

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: LICENSE RENEWAL OF MOUNT AIRY CASINO

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BEFORE: LINDA LLOYD, PRESIDING OFFICER
WILLIAM H. RYAN, JR., CHAIRMAN
GREGORY C. FAJT, COMMISSIONER
KEITH R. MCCALL, COMMISSIONER
ANTHONY C. MOSCATO, COMMISSIONER
GARY A. SOJKA, COMMISSIONER

HEARING: Thursday, December 15, 2011
10:05 a.m.

LOCATION: Paradise Township Municipal Building
5912 Paradise Valley Road
Cresco, PA 18326

Reporter: Jolynn C. Prunoske

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A P P E A R A N C E S

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

1		
2		
3	OPENING REMARKS	
4	By Presiding Officer	7 - 10
5	OPENING STATEMENT	
6	By Attorney Sklar	10 - 11
7	PRESENTATION	
8	By Mr. Culetsu	11 - 18
9	By Ms. Kneisc	18 - 22
10	By Ms. Fishler	22 - 23
11	By Mr. Varela	23 - 25
12	By Ms. Carrillo	25 - 26
13	By Mr. Miller	26 - 27
14	By Ms. Ariza	27 - 28
15	By Mr. Viola	28 - 33
16	By Mr. Culetsu	33 - 40
17	By Ms. Briglia	40 - 42
18	By Ms. Stettler	42 - 45
19	By Ms. Cabezas	45 - 46
20	By Ms. Dudley	46 - 48
21	By Mr. Wilgus	48 - 52
22	By Mr. Phillips	52 - 55
23	By Ms. Stokes	55 - 56
24	By Mr. Uguccioni	56 - 59
25		

1	I N D E X (cont'd.)	
2		
3	CLOSING STATEMENT	
4	By Attorney Sklar	59 - 60
5	QUESTIONS	
6	By Attorney Davenport	60 - 73
7	QUESTIONS	
8	By Attorney Matelevich-Hoang	73 - 75
9	QUESTIONS	
10	By Board Members	75 - 91
11	OPENING STATEMENT	
12	By Attorney Davenport	91 - 92
13	<u>WITNESS:</u> Elizabeth Landa	
14	DIRECT EXAMINATION	
15	By Attorney Matelevich-Hoang	93 - 99
16	<u>WITNESS:</u> Michael Witmer	
17	DIRECT EXAMINATION	
18	By Attorney Davenport	100 - 108
19	QUESTIONS	
20	By Board Members	109 - 120
21	DISCUSSION AMONG PARTIES	120 - 123
22	<u>WITNESS:</u> Gerald Stoll	
23	DIRECT EXAMINATION	
24	By Attorney Davenport	123 - 131
25		

INDEX (cont'd.)

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

QUESTIONS

By Board Members 131 - 133

CLOSING STATEMENT

By Attorney Davenport 133 - 134

DISCUSSION AMONG PARTIES 133 - 134

E X H I B I T S

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

<u>Number</u>	<u>Description</u>	<u>Page Offered</u>	<u>Page Admitted</u>
Hearing			
1	Written public comment from Senator Blake; written comment from Sister Reiersen; written comment from Rosemary Driebe Olofsson	9	9
Office of Enforcement Counsel			
1	Uniform Criminal Report	122	122
2A	Consent Agreements	121	121
2B	Compliance Conferences	121	121
2C	Warning Letters	121	121
2D	Enforcement Action	121	121
Mount Airy			
1	PowerPoint	122	122

EXHIBITS NOT ATTACHED

P R O C E E D I N G S

PRESIDING OFFICER:

Good morning, everyone. My name is Linda Lloyd. I'm the Presiding Officer assigned by the Board to conduct this portion of the license renewal hearing for Mount Airy #1, LLC, referred to as Mount Airy. As the Presiding Officer, I call this hearing to order. The date is Thursday, December 15th, 2011. The time is 10:05. And the location is the Paradise Township Municipal Building, the intersections of Route 191 and 940, in Cresco, Pennsylvania 18326. We don't have microphones, but the room is small, so if all the speakers could please keep your voices up so we can all hear, and our court reporter, sitting down here at the end, can also hear you as well.

The license renewal hearing is convened by the Pennsylvania Gaming Control Board (PGCB), pursuant to the authority found in Section 1326 via the Gaming Act and the Board's regulations. This public hearing was advertised on the Board's website and announced by the Board and advertised in local newspapers. There are Board members present here today for the hearing. To my immediate right is our Chairman, Bill Ryan. And to his right, Commissioner

1 Keith McCall. And to my left, Commissioner Greg Fajt,
2 Commissioner Gary Sojka, and Commissioner Tony
3 Moscato.

4 The hearing will begin with a
5 presentation by Mount Airy. After the close of each
6 witness' testimony or at the end of the presentation,
7 whichever is more convenient for Office of Enforcement
8 Counsel (OEC), they will have an opportunity to cross
9 examine witnesses and ask questions. The Board will
10 also have an opportunity to ask questions. After
11 Mount Airy's presentation, the OEC will make its
12 presentation, again with Cross Examination by Mount
13 Airy, counsel of the witnesses and questions by the
14 Board. After the close of the testimony and evidence
15 from both parties is the time for public comment.
16 It's my understanding that my list of public
17 commentors are all now incorporated in Mount Airy's
18 presentation. So, unless there is somebody here that
19 is not registered to speak or is not part of the
20 presentation, we'll have you speak after the
21 presentations have been made.

22 Following the close of the public
23 comment, Mount Airy and OEC will have the opportunity
24 to provide short closing statements. So, let's begin
25 by having all witnesses from Mount Airy and the OEC

1 who will testify today, if you'll please stand and
2 raise your right hand to be sworn by the court
3 reporter.

4 -----

5 WITNESSES SWORN EN MASSE

6 -----

7 PRESIDING OFFICER:

8 And if I can remind you, the first time
9 you speak if you could state and spell your name for
10 the court reporter so she has an accurate spelling.

11 I have several hearing documents to move
12 into the record. We have written public comment that
13 was received, written public comment from Senator John
14 Blake in support of the renewal, a written comment
15 from Sister Marion R-E-I-E-R-S-E-N, from Shepherd's
16 Maternity House, in support of the renewal, and a
17 comment from the Pocono Produce Company and Rosemary
18 Driebe, D-R-I-E-B-E, Olofsson, O-L-O-F-S-S-O-N, in
19 support of the Mount Airy renewal. And we will mark
20 those as Hearing Exhibit Number One and move those
21 into the record if I have no objection from Counsel.

22 ATTORNEY SKLAR:

23 No objection.

24 (Hearing Exhibit One marked for
25 identification.)

1 PRESIDING OFFICER:

2 So we are ready to begin with Mount
3 Airy's presentation.

4 ATTORNEY SKLAR:

5 Thank you. Michael Sklar, S-K-L-A-R, on
6 behalf of Mount Airy #1, LLC. Good morning, Linda,
7 Mr. Chairman, Commissioners. It's our pleasure to
8 welcome you to Paradise Township this morning. With
9 me and part of our presentation this morning are John
10 Culetsu, who's the general manager; Frances Kneisc,
11 who is the Executive Director of Human Resources;
12 Vince Viola, who is the Director of Purchasing. We
13 also have five employees here with us this morning who
14 are going to give you I think their personal story
15 about the impact Mount Airy has made in their lives.
16 Also here today who are not going to be part of the
17 presentation but will be available if any of the
18 Commissioners have or OEC has questions is Lisa
19 DeNaples, who is the owner and managing trustee, and
20 Ed Grancy, who is the CFO. I'm just going to give you
21 a brief overview, and then I'm going to turn it over
22 to our speakers. John is going to take you through an
23 overview of the property, give you an update on the
24 casino reconfiguration that you recently approved and
25 the economic impact that Mount Airy has generated for

1 the Commonwealth and the local community thus far.
2 Frances is going to take you through the composition
3 of Mount Airy's workforce, the general outline of the
4 employment compensation package that's offered to
5 Mount Airy employees, and generally their recruitment
6 and training efforts to ensure diversity in the
7 workforce. And Vince is going to tell you about
8 vendor diversity spend figures and efforts to continue
9 to ensure diversity participation by NB and WB firms.
10 Finally, we have a number of community representatives
11 which we've built into our presentation so you'll be
12 able to see and identify which organizations they're
13 from, and they're briefly going to describe the impact
14 that Mount Airy has made on the community and their
15 organization. So with that, I will turn it over to
16 John.

17 MR. CULETSU:

18 Thank you, Michael. Good morning,
19 everyone. Thank you for coming, giving us the
20 opportunity to tell what I think is a very compelling
21 story. John Culetsu, C-U-L-E-T-S-U.

22 As you all know, of course, Mount Air
23 opened in 2007. Over the course of the last four
24 years the property has grown and --- but anyways, I
25 think one of the first and foremost important things

1 to understand about Mount Airy is something that we
2 are, of course, very proud of at the property, but I
3 also think the Gaming Control Board, the State of
4 Pennsylvania and the greater Pocono region should be,
5 is that Mount Airy is the only AAA Four-Diamond casino
6 resort in the State of Pennsylvania. It is one of the
7 very few also on the east coast. So we are very proud
8 of the fact that we have achieved that status from a
9 very accredited organization.

10 Just to kind of go over an overview for
11 you now of property and what we have presently and
12 what we're doing going forward, as we always,
13 obviously, look to expand and improve upon our
14 business volumes, our slot floor consists presently of
15 2,075 games. And as many of you are aware, the State
16 Gaming Control Board recently allowed us to reduce our
17 slot floor by approximately 200 games. And that slot
18 reduction has taken place over the course of the last
19 week or two and it probably will continue over the
20 next week or so. And one of the purposes in doing
21 that was to ensure that our guests were in a very
22 comfortable environment to play. When we survey our
23 guests, one of the things that they tell us is they
24 want to play in a very comfortable environment. So,
25 what we've done by reducing the slots is we've created

1 a greater comfort level, number one. We were able to
2 increase the size of our poker room, not in tables but
3 in actual square footage, which was very important for
4 that space for the comfort of our guests. Secondly,
5 it allows us to be much more competitive in our
6 high-limit slot room. We were able to take our
7 previous high-limit slot room, which only contained 23
8 games, we were able to relocate it in a new area that
9 now will have 65 games. And it looks like we will be
10 open by this weekend with that new facility. So, both
11 of those moves allows us to be a lot more competitive.
12 It allows us to keep our slot product very fresh on
13 our floor and to continually reinvest from a capital
14 perspective and bringing the best into a slot product
15 to Mount Airy.

16 Our table game floor, and of course,
17 table games opened in July of 2010 for us, consist of
18 72 games. And at Mount Airy we also have a high-limit
19 table game area that consists of baccarat, blackjack,
20 pai gow tiles, pai gow poker. And of course, we also
21 have the poker room that we just mentioned that is
22 now, as I said, greatly enlarged from what it
23 previously was.

24 Our hotel, as I said earlier, is the
25 proud recipient of the AAA Four-Diamond Award. Each

1 room is very luxuriously appointed. We have 300
2 thread count linens. There is an honor bar in every
3 room. There is a safe, marble top counters. We also
4 have some very beautiful suites that are approximately
5 900-square feet in space, beautiful views of the total
6 grounds of Mount Airy, including the lake and the golf
7 course. And we've been very successful in our
8 continually selling of hotel rooms, as our occupancies
9 have reached in the high 90 percentile over the course
10 of the last couple of years.

11 Dining and lounges, we offer five
12 restaurant facilities. Our two high-end restaurants,
13 Le Sorelle and Red Steakhouse, offer diversity of menu
14 items in seafood, steak, Italian. According to
15 opentable.com, which some of you may be familiar with,
16 that you use to book your restaurant reservations, Red
17 Steakhouse is one of the highest-rated restaurants in
18 the State of Pennsylvania, garnering a score of 4.6 on
19 a scale of 5. We also have Betty's Diner, which seats
20 approximately 175 patrons. Our buffet, which is open
21 for lunch and dinner, seven days a week, seats
22 approximately 400 patrons. And we also have some very
23 nice specialty nights there, where on Friday nights we
24 have a seafood buffet. On Sundays we have a great
25 jazz brunch. And then we also have a Senior Citizens

1 Day on Wednesday, where we offer our seniors a \$9.99
2 buffet for lunch and dinner. And we'll soon be
3 opening a Starbuck's, which I understand is going to
4 make quite a few people. Of course, our employees are
5 very happy about it. I think one of our Commissioners
6 is a Starbuck's fan, I understand. That's not why we
7 did it, by the way, but it doesn't hurt, obviously.
8 And we look to open the Starbuck's sometime in the
9 first quarter of 2012, probably in February, as it
10 looks right now. And then we will also, of course,
11 have our golf course, with a new golf house opening in
12 April of this year. And I didn't mention, of course,
13 Gypsies Nightclub, which we utilize for conventional
14 nightclub purposes, with live bands, headline acts,
15 musical acts. We go from comedy to the likes of Joan
16 Rivers and Adam Carolla to musical acts. We had The
17 Spinners a week ago. We had Crystal Gayle last
18 weekend for a Christmas show. We have the Tavares
19 coming up next month. So we have kind of a diverse
20 genre of entertainment and music that we --- we have
21 The Pawn Stars for those of us who love reality TV,
22 and the Housewives of New Jersey also. So, you know,
23 whatever your entertainment pleasure is, we try to ---
24 we offer diversity of it at Mount Airy. And as I
25 mentioned, also our golf course will be open in April

1 with a brand new clubhouse facility. So, we're
2 excited about that. In that water I probably
3 deposited about 18 balls or so in the last three
4 rounds alone that I played, so it's a challenging
5 course, in great condition. We do a wonderful job
6 here, our grounds crew, in providing a great product.

7 We also have a great 18,000 square foot
8 spa and exercise room. There's 11 treatment rooms.
9 There's a diversity of different treatments you can
10 have from facials to body scrubs to traditional
11 massage services. We have a beautiful quiet room,
12 steam, sauna, and basically all the latest that's
13 available in the spa market today and also a great
14 product line of different products available there,
15 too. And to the right you can see our exercise room.
16 Like in most casino properties, it's the least
17 utilized space in the property, but it looks damn
18 good. So, we're pretty proud of that spa and fitness
19 center, though. It's a really extraordinary facility.

20 Some of the things, of course, that have
21 occurred since Mount Airy opened back in 2007 and up
22 and through the present and as our commitments
23 delivered. You know, first and foremost is the
24 economic impact that Mount Airy has had in the local
25 area. I mean, if you look at our gaming revenues over

1 the course of the last four years from when we opened
2 in 2007, out of approximately \$160 million or so to
3 the present, which is now exceeding over \$180 million,
4 you can see that we are --- we're going in the right
5 direction as far as the economic impact that we have
6 had in generating gaming revenues over the course of
7 the last four years.

8 Since we have opened, we're very proud to
9 the fact that we are able to create 1,350 new jobs.
10 And that's the about approximate present staff that we
11 had when we opened table games back in July of last
12 year, 2010. We were able to add approximately 400
13 jobs, so we were somewhere around 850 to 900, 950
14 employees. And as I said, with table games, that
15 added approximately 400 new jobs. And what that also
16 did, of course, was create ancillary business volumes
17 to our restaurants, our spa, to our hotel. So, the
18 impact was not only on table games itself, it was on
19 other areas of the property and the casino. And what
20 I think we'll continue to see, as table games is
21 somewhat new, just a little bit over a year old here
22 in this market, we'll continue to see a growth in that
23 market as we are now able to compete with the likes of
24 the properties in Atlantic City and Connecticut. So,
25 table games has had an overall great positive impact

1 for us. In addition to, of course, our own staffing,
2 we were able to generate over 500 local construction
3 jobs in the course of the initial construction of
4 Mount Airy through the present projects that we have
5 going on at the property.

6 Next I'm going to have Fran speak to us
7 regarding some of our HR initiatives. And I will get
8 back to you toward the end of our presentation to
9 address some of the questions the Board had during
10 previous meetings regarding what Mount Airy is doing
11 to generate future revenue growth. Thank you.

12 MS. KNEISC:

13 Good morning. As John said, my name is
14 Fran Kneisc. I'm the Executive Director of Human
15 Resources responsible for the HR initiatives.
16 K-N-E-I-S-C, as in Charles. As part of that
17 initiative --- part of the HR function, of course, is
18 employment and recruitment.

19 I'd like to take you through some of our
20 statistics right now. There's approximately 1,350
21 employees, of which 43 percent are females. About 32
22 percent of our professional and supervisory and above
23 employees are females also. We have 37 percent of our
24 employees are minorities. As you can see from the
25 schematic, the majority of our employees, about 90

1 percent, are Pennsylvania residents, and not only
2 Pennsylvania residents but residing primarily in
3 Monroe and the surrounding counties.

4 Parts of our recruitment efforts and our
5 training efforts that we've done the last couple of
6 months, we concentrate in maintaining a diversified
7 workforce. And in doing that, we put together our
8 efforts for recruitment and training. You can see
9 most of these are through the mall but are locally.
10 We concentrate a lot on the local colleges and the
11 local community colleges. In addition to that, we
12 reach out to as many of the female and women
13 recruiting efforts that we can and also recently at
14 the Tobyhanna at the Career Day for the veterans. We
15 continue to that. What's not listed up here also is
16 the last couple of months we actually had our own
17 dealing school, which we opened it up to the public
18 and to the community and we were able to recruit a
19 number of community members to participate and
20 graduate from dealing school, and we were actually
21 able to offer almost all of them employment that were
22 interested in working for us.

23 We offer all of our employees a
24 competitive employment package. As you can see, we
25 have a paid time off program which allows our

1 employees to accrue time and take time off either for
2 pleasure or if they're sick so there will be no loss
3 of income. We also offer competitive wages. We
4 participate in a salary survey with some of the
5 casinos in Pennsylvania to ensure that our wages are
6 competitive. And we adjust that accordingly. We do
7 that a couple times a year. We also offer our
8 employees medical benefits. As you can see,
9 approximately 76 percent of our eligible employees are
10 participating in those medical benefits. Those core
11 medical benefits are medical, dental and vision. And
12 Mount Airy funds the majority of the premium on a
13 monthly basis.

14 In addition to the core benefits, we also
15 allow our employees to elect voluntary benefits of
16 which Mount Airy administers and maintains
17 administrative costs for, which you can see there,
18 additional life insurance. We, as Mount Airy, do
19 provide our eligible employees with a life insurance
20 policy. They can also buy up for themselves and for
21 their members. We also offer them a short-term and
22 long-term disability option and a flexible spending
23 account. And we also --- Mount Airy also sponsors a
24 401(k) plan, of which 70 percent of our eligible
25 employees are currently participating in, and saving

1 for retirement as we speak.

2 In addition to uniforms, we also have a
3 full EDR, Employee Dining Room, which we allow our
4 employees to have a minimum of at least one hot meal
5 every day, and throughout the day and throughout their
6 shift they're able to go in and have a number of
7 snacks and drinks, et cetera, throughout their shift.
8 And it's all free to the employees.

9 Community support. This is --- I really
10 view this as part of an extension of our recruitment
11 efforts. This is something that we participate in
12 usually on a monthly or a couple times a month, that
13 the recruiting team and myself will go out and
14 participate in these community activities. We utilize
15 it not only as a recruitment but also as a networking
16 and helping us to identify some of the resources that
17 are available to us in the community and also that we
18 can also present and utilize ourselves as a resource
19 to those. And one of the things we did most recently
20 was we met with all the guidance counselors of East
21 Stroudsburg School District and basically brought them
22 on the property and gave them a tour and allowed them
23 to see that we're a full functioning organization. We
24 just don't have the casino. We also have a finance
25 department, an IT department, hospitality, food and

1 beverage, et cetera. And this way we're able to
2 provide information and allow them to go back and they
3 can guide their students, not only those that are
4 going to school --- college, or even delaying college
5 and staying in the community, that Mount Airy offers
6 them a variety of opportunities, not only on the
7 casino floor. And with that, we're going to turn it
8 over to some of our employees and let them take you
9 through their career at Mount Airy.

10 MS. FISHLER:

11 Good morning. My name is Erica Fishler.
12 Last name, F-I-S-H-L-E-R. I'm 23 years old. I was
13 born and raised right here in Paradise Township, so I
14 live about three minutes down the road. Currently,
15 I'm employed at Mount Airy Casino Resort as the
16 employee relations supervisor in the Human Resources
17 Department. I'm sitting here before you today to
18 share the opportunities and experiences that Mount
19 Airy has provided me.

20 To start, I'm a young individual without
21 a college degree. And in today's day and age, it is
22 very difficult to find solid employment at a young age
23 without a college degree, as well as minimal
24 experience. When Mount Airy opened in 2007, I was
25 given employment as a temporary receptionist in the

1 Human Resources Department and can say that I'm a day
2 one employee. Not only can I say that Mount Airy
3 opened me up to big business and a new understanding
4 of how business works but provided me with an
5 opportunity to prove myself and my capabilities. I've
6 since been promoted within the Human Resources
7 Department four times and have had the opportunity to
8 complete some college courses online to move forward
9 towards my future goals. I've proven myself in
10 numerous different capacities, including HR
11 receptionist, HR administrative assistant, HR
12 coordinator, employment supervisor, and now the
13 employee relations supervisor. Because of Mount Airy,
14 I also can take with me the experience of not only
15 opening --- or being part of an opening property not
16 only once but twice --- and I say twice because of
17 Phase 2, when we reopened with table games. And that
18 is experience that sometimes professionals with, you
19 know, 20, 15 years experience don't ever get to be a
20 part of. So, in conclusion, I'm confident to say
21 that, without Mount Airy, I would not be the
22 individual or the professional that I have become
23 today. Thanks.

24 MR. VARELA:

25 Good morning. My name is Elvis, last

1 name Varela, V-A-R-E-L-A. I was born in New York
2 City. I currently live in Pennsylvania for about
3 seven years. I was given the opportunity four years
4 ago to represent Mount Airy. I've worked in the food
5 and beverage department. I was a steward for about
6 maybe three years. I'm currently in the receiving
7 department. And I just want to say that, you know,
8 before this building was put up, this beautiful
9 building, the Poconos only had Walmart to look forward
10 to to go and have enjoyment. My weekends were built
11 around, you know, going to Walmart and having a good
12 time there. I've worked for the casino over four
13 years. It's a beautiful, beautiful building. My mom
14 comes down as much as she can. I work inside the
15 building, so I know what it's like to cherish what we
16 have because it is a beautiful facility. I've been a
17 part of a lot of the ideas that Mount Airy is, you
18 know, hopefully providing and the expansion of the
19 building. The ideas are phenomenal. I look forward
20 to being part of that. The DeNaples family --- Mrs.
21 DeNaples is a very beautiful person to me personally.
22 I'm honored to be here and, you know, I look forward
23 to the progress that --- and the expansion and
24 everything that Mount Airy, you know, will provide for
25 us in the future. And it's providing me with a second

1 family, which is hard to come by out here. And you
2 know, it's a beautiful experience. I plan on being a
3 part of it, and it's opened many doors for me as far
4 as, you know, growing and just --- I know Mount Airy
5 because of the commercials when I was a young child.
6 So, just being a part of it and enjoying it and
7 meeting the people, it's awesome. So, I look forward
8 to, you know, the growth of the Mount Airy facility
9 and it's --- I'm honored. Thank you.

10 MS. CARRILLO:

11 Good morning. My name is Karina
12 Carrillo, C-A-R-R-I-L-L-O, and I have been with the
13 company for --- ever since day one. It has been
14 nothing but an honor to work there. I started off at
15 Betty's Diner as a waitress. I did that for about six
16 months. I then transferred over to Guest Services.
17 From working in Guest Services, it has done nothing
18 but open doors. From that one department, I learned
19 how to work in a little bit of every other department.
20 I worked at the front desk, valet dispatch. Betty's
21 Diner, I did a little bit there, buffet, a little bit
22 of hosting, a little bit of everything overall. And
23 it has done nothing but open my eyes to opportunities
24 that Mount Airy has. I then started college. I don't
25 have a degree, but I began Jones International

1 University. I'm looking forward to graduating in
2 October of 2013. I saw an opening in the Finance
3 Department, because I am majoring in accounting, so I
4 went over --- I got transferred over to Income
5 Auditing and did that for about a year, and now I'm a
6 supervisor in that department with the auditing team.
7 Mount Airy has nothing but opportunities, and I
8 have --- I feel blessed. So, I thank Mount Airy for
9 that.

10 MR. MILLER:

11 My name is Brian Miller, M-I-L-L-E-R.
12 I'm a finance guy. I'm not a good speaker, but I'm
13 going to do my best. My story is centered around
14 opportunity as well, much like the rest of the
15 speakers. Before I started with Mount Airy in 2007, I
16 was a recent college graduate, looking for something.
17 I had gone back to school, not knowing what I was
18 going to do. And I happened across a Mount Airy
19 employment billboard and decided I would give it a
20 shot, and I got brought in on the ground floor as a
21 cage shift supervisor. In four years, I'm now the
22 Director of Operational Accounting. In not too many
23 businesses do you see that kind of achievement in such
24 a short period of time. And with my achievement, the
25 opportunity was opened for people beneath me to step

1 up. And I think that's important, to recognize that
2 the opportunities in this building are there if you go
3 after them, and there are 1,300 of them. So, I'd like
4 to take this opportunity in this public forum to thank
5 Lisa DeNaples, the DeNaples family, Mount Airy Casino,
6 for everything they've done for me, and I hope we can
7 continue to grow together.

8 MS. ARIZA:

9 Good morning. My name is Jennifer Ariza,
10 A-R-I-Z-A. I've been with the company since they
11 opened up. And I can honestly say I'm grateful that
12 we have the company here. Me coming originally from
13 New York and coming to the Poconos and start over, it
14 was difficult to find placement. But me staying in
15 Mount Airy, I moved from --- I started originally in
16 ES, worked myself up there, and I was able to transfer
17 over to the Security Department right now. And I'm a
18 security officer, also a dispatcher at the same time.
19 The company does provide many opportunities for anyone
20 that wants to move up and progress within themselves
21 and the company. They offer you numerous
22 opportunities, training, and they're willing to work
23 with the employees and make sure that you're able to
24 progress within the company. And I've seen it myself,
25 and I'm grateful for having the casino there because

1 it's a learning experience. And I'm actually
2 surprised that the casino industry --- it's my first
3 time being in it, and it's a learning experience every
4 day that I go over there. And I enjoy it, and
5 hopefully that it continues to progress and provide
6 more opportunities for the community as well. And I'm
7 grateful for being there. I'm also glad that I am
8 there because I got to meet some wonderful people
9 along the process and learning through their
10 experiences as well as my own. And I hope that
11 they're able to get the renewal for the license and
12 provide that opportunity for the community as well.

13 MR. VIOLA:

14 Vincent Viola, V-I-O-L-A. I'm
15 disappointed I'm not a recipient of being a success
16 story here, following suit. I just want to have a
17 little overview of where we are as the Director of
18 Purchasing for the procurement area.

19 I want to present the Supplier Diversity
20 Program, and it equals more business for us as the
21 Director. Mount Airy Casino Resort is committed to
22 cultivating an economic vitality of the communities in
23 which we conduct our business. The supply management
24 part that I oversee, we bring together the supply
25 solutions to today's diversity environment. We

1 believe that encouraging the growth and development of
2 diverse suppliers will enhance the economic vitality
3 of our communities. It's Mount Airy policy but also
4 our vision and commitment to forge supply relations
5 that reflect a cultural diversity of a marketplace
6 here, at the casino. In the interest of obtaining the
7 highest quality products as well as services at
8 competitive prices, we open every opportunity to
9 supplier diversity. We do remain committed to
10 establishing effective business relationships with
11 diverse suppliers to maintain our leadership role,
12 with diverse suppliers in the community in which we
13 live and work.

14 I just want to give one little brief
15 statement in regard to what qualifies a diverse
16 supplier so everyone knows what we're speaking with as
17 the slides come up. For the consideration under Mount
18 Airy supplier diversity companies, you must be owned,
19 operated and controlled by a member of the following
20 groups: women, Asian, African, Hispanic and Native
21 American. Ownership by women and minority individuals
22 means that the business is at least 51 percent owned
23 by such individuals. Management and daily operations
24 must be controlled by women or minority group members.
25 And that's just an overview until you see the first

1 slide here. This slide is the statistics and
2 percentages. A pie chart represents third-quarter
3 framework. As you can see, minority business
4 enterprises, or MBE, as well as women business
5 enterprises, WBE, show a 25 percent part of the pie.
6 Local businesses, or LBE, represents 19 percent, for a
7 totaling of approximately 44 percent.

8 In regard to local business, just to
9 inform you, the vendors whose principal place of
10 business is located in the seven counties, including
11 Monroe contiguous, which is Carbon, Lackawanna,
12 Luzerne, Northampton, Pike, and Wayne. The other
13 business part of it is the 56 percent which excludes
14 government agencies, utilities, local county expenses,
15 table games, insurance and banks on that portion.

16 We go to slide two. Supplier diversity,
17 it's our supply base. Mount Airy's internal tracking
18 and monitoring codes and our system of diverse
19 suppliers. The diverse leave plan ensures equal
20 opportunity representing the balance of suppliers.
21 Mount Airy Casino Resort diversity plan requires a
22 good faith effort in representing the diverse groups
23 in procuring goods and services and will continue to
24 seek out a diverse vendor base. Strong effort to
25 include local business enterprises continues and

1 becomes a major focus for Mount Airy's purchasing team
2 receiving positive supplier relationships in return.
3 In this slide here, from top to down, I don't know if
4 I need to explain something self-explanatory, Banko
5 Beverage, from the diversity we have here. This
6 happens to be all local or Pennsylvania. From the
7 statistics that we show here, business enterprises,
8 from beer distributors down to food. We have printing
9 companies, quite diverse, local travel agents, public
10 relations, entertainer, marketing companies, as well
11 as local produce companies that we utilize in our
12 department.

13 In our next slide, I just want to bring
14 to everyone's attention the organization that we
15 represent in our department. We organize meetings
16 throughout each month, and we facilitate support, bid
17 meetings. It's organized in house. We extend it to
18 all women and minority business enterprises to discuss
19 the nature of the different products, bids and food
20 and non-food items within the scope of their work.
21 These meeting efforts also help to engage in potential
22 agreement, along with providing valuable ethnic food
23 trends, future business arrangements. It opens up the
24 different categories of diverse suppliers contributing
25 in sourcing the products and decisions. We go for

1 also one level is tier two vendor activities. That's
2 involved --- it's the vendors that support or
3 subcontract our primary suppliers. And they're not
4 left behind. We do a good amount of business with
5 them. And it's all opened up with our meetings, and
6 we bring people in to discuss their products. We
7 perform also inspections, as appropriate, to ensure
8 the ability to meet contract obligations for women or
9 minority-owned businesses.

10 Our website, last, is on our --- in
11 mountairycasinoresort.com, it supplies a tab for
12 diverse suppliers that may e-mail all marketing
13 materials or collateral information about the company
14 and follow up by completing vendor profiles that
15 include information that we download into our
16 database. All these open conversations also via
17 e-mail. We discuss information on how to do business
18 with us. We're open --- my phones ring all day, but I
19 think I answer every single phone call that comes in
20 and leave it open to a potential supplier of any type,
21 especially a woman or minority based. We evaluate and
22 review the information obtained from all these
23 meetings as they become available regarding the
24 product or service, and then we walk them through the
25 process, extending requests for proposals as needed

1 for Mount Airy service. That will complete it. Thank
2 you very much again.

3 ATTORNEY SKLAR:

4 Let me ask John to come back up real
5 quick to address community partnerships.

6 MR. CULETSU:

7 It's somewhat of a continuation of what
8 Vince just talked about in working with a lot of local
9 vendors, and as Fran had also mentioned previously, in
10 working with the local community. We have quite a few
11 significant partnerships throughout the community that
12 we have participated with and continue to participate
13 with. Just for example, this coming weekend, we have
14 a Meet Santa Claus Breakfast with pancakes for the
15 benefit of the United Way. And it's open to the
16 public, and we are charging a minimal amount of five
17 dollars. And all total proceeds from the revenue
18 derived from that event will go to the United Way.
19 Last weekend we had a Toys for Tots drive on the
20 property throughout the weekend, but it was open, of
21 course, to our employees and all of the guests who
22 visit Mount Airy property. So we continue to work
23 with the community, as I mentioned, United Way, Toys
24 for Tots. The local Pocono Mountain Visitors Bureau,
25 for one. We're quite active in the various activities

1 they partake in, cooperative advertising, marketing,
2 because we think it's extremely, extremely important
3 in the case of Mount Airy is that we have to promote
4 Mount Airy and the Pocono Mountains as one destination
5 that we feel is a strong key to our success. So, we
6 look to continue to work closely with all of those
7 partners. We've put on a lot of programs throughout
8 the year just for general entertainment purposes.
9 Memorial Day, Labor Day, 4th of July weekend, we do
10 fireworks that are open to the public. And you know,
11 what you see at Mount Airy during those days are
12 families sitting out on the lawn, the golf course of
13 the property. Literally thousands of people come and
14 attend these events. It's a great family-type
15 entertainment venue that we then offer to the public
16 out there. So we're very proud of what we do out
17 there in the community. We hope to continue to do
18 such things because, as we say, it's a small region
19 and we have to sell Mount Airy as part of the Poconos
20 and the reason in general to be successful.

21 ATTORNEY SKLAR:

22 And John, if you could just address ---
23 at the October board meeting, Commissioner Fajt and
24 Commissioner Trujillo had raised a couple questions
25 regarding Mount Airy's plans on a going-forward basis

1 to grow revenue. And why don't you address that if
2 you can?

3 MR. CULETSU:

4 Obviously, our primary goal and the
5 continued longevity of my employment is based on
6 current revenue, so it's dear to my heart. As I just
7 mentioned, promoting Mount Airy as a part of the
8 Poconos, as a destination, is important to us. We
9 work with the Pocono Raceway. We work with the Pocono
10 Convention and Visitors Bureau. We work with The
11 Crossings Mall. We work with Camelback Mountain Ski
12 Resort. We feel those are some of the other prime
13 drivers of business and traffic to the area, and it
14 only helps all of us to have a good working
15 cooperative relationship in order to drive traffic.
16 So, we do some cooperative advertising, marketing,
17 things of that nature, and we'll continue to do that
18 to promote this destination. And that's a single ---
19 one of the biggest things we'll do.

20 We'll continue to be very aggressive in
21 our entertainment and public relations schedule.
22 Since the addition of table games, the demographic of
23 Mount Airy has changed a little bit as far as the
24 patron is concerned, a little bit younger patron ---
25 usually a little bit younger. That comes with table

1 games anywhere, of course. So we've changed our
2 entertainment lineup and our PR lineup, and we'll
3 continue to do that throughout the year, providing
4 quality headline-type acts to the property.

5 We have a very aggressive outer market ad
6 campaign. And outer market for us consists of
7 northern New Jersey, New York City, West Chester, Long
8 Island. You know, we've spent to the tune of about
9 five-and-a-half million dollars on advertising alone
10 this coming year, and that will be spent in
11 e-commerce, print advertising, television, bus wraps
12 throughout New York City, radio. So we have a broad
13 use of different types of media to push our message
14 out there, which is a campaign known as Mountain Time.
15 And hopefully, some of you have seen our ads and our
16 commercials, which we think are catchy. Maybe they're
17 a little bit edgy for some. But if it catches your
18 attention and catches your eye, and that's basically
19 what you want to do out there when you compete in the
20 jungle of advertising that's available today.

21 One of the things we've been equally
22 successful at doing we're really going to push even
23 harder this coming year is our ethnic marketing
24 efforts. Because of our close proximity to northern
25 New Jersey and New York City, which of course is an

1 ethnic melting pot, if you will, not to use a cliché
2 there, we have done some significant events throughout
3 the year, Asian, Middle Eastern concerts, tournaments,
4 promotions. We just held a very successful Asian
5 weekend during Thanksgiving, where we did two
6 Vietnamese concerts, we did two Chinese concerts.
7 We're going to be doing the same Christmas Eve and
8 Christmas day, with Vietnamese and Chinese concerts,
9 so --- we have an aggressive bus marketing program
10 that's coming primarily out of New York City,
11 Chinatown and Flushing, which is an Asian bus
12 marketing program, with the buses coming daily, and an
13 Asian marketing team to promote that.

14 We're increasing the amount of corporate
15 partnerships that we have, which are out-of-market
16 partnerships. And just an example of some of the
17 companies we're working with, we recently went into
18 agreement with the Tropicana Hotel in Las Vegas, for
19 example, to share database information. They will
20 send their players to us. We will send some of their
21 players to us, and we'll do some cooperative marketing
22 there. We have a great cooperative relationship with
23 Norwegian Cruise Lines and Royal Caribbean, where
24 we're able to take our customers and offer them trips
25 on these various cruise companies. Obviously, it's

1 advantageous for a cruise company to get somebody who
2 is a known gambler, if you will, to come on their ship
3 and partake of the gaming that is available on their
4 ship. So, that relationship is very important to us
5 because it's quite cost effective.

6 We're thankful that the Gaming Control
7 Board recently was approved slot tournaments. We
8 recently approved baccarat tournaments. We did our
9 first baccarat tournament Thanksgiving weekend. We
10 drove a tremendous amount of traffic if you look on
11 the year end versus numbers as far as our baccarat
12 play last year versus this year, from conducting a
13 baccarat tournament during the Thanksgiving weekend.
14 We look to have our first slot tournament in the first
15 quarter of next year. And we just think some of these
16 traditional type marketing --- type of marketing tools
17 that are traditionally used in the gaming industry
18 will be extremely helpful for us to driving revenue.

19 We continue to look at doing capital
20 investment and slot product. We think it's very
21 important for us to keep our slot product very fresh.
22 Our CFO, Mr. Grancy, is here today. He loves signing
23 checks for new slot equipment, as you imagine most
24 CFOs do. But the fact of the matter is we need to
25 remain competitive in our slot product. And I think

1 we've done a very good job at that, in allowing that
2 reduction on that floor, also allowing some leeway.
3 As I said, we increased the size of our high-limit
4 room, so we'll be able to put more and better product
5 in that particular room.

6 We continue to work on our service
7 training to ensure that our team members are empowered
8 to create a guest expectation that far exceeds what
9 that guest is expecting at the property. We're very
10 proud, as I mentioned earlier in opening, that we
11 received a Four-Diamond AAA Award. And the key is
12 keeping it, because it's not that easy to do. You get
13 annual inspections unannounced a couple of times a
14 year. And it's a big part of our marketing thrust to
15 position Mount Airy as a Four-Diamond resort
16 destination. I think some of you are probably
17 familiar with, you know, the Mount --- especially
18 those who have been here in the local area. You know,
19 the Mount Airy that closed in the late '90s, early
20 2000, I believe it was, was not the Mount Airy we see
21 today, physically. We all know the jingle, and we
22 love the jingle, and I think all of us mentioned it,
23 of course, and we knew it growing up as kids here in
24 the northeast, but the fact of the matter is we had to
25 reposition this property as a very upscale resort

1 destination versus what the previous Mount Airy was.

2 On our table games side, we have
3 implemented sort of a junk-it rep, if you will,
4 regional office program, and we're already seeing the
5 benefits from that. We've identified junk-it reps
6 from throughout the northeast, sort of to the
7 mid-Atlantic, down to the southeast parts of the
8 United States, who will represent in Mount Airy and
9 produce some gaming players to the property on a
10 regular basis. So I think all of those things and the
11 combination of all of them and things that we were at
12 throughout the year, you know, will help us continue
13 to drive and hopefully, of course, increase our gaming
14 revenue going forward.

15 MS. BRIGLIA:

16 I'm Reda Briglia. I am one of the
17 township supervisors, and I'm also the
18 secretary/treasurer here. As he just referred to,
19 Mount Airy was a closed resort on Woodland Road, very
20 dilapidated, a lot of housing that was closed, vacant
21 housing. To have Mount Airy back open again and to
22 have Woodland Road a safe road again where, you know,
23 there's a lot of homes and the businesses that are
24 there ---. Mount Airy has always been very --- a good
25 relationship with us. They donated a property and

1 built the EMS facility that houses the Pocono Mountain
2 Regional EMS, providing a 24/7 advanced life support
3 for the community. They're currently building a trail
4 network on the 500 acres of permanently conserved open
5 space land, which the trail network will be open to
6 not just Mount Airy guests but also to the Paradise
7 Township residents and other visitors to the county.

8 The additional revenue that the township
9 receives from Mount Airy has allowed the township to
10 improve the roads, their parks and do a lot of
11 maintenance on some of our buildings that was
12 desperately needed. The township was able to renew
13 the township taxes, benefiting our township property
14 owners, while many other local businesses and
15 municipalities are laying off people or the
16 municipalities has raised their taxes. Many of the
17 local businesses have benefited by the additional
18 tourists that Mount Airy brings to Paradise Township.
19 Recent newspaper headlines show the Pocono Mountain
20 Regional Police has laid off two officers due to the
21 budget constraints in the municipalities that they
22 serve. And those municipalities are our neighboring
23 municipalities, so the have --- their budgets are very
24 constrained compared to ours.

25 And many of the original concerns that

1 we've heard from many of our residents as Mount Airy
2 was talked about being built for the casino and
3 resort, and a lot of our residents were concerned
4 about the traffic. They were concerned about crime.
5 You know, they had a lot of concerns, and none of
6 those have come --- they've been non-issues. We've
7 had no problem with that. And Paradise Township looks
8 forward to continuing a working relationship with
9 Mount Airy.

10 ATTORNEY SKLAR:

11 Thank you.

12 MS. STETTLER:

13 Good morning. My name is Gwen Stettler,
14 last name S-T-E-T-T-L-E-R, and I'm the Chief of Staff
15 for State Representative Mario Scavello. The
16 Representative is in Harrisburg today and apologizes
17 for not being able to provide this testimony in
18 person. And I appreciate you providing me with the
19 opportunity to present this testimony on his behalf.

20 Representative Scavello is supportive of
21 Mount Airy Casino Resort's petition to renew their
22 gaming license. While he does not support having half
23 of the gaming revenue sent to our contiguous counties,
24 he is supportive of the positive impact Mount Airy
25 Casino has brought to and will continue to bring to

1 both Paradise Township and Monroe County. Mount Airy
2 offers a variety of services to their guests,
3 including gaming, dining, golfing, lounges for both
4 musical and cultural shows, as well as both spas and
5 fitness facilities, and is dedicated to providing
6 everyone with a first-class experience. A testament
7 to their dedication to service came in October of
8 2011, when Mount Airy received 20 First Place Best of
9 Gaming Awards by Casino Player Magazine.

10 With the opening of Mount Airy in 2007,
11 they have taken great pride and steps in creating and
12 maintaining a beautiful facility, grounds and
13 surrounding area. Four years later, Mount Airy still
14 looks like new. They have removed dilapidated
15 buildings that were on the grounds along the property,
16 they keep their grounds immaculate, and they have
17 taken responsibility for the roadway both in and out
18 of the facility. The economic impact Mount Airy has
19 on Monroe County is tremendous. Since its opening,
20 they have created over 1,300 new jobs within their
21 facility and also have created hundreds of
22 construction jobs. Some of the jobs Mount Airy has
23 created needed specialized training, which they used
24 Northampton Community College to provide this
25 training, thus widening the economic impact they have

1 on our community.

2 With the continuing difficult economic
3 times when it comes to unemployment rates, this
4 facility has helped many find employment. Northeast
5 PA boasts one of the highest unemployment rates across
6 the state, and it is crucial to keep these jobs here
7 and continue to grow and add more. Mount Airy's
8 economic impact also includes the positive effect on
9 the tourism industry, which is our number one industry
10 in Monroe County. Tourists who visit Mount Airy
11 contribute to the economic growth of the county by
12 spending money in our restaurants and in our stores
13 and in many other ways.

14 Mount Airy is a great neighbor on top of
15 everything. They have continuously --- they
16 continuously host events to benefit the community, are
17 greatly involved with the United Way, the Red Cross,
18 as well as other agencies that help the needy and most
19 vulnerable in our community. On top of helping the
20 community through charitable donations, they also host
21 community events on their property that are non-gaming
22 oriented, such as holiday picnics, fireworks and other
23 gatherings to bring the community together. Again, I
24 would like to express the Representative's support of
25 the renewal of Mount Airy Casino Resort's license.

1 Thank you for this time and opportunity to present.

2 ATTORNEY SKLAR:

3 Thank you.

4 MS. CABEZAS:

5 Hello. My name is Dagmaris Cabezas, and
6 I'm the president of the Latino Task Force of Monroe
7 County. I'm appearing today on behalf of the Board of
8 Directors of the Latino Task Force of Monroe County to
9 express our support for the petition by Mount Airy
10 Casino for license renewal.

11 We believe that Mount Airy continues to
12 provide opportunities for employment to all local
13 residents. Already Mount Airy has been a friend of
14 the Latino community, which in Monroe County has grown
15 120 percent between 2000 and 2010 by increasing the
16 diversity of their workforce and by supporting
17 outreach efforts to our population. As a result of
18 their work as a diverse area employer, dozens of
19 individuals of Hispanic descent have obtained jobs
20 with livable wages at the casino. Additionally,
21 casino executives have been instrumental in helping
22 the Latino Task Force of Monroe County raise money for
23 our annual College Scholarship Fund by sponsoring and
24 helping to organize our annual Scholarship Gala Dinner
25 and by hosting an annual art exhibit for Latino

1 artists in Mount Airy that is free and open to the
2 public. Mount Airy has also paid for executive and
3 line staff to attend our annual fundraising gala
4 dinner in celebration of Hispanic Heritage Month. In
5 the past we have publicly honored Mount Airy for their
6 commitment to hiring a diverse workforce. We support
7 their application because of the opportunity it
8 presents to provide good-paying jobs for all county
9 residents, particularly commuters who are traveling
10 long hours to nearby New Jersey and New York to obtain
11 jobs with adequate wages. Thank you very much.

12 MS. DUDLEY:

13 Good morning. I'm Deb Dudley,
14 D-U-D-L-E-Y. I'm the Director of Development at
15 Friendship House in Scranton. And Friendship House is
16 a mental health facility that has over 800 children in
17 its care. And I can tell you that without Mount
18 Airy's support, we, as a whole, would probably not be
19 also in business because they help us immensely.
20 First and foremost, Mrs. Betty Ann DeNaples is on our
21 Board of Directors. And the DeNaples family, along
22 with their employees, have been very good to us. I
23 appreciate the fact that not only do they help us and
24 support us with our children, but they encourage and
25 embrace their employees to help also. And two times

1 in the past couple of years we've had --- they've had
2 coat drives throughout the casino for themselves, the
3 management staff and employees and have donated those
4 coats to our children who, on the other hand, might
5 not have had a coat. We have some
6 economically-challenged children in our care, and when
7 it's nice and cold out, they, unfortunately, come to
8 our school and our facility without any wares. So,
9 you can't imagine how much it has helped us. They
10 also are in support of our Autism Telethon, which
11 throughout the community we go on the air and raise
12 money for our autism center, which is one of a kind in
13 the area. It starts early intervention and we have
14 children in our facility, which is brand new, and
15 again, there's no other one like it in the area. So,
16 I am here to tell you that between all the employees,
17 I hear their stories and I say, you know, maybe for
18 you to sit there and think they're not real, I can
19 tell you that they are because I've seen it when I go
20 up and I see them embrace their employees and the
21 community. So, I'm here to talk --- to help and talk
22 to, through me, the little 2-year-olds to 17-year-olds
23 that they help in the community in my organization.
24 And I know they help others in other communities and
25 organizations because it's my job to make sure I see

1 who's getting what where. So, I can only speak on my
2 behalf, but they do a wonderful job. They are --- our
3 children cannot be more grateful for Mount Airy and
4 what they do for us in the community. Again, thank
5 you.

6 MR. WILGUS:

7 Carl Wilgus, C-A-R-L, W-I-L-G-U-S,
8 president and CEO of the Pocono Mountain Visitors
9 Bureau. It's a pleasure for me to be here with you
10 this morning and to welcome you. I, in no way,
11 profess expertise in the area of gaming, and so my
12 comments will not reflect any observations on their
13 accomplishments or capabilities in that field. What I
14 am is an expert in the discipline of tourism marketing
15 and economic development.

16 I spent 13 years in the resort industry
17 in various capacities with sales, public relations to
18 advertising. I then spent 20 years in the state
19 government, serving as a tourism director and a Deputy
20 Director of the Department of Commerce and Economic
21 Development. Now, I say this not to impress you with
22 my background but more to reinforce the point that
23 when I say in the Pocono Mountains that tourism is
24 economic development, that you will appreciate and
25 know that I know whereof I speak. These days it

1 doesn't matter whether you're in Stroudsburg,
2 Harrisburg or Washington, D.C., the primary challenge
3 we all face is creating jobs. Of the 20 top employers
4 in Monroe County, five are tourism businesses. And if
5 you subtract government and school districts, tourism
6 represents 5 of the top 15 employers. Mount Airy
7 Casino Resort, with its more than 1,300 staff members,
8 is one of the top five employers in Monroe County.
9 Nowhere, and do I mean nowhere, does tourism represent
10 a larger portion of the local and regional economy
11 than here in the Pocono Mountains. That said, without
12 a doubt, Mount Airy Casino and Resort, in a short
13 four-year period since its opening, has been a major
14 contributor to the economic, social and philanthropic
15 character of this community.

16 Visitors who have indicated that Mount
17 Airy was their primary purpose for visiting the area
18 can also be found visiting Camelback ski area in the
19 wintertime or Camel Beach in the summer or Crossing's
20 Premium Outlet at any time of the year, other retail
21 establishments, various golf courses or various golf
22 courses and restaurants throughout the area. The
23 economic benefit of having such an amenity-rich unique
24 attraction for our visitors supports hundreds, and I
25 do mean hundreds, of other businesses. The Mount Airy

1 Casino Resort has also gained substantial positive
2 press and media attention for the destination. Of
3 particular note, and you've heard John allude to it
4 several times, is Mount Airy's award of AAA's most
5 coveted Four-Diamond status, something that only 15
6 properties in the Commonwealth have ever, ever
7 achieved. And one-quarter of all Four-Diamond
8 properties in the Commonwealth are located here in the
9 Pocono Mountains. They've also been a strong,
10 consistent contributor of the Pocono Mountain Visitors
11 Bureau. Various members of the Mount Airy Casino
12 Resort staff participate on our Marketing Committees,
13 our Sales Committee, our Golf Committee and Group Tour
14 Committee. Lisa DeNaples, herself, serves on the
15 28-member Board of Directors. The Visitors Bureau has
16 successfully conducted various trade and industry
17 events at the facility, including our Tourism
18 Marketing Day program, our most important annual
19 industry event.

20 Just two months ago, working with the
21 Department of Community and Economic Development and
22 the Philadelphia Convention and Visitors Bureau, we
23 hosted a delegation of eight Chinese tour operators.
24 In what I've considered an incredible turn of events,
25 three of these tour companies are combining their

1 forces to develop a ten-day Pennsylvania tour that
2 they will all sell into. They expect to generate up
3 to a thousand Chinese visitors in 2012 to
4 Pennsylvania. When we did a post-evaluation, we found
5 that the two locations in the Commonwealth that the
6 Chinese tour operators most appreciated were, one, the
7 community of Jim Thorpe. And I'll let Commissioner
8 McCall talk to you more if you want to learn more
9 about Jim Thorpe. The other was the Mount Airy
10 Casino. Now, be mindful that this group visited three
11 casinos during their extended familiarization tour to
12 Pennsylvania, but they found Mount Airy most to their
13 liking. Mount Airy Casino, much to their credit, had,
14 to my estimation, strongly downplayed their
15 philanthropic and charitable efforts. And I
16 appreciate John showing that slide because I think
17 it's something that they do not talk about enough. In
18 particular, I want to mention their support to the
19 military. I think it's a great source of pride to
20 this community. From providing free concerts with the
21 Marine Corps Band to their Salute to the Troops events
22 that they've held on various Veterans' Day holidays,
23 the Mount Airy Casino always seems to be looking at a
24 way to give back to the community.

25 Allow me to finish by saying that the

1 Mount Airy Casino has proven to be a great partner
2 with the hospitality industry of the Pocono Mountains,
3 a good neighbor to the surrounding businesses and a
4 wonderful friend to the residents of the area. I,
5 therefore, on behalf of the more than 22,000
6 employees, and particularly the five that testified
7 earlier in the hospitality industry, the Pocono
8 Mountains enthusiastically support this re-licensing
9 of Mount Airy. Thank you.

10 MS. PHILLIPS:

11 Good morning. My name is Robert
12 Phillips, P-H-I-L-L-I-P-S. I'm president and CEO of
13 the Greater Pocono Chamber of Commerce. And I just
14 want to take all the credit for the great weather
15 you're having here today. I want to welcome you to
16 Monroe County and to the Poconos.

17 Just a little background. The Chamber is
18 101 years old. I wasn't there then, of course, when
19 they opened their doors, but we do have 1,100 members.
20 And from day one I testified for the original license.
21 I testified for the table games. I'm also here
22 testifying for the renewal of the license. All
23 positive.

24 The Chamber is thrilled to have Mount
25 Airy as one of our corporate citizens. I am a

1 personal friend of the DeNaples family for most of my
2 adult life. Our families know each other. I'm from
3 the Scranton area. I'm been living here now 12 years
4 in the Pocono area. And I can only say to you that
5 the Chamber is an organization that prides itself on
6 the quality of its membership. And they have been a
7 member of our Chamber since day one, when they opened
8 the doors. And to this day, they've had --- not one
9 complaint we've had of Mount Airy, nor have ---
10 they've never been --- they've always been in good
11 faith standing with the Chamber.

12 The first thing that always comes to your
13 mind in my mind is obviously jobs. We've talked about
14 that a lot here today. Because in my business, jobs
15 are essential. Small businesses hire people and so
16 forth. And I just can't imagine what would it be
17 like, not just for Monroe County, for the entire
18 region, if Mount Airy was not here today. Faced with
19 the highest unemployment we've seen in years, based
20 upon this devastating recession that we're all living
21 through, this is a welcome sight for us. When you
22 hear employees talk about their employer like we've
23 heard today, that is certainly a thrilling part of
24 knowing that things are going in the right direction.
25 Because we will definitely recover from this

1 recession. However, it's been a long, devastating
2 road back from a lot of our businesses.

3 Mount Airy, I feel, and so do a lot of
4 our members, that as --- will continue to be an
5 excellent community partner to its contributions,
6 through the advancement of important economic
7 environmental and social goals in our community.
8 That's important to us. The Chamber takes all the
9 positions in this community, whether it's economic,
10 whether it's for job creation, the environment, and we
11 appreciate the fact that we have good corporate
12 citizenship, as we've had from Mount Airy over the
13 years. You know, we are proud of the fact also it's a
14 premier spot. It's with great pride I travel
15 throughout the state, throughout the Commonwealth. I
16 sit on 11 different boards, and certainly this is one
17 of our prize jewels here, is Mount Airy. We're so
18 thrilled to have her here in Monroe County and be run
19 by a local family and say that they're employing the
20 people that really, desperately, we need these jobs.
21 I can't stress it enough. The Chamber's retention
22 rate is --- it's always on the fence only based upon
23 the fact that people are trying to stay in business
24 today. But when you see the economic impact, it comes
25 back to our businesses. And to me that's the

1 catalyst. That's the catalyst to a community, is the
2 economic growth and the vitality. When you have
3 something like this in your backyard, it just helps
4 all of us, and it's got to continue to go forward.

5 I also want to say that I think we're all
6 very fortunate in northeastern Pennsylvania to have
7 Mount Airy. I'm a regional person. I believe in
8 regionalization. I believe that. And I just think
9 it's just a vital part of our entire region. So
10 without any further ado, I'm just going to ask all of
11 you to please consider and pass the fact that we'd
12 like to have their license renewed. Thank you and
13 have a great holiday, and thanks for coming back to
14 Monroe County.

15 MS. STOKES:

16 Good morning. I'm Lisa Stokes,
17 S-T-O-K-E-S, and I'm the owner and president of BRP
18 Entertainment. We have three full time and two
19 part-time employees and we provide work opportunities
20 for over 700 performers and speakers annually.

21 I purchased BRP in 1999 and became sole
22 owner in 2009, when I went through the process of
23 becoming a certified business enterprise in the
24 Commonwealth. The company was established in 1962 and
25 will celebrate 50 years doing business in the

1 Commonwealth in 2012. In 2009, BRP became a certified
2 vendor with the Pennsylvania Gaming Control Board to
3 work toward adding Pennsylvania casinos to our client
4 list. We had the true pleasure of partnering with
5 Mount Airy Casino Resort in September of 2010 to
6 provide them with their entertainment options. We
7 collaborate with them in their annual entertainment
8 plans, process all the details of their contracts and
9 production and are on site for all the events to
10 ensure their entertainment is a positive enhancement
11 for their gaming customers and a great alternative for
12 the local market to take advantage of.

13 I'm honored to speak on Mount Airy's
14 behalf at this license renewal hearing. It's been a
15 significant benefit to my company to have Mount Airy
16 as a client, and collaborating with them has given us
17 credibility within the casino industry and has created
18 additional revenue to our company, enabling us to
19 sustain our business, our core business, and also to
20 grow into new markets. And I just want to add on a
21 personal note there are a lot of best practices that I
22 have found to happen at Mount Airy in respect to how
23 they treat their customers with entertainment. And
24 I've been in a lot of properties in the state, and so
25 it is a jewel that they have up here and it's a

1 pleasure to work with them. Thank you for your time.

2 MR. UGUCCIONI:

3 My name is Bob Uguccione. It's on the
4 board there. I get tired of spelling it. I'm retired
5 as a consultant, but I was involved with Pocono
6 Mountain Vacation Bureau, now the Visitors Bureau, for
7 40 years. And my perspective of today is a little
8 different. It's kind of tough going last, --- or next
9 to last.

10 I remember what happened, and I don't
11 know --- I'm sure the Board realizes one of the
12 byproducts of gaming legislation and the passage of
13 gaming wasn't only for the economic impact for us, it
14 was also for the image of our area. If you saw Mount
15 Airy when it was in its prime years ago, it most
16 certainly was one of our leading resorts. It was one
17 of the best known resorts in Pennsylvania. But
18 unfortunately it went to severe decline and then
19 closed. And in fact, it was bought by an asset
20 management company, which really was in the portfolio
21 of the State Employees' Union, believe it or not, in
22 their portfolio. But they boarded it up with plywood.
23 I think we remember that. And when you drove by you
24 said, my God, what's going on here in Pennsylvania?
25 What's going on in the Poconos? The resort industry

1 is dead. We used to resist so badly, and the media
2 knows this, not having any media people come by that
3 road, because it provided a very, very bad image for
4 our area. There was a lot of good resorts going on in
5 the Poconos, and we still have that in many cases, but
6 the image alone was so bad, and it hurt our business.
7 It hurt all the resort business. And we found out the
8 DeNaples family was going to buy Mount Airy and
9 renovate --- or rebuilt it, I met with Mr. DeNaples.
10 I had never met him before. And I think it's telling
11 to say that he told me what he was going to do, the
12 DeNaples family. And guess what? They did exactly
13 what they said they were going to do in almost every
14 case that I can imagine. They tore everything down,
15 which there was some stuff there that people said, why
16 are you tearing it down, two Olympic-size swimming
17 pools, et cetera, et cetera. And yet they did that
18 and rebuilt the entire property and improved the
19 entire road going in.

20 And my last comment is that --- and I
21 always mention this, and I think Representative
22 McCall --- I'm sorry, Commissioner McCall remembers
23 this, that, you know, the majority of Mount Airy
24 business comes from out of state. And when you bring
25 people here from New York and New Jersey, that's net

1 revenue for the Commonwealth of Pennsylvania. They
2 have no benefit basically of a six percent sales and
3 hotel occupancy tax. They don't get the benefit of
4 --- great benefit that gambling revenue has provided
5 for income --- property tax reform. The more people
6 we can bring from out of state to come here, they
7 don't have a corresponding cost to that tax. That's
8 net net to the Commonwealth. And I think it's very
9 important to understand that here in the Pocono
10 Mountains and Mount Airy in particular does provide a
11 significant amount of net net revenue to the
12 Commonwealth. When Mount Airy closed, there was 600,
13 700 jobs gone, completely gone. Suppliers laid off
14 people. Believe me, a lot of suppliers were worried.
15 Now, listen to what you heard today of all the
16 employees that are here. And the other thing that was
17 key today, we used to get beat up so badly by the AAA
18 and all the media about the quality of Mount Airy.
19 What did you hear today? A Four-Diamond resort.
20 Four-Diamond resort. And some of you may not realize
21 that that's a major achievement in our industry. So
22 that's my perspective today. That's only coming from
23 history. I wanted to bring that up today, outside of
24 all the statistics and all the other things that
25 you've heard. Thank you.

1 ATTORNEY SKLAR:

2 That concludes our presentation. I just
3 want to say in closing I think everyone understands
4 that a decision on the renewal is not going to be made
5 today, but we hope the take-away from this morning is
6 that Mount Airy has had a tremendous positive impact
7 in the lives of its employees, the local community and
8 the Commonwealth and that the current management team
9 has a solid plan moving forward to grow the business
10 and continue to have a positive impact. And with
11 that, we're available to answer any questions that you
12 have. Thank you.

13 PRESIDING OFFICER:

14 We'll first turn to our OEC and see if
15 they have any questions of Mount Airy's witnesses.

16 ATTORNEY DAVENPORT:

17 Good morning --- I think it's still
18 morning, Chairman, Ms. Lloyd, Commissioners. Nan
19 Davenport, D-A-V-E-N-P-O-R-T. I'm the Deputy Chief
20 Enforcement Counsel for the OEC. With me today I have
21 Assistant Enforcement Counsel Billie Jo Matelevich-
22 Hoang. We have several questions before we move on
23 with our opening. If you have those figures,
24 approximately how much money has Mount Airy spent on
25 the construction and non-construction costs since the

1 Board awarded the license?

2 MR. CULETSU:

3 Approximately \$475 million.

4 ATTORNEY DAVENPORT:

5 And does that also include the investment
6 for table games?

7 MR. CULETSU:

8 Yes.

9 ATTORNEY DAVENPORT:

10 Could you just go over Mount Airy's
11 additional plans. I believe you discussed a pool. At
12 what point will you be building a pool? Are there any
13 plans to expand the hotel?

14 MR. CULETSU:

15 Well, we had some --- we have some plans.
16 Of course, we are constructing presently a new golf
17 club that will be open for the opening of golf season
18 this year in April. So it is well under way in the
19 process of being built. I mentioned earlier we'll be
20 adding Starbuck's to the property. Ideally, with the
21 right economic and financial conditions, we have plans
22 and drawings for a new hotel tower, as well as a
23 swimming pool/recreational type facility. We have a
24 couple of plans. One shows an additional
25 hundred-room expansion and the second plan shows an

1 additional hundred-room expansion after that. with
2 the first hundred-room expansion comes with it a plan
3 for a swimming pool and recreational facility.

4 ATTORNEY DAVENPORT:

5 How much slot revenue has Mount Airy
6 generated since opening?

7 MR. CULETSU:

8 I'm going to have to give you that number
9 at the end.

10 ATTORNEY DAVENPORT:

11 I think it will be helpful for the
12 Commissioners.

13 MR. CULETSU:

14 Okay.

15 ATTORNEY DAVENPORT:

16 Do you have the figure for how much money
17 Mount Airy has paid in taxes to the state?

18 MR. CULETSU:

19 We have to go back and look that ---.

20 ATTORNEY DAVENPORT:

21 If you could provide that. And you might
22 also not have these figures, but if you can provide
23 how much money Mount Airy has paid to the Economic
24 Development and Tourism Fund since it's been licensed,
25 as well as how much money Mount Airy has paid to the

1 local township since it's been licensed.

2 PRESIDING OFFICER:

3 And Michael, if you just have that
4 information sent to the Board's clerk, we'll
5 distribute it to the Board members.

6 ATTORNEY SKLAR:

7 Sure.

8 ATTORNEY DAVENPORT:

9 Thank you. You already discussed the
10 200-slot reduction.

11 MR. CULETSU:

12 Yes.

13 ATTORNEY DAVENPORT:

14 And it sounds like things are moving
15 forward with that. Will it be completed within the
16 next week or so?

17 MR. CULETSU:

18 It should be --- well, most of the moves
19 will be completed by this weekend. We have already
20 opened our new poker room, so that's done. We're just
21 finishing up a bar up in that area, and that will be
22 done in about two weeks. But the poker games are live
23 and open in the new poker facility. The new
24 high-limit slot room should be open possibly by
25 tomorrow, as soon as tomorrow. So like I say, that's

1 important to us because we go from 23 games to 65
2 games in our new slot --- our new high-limit slot
3 room. And then we just have some other minor
4 movements of games on the floor for --- over the
5 course of the next couple weeks that will just make it
6 easier for traffic purposes for both our guests and
7 our team members serving those guests.

8 ATTORNEY DAVENPORT:

9 Compared to other Pennsylvania casinos,
10 Mount Airy has consistently been the lowest-performing
11 casino with respect to slot revenue. You discussed in
12 depth some of the things that --- some of the plans
13 that Mount Airy intends to do. I believe one is slots
14 tournaments.

15 MR. CULETSU:

16 Uh-huh (yes).

17 ATTORNEY DAVENPORT:

18 Have you seen an impact of table games on
19 the slots revenue? Is there any correlation between
20 the implementation of table games?

21 MR. CULETSU:

22 There hasn't been a huge impact as far as
23 slot revenue during that time. What we have seen is
24 an increase in additional revenues, primarily hotel
25 revenues, food and beverage revenues, spa, golf, other

1 ancillary type revenues that come along with the
2 implementation of table games. I would say our slot
3 revenue has remained relatively flat.

4 ATTORNEY DAVENPORT:

5 Has there been increased visitation since
6 the implementation of table games?

7 MR. CULETSU:

8 Yes. There's been a large increase as
9 far as total visitation to the property since July of
10 2010, the previous year, and ongoing since then. So,
11 it's definitely had an effect on our revenues, table
12 games, like I said, property wide through increase of
13 traffic and the player that has been attracted. I
14 think, you know, when you talk about people coming
15 from out of state, that's been one of the main things
16 that the table games has done, is attracted a lot more
17 out-of-state visitors to the property to the degree
18 that --- you know, as much as 35 percent of our
19 business, for example, comes from northern New Jersey.

20 ATTORNEY DAVENPORT:

21 Has there been an increase in the number
22 of employees since the implementation of table games?

23 MR. CULETSU:

24 Approximately 400 additional employees
25 since we've opened table games. A majority of those

1 400 employees are table game employees, but there are
2 also other employees, of course, that we had to add in
3 food and beverage outlets and other areas that were
4 impacted by table games, cage cashier, beverage
5 servers, things of that nature.

6 ATTORNEY DAVENPORT:

7 Now, you discussed the MBE/WBE vendors.
8 Do you have the figures for the amount of money that
9 Mount Airy has paid to vendors since it's been opened?

10 MR. CULETSU:

11 I don't have that with me today.

12 ATTORNEY DAVENPORT:

13 And then also, out of that amount, how
14 much has been paid to Pennsylvania vendors? I think
15 it will be interesting to see how much money has
16 stayed in the state with respect to the vendors.

17 According to the presentation, you
18 currently have I think 1,359 employees at Mount Airy.
19 Is that on both sides, both the casino as well as the
20 hotel side, or is that just the casino?

21 MR. CULETSU:

22 No, that's total employees.

23 ATTORNEY DAVENPORT:

24 I believe you also testified about the
25 advancement opportunities. And many of the employees

1 came up --- and I commend you for the advancement
2 opportunities for employees once they start employment
3 at Mount Airy. It seems like there's great
4 opportunity for advancement. You also discussed about
5 going out to East Stroudsburg School District for
6 recruitment, as well to the local colleges. I'm
7 concerned with that with respect to underage gambling.
8 Do you get the message out when you're out there
9 recruiting that those individuals cannot play, cannot
10 be on the gaming floor if they're under 21 years of
11 age?

12 MR. CULETSU:

13 It, obviously, is extremely important to
14 us to make sure that minors do not participate in any
15 kind of gaming-type activity. And what we stress upon
16 is the fact that many of the opportunities available
17 at Mount Airy are not just gaming. Matter of fact,
18 the greatest amount of needs that we have are
19 primarily in the areas of the culinary department, for
20 example. That's where we have the highest number of
21 employees presently, and that's where we have the
22 highest demand for new employees, just not only based
23 on our volume but the need to continually fill
24 positions that become available there. So, culinary
25 is a high-demand area, for example, that is totally

1 non-related to gaming.

2 ATTORNEY DAVENPORT:

3 With respect to your diversity plan,
4 according to the presentation, the number of minority
5 employees employed by Mount Airy is approximately 37
6 percent. Do you know what the present minority
7 population is in this community? Does that reflect
8 the current population or is that ---?

9 MR. WILGUS:

10 I think it's 18, 19 percent. The census
11 figures of 2010 ---.

12 ATTORNEY DAVENPORT:

13 So, the minority population at Mount
14 Airy, the employees are much higher than the
15 surrounding community?

16 MR. WILGUS:

17 Yes, twice.

18 ATTORNEY DAVENPORT:

19 With respect to underage gaming, as you
20 know, the recent amendments to the Gaming Acts
21 prohibits anyone under the age of 21 from entering the
22 gaming floor and from wagering, playing and attempting
23 to play a slot machine or table game. How does Mount
24 Airy Casino employees enforce those prohibitions? If
25 you could go through just some of the ---.

1 MR. CULETSU:

2 Since I arrived at Mount Airy, which is
3 about 18 months ago, and one of the first persons I
4 met in Harrisburg was Nan, and we had an issue with
5 some gaming --- with some minors gaming on the floor.
6 And we, at that time --- even prior to that, we
7 implemented some things to ensure that we do
8 everything possible to keep minors from the floor.
9 One of the things that we did is we gave each one of
10 our security officers who manned the post where you
11 enter onto the casino floor with electronic readers,
12 which they take a person's license and/or if they have
13 a passport and allows them to read that documentation
14 or identification for fraudulent things and things of
15 that nature. So, all of them are equipped with a
16 reader device that continually gets updated with
17 database information from various jurisdictions.

18 We implemented a curfew on the property.
19 There's a weekday and a weekend curfew basically,
20 10:00 p.m. on weekdays and midnight on weekends, where
21 even with the company of an adult, we don't allow
22 minors onto our gaming floor. For those of you who
23 have not been to Mount Airy, as you know, our
24 restaurants are also located off of our --- on the
25 same level as our gaming floor. So sometimes it is

1 necessary for people that are visiting, staying at the
2 property to bring children up onto the gaming floor.
3 I should say minors. So we implemented a policy where
4 it's every single minor that enters the property with
5 their legal guardian, they have to register at our
6 security podium. They are given a wristband, which
7 they must wear. That information is logged, called
8 into our security dispatch, and then that minor, along
9 with their family, is then escorted directly to the
10 restaurant in which they are choosing to go eat at.
11 And we then --- once they are at that restaurant, we
12 place on their table a place card which is in bright
13 yellow also, a kind of caution sign, if you will,
14 advising the servers and hostess that there's a minor
15 at that table. And upon departure from the
16 restaurant, they need to notify the manager, the
17 hostess of the restaurant that they're departing. He
18 will then call security, radio security. It will
19 dispatch a security officer to that outlet, who will
20 then take that family and that minor directly back off
21 the casino floor to the hotel lobby or to the bus
22 lobby. So those are the primary things that we've
23 implemented to ensure that, you know, minors do not
24 get on the floor. We also, as part of our slot
25 reduction approximately a year ago, we removed 26

1 games off the floor that were located next to two
2 elevator banks that lead to and from the hotel tower
3 because they had somewhat of an obscure view basically
4 from the security podiums and a little bit susceptible
5 to a minor possibly playing in that area. So we
6 removed those games completely from the floor so there
7 would be no issue there whatsoever as you exit or
8 enter off the hotel elevator tower. So, we've done
9 that also. So, we've done things. We do a continual
10 reeducating of our team members. As part of the
11 training program for our security officers a good
12 portion of their training, as you can imagine, is
13 focused on checking of identification and ensuring
14 that minors do not enter the casino floor.

15 ATTORNEY DAVENPORT:

16 What procedures does Mount Airy have in
17 place with respect to individuals that are either on
18 the excluded or the self-excluded list?

19 MR. CULETSU:

20 Well, with exclusions, you know, it comes
21 from a couple of different areas. Of course we have
22 the mandatory navy binders in the respected areas
23 throughout the property and player development in our
24 cage, in our security department, that has pictures
25 and information on all of the self-exclusions. Our

1 security department, of course, is very diligent in
2 ensuring that anybody who is an excluded patron who
3 may possibly get on the floor, that they are as
4 quickly identified as possible. Within our
5 surveillance office we have a rotating monitor of
6 those people who are on the Exclusion List that
7 continually rotates with the faces of those people.
8 So our surveillance department is very active and
9 involved in identifying people that may come on and
10 enter into the floor. Upon a secluded (sic) person
11 being noted and we being advised, that information is
12 immediately fed into our system so that if somebody
13 goes up to our Players Club desk or goes to one of our
14 cages and they try to cash out, secure some finances,
15 present their card for whatever type of promotion we
16 have, they are immediately identified, and we,
17 therefore, of course, identify the Gaming Control
18 Board officers on the property, as well as, of course,
19 our own security.

20 ATTORNEY DAVENPORT:

21 Is Mount Airy a RAMP-certified
22 organization?

23 MR. CULETSU:

24 Yes, we are.

25 ATTORNEY DAVENPORT:

1 If you could just explain.

2 MR. CULETSU:

3 RAMP training takes place annually for
4 all of our team members, and it's for alcohol
5 awareness purposes, you know, when should someone be
6 served, when should they not be served, what are the
7 signs. And as I said, it's important that it is
8 mandatory for all of our team members to go through
9 RAMP training.

10 ATTORNEY DAVENPORT:

11 So has Mount Airy's beverage service
12 received this training?

13 MR. CULETSU:

14 Yes, they have.

15 ATTORNEY DAVENPORT:

16 Has Mount Airy had any Liquor Control
17 Board violations since it opened to the public?

18 MR. CULETSU:

19 Not that I'm familiar with. Can't say I
20 know of any.

21 ATTORNEY DAVENPORT:

22 I have no further questions at this time.
23 Thank you.

24 ATTORNEY MATELEVICH-HOANG:

25 I have two questions. Thank you. My

1 name is Billie Matelevich-Hoang. It's B-I-L-L-I-E,
2 M-A-T-E-L-E-V-I-C-H, hyphen, H-O-A-N-G. I just have
3 two questions briefly from your presentation.

4 MR. CULETSU:

5 Sure.

6 ATTORNEY MATELEVICH-HOANG:

7 On the economic impact side, you indicate
8 that since the opening of Mount Airy, you created
9 1,350 new jobs.

10 MR. CULETSU:

11 Uh-huh (yes).

12 ATTORNEY MATELEVICH-HOANG:

13 Do you happen to know how many of those
14 jobs will be equal to full-time employment?

15 MR. CULETSU:

16 FTE?

17 ATTORNEY MATELEVICH-HOANG:

18 Yes.

19 MR. CULETSU:

20 Off the top of my head, no. We'd have to
21 do a little math to figure that out.

22 MS. KNEISC:

23 It's about 1,100. We're averaging about
24 1,100 employees.

25 ATTORNEY MATELEVICH-HOANG:

1 Thank you. I also noticed that many of
2 your speakers that work at Mount Airy were promoted.
3 Do you happen to have a percentage of people who have
4 been promoted since you've opened Mount Airy?

5 MR. CULETSU:

6 I couldn't tell you that number off hand,
7 but I can certainly find out.

8 ATTORNEY MATELEVICH-HOANG:

9 Thank you. That's all the questions I
10 have.

11 PRESIDING OFFICER:

12 Mr. Sklar, do you have any follow-up
13 questions or witnesses?

14 ATTORNEY SKLAR:

15 No.

16 PRESIDING OFFICER:

17 No? Then we'll turn it over to the Board
18 members if they have any questions. And I'll let them
19 decide where they'd like to start.

20 MR. SOJKA:

21 Naturally, I do. Sorry. I noticed ---
22 and John, you mentioned that the least used item in
23 the hotel is the health club.

24 MR. CULETSU:

25 Uh-huh (yes).

1 MR. SOJKA:

2 Do you sell any --- in order to maximize
3 its use, do you, by any chance, sell memberships to
4 people in the community to use that?

5 MR. CULETSU:

6 We don't sell memberships. We
7 aggressively promote our spa through packages on our
8 website and also our sales team will sell them and our
9 guest Services Department, but it's not a --- it's
10 somewhat --- maybe not large enough compared to a
11 traditional health club.

12 MR. SOJKA:

13 You don't have changing rooms or showers
14 or anything?

15 MR. CULETSU:

16 We do within the spa facility itself, but
17 that is kind of a tranquil Zen spa environment, if you
18 will, and you know, your traditional health club is
19 kind of loud pounding music and, you know, ESPN on the
20 TVs and all that good stuff.

21 MR. SOJKA:

22 I was just trying to find out something
23 that we keep struggling with. The new jobs, I heard
24 that when Mount Airy --- the first iteration of Mount
25 Airy closed and the plywood was nailed up, 700 jobs

1 were lost. Is that about what the employment was at
2 the old Mount Airy, about 700? The lady in the
3 hallway, thank you for not going away. Did the old
4 Mount Airy ---?

5 MS. BRIGLIA:

6 Yes, that's about a good ---.

7 MR. SOJKA:

8 700. So, you know, one-for-one
9 comparison, this facility employs roughly twice as
10 many people as the old one. Do we know how many of
11 the people that lost their jobs in the old one are
12 simply picked up in this new one? Do you have any way
13 of telling that?

14 MS. BRIGLIA:

15 No. And it was closed for several years.
16 It was closed for at least ten years, I believe, seven
17 to ten years before.

18 MR. SOJKA:

19 And I know I'm going to ask a really
20 difficult question here because we've got national
21 trends going down and up and everything else about
22 unemployment. We had mentioned from Ms. Stettler,
23 from the personnel person, you mentioned it, and that
24 is do we know what the unemployment figures were for
25 this county prior to the opening of the new Mount Airy

1 and what they are today?

2 MS. BRIGLIA:

3 No. Actually, I will admit that when I
4 left this room earlier I went back and tried to find
5 those numbers through the county and I have not been
6 able to find them on the web page.

7 MR. SOJKA:

8 Well, at least our minds are working in
9 the same way. If you find them, would you send them
10 forward? Because that's a set of numbers --- with the
11 caveats in place, ---

12 MS. BRIGLIA:

13 Uh-huh (yes).

14 MR. SOJKA:

15 --- realizing that we're playing this
16 against a background of national changes. I think it
17 would be very good for us to see that.

18 MS. BRIGLIA:

19 Yes.

20 MR. SOJKA:

21 Could I also ask about the minority
22 numbers? And I was going to ask about that twice.
23 Could I ask, are you doing special things? Do you
24 have special recruitment techniques that have allowed
25 you to do as well as you've done?

1 MS. KNEISC:

2 Part of what we do as our recruitment
3 plan is we identify those diversified places and we
4 recruit directly to them. So, I think, I don't have
5 my slide in front of me, but we've done a couple in
6 the area of --- I know East Stroudsburg, we went out
7 and reached out to the Asian Department in East
8 Stroudsburg, which extended throughout the
9 environment. So, as we go through our diversity
10 recruitment plan, we try and identify those places
11 that will allow us to recruit.

12 MR. SOJKA:

13 So, do you do any special advertising in
14 any --- print advertising or ---?

15 MS. KNEISC:

16 We have in the past. As a specific
17 position came up, we would advertise in some of
18 the --- in New York or in some of the local areas,
19 targeting. We do a lot on Craig's List, believe it or
20 not, which allows us to target specific diverse ---.

21 MR. SOJKA:

22 Well, again, we're always interested in
23 best practices. And you know, if you're doubling the
24 baseline in the community, it's something to look at.

25 Finally, I'm going to ask a very ---

1 again, it's a little bit like the unemployment
2 question. This is a very difficult one, John. And I
3 have to ask you because it has to do with your rather
4 complete answer on the new marketing initiatives. And
5 I wonder if you are keeping track --- and I don't know
6 where your dividing line would be, but I think you're
7 going to --- you have some volume issues. Even with
8 all your marketing, you don't have big crowds in there
9 all the time. But revenue is based not only on crowd
10 but also on amount of play or the level of play.

11 MR. CULETSU:

12 Right.

13 MR. SOJKA:

14 Where do you sort of divide or do you
15 divide between what you would call a big player and a
16 rank-and-file player?

17 MR. CULETSU:

18 We certainly do. Our player development
19 team is responsible for bringing to the property what
20 I think, you know, you'd refer to as those bigger
21 players, if you will. They are primarily credit
22 line-type players. So, that's their primary
23 responsibility, to bring those players here. And
24 that's why our recruiting efforts are --- in that area
25 are swayed toward northern New Jersey and New York

1 City, because a larger --- we are in a small
2 population base that surrounds us here. Mount Airy,
3 probably of all the gaming markets in the state, we
4 have the least amount of what I would call convenience
5 marketing customers. So, we have to go a little bit
6 outside our boundaries to attract customers here. So,
7 you know, going to the PD Department and holding
8 events in various locations, we will go and hold
9 events --- I know this year we did Yankee Stadium. We
10 did it at Giant Stadium for a Giant game, and so on.
11 So, we go to events outside of the area to attract
12 those premium customers and then bring them back to
13 the property and make them aware of Mount Airy. So,
14 it is a strong part of our marketing strategy, along
15 with that junket regional office I talked about a
16 little bit earlier, where having these people in place
17 in various markets from Boston all the way down to
18 Florida, who represent Mount Airy, they have a
19 database, many of these people, of anywhere from
20 20,000 to as many as 40,000 players in their database.
21 Are all those players potential Mount Airy guests?
22 No, to be honest with you. But there might be a good
23 percentage who are. So, we're working with these
24 various junket rep-type people to get their database
25 greater awareness of Mount Airy. So, that's just

1 started. That's in its infancy. But like I said,
2 we're already seeing some pretty good reward from
3 that, not only on the table games but in the database
4 of all these junket reps there's some pretty good
5 high-end spot players, too.

6 MR. SOJKA:

7 Well, that's beginning to help me
8 understand this situation that I sort of had a gut
9 feeling about but can't get, you know, a solid sense.
10 I don't want you to get into any proprietary stuff
11 that has to be confidential, but do you have a sense,
12 and it's just a sense, that you might have your total
13 revenue skewed more toward what you're calling premium
14 players than most of the other licensees in
15 Pennsylvania?

16 MR. CULETSU:

17 Probably not. It is a good percentage of
18 it, but you know, the bread and butter, if you will,
19 is still that local slot player. For us, the local
20 market probably stretches about 30 or 40 miles
21 outside. So, you know, we compete, of course, heavily
22 with the Sands and Mohegan Sun. Probably the most
23 with the Sands. We share a database of a region that
24 exists between us and the Sands. But you know, the
25 bread and butter is that slot player that comes on a

1 daily or weekly basis. You know, that person, as I
2 always look at it, is the person who helps us turn the
3 lights on every day, pay all the employees. And then
4 you look at the PD side, you know, the table game,
5 higher-end player, you know, that's the one that
6 allows us to inch up over the budget numbers and make
7 some of our money.

8 MR. SOJKA:

9 That's a very useful answer. Thank you
10 very much. That's it for me.

11 MR. FAJT:

12 You have unemployment numbers. I saw you
13 walk in with a smile on your face.

14 MS. BRIGLIA:

15 What I was able to pull was from 1990 to
16 2010, and it was 6.8 in 1990 and 9.9 in 2010. And
17 then the current, 2011, is 8.8. Would you like these
18 papers?

19 MR. SOJKA:

20 And that's --- that would be very
21 helpful. Thank you. And that's against the
22 background we're all aware of. Thank you so much for
23 doing that.

24 MR. FAJT:

25 Thank you, Linda. I have just a couple

1 of questions. To follow up on Nan's local spend
2 number, you have provided us in the past with a
3 Pennsylvania spend number and then a contiguous
4 county, so what you spend with outside vendors,
5 snowplow operators, landscapers and the like of
6 contiguous counties, too. So, if you could provide us
7 with those two numbers after 2011 is over ---. We
8 have your numbers for 2010, and we've used those
9 around the state for all the casinos, but if you could
10 also compile those two numbers, the spend in PA, the
11 PA businesses, and then the spend for Monroe and
12 contiguous counties for 2011.

13 John, a question for you. You mentioned
14 buses. How many buses approximately a week do you
15 have into the casino? Do you have that information?

16 MR. CULETSU:

17 Yes. Sure. I can give you --- it varies
18 by day, of course. You know, our average weekday
19 count on buses could be approximately about 30, 35
20 buses a day.

21 MR. FAJT:

22 Okay.

23 MR. CULETSU:

24 On weekends, it stretches up to about 40,
25 42 buses a day. That's during --- pretty much during

1 the off-peak season. During the peak season, as you
2 go into summer, those numbers increase up to about 50
3 buses a day on weekends and maybe approximately about
4 35 to 40 on weekdays.

5 MR. FAJT:

6 Okay. Thank you.

7 MR. CULETSU:

8 This is on --- Wednesday is our Senior
9 Day, so the number of buses that come in on Wednesdays
10 are usually a little bit higher as far as the weekdays
11 because we offer a very attractive \$9.99 buffet. And
12 then we also do a matinee series of little plays, if
13 you will, twice a month. And it's very cost effective
14 to do, and it's entertainment. Kind of create
15 basically a whole day out for our senior clients who
16 are going to come in and get a meal at an affordable
17 price. And usually with their bus offers there's some
18 coupon or some e-bonus, if you will, and then, of
19 course, they go and get to see our show.

20 MR. FAJT:

21 On the minority issue --- and I
22 congratulate you on --- and I would like confirmation
23 of the local region minority. I know somebody said it
24 was 18, 19 percent, and your employment number is
25 about 37 percent, which is pretty impressive. But

1 again, just if you could confirm the regional minority
2 number. I would also like to have the number of
3 minorities in your supervisor and above category. You
4 did provide that for the number of women in that
5 category. I think it was 32 percent, something like
6 that, but I'd also like that similar number for
7 minorities.

8 And then my last question, to follow up
9 on the slot machine issue that we talked about in
10 Harrisburg, I think you had testified that you own,
11 give or take, 90 percent of your slot machines and
12 lease 10 percent. Again, take this for what it's
13 worth or not, but we have found --- we did some
14 investigations after you gave us those numbers, and
15 again, my concern is the slot numbers for your
16 facility, and I've made that publicly known. We found
17 that in most other casinos, that those numbers are
18 flipped and that most of the other casinos in
19 Pennsylvania lease 90 percent and own 10 percent. So,
20 you know, take that for what it's worth. My point
21 being that, you know, maybe some of the games may be a
22 little stale and people want, you know, the latest and
23 greatest. And I know that you can own them and still
24 change them somewhat, but it just seemed to be a stark
25 contrast in what we're seeing in other facilities.

1 And I'm not telling you how to run your business. You
2 guys know more about that than I'll ever know, but
3 that just stuck out a little bit. So, that's all I
4 have. Thank you.

5 MR. MCCALL:

6 John, I think this question goes to you.
7 I think Commissioner Sojka asked the question and it
8 was answered, and I just want to maybe ask it in a
9 different way. And it's on the revenues again. And
10 you know, I look at the numbers, and you know, there's
11 always going to be a number one performing casino, and
12 there's always going to be one that's lesser
13 performing. And I think there's a lot of variables.
14 And you know, the term that you used, convenience, I
15 think, you know, struck a bell with me. But you know,
16 when I look at, you know, Sands and Mohegan Sun really
17 in your backyards and, you know, you being in their
18 backyards, you know, can you pinpoint --- is it
19 competition? Is it location? Is it regulation? Is
20 it the types of games? Is there --- or is it all the
21 above that can hamper maybe, you know, you being a top
22 performer?

23 MR. CULETSU:

24 Probably first and foremost it has to
25 deal with location. You know, if you look at the size

1 of the county that we're in, from a population
2 perspective, versus Mohegan Sun and then Sands in the
3 Allentown area --- I mean, Allentown is the third
4 largest city in the state and that county has about
5 800,000 people or so. And I think in the county where
6 Mohegan is there's about 600,000 people in that
7 county. And I believe our total population here is
8 about 100,000 or so. So, you know, we're in a much
9 lesser-populated county. And if you look at history,
10 and not to go back because you can only go forward
11 from a revenue perspective, but you know, at the time
12 of the Sands opening in 2009, there was a dramatic
13 drop-off in revenue for Mount Airy, probably to the
14 tune of about 30, 35 percent drop-off in that slot
15 revenue, because that customer was in closer proximity
16 primarily to the Sands. And that's where the
17 borderline is between where we share customers. And
18 let's face it, you know, the Sands has what I like to
19 call Macau money, if you will. They're able to
20 reinvest in their customer at a much higher and larger
21 percentage than we are as far as what they reinvest in
22 e-bonus and promotional dollars that, you know, if we
23 were to follow that path, and I think we did for a
24 while as soon as the Sands opened, it produces a
25 negative bottom line number on us, if you will, you

1 know. So, we chose to not overly invest just for the
2 sake of throwing out money there and trying to compete
3 dollar for dollar with a company as strong financially
4 as the Sands. It just would not make sense for us.
5 And Mohegan Sun, to maybe a little bit lesser degree,
6 but their, you know, total investment is pretty high
7 into their customer also. The Sands, by far, is
8 probably one of the highest promotional reinvestments
9 in the state of any of the gaming properties.

10 MR. MCCALL:

11 Right. Very good. You answered my
12 question. And if I may, I just want to make two
13 comments. And it may be Carl Wilgus --- you know, I
14 kind of --- I don't want to use the term chuckle, but
15 when Elvis Varela was talking about his experience at
16 Mount Airy and, you know, Walmart, you know, as
17 Chairman of the Pocono Mountain Vacation Bureau, I
18 hope you give him your website to let him know that he
19 can ski, he can do a lot of things in the Pocono
20 Mountains other than hanging out at Walmart. Thank
21 God for Mount Airy as well.

22 And I think I have to say something about
23 community partnerships. As someone who did, in fact,
24 represent Carbon County, which is a neighboring county
25 to Monroe, you know, we talk about the contiguous

1 revenues that are generated by Mount Airy. And I
2 think it has to be said on the record, as one who
3 knows first hand the impact that those contiguous
4 revenues --- in your community partnership document
5 you don't have anything for Carbon, but you have made
6 substantial investment in Carbon County, in
7 infrastructure and in community development. And I
8 just think as a Commissioner and one who has seen that
9 money spent in that community, it's important to note
10 for the record that you have contributed significantly
11 to the economic wellbeing of Carbon County, to
12 community development, to infrastructure. And I'm
13 sure that the local elected officials and county
14 commissioners who benefit from those dollars and the
15 community organizations that have benefited from those
16 dollars greatly appreciate those dollars coming from
17 Mount Airy, and I think it needs to be said on the
18 record. Thank you for that.

19 MR. RYAN:

20 I don't have anything. All the questions
21 I have, have been answered. Tony?

22 MR. MOSCATO:

23 I actually had an opportunity to tour the
24 casino last night, and John and Jimmy and Rich were
25 very gracious and Walt took me on a tour and they

1 answered most of the questions that I've had. Thank
2 you.

3 PRESIDING OFFICER:

4 Okay. Then we'll move to the OEC's
5 presentation.

6 ATTORNEY DAVENPORT:

7 Thank you. The OEC is established within
8 the Board's Bureau of Investigations and Enforcement
9 (BIE) and advises the Bureau on all matters, including
10 the granting of licenses, permits and registrations,
11 the conduct of background investigations, audits and
12 inspections and violations of the Pennsylvania
13 Racehorse Development and Gaming Act, the Board's
14 regulations, as well as the facilities' internal
15 controls.

16 The OEC also files recommendations and
17 objections related to the issuance of licenses,
18 permits and registrations on behalf of the BIE, and
19 that includes the renewal of Mount Airy's Category 2
20 Slot Machine License. Pursuant to Section 1304 of the
21 Gaming Act, the Board may issue a Category 2 Slot
22 Machine License to an applicant, its affiliate,
23 intermediary, subsidiary or holding company that is
24 not otherwise eligible for a Category 1 License and of
25 the person seeking to locate a licensed facility and

1 City of the First Class, City of the Second Class or
2 revenue or tourism enhanced location.

3 On December 20th, 2006, the Board
4 approved Mount Airy #1, LLC, for its Category 2 Slot
5 Machine License. And on July 19th, 2007, the Board
6 issued the license. Mount Airy opened to the public
7 on October 22nd, 2007, with 2,523 slot machines in
8 operation on its gaming floor. Prior to passage of
9 the 2010 amendments to the Gaming Act, a slot machine
10 license is valid for one year from the date the Board
11 approved the license. The amendments have extended
12 the license renewal period for a three-year period of
13 time.

14 Mount Airy, its affiliates and
15 principals, have timely submitted the renewal
16 applications, and therefore the licenses remain in
17 effect. At this time, OEC would like to present
18 evidence relating to the enforcement violations, crime
19 statistics and Mount Airy's compliance with the
20 compulsive and problem gambling plans. And I'll turn
21 it over to Billie Jo for her witnesses.

22 ATTORNEY MATELEVICH-HOANG:

23 Thank you. I would like to call my first
24 witness, who will be Elizabeth Landa, the Director of
25 Compulsive and Problem Gambling.

1 -----
2 ELIZABETH LANDA, HAVING BEEN PREVIOUSLY SWORN,
3 TESTIFIED AS FOLLOWS:

4 -----
5 DIRECT EXAMINATION
6 BY ATTORNEY MATELEVICH-HOANG:

7 Q. Could you please state and spell your name for
8 us ---

9 A. Sure.

10 Q. --- and provide us with your title for the record?

11 A. Sure. My name is Elizabeth Landa, L-A-N-D-A, and
12 I'm the Director of the Office of Compulsive and
13 Problem Gambling.

14 Q. And could you please tell us what your duties are
15 as Director?

16 A. Sure. As Director, I receive and review and
17 approve the compulsive and problem gambling plans for
18 each licensee. My office is charged with maintaining
19 and administrating the self-exclusion program. We
20 maintain the self --- excuse me, the Exclusion List.
21 We deal with underage and intoxicated gambling issues.
22 And on a daily basis we also speak with the public,
23 problem gamblers and their family members as well.

24 Q. Thank you. Ms. Landa, based on the Gaming Act and
25 Board regulations, must a slot machine licensee

1 develop and implement a compulsive and problem
2 gambling plan?

3 A. Yes, they must do that prior to opening their
4 casino.

5 Q. Is the slot machine licensee required to train its
6 employees regarding signs and symptoms of problem
7 gaming?

8 A. Yes, they must do that prior to the employee
9 starting their job as well as annually, for as long as
10 the employee works there.

11 Q. Must the slot machine licensee establish and
12 comply with procedures and train its employees to
13 prevent self-excluded, excluded, underage and
14 intoxicated individuals from engaging in gambling and
15 from receiving direct-mail marketing materials?

16 A. Yes. Self-excluded, excluded, underage and
17 intoxicated people, the employees of the casino are
18 trained to keep them from gambling, as well as
19 mail --- direct --- sending direct mail to
20 self-excluded, excluded and underage individuals.

21 Q. Is there a notification requirement if an
22 individual on the Board's Self-Exclusion List or
23 Exclusion List patronizes the casino?

24 A. Yes. And there's two level notifications. First,
25 when the violation is occurring, as soon as they catch

1 the person they must contact our employees at the
2 casino, the CCRs, the Compliance --- Casino Compliance
3 Representatives, as well as Pennsylvania State Police.
4 And then within 24 hours they must contact me as well.

5 Q. Is a slot machine licensee required to post signs
6 containing a problem gambling statement and a
7 toll-free telephone number in the licensed facility?

8 A. Yes. And according to the Gaming Act, they must
9 have at least 20 of those signs. They have to be
10 located on each ATM as well as within 50 feet of each
11 entrance and exit of the facility.

12 Q. Is the problem gambling statement and toll-free
13 number required on all licensee advertisements and
14 promotional materials?

15 A. Yes.

16 Q. Is a slot machine licensee also required to post
17 signs stating that individuals under 21 years of age
18 or those on the Exclusion or Self-Exclusion Lists are
19 prohibited from gambling?

20 A. Yes. The underage signage must be within 50 feet
21 of each entrance and exit of the gaming floor, and
22 then the self-excluded, exclusion --- excluded persons
23 signage must be within 50 feet of the entrance and
24 exists of the facility.

25 Q. Is a slot machine licensee required to establish

1 procedures to respond to and disseminate problem
2 gambling literature and brochures?

3 A. Yes.

4 Q. What are the procedures to approve the slot
5 machine licensee's compulsive and problem gambling
6 plan?

7 A. They will e-mail me the plans electronically.
8 I'll take a look at the plans, compare them to the
9 Board's regulations and to the Gaming Act to make sure
10 they have everything they need and make sure
11 everything's in compliance, and then I will approve
12 the plan.

13 Q. And when is it submitted to the Board?

14 A. It's originally submitted with their application.
15 And then there's a lot of back and forth between
16 myself and the licensee to get everything fine tuned.

17 Q. And when was Mount Airy's original compulsive and
18 problem gambling plan approved?

19 A. That was approved in October --- October 17th ---
20 or no, excuse me, the 19th, 2007.

21 Q. And has Mount Airy revised its plan since that
22 time?

23 A. Yes, several times.

24 Q. What are the training requirements in Mount Airy's
25 compulsive and problem gambling plan?

1 A. Mount Airy must train --- I spoke about this a
2 little bit earlier, each of their employees before
3 they are --- after they're hired, before they start
4 their job, they must train their employees on the
5 characteristics of compulsive gambling, of the
6 compulsive gambler. They must also train certain
7 employees in responsible alcohol training, as well as
8 different departmental trainings.

9 Q. Could you please outline some of the duties and
10 responsibilities of Mount Airy's employees with
11 respect to the compulsive and problem gambling?

12 A. Sure. I'll give you what I think, in my opinion,
13 is probably the most important. They must --- and
14 they're trained to do this, know how to identify self-
15 excluded and underage individuals and remove them from
16 the gaming floor, and then report them to us. And
17 also they're --- they are trained to identify people
18 with potential problem --- excuse me, gambling
19 problems and report them to their superiors and also
20 offer them information on problem gambling treatment
21 and help.

22 Q. Is there a requirement to establish procedures to
23 attempt to identify patrons and employees with
24 suspected or known compulsive and problem gambling
25 behavior?

1 A. Yes. And each of the employees are also trained
2 on this during their compulsive and problem gambling
3 training.

4 Q. Is there a requirement to establish a procedure
5 for employees to report such behavior and to attempt
6 to provide information to such individuals?

7 A. Yes. Lower-level employees will report the
8 potential problem gambler to their supervisor, and
9 then supervisors will usually make contact with the
10 individual, with the patron, and offer them
11 information on the Self-Exclusion List, on treatment
12 providers, information like that.

13 Q. Does Mount Airy's compulsive and problem gambling
14 plan include procedures to prevent underage gambling?

15 A. Yes.

16 Q. Do they have policies and procedures to prevent
17 intoxicated patrons from gambling?

18 A. Yes.

19 Q. Excluded or self-excluded persons from gambling?

20 A. Yes.

21 Q. Does Mount Airy's compulsive and problem gambling
22 plan meet the signage requirements of the Gaming Act?

23 A. Yes.

24 Q. Does Mount Airy's compulsive and problem gambling
25 plan meet the requirements you outlined for us in the

1 beginning of my questions?

2 A. Yes.

3 Q. Could you please tell me what a 501A.4 report is?

4 A. Sure. That is a report --- the 501A.4 is the
5 Board's regulation, and it's an annual summary of
6 their compulsive and problem gambling plan that they
7 must submit every year.

8 Q. And has Mount Airy submitted this report?

9 A. Yes.

10 Q. Can you summarize the contents of their report?

11 A. Sure. And this is for all licensees. They talk
12 about the number of individuals who have been trained,
13 employees who have been trained, new-hire training,
14 and then the annual training, as well as who does the
15 training, the cost of the compulsive and problem
16 gambling plans for the year, and any outreach efforts
17 that the facility has made.

18 Q. And just very briefly, in your opinion, as the
19 Director of the Office of Compulsive and Problem
20 Gambling, has Mount Airy met all the requirements
21 contained in the Gaming Act and regulations with
22 regard to its compulsive and problem gambling?

23 A. Yes.

24 ATTORNEY MATELEVICH-HOANG:

25 I have nothing further for this witness.

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PRESIDING OFFICER:

Mr. Sklar?

ATTORNEY SKLAR:

No questions.

PRESIDING OFFICER:

Board members, any questions?

MR. SOJKA:

Is that all we're going to hear on
this form?

PRESIDING OFFICER:

That's not that.

ATTORNEY DAVENPORT:

My next witness, who will be discussing
that, is Sergeant Mike Witmer, from the Gaming
Enforcement Office of the Pennsylvania State Police.

SERGEANT MIKE WITMER, HAVING BEEN PREVIOUSLY SWORN,
TESTIFIED AS FOLLOWS:

A. My name is Michael C. Witmer. The last name is
W-I-T-M-E-R.

DIRECT EXAMINATION

BY ATTORNEY DAVENPORT:

Q. And could you please tell us a little bit about
your duties at the Gaming Enforcement Office of the

1 Pennsylvania State Police?

2 A. I am the Administrative Section Supervisor at the
3 Bureau of Gaming Enforcement of the Pennsylvania State
4 Police, and I am stationed at the Bureau headquarters
5 in Harrisburg.

6 Q. And how many years have you been with the
7 Pennsylvania State Police?

8 A. A little over 19.

9 Q. And what was your position prior to working in the
10 Gaming Enforcement Office?

11 A. I was a Patrol Section Supervisor at Troop J,
12 Lancaster.

13 Q. What is the role of the Pennsylvania State Police
14 at a licensed facility?

15 A. We're responsible for all law enforcement
16 activities on the gaming floor.

17 Q. And what is your jurisdiction at Mount Airy?

18 A. Any area that has been so designated within the
19 casino as a gaming floor.

20 Q. And to your knowledge, who has primary police
21 jurisdiction over the parking lot at Mount Airy?

22 A. That would be the Pennsylvania State Police at
23 Swiftwater.

24 Q. And the lobby of the casino, ---

25 A. Correct.

1 Q. --- the same response?

2 A. Yes.

3 Q. The same with the hotel?

4 A. Yes.

5 Q. Could you please describe your working
6 relationship with Mount Airy employees?

7 A. We have a very positive working relationship with
8 them.

9 Q. Please describe your working relationship with the
10 Board's Casino Compliance representatives?

11 A. The same, high level of cooperation. They are
12 always readily available to assist us in our
13 investigations, and we get along very well.

14 Q. And what is your relationship with local law
15 enforcement?

16 A. Again, the local law enforcement there is the
17 Pennsylvania State Police. And several of the
18 troopers that are currently stationed at Mount Airy
19 worked at Swiftwater, so they have great
20 communication.

21 Q. Are you familiar with the Uniform Crime Reporting
22 system?

23 A. Yes.

24 Q. Which agency compiles information contained in the
25 UCR?

1 A. It will be the reporting municipality or
2 jurisdiction of the department that has the area
3 covered by it.

4 Q. And is it in electronic format?

5 A. Yes, it is.

6 Q. Is the UCR available to the public on PSP's
7 website?

8 A. Yes.

9 Q. How frequently is the information updated?

10 A. The information is required to be updated by the
11 10th of the month for all information from the month
12 prior.

13 Q. And is the information contained in the database
14 subject to edit?

15 A. Yes. It's a constantly evolving database.

16 Q. And under what circumstances may it be edited?

17 A. It may be edited when a reported crime or offense
18 has determined to be unfounded or additional arrests
19 are made after an investigation is completed.

20 Q. And could you tell us what information is
21 contained in the UCR?

22 A. As you can see on the slide up there, offenses
23 known, actual offenses, offenses cleared, and the
24 makeup of those arrested, gender and age.

25 Q. Could you please explain for us the difference

1 between an actual offense and offenses known, based on
2 this report?

3 A. Well, offenses known would be categorized as any
4 time a crime is reported to us, an investigation has
5 occurred. And if, in fact, we have substantiated that
6 a crime did occur, it would be an actual offense.

7 Q. And can the number of offenses reported be reduced
8 if the case is later determined to be unfounded?

9 A. The offense known will not be reduced. However,
10 the actual offense will be reduced if the
11 determination is that of unfounded. An example of
12 unfounded would be a patron reports a stolen wallet to
13 us. The investigation is completed, and a day later
14 they call us back and say, I found my wallet, it was
15 in my car. The offense, therefore, unfounded.

16 Q. Are criminal offenses that occur at a licensed
17 facility listed in the UCR?

18 A. Yes.

19 Q. And how are the offenses that occur at a licensed
20 facility entered into the UCR?

21 A. At each licensed facility the State Police has an
22 office there, and a dedicated supervisor is
23 responsible to enter all the statistics into the
24 database.

25 Q. With respect to Mount Airy Casino, please review

1 the classification of offenses and the number of
2 actual offenses that occurred at the facility since
3 its 2007 opening. And we have that up on the screen
4 for us, and we'll start with 2007 and then we'll go
5 from there. So beginning with 2007 ---.

6 A. Just four years? What would you like to know?

7 Q. The number of offenses, the actual offenses that
8 occurred.

9 A. Well, without boring everyone, you can see the
10 numbers pretty clearly up there, I think. Offenses
11 known for 2007, because it did open later in the year,
12 were only 22. And of those, actual offenses was
13 determined to be 17.

14 Q. Okay.

15 A. Those are Part One offenses. And there are Part
16 Two offenses. The difference between Part One and
17 Part Two offenses is the seriousness of the crime.
18 Part One are more serious offenses, and Part Two are,
19 obviously, less serious.

20 Q. Could you give us an example of what a Part Two
21 offense would be?

22 A. Fraud, vandalism, drunkenness, disorderly conduct,
23 trespassing, minor assault, which would be harassment.

24 Q. The next slide is for the year to date --- well,
25 the entire year of 2008. Could you please summarize

1 for us the offenses known during that year and then
2 the actual offenses?

3 A. In 2008, the offenses known was 181. Actual
4 offenses was reported at 173.

5 Q. And could you please tell us in 2009 the
6 number ---?

7 A. I'm sorry. I made --- oh, next slide. Okay.
8 2009, offenses known was 190. And of those, turned
9 out to be actual offenses was 185.

10 Q. For the year to date 2010?

11 A. Offenses known was 90. And of those, turned out
12 to be actual offenses was 84.

13 Q. Actual offenses for 2010 was 84? Okay.

14 MR. SOJKA:

15 That's only Part Two. That's not the
16 total.

17 BY ATTORNEY DAVENPORT:

18 Q. Does it say 182?

19 MR. SOJKA:

20 192.

21 A. Yes. I'm sorry. Offenses known was 192,
22 including both Part One and Part Two. And of those,
23 actual offenses was 185.

24 BY ATTORNEY DAVENPORT:

25 Q. Okay. And finally, in 2011?

1 A. 2011, offenses known to date is 318, I believe
2 that is. And of those, actual offenses is 313.

3 Q. To your knowledge, how many of the arrests were
4 for underage gaming?

5 A. Since the casino opened in 2007, there have been
6 15 persons that were under the age of 21 cited for
7 underage offenses. Of those, eight involved underage
8 gaming.

9 Q. Relating to the larceny and theft arrests, did any
10 of the incidents involve voucher thefts?

11 A. Yes.

12 Q. Could you tell us a little bit about that?

13 A. Without going into exact numbers, from my
14 experience, those thefts --- and we also include
15 credit thefts besides voucher thefts, during the
16 course of my review of the statistics, and I see them
17 every day, approximately 70 percent of those larcenies
18 can be attributed to either vouchers or credits.

19 Q. Does the UCR List list the number of actual
20 offenses that are prosecuted?

21 A. No. It only lists those people that have been
22 arrested, prosecuted.

23 Q. After reviewing the UCR for offenses reported for
24 Mount Airy Casino, do you see a pattern in the type of
25 actual offenses that have occurred at the facility?

1 A. No.

2 Q. Is it possible to form a conclusion based on the
3 crime statistics between the different licensed
4 facilities in Pennsylvania based on the data contained
5 in the UCR?

6 A. No, because there are too many variables involved
7 in making any kind of comparison.

8 Q. Do you know what is the last date that the UCR
9 records are available for reported offenses at Mount
10 Airy Casino?

11 A. The month of November 2011 should be included in
12 the database.

13 Q. Generally, is the Pennsylvania State Police
14 satisfied with the level of cooperation between the
15 staff of Mount Airy Casino and the troopers stationed
16 within the facility?

17 A. Yes. I've personally been involved in several
18 investigations there, and the cooperation that I've
19 received from the Security Department is fantastic.

20 ATTORNEY DAVENPORT:

21 I have nothing further for the witness.

22 PRESIDING OFFICER:

23 Mr. Sklar?

24 ATTORNEY SKLAR:

25 No questions.

1 PRESIDING OFFICER:

2 Any Board members? Gary?

3 MR. SOJKA:

4 First let me thank you because that did
5 clear up a lot of things for me. I appreciate that.
6 Because these Uniform Crime Reports are difficult ---
7 A. Yes.

8 MR. SOJKA:

9 --- for the outsider to understand. And
10 I think your explanations to your questions were
11 helpful. I still want to get back to the issue of
12 whom this Board really represents and is concerned
13 with protecting, and it looks like, whether it's
14 Category --- Part One or Part Two, the big categories
15 are larceny and theft and forgery and counterfeiting.
16 What I'm concerned about are the victims of these
17 events. In the case of larceny and theft, are the
18 victims primarily members of the gaming public or is
19 it the casino?

20 A. Primarily, yes, members of the gaming public.
21 Occasionally, employees of the casino --- and not
22 speaking specifically to Mount Airy, from my
23 experience looking at all the casinos statewide,
24 occasionally, rarely, employees of the casino report
25 crimes to us and they are considered victims.

1 MR. SOJKA:

2 Okay. Does the casino itself, as a
3 corporate entity, get victimized in that larceny,
4 theft very often?

5 A. From what we investigate, no.

6 MR. SOJKA:

7 Then to contrast that, if you go to Part
8 Two, forgery and counterfeiting, the casino is the
9 victim; right?

10 A. Yes, and as well as the --- sometimes the person
11 that has the counterfeit note. Because once they
12 present a counterfeit note and it's determined to be
13 counterfeit, it is seized. And if they're unknowing,
14 which in the majority of cases the person passing the
15 note is unaware of its counterfeit status, they are
16 out that amount of money. So they are a victim as
17 well.

18 MR. SOJKA:

19 I see. Okay. So those people could be
20 just, again, members of the gaming public?

21 A. Correct.

22 MR. SOJKA:

23 In the case of the casino, as a corporate
24 entity or as an entity, when it's victimized in this
25 way, that happens essentially as a blow to their

1 after-tax revenue, isn't it?

2 A. If I could, and we could probably discuss a lot
3 about this, but a lot of the times those counterfeit
4 notes never get entered into the casino's drawer
5 because they're discovered before they're accepted.
6 We have seen, since the implementation of table games,
7 however, when you have a more human element dealing
8 with the cash exchange; we have seen a general overall
9 increase in the amount of counterfeit notes being
10 passed at casinos.

11 MR. SOJKA:

12 Does that category also include
13 counterfeit chips, as well as notes?

14 A. It would, yes.

15 MR. SOJKA:

16 And we've seen some of that; right?

17 A. I believe Mount Airy has seen a counterfeit chip
18 incident.

19 MR. SOJKA:

20 And in that instance, the casino, again,
21 is the victim?

22 A. Correct.

23 MR. SOJKA:

24 Again, worrying about, if you will, our
25 client or the people for whom we have responsibility,

1 the gaming public, can you, as an officer of the law,
2 think of anything that we could be doing beyond what
3 we are doing to protect those people more than they're
4 being protected at the moment?

5 A. Nothing immediately comes to mind. I think we do
6 a fairly good job of assisting people when they do
7 become victims. And the vast majority of the time
8 they are completely satisfied with the resolution that
9 we provide for them.

10 MR. SOJKA:

11 Though they may lose money?

12 A. Correct. And very rarely it's been determined
13 that a note would come back as a legitimate note, and
14 it's returned to that person if we're talking about
15 counterfeit.

16 MR. SOJKA:

17 Okay. Could I ask you again --- and this
18 is a very tough one. You just may not be able to
19 answer it. Does it strike you that --- you know,
20 counterfeit bills are a problem in general commerce
21 everywhere. Does it appear that they're --- for the
22 total number of transactions, does a larger amount of
23 that occur in casinos than in general business?

24 A. Again, that's pretty broad. However, based on my
25 experience, and we've spoken about this in my office,

1 because of the safeguards that the casinos have built
2 in, they can detect these a lot quicker and more
3 efficiently than most other businesses. Because of
4 the volume of cash that they deal with and because of
5 sometimes unscrupulous clientele that enter the
6 casino, that, I believe, altogether relates to the
7 high number of counterfeit notes at a casino and ---
8 as well as the fact that the State Police are there in
9 each casino to have it reported to them, whereas
10 sometimes a business that doesn't have that
11 convenience to report the crime sometimes might not.

12 MR. SOJKA:

13 Does this suggest to you --- again, as a
14 professional in the area, does this increase the
15 opportunity? The increased surveillance and the
16 presence of officers, does this increase the
17 possibility of getting to the source of some of these
18 counterfeiters?

19 A. Sometimes it does, yes, because when we are there
20 and it happens and it is reported to us and we
21 respond, several times, and again not being exact to
22 Mount Airy, but in the licensed facilities overall in
23 Pennsylvania where we've approached subjects that have
24 passed a note, they had more on their person, and
25 we've seized them and arrested them.

1 MR. SOJKA:

2 Good. That's helpful.

3 A. And the investigations have led down the road to
4 bigger operations.

5 MR. SOJKA:

6 Knowing that, what I would consider a
7 positive situation, do you see anything different
8 about Mount Airy than any of the other licensees in
9 the Commonwealth? Do they all sort of fit the same
10 pattern?

11 A. Are you ---?

12 MR. SOJKA:

13 I'm asking, do you see any --- well, let
14 me ask it in a negative way, though I don't intend to
15 be negative. Do you see anything in the way of a
16 deficiency at Mount Airy in regard to all of these
17 things, surveillance for counterfeit bills,
18 apprehension of people that passed them and so on,
19 does it fit in with everybody else pretty much?

20 A. It's pretty much the same across the board.
21 There's no high and low, especially with Mount Airy.
22 I mean, generally, broad based, very few crimes
23 occurring at Mount Airy.

24 MR. SOJKA:

25 Good. Thank you.

1 MR. FAJT:

2 I have a question.

3 PRESIDING OFFICER:

4 Okay.

5 MR. FAJT:

6 Thank you, Linda. Just a follow up. And
7 I apologize, Billie Jo, if you had asked this question
8 before, but I'm looking at the comparative numbers for
9 2010 ---. I'm on the last slide, so you have it up
10 there now. The comparative numbers in the first two
11 columns for 2010 and 2011. So, if we look at --- Part
12 One total offenses went from 102 to 140; right? And
13 then for Part Two crimes, they went from 90 to 178.
14 And if you go down to the very bottom number there, in
15 the first two columns, we go from 192 to 318, total.
16 If I did my math correctly, that's an increase in
17 total crimes of 65 percent in one year. And we're not
18 done with 2011 yet. That seems to me to be cause for
19 alarm or cause for concern or at least worth a
20 question. So, if you drill down to it, the increases
21 are ---- in larceny/theft, we go from 92 to 136.
22 That's the third line down from the top, 92 to 136,
23 from 2010 to 2011. And then in --- right under Part
24 Two, at the beginning, forgery and counterfeiting, we
25 go from 49 to 111. Those are the drivers of that

1 65-percent increase. So, my question is, you know, to
2 follow up on Gary's question, I heard what you said,
3 those seem to be pretty significant increases. So,
4 what are we missing?

5 A. I've been in the Bureau of Gaming Enforcement
6 Office for a little over three years, and I observe
7 these crime stats on a daily basis that come in from
8 every casino. And one of the variables that you have
9 to take into account that is unseen here a lot of
10 times is turnover in personnel, how things are
11 investigated, how things are reported, how things are
12 categorized. I know our office at Mount Airy has
13 experienced a turnover in personnel, and I know
14 security personnel turnover. And sometimes our
15 troopers are a little more aggressive in reporting
16 more incidents than maybe their predecessors were.
17 Some of our supervisors are a little more aggressive
18 in rooting out things than prior ones were. So, as
19 far as the reporting element goes, I can attribute the
20 increase to a lot of that. Overall, do we notice an
21 increase in the amount of crimes and arrest of people?
22 Very little at Mount Airy.

23 ATTORNEY SKLAR:

24 Can I just --- I don't want to speak for
25 PSP, but just in listening to what --- the testimony

1 previously, a part of it may be table games.

2 MR. MOSCATO:

3 I was going to ask that question, too.

4 MR. RYAN:

5 That was my question. Is that the
6 reason, because of table games?

7 A. We do track a separate database on all offenses
8 related to table gaming, whether it be the counterfeit
9 chip incident, whether it be a fight with a blackjack
10 dealer. We keep a separate database for that. And I
11 can provide that information to you. I don't have it
12 right now. But it's not overwhelming. It's ---.

13 MR. FAJT:

14 But aren't those numbers in the numbers
15 we're looking at right now?

16 A. Yes.

17 MR. FAJT:

18 Okay.

19 A. Yes, they are.

20 MR. FAJT:

21 But you're saying you drill it down and
22 further delineate where the table game crimes or
23 incidents occur?

24 A. Exactly, just so we could draw a baseline from no
25 table game to post table games and see an increase of

1 workload that we were experiencing.

2 MR. FAJT:

3 Okay. And if I could just follow up on
4 your comment, and I'll move off of this. So, what
5 you're saying basically is, you know, in PSP, you
6 know, humans being humans, but there is some ability
7 of supervisors or, you know, troopers on site that can
8 make a decision to record or not record an incident?

9 A. Correct.

10 MR. SOJKA:

11 Can I just, again, drill in a little bit
12 on that because it strikes me that this is slightly
13 counterintuitive. When you see a number go up in
14 something having to do with crime and reported crimes,
15 you kind of think, oh, something is going wrong, and
16 that's why we moved to table games. But are you
17 suggesting that this --- I'm sensitive to this because
18 this is something we see in institutions that report
19 to the NCAA, the sports people. Numbers going up of
20 incidents does not, in that environment, mean that the
21 situation is getting worse. It means that the people
22 who are looking at it and regulating it are being more
23 efficient. They're catching more. Is that part of
24 what you're saying, that the personnel changes you may
25 actually be picking up some things more efficiently,

1 and that doesn't mean that the crime level is up, it
2 means the detection level is up?

3 A. Absolutely. And the best comparison I can make
4 with that is a DUI enforcement, which everybody reads
5 about in the paper every day. Just because we make X
6 amount --- percentage higher DUI arrests a year, that
7 doesn't mean there are that many offenses. It means
8 that there are possibly that many more people out
9 there aggressively seeking out and arresting the drunk
10 drivers, better training, better equipment, more
11 officers. There's a ton of variables that lead to it,
12 but the actual number of drunk drivers is probably not
13 increasing, the enforcement is.

14 MR. SOJKA:

15 That helps us understand it. Thank you.

16 MR. RYAN:

17 Trooper, if I can ask one or two
18 questions. The theft crimes obviously seem to be a
19 big part of the problem here. And I think it was your
20 testimony that most of them involve either voucher or
21 credit theft; is that correct?

22 A. Approximately 70.

23 MR. RYAN:

24 Is there a typical fact situation here or
25 is there really not? All different types of offenses

1 or is there a particular way these offenses are being
2 committed?

3 A. No. A lot of them are opportunistic. If you're
4 playing a machine and you walk to go get a drink and
5 someone comes to your machine and says, hey, there's,
6 you know, \$28 in credits here and inserts their money
7 overtop and plays your credits off, that's considered
8 theft. If you print out a voucher and you set your
9 voucher down next to you at a table and look away and
10 someone picks up your voucher and cashes it in, that's
11 a theft. In most of those cases we have what we call
12 exceptional clearances, where we've identified the
13 actor that has committed the offense, and for one
14 reason or other the victim refuses or doesn't want to
15 seek prosecution against the offender. Their money is
16 returned and everyone goes on their way. However,
17 it's still reported under an offense.

18 MR. RYAN:

19 Thank you, sir.

20 PRESIDING OFFICER:

21 Any follow-up questions? Mr. Sklar?

22 Okay. Thank you.

23 ATTORNEY MATELEVICH-HOANG:

24 The OEC and Mount Airy have entered into
25 a stipulation regarding enforcement actions that have

1 been taken against the casino since its opening in
2 2007. The stipulation includes facts surrounding the
3 four Consent Agreements, three of which were regarding
4 underage gaming, and one regarding a self-exclusion
5 issue, two compliance conferences, numerous warning
6 letters, and an enforcement action from the Liquor
7 Control Board. The specific information pertaining to
8 the stipulation is attached as Exhibits 2A through 2D,
9 and we, both parties, ask that Exhibits 2B through 2D
10 be marked confidential.

11 PRESIDING OFFICER:

12 Okay. Mr. Sklar?

13 ATTORNEY SKLAR:

14 Please.

15 PRESIDING OFFICER:

16 And we'll move those into the record as
17 OEC Exhibit 2A through 2D.

18 (Office of Enforcement Counsel Exhibits
19 2A through 2D marked for identification.)

20 PRESIDING OFFICER:

21 And I'm assuming you would like your OEC
22 Exhibit One that the trooper testified to as well?

23 ATTORNEY MATELEVICH-HOANG:

24 Yes, please.

25 PRESIDING OFFICER:

1 Any objection, Mr. Sklar?

2 ATTORNEY SKLAR:

3 No objection.

4 (Office of Enforcement Counsel Exhibit
5 One marked for identification.)

6 PRESIDING OFFICER:

7 And while we're housekeeping, Mr. Sklar,
8 would you like to move your PowerPoint presentation
9 into the record as well?

10 ATTORNEY SKLAR:

11 Yes, please.

12 PRESIDING OFFICER:

13 We'll mark that as Mount Airy Exhibit
14 Number One.

15 (Mount Airy Exhibit One marked for
16 identification.)

17 ATTORNEY MATELEVICH-HOANG:

18 Turning it back over to Nan Davenport.

19 ATTORNEY DAVENPORT:

20 Thank you. Gerald Stoll, from the Bureau
21 of Casino Compliance is present today to testify
22 regarding the Bureau's relationship with Mount Airy
23 Casino.

24 SHORT BREAK TAKEN

25 PRESIDING OFFICER:

1 Okay. We're ready to begin again. Nan?

2 ATTORNEY DAVENPORT:

3 Thank you.

4 -----

5 GERALD STOLL, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED

6 AS FOLLOWS:

7 -----

8 DIRECT EXAMINATION

9 BY ATTORNEY DAVENPORT:

10 Q. Could you please state your name and spell it for
11 the record?

12 A. Yes. Gerald Stoll, G-E-R-A-L-D, S-T-O-L-L.

13 Q. And in what capacity are you currently employed?

14 A. I'm the Director of the Bureau of Casino
15 Compliance for the Gaming Board.

16 Q. How long have you been with the Gaming Board?

17 A. Since December of 2006.

18 Q. And prior to your employment with the Gaming
19 Control Board, where were you employed?

20 A. I was employed by the State of New Jersey, the New
21 Jersey State Police, for 27 years and change.

22 Nineteen (19) of them years while I was employed with
23 the State Police I was assigned to the Division of
24 Gaming Enforcement. That's the entity that the State
25 of New Jersey uses to regulate the casinos in New

1 Jersey.

2 Q. What is the role of the Bureau of Casino
3 Compliance?

4 A. The Bureau of Casino Compliance actually is the
5 on-site 24-hour, seven-day presence of the Gaming
6 Board to assure that Mount Airy and all casinos in
7 Pennsylvania are adhering to our regulations and their
8 internal controls. What we do is we have the
9 responsibility to, you know, support the compulsive
10 and problem gaming program. We enroll 99 percent of
11 all the problem gamers in the Commonwealth. What we
12 do is assure that minimum staffing of security,
13 surveillance and table games management are up to
14 speed. We do --- are totally involved with all
15 reconfigurations of the gaming floor. You know, we
16 make sure that there is adequate camera coverage. We
17 make sure that, you know, everything that the property
18 needs to accomplish is in place before they're
19 approved to operate the table games. We work with the
20 central computer system to assure that connectivity is
21 maintained for all the slot machines in the
22 Commonwealth. We're the point of contact when there
23 is loss of connectivity with the central computer
24 system, where we will notify the property and, you
25 know, investigate why the connectivity has been lost.

1 So we try --- we support that and, you know, with our
2 gaming lab as well.

3 We are the --- you know, the impartial
4 observers and the impartial third party for the patron
5 of the Commonwealth of Pennsylvania. You know, when
6 an issue arises with a patron, you know, we afford the
7 casino the opportunity to rectify the situation. If
8 the patron cannot be satisfied, we operate as an
9 independent third party and will conduct an
10 investigation. And really, we'll just, you know,
11 follow up with the complainant and, you know, give
12 them what we have determined to have occurred.
13 Sometimes we find in favor of the casino. Other times
14 we find in favor of the patron. And it really --- we
15 don't have a dog in that fight, so it really doesn't
16 matter. We just get to the bottom line, get to the
17 factual occurrences. And let me think what else.
18 We're involved with every bureau within the Gaming
19 Board to, you know, relate pertinent information to
20 the casino as well as to the Gaming Board from the
21 casino. I'm sure I forgot something, but that's a
22 thumbnail sketch of what we do.

23 Q. Are the Casino Compliance representatives on site
24 24 hours a day?

25 A. Yes.

1 Q. Are they familiar with the Gaming Act, the
2 regulations, as well as the casino's internal
3 controls?

4 A. They are.

5 Q. Do the CCRs ensure that all casino employees that
6 have access to the gaming floor are properly licensed
7 as well as all vendors who have a business
8 relationship with the facility, have complied with the
9 Bureau of Licensing regulations and licensing
10 requirements?

11 A. Yes, they do.

12 Q. Do the CCRs work closely with Mount Airy's
13 Security Department and Surveillance Departments?

14 A. Yes. They interact daily, you know, numerous
15 times throughout the day.

16 Q. And has the Security Department and Surveillance
17 Departments complied with any requests of the CCRs
18 with respect to obtaining surveillance or security
19 reports or follow up with respect to ongoing
20 investigations?

21 A. They have, yes.

22 Q. Do the CCRs monitor the radios transmissions if
23 there's a security incident that's happening and
24 there's a transmission? Are they monitoring those to
25 make sure that everything is appropriately handled?

1 A. Yes. Mount Airy, you know, has provided a number
2 of hand-held radios that we monitor regularly.

3 Q. What is the process if a CCR determines that an
4 incident may be a violation of the Act, the
5 regulations or the internal controls?

6 A. What we normally do with violations that we
7 discover is we will approach the property, indicate
8 that, you know, this has been a deviation from, you
9 know, the regulations or your internal controls, and
10 then what we'll do is we'll document it on an
11 enforcement complaint, which we forward to OEC for a
12 determination. We actually --- and you know, my
13 philosophy is to assist the casino with adherence to
14 our regs and their controls, and you know, I think we
15 do a relatively good job at that.

16 Q. What if the Bureau determines that there might be
17 a criminal violation, what does the Bureau do with
18 that incident?

19 A. You know, even if we start out with a regulatory
20 investigation, as soon as it becomes apparent that a
21 crime has been committed, there's immediate referral
22 to the Pennsylvania State Police for investigation.

23 Q. Have the responsibilities of the CCRs increased
24 since the implementation of table games?

25 A. They have immensely. You know, with table games,

1 our requirements and responsibilities have increased,
2 you know, exponentially. We now have to be totally
3 involved with the drop process and account process
4 when it comes to table games, and that takes, you
5 know, a lot of time, a lot of our, you know,
6 resources. There's been a spike throughout the
7 Commonwealth in patron complaints often due to the
8 inexperienced player playing the different games. So,
9 it's --- there's more interaction, you know, with our
10 staff and the patron as a result of table games. You
11 know, it's just the novelty and the inexperience of
12 the players.

13 Q. Do the CCRs need to know the various rules of the
14 table games as well in order to be able to review an
15 incident to determine if there's a violation?

16 A. They do. Yes, they do.

17 Q. Can you please describe BCC's working relationship
18 with the management and the employees at Mount Airy?

19 A. The Bureau of Compliance has a very professional
20 relationship, and the management of Mount Airy has
21 been attentive when --- you know, for any inquiry that
22 we ever posed.

23 Q. Have they cooperated with the investigations that
24 are initiated by the Bureau?

25 A. Yes.

1 Q. In the past the Board approved a Consent Agreement
2 between Mount Airy and the OEC because of a failure to
3 report instances of underage individuals on the gaming
4 floor and gambling. To the best of your knowledge,
5 are you aware of any other instances of Mount Airy
6 failing to report potential violations of the Act, the
7 regs or the internal controls?

8 A. No.

9 Q. Could you please describe BCC's working
10 relationship with the state troopers assigned to Mount
11 Airy?

12 A. We have, you know, a very professional, excellent
13 relationship. You know, in my opinion, you know, we
14 definitely support each other. It's a --- you know,
15 we have one responsibility; it is to protect the
16 patrons and to make sure that laws are enforced. You
17 know, we are actually a resource for the troopers.
18 You know, when we develop information, you know, we
19 can exchange it with them. And even in the event that
20 they have a criminal investigation occurring, if they
21 find out that no crime has been committed and it has
22 been a regulatory violation, that will be referred to
23 us for our, you know, acknowledgment and ---. It's a
24 very good relationship.

25 Q. I believe you earlier testified with respect to

1 the Bureau's relationship with GTECH and the
2 Department of Revenue with respect to ensuring that
3 proper revenue is collected for the Commonwealth.

4 Have there been any issues with respect to the
5 collection of taxes on the gross terminal revenue?

6 A. No.

7 Q. I recall that there was a power outage at Mount
8 Airy recently. Was there any problems that occurred
9 with either the interruptions to the central control
10 computer system or the surveillance?

11 A. Not that I'm aware of. They have battery backups
12 and, you know, emergency power systems that, you know,
13 more or less assure that the power is not interrupted
14 to, you know, primary systems.

15 Q. So there's adequate safeguards in place?

16 A. Yes.

17 Q. Does the Bureau of Casino Compliance work with the
18 facility in compulsive and problem gambling issues?

19 A. We intake most of those that apply at the
20 facility. And also we assure that all the books that
21 the facility is required to maintain is up to date
22 and, you know, that the brochures are available for
23 those that may have an issue.

24 Q. I believe you testified that the Casino Compliance
25 representatives also register the self-excluded

1 individuals; is that correct?

2 A. That's correct.

3 Q. Do they also review individuals on the gaming
4 floor to make sure that self-excluded or excluded
5 individuals are not on the gaming floor?

6 A. Yes.

7 Q. Does the Bureau of Casino Compliance have any
8 issues of concern with respect to Mount Airy that have
9 not been raised today?

10 A. No.

11 Q. Thank you.

12 A. You're welcome.

13 PRESIDING OFFICER:

14 Mr. Sklar?

15 ATTORNEY SKLAR:

16 No questions.

17 PRESIDING OFFICER:

18 Commissioners, questions?

19 MR. SOJKA:

20 A couple quickies. Two real fast ones.

21 Jerry, is the signage and the location of the CCR
22 suite at Mount Airy adequate to ensure that members of
23 the general public can reach our people if they have a
24 concern?

25 A. Yes, sir. It's very proximate to the casino

1 floor, the signage. There's a phone that rings
2 directly in our suite with --- and then also we rely
3 on the Security Department to direct those to our
4 offices, and that's, you know, a daily occurrence.

5 MR. SOJKA:

6 And my final question, given your vast
7 experience and you've seen count rooms and drops in a
8 number of different venues, as you mentioned, there's
9 a spike with the advent of table games. Can you think
10 of anything that could be improved at Mount Airy
11 compared with --- given what they have now?

12 A. No. I believe that they're on the correct path
13 now. With a couple of the little reconfigurations, I
14 think that positive results will occur.

15 MR. SOJKA:

16 Thank you.

17 PRESIDING OFFICER:

18 Mr. Sklar, any follow up still?

19 ATTORNEY SKLAR:

20 No, I don't.

21 ATTORNEY DAVENPORT:

22 The BIE's Financial Investigations Unit
23 has been conducting a renewal investigation of Mount
24 Airy to determine suitability of the applicants for
25 license renewal. Once the BIE has concluded its

1 investigation, the OEC will make a recommendation to
2 the Board regarding Mount Airy's suitability.

3 In closing, I'd like to thank Sergeant
4 Michael Witmer, Elizabeth Landa, Jerry Stoll and Board
5 staff for assisting with today's public input hearing.
6 And the OEC requests that the record remain open so
7 that we may supplement it with additional information
8 prior to the renewal hearing before the Board. Thank
9 you.

10 PRESIDING OFFICER:

11 Moving on to the public comment portion,
12 again, my list, I think all but one of the registered
13 speakers spoke during Mount Airy's presentation. And
14 the only person I don't think we heard from that
15 registered was Deborah Brady. Would she like to speak
16 today? She's not here. Otherwise, if anyone who
17 spoke during Mount Airy's presentation who has signed
18 up wants to say anything more, raise your hand, of the
19 ones that spoke. No? Is there anyone who believes
20 they signed up to speak today and I haven't --- and
21 you weren't part of the presentation and I haven't
22 called your name? Okay then. I think that ends our
23 public comment portion of the meeting. That was
24 quick.

25 Just a couple housekeeping things --- or

1 I should say does Mount Airy or the OEC have any
2 closing remarks or closing statements at this point?

3 ATTORNEY DAVENPORT:

4 No. I already gave my closing.

5 ATTORNEY SKLAR:

6 No.

7 PRESIDING OFFICER:

8 Any briefs or written memorandum, if you
9 so desire, should be filed by next Thursday, December
10 22nd, with the Board's clerk. The record will remain
11 open and the Board will hear it at a later public
12 Board meeting at its convenience. Check our website,
13 our agenda, to see when Mount Airy's renewal will be
14 before the Board. I will prepare a report based upon
15 testimony and evidence today. The suitability report,
16 when it's filed with the Office of Hearings and
17 Appeals (OHA), and all the exhibits, all of that will
18 be forwarded to all Board members for their
19 consideration before that public meeting.

20 I'd like to thank Paradise Township and
21 their staff for accommodating us today. We appreciate
22 that. And thank you all for coming and for your
23 cooperation, and we are now adjourned. Thank you.

24 * * * * *

25 HEARING CONCLUDED AT 11:45 A.M.

CERTIFICATE

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I hereby certify that the foregoing proceedings, hearing held before Presiding Officer Lloyd, was reported by me on 12/15/2011 and that I Jolynn C. Prunoske read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.

Jolynn C. Prunoske