

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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BEFORE: WILLIAM RYAN, CHAIRMAN
Gregory C. Fajt, James B. Ginty, Annmarie
Kaiser, Keith McCall, Anthony C, Moscato,
John J. McNally, III, Members; Christopher
Craig, Representing Robert M. McCord,
Robert Coyne, Representing Secretary of
Department of Revenue Daniel Meuser and
Mathew Meals representing Secretary of
Agriculture George Greig
MEETING: Wednesday, March 13, 2013
LOCATION: Strawberry Square Complex
2nd Floor
Harrisburg, PA 17101
WITNESSES: None

Reporter: Jennifer T. Alves

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A P P E A R A N C E S

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4 R. DOUGLAS SHERMAN, ESQUIRE

5 Chief Counsel

6 STEVEN S. COOK, ESQUIRE

7 Deputy Chief Counsel

8 SUSAN YOCUM, ESQUIRE

9 Assistant Chief Counsel

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24 MICHAEL ROLAND, ESQUIRE

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CHAIRMAN:

Good morning, everyone. I'm Bill Ryan, Chairman of the Pennsylvania Gaming Control Board. Before we begin, I'd like to ask everyone to please turn off cell phones, PDAs and other electronic devices. Thank you. Also with us today is Christopher Craig representing State Treasurer Robert McCord, Bob Coyne representing Secretary of the Department of Revenue Daniel Meuser and Matt Meals representing Secretary of Agriculture George Greig. Thank you, gentlemen, for being here.

We have a quorum and so I will call today's meeting to order, and the first order of business I would ask everyone to please stand for the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN:

Thank you all. I guess the most important thing to do first, ladies and gentlemen, is to welcome the newest member of our Board, John J. McNally, III. John, welcome to your first meeting and I know I speak for everybody on the Board when I say we look forward to working with you. We know you're

1 going to be a very big part of this Board going
2 forward.

3 MR. MCNALLY:

4 It's my honor to be on it.

5 CHAIRMAN:

6 And along with John's presence, of
7 course, we have his swearing in and it's my
8 understanding that the honors will be done by the
9 Honorable Bernard Coates, Court of Common Pleas of
10 Dauphin County. Also with us today is John's wife,
11 Ginger with their children, J.J., Megan and Joe. And
12 John's brother, Steve, I knew you were his brother, is
13 also in the audience. At this time can I ask all of
14 you to come forward so the Judge can administer the
15 oath?

16 JUDGE COATES:

17 Mr. McNally, are you prepared to take
18 the oath of office?

19 MR. MCNALLY:

20 I am.

21 JUDGE COATES:

22 Place your hand on the Bible, raise your
23 hand. I, state your name.

24 MR. MCNALLY:

25 I, John McNally.

1 JUDGE COATES:

2 Do solemnly swear.

3 MR. MCNALLY:

4 Do solemnly swear.

5 JUDGE COATES:

6 That I will support, obey and defend.

7 MR. MCNALLY:

8 I will support, obey and defend.

9 JUDGE COATES:

10 The Constitution of the United States.

11 MR. MCNALLY:

12 The Constitution of the United States.

13 JUDGE COATES:

14 And the Constitution of this

15 Commonwealth.

16 MR. MCNALLY:

17 And the Constitution of this

18 Commonwealth.

19 JUDGE COATES:

20 And I will discharge my duties of my

21 office.

22 MR. MCNALLY:

23 And I will discharge my duties of my

24 office.

25 JUDGE COATES:

1 With fidelity.

2 MR. MCNALLY:

3 With fidelity.

4 JUDGE COATES:

5 Congratulations.

6 MR. MCNALLY:

7 Thank you.

8 CHAIRMAN:

9 Thank you, Judge. Again, John,
10 congratulations.

11 PUBLIC HEARINGS WERE HELD.

12 CHAIRMAN:

13 The Board will now commence our regular
14 meeting. First announcement, the Board held an
15 executive session yesterday for the purpose of
16 conducting quasi judicial deliberations relating to
17 matters being considered by the Board today. Next we
18 will have consideration of a motion to approve the
19 minutes and transcript of the February 20th, 2013
20 meeting. May I have such a motion?

21 MR. GINTY:

22 Mr. Chairman, I move that the Board
23 approve the minutes and transcript of the February
24 20th, 2013 meeting.

25 CHAIRMAN:

1 Second?

2 MS. KAISER:

3 Second.

4 CHAIRMAN:

5 All in favor?

6 ALL SAY AYE

7 CHAIRMAN:

8 Opposed? The motion carries. Next will
9 be our Executive Director Kevin O'Toole to present his
10 report. Kevin?

11 ATTORNEY O'TOOLE:

12 Good morning, Chairman Ryan, members of
13 the Board. On behalf of the staff congratulations and
14 welcome to Commissioner McNally. We all look forward
15 to working with you.

16 MR. MCNALLY:

17 Thank you.

18 ATTORNEY O'TOOLE:

19 One item that I would like to report
20 today is the successful relocation of our Western
21 Regional Office to Foster Plaza Building Number Ten in
22 the Borough of Greentree.

23 This relocation occurred last week with
24 the assistance of a number of state approved vendors
25 including Supply Source Office Interiors who moved and

1 reinstalled all office furniture, Work Shares Security
2 Systems who installed and tested the lock systems
3 which secure the office. And Verizon and Black Box
4 Network Services who cabled and tested all computer
5 and telephone networks. The Borough of Greentree
6 issued us a Certificate of Occupancy on Monday, March
7 the 11th and all of our BIE personnel in that region
8 are now reporting to their new office.

9 This office relocation is part of the
10 Board's overall initiative and efforts to reduce
11 expenses and we anticipate saving approximately
12 \$107,000 annually in lease related expenses. And I
13 encourage all of you on your next trip out west to
14 visit the BIE office and to see this location. Thank
15 you.

16 CHAIRMAN:

17 Thank you, Kevin. Any questions,
18 comments from the Board? Next Chief Counsel Doug
19 Sherman and Susan Yocum.

20 ATTORNEY SHERMAN:

21 Good morning, Chairman, members of the
22 Board. Our first agenda relates to a proposed
23 regulation, which Assistant Chief Counsel Susan Yocum
24 will present.

25 ATTORNEY YOCUM:

1 Good morning, Chairman, Commissioners.

2 CHAIRMAN:

3 Good morning, Susan.

4 ATTORNEY YOCUM:

5 The proposed rulemaking before you today
6 does two things. It adds two additional side wagers,
7 that's the Bad Beat for the four card Poker and the
8 five card progressive for Ultimate Texas Hold 'Em,
9 Crazy Four, Four Card Poker, Caribbean Stud and Let It
10 Ride. It will also allow operators to link
11 progressive side wagers to multiple tables together so
12 that numerous tables are contributing and playing for
13 the same progressive Jackpot amount.

14 This is similar to our linked
15 progressives on slot machines where a bank of slot
16 machines may be playing for the same progressive
17 jackpot amount. In order to offer the progressive
18 linked side wager operators will have to have the same
19 wager amount and they will have --- the games that
20 will be linked will have to have the same probability
21 of winning. Included in this rulemaking are the
22 system and access requirements for the link to
23 progressive systems within the same licensed facility.
24 I'd be happy to answer any questions you may have
25 regarding the rulemaking.

1 CHAIRMAN:

2 Questions, comments from the Board? Ex
3 Officio members? May I have a motion?

4 MS. KAISER:

5 Mr. Chairman, I move that the Board
6 adopt the Proposed Regulation Number 125-169 as
7 described by the Office of Chief Counsel (OCC) and
8 that the regulation be posted to the Board's website.

9 MR. MCCALL:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 ALL SAY AYE

14 CHAIRMAN:

15 Opposed? Motion carries.

16 ATTORNEY YOCUM:

17 Thank you.

18 CHAIRMAN:

19 Thank you, Susan.

20 ATTORNEY SHERMAN:

21 The next agenda item relates to a Local
22 Law Enforcement Grant, which Assistant Chief Counsel
23 Allison Cassel is here to present.

24 ATTORNEY CASSEL:

25 Good morning, Mr. Chairman, ---

1 CHAIRMAN:

2 Good morning, Allison.

3 ATTORNEY CASSEL:

4 --- members of the Board. I have one
5 Local Law Enforcement Grant Application for you today.
6 The Montgomery County District Attorney's Office has
7 applied for a grant totaling \$250,000. The
8 application has been reviewed, has been determined to
9 apply with the applicable grant standards and is
10 recommended for approval.

11 CHAIRMAN:

12 Questions, comments from the Board? Ex
13 Officio members? May I have a motion?

14 MR. MCCALL:

15 Mr. Chairman, I move that the Board
16 approve the Local Law Enforcement Grant as presented
17 by the OCC.

18 CHAIRMAN:

19 Second?

20 MR. MCNALLY:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 ALL SAY AYE

25 CHAIRMAN:

1 Opposed? The motion carries. Thank
2 you, Allison.

3 ATTORNEY SHERMAN:

4 Today the Board now has one matter
5 before it being presented by way of petition and that
6 is the matter just heard immediately prior to
7 reconvening the normal Board business. We heard Wynn,
8 PA's Petition for a Board Order Permitting Filing of
9 the Institutional Investor Notice of Ownership Form in
10 lieu of a Principal Entity Application. Wynn is
11 requesting that the Board allow Waddell and Reed
12 financial like a shareholder of Wynn Resorts Limited.
13 The publicly parent traded company of Wynn, PA to file
14 an Institutional Investor Notice rather than the
15 Principal Entity Licensing Application.

16 If approved the Office of Enforcement
17 Counsel (OEC) proposed that the Board impose three
18 conditions and added a fourth here during the hearing,
19 which related to a notice of a threshold of 19
20 percent. Before we go to actually addressing the
21 motion to approve, I would note, though, that while
22 there seems to be some insider information about
23 something magical about a 19 percent figure, a
24 regulation has not yet been presented to the Board in
25 terms of a proposed regulation.

1 So, therefore, I would caution that I be
2 very clear that if the Board ultimately were to decide
3 to extend the limitation on the percentage amount
4 above the current ten percent in its final form ---
5 the amount was, let's say, less than the 19 percent
6 that was mentioned, it's very clear that Waddell and
7 Reed would be required to either divest those excess
8 shares to come under the institutional threshold
9 requirement or go through the Principal licensing
10 application if, in fact, they held more than whatever
11 the ultimate percentage is that the Board adopts.

12 We just want to make sure that no one
13 thinks that they can be grandfathered in at a higher
14 rate than what our regulation allows. Given that
15 clarification I think it would be appropriate for the
16 Board to consider a motion to grant the waiver of the
17 current ten percent requirement and allow Waddell and
18 Reed to have a current holding of what has been
19 approximately 15, 16 percent and even up to that 19
20 percent.

21 CHAIRMAN:

22 Okay. Thank you. Any questions or
23 comments from the Board?

24 MR. GINTY:

25 I have one question. I thought we had

1 the ability to waive that requirement. Whatever
2 ultimately it might be.

3 ATTORNEY SHERMAN:

4 We ultimately do. Currently, though,
5 the regulation as written is ten percent and they're
6 asking for --- and we had discussed it at a meeting a
7 number of months ago. We granted one waiver to an
8 institutional investor. The Board had directed that
9 staff begin working on amendments to a regulation to
10 extend that threshold up.

11 MR. GINTY:

12 I guess what I'm saying is if we
13 ultimately change the regulation to be 15 percent and
14 for some reason the investment company has more than
15 that, we can still entertain a waiver?

16 ATTORNEY SHERMAN:

17 You could. I'm not sure why you would
18 only extend it to 15 percent and say then we're going
19 to --- we've defeated the purpose I think somewhat of
20 amending the regulation to get a number that reflects
21 the demands of the market and the realities of the
22 market to then be changing the Reg and granting
23 waivers to it anyway.

24 CHAIRMAN:

25 Well, I think the answer to your

1 question is yes. Any other questions? Ex Officio
2 members? May I have a motion?

3 MR. MOSCATO:

4 Chairman, I move that the Board grant
5 the petition of Wynn, PA as described by the OCC so
6 long as Waddell and Reed's ownership interest remains
7 lower than 20 percent.

8 MR. FAJT:

9 Second.

10 CHAIRMAN:

11 All in favor?

12 ALL SAY AYE

13 CHAIRMAN:

14 Opposed? The motion carries.

15 ATTORNEY SHERMAN:

16 Next presenting Withdrawals and Reports
17 of Recommendations is Deputy Chief Counsel Steve Cook.

18 ATTORNEY COOK:

19 The Board received ten unopposed
20 Petitions to Withdraw or Surrender the applications or
21 credentials of individuals or businesses. The persons
22 or businesses subject to these petitions are as
23 follows. HR Philadelphia Manager, LLC, Moses Tawill,
24 Jack Robert MacIlvain, Kevin Biglin, Elgee-Savar,
25 Inc., Frank Koupiaris, Thomas McEvoy, Melvin Pullen,

1 Jeffrey D. Smith and John Romano. The OEC has
2 reviewed each of these petitions and filed responses
3 indicating that they have no objection to same and if
4 the Board were inclined to grant these Withdrawals or
5 Surrenders, they'd be doing so without prejudice.

6 CHAIRMAN:

7 Questions or comments from the Board?
8 Ex Officio members? May I have a motion?

9 MR. FAJT:

10 Mr. Chairman, I move that the Board
11 issue Orders to approve the Withdrawals and Surrenders
12 as described by the OCC.

13 MR. GINTY:

14 Second.

15 CHAIRMAN:

16 All in favor?

17 ALL SAY AYE

18 CHAIRMAN:

19 Opposed? The motion carries.

20 ATTORNEY COOK:

21 We have one Report and Recommendation
22 before the Board today, which we received in the
23 Office of Hearings and Appeals (OHA). The Report and
24 Recommendation pertains to the Gaming Employee Permit
25 of Mr. Hodder. The report and recommendation along

1 with the evidentiary record for this hearing has been
2 provided to the Board in advance of this meeting.
3 Additionally Mr. Hodder has been notified that the
4 Board was taking up this matter today, and if he is
5 present and would like to address the Board briefly,
6 he can come forward at this time.

7 CHAIRMAN:

8 Is Ryan Hodder in the hearing room? Mr.
9 Hodder, come forward, please.

10 ATTORNEY COOK:

11 Just by way of background while Mr.
12 Hodder comes forward. On August 13th, 2010 the Board
13 issued Mr. Hodder a Gaming Employee Permit after
14 approving him for licensure. Mr. Hodder thereafter
15 commenced working at the Mount Airy Casino and Resort
16 as a table games dealer. After being offered a
17 promotion at Mount Airy Mr. Hodder thereafter
18 submitted an application for a G2, Gaming Level Two,
19 Permit seeking work as a table games dual-rate
20 supervisor, which would allow him to work both as a
21 dealer and at certain times in a supervisory capacity.

22 Mr. Hodder stated on both his Gaming
23 Employee Application and a subsequent G2 Application
24 that he'd been employed by Mohegan Sun in Connecticut
25 as a dual-rate dealer, supervisor, but he left this

1 position for personal reasons. He also indicated on
2 applications that he had never been subject to any
3 disciplinary proceeding and he never been suspended or
4 fired from a prior employment. After conducting an
5 investigation of Mr. Hodder's G2 Application the
6 Bureau of Investigations and Enforcement (BIE)
7 discovered that the Mohegan Tribal Gaming Commission
8 had, in fact, revoked Mr. Hodder's Gaming License in
9 2006 for conducting a scheme to circumvent the
10 facility, the Mohegan Sun facility's tip policy.

11 As a result the OEC moved to revoke Mr.
12 Hodder's Gaming Employee Permit. That's the matter
13 that's before the Board today. Previously the Board
14 had moved --- I'm sorry. OEC had moved to deny his G2
15 Application, which the Board had previously taken up
16 and ultimately adopted the Report and Recommendation
17 denying that application. So the matter before the
18 Board today is revocation of his Gaming Employee
19 Permit, which obviously was a separate license.

20 A hearing on this matter was held on
21 October 23rd, 2012 before the OHA. Both Mr. Hodder
22 and the OEC appeared and offered testimony. The
23 evidence presented by the parties at the October
24 hearing was essentially consistent with that that was
25 heard earlier in the earlier proceeding regarding the

1 G2 Application . That first hearing was held on April
2 12th of 2012. Specifically the evidence put into the
3 record at both hearings was that Mr. Hodder admitted
4 that he ultimately didn't leave his job at Mohegan for
5 personal reasons as he indicated on his application,
6 but, in fact, was terminated from that employment.

7 He also stated that --- at the hearing
8 that he wasn't sure --- wasn't aware that his license
9 was suspended --- or I'm sorry, revoked. He thought
10 that it was only suspended by the Tribal Authority in
11 Connecticut. Notwithstanding the testimony by Mr.
12 Hodder the Hearing Officer after the October 23rd,
13 2012 hearing issued a Report and Recommendation, which
14 is now before the Board and it recommends that Mr.
15 Hodder's Gaming Employee Permit be revoked. As
16 indicated, Mr. Hodder's present.

17 CHAIRMAN:

18 Mr. Hodder, do you want to make any
19 statements to the Board? Yes, you do, sir?

20 MR. HODDER:

21 Yes.

22 CHAIRMAN:

23 All right. Then please stand so we can
24 have you sworn. State your name and spell your last
25 name.

1 MR. HODDER:

2 Ryan Hodder, H-O-D-D-E-R.

3 -----

4 RYAN HODDER, HAVING FIRST BEEN DULY SWORN, TESTIFIED
5 AS FOLLOWS:

6 -----

7 CHAIRMAN:

8 All right. Sit down, sir. All right.

9 What do you have to say?

10 A. I'm here today to appeal the decision that was
11 made to revoke my G1 License due to the fact that at
12 my prior hearings it was concluded that I was
13 untruthful in my original application about the reason
14 I left the casino job in Connecticut. As a result my
15 G2 Gaming License was revoked. I currently still hold
16 a G1 License and work as a full-time dealer for the
17 past two and a half years.

18 I feel that I have already faced disciplinary
19 action for the untruthfulness on the application and
20 believe that I should be given a chance to go forward
21 in my job as a dealer holding a G1 License, which I
22 was originally approved for.

23 CHAIRMAN:

24 Any comment or questions from the OEC?

25 ATTORNEY SACAVAGE:

1 The OEC maintains its position and its
2 enforcement action for the revocation of Mr. Hodder's
3 Gaming Permit. The OEC is of the position that Mr.
4 Hodder is severely lacking the suitability
5 requirements under the Act and his Gaming Permit
6 should be revoked for all the reasons set forth in our
7 enforcement action.

8 CHAIRMAN:

9 Any questions or comments from the
10 Board? Ex Officio members? May I have a motion?

11 MR. GINTY:

12 Yes. Mr. Chairman, I move that the
13 Board adopt the Report and Recommendation of the OHA
14 regarding the Gaming Employee Permit of Ryan Hodder as
15 described by the OEC.

16 CHAIRMAN:

17 Second?

18 MS. KAISER:

19 Second.

20 CHAIRMAN:

21 All in favor.

22 ALL SAY AYE

23 CHAIRMAN:

24 Opposed? The motion carries. All
25 right. Thank you all, ladies and gentlemen. Next

1 will be Susan Hensel our Director of Licensing. Good
2 morning, Susan.

3 ATTORNEY HENSEL:

4 Thank you, Chairman Ryan and members of
5 the Board. Before the Board today will be motions
6 regarding 388 Principal Key Gaming and Non-Gaming
7 Employees and Gaming Service Provider Qualifiers. In
8 addition there will be consideration of 17 Gaming
9 Service Provider Applications. The first matter for
10 your consideration is the approval of Gaming Service
11 Provider qualifications.

12 Prior to this meeting the Bureau of
13 Licensing provided you with a proposed Order for two
14 Gaming Service Provider Qualifiers for Paragon
15 Wholesale Foods Corporation. Paragon is a certified
16 Gaming Service Provider. I ask that the Board
17 consider the Order approving these qualifications.

18 CHAIRMAN:

19 Any comments from Enforcement Counsel?

20 ATTORNEY PITRE:

21 Enforcement Counsel has no objection.

22 CHAIRMAN:

23 Questions or comments from the Board?

24 Ex Officio members? May I have a motion?

25 MS. KAISER:

1 Mr. Chairman, I move that the Board
2 approve the issuance of Gaming Service Provider
3 Qualifications as described by the Bureau of
4 Licensing.

5 MR. MCCALL:

6 Second.

7 CHAIRMAN:

8 All in favor?

9 ALL SAY AYE

10 CHAIRMAN:

11 Opposed? The motion carries.

12 ATTORNEY HENSEL:

13 Next for your consideration are
14 Temporary Principal and Key Employee Licenses. Prior
15 to this meeting the Bureau of Licensing provided to
16 you an Order regarding the issuance of Temporary
17 Licenses for one Principal and 16 Key Employees. I
18 ask that the Board consider the Order approving these
19 licenses.

20 CHAIRMAN:

21 Any comments from Enforcement Counsel?

22 ATTORNEY PITRE:

23 Enforcement Counsel has no objection.

24 CHAIRMAN:

25 Any questions or comments from the

1 Board? Ex Officio members? May I have a motion?

2 MR. MCCALL:

3 Mr. Chairman, I move that the Board
4 approve the issuance of Temporary Principal and Key
5 Employee credentials as described by the Bureau of
6 Licensing.

7 MR. MCNALLY:

8 Second.

9 CHAIRMAN:

10 All in favor?

11 ALL SAY AYE

12 CHAIRMAN:

13 Opposed? The motion carries.

14 ATTORNEY HENSEL:

15 In addition there are Gaming Permits and
16 Non-Gaming Registrations. Prior to this meeting the
17 Bureau of Licensing provided you with an Order and an
18 attached list of 281 individuals to whom the Bureau
19 has granted Temporary or Full Occupation Permits and
20 69 individuals to whom the Bureau has granted
21 registrations under the authority delegated to the
22 Bureau of Licensing. I ask that the Board consider
23 the Order approving these Non-Gaming Registrations and
24 Permits.

25 CHAIRMAN:

1 Any comments from Enforcement Counsel?

2 ATTORNEY PITRE:

3 Enforcement Counsel has no objection.

4 CHAIRMAN:

5 Any questions or comments from the
6 Board? Ex Officio members? May I have a motion?

7 MR. MCNALLY:

8 Mr. Chairman, I move the Board approve
9 the issuance of Gaming Employee Permits and Non-Gaming
10 Employee Registrations as described by the Bureau of
11 Licensing.

12 CHAIRMAN:

13 Second?

14 MR. MOSCATO:

15 Second.

16 CHAIRMAN:

17 All in favor?

18 ALL SAY AYE

19 CHAIRMAN:

20 Opposed? The motion carries.

21 ATTORNEY HENSEL:

22 Also for your consideration are
23 withdrawal requests for Key Employee Gaming and
24 Non-Gaming Employees. In each case the licensed
25 permit or registration is no longer required. For

1 today's meeting I have provided the Board with a list
2 of three Key, 11 Gaming and five Non-Gaming Employee
3 Withdrawals for approval. I ask that the Board
4 consider the Orders approving the list of withdrawals.

5 CHAIRMAN:

6 Any comments from Enforcement Counsel?

7 ATTORNEY PITRE:

8 The Enforcement Counsel has no
9 objection.

10 CHAIRMAN:

11 Any questions or comments from the
12 Board? Ex Officio members? May I have a motion?

13 MR. MOSCATO:

14 Chairman, I move that the Board approve
15 the withdrawals as described by the Bureau of
16 Licensing.

17 MR. FAJT:

18 Second.

19 CHAIRMAN:

20 All in favor?

21 ALL SAY AYE

22 CHAIRMAN:

23 Opposed? The motion carries.

24 ATTORNEY HENSEL:

25 In addition we have an Order to certify

1 the following Gaming Service Providers. Chopstick
2 Asian Cuisine, Inc., Gutherie Glass and Mirror, Inc.,
3 which is a renewal. Knepper Press Corporation, Luen
4 Fong Food and Produce, Inc. and Martik Brothers, Inc.
5 I ask that the Board consider the Order approving
6 these Gaming Service Providers for certification.

7 CHAIRMAN:

8 Any comments from Enforcement Counsel?

9 ATTORNEY PITRE:

10 The Enforcement Counsel has no
11 objection.

12 CHAIRMAN:

13 Any questions or comments from the
14 Board? Ex Officio members? May I have a motion?

15 MR. FAJT:

16 Mr. Chairman, I move that the Board
17 issue an Order to approve the applications of Gaming
18 Service Providers Certification as described by the
19 Bureau of Licensing.

20 MR. GINTY:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 ALL SAY AYE

25 CHAIRMAN:

1 Opposed? The motion carries.

2 ATTORNEY HENSEL:

3 Finally we have an Order regarding
4 Gaming Service Provider Registrations. The Bureau of
5 Licensing provided you with an Order and a list of 12
6 registered Game Service Provider Applicants. I ask
7 that the Board consider the Order registering these
8 Gaming Service Providers.

9 CHAIRMAN:

10 Any comments from Enforcement Counsel?

11 ATTORNEY PITRE:

12 The Enforcement Counsel has no
13 objection.

14 CHAIRMAN:

15 Any questions or comments from the
16 Board? Ex Officio members? May I have a motion?

17 MR. GINTY:

18 Mr. Chairman, I move that the Board
19 issue an Order to approve the applications for Gaming
20 Service Provider Registrations as described by the
21 Bureau of Licensing.

22 CHAIRMAN:

23 Second?

24 MS. KAISER:

25 Second.

1 CHAIRMAN:

2 All in favor?

3 ALL SAY AYE

4 CHAIRMAN:

5 Opposed? The motion carries.

6 ATTORNEY HENSEL:

7 That concludes the matters of the Bureau
8 of Licensing.

9 CHAIRMAN:

10 Thank you, Susan. Next will be the OEC.
11 Cyrus?

12 ATTORNEY PITRE:

13 We have ten matters for the Board's
14 consideration today. Eight of those are Consent
15 Agreements, two of which are involuntary exclusion
16 matters. The first matter before the Board is a
17 Consent Agreement between the OEC and Atlantic City
18 Coin and Slot Services Company. Dustin Miller will
19 present the matter on behalf of the OEC. We were
20 notified that there were no individuals that would be
21 here present on behalf of Atlantic City Coin and Slot,
22 however, they did sign the Consent Agreement and they
23 are in agreement with the terms therein.

24 CHAIRMAN:

25 Thank you. Dustin?

1 ATTORNEY MILLER:

2 Good morning, Chairman and members of
3 the Board. Dustin Miller on behalf of the OEC.
4 M-I-L-L-E-R. On December 12, 2010 Atlantic City Coin
5 and Slot Service Company, Inc. filed an application
6 for renewal of its Manufacturer License. During the
7 course of Atlantic City Coin and Slot's background
8 investigation related to its renewal application, the
9 company violated the Act, the regulations and the
10 company's signed statement of conditions when it
11 failed to submit audited financial statements for the
12 company for 2010, which is also another Consent
13 Agreement with the OEC.

14 Once again in 2012 Atlantic City Coin
15 and Slot failed to timely file its audited financial
16 statements for the company for 2011. Because the
17 audited financials were never filed by Atlantic City
18 Coin and Slot the OEC issued a Notice of
19 Recommendation of Denial letter to the company on
20 January 7, 2013. Subsequently on January 9, 2013
21 Atlantic City Coin and Slot filed petitions with the
22 OHA at Docket Numbers 2990 of 2013 and 2996 of 2013 to
23 withdraw the renewal applications for the company, its
24 Principals and its Key Employees.

25 In its Petition for Withdrawal Atlantic

1 City Coin and Slot cited an insurmountable financial
2 hardship leading to the eminent closing of its
3 business as the reason for the withdrawal request.
4 Atlantic City Coin and Slot further requested its
5 applications be withdrawn without prejudice.
6 Following these filings Enforcement Counsel and
7 Atlantic City Coin and Slot entered into negotiations
8 to resolve the recommendation of denial and the
9 Withdrawal Petitions.

10 On February 14, 2013 the parties entered
11 into this Consent Agreement to resolve all matters.
12 The terms of this agreement include the following
13 provisions. Atlantic City Coin and Slot's application
14 for renewal of its Manufacturer License shall be
15 withdrawn without prejudice upon condition that
16 Atlantic City Coin and Slot may not apply for any type
17 of Gaming License in Pennsylvania for a period of two
18 years.

19 Atlantic City Coin and Slot shall wind
20 down all business with any Pennsylvania casino
21 facility within 60 days of approval of this Consent
22 Agreement unless otherwise extended. Atlantic City
23 Coin and Slot shall not liquidate any debt owed to any
24 Pennsylvania casino facility in any future proceeding
25 and all such debts will be paid within 60 days of the

1 Board's approval of this Consent Agreement unless
2 otherwise extended.

3 The Renewal Application of Atlantic City
4 Coin and Slot Principals and Key Employees shall be
5 withdrawn without prejudice if the other terms of the
6 Consent Agreement are satisfied. The OEC will
7 withdraw its recommendation of denial at the end of
8 the 60-day period and upon satisfaction of the other
9 terms of the Consent Agreement. The 60-day period may
10 be extended up to 120 days after a written request by
11 Atlantic City Coin and Slot for good cause shown.

12 If Atlantic City Coin and Slot has not
13 satisfied its requirements under the Consent Agreement
14 within 120 days after approval of the Consent
15 Agreement by the Board Atlantic City Coin and Slot's
16 right to a hearing is waived and its renewal
17 application shall be denied by the Board and its
18 Principal and Key Employee Applications shall be
19 withdrawn with prejudice.

20 And finally Atlantic City Coin and Slot
21 will pay a \$2,500 fee for costs incurred by OEC, BIE,
22 and Board staff related to this matter, which is
23 consistent with the Board's billing policy. At this
24 time I would ask the Board to entertain a motion to
25 approve this Consent Agreement.

1 CHAIRMAN:

2 Any questions or comments from the
3 Board? Ex Officio members? May I have a motion?

4 MS. KAISER:

5 Mr. Chairman, I move that the Board
6 issue an Order to approve the Consent Agreement
7 between the OEC and Atlantic City Coin and Slot
8 Service Company, Inc. as described by the OEC.

9 MR. MCCALL:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 ALL SAY AYE

14 CHAIRMAN:

15 Opposed? The motion carries.

16 ATTORNEY MILLER:

17 Thank you.

18 CHAIRMAN:

19 Thank you, Dustin.

20 ATTORNEY PITRE:

21 The next matter that we have for the
22 Board's consideration is a Consent Agreement between
23 the OEC and Chester Downs and Marina, LLC. Cassandra
24 Fenstermaker will present the matter on behalf of the
25 OEC. I see Mr. William Downey and Ms. Lynn Hughes are

1 here on behalf of Harrah's Chester.

2 CHAIRMAN:

3 Cassandra, good morning.

4 ATTORNEY FENSTERMAKER:

5 Good morning, Chairman Ryan, members of
6 the Board. I'm Cassandra Fenstermaker,
7 F-E-N-S-T-E-R-M-A-K-E-R, on behalf of the OEC. We
8 have today for the Board's consideration two Consent
9 Agreements between the OEC and Chester Downs and
10 Marina, LLC doing business as Harrah's Philadelphia
11 Casino and Racetrack.

12 The first Consent Agreement is the
13 result of an underage gaming incident. On August 2nd,
14 2012 a 19 year old male named Kenneth Argo entered
15 Harrah's Philadelphia wearing a wristband. And for
16 those of you who aren't familiar with Harrah's
17 procedure for handing out wristbands, the security
18 officers issue them to patrons after they've checked
19 their ID, verified that they're over the age of 21 or
20 21 or older. And then they issue the wristband to
21 ensure that they don't have to be bothered every time
22 they come back and forth in and off of the gaming
23 floor.

24 In this instance Harrah's did not issue
25 the wristband to Mr. Argo. Mr. Argo walked through

1 the main entrance where two security officers were
2 stationed and held his arm out displaying his
3 wristband. The security officer stationed to the
4 right allowed Mr. Argo to proceed onto the gaming
5 floor where he proceeded to play approximately 61
6 hands of Blackjack. The other security officer that
7 was posted at the main entrance recognized Mr. Argo as
8 the same individual who had attempted to enter the
9 gaming floor on a previous occasion using his father's
10 identification.

11 Mr. Argo was located on the gaming floor
12 and was escorted to the security office where he was
13 permanently evicted from Harrah's and was taken into
14 custody. The parties have agreed that within five
15 days of the Board's Order Harrah's Philadelphia shall
16 pay a civil penalty in the amount of \$12,000 and
17 \$2,500 for costs incurred by the OEC, BIE and related
18 staff in connection with this matter.

19 This is Harrah's third fine for underage
20 gaming violations since the renewal of its slots
21 license in 2010 and the OEC asks that the Board
22 approve the Consent Agreement as presented. And as
23 Cyrus stated, we'd be happy to answer any questions
24 along with Harrah's representatives.

25 CHAIRMAN:

1 Any comments from Chester Downs?

2 ATTORNEY DOWNEY:

3 Thank you, Mr. Chairman. Bill Downey on
4 behalf of Harrah's Philadelphia. With me at Counsel
5 table is Lynn Hughes who's the Chief Counsel and Vice
6 President for the region. Mr. Chairman, we would join
7 in the factorial recitation presented by OEC and we're
8 prepared to answer any questions you may have.

9 CHAIRMAN:

10 I have just one. Do we have any idea
11 about this wristband?

12 ATTORNEY DOWNEY:

13 No. Apparently it was, in fact, one of
14 our wristbands and, you know, having some experience
15 on the liquor side of this in other jurisdictions, not
16 an uncommon move to go to the bathroom, switch it with
17 a buddy and you're in. We've presented the wristband
18 issue to the Board before, it does present a little
19 bit of a two-edge sword for us. And we got the wrong
20 end of the sword this time.

21 CHAIRMAN:

22 So this was one of your wristbands?

23 ATTORNEY DOWNEY:

24 Yes.

25 ATTORNEY FENSTERMAKER:

1 If I may. In reviewing the surveillance
2 and conducting our report or investigation it appears
3 as though Kenneth Argo's brother, who was about two
4 years older, came in earlier in the day and obtained a
5 wristband. And then immediately left the property and
6 --- we can only assume. We don't have any conclusive
7 evidence that that's how he obtained it.

8 CHAIRMAN:

9 So we have a thriving market in
10 wristbands somewhere around here; right?

11 ATTORNEY FENSTERMAKER:

12 Apparently.

13 CHAIRMAN:

14 Any questions, comments from the Board?

15 MR. GINTY:

16 That procedure's just asking for
17 trouble; isn't it?

18 ATTORNEY DOWNEY:

19 You can make the argument. Sure. I
20 mean, ---.

21 MR. GINTY:

22 For the very example you gave.

23 ATTORNEY DOWNEY:

24 One of the issues and frankly our
25 implementation of the policy was a result of a

1 discussion we had with the Board in a case where,
2 frankly, then Chairman Fajt clicked off a list of
3 items that we might consider. In fact, I believe we
4 implemented every one of those items. This is one of
5 those items.

6 OFF RECORD DISCUSSION

7 ATTORNEY DOWNEY:

8 We had no problem and it's certainly a
9 policy that is used with great success, but, like I
10 said, there's another edge to the sword here and every
11 once in a while it catches.

12 MR. GINTY:

13 The fact of the matter is if somebody
14 comes in and waves a wristband you don't check IDs?

15 ATTORNEY DOWNEY:

16 All joking aside, the policy is that
17 you're still checking IDs. In fact, you'll note in
18 the settlement we have disciplined the one officer
19 relatively severely who, in fact, confronted him was
20 ---saw the display, but clearly our policy is 30 years
21 or under you get carded. And that didn't happen here,
22 so that's the ---.

23 MR. GINTY:

24 So, the procedure is that you are carded
25 when you come in whether or not you are wearing a

1 wristband?

2 ATTORNEY DOWNEY:

3 Correct.

4 CHAIRMAN:

5 Before Mr. Fajt defends himself, is
6 there any thought being given by Chester Downs to
7 maybe doing away with this policy?

8 ATTORNEY DOWNEY:

9 It's something we would certainly
10 consider if that were a recommendation from the Board.

11 ATTORNEY PITRE:

12 Then he'll blame you, Mr. Chairman.

13 ATTORNEY DOWNEY:

14 Not that it makes any difference.

15 CHAIRMAN:

16 I think Mr. Ginty makes some very good
17 points here. It sounds to me like when you give
18 somebody the band what it does is tell your employees,
19 well, you don't really have to worry about this
20 particular person no matter what your procedures are.
21 Go ahead, Greg.

22 MR. FAJT:

23 Thank you, Mr. Chairman. Mr. Moscato
24 leaned over and said, are you going to defend him and
25 pay part of the fine, too. And I am not. I don't

1 remember what the list was, Mr. Downey, of different
2 things, but I do remember a discussion on this. And I
3 think part of it was, you know, that employees (sic)
4 who come in and are of age and legitimate, have a
5 wristband and, you know, your employees, as well as
6 most of the casino employees, are trained that if you
7 see anybody of suspicious age while they're on a
8 gaming floor you should go and question them.

9 And so I think it became a practical
10 matter of, you know, are you going to bother somebody
11 who's 21, 22, you know, may look 19? Are you going to
12 bother them, you know, five times in the course of an
13 evening to produce their ID? So, again, there are
14 going to be circumstances where, as you said, Mr.
15 Downey, the other end of the sword sticks you, but I
16 still think it's good policy. I think it does make
17 sense even if they have a wristband to look at it. I
18 suspect that --- you know, I've had wristbands on
19 before, you know, walking into different venues.

20 If they're tight enough, it becomes very
21 difficult to slip over your wrist unless you cut it.
22 When you examine the wristband somebody else, you
23 know, comes in, you can obviously tell if it's been
24 taped or not. So, again, just a little tip that I may
25 regret saying that sometime, too. I've been down this

1 road before.

2 CHAIRMAN:

3 One other question is --- this is a toss
4 up question. Is Chester Downs the only one of the 11
5 casinos that has this, ---

6 ATTORNEY PITRE:

7 No.

8 CHAIRMAN:

9 --- to your knowledge?

10 ATTORNEY PITRE:

11 All the casinos employ the wristband
12 policy and to approach it from a serious standpoint,
13 the wristband policy does work when it's done
14 properly. Obviously the security guards at the entry
15 point should have asked for the identification. They
16 didn't. The purpose of the wristband policy is that
17 once an individual is on the floor to keep other
18 employees from bothering a patron constantly as
19 Commissioner Fajt stated. And it does work and it
20 does --- I mean, I've been to ---.

21 I've talked to people in the casino who
22 go to the casinos as patrons and while a lot of them
23 are complaining about having a wristband, they do say
24 that once I have the wristband at least they don't
25 bother me every time I move on the floor for my

1 identification. So it does work to some extent and,
2 like Mr. Downey stated, it is a double edge sword from
3 time to time, but for the most part it is --- it does
4 work. And we're not seeing a very significant problem
5 in underage gaming in the Commonwealth. I can
6 honestly say that, that our problems here are no
7 different than any other jurisdiction, but they are
8 significantly less than other jurisdictions.

9 CHAIRMAN:

10 Although, it certainly is an expensive
11 problem. Any other question or comment from the
12 Board? Ex Officio members? May I have a motion?

13 MR. MCCALL:

14 Mr. Chairman, I move that the Board
15 issue an Order to approve the Consent Agreement
16 between the OEC and Chester Downs and Marina, LLC as
17 described by the OEC.

18 MR. MCNALLY:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL SAY AYE

23 CHAIRMAN:

24 Opposed? The motion carries. Thank
25 you.

1 ATTORNEY FENSTERMAKER:

2 The second Consent Agreement that we
3 have with Harrah's Philadelphia is the result of
4 Harrah's Philadelphia's failure to implement an
5 operational plan within the time specified by the
6 Board. On October 14th, 2011 Harrah's submitted a
7 request to the Board for the approval of Operational
8 Plan 16, which I'll just refer to as Op 16. Op 16,
9 among other things, would result in the creation of
10 two new banks of slot machines, JJ 32 and JJ 33,
11 totaling 18 machines.

12 Op 16 was approved by the Board's
13 Executive Director on November 7th, 2011. Pursuant to
14 the letter all slot machine changes were to be
15 implemented within 60 days of the approval. On
16 December 22nd, 2011 Harrah's was granted approval by
17 all the necessary Bureaus and parties for the games in
18 JJ Banks 32 and 33 to be made available to the public.
19 In April 2012 it was identified by Board personnel
20 that these games were never placed into play. The
21 games were made available to the public for play on or
22 about April 13, 2012.

23 The parties have agreed that within five
24 days of the Board's Order Harrah's shall pay a civil
25 penalty in the amount of \$34,500 in addition to \$2,500

1 in costs incurred by the OEC, BIE and other related
2 staff in connection with this matter. The OEC asks
3 that the Board approve the Consent Agreement as
4 presented today.

5 CHAIRMAN:

6 Mr. Downey?

7 ATTORNEY DOWNEY:

8 Again, Mr. Chairman, we would just join
9 in the recitation of facts and entertain any
10 questions. I do want to --- Commissioner Fajt had
11 nothing to do with this one.

12 CHAIRMAN:

13 It's too late. Any questions or
14 comments from the Board? Ex Officio members? May I
15 have a motion?

16 MR. MCNALLY:

17 Mr. Chairman, I move that the Board
18 issue an Order to approve the Consent Agreement
19 between the OEC and Chester Downs and Marina, LLC as
20 described by the OEC.

21 CHAIRMAN:

22 Second?

23 MR. MOSCATO:

24 Second.

25 CHAIRMAN:

1 All in favor?

2 ALL SAY AYE

3 CHAIRMAN:

4 Opposed? The motion carries. Thank
5 you.

6 ATTORNEY FENSTERMAKER:

7 We have for the Board's consideration
8 today a Consent Agreement between the OEC and Angelo
9 Lutz, Jr. This Consent Agreement is the result of an
10 Exclusion Petition filed by the OEC on September 12th,
11 2012. In his Exclusion Petition the OEC sought the
12 exclusion of Mr. Lutz as a result of his convictions
13 for the following crimes on July 20th, 2001. One
14 count of RICO conspiracy, three counts of
15 racketeering, aiding and abetting, three counts of
16 Hobbs Act extortion, aiding and abetting, two counts
17 of illegal sports bookmaking business, aiding and
18 abetting.

19 Mr. Lutz requested a hearing, however,
20 prior to a full evidentiary hearing being held in this
21 matter the parties entered into this Consent
22 Agreement. The Consent Agreement provides for the
23 placement of Mr. Lutz on the Board's Exclusion List
24 for a minimum period of three years, which has the
25 effect of requiring Mr. Lutz's exclusion from all

1 Commonwealth casinos while his name is on the list.

2 The Consent Agreement also prohibits Mr.
3 Lutz from petitioning the Board for early
4 consideration of his removal from the Board's
5 Exclusion List. The OEC asks that the Board approve
6 the Consent Agreement as presented today.

7 CHAIRMAN:

8 Is anyone here on the other side?

9 ATTORNEY FENSTEMAKER:

10 Not that I'm aware.

11 ATTORNEY PITRE:

12 No. I think they informed us that they
13 would not be attending today.

14 CHAIRMAN:

15 Okay. May I have a motion? I guess I
16 should first ask if there are any questions or comment
17 from the Board? Ex Officio members? May I have a
18 motion?

19 MR. MOSCATO:

20 Mr. Chairman, I move that the Board
21 issue an Order to approve the Consent Agreement
22 between the OEC and Mr. Angelo Lutz as described by
23 the OEC.

24 MR. FAJT:

25 Second.

1 CHAIRMAN:

2 All in favor?

3 ALL SAY AYE

4 CHAIRMAN:

5 Opposed? The motion carries.

6 ATTORNEY FENSTERMAKER:

7 Thank you.

8 CHAIRMAN:

9 Thank you, Cassandra.

10 ATTORNEY PITRE:

11 The fifth matter that we have today for
12 the Board's consideration is a Consent Agreement
13 between the OEC and Sands BethWorks Gaming, LLC. Mr.
14 Mike Roland will present the matter on behalf of the
15 OEC. I see Mr. Kraus and Mr. DeSalvio are here today
16 on behalf of Sands.

17 CHAIRMAN:

18 You may begin.

19 ATTORNEY ROLAND:

20 Mr. Chairman, thank you. Once again,
21 Michael Roland with the OEC. This is the first of two
22 Consent Agreements I'll be presenting to you this
23 morning. This one involves six separate incidents of
24 underage on Sands gaming floor. The first one, on
25 August 12th, 2012 underage patron, Ivan Silva

1 Santiago, age 20, was identified when a floor
2 supervisor noticed that the picture on his
3 identification didn't look like him.

4 Additionally, Mr. Santiago did not know
5 his address and Mr. Santiago eventually admitted that
6 the identification did not belong to him. He also
7 admitted that he was drinking and gaming while on the
8 property. Mr. Santiago was on the gaming floor for
9 approximately one hour and 15 minutes. In that time
10 he gamed at four separate slot machines, one Blackjack
11 table and consumed one alcoholic beverage. The
12 security identification scanner was not used to verify
13 Mr. Santiago's identification when he entered the
14 facility.

15 The second instance took place on August
16 18th, 2012 when an off duty Sands Security Officer,
17 Joseph Harbaugh, came to the casino with an underage
18 female. Samantha Ariel Fly, age 19, utilized a fake
19 Arizona driver's license to gain access to the
20 property. Security requested identification from Ms.
21 Fly, but did not scan it. Ms. Fly left and returned
22 to the gaming floor two additional times.

23 Security again allowed Ms. Fly to enter
24 the gaming floor once without requesting
25 identification at all and once after scanning Ms.

1 Fly's identification. It should be noted that the ID
2 in this situation was apparently an expensive fake
3 because it actually did scan in the scanners at the
4 front door of Sands Casino. During that time Ms. Fly
5 was on the property, she was not observed gaming, but
6 was observed drinking alcoholic beverages.

7 After leaving Sands property Mr.
8 Harbaugh was stopped by the local police department
9 for failing to use his turn signal. Ms. Fly, who was
10 his passenger, provided identification to the officers
11 indicating that she was only 19 years of age. She at
12 that point admitted she had been in Sands Casino and
13 that she was consuming alcohol while on the property.

14 Count three takes place on September the
15 19th, 2012 when Jack Ming Singh (phonetic) was located
16 on the gaming floor and was asked for identification.
17 His identification indicated that he was 20 years of
18 age. Security requested identification from Mr.
19 Singh, but failed to scan it. The identification was
20 returned to Mr. Singh and he was granted access to the
21 gaming floor. Mr. Singh was on the gaming floor for
22 slightly more than 30 minutes. He played slot
23 machines and he consumed one alcoholic beverage.

24 The fourth incident takes place on
25 October 29th, 2012. A father reported to security

1 that his son identified as George P. Lazovitch
2 (phonetic), age 19, gained access to the gaming floor
3 and claimed that he had won approximately \$800. The
4 review of surveillance footage provided that the
5 underage patron was asked for identification by
6 security, however, security let him into the casino
7 once again without scanning the identification. The
8 underage patron gamed at four separate slot machines,
9 was on the gaming floor for approximately one hour and
10 40 minutes. He did not consume any alcoholic
11 beverages.

12 The fifth incident is November the 2nd,
13 2012. Security approached 19 year old Blake Harrison
14 Cramer on the gaming floor and asked him for his
15 identification. Mr. Cramer informed security that he
16 had turned 21 years old in May. Mr. Cramer then
17 provided security with his identification and security
18 noticed that the identification had a different date
19 of birth than which Mr. Cramer had provided. He then
20 stated that he was 22 years of age and finally he
21 admitted that he was only 20 years old, utilized a
22 friend's identification to gain access to the casino.
23 Mr. Cramer was on the floor for over two hours, gamed
24 at multiple slot machines, a single table game, and
25 consumed two alcoholic beverages.

1 The last incidence is on November the
2 17th, 2012 when an underage patron, Justin Ucauchi,
3 (phonetic) was observed at a Craps table. Mr. Ucauchi
4 was stopped and asked for valid identification before
5 gaining access to the floor. Again, security officers
6 reviewed, scanned the identification. Actually, in
7 this case security officers reviewed and scanned the
8 identification, but Mr. Ucauchi had used another
9 individual's valid identification to gain access. Mr.
10 Ucauchi was on the gaming floor for a total of 38
11 minutes. He was served and consumed one unknown
12 beverage. He also engaged in table game play while he
13 was on the casino gaming floor.

14 At this time the OEC requests that the
15 Board approve this Consent Agreement between the
16 parties. The terms of the settlement include that
17 within five days of the Board's Order approving the
18 Consent Agreement Sands shall pay a civil penalty of
19 \$68,000 for the alleged violations described.

20 Also within five days of the Board's
21 Order approving the Consent Agreement Sands shall pay
22 the Board \$2,500 for the costs incurred by OEC, BIE
23 and other related staff in connection with this
24 matter. Further, Sands has agreed that it shall
25 immediately review its policies and controls and

1 provide training and guidance to its employees, which
2 would minimize occurrences like this in the future.
3 If you have any questions, we'd be happy to answer
4 them.

5 CHAIRMAN:

6 Any comments from Sands?

7 ATTORNEY KRAUS:

8 Yes, Mr. Chairman. Fred Kraus. I don't
9 know if the mic is on. Can you hear me?

10 CHAIRMAN:

11 I can hear you pretty well.

12 ATTORNEY KRAUS:

13 Okay.

14 CHAIRMAN:

15 Why don't you just, for the record ---?

16 ATTORNEY KRAUS:

17 Yes. K-R-A-U-S, Fred Kraus, Vice
18 President and General Counsel for Venetian Casino
19 Resort, the parent company of Sands BethWorks Gaming.
20 Here with me is Bob DeSalvio the President of the
21 property. He's going to address the statistics, which
22 I think will corroborate the comments that Cyrus made
23 a few minutes ago about the extent of the efforts that
24 we undertake, the success we have despite these
25 failures to exclude --- excluding and preventing

1 minors from entering our properties is a companywide
2 policy at all the casinos we operate worldwide.

3 In each one of these cases we convened a
4 meeting of all the department heads, addressed each
5 one of the incidents. Noteworthy as to the
6 seriousness in which we take these matters Bob
7 DeSalvio participated in each one of these in this
8 conference call. We had present every applicable
9 department head to review each one of the incidents so
10 that both Bob and I could be satisfied that under the
11 circumstances appropriate discipline was taken and
12 appropriate remedial measures were employed.

13 We're both satisfied that that's taken
14 place. We wish we were --- we didn't have to be here
15 with these mistakes, but these are not problems with
16 the policy. We keep trying to get better at this.
17 Bob will tell you, we exclude and turn away a large,
18 large number of minors who attempt to enter. We
19 always try to approach perfection. We think we've
20 responded appropriately. We would urge the Board to
21 adopt the Consent Agreement in this case.

22 We've also included in the Consent
23 Agreement as to each one of the incidents, the
24 progressive discipline that was imposed in each case.
25 In some of these instances table games personnel

1 picked it up where security personnel missed it. So,
2 anticipating perhaps one of the questions of the
3 Board, we do have the wristband policy. We think that
4 it is an effective deterrent because it focuses minors
5 on the requirement. We have instituted a prior
6 recommendation by the Board that notwithstanding the
7 existence of a wristband, that does not mean that the
8 team members are not obligated to follow the company
9 policy, which is to check everybody who looks under
10 the age of 30.

11 We've adopted the policy worldwide for
12 gaming operations with the idea that we don't ask you
13 to look to make a determination if they look 21. If
14 they look under 30, you should check. We devise that
15 to be over inclusive with the hope that with such a
16 broad net we catch everybody under the age of 21.

17 CHAIRMAN:

18 Okay. Any questions, comments from the
19 Board?

20 MR. MCNALLY:

21 What remedial measures did you take
22 after these instances?

23 ATTORNEY KRAUS:

24 In one case it was termination of
25 Security Officer Harbaugh. It's spelled out in the

1 Consent Agreement. He was the one that brought that
2 underage minor in. That was shocking to us that a
3 security officer, one of whose main function is to
4 prevent the entry of minors would have brought a minor
5 with him that may have caused other security officers
6 who otherwise received progressive discipline to let
7 down their guards, never imagining that a fellow
8 security officer would show up on the gaming floor
9 with an underage person. Bob can articulate that we
10 have a two strike policy where we believe if there's a
11 violation of procedures, once is a personal
12 improvement plan and training, a rededication, a
13 reiteration of our policies. And a second violation
14 of policy results in termination.

15 MR. MCNALLY:

16 Wouldn't those be described as
17 progressive discipline as opposed to a remedy to
18 prevent future occurrences? I thought that when you
19 talked about remedial measures that you had instituted
20 additional actions in addition to the wristband to
21 prevent future occurrences. Is that not what
22 happened?

23 ATTORNEY KRAUS:

24 We reiterate policies. Part of the
25 remedial measures is to reiterate the policies to

1 address firsthand with each one of the department
2 heads for each one of the departments who may have
3 been implicated in an incident in addition to issuing
4 discipline for any actual team member who violated
5 applicable policies. So, we do both.

6 MR. MCNALLY:

7 Okay. Thank you.

8 CHAIRMAN:

9 Any other questions? Ex Officio
10 members? May I have a motion?

11 MR. FAJT:

12 Yes. Mr. Chairman, I move that the
13 Board issue an Order to approve the Consent Agreement
14 between the OEC and Sands BethWorks Gaming, LLC as
15 described by the OEC.

16 MR. GINTY:

17 Second.

18 CHAIRMAN:

19 All in favor?

20 ALL SAY AYE

21 CHAIRMAN:

22 Opposed? The motion carries. Thank
23 you, gentlemen. Counselor?

24 ATTORNEY KRAUS:

25 I'm going to violate a rule that when

1 the matter's over I should sit down, but I would just
2 note for the record that Bob DeSalvio was here to
3 address the statistics. And I don't know if the Board
4 is interested in having these placed as part of the
5 record.

6 CHAIRMAN:

7 I don't think that's necessary given all
8 the testimony we've heard. We certainly appreciate
9 the efforts you've made, Mr. DeSalvio, but I think the
10 Board heard what it had to hear. And given that it's
11 a Consent Decree we're satisfied. We certainly
12 appreciate your attempt --- successful attempt at
13 cooperation. Okay?

14 ATTORNEY KRAUS:

15 Thank you.

16 ATTORNEY ROLAND:

17 The second Consent Agreement, Mr.
18 Chairman, involves Emerson Network Power who was
19 placed on the Board's Prohibited Gaming Service
20 Providers List on October 21st, 2009. The failure to
21 timely address multiple deficiencies with Emerson
22 Network Power's application led to their being placed
23 on the Board's Prohibited Gaming Service Provider's
24 List.

25 On July 5, 2011 Sands made a

1 disbursement to Emerson Network Power for their
2 services in the amount of \$10,982.11 and then on
3 December the 9th, 2011 Sands made a second
4 disbursement to Emerson Network Power for their
5 services in the amount of \$14,235.79. Emerson Network
6 Power was on the Board's Prohibited Gaming Service
7 Provider List at the time of both disbursements.
8 Emerson Network Power as they describe what their
9 services are they say they supply and maintain
10 interruptible power supplies and other data service
11 related equipment services.

12 At this time the OEC requests that the
13 Board approve the Consent Agreement between the
14 parties. The terms of the settlement include that
15 within five days of the Board's Order approving this
16 Consent Agreement Sands shall pay a civil penalty of
17 \$7,500 for the alleged violation described.
18 Additionally within five days of the Board's Order
19 approving this Consent Agreement Sands shall pay the
20 Board \$2,500 for the costs incurred by OEC, BIE and
21 other related staff in connection with this matter.

22 Finally Sands has agreed that it will
23 immediately review its policies and controls and
24 provide additional training and guidance to its
25 employees so this instance doesn't occur again in the

1 future. We're available for any questions if you have
2 them.

3 CHAIRMAN:

4 Okay. Comments from Sands?

5 ATTORNEY KRAUS:

6 Yes, Mr. Chairman, members of the Board.
7 Again, Fred Kraus, K-R-A-U-S, Vice President and
8 General Counsel for Venetian Casino Resort, parent
9 company of Sands BethWorks Gaming. Here with me is
10 Mr. DeSalvio.

11 As in the previous matter, we conducted
12 a --- had a discussion with three different
13 departments of this incident, investigations,
14 purchasing and compliance and one of the things that
15 came out of that discussion was the recognition that
16 the importance of checking when we have the
17 information the names of --- trade names and the names
18 of affiliates of entities that are on the prohibited
19 list. We have a sufficient process in place where
20 that --- where the prohibited list is checked once a
21 week.

22 Every time we get an update to the list
23 it is circulated to each one of the departments. The
24 deficiency here was that the trade name, I believe,
25 was the problem. So we've already conducted what we

1 think are the remedial measures and we urge the Board
2 to adopt the Consent Agreement.

3 CHAIRMAN:

4 Questions or comment from the Board? Ex
5 Officio members? May I have a motion?

6 MR. GINTY:

7 Mr. Chairman, I move that the Board
8 issue an Order to approve the Consent Agreement
9 between the OEC and Sands BethWorks Gaming, LLC as
10 described by the OEC.

11 CHAIRMAN:

12 Second?

13 MS. KAISER:

14 Second.

15 CHAIRMAN:

16 All in favor?

17 ALL SAY AYE

18 CHAIRMAN:

19 Opposed? The motion carries. Thank
20 you, gentlemen.

21 MR. DESALVIO:

22 Thank you very much.

23 ATTORNEY PITRE:

24 The other matter that we have for the
25 Board's consideration is a Consent Agreement between

1 the OEC and Valley Forge Convention Center Partners,
2 L.P. Glen Stuart will present the matter on behalf of
3 the OEC and Kevin Hayes is here on behalf of Valley
4 Forge.

5 ATTORNEY STUART:

6 Thank you, members of the Board,
7 Chairman. Glen Stuart on behalf of OEC. S-T-U-A-R-T.
8 Presently before the Board for its consideration is a
9 Consent Agreement entered into between the OEC and
10 Valley Forge Casino and Resort. Specifically Valley
11 Forge permitted an individual on the Self-exclusion
12 List to obtain a Players Club Card, to wager on its
13 gaming floor and to collect winnings. The self-
14 excluded individual gained access to the gaming floor
15 on 38 occasions between April 2nd, 2012 and October
16 15th, 2012 by obtaining a casino access card as a
17 patron of the Valley Forge amenities. Valley Forge
18 reported this error to Board staff after the
19 self-excluded individual attempted to obtain another
20 Players Club Card and was found to be on the
21 Self-Exclusion List. The Pennsylvania State Police
22 charged the self-excluded individual for trespass on
23 October 15, 2012.

24 The terms of the Consent Agreement
25 require Valley Forge to pay a \$5,000 civil penalty and

1 to remit \$2,500 to the Board for investigation
2 associated with this Consent Agreement. The Consent
3 Agreement is now ripe for the Board's consideration.

4 CHAIRMAN:

5 Any comments from Valley Forge?

6 ATTORNEY HAYES:

7 Mr. Chairman, members of the Board,
8 Enforcement Counsel has correctly stated the facts of
9 this incident and the terms of the Consent Agreement.
10 I would be happy to field any questions you have
11 relative to this matter.

12 CHAIRMAN:

13 Okay. Any questions or comments from
14 the Board?

15 MR. MCNALLY:

16 Yes. Have you done any sort of
17 investigation to find out if any other persons on the
18 excluded list kind of flew under the radar here?

19 ATTORNEY HAYES:

20 With this particular incident what
21 occurred is on our third day of operation, April 2nd,
22 2012, he was issued a card despite the fact that this
23 individual was identified in our system as a
24 self-excluded person. So, it was human error. We've
25 gone back and done multiple searches to confirm that

1 there's no other incidents where a self-excluded
2 person was issued a card.

3 One other thing that we have done, which
4 is address the issue of human error, is we've asked
5 our player account system provider, Bally, to develop
6 specific software which will make it --- which will
7 provide additional alerts and additional safeguards
8 that when our player services people, our table games
9 employees are issuing cards there will be additional
10 notifications and overrides that they would take in
11 order to issue a card to someone who's been identified
12 in our system as a self-excluded or excluded person.

13 MR. MCNALLY:

14 Thank you.

15 MR. GINTY:

16 You mean you're doing that manually now?

17 ATTORNEY HAYES:

18 Manually with respect to what?

19 MR. GINTY:

20 When somebody applies for a gaming card,
21 when you enter it into the computer it won't kick out
22 as an excluded person? You have to take a list
23 and ---?

24 ATTORNEY HAYES:

25 No, no, no. It will automatically give

1 notification that there's a duplicate account and that
2 account is for an excluded person.

3 CHAIRMAN:

4 Anyone else? Ex Officio members? May I
5 have a motion?

6 MS. KAISER:

7 Mr. Chairman, I move that the Board
8 issue an Order to approve the Consent Agreement
9 between the OEC and Valley Forge Convention Center
10 Partners, L.P. as described by the OEC.

11 MR. MCCALL:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 Opposed? The motion carries. Thank
18 you, gentlemen.

19 ATTORNEY HAYES:

20 Thank you, Mr. Chairman.

21 ATTORNEY PITRE:

22 The eighth matter that we have for the
23 Board's consideration today is a Consent Agreement
24 between the OEC and Washington Trotting Association.
25 Deputy Chief Barry Creany will present the matter on

1 behalf of the OEC and Marie Jones is here on behalf of
2 Washington Trotting Association.

3 CHAIRMAN:

4 Ms. Jones, are you an attorney?

5 ATTORNEY JONES:

6 Yes, sir.

7 CHAIRMAN:

8 Okay. Thank you.

9 ATTORNEY CREANY:

10 Good afternoon, Chairman Ryan,
11 Commissioners. My name is Eugene Barry Creany.
12 That's C-R-E-A-N-Y. I'm Deputy Chief Enforcement
13 Counsel here on behalf of OEC. The matter we are
14 presenting for your consideration today arises from a
15 situation involving the Washington Trotting
16 Association Meadows Casino Craps Rules Submission of
17 May 5, 2011 in which the Meadows requested the Board's
18 approval to collect a vigorish at the time the players
19 wager is bet.

20 And the vigorish is the casino's
21 commission on any bet. The rule submission was
22 approved on May 27, 2011, however, the Meadows never
23 implemented the rules as to when that collection would
24 take place. More specifically the Board's regulations
25 require that the casino must obtain approval of the

1 rule submission, which sets forth the details of the
2 options, the payouts, the wagers that the casino will
3 use to conduct the table game.

4 The BIE discovered that the Meadows' May
5 of 2011 approved rule submission indicated that it
6 would collect the five percent vigorish at the time
7 that a player wagers on a buy bet and at the time that
8 the player wagers on a lay bet. The Bureau's
9 investigation further indicated that the Meadows
10 nonetheless continued to collect the five percent
11 vigorish on the amount of wagered on a winning buy bet
12 and on the amount of the payout of a winning lay bet.
13 And this took place from May of 2011 through August
14 27th of 2012 at which time the OEC notified the
15 Meadows to discontinue collecting the Craps vigorish
16 in a manner that did not comply with its approved rule
17 submission.

18 The Meadows immediately ceased
19 collecting any vigorish on the Craps, lay bets and buy
20 bets. That very next day the Meadows filed a rule
21 submission requesting approval to collect the buy and
22 lay bet vigorish in a manner consistent with the way
23 in which it had been conducting the vigorish
24 collection, that is to collect the vigorish only on
25 the winning bets. The Meadows third and current rules

1 submission was approved on August 30, 2012 and the
2 casino resumed the collection of the vigorish on the
3 buy and lay bets.

4 The OEC maintains the manner in which
5 the Meadows conducted its Craps games relative to the
6 buy bets and lay bets amounts to a continuing
7 violation of its internal controls for a period of 15
8 months. The Meadows has agreed to pay a civil penalty
9 of \$30,000 for the alleged regulatory violation and
10 \$2,500 for the costs incurred by the OEC, BIE and
11 related Board staff. In addition the Meadows has
12 agreed to institute policies and controls and provide
13 its employees with training and guidance to reduce the
14 opportunity for the reoccurrence of a similar incident
15 in the future. I would be glad to try to entertain
16 any questions the Board may have.

17 CHAIRMAN:

18 Any comments from Washington Trotting?

19 ATTORNEY JONES:

20 Good afternoon. Just to say we urge you
21 to adopt the Consent Agreement and that at no time was
22 this to the detriment of any patrons. Actually it was
23 to their benefit because we collected on the winning
24 wagers only and not on the bets which was actually
25 what the incorrect rule submission permitted.

1 CHAIRMAN:

2 Okay. Any questions, comments from the
3 Board? Ex Officio members? Can I have a motion?

4 MR. MCCALL:

5 Mr. Chairman, I move that the Board
6 issue an Order to approve the Consent Agreement
7 between the OEC and Washington Trotting Association as
8 described by the OEC.

9 MR. MCNALLY:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 ALL SAY AYE

14 CHAIRMAN:

15 Opposed? The motion carries.

16 ATTORNEY JONES:

17 Thank you.

18 CHAIRMAN:

19 Thank you all.

20 ATTORNEY PITRE:

21 The next matter that we have for the
22 Board's consideration is the placement of Si Jia Liu
23 on the Board's Involuntary Exclusion List. Dustin
24 Miller will present the matter on behalf of OEC. If
25 Mr. Liu is present, I ask that he come forward.

1 CHAIRMAN:

2 Is Si Jia Liu in the hearing room?

3 ATTORNEY MILLER:

4 Good afternoon. The OEC filed a
5 petition to place Mr. Liu on the Exclusion List for
6 cheating while playing three card Poker at Parx Casino
7 on September 10th, 2012. In the September 10, 2012
8 incident Mr. Liu was observed playing two hands of
9 three card Poker simultaneously. On six different
10 occasions Mr. Liu improperly switched cards between
11 the two hands he was playing in order to increase his
12 chance of winning.

13 Mr. Liu was arrested by onsite
14 Pennsylvania State Police for his actions and charged
15 with criminal violations of the Gaming Act. A
16 petition was promptly served upon Mr. Liu to the
17 address listed on the criminal complaint filed against
18 him by both certified and first class mail. Mr. Liu
19 did not respond to the filing in any way. Due to Mr.
20 Liu's failure to respond the averments of the petition
21 are deemed admitted as fact and his right to a hearing
22 has been waived. February 7th of 2013 the OEC filed a
23 request to enter a judgment upon default. The
24 matter's now before the Board to consider the
25 placement of Si Jia Liu on the Board's Excluded

1 Persons List.

2 CHAIRMAN:

3 Any questions or comments from the
4 Board? Ex Officio members? May I have a motion?

5 MR. MCNALLY:

6 Mr. Chairman, I move that the Board
7 issue an Order to approve the addition of Si Jia Liu
8 to the Pennsylvania Gaming Control Board Involuntarily
9 Exclusion List as described by the OEC.

10 CHAIRMAN:

11 Second?

12 MR. MOSCATO:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 ALL SAY AYE

17 CHAIRMAN:

18 Opposed? The motion carries.

19 ATTORNEY MILLER:

20 Thank you.

21 CHAIRMAN:

22 Thank you, Dustin.

23 ATTORNEY PITRE:

24 And the final matter that we have for
25 the Board's consideration is the placement of Mr.

1 Dwayne Small on the PGCB's Involuntary Exclusion List.
2 If Mr. Small is present, I ask that he come forward.
3 Cassandra Fenstermaker will present the matter on
4 behalf of the OEC.

5 CHAIRMAN:

6 Is Dwayne Small in the hearing room? Go
7 ahead.

8 ATTORNEY FENSTERMAKER:

9 Good afternoon. On January 18th, 2013
10 the OEC filed an Exclusion Petition against Dwayne
11 Small. Mr. Small repeatedly attempted to past post
12 wagers while playing Blackjack at Harrah's
13 Philadelphia. The petition was sent to Mr. Small by
14 both first class and certified mail and Mr. Small did
15 not respond to the filing in any way and therefore
16 pursuant to Board regulations all facts alleged in the
17 complaint are deemed admitted. The OEC filed a
18 request for default judgment on February 22, 2013 and
19 at this time requests that Dwayne Small be placed on
20 the Board's Exclusion List.

21 CHAIRMAN:

22 Any questions, comments from the Board?
23 Ex Officio members? May I have a motion?

24 MR. MOSCATO:

25 Yes, Chairman. I move that the Board

1 issue an Order to approve the addition of Dwayne Small
2 to the PGCB Involuntary Exclusion List as described by
3 the OEC.

4 MR. FAJT:

5 Second.

6 CHAIRMAN:

7 All in favor?

8 ALL SAY AYE

9 CHAIRMAN:

10 Opposed? The motion carries.

11 ATTORNEY FENSTERMAKER:

12 Thank you.

13 CHAIRMAN:

14 Thank you, Cassandra. Thank you, Cyrus.

15 Ladies and gentlemen, we next have our public comment
16 period. As I understand it, we do not have anyone who
17 registered to speak today. Is there anyone in the
18 audience wishing to make public comment? Okay. I
19 hear no response. That will then conclude today's
20 meeting. Our next scheduled public meeting will be
21 held on April 3rd in this room. The meeting will
22 begin at 10:00 a.m. Any final comments from the
23 Board? Ex Officios? May I have a motion to adjourn?

24 MR. FAJT:

25 So moved.

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MR. GINTY:

Second.

CHAIRMAN:

The meeting's adjourned. Thank you,
ladies and gentlemen.

* * * * *

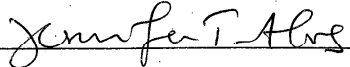
MEETING CONCLUDED AT 12:09 P.M.

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CERTIFICATE

I hereby certify that the foregoing proceedings,
hearing held before Chairman Ryan was reported by me
on 3/13/2013 and that I Jennifer T. Alves read this
transcript and that I attest that this transcript is a
true and accurate record of the proceeding.


Court Reporter