined in the Petition.

17           As we try to demonstrate, the company is  
18 subject to significant independent reviews by Jarden's  
19 external auditors, PricewaterhouseCoopers. The  
20 exhibits detail the types of tests and reviews that  
21 PWC conducts annually on the company's financial  
22 statements and internal controls. These exhibits also  
23 show the types of information that the company is  
24 required to report to PWC on a quarterly basis. And  
25 ultimately PWC reports the results of those reviews to

1 the Jarden Audit Committee.

2           So we respectively submit and hope that  
3 this review process associated with the external audit  
4 will satisfy the Board's concern and maybe substitute  
5 it as a condition on the waiver that was granted by  
6 the Board. Thank you.

7           CHAIRMAN:

8           Thank you. Does Enforcement Counsel have  
9 anything to say? They do not. Does the Board have  
10 any questions regarding this?

11          MR. GINTY:

12          Yes.

13          CHAIRMAN:

14          Commissioner Ginty.

15          MR. GINTY:

16          Good afternoon. In some respects I feel  
17 as if this is a no good deed goes unpunished. We  
18 really were trying to help Jarden on this one and  
19 understanding it. I also want to say that I started  
20 my professional career with a company by the name of  
21 Lybrand, Ross Brothers and Montgomery. And there's  
22 probably out there that remembers Lybrand, Ross  
23 Brothers and Montgomery, that became Coopers and  
24 Lybrand and then subsequently merged with  
25 Pricewaterhouse, so you have an outstanding

1 accounting. Just so a lot of the material that you  
2 have submitted to us in terms of the work that PWC  
3 does with Playing Cards and so forth is understandably  
4 confidential. I just want to make sure the record is  
5 clear that there is very substantial quality work that  
6 Pricewaterhouse in fact does. Which is presented, as  
7 I understand it to the Jarden Audit Committee; is that  
8 true?

9 MR. STEWART:

10 That's correct.

11 MR. GINTY:

12 So there is not only the audit, not  
13 certified, but --- and a quarterly review as well, as  
14 I understand it?

15 MR. STEWART:

16 Correct. There's quarterly information  
17 that is submitted to Pricewaterhouse. There are also  
18 additional walk-throughs, tests and reviews of  
19 different departments. And operational performances,  
20 internal controls, all done by PricewaterhouseCoopers.  
21 And any audit findings, any differences are all  
22 reported to the Jarden Audit Committee.

23 MR. GINTY:

24 And then that --- again that goes before  
25 the Jarden Audit Committee, I sat in on a few of those



1 reviews myself. And I guess my concern is I want to  
2 --- you know, I want reassured that there is an audit,  
3 which there is. And secondly, that the Jarden Audit  
4 Committee, you know, be aware and sign off on it. So,  
5 what we're going to ask is that the minutes of the  
6 Audit Committee simply provide a simple, safe --- and  
7 the Audit Committee has been presented with those  
8 documents?

9 MR. STEWART:

10 I think that would be acceptable and  
11 appreciated.

12 MR. GINTY:

13 All right. I have nothing further.

14 CHAIRMAN:

15 Thank you. Other questions? Mr.  
16 Trujillo.

17 MR. TRUJILLO:

18 Just two things. One, the CEO of  
19 PricewaterhouseCooper was my next door neighbor, but a  
20 lousy tennis player, but that doesn't impact my  
21 judgment on the team. My only issue --- I still want  
22 it to be clear that what's been done here is in fact  
23 the granting ultimately of your request that is an  
24 exception that is on its own merits, we take into  
25 consideration a number of factors, not the least of

1 which is the very small role in the parent that U.S.  
2 Playing Cards plays. The cost of --- I believe the  
3 relative cost relative to --- it's even done in  
4 Pennsylvania. The other structures that you put in  
5 place, including as Commissioner Ginty spoke about  
6 providing the minutes and full disclosure.

7           So, one of my main concerns at the very  
8 beginning of this was in fact that we not set a  
9 particular precedent because our requirements and  
10 regulations still are what they are. But it does  
11 allow the Board some latitude and it's being exercised  
12 here. It's a discretion and also we're hoping not to  
13 leave you with an annuity of this matter for Mr.  
14 Stewart. But that I just want to make clear that this  
15 really is an exception so be generous. Thank you.

16           CHAIRMAN:

17           Thank you. Any other questions or  
18 comments? Okay. This matter is --- thank you, Mr.  
19 Stewart --- this matter is closed. We'll consider it,  
20 as well as the other matters before the Board as we  
21 heard earlier today, in executive session which we  
22 will now adjourn to. The Board will be back here in  
23 20 minutes.

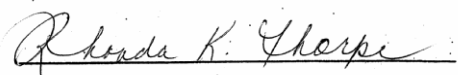
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25                           MEETING CONCLUDED AT 11:03 A.M.

CERTIFICATE

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I hereby certify that the foregoing proceedings, hearing held before Chairman Fajt, was reported by me on 07/20/2011 and that I Rhonda K. Thorpe read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.

  
**Court Reporter**