

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

\* \* \* \* \*

PUBLIC MEETING

\* \* \* \* \*

BEFORE: WILLIAM H. RYAN, JR., CHAIRMAN  
Gregory C. Fajt, James B. Ginty, Annmarie  
Kaiser, Keith R. McCall, John J. McNally,  
III, Anthony C. Moscato, Members, Jennifer  
Langan, representing State Treasurer Robert  
M. McCord, Robert Coyne, representing  
Secretary of the Department of Revenue,  
Daniel Meuser, Mathew Meals, representing  
Secretary of Agriculture, George Greig  
HEARING: Wednesday, May 15, 2013, 1:20 p.m.  
LOCATION: Pennsylvania Gaming Control Board  
Strawberry Square Complex  
Second Floor  
Harrisburg, PA 17101

Reporter: Cynthia Piro Simpson

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1                                   A P P E A R A N C E S  
2 OFFICE OF CHIEF COUNSEL  
3           R. DOUGLAS SHERMAN, ESQUIRE  
4           Chief Counsel  
5           ALLISON CASSEL, ESQUIRE  
6           Assistant Chief Counsel  
7           STEVEN S. COOK, ESQUIRE  
8           Deputy Chief Counsel  
9 OFFICE OF ENFORCEMENT COUNSEL  
10          CYRUS PITRE, ESQUIRE  
11          Chief Enforcement Counsel  
12          MELISSA POWERS, ESQUIRE  
13          Assistant Enforcement Counsel  
14          BETH MANIFESTO, ESQUIRE  
15          Assistant Enforcement Counsel  
16          ALEXANDRA SACAVAGE, ESQUIRE  
17          Assistant Enforcement Counsel  
18          JAMES ARMSTRONG, ESQUIRE  
19          Assistant Enforcement Counsel  
20          CASSANDRA FENSTERMAKER, ESQUIRE  
21          Assistant Enforcement Counsel  
22 PA Gaming Control Board  
23 P.O. Box 69060  
24 Harrisburg, PA 17106-9060  
25          Counsel for the Pennsylvania Gaming Control Board

APPEARANCES (cont')

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25

ALAN KOHLER, ESQUIRE

Eckert Seamans

213 Market Street

8th Floor

Harrisburg, PA 17101

Counsel for Downs Racing, L.P.

MICHAEL SKLAR, ESQUIRE

Levin, Staller, Sklar, Chan & Brown, P.A.

3030 Atlantic Avenue

Atlantic City, NJ 08401

Counsel for Holdings Acquisition Company, L.P. and  
Mount Airy #1

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CHAIRMAN:

My name's Bill Ryan. I'm Chairman of the Pennsylvania Gaming Control Board. Before we begin, I would like to ask everyone to please turn off your cell phones, PDAs and other electronic devices. Thank you very much.

With us today is Jennifer Langan --- good morning, Jennifer --- representing State Treasurer, Robert McCord; Bob Coyne, representing Secretary for the Department of Revenue, Dan Meuser; and Matt Meals, representing George Greig, who is the Secretary of Agriculture. Welcome to the three of you. And also, you will notice an empty seat at the end, my far left. That's because Commissioner Tony Moscato unfortunately had to get some surgery last week and couldn't make it down here physically, but Commissioner Moscato is here through the wonders of modern communication. So I'll ask Tony, Tony, can you hear me?

MR. MOSCATO:

I can hear you, Bill.

CHAIRMAN:

Great. Okay. So, a quorum of members

1 being present, I will call today's meeting to order.  
2 First I would ask everyone to stand for the Pledge of  
3 Allegiance.

4 PLEDGE OF ALLEGIANCE RECITED

5 CHAIRMAN:

6 Good afternoon, ladies and gentlemen.  
7 We will now commence our regular meeting. First, an  
8 announcement. The Board held an Executive Session  
9 yesterday, the purpose of which was to discuss  
10 personnel matters and to conduct quasi judicial  
11 deliberations relating to matters being considered by  
12 the Board today.

13 Additionally, just prior to commencing  
14 this meeting, the Board held an Executive Session to  
15 deliberate on the SugarHouse, HSP Gaming and Woodlands  
16 Fayette, LLC petitions, which were the subject of  
17 hearings earlier today.

18 Next, we will have consideration of a  
19 motion to approve the minutes and transcript of the  
20 April 24th meeting. May I have such a motion?

21 MR. MCNALLY:

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

25 CHAIRMAN:

1 Second?

2 MS. KAISER:

3 Second.

4 CHAIRMAN:

5 All in favor?

6 AYES RESPOND

7 CHAIRMAN:

8 Opposed? The motion carries. Next will  
9 be our Human Resources Director, Claire Yantis. Good  
10 afternoon, Claire.

11 MS. YANTIS:

12 Good afternoon, Chairman and members of  
13 the Board. The Office of Human Resources has one  
14 motion for your consideration today relative to the  
15 hiring of two individuals. First, Mr. Brandon Beaver  
16 has been selected by the Bureau of Casino Compliance  
17 Director, Jerry Stoll, for the position of Casino  
18 Compliance Representative at Lady Luck Casino, at  
19 Nemacolin Woodlands Resort. Second, Mr. Andrew  
20 Gutshall has been selected by Director of BIE, Paul  
21 Mauro, for the position of Forensic Accountant in the  
22 Financial Investigations Unit of BIE. Both Mr. Beaver  
23 and Mr. Gutshall have completed the PGCB interview  
24 process, background investigation and drug screening,  
25 and are recommended for hire at this time. Unless you

1 have any questions, I ask that the Board consider a  
2 motion to hire Mr. Beaver and Mr. Gutshall as  
3 indicated.

4 CHAIRMAN:

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

7 MR. GINTY:

8 Mr. Chairman, I move that the Board  
9 approve the applicants, as proposed, on the condition  
10 that they have completed the necessary background  
11 investigations and drug testing.

12 MR. FAJT:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 AYES RESPOND

17 CHAIRMAN:

18 Opposed? The motion carries. Thank  
19 you, Claire. Next, Office of Chief Counsel (OCC),  
20 Doug Sherman. Afternoon, Doug.

21 ATTORNEY SHERMAN:

22 Good afternoon, Chairman, members of the  
23 Board. Our first agenda item relates to a Local Law  
24 Enforcement Grant, which Assistant Chief Counsel  
25 Allison Cassel is here to present.



1                   ATTORNEY CASSEL:

2                   Good afternoon.

3                   CHAIRMAN:

4                   Good afternoon, Allison.

5                   ATTORNEY CASSEL:

6                   I actually have two applicants for Local  
7 Law Enforcement Grants for you today. The first is  
8 the City of Chester Police Department. It is  
9 requesting \$30,500. And second is the West Hazleton  
10 Borough Police Department, requesting \$39,970. Both  
11 of these applications are the initial application.  
12 They've been reviewed. They comply with grant  
13 guidelines, and are recommended for approval.

14                   CHAIRMAN:

15                   Questions or comments from the Board?  
16 Ex-officio members? May I have a motion?

17                   MR. FAJT:

18                   Mr. Chairman, I move that the Board  
19 approve the Local Law Enforcement Grants, as described  
20 by the OCC.

21                   MR. GINTY:

22                   Second.

23                   CHAIRMAN:

24                   All in favor?

25 AYES RESPOND

1                   CHAIRMAN:

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

4                   ATTORNEY SHERMAN:

5                   Today the Board has five petitions on  
6 the agenda. Two of the matters were heard earlier  
7 today in the Board's proceedings, during the public  
8 hearings. The remaining petitions before the Board  
9 will be considered on the documents. In addition,  
10 each of the petitions, the Board has been provided  
11 also the responses of Enforcement Counsel and any  
12 evidentiary materials in the record in order to enable  
13 the Board to act.

14                   The first petition before the Board is  
15 that of SugarHouse, HSP Gaming, L.P., in its Request  
16 for Approval to Modify its May 2009 Approved Plan of  
17 Development. The public input hearing in the matter  
18 was held on May 7th, 2013, and earlier today the  
19 matter was heard by the Board during a public hearing.  
20 If SugarHouse's petition is approved, the OEC has  
21 requested seven conditions be placed on the approval,  
22 all of which SugarHouse's counsel has indicated  
23 concurrence with. With that, the matter is  
24 appropriate for the Board's consideration.

25                   CHAIRMAN:

1 Any questions or comments from the  
2 Board? Ex-officio members? May I have a motion?

3 MR. GINTY:

4 Mr. Chairman, I move that the Board  
5 grant the petition of SugarHouse, HSP Gaming, L.P. to  
6 Modify the Phase 1A Expansion, as described by the OCC  
7 and subject to the conditions requested by the Office  
8 of Enforcement Counsel (OEC).

9 CHAIRMAN:

10 Second?

11 MS. KAISER:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 AYES RESPOND

16 CHAIRMAN:

17 Opposed? The motion carries.

18 ATTORNEY SHERMAN:

19 Next is Woodlands Fayette, LLC's  
20 petition which asks the Board to amend its April 25th,  
21 2013 Order and Adjudication regarding the petition for  
22 controlling access to the gaming floor. Specifically,  
23 as we heard, Woodlands is requesting that the Board  
24 reconsider the portion of that Adjudication and Order  
25 pertaining to the Nemaocolin Experience Membership. In

1 the prior adjudication, the Board denied Nemacolin ---  
2 the Nemacolin Experience Membership without prejudice  
3 due in large part to the failure to provide fair  
4 market value evidence, as required in the statute.

5 Earlier today, the Board heard  
6 additional testimony and took evidence on the proposed  
7 membership, which included testimony of an expert that  
8 the range of fair market value could be between \$0 and  
9 \$45, which Nemacolin suggests \$25 would be the amount  
10 of the membership. As the Board has now received that  
11 additional evidence, the matter is ready for the  
12 Board's consideration.

13 CHAIRMAN:

14 Any questions or comments from the  
15 Board? Ex-officio members? May I have a motion?

16 MS. KAISER:

17 Mr. Chairman, I move that the Board deny  
18 the relief requested by Woodlands Fayette, LLC, as  
19 described by the OCC, at the \$25 annual fee, but  
20 approve the plan at \$45 annually. After one year of  
21 operations, Woodlands Fayette, LLC, shall come back  
22 before the Board, at which time the Board shall  
23 revisit the plan's pricing.

24 CHAIRMAN:

25 Second?

1                   MR. MCCALL:

2                   Second.

3                   CHAIRMAN:

4                   All in favor?

5 AYES RESPOND

6                   CHAIRMAN:

7                   Opposed? The motion carries.

8                   ATTORNEY SHERMAN:

9                   The next petition before the Board today  
10 is Chester Downs and Marina's Petition Seeking  
11 Approval of a Proposed Transfer of Interest in Hamlet  
12 Holdings, LLC. Hamlet Holdings is a principal  
13 affiliate of Caesars Entertainment Corporation, the  
14 parent company of Harrah's Philadelphia. Slightly  
15 over 29 percent of Caesars' stock is publicly traded  
16 on the NASDAQ Stock Exchange. The remaining 70-plus  
17 percent is divided equally between entities controlled  
18 by two private equity companies, TPG and Apollo.

19                   TPG and Apollo thereafter established  
20 Hamlet Holdings and signed the company's irreparable  
21 proxy, vesting all of their interest with respect to  
22 Caesars in Hamlet Holdings. Hamlet, in turn, is a  
23 Delaware limited-liability company controlled by six  
24 individuals, each only in a 16.67 percent interest.  
25 Three of the individuals represent the interests of

1 TPG and three represent Apollo. All of those  
2 individuals are currently licensed by the Board.

3 Presently, Jonathan Coslet wishes to  
4 surrender his interest in Hamlet Holdings and transfer  
5 his 16.67 percent interest equally to the other two  
6 individuals representing TPG's interest in Caesars.  
7 They would be James Coulter and David Bonderman.  
8 Following the transfer, Mr. Coulter and Mr. Bonderman  
9 will each have a 25-percent interest in Hamlet  
10 Holdings, and ultimately, Apollo and TPG will remain  
11 50 percent holders of Hamlet, as they are now, the  
12 difference being one side will go from three  
13 individuals to two.

14 The petition before the Board is  
15 requesting that the Board authorize the transfer of  
16 Jonathan Coslet's interests in Hamlet to David  
17 Bonderman and James Coulter; two, determine that  
18 Jonathan Coslet's no longer a Principal of Harrah's;  
19 and three, allow Mr. Coslet to withdraw his Principal  
20 Renewal Application without prejudice.

21 The OEC has not set forth any objection  
22 to the request, and it would be appropriate for the  
23 Board to consider it at this time.

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 grant the petition of Chester Downs and Marina, LLC,  
5 as described by the OCC.

6 MR. MCNALLY:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 AYES RESPOND

11 CHAIRMAN:

12 Opposed? The motion carries.

13 ATTORNEY SHERMAN:

14 The final petition is that of IOC-PA,  
15 LLC. It's their Petition for an Order Approving a  
16 Shared Services Agreement between the Isle of Capri  
17 Casinos, Incorporated, and IOC-PA.

18 In this matter, the IOC is licensed  
19 by --- IOC-PA is licensed by the Board as the casino  
20 management company for Woodlands Fayette. The Shared  
21 Services Agreement will allow IOC-PA's parent company,  
22 Isle of Capri Casinos, to provide certain services,  
23 including certain accounting, IT, human resources,  
24 legal procurement and payroll services to IOC-PA from  
25 the Isle of Capri corporate headquarters in Missouri.

1           IOC avers in the petition that the  
2 Shared Services Agreement will aid in the efficient  
3 operation of Nemaocolin Woodlands' Lady Luck Casino.  
4 The OEC does not object to the request, provided  
5 approval of the petition be subject to six conditions,  
6 which are outlined in their answer.

7           I'd also note for the record that if the  
8 Board approves the petition, it does not mean that  
9 persons working at Isle of Capri's corporate  
10 headquarters escape licensure, if they otherwise would  
11 need to be licensed. Rather, they will have to submit  
12 applications and be licensed, if they are not already  
13 done --- if they have not already done so. With that  
14 caveat, the matter is ready for decision.

15           CHAIRMAN:

16           Any questions or comments from the  
17 Board? Ex-officio members? May I have a motion?

18           MR. MCNALLY:

19           Mr. Chairman, I move that the Board  
20 grant the petition of IOC-PA, LLC, for a Shared  
21 Service Agreement with the Isle of Capri Casinos,  
22 Inc., as described by the OCC.

23           MR. FAJT:

24           Second.

25           CHAIRMAN:



1 All in favor?

2 AYES RESPOND

3 CHAIRMAN:

4 Opposed? The motion carries.

5 ATTORNEY SHERMAN:

6 Next presenting is Deputy Chief Counsel  
7 Steve Cook, presenting a Petition to Lift an Emergency  
8 Suspension, along with Withdrawals.

9 ATTORNEY COOK:

10 Good afternoon. As Mr. Sherman alluded,  
11 the first petition --- or the remaining petition  
12 before the Board today pertains to Jeffrey Yu's  
13 Petition to Lift the Emergency Suspension of his  
14 Gaming Permit.

15 Mr. Yu was issued a Gaming Permit on  
16 April 7th, 2011, and was employed as a Dealer at ---  
17 Tournament Dealer at Harrah's Chester Casino &  
18 Racetrack.

19 On June 15th, 2011, the Pennsylvania  
20 State Police notified BIE that Mr. Yu was arrested on  
21 several drug-related charges, including one felony  
22 offense and three misdemeanor offenses.

23 As a result of these offenses, the  
24 Executive Director issued an Emergency Suspension  
25 Order on August 8th, 2011. Thereafter, a full

1 evidentiary hearing was held before the Office of  
2 Hearings and Appeals (OHA), a Report and  
3 Recommendation was issued, and on November 11th, 2011  
4 the Board upheld the Emergency Suspension based on the  
5 still pending felony drug charges.

6           Mr. Yu has now filed a petition. In the  
7 petition he avers that his criminal charges against  
8 him have been dropped and, therefore, he requests that  
9 the suspension be lifted and that his Gaming License  
10 be reinstated. The OCC has reviewed the criminal  
11 docket for the City of Philadelphia and determined  
12 that Mr. Yu effectively entered a Drug Treatment  
13 Court, completed a year program through that court,  
14 and it did result in the charges being dismissed.

15           The OEC filed an Answer to Mr. Yu's  
16 petition, recommending that the --- not objecting to  
17 the Emergency Suspension Order being lifted. And now  
18 this matter is before the Board for a decision.

19           CHAIRMAN:

20           Questions or comments from the Board?

21           MR. FAJT:

22           One question, Mr. Chairman, if I might.

23           CHAIRMAN:

24           Go ahead.

25           MR. FAJT:

1                   The quantity of marijuana was what,  
2 Steve?

3                   ATTORNEY COOK:

4                   It was in the ballpark of 700 grams, I  
5 believe. There was also evidence ---.

6                   MR. FAJT:

7                   And if I do my math right, that's about,  
8 give or take, three-and-a-half pounds?

9                   ATTORNEY COOK:

10                  I believe so, yeah.

11                  MR. FAJT:

12                  Okay.

13                  CHAIRMAN:

14                  And the date of the offense was, Steve,  
15 if you remember?

16                  ATTORNEY COOK:

17                  I don't have that information at my  
18 fingertips, but it was in 2011.

19                  CHAIRMAN:

20                  So not that far back?

21                  ATTORNEY COOK:

22                  Summer of 2011.

23                  CHAIRMAN:

24                  Okay.

25                  MR. GINTY:

1                   Where did the incident occur?

2                   ATTORNEY COOK:

3                   Philadelphia, the city.

4                   MR. GINTY:

5                   Where?   Where in Philadelphia; do you  
6 recall?

7                   ATTORNEY COOK:

8                   I'll see if I have that information, but  
9 it might take a moment.

10                  MR. GINTY:

11                  That's fine.   I just --- that's fine.

12                  CHAIRMAN:

13                  Any other questions?   Ex-officio  
14 members?   May I have a motion?

15                  MR. FAJT:

16                  Mr. Chairman, I move that the Board  
17 table the petition of Jeffrey Yu to lift the  
18 Suspension of his Gaming Employee Permit, as described  
19 by the OCC, and that the Board further issue a Rule to  
20 Show Cause upon Mr. Yu as to why the Board should  
21 continue to find him suitable for licensure, given the  
22 facts of the record.   This Rule to Show Cause shall be  
23 heard by the OHA, who shall, thereafter, issue a  
24 Report and Recommendation to the Board.

25                  MR. GINTY:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 AYES RESPOND

5 CHAIRMAN:

6 Opposed? The motion carries.

7 ATTORNEY COOK:

8 Finally, the Board has received three  
9 unopposed petitions to withdraw the applications or  
10 surrender the credentials of the following  
11 individuals, who are licensed as Principals, Sam  
12 Basile, Brian Coy and Katrina Lane. The OEC has no  
13 objection to these Withdrawals or Surrenders. And as  
14 a result, if the Board were to grant same, they'd be  
15 doing so without prejudice.

16 CHAIRMAN:

17 Questions or comments from the Board?

18 Ex-officio members? May I have a motion?

19 MR. GINTY:

20 Mr. Chairman, I move that the Board  
21 issue Orders to approve the Withdrawals or Surrenders,  
22 as described by the OCC.

23 CHAIRMAN:

24 Second?

25 MS. KAISER:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 AYES RESPOND

5 CHAIRMAN:

6 Opposed? The motion carries.

7 ATTORNEY SHERMAN:

8 And that concludes all matters of the  
9 OCC.

10 CHAIRMAN:

11 Thank you both. Next will be Susan  
12 Hensel, our Director of Licensing.

13 MS. HENSEL:

14 Thank you.

15 CHAIRMAN:

16 Good afternoon, Susan.

17 MS. HENSEL:

18 Thank you, Chairman Ryan and members of  
19 the Board. Before the Board today will be motions  
20 regarding one Table Game Manufacturer Renewal License  
21 and 795 Principal, Key, Gaming and Non-Gaming  
22 Employees. In addition, there will be consideration  
23 of 21 Gaming Service Provider Applicants.

24 The first matter for your consideration  
25 is the renewal of a Table Game Manufacturer License

1 for the United States Playing Card Company. The  
2 United States Playing Card Company is a Kentucky-based  
3 subsidiary of the Jarden Corporation, which is a  
4 publicly-traded company. It manufactures several  
5 lines of playing cards, including Bee, Bicycle and  
6 Hoyle. Playing cards are considered table game  
7 devices under the Gaming Act and are required to be  
8 produced by a licensed manufacturer.

9           The BIE has completed its investigation,  
10 and the Bureau of Licensing has provided you with the  
11 Renewal Background Investigation and Suitability  
12 Report. I have also provided you with a draft Order  
13 and ask that the Board consider the renewal of a Table  
14 Game Manufacturer License for the United States  
15 Playing Card Company.

16           CHAIRMAN:

17           Any comments from Enforcement Counsel?

18           ATTORNEY PITRE:

19           We have no objection.

20           CHAIRMAN:

21           Any questions or comments from the  
22 Board? Ex-officio members? May I have a motion?

23           MS. KAISER:

24           Mr. Chairman, I move that the Board  
25 approve the renewal of the United States Playing Cards

1 Company's Table Game Manufacturer License, as  
2 described by the Bureau of Licensing.

3 MR. MCCALL:

4 Second.

5 CHAIRMAN:

6 All in favor?

7 AYES RESPOND

8 CHAIRMAN:

9 Opposed? The motion carries.

10 MS. HENSEL:

11 The next matter for your consideration  
12 is the approval of Principal and Key Employee  
13 Licenses. Prior to this meeting, the Bureau of  
14 Licensing provided you with a proposed Order for three  
15 Principal and four Key Employee Licenses for Slot  
16 Machine Operators and Manufacturer Licensees. I ask  
17 that the Board consider the Order approving these  
18 licenses.

19 CHAIRMAN:

20 Any comments from Enforcement Counsel?

21 ATTORNEY PITRE:

22 We have no objection.

23 CHAIRMAN:

24 Any questions or comments from the  
25 Board? Ex-officio members? May I have a motion?



1                   MR. MCCALL:

2                   Mr. Chairman, I move that the Board  
3 approve the issuance of Principal and Key Employee  
4 Licenses, as described by the Bureau of Licensing.

5                   CHAIRMAN:

6                   Second?

7                   MR. MCNALLY:

8                   Second.

9                   CHAIRMAN:

10                  All in favor?

11                  AYES RESPOND

12                  CHAIRMAN:

13                  Opposed? The motion carries.

14                  MS. HENSEL:

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

22                  CHAIRMAN:

23                  Any comments from Enforcement Counsel?

24                  ATTORNEY PITRE:

25                  Enforcement Counsel has no objection.

1                   CHAIRMAN:

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

4                   MR. MCNALLY:

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

9                   MR. GINTY:

10                  Second.

11                  CHAIRMAN:

12                  All in favor?

13 AYES RESPOND

14                  CHAIRMAN:

15                  Opposed? The motion carries.

16                  MS. HENSEL:

17                  In addition are Gaming Permits and  
18 Non-Gaming Registrations. Prior to this meeting, the  
19 Bureau of Licensing provided you with a list of 631  
20 individuals to whom the Bureau has granted Temporary  
21 or Full Occupation Permits and 120 individuals to whom  
22 the Bureau has granted registrations under the  
23 authority delegated to the Bureau of Licensing. I ask  
24 that the Board consider a motion approving the Order.

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 that the Board  
9 approve the issuance of Gaming Employee Permits and  
10 Non-Gaming Employee Registrations, as described by the  
11 Bureau of Licensing.

12 MR. FAJT:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 AYES RESPOND

17 CHAIRMAN:

18 Opposed? Motion carries.

19 MS. HENSEL:

20 We also have a Recommendation of Denial  
21 for one Non-Gaming Employee Applicant. Prior to this  
22 meeting, the Bureau of Licensing provided you with an  
23 Order addressing Cornelius Thomas Swanson's  
24 application, which the OEC has recommended for denial.  
25 The Applicant failed to request a hearing within the

1 specified time period. I ask that the Board consider  
2 an Order denying Mr. Swanson's Non-Gaming Employee  
3 Application.

4 CHAIRMAN:

5 Any comments from OEC?

6 ATTORNEY PITRE:

7 Enforcement Counsel continues to request  
8 a denial of the application.

9 CHAIRMAN:

10 Any questions or comments from the  
11 Board? Ex-officio members? May I have a motion?

12 MR. FAJT:

13 Mr. Chairman, I move that the Board  
14 approve the denial of Thomas Swanson's Non-Gaming  
15 Employee Application, as described by the Bureau of  
16 Licensing.

17 MR. GINTY:

18 Second.

19 CHAIRMAN:

20 All in favor?

21 AYES RESPOND

22 CHAIRMAN:

23 Opposed? The motion carries.

24 MS. HENSEL:

25 Also for your consideration are the

1 withdrawal requests for Key Employee, Gaming and  
2 Non-Gaming Employee Applicants. In each case the  
3 license, permit or registration is no longer required.  
4 For today's meeting I have provided the Board with a  
5 list of 4 Key Employee, 11 Gaming and 2 Non-Gaming  
6 Employee Applicant withdrawals. I ask that the Board  
7 consider the Order approving this list of withdrawals.

8 CHAIRMAN:

9 Any comment from Enforcement Counsel?

10 ATTORNEY PITRE:

11 Enforcement Counsel has no objection.

12 CHAIRMAN:

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

15 MR. GINTY:

16 Mr. Chairman, I move that the Board  
17 approve the withdrawals, as described by the Bureau of  
18 Licensing.

19 MS. KAISER:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 AYES RESPOND

24 CHAIRMAN:

25 Opposed? The motion carries.

1                   MS. HENSEL:

2                   In addition, we have an Order to certify  
3 the following Gaming Service Providers. The first  
4 four are renewals: Alvin H. Butz, Inc.; Battaglia  
5 Electric, Inc.; Edward Don and Company; Orlando  
6 Diefenderfer Electric Contractors, Inc. All those are  
7 renewals. And then for initial certification, Daniel  
8 Mulhern Entertainment, Inc.; Global Surveillance  
9 Associates, Inc.; S&S Candy & Cigar Company, Inc.;  
10 Sixteenfifty Holding, Inc.; and SVM, L.P. I ask that  
11 the Board consider the Order approving these Gaming  
12 Service Providers for certification.

13                   CHAIRMAN:

14                   Any comments from Enforcement Counsel?

15                   ATTORNEY PITRE:

16                   Enforcement Counsel has no objection.

17                   CHAIRMAN:

18                   Any questions or comments from the  
19 Board? Ex-officio members? May I have a motion?

20                   MS. KAISER:

21                   Mr. Chairman, I move that the Board  
22 issue an Order to approve the Applications for Gaming  
23 Service Provider Certification, as described by the  
24 Bureau of Licensing.

25                   ATTORNEY MCCALL:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 AYES RESPOND

5 CHAIRMAN:

6 Opposed? The motion carries.

7 MS. HENSEL:

8 Finally, we have an Order regarding  
9 Gaming Service Provider Registrations. The Bureau of  
10 Licensing provided you with an Order and an attached  
11 list of 12 Registered Gaming Service Providers. I ask  
12 that the Board consider a motion registering these  
13 Gaming Service Providers.

14 ATTORNEY PITRE:

15 Enforcement Counsel has no objection.

16 CHAIRMAN:

17 Thank you. Any questions or comments  
18 from the Board? None from ex-officio members either.  
19 May I have a motion?

20 MR. MCCALL:

21 Mr. Chairman, I move that the Board  
22 issue an Order to approve the applications for Gaming  
23 Service Provider Registration, as described by the  
24 Bureau of Licensing.

25 MR. MCNALLY:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 AYES RESPOND

5 CHAIRMAN:

6 Opposed? The motion carries.

7 MS. HENSEL:

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

10 CHAIRMAN:

11 Thank you, Susan. Next, OEC. Cyrus?

12 ATTORNEY PITRE:

13 We have 11 matters for the Board's  
14 consideration today, consisting of six Consent  
15 Agreements, four Revocations, and one Involuntary  
16 Exclusion. The first matter presented to the Board  
17 today will be presented by Assistant Enforcement  
18 Counsel, Melissa Powers. I see that the members ---  
19 the representatives of Pocono Downs have approached  
20 the table. And I'd ask Melissa to present the matter.  
21 Would you like Mr. Kohler to introduce himself for the  
22 record before we get started or ---?

23 CHAIRMAN:

24 Yes, please.

25 ATTORNEY KOHLER:



1                   Good afternoon, Chairman and  
2 Commissioners. My name is Alan Kohler, K-O-H-L-E-R,  
3 with Eckert Seamans, representing Downs Racing,  
4 Mohegan Sun at Pocono Downs. And I have with me this  
5 afternoon Mr. Joseph Melody, who's in-house legal  
6 counsel at MSPD.

7                   CHAIRMAN:

8                   Okay. Enforcement Counsel, you can  
9 begin.

10                  ATTORNEY POWERS:

11                  Thank you, Chairman Ryan, members of the  
12 Board. That's Melissa Powers, P-O-W-E-R-S. The first  
13 Consent Agreement that we have today between the OEC  
14 and Downs Racing relates to an incident that occurred  
15 on June 27th, 2011, wherein certain financial  
16 documentation was mistakenly shredded. This included  
17 table and slot drop forms, food and beverage credit  
18 card receipts, comp receipts, main bank documents, and  
19 ticket redemption unit bank documents. The  
20 Pennsylvania Department of Revenue discovered this  
21 during a routine audit, that these documents for  
22 specific dates had been mistakenly shredded, and it  
23 was the Department of Revenue that notified the Board  
24 staff.

25                  The parties have agreed that within five

1 days of the Board's Order, Downs Racing shall pay a  
2 civil penalty in the amount of \$25,000. The parties  
3 have also agreed that Downs Racing shall pay \$2,500  
4 for the costs incurred by OEC and other staff in  
5 connection with this matter. At this time, the OEC  
6 recommends that the Board approve the Consent  
7 Agreement as presented.

8 CHAIRMAN:

9 Mr. Kohler, any response to that?

10 ATTORNEY KOHLER:

11 I think that was a fair description of  
12 the matter. And we also support approval of the  
13 Consent Agreement.

14 CHAIRMAN:

15 Questions, comments from the Board?

16 MR. GINTY:

17 Melissa, was this self reported?

18 ATTORNEY POWERS:

19 No, it was not self reported. It was  
20 the Department of Revenue that notified the Board  
21 staff.

22 CHAIRMAN:

23 If I can ask, does that bother any ---  
24 does that bother you, Cyrus, that this was not self  
25 reported?

1                   ATTORNEY PITRE:

2                   Yes, it does. It bothers me it wasn't  
3 self reported. It bothers me that there were  
4 financial records. I don't know if they were able to  
5 recreate any of those records. That's something that  
6 I know that was attempted. I don't know if that was  
7 possible. So, yes, it does bother me.

8                   CHAIRMAN:

9                   Question? Go ahead, John.

10                  MR. MCNALLY:

11                  When did Downs first learn that these  
12 records had been shredded?

13                  ATTORNEY MELODY:

14                  I believe when the Department of Revenue  
15 notified us.

16                  ATTORNEY KOHLER:

17                  No. What actually happened was the  
18 shredding of documents takes place in a completely  
19 different structure, not the casino structure. It is  
20 run by persons who are not part of the gaming  
21 operation, if you will. And the shredding company was  
22 called to come and shred documents. The person that  
23 was supposed to be at the facility was at the  
24 facility. The shredding company came in and the  
25 supervisor was called away on some sort of matter, and

1 you know, had directed that certain documents be  
2 shredded. Apparently there was some sort of mix-up in  
3 which. And when --- shortly thereafter, it wasn't a  
4 very long period of time, when the supervisor returned  
5 he immediately discovered that the wrong documents  
6 were being shredded.

7           As to self reporting, we have no excuse.  
8 The only thing I would say is this was not an area of  
9 the operation that's normally subject to compliance  
10 issues, normally subject to PGCB oversight. There  
11 should have been self reporting regardless, and there  
12 wasn't, but I would just note that.

13           MR. MCCALL:

14           I want to follow up on that. Well, what  
15 were those documents doing there? If you say you  
16 moved these documents offsite and it's at a remote  
17 location, how the heck did those documents get to that  
18 location then if they weren't to be shredded?

19           ATTORNEY KOHLER:

20           The best I can do --- I mean, I have an  
21 internal report from the company. We've talked about  
22 it. I've never been to that building. Maybe Mr.  
23 Melody has. He can describe it for you.

24           ATTORNEY MELODY:

25           It is a separate building on property

1 that was used before we opened Phase 2 of Mohegan Sun  
2 as offices. And once we opened up Phase 2 of our  
3 casino, that was closed and it was used as a  
4 warehouse, a storage room for our records. It's on  
5 property but a separate building. And they're  
6 transferred from the revenue audit office by truck  
7 over to this building.

8 MR. MCCALL:

9 So, it's not records that would  
10 simply --- or was not housed for simply shredding  
11 material. There were documents that are housed there  
12 that are part of the normal course of the operations?

13 ATTORNEY MELODY:

14 Correct. And currently, we now place  
15 these documents in rooms that are locked and are only  
16 available when a member of the Audit Department is  
17 there with the key to enter into it.

18 ATTORNEY KOHLER:

19 My understanding is it's sort of like,  
20 in terms of my office or your offices, the archives,  
21 and then, you know, some --- you know, if you don't  
22 clear out the archives of what you can get rid of, you  
23 run out of space. And this was, you know, part of  
24 that normal administration if something went wrong.

25 MR. MCCALL:

1                   Was Revenue --- not to put you on the  
2 spot, Bob, was Revenue able to replicate these records  
3 through their audit procedure? Do we know what was  
4 shredded?

5                   MR. COYNE:

6                   As far as I know, they were not.

7                   MR. MCCALL:

8                   They were not.

9                   ATTORNEY KOHLER:

10                  Ms. Powers, prior to today's public  
11 meeting, asked me, you know, whether the records can  
12 be replicated. And I have on my e-mail an answer to  
13 every single type of document that was shredded, but  
14 to make --- and I can go through that if you want.  
15 But to make a long story short, most of the documents,  
16 the data stored, they could be replicated. There's a  
17 few that cannot. There's also a category that could  
18 be replicated but not with the signatures on them.  
19 Otherwise, the document itself could be --- that was  
20 executed could be replicated, but obviously, without  
21 being resigned, it wouldn't have --- you know, there's  
22 no pdf, if you will, of the document. It's just the  
23 data stored.

24                  In some cases --- we haven't had any  
25 requests from Revenue in this regard one way or

1 another, but in some cases we actually have replicated  
2 the documents for our own internal needs.

3 MR. MCCALL:

4 And have we, Cyrus, as far as any of our  
5 investigators, gone in to verify what was shredded, if  
6 they have that ability to replicate, to make sure  
7 that, you know, the Commonwealth is whole with what  
8 may have been destroyed?

9 ATTORNEY PITRE:

10 I can say that I don't think it was  
11 anything nefarious. I think it was just --- I'm not  
12 going to say a --- well, yeah, I am going to say it, a  
13 dumb mistake. The supervisor left and somebody  
14 shredded some documents by mistake. Thankfully, DOR,  
15 in their normal course of business doing their audit,  
16 discovered this. No, we have not looked in to see ---  
17 look at the documents that they have replicated. That  
18 would be something that I would suspect that it would  
19 be more appropriate for DOR. And if they need any  
20 assistance in that regard, we'd be happy to assist  
21 them. But I can't definitively say that the  
22 Commonwealth didn't miss anything, but I doubt it. I  
23 doubt it. DOR does a pretty good job of keeping track  
24 of every dime that comes through there, so we  
25 haven't --- we don't think that the Commonwealth is

1 missing anything.

2 ATTORNEY KOHLER:

3 And you know, as far as tax payments to  
4 the Commonwealth, that's generally tracked by the  
5 central control, by the computer, not by our  
6 paperwork. There is a lot of paper that's generated  
7 at the casino just for recordkeeping purposes. I want  
8 to say that this was fairly routine stuff, and it was  
9 for all --- because of the way it's stored, all  
10 for --- all during, you know, the month of  
11 February --- all relating to the month of February in  
12 the year 2011.

13 MR. MCCALL:

14 I'm fine.

15 MR. GINTY:

16 I have a couple of questions meant  
17 to --- and Alan, you raised it. You know, dumb things  
18 happen, but at least I'm concerned by the failure to  
19 self report. You know, we are dependent on the  
20 casinos and the good faith of the casinos in self  
21 reporting instances. Was the manager that was  
22 overseeing the shredding of these documents, when he  
23 found out that --- what had happened, did he report it  
24 to his supervisors?

25 ATTORNEY KOHLER:



1           It's not on this particular report, but  
2 my --- that I brought with me, but my recollection was  
3 it was reported to a supervisor but never got, if you  
4 will, to the real gaming part of the operation because  
5 the chain of command, if you will, from where they  
6 archive and shred documents, you know, didn't take it  
7 there.

8           Listen, we're embarrassed by the fact  
9 that it wasn't self reported, too. I know, you know,  
10 we're going to make sure that, you know, any --- you  
11 know, that that doesn't happen again.

12           The other thing I'd say is I think if  
13 you look at, you know, the history of Mohegan, you're  
14 going to see we've been very good at self reporting.  
15 We self report everything. Unfortunately, in this one  
16 there was, you know, two errors, one, the fact that it  
17 occurred, and two, that we didn't --- that, for  
18 whatever reason, it wasn't self reported.

19           CHAIRMAN:

20           Any other questions? Greg?

21           MR. FAJT:

22           Thank you, Mr. Chairman. One quick  
23 question. Cyrus, I assume our fine in this matter  
24 reflects the fact that they did not self report?

25           ATTORNEY PITRE:

1                   That's the biggest part of it, the fact  
2 that they didn't self report. There were records that  
3 are day to day in the running of a casino. Like I  
4 said, DOR does a really good job of keeping track down  
5 to the penny. We have people present in the count  
6 room for every daily count for the table games portion  
7 of it, so we know what was in the count room. These  
8 are just your run-of-the-day maybe drop slips and  
9 table slips.

10                   MR. FAJT:

11                   But what I'm saying is that if --- they  
12 would have self reported, you know, maybe this is a  
13 fine less than what we're imposing. In other words,  
14 did you take into account when you made the agreement  
15 with Mohegan on the fine the fact that they did not  
16 self report and, therefore, increase the fine because  
17 of that?

18                   ATTORNEY PITRE:

19                   I'm going to --- to be quite honest with  
20 you, had they self reported it, we probably would have  
21 knocked it down to a compliance conference.

22                   MR. FAJT:

23                   Okay. Thank you.

24                   CHAIRMAN:

25                   Anything else? Tony?

1                   MR. MOSCATO:

2                   Nothing, Bill.

3                   CHAIRMAN:

4                   Bob?

5                   MR. COYNE:

6                   Were these --- you said that these ---  
7 all this information that was shredded was with  
8 regard --- was reported through the central computer  
9 system?

10                  ATTORNEY KOHLER:

11                  No. What I was pointing out to  
12 Commissioner McCall was --- I think he --- or at least  
13 I understood his concern to be that possibly the ---  
14 you know, was there any risk that the Commonwealth was  
15 out some tax dollars because of the shredding of this  
16 paperwork. And my response was, no, because that's  
17 not --- that's tracked by the central control  
18 computer, not by the casino's paperwork at all.

19                  You know, the other thing I'd point out  
20 is that this --- the situation occurred on June 27th  
21 of 2011, and it related to, again, what I want to call  
22 relatively routine paperwork in February. So,  
23 obviously, you know --- don't get me wrong, we had a  
24 continuing obligation to retain the records, but I  
25 think the relevance of the information and this

1 paperwork, you know, it's fair to say declined in  
2 importance as time passed.

3 ATTORNEY PITRE:

4 If anything, it would have been the  
5 table games portion of the tax that would have  
6 been ---.

7 MR. COYNE:

8 That's what my question ---

9 ATTORNEY PITRE:

10 Exactly.

11 MR. COYNE:

12 --- goes off to because, unbeknownst to  
13 you, when we do audits, we double check to make sure  
14 that we're doing it correctly. So I think the  
15 characterization of these records, Mr. Chairman, is a  
16 little bit higher than that. So, we do check those  
17 records when we do our audits.

18 MR. FAJT:

19 And again, just to follow up on that,  
20 you know, there are other incidental income items,  
21 too. I mean, you have bar receipts, you have food  
22 receipts, all of which go to the corporate net income  
23 line. So, I mean, I don't think it's an accurate  
24 characterization to say that there is no tax impact.  
25 I mean, I get the slot machine piece, but the table

1 games piece and the net income piece on the ancillary  
2 receipts is also important.

3 ATTORNEY KOHLER:

4 Fair enough. I mean, I don't ---. My  
5 understanding is there's no tax impact because, you  
6 know, the data's retained. I mean, we don't have the  
7 actual document that we're required to retain, but I  
8 know on, for example, food and beverage, the documents  
9 that related to food and beverage receipts, we  
10 have --- that data is in the system. We just don't  
11 have the piece of paper that we're required to retain  
12 to reflect that.

13 CHAIRMAN:

14 Any other questions? Jennifer?

15 MS. LANGAN:

16 I have one for, I don't know, Alan or  
17 Cyrus. I'm assuming that Mohegan instituted policies  
18 and procedures since this occurred in 2011 to make  
19 sure that, A, it doesn't happen again, or B, when it  
20 does happen, these people who are not part of the  
21 gaming operation know who they have to report to?

22 ATTORNEY MELODY:

23 Yes. Two things I mentioned. Now these  
24 documents are kept in separate rooms from other stored  
25 documents, and they're locked. Secondly, when they're

1 transported by our Facilities Department from the  
2 Audit Department in a truck, an Audit Department  
3 representative accompanies them so that they're placed  
4 in the right room and locked to help safeguard that.

5 CHAIRMAN:

6 Okay. May I have a motion?

7 MR. MCNALLY:

8 Mr. Chairman, I move that the Board  
9 issue an Order to deny the Consent Agreement between  
10 the OEC and Downs Racing, L.P., as described by the  
11 OEC.

12 CHAIRMAN:

13 Second?

14 MR. MCCALL:

15 Second.

16 CHAIRMAN:

17 All in favor?

18 AYES RESPOND

19 CHAIRMAN:

20 Opposed? The motion carries.

21 ATTORNEY POWERS:

22 The next matter that the OEC has for you  
23 today is another Consent Agreement with Downs Racing  
24 relating to an incident involving six slot machines.  
25 On August 1st, 2012, the Board's Bureau of Gaming

1 Laboratory Operations generated a list of 50 slot  
2 machines on the gaming floor at Downs Racing and  
3 conducted a routine review to compare the software and  
4 information as contained on the Gaming Floor Slot  
5 Machine Master List. The Gaming Lab discovered six  
6 slot machines with settings that differed from that on  
7 the Master List. Records show that the firmwares on  
8 these six machines were updated on June 20th, 2011,  
9 and contained these discrepancies until discovered by  
10 the lab on August 2nd, 2012. Downs Racing corrected  
11 the slot machines on August 2nd, 2012.

12 The parties have agreed that within five  
13 days of the Board's Order Downs Racing shall pay a  
14 civil penalty in the amount of \$90,000. The parties  
15 have also agreed that Downs Racing shall pay \$2,500  
16 for the costs incurred by OEC and other staff in  
17 connection with this matter. At this time, the OEC  
18 recommends that the Board approve this Consent  
19 Agreement as presented.

20 CHAIRMAN:

21 Sir?

22 ATTORNEY KOHLER:

23 And we would join in that request.

24 CHAIRMAN:

25 Any questions, comments from the Board?

1                   MR. GINTY:

2                   Cyrus or Melissa, are you comfortable  
3 that the public was not harmed by this matter?

4                   ATTORNEY PITRE:

5                   When you say the public was not harmed?  
6 Obviously, I mean, we brought a violation forward, so  
7 we think there was some type of harm, because it was  
8 not in accordance with the --- the settings were not  
9 in accordance with the settings that were presented on  
10 the Master List.

11                   MR. GINTY:

12                   Are you comfortable that the payouts  
13 exceeded the statutory requirement --- met or exceeded  
14 the statutory requirement?

15                   ATTORNEY PITRE:

16                   We discussed that and with Mr. Cruz  
17 also. I think his response was that there was the  
18 potential that it might go under, but we couldn't  
19 prove that one way or the other. So that's basically  
20 all we have to rely upon is that the settings were not  
21 set according to the Master List settings.

22                   MR. GINTY:

23                   Do you want to answer that?

24                   ATTORNEY KOHLER:

25                   Our records show that the actual payouts



1 were above the statutory requirement, so this was, in  
2 reality, a theoretical problem related to the wording  
3 of the regulation.

4 ATTORNEY PITRE:

5 And Mr. Cruz is here, if you'd like to  
6 hear from him. I think his response was that there's  
7 a potential. Did it happen? I don't know.

8 MR. GINTY:

9 Now, when you say you have records that  
10 those machines, in fact, ---

11 ATTORNEY KOHLER:

12 Yes.

13 MR. GINTY:

14 --- did not ---? Have you shared those  
15 with OEC at all?

16 ATTORNEY KOHLER:

17 We had a settlement conference with OEC,  
18 and we discussed --- I believe we discussed all these  
19 types of things.

20 ATTORNEY PITRE:

21 We had a lengthy discussion and one that  
22 involved our regulation that I think needs to be  
23 tweaked. And Mr. Cruz agreed to tweak that regulation  
24 so that the industry is aware of what he's looking at.

25 CHAIRMAN:

1                   Bottom line, though, Cyrus, is at this  
2 point we're not sure of the answer to that question  
3 right now; right?

4                   ATTORNEY PITRE:

5                   I don't think you can ---.

6                   CHAIRMAN:

7                   You're not anyway?

8                   ATTORNEY PITRE:

9                   Well, I don't think that we can prove it  
10 one way or the other.

11                  CHAIRMAN:

12                  Except Mr. Kohler's indicated ---.

13                  ATTORNEY PITRE:

14                  I mean, he can give us a sheet ---. I'd  
15 like Mr. Cruz to come up and speak to that because Mr.  
16 Cruz can explain what the sheet shows, but I mean, Mr.  
17 Kohler showed us a sheet and basically where it ---  
18 nothing came below that theoretical payout. I can't  
19 attest to that.

20                  CHAIRMAN:

21                  All right.

22                  ATTORNEY PITRE:

23                  But as far as, you know, anything else,  
24 the potential of that happening, that's why it's  
25 basically --- with regard to the settings that

1 differed from those on the Master List.

2 CHAIRMAN:

3 Tony, do you have any questions?

4 MR. MOSCATO:

5 I do not.

6 CHAIRMAN:

7 Ex-officio members? May I have a  
8 motion?

9 MS. KAISER:

10 Sure. Mr. Chairman, I move that the  
11 Board issue an Order to table this matter until such  
12 time as there is a hearing or stipulation of facts  
13 regarding the fiscal impact of this violation.

14 MR. FAJT:

15 Second.

16 CHAIRMAN:

17 All in favor?

18 AYES RESPOND

19 CHAIRMAN:

20 Opposed? Motion carries. Thank you,  
21 gentlemen.

22 ATTORNEY PITRE:

23 The next matter we have for the Board's  
24 consideration is a motion to consider a Consent  
25 Agreement between the OEC and Holdings Acquisition

1 Company, L.P. Mr. Michael Sklar is here on behalf of  
2 Holdings Acquisition. I see he has Ms. Gilchrist with  
3 him. Beth Manifesto, Assistant Enforcement Counsel,  
4 will present the matter for the Board's consideration.

5 ATTORNEY MANIFESTO:

6 Good afternoon. Beth Manifesto,  
7 M-A-N-I-F-E-S-T-O. Good afternoon, Chairman, members  
8 of the Board. I have three Consent Agreements to  
9 present to the Board, as negotiated between the OEC  
10 and Rivers Casino.

11 The first agreement involves a violation  
12 of Section 501(a)(3) and 501(a)(4) of the regulations,  
13 which state a casino must establish procedures and  
14 ensure the employees are educated regarding the  
15 procedures so as to prevent a person on the  
16 Self-Exclusion List from receiving any promotional  
17 casino offer and ensure any entity acting as an agent  
18 of the slot licensee does not send a self-excluded  
19 individual a promotional mailing.

20 In this incident, Heeter Direct was  
21 employed by Rivers Casino to print and distribute a  
22 promotional offer of \$150 in free slot play, table  
23 match play or dining credit. Heeter purchased a list  
24 of names and addresses from Global Cash Access and  
25 failed to properly crosscheck this list with the names

1 of those on the Self-Exclusion List. This resulted in  
2 93 promotional mailings being sent to people on the  
3 PGCB Self-Exclusion List on October 24th of last year.  
4 Two days later, Heeter sent a letter apologizing to  
5 these individuals.

6 Heeter stated the violation was the  
7 result of incorrectly-set computer parameters for the  
8 comparison of lists obtained from Global Cash Access  
9 to those on the Self-Exclusion List. I believe it was  
10 the parameters set for the name comparisons were off.

11 Due to the violation, one complaint was  
12 received by the Bureau of Casino Compliance from a  
13 relative of a self-excluded person who was able to get  
14 the mail, and we don't believe that the self-excluded  
15 person actually got the promotional offer. This,  
16 however, was how the Bureau of Casino Compliance  
17 initially learned of this violation. Additionally,  
18 one self-excluded individual came to the casino to  
19 redeem the offer. This person was then charged by the  
20 Pennsylvania State Police with summary trespass, and  
21 she had to, of course, go through the legal  
22 proceedings and, after a hearing, was found not  
23 guilty.

24 The Consent Agreement offered for the  
25 Board's approval assesses a civil penalty of \$30,000

1 and an administrative fee of \$2,500 against Rivers  
2 Casino.

3 CHAIRMAN:

4 Mr. Sklar?

5 ATTORNEY SKLAR:

6 The facts that Ms. Manifesto just set  
7 forth are accurate. The only thing I'll say is,  
8 following this incident, Rivers is no longer going to  
9 purchase mailing lists from third parties. So, any  
10 promotional mailers or anything is all going to be  
11 handled with their database, in house. Rivers'  
12 employees are going to be responsible for bumping the  
13 mailers against the Self-Exclusion and Exclusion  
14 Lists. So, essentially Rivers is taking everything  
15 internally. They're not --- they're going to no  
16 longer rely on any third party going forward.

17 CHAIRMAN:

18 And as I understand it, Rivers did  
19 supply the list to the vendor here?

20 ATTORNEY SKLAR:

21 No.

22 CHAIRMAN:

23 Or at least --- tell me.

24 ATTORNEY SKLAR:

25 I'll let --- Rhonda would probably

1 be ---.

2 CHAIRMAN:

3 Is this a fact witness?

4 ATTORNEY SKLAR:

5 Rhonda Gilchrist, she's the Vice  
6 President of Compliance.

7 CHAIRMAN:

8 Attorney?

9 ATTORNEY SKLAR:

10 No.

11 CHAIRMAN:

12 I'll have to have you sworn, ma'am.

13 -----

14 RHONDA GILCHRIST, HAVING FIRST BEEN DULY SWORN,  
15 TESTIFIED AS FOLLOWS:

16 -----

17 MS. GILCHRIST:

18 So, the process is actually the Rivers  
19 never takes control of the list. So, the list was  
20 gotten by Heeter, and Rivers provided the data to bump  
21 the list. So, we did our part by giving the list to  
22 bump against the third-party list. That's the process  
23 that broke down.

24 ATTORNEY SKLAR:

25 The unique part of this is the mailing

1 company who purchased the list, part of the deal was  
2 that that list could never come to Rivers. It must be  
3 kept confidential from Rivers. Rivers provided the  
4 Self-Exclusion List to the mailing company. They were  
5 supposed to do the crosschecking. They made a  
6 mistake, as Ms. Manifesto said, with the parameters,  
7 their search. So, certain people on that Self-  
8 Excluded List fell through, and they received the  
9 mailers.

10 CHAIRMAN:

11 I understand.

12 ATTORNEY PITRE:

13 Where Rivers is at fault is because the  
14 mailing --- with regard to the Self-Exclusion List,  
15 that is something particular directed to the control  
16 of the licensed facilities under the Act, under  
17 1516(b) of the Act. Our regulations allow the casinos  
18 to use their employees and an agent. And the agent  
19 just steps into the shoes of Rivers. They're not a  
20 third party. They're basically Rivers, acting in its  
21 behalf, as it relates to the Self-Exclusion List. So,  
22 when Heeter failed to compare that list or remove the  
23 names on that list that were on the Self-Exclusion  
24 List, they were acting as Rivers, because they are an  
25 agent of Rivers. They're not a vendor, in the common



1 sense of the word. They are an agent. The regulation  
2 only says that an agent of. And when you're an agent,  
3 you step into the shoes of the licensee. So, that's  
4 why we're holding Rivers responsible. I assume that  
5 Rivers is going to hold Heeter responsible, and  
6 everything will roll downhill. But that's the reason  
7 why we went after Rivers and not Heeter in this  
8 regard.

9 CHAIRMAN:

10 So Rivers' liability, Cyrus, would be  
11 considered vicarious here?

12 ATTORNEY PITRE:

13 Exactly.

14 CHAIRMAN:

15 Okay. Any other questions? Greg?

16 MR. FAJT:

17 It's my motion. But before I make a  
18 motion, I just want to say that, you know, we talked  
19 about this, obviously, as a Board, and you know, we  
20 often times try to look at degrees of culpability in  
21 this. And in this case, you know, we put some  
22 difference or some degree of culpability on Heeter as  
23 opposed to Rivers. I understand your point about, you  
24 know, stepping into the shoes of the agent, and we all  
25 get that, but ---.

1                   ATTORNEY PITRE:

2                   I just want to caution the Board, if you  
3 find that Rivers is less culpable because they  
4 utilized --- because Heeter is more culpable, you're  
5 setting a distinction that, you know, the rest of the  
6 casinos, they're going to start using these  
7 third-party companies and say, hey, it was them, not  
8 me. So, I just ---.

9                   MR. FAJT:

10                  I understand.

11                  ATTORNEY PITRE:

12                  And it's one thing if you want to lower  
13 the fine because you think it's too high or raise the  
14 fine because you think it's too low, but I caution the  
15 Board not to set a distinction with regard to  
16 culpability in this instance.

17                  MR. FAJT:

18                  Fair enough. And point well taken.  
19 Thank you.

20                  CHAIRMAN:

21                  Okay. Any other questions? May I have  
22 a motion?

23                  MR. FAJT:

24                  Yes. Mr. Chairman, I move that the  
25 Board issue an Order to reject the Consent Agreement

1 between the OEC and Holdings Acquisition Co., L.P., as  
2 described by the OEC if the amount of civil penalty is  
3 \$30,000 but to accept the Consent Agreement if an oral  
4 agreement or motion is made to reduce the civil  
5 penalty to \$10,000.

6 CHAIRMAN:

7 Second?

8 MR. GINTY:

9 Second.

10 CHAIRMAN:

11 Gentlemen?

12 ATTORNEY SKLAR:

13 We would certainly agree to a \$10,000  
14 fine.

15 ATTORNEY PITRE:

16 To quote Commissioner Ginty, I think you  
17 guys are being soft, but I will make that motion.

18 CHAIRMAN:

19 Thank you, Cyrus.

20 MR. FAJT:

21 All right. Then I will go back and I'll  
22 rephrase my motion just so it's clear on the record.  
23 Mr. Chairman, I move that the Board issue an Order to  
24 accept the amended Consent Agreement, reducing the  
25 fine to \$10,000. And thereafter, the agreement was

1 agreed to by the OEC and Holdings Acquisition Co.,  
2 L.P., as described by the OEC.

3 MR. GINTY:

4 Second.

5 CHAIRMAN:

6 All in favor?

7 AYES RESPOND

8 CHAIRMAN:

9 Opposed? The motion carries.

10 ATTORNEY MANIFESTO:

11 The next Consent involves the improper  
12 handling of table inventory slips by Rivers employees.  
13 On October 19th of last year, an account room employee  
14 was given a note that requested an inventory slip be  
15 pulled from Table Box 503 when it was opened in the  
16 count room. Once pulled, the slip was to be returned  
17 to the pit clerk. The request was made at the behest  
18 of the table games shift manager.

19 During the count, a Casino Compliance  
20 Representative, along with the Rivers Internal  
21 Auditing Manager and the Staff Auditor, were made  
22 aware of this request. Rivers conducted an internal  
23 investigation, which revealed that this had been an  
24 ongoing occurrence during the 4:00 a.m. to 12:00 p.m.  
25 shift since the inception of table games. All

1 employees stated the count room manager and the table  
2 games shift manager had cooperated together to permit  
3 this activity.

4                   It was determined the slips were pulled  
5 to fix dealer errors, such as an incorrect date or  
6 table number or a missing signature and also to avoid  
7 having to fill out an error notification slip and  
8 administrative and/or disciplinary action by the  
9 casino. No evidence was found to suggest such  
10 violations occurred during other shifts or that  
11 revenue was underreported or theft was involved. The  
12 information reported to the PGCB by Rivers was  
13 independently verified through a miscellaneous  
14 investigation that was conducted by the BIE.

15                   The pulling of table inventory slips was  
16 a violation of Regulation 465a.37(f) and (g), which  
17 requires any discrepancy in the actual count and the  
18 amount recorded be immediately reported to the pit  
19 manager or above surveillance and the Bureau of Casino  
20 Compliance. Additionally, a new inventory slip and an  
21 error notification slip were to be given to the Bureau  
22 of Casino Compliance.

23                   Rivers terminated the count room manager  
24 and the table games shift manager. They also issued  
25 Performance Improvement Notices to two count room

1 employees, a table games assistant shift manager, as  
2 well as a drop team employee.

3 The agreement proposed to the Board  
4 includes a civil penalty of \$50,000 and an  
5 administrative fee of \$2,500 to be assessed against  
6 Rivers Casino.

7 CHAIRMAN:

8 Okay. Mr. Sklar?

9 ATTORNEY SKLAR:

10 Just a couple things. Clearly, there  
11 was wrongdoing on the part of these Rivers employees.  
12 And as Ms. Manifesto said, the two most senior people  
13 involved were terminated, one from the Table Games  
14 Department and one from the Count Room Department.  
15 But I think it's important to note --- because I  
16 didn't really understand the subtly of this. And  
17 again, I'm not making any excuses. There's clearly  
18 wrongdoing here and the employees did not follow  
19 proper procedure.

20 The inventory --- the table inventory  
21 slips that we're talking about are not end-of-day  
22 inventory slips. So, the end-of-day inventory slips  
23 are the ones that the Finance Department uses in the  
24 reconciliation with money. So, clearly, there was no  
25 impact, there was no misappropriation of money. No

1 one was trying to doctor these inventory slips to try  
2 to steal money. And so, the slips --- the importance  
3 of the slips that are in question are never used by  
4 the Finance Department, by internal audit, to do any  
5 kind of reconciliation whatsoever. The slips don't  
6 have any kind of serial control numbers on them.  
7 They're just, we're supposed to do it, let's file  
8 these slips and keep track of them. And again, no  
9 excuse. They should not have been changed, locked  
10 out. So, I just want to make sure everyone's clear,  
11 there is absolutely no question that there is --- with  
12 misappropriation of money or finance or anything like  
13 that.

14 MS. LANGAN:

15 What do these slips do?

16 MR. FAJT:

17 Yeah. I mean, right. If they're  
18 worthless, why do you do it?

19 MS. GILCHRIST:

20 Actually, the regulations require that  
21 when the rack is closed, that there's an inventory  
22 slip. So, it's a three-part form at Rivers. The  
23 white would drop into the box after you complete it.  
24 The yellow would stay at the table. And the pink is  
25 the one that's retained by the Table Games Department.

1 It's the pink that lets them know, oh, wow, that's  
2 wrong. That's how they realized which slip they  
3 needed from what table, at what time, because there  
4 was something that was not correct on it when they  
5 re-reviewed the information.

6           So, then the process repeats itself.  
7 When you open a table, you have another slip. And  
8 depending on the activity on the casino floor, how  
9 many times the table opened and closed in any given  
10 day would indicate how many pieces of paper, if you  
11 will, are in that box. At Rivers, the end-of-day  
12 reporting, there's actually an end-of-shift reporting  
13 that the pit manager does. But there's an end-of-day  
14 reporting, and that's what is used for the revenue  
15 reporting. There was never anything --- the  
16 electronic fills and credits, no other paperwork was  
17 disturbed, which is other paperwork that would be in  
18 that box.

19                   MR. FAJT:

20           So, let me put it in my terms. If the  
21 end-of-day report or end-of-shift report is out of  
22 whack, it doesn't reconcile, these closing and opening  
23 of the tables will allow you to determine which pit  
24 manager, which table manager, which dealer, was  
25 responsible for that unreconciled item?



1                   MS. GILCHRIST:

2                   Correct.

3                   MR. FAJT:

4                   Okay.

5                   ATTORNEY PITRE:

6                   That's pretty good, Commissioner Fajt.

7                   That's good.

8                   CHAIRMAN:

9                   Anything else, Greg?

10                  MR. FAJT:

11                  No, that's it. Thank you.

12                  CHAIRMAN:

13                  Anyone else? Tony?

14                  MR. MOSCATO:

15                  No, sir.

16                  CHAIRMAN:

17                  May I have a motion?

18                  MR. GINTY:

19                  Mr. Chairman, I move that the Board  
20                  issue an Order to adopt the Consent Agreement between  
21                  the OEC and Holdings Acquisition Company, L.P., as  
22                  described by the OEC.

23                  MS. KAISER:

24                  Second.

25                  CHAIRMAN:

1 All in favor?

2 AYES RESPOND

3 CHAIRMAN:

4 Opposed? Motion carries.

5 ATTORNEY MANIFESTO:

6 The last Consent Agreement involves the  
7 violation of PGCB regulations pertaining to the proper  
8 use and monitoring of an automatic shuffler in the  
9 games of both blackjack and poker, as well as the  
10 inspection of card decks prior to usage.

11 The first incident this Consent  
12 addresses occurred October 28th of 2012, when a review  
13 of surveillance footage showed an automatic shuffler  
14 began displaying a red light error signal at blackjack  
15 table LL-216 at about 6:39 p.m. This continued until  
16 the table was closed on October 29th. The error  
17 message was ignored by the dealer multiple times, and  
18 the deck was used in table play without being manually  
19 verified by the dealer or an employee in a supervisory  
20 capacity, which caused a violation of 633a.14(1).

21 On January 19th of 2013, the Bureau of  
22 Casino Compliance was informed a deck of cards had  
23 caused the automatic shuffler at Poker Table 630 to  
24 display a red light message. Despite the cautionary  
25 light display, the deck was utilized during four hands

1 of poker play. When a new dealer came to the table,  
2 they observed the error light and alerted the  
3 supervisor. The cards were then manually checked, and  
4 it was found an extra Jack of Diamonds was present. A  
5 review of the surveillance footage also showed that  
6 when the dealer initially spread the deck of cards for  
7 verification, you could see the extra Jack at that  
8 time was present in the deck. This caused a violation  
9 of 637a.4 as well as 637a.7.

10                   Lastly, March 6th of 2013, at 10:27 in  
11 the morning, the shuffler on Blackjack Table 217  
12 displayed a red indicator light. Roughly 15 minutes  
13 later, the dealer read the error message that the  
14 shuffler displayed and then proceeded to remove the  
15 deck and utilize it in table play. At 11:04 the deck  
16 was placed back into the shuffler, which red lighted  
17 again, and a pit boss was then contacted regarding  
18 this error message. The incident was discovered  
19 through a review of surveillance tape after Rivers  
20 reported that a Jack of Hearts had been found in a  
21 discarded deck box in the pit garbage can.

22                   All violations were self reported by  
23 Rivers or discovered based upon information that they  
24 disclosed to the Bureau of Casino Compliance.

25                   To address these violations, the parties

1 involved request the Board approve a civil penalty in  
2 the amount of \$20,000, as well as administrative costs  
3 in the amount of \$2,500.

4           It should be noted that Rivers has  
5 purchased four deck-checker machines from Shuffle  
6 Master in an attempt to help with this situation. And  
7 I believe they are now roughly checking a sample size  
8 of ten percent of the decks coming off of the floor.  
9 That may have increased by now.

10           MS. GILCHRIST:

11           It's increased.

12           ATTORNEY MANIFESTO:

13           And perhaps Rhonda can speak to you  
14 about that. They have also increased the number of  
15 full-time pit managers from --- I believe it was 5.  
16 It is now 16. And they have made the pit manager  
17 responsible for the handling of shuffler red-lighting  
18 issues.

19           CHAIRMAN:

20           Mr. Sklar?

21           ATTORNEY SKLAR:

22           Just a couple points. The red light  
23 error messages that come on are --- it's not  
24 infrequent. It's not an uncommon occurrence.  
25 Ninety-five (95) plus percent of the time the red

1 light comes on because there's a bent card or a worn  
2 card. So, a red light on a shuffler, in and of  
3 itself, is not something where alarm bells go off.  
4 It's a common occurrence that happens. In these  
5 incidents, clearly the team members involved did not  
6 follow proper procedure. They know what the proper  
7 procedures are and, for whatever reason, they just  
8 didn't follow them. Each of the individuals involved  
9 was disciplined, including --- up to one individual  
10 was terminated.

11 Ms. Manifesto mentioned the deck  
12 checkers. It comes at a significant cost. They're  
13 leased from Shuffle Master. You can't purchase them.  
14 The four of them are being leased right now. It's  
15 \$2,400 a month, \$36,000 annually to lease these deck  
16 checkers, which --- so, if the red light comes on it,  
17 it's not a --- one of these routine things with a bent  
18 card. Prior to having these deck checkers, it would  
19 be a manual count of the deck. And you know, that's  
20 --- could be subject to someone messing up on a manual  
21 count. So, I think these deck checkers is going to  
22 help and go a long way toward avoiding these kinds of  
23 incidents in the future.

24 And the other thing that has occurred  
25 since then, and Ms. Manifesto alluded to it, is any

1 time there's a red light that comes on, a dealer can  
2 no longer clear the shuffler and use the deck. They  
3 have to call a supervisor over, and a supervisor is  
4 the only one, at this point, who is able to clear a  
5 red light and authorize the deck to be put back into  
6 play. Is there anything else you want to add?

7 MS. GILCHRIST:

8 Other than the fact that, you know, with  
9 the retraining and elevating it, it's actually the pit  
10 manager. Beth was correct. It's actually a pit  
11 manager that is getting involved in the validation of  
12 the cards.

13 The only other matter that did come to  
14 our attention through this was information from U.S.  
15 Playing Cards with respect to, as the incidents  
16 increased, the one thing that they believe was a  
17 contributing factor was the low humidity in Pittsburgh  
18 at the time was giving us an inordinate amount of  
19 warped cards, if you will.

20 It seems to have cleared up. The red  
21 lights are less these days. The awareness is great  
22 these days. I think we're headed in the right  
23 direction.

24 CHAIRMAN:

25 Beth, any response?

1                   ATTORNEY PITRE:

2                   We haven't seen any other violations of  
3 this sort since they made those changes.

4                   CHAIRMAN:

5                   Questions, comments, from the Board?

6                   MR. FAJT:

7                   Yes.

8                   CHAIRMAN:

9                   Greg?

10                  MR. FAJT:

11                  Mr. Chairman, thank you. I'm bothered  
12 by this. And I'll tell you why I'm bothered. This  
13 goes to the integrity of gaming. If you're dealing  
14 cards with an extra Jack, if you're dealing cards that  
15 are bent, maybe somebody bent it. Maybe they're  
16 playing games with other people on the table and that  
17 bent card means something to them. The duty of this  
18 Board is to protect the integrity of gaming. And the  
19 fact that, on repeated occasions, somebody would just,  
20 you know, ignore the red light causes me great  
21 concern. I'm pleased that these employees were  
22 disciplined, including one that was terminated. I'm  
23 pleased that you self reported it. But I am very  
24 bothered by the fact that this cuts to the core of  
25 what this Board is supposed to do, and that is protect

1 the integrity of gaming and that --- we have  
2 procedures in our regulations. We have procedures for  
3 the casinos for a reason, and they're to be followed.  
4 And I understand that some of them get very mundane  
5 and that, you know, if you're a dealer and you have  
6 procedures you have to follow every day, you get tired  
7 of that and --- but procedures are there for a reason  
8 and they're to be followed. And I am very troubled by  
9 this violation more so than just about any of the  
10 other ones I've heard today.

11 ATTORNEY SKLAR:

12 Just let me --- Rivers' management  
13 shares your concern. They --- and agree with you, the  
14 seriousness involved in these incidents. That being  
15 said, the --- there are internal controls in place at  
16 Rivers and there's training that the dealers are  
17 required to go through. They know what they're  
18 supposed to do. There is --- you know, and none of  
19 these ---. And again, I'm not making excuses.  
20 There's clearly --- team members did not follow proper  
21 procedures.

22 None of these incidents were a --- you  
23 know, a senior management said, oh, don't worry about  
24 it, turning a blind eye. There was discipline.  
25 Remedial measures were taken. So, while I share and



1 Rivers' management certainly shares your concerns,  
2 Rivers I think has done and is doing everything in its  
3 power to make sure that this does not happen again.  
4 It's not acceptable behavior as far as Rivers'  
5 management's concerned.

6 ATTORNEY PITRE:

7 Is the Board concerned enough that maybe  
8 this Consent Agreement would be rejected, but maybe  
9 Mr. Sklar would like to give me the extra \$20,000 he  
10 got on Heeter?

11 CHAIRMAN:

12 Well, I guess we should do this  
13 according to procedure. May I have a motion?

14 MS. KAISER:

15 Mr. Chairman, I move that the Board  
16 issue an Order to reject the Consent Agreement between  
17 the OEC and Holdings Acquisition Company, L.P., as  
18 described by the OEC.

19 CHAIRMAN:

20 Second?

21 MR. MCCALL:

22 Second.

23 CHAIRMAN:

24 All in favor?

25 AYES RESPOND

1                   CHAIRMAN:

2                   Opposed? The motion carries.

3                   ATTORNEY PITRE:

4                   Would the Board be willing to consider a  
5 motion if we jumped the fine to \$40,000?

6                   CHAIRMAN:

7                   Well, we don't want to involve ourselves  
8 in negotiations here.

9                   ATTORNEY PITRE:

10                  No. Mr. Sklar, do you agree to a fine  
11 of \$40,000?

12                  ATTORNEY SKLAR:

13                  I think that would be fine.

14                  ATTORNEY PITRE:

15                  And would that have a --- make this  
16 easier for the Board to approve or --- considering the  
17 changes that Rivers has made in employing the pit  
18 bosses.

19                  CHAIRMAN:

20                  Any discussion from the Board?

21                  MR. MCCALL:

22                  Just, again, you know, it does go to the  
23 integrity of the game. And I guess what's troubling  
24 is to understand the procedure. Because if you get a  
25 red light --- it seems to me that if you get a red

1 light, you have to follow the procedure and change  
2 that deck out regardless if it's a bent card, an extra  
3 card or whatever the --- whatever the problem may be,  
4 it seems to me if you get the red light you get to  
5 stop that game and find out what the root problem of  
6 that red light is, not to just override it and say  
7 continue dealing the deck. And I think that's what  
8 we've heard, is that, you know, it was --- the pit  
9 boss stepped in and just said continue to deal the  
10 game. And I think that's what's troubling to us, is  
11 that the integrity of the game could be compromised by  
12 just ignoring that light. It's very serious, in our  
13 opinion, if you get a red light that says something's  
14 wrong with that deck, to just ignore that red light.  
15 So, maybe if you give us a better understanding on  
16 what that standard operating procedure is ---. I  
17 mean, do the pit bosses have that kind of authority to  
18 just walk over just because he thinks it's not a  
19 problem or it is a bent card or whatever it may be to  
20 continue dealing the game? I understand the  
21 convenience of the customers. You know, when you're  
22 sitting at that table, you want the game to move  
23 along, but again, I think what Chairman --- what  
24 Commissioner Fajt has said is that this really goes to  
25 the integrity of the game. We have to be concerned

1 about that.

2 ATTORNEY PITRE:

3 Well, I can't --- and I agree with you  
4 100 percent. One of the biggest things we were  
5 concerned about was getting them into compliance.  
6 They made the necessary changes requested. They're  
7 employing more pit bosses. They purchased the deck  
8 checkers. So, we hope that this will alleviate that  
9 problem, that we won't see this again. We took that  
10 into consideration when we were going through this,  
11 bringing them into compliance being the main goal,  
12 because it was happening so often, quicker than we  
13 could figure out what was going on. So, now that we  
14 feel that we've gotten them into compliance, we're now  
15 presenting that to the Board. I don't know how much  
16 money they've spent employing new people. And he's  
17 mentioned the deck checkers that they bought. We took  
18 all that into consideration, but --- and they can  
19 speak to any of that.

20 MR. MCCALL:

21 I'm fine. I'm satisfied.

22 CHAIRMAN:

23 One ---. Excuse me. I'm sorry.

24 MR. MCCALL:

25 I'm satisfied.

1                   CHAIRMAN:

2                   Can we have a motion from a member of  
3 the Board?

4                   MS. KAISER:

5                   Sure. Mr. Chairman, I move that the  
6 Board issue an Order to adopt the amended Consent  
7 Agreement, which increased the penalty to \$40,000,  
8 between the OEC and Holdings Acquisition Company,  
9 L.P., as described by the OEC.

10                  MR. MCCALL:

11                  Second.

12                  CHAIRMAN:

13                  All in favor?

14 AYES RESPOND

15                  CHAIRMAN:

16                  Opposed? The motion carries. Thank you  
17 all very much. Well, Mr. Sklar, you had \$20,000 for a  
18 couple minutes anyway.

19                  ATTORNEY PITRE:

20                  The next Consent Agreement that we have  
21 for the Board's consideration is a Consent Agreement  
22 between Mount Airy and the OEC. Mr. Sklar is here on  
23 behalf of Mount Airy. Alexandra Sacavage will present  
24 the matter on behalf of the OEC.

25                  ATTORNEY SACAVAGE:

1                   Alexandra Sacavage, S-A-C-A-V-A-G-E.  
2   Good afternoon, Chairman Ryan, members of the Board.  
3   We have today for your consideration a Consent  
4   Agreement between the OEC and Mount Airy, #1, LLC,  
5   Mount Airy Casino.

6                   This agreement involves a December 19th,  
7   2012 incident where an individual on the statewide  
8   Self-Exclusion List contacted Mount Airy by telephone  
9   to inquire as to whether she remained on the PGCB  
10   statewide Self-Exclusion List. According to her, an  
11   employee at Mount Airy informed her that she was not.  
12   So, that afternoon, the individual entered Mount Airy  
13   and approached the Player's Club Desk to request a  
14   Player's Club Card. A Player's Club Attendant  
15   informed her that her name did appear on the statewide  
16   Self-Exclusion List and denied her request. Security  
17   was then requested and they responded. Security  
18   informed the Player's Club Attendant that the  
19   individual was no longer on the statewide  
20   Self-Exclusion List, and she was then provided a  
21   Player's Club Card. The individual entered the gaming  
22   floor, sat at a table, and proceeded to wager on  
23   blackjack. She gave her Player's Club Card to the pit  
24   manager, who informed her that she was listed on the  
25   statewide Self-Exclusion List, and he terminated her

1 play. Security was again requested and responded.  
2 Security again informed the pit manager that the  
3 individual was not on the statewide Self-Exclusion  
4 List and she was permitted to play. However, the pit  
5 manager remained concerned and requested that the  
6 individual contact the PGCB to determine her status.

7 PGCB determined the individual placed  
8 herself on the statewide Self-Exclusion List for a  
9 lifetime on September 25th, 2010, and at no point had  
10 formally requested removal, nor had she been removed  
11 by any other means.

12 An investigation revealed that security  
13 relied on a separate Master Self-Exclusion Removal  
14 List than all the other departments and that  
15 Security's list was erroneously updated to list the  
16 individual as removed.

17 Security no longer relies on this  
18 separate list, and all departments now rely on the  
19 same computerized master list, with limited access and  
20 ability to edit or change.

21 The parties have agreed that Mount Airy  
22 shall pay a civil penalty in the amount of \$5,000 for  
23 this incident, as well as \$2,500 in fees and  
24 investigation expenses. If approved, this will be the  
25 first fine for Mount Airy pertaining to self-exclusion

1 violations since their renewal. The OEC asks that the  
2 Board approve this Consent Agreement, as presented,  
3 and we'd be happy to answer any questions you may  
4 have.

5 CHAIRMAN:

6 Mr. Sklar?

7 ATTORNEY SKLAR:

8 Just briefly. I think Mount Airy ---  
9 for whatever reason, I don't know why security was  
10 relying on the hardcopy notebooks as opposed to the  
11 computer. But as Ms. Sacavage said, the notebooks are  
12 no longer being used. Everything is going to be  
13 verified on the computer. So, I don't think this will  
14 happen again.

15 CHAIRMAN:

16 Questions, comments from the Board?  
17 Ex-officio members? May I have a motion?

18 MR. MOSCATO:

19 Bill? Can I ask a question?

20 CHAIRMAN:

21 I'm sorry, Tony. I apologize.

22 MR. MOSCATO:

23 That's okay. Was the individual on the  
24 Self-Exclusion List --- I was under the impression she  
25 had put herself on for one year, and I thought I heard



1 lifetime.

2 ATTORNEY PITRE:

3 Our records indicate lifetime.

4 MR. MOSCATO:

5 Okay. Thank you.

6 CHAIRMAN:

7 Okay. May I have a motion?

8 MR. MCCALL:

9 Mr. Chairman, I move the Board issue an  
10 Order to adopt the Consent Agreement between the OEC  
11 and Mount Airy #1, as described by the OEC.

12 MR. MCNALLY:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 AYES RESPOND

17 CHAIRMAN:

18 Opposed? The motion carries.

19 ATTORNEY SACAVAGE:

20 Thank you.

21 CHAIRMAN:

22 Thank you, Mr. Sklar.

23 ATTORNEY PITRE:

24 Next for the Board's consideration is  
25 the revocation of Ms. Rachel Kozloff's Non-Gaming

1 Employee Registration. Assistant Enforcement Counsel  
2 Cassandra Fenstermaker will present the matter for the  
3 Board's consideration. Oh, I skipped one. I'm sorry.

4 CHAIRMAN:

5 Uh-huh (yes).

6 ATTORNEY PITRE:

7 That would be the revocation of Nathan  
8 S. Humphrey. My apologies. And that matter will be  
9 presented by Assistant Enforcement Counsel Jim  
10 Armstrong. Long day.

11 ATTORNEY ARMSTRONG:

12 Good afternoon, Chairman, Commissioners.

13 CHAIRMAN:

14 Good afternoon, Jim.

15 ATTORNEY ARMSTRONG:

16 James Armstrong for the OEC.

17 Commissioners, I have a motion to consider revocation  
18 of Nathan Humphrey's Gaming Permit.

19 On November 13th of 2012, the OEC filed  
20 a revocation complaint with the Board against Nathan  
21 Humphrey. The basis of the complaint was Mr. Humphrey  
22 being investigated by the Philadelphia Police on  
23 September 2nd of 2012 for being involved in a  
24 shooting. The police investigation determined that  
25 Mr. Humphrey shot the victim in the neck with a

1 firearm. Mr. Humphrey was charged with eight  
2 offenses, including three felonies. Mr. Humphrey is  
3 currently awaiting trial in Philadelphia. It is  
4 presently scheduled for December 2nd of 2013.

5           Commissioners, Mr. Humphrey was properly  
6 served with --- by regular and certified mail with the  
7 revocation complaint and did not request a hearing.  
8 He was also properly served with this Request for a  
9 Judgment by Default and has not responded to that in  
10 any way. We would ask you to revoke his Gaming Permit  
11 at this time. Thank you.

12                   CHAIRMAN:

13                   Is Nathan Humphrey in the hearing room?  
14 May I have a motion?

15                   MR. MCNALLY:

16                   Mr. Chairman, I move that the Board  
17 issue an Order to approve the revocation of Nathan  
18 Humphrey's Gaming Employee Permit, as described by the  
19 OEC.

20                   MS. KAISER:

21                   Second.

22                   CHAIRMAN:

23                   All in favor?

24 AYES RESPOND

25                   CHAIRMAN:

1                   Opposed? The motion carries.

2                   ATTORNEY FENSTERMAKER:

3                   Next for your consideration --- I'm  
4 sorry. I should introduce myself. I'm Cassandra  
5 Fenstermaker, with the OEC, Assistant Enforcement  
6 Counsel.

7                   CHAIRMAN:

8                   Good afternoon, Cassandra.

9                   ATTORNEY FENSTERMAKER:

10                  Good afternoon, Chairman Ryan and  
11 members of the Board. Our next matter for your  
12 consideration is the revocation of Rachel Kozloff's  
13 Non-Gaming Employee Registration.

14                  On January 30th, 2013, the OEC filed a  
15 Complaint for Revocation against Rachel Kozloff, who  
16 currently holds a Non-Gaming Employee Registration.  
17 OEC filed the Complaint for Revocation following her  
18 January 29th, 2013 conviction for third-degree murder.  
19 The Enforcement Complaint was sent to Ms. Kozloff by  
20 first class and certified mail. She did not respond  
21 to the complaint in any way or within 30 days, and  
22 therefore, pursuant to Board regulations, all facts  
23 alleged in the complaint are deemed admitted.

24                  The OEC filed a Request for Default  
25 Judgment on April 8th, 2013, and at this time requests

1 that Rachel Kozloff's Non-Gaming Employee Registration  
2 be revoked.

3 CHAIRMAN:

4 Questions or comments from the Board?  
5 Ex-officio members? May I have a motion?

6 MR. FAJT:

7 Mr. Chairman, I move that the Board  
8 issue an Order to approve the revocation of Rachel  
9 Kozloff's Non-Gaming Employee Registration, as  
10 described by the OEC.

11 MR. MCNALLY:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 AYES RESPOND

16 CHAIRMAN:

17 Opposed? The motion carries.

18 ATTORNEY FENSTERMAKER:

19 The next revocation I have for your  
20 consideration is regarding Ramesh Bisear.

21 On February 26th, 2013 the OEC filed a  
22 Complaint for Revocation against Ramesh Bisear, who  
23 currently holds a Gaming Employee Permit. OEC filed  
24 the complaint after he was convicted of three counts  
25 of simple assault and one count of unlawful restraint,

1 serious bodily injury, on December 4th, 2012.

2           The Enforcement Complaint was sent to  
3 Mr. Bisear by first class and certified mail. He did  
4 not respond to the complaint within 30 days and,  
5 therefore, pursuant to Board regulations, all facts  
6 alleged in the complaint are deemed admitted.

7           The OEC filed a Request for Default  
8 Judgment on April 11th, 2013, and at this time  
9 requests that Ramesh Bisear's Gaming Employee Permit  
10 be revoked.

11                   CHAIRMAN:

12                   Is Ramesh Bisear in the hearing room?  
13 Any questions or comments from the Board? Ex-officio  
14 members? May I have a motion?

15                   MR. FAJT:

16                   Mr. Chairman, I move that the Board  
17 issue an Order to approve the revocation of Ramesh  
18 Bisear's Gaming Employee Permit, as described by the  
19 OEC.

20                   MR. GINTY:

21                   Second.

22                   CHAIRMAN:

23                   All in favor?

24 AYES RESPOND

25                   CHAIRMAN:

1                   Opposed? The motion carries.

2                   ATTORNEY ARMSTRONG:

3                   Chairman, Commissioners, the next matter  
4 for your consideration is the revocation of Ms.  
5 Baretha Scott's Gaming permit. On August 22nd of  
6 2012, the OEC filed a Revocation Complaint with the  
7 Board against Baretha Scott. The basis for the  
8 complaint was Ms. Scott being investigated by the  
9 Pennsylvania State Police at SugarHouse Casino for the  
10 theft from patrons at SugarHouse Casino while employed  
11 there as a cage cashier.

12                   While employed there, SugarHouse Casino  
13 management became suspicious that Ms. Scott was  
14 stealing from casino patrons and alerted the State  
15 Police to it. The State Police conducted an  
16 investigation by bringing a trooper down from Valley  
17 Forge that Ms. Scott would not know. The trooper  
18 presented Ms. Scott with \$8,100 in casino chips to  
19 cash them out into cash. Ms. Scott only gave the  
20 trooper back \$8,000. She was arrested for the theft  
21 of the hundred dollars and gave statements to the  
22 police that she had been doing this for sometime. She  
23 returned the money.

24                   Ms. Scott was properly served with  
25 regular and certified mail the Revocation Complaint,

1 but she never requested a hearing. She was also  
2 served with the Request for Judgment upon Default, and  
3 has not responded to it. Based on that, we'd ask that  
4 you revoke her credential at this time. Thank you.

5 CHAIRMAN:

6 Is Baretha Scott in the hearing room?  
7 Any questions or comments from the Board? Ex-officio  
8 members? May I have a motion?

9 MR. GINTY:

10 Mr. Chairman, I move that the Board  
11 issue an Order to approve the revocation of Baretha  
12 Scott's Gaming Employee Permit, as described by the  
13 OEC.

14 MS. KAISER:

15 Second.

16 CHAIR:

17 All in favor?

18 AYES RESPOND

19 CHAIR:

20 Opposed? The motion carries.

21 ATTORNEY FENSTERMAKER:

22 The final matter we have for the Board's  
23 consideration today is the Exclusion of Rachel  
24 Zappacosta.

25 On February 22nd, 2013, the OEC filed an



1 Exclusion Petition against Rachel Zappacosta. She was  
2 charged with endangering the welfare of a child and  
3 possession of a controlled substance after her  
4 nine-year-old child was found unattended in a vehicle  
5 in the Harrah's parking garage. The petition was sent  
6 to Ms. Zappacosta by both first class and certified  
7 mail. She did not respond to the filing in any way,  
8 and therefore, pursuant to Board regulations, all  
9 facts alleged in the complaint are deemed admitted.

10 The OEC filed a Request for Default  
11 Judgment on April 8th, 2013, and at this time requests  
12 that Rachel Zappacosta be placed on the Board's  
13 Excluded Persons List.

14 CHAIRMAN:

15 Is Rachel Zappacosta in the hearing  
16 room? Any questions or comments from the Board?  
17 Ex-officio members? May I have a motion?

18 MS. KAISER:

19 Mr. Chairman, I move that the Board  
20 issue an Order to approve the addition of Rachel  
21 Zappacosta to the Pennsylvania Gaming Control Board  
22 Involuntary Exclusion List, as described by the OEC.

23 MR. MCCALL:

24 Second.

25 CHAIRMAN:

1 All in favor?

2 AYES RESPOND

3 CHAIRMAN:

4 Opposed? The motion carries.

5 ATTORNEY PITRE:

6 That concludes our business.

7 CHAIRMAN:

8 Thank you all. Ladies and gentlemen,  
9 that concludes today's meeting. Our next scheduled  
10 public meeting will be on Wednesday, June 5th, in this  
11 room. The meeting will begin at 10:00 a.m. Any final  
12 comments from the Board? May I have a motion to  
13 adjourn?

14 MR. MCCALL:

15 So moved.

16 CHAIRMAN:

17 Second?

18 MR. MCNALLY:

19 Second.

20 CHAIRMAN:

21 The meeting is adjourned. Thank you  
22 all.

23 \* \* \* \* \*

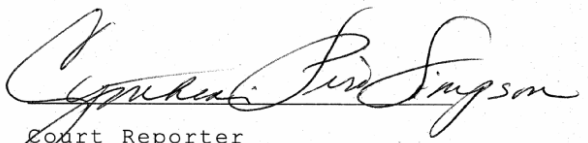
24 HEARING CONCLUDED AT 2:50 P.M.

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CERTIFICATE

I hereby certify that the foregoing proceedings,  
meeting held before Chairman Ryan was reported by me  
on 5/15/2013 and that I Cynthia Piro Simpson read this  
transcript and that I attest that this transcript is a  
true and accurate record of the proceeding.



Cynthia Piro Simpson  
Court Reporter