

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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BEFORE: DAVID BARASCH, CHAIRMAN
Gregory C. Fajt; Richard G. Jewell; Keith
R. McCall; Anthony C. Moscato; William H.
Ryan, Jr.; David W. Woods; Members,
Jennifer Langan, representing Timothy
Reese, State Treasurer; Robert Coyne,
representing Eileen H. McNulty, Secretary
of Revenue

MEETING: Wednesday, January 13, 2016, 10:04 a.m.

LOCATION: PA Gaming Control Board
Strawberry Square Complex
Second Floor
Harrisburg, PA 17101

Reporter: Corey Summers

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CHAIRMAN:

Good morning. My name is David Barasch. Before we begin, I'd like to ask everybody to turn off their cell phones or put them on silent. With us today is Jennifer Langan, on behalf of the State Treasurer, Timothy Reese and Bob Coyne, representing the Secretary of Revenue, Eileen McNulty. A quorum of the Board's members being present, I will call today's meeting to order. The first order of business, I'd like everybody to stand for the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN:

Before we get into the business portion of the agenda, we have several service awards for Gaming Control Employees. I would like to have Kevin come forward, please.

MR. O'TOOLE:

Good morning, Chairman Barasch. Good morning, members of the Board. It's always a very pleasant task to continue the process of recognizing employees who have met the milestone of ten years of service with the Gaming Control Board. We're very appreciative of their loyalty and the commitment to

1 the very important work of our Agency. So, our first
2 of our honorees, could you please stand up and just
3 come forward just a little bit?

4 That's perfect, right there. So, our
5 first honoree is Evelyn Early. Evelyn was hired on
6 December 27th, 2005 as a Licensing Analyst, and in
7 February of 2008, she became a Diversity Analyst. In
8 addition to still performing Diversity Analyst work,
9 Evelyn has served as assistant to several
10 Commissioners and currently supports Commissioner
11 Woods. Congratulations, Evelyn. Thank you very much.

12 Our next honoree is Deb Pfaff. Deb was
13 also hired on December 27th, 2005 as an Administrative
14 Assistant. For the past five years, Deb has served as
15 a Compliance examiner reviewing internal control
16 submissions in our Bureau of Casino Compliance.
17 Congratulations, and thank you. Our third honoree is
18 Sean Hannon. Sean was so excited to become employed
19 by the Gaming Control Board that he chose December
20 31st, 2005 as his first day of employment. When he
21 successfully completed that first day of employment,
22 the story goes that there were fireworks all over
23 town.

24 COMMISSIONER WOODS:

25 And he took the next day off.

1 MR. O'TOOLE:

2 Right. Sean is our Licensing Manager in
3 the Bureau of Licensing, and he oversees the
4 Enterprise Licensing Unit. Congratulations, Sean.
5 Thank you. Our next honoree is Matt Loughney. Matt
6 was hired on January 9th, 2006 as an auditor. In
7 October of 2007, Matt was selected to be an
8 investigator in our Bureau of Investigations and
9 Enforcement (BIE), a position that he holds today.
10 Matt is assigned to the BIE Regional Office in Wilkes-
11 Barre, Pennsylvania. Congratulations, Matt. Thank
12 you.

13 MR. LOUGHNEY:

14 Thank you.

15 MR. O'TOOLE:

16 Okay. Could I have ---? We have four
17 more honorees. Please step forward. Okay. So, our
18 next honoree is John Zukowski. John was hired on
19 January 9th of 2006 as a Licensing Analyst. John
20 remained in the Bureau of Licensing until January of
21 2014, when he was selected as an Investigative Analyst
22 in the BIE. In that role, he performs Gaming and Non-
23 Gaming Employee investigations as well as tavern
24 gaming background investigations. John,
25 congratulations. Thank you.

1 MR. ZUKOWSKI:

2 Thank you.

3 MR. O'TOOLE:

4 Our next honoree, Paul Mauro. Paul was
5 also hired on January 9th, 2006 as an Investigative
6 Supervisor in the BIE. In April of 2007, Paul was
7 promoted to Deputy Director, and in May of 2012 he
8 became the Bureau of Investigation and Enforcement
9 Director, a position that he holds today. Thank you
10 very much, Paul.

11 MR. MORROW:

12 Thank you, sir.

13 MR. O'TOOLE:

14 And our next honoree is Karen Sgrignoli.
15 Karen was hired on January 15th, 2006 as a Licensing
16 Analyst in the Bureau of Licensing. In January of
17 2013, Karen became an Investigative Analyst in the
18 BIE. In that position, she also performs Gaming and
19 Non-Gaming Employee background investigations and
20 tavern gaming background investigations.
21 Congratulations and thank you, Karen.

22 And our final honoree today is Jerry
23 Stoll. Jerry was hired on January 7th, 2006 as an
24 Investigator and was soon promoted to Investigative
25 Supervisor. In November of 2007, Jerry was selected

1 to be a Senior Casino Enforcement Supervisor, and then
2 in January of 2010, he became the Director of the
3 Bureau of Casino Compliance, a position that he holds
4 today. Congratulations. Thank you, Jerry.

5 MR. STOLL:

6 Thank you, Kevin.

7 MR. O'TOOLE:

8 Thank you very much.

9 CHAIRMAN:

10 Thank you, Kevin, and thanks to all who
11 just received their awards for their service to the
12 Commonwealth. I know everyone up here appreciates it.
13 Thank you. Way of old business, the Board held an
14 Executive Session yesterday on January 12th for the
15 purpose of discussing personnel matters and to conduct
16 quasi judicial deliberations relating to matters being
17 considered by the Board today.

18 We next have consideration of motion to
19 approve the minutes and transcript of the October
20 21st, November 18th and December 9th, 2015 meetings.
21 Do I have a motion?

22 MR. RYAN:

23 Mr. Chairman, I move that the Board
24 approve the minutes and transcripts of the October
25 21st, November 18th and December 9th, 2015 meetings.

1 MR. WOODS:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 ALL RESPOND AYE

6 CHAIRMAN:

7 All opposed? The motion is adopted.

8 Next, we'll hear from Kevin, report on Executive
9 Operations.

10 MR. O'TOOLE:

11 Thank you. The first matter that I
12 would like to report on today is the successful
13 beginning of the Sugarhouse Casino expansion project.
14 On New Year's Eve, December 31st, 2015, Sugarhouse met
15 all regulatory requirements to offer to the public 28
16 new table games and approximately 565 new slot
17 machines. This new gaming space, which totals
18 approximately 33,000 square feet, is the first of
19 several phases in Sugarhouse's expansion.

20 It is on progress to be completed in the
21 first quarter of this year. An additional 13 table
22 games located in the new high limit area should be
23 operational in the next week or two. Sugarhouse also
24 expects most of its new non-gaming amenities, such as
25 new food and beverage offerings and a new ballroom and

1 convention space to be available in February or March
2 of 2016.

3 At a future public meeting, I will
4 report to the Board on the completion of those phases
5 of the Sugarhouse expansion project. The second
6 matter that I would like to report on pertains to
7 gaming revenues. There are several milestones that we
8 have recently met. Our Communications Department
9 reported last week that slot revenues for December
10 2015 increased by approximately 4.8 percent over
11 December of 2014.

12 The preliminary figures for table game
13 operations at our Pennsylvania casinos in December of
14 '15 indicate a six percent increase over December of
15 '14. Most significant, however, is the fact that the
16 table game revenues last month totaled in excess of
17 \$72 million, which represents the single highest
18 revenue month for table games since tables were
19 authorized by the General Assembly in 2010. Combining
20 slot and table games, revenue for December of '15 show
21 an increase year over year of 5.2 percent.

22 Finally, calendar year 2015 total
23 revenues are expected to be reported at approximately
24 \$3.17 billion, which will mark the fifth consecutive
25 year in excess of \$3 billion. And that will represent

1 approximately a 3.4 percent increase over calendar
2 year 2014, when total revenues were \$3.07 billion.
3 So, that's good news, and it's a good omen for the
4 future in the Commonwealth of Pennsylvania. Thank
5 you, Chairman.

6 CHAIRMAN:

7 Thank you. Next is David Rhen, the
8 Director of Financial Management.

9 MR. RHEN:

10 Good morning, Chairman and Members of
11 the Board.

12 CHAIRMAN:

13 Wait one second, please.

14 MR. MCCALL:

15 Okay. I just want to do a quick
16 introduction. I'm just happy my daughter made it
17 here. My daughter and --- my daughter, Courtney
18 McCall, who is the President of Student Council at
19 Marian Catholic High School, and Tim Busher who is
20 Vice President of Student Council at Marian Catholic
21 High School, are shadowing me today. So, they're here
22 to learn about the Pennsylvania Gaming Control Board
23 and what we do.

24 Try to give them a good lesson. Why
25 don't you stand up so everybody can see you and say

1 hello? They had a two hour delay today at school up
2 home. I didn't think they were going to make it down
3 here, so I'm just delighted that she made it down here
4 safely. Enjoy the day Honey.

5 COMMISSIONER WOODS:

6 A very proud father.

7 CHAIRMAN:

8 Proceed.

9 MR. RHEN:

10 I am pleased to present the second
11 budget update for fiscal year 2015-'16 and to provide
12 an overview of Board expenses for the first half of
13 this fiscal year. The legislature approved a budget
14 of \$39.9 million for the current year. Overall, we
15 are within budget and currently projecting a budget
16 surplus due to increased vacancies. As of December
17 31st, the employee count was 299, down 14 from 313 one
18 year ago.

19 The current budget anticipated
20 approximately 310 filled positions the year. Thus, we
21 are anticipating the surplus for the fiscal year. The
22 December 31st filled position count was the lowest
23 since April 2010. This was prior to the first table
24 games being played in the state. With that said,
25 expenses are --- were still up 1.6 percent, or

1 \$267,000 from the prior --- from the first half of the
2 last year.

3 Overall expenditures totaled \$17.1
4 million for December. The majority of Board expenses
5 go for employee compensation with first half payroll
6 expenses totaling \$14.9 million, or 87 percent of
7 overall expenses. This is up 2.7 percent or \$390,000,
8 with 11 fewer employees on payroll on average. Sixty
9 (60) percent of payroll expenditures or \$8.9 million
10 went to salaries, with the remaining 40 percent or \$6
11 million going to employee benefits.

12 Benefit expenses equaled 67 percent of
13 total salary expenses, up from 60 percent last year
14 and 54 percent from the year before. Operating and
15 fixed asset expenses recorded in the first half
16 totaled \$2.1 million or 13 percent of overall Board
17 expenditures. This total is down \$123,000 from a year
18 ago. The highest operating expenses by category were
19 rentals and leases, totaling \$926,000 or 45 percent of
20 operating expenses.

21 Service expenditures which primarily
22 consist of inter-agency billings, investigative
23 fingerprint fees and Directors' and Officers'
24 insurance at \$533,000 or 26 percent of operating
25 expenses. And finally, voice and data

1 telecommunications, which counted for \$194,000 or ten
2 percent of our overall operating expenses. That
3 concludes my report on expenditures.

4 CHAIRMAN:

5 Are there any questions from the Board?
6 Thanks, Dave.

7 MR. RHEN:

8 Thank you.

9 CHAIRMAN:

10 Doug?

11 ATTORNEY SHERMAN:

12 Good morning, Chairman and members of
13 the Board. We have just four items today for your
14 consideration. They include Withdrawals, a Report and
15 two Report and Recommendations. Deputy Chief Counsel
16 Steve Cook is here to present each of those four
17 items.

18 ATTORNEY COOK:

19 Morning. The Board has received four
20 unopposed Petitions to Withdraw the applications or
21 surrender the credentials of individuals or
22 businesses. The persons and entities subject to these
23 petitions are as follows. Just for the court
24 reporter's benefit, I'll provide these names and
25 spelling after the meeting. The persons and entities

1 are Paul Quinlan, Alliance Holding Company, Bally
2 Gaming International, Incorporated and Michael
3 Quartieri.

4 The Office of Enforcement Counsel (OEC)
5 has no objection to any of these petitions. As a
6 result, were the Board inclined to grant the same,
7 they would be doing so without prejudice to the
8 Petitioners. The matter is now ripe for the Board's
9 consideration.

10 CHAIRMAN:

11 Questions or comments from the Board?
12 May I have a motion?

13 MR. FAJT:

14 Mr. Chairman, I move that the Board
15 issue Orders to approve the Withdrawals and Surrenders
16 as described by the Office of Chief Counsel (OCC).

17 MR. JEWELL:

18 Second.

19 CHAIRMAN:

20 All in favor?

21 ALL RESPOND AYE

22 CHAIRMAN:

23 All opposed? The motion carries.

24 ATTORNEY COOK:

25 The next matter before the board is a

1 report from the Office of Hearings and Appeals (OHA)
2 pertaining to Endeka Entertainment, LP's Petition for
3 Withdrawal of Christine Biros's principal license
4 application, as well as John and Robert Biros's
5 Petition for Waiver of Principal Licensure as
6 requested by the OEC. We'd note for the record that
7 at least counsel representing some of the parties are
8 present today and I believe would like to address the
9 Board.

10 If they would come forward, that would
11 be fine. In the meantime, I'll give the Board a brief
12 synopsis. These petitions were consolidated by the
13 Board's OHA, and a hearing in this matter was held on
14 August 19th, 2015. The OEC, John and Robert Biros
15 along with their counsel and counsel for Christine
16 Biros attended the hearing.

17 Subsequently, the Director of the OHA
18 issued a report, subsequent to which the parties were
19 given the opportunity to file briefs and exceptions.
20 In advance of this meeting, the Board has been
21 provided with the report as well as the complete
22 evidentiary record in this matter and all of the
23 pleadings. Additionally, all of the parties in this
24 matter have been notified that the Board would be
25 hearing the matter today, and that they could come

1 forward and briefly address the Board, which would be
2 taking no more evidence, but would entertain argument.

3 Briefly, these consolidated matters
4 pertain first to Endeka Entertainment seeking to
5 withdraw Christine Biros's application to be a
6 licensed principal in that enterprise. Enforcement
7 Counsel does not object to Endeka's Petition to
8 Withdraw Ms. Biros's application. However, Ms. Biros
9 herself does object to the withdrawal.

10 Second, John and Robert Biros,
11 Christine's father and brother, have filed a petition
12 seeking a Board Order that they not be required to
13 file applications to be Principals of Endeka,
14 notwithstanding the OEC's position that they do need
15 to file applications. The entire record having been
16 provided to the Board and counsel being present, I'd
17 be happy to answer any questions before we hear from
18 Counsel, but I think you're all well informed.

19 CHAIRMAN:

20 Let's wait until we've heard from
21 Counsel. Could the four individuals come forward,
22 stand and identify themselves?

23 ATTORNEY GOLDMAN:

24 Thank you. Good morning, Chairman
25 Barasch, and well, my name's Robert Goldman. I'm here

1 on behalf of the Applicant, Christine Biros.

2 ATTORNEY FISKE:

3 Good morning. My name's Nick Fiske.
4 I'm here on behalf of John Biros and Robert Biros.

5 ATTORNEY MANIFESTO:

6 Beth Manifesto on behalf of the OEC.

7 ATTORNEY ESTRIPLET:

8 Carmelia Estriplet on behalf of the OEC.

9 CHAIRMAN:

10 If you would, we don't have to swear
11 anybody. This is just argument, so proceed, please.

12 ATTORNEY COOK:

13 Mr. Chairman, I think for the microphone
14 to pick up Counsel they need to sit.

15 CHAIRMAN:

16 Oh, okay.

17 ATTORNEY GOLDMAN:

18 Just as a matter of procedure, Mr.
19 Chairman, because Christine Biros's divestiture is
20 dependent on whether the Board approves or disapproves
21 the application for waiver of John and Robert, it may
22 be more appropriate for Mr. Fiske just to go first.
23 And then I will follow with my follow-up argument.

24 CHAIRMAN:

25 Whatever works best for you, please.

1 ATTORNEY FISKE:

2 I would agree with that. Morning,
3 members of the Board. Sort of the impetus of this ---
4 why we're here today is John and Robert Biros's
5 petition for a waiver of the OEC's request that they
6 file Principal Licensure Applications. As we
7 discussed earlier, we held a hearing on August 19th of
8 this year. Significant testimony and evidence was
9 presented, and prior to that, Ms. Biros also produced
10 voluminous documents and testimony of her own with
11 respect to the source of her funds that were
12 contributed to AHT, which is several rungs down the
13 corporate ladder from Endeka, the ultimate Applicant
14 for the Gaming License in this matter. It's my
15 understanding that the Board asked the Hearing Officer
16 to address five issues and asked the parties to
17 address five questions at the hearing in August. And
18 I'm sort of going to walk through those.

19 I think they provide a good context as
20 to why it is we filed our follow-up petition and why
21 it is that we believe that John and Robert do not need
22 to file Principal Licensure Applications. The first
23 three questions were with respect to Christine Biros's
24 role, John Biros's role and Robert Biros's role in the
25 AHT entities in Endeka, the ultimate Gaming License

1 Applicant.

2 Again, to give you an idea of how far
3 down the ladder OEC is working at this point,
4 Christine Biros is a roughly 32 percent owner in AHT,
5 which is itself a limited partner in AHT Land, which
6 is itself a limited partner in Endeka, LP, the Gaming
7 Applicant. The best we could trace that ownership
8 interest --- and again, this is attorneys doing math
9 --- is roughly 3.3 percent that Christine owns in
10 Endeka, and I think OEC agrees with that.

11 There's literally no way that Christine
12 could control or influence the operations of Endeka in
13 this matter. Again, she is a member of two limited
14 partners of the ultimate Applicant here, and I think
15 as a matter of Pennsylvania corporate law, limited
16 partners couldn't control Endeka even if they wanted
17 to. To take a step further back from that, John and
18 Robert Biros have no role, interest, control or
19 influence whatsoever over AHT and Endeka.

20 I think, in the record, evidence amply
21 establishes that, and the Hearing Officer's report
22 establishes that as well. As best I understand it,
23 the OEC's position is that there are funds that John
24 and Robert Biros contributed to Christine and which
25 were ultimately contributed to AHT. And that somehow

1 as a result of these funds, they could control or
2 influence Christine, and she could control the
3 Applicant.

4 Again, even if that were the case, which
5 I think that the record evidence establishes that it's
6 not, they could not control Christine or provide ---
7 or influence Endeka, the ultimate Applicant, in any
8 matter. Again, and that's because the record
9 evidence, which I'm sure you've all read, establishes
10 that any funds provided by John Biros or Robert Biros
11 have been repaid by Christine or forgiven as ---
12 forgiven may be not the best word, but gifted to her.

13 There is no current indebtedness owed to
14 John or Robert Biros by Christine Biros. She is
15 standing on her own. She's the only member of the
16 Biros family involved in AHT or Endeka, and again,
17 there is no basis for which OEC is requesting
18 Principal Licensure Applications from John and Robert.
19 The fourth issue --- and I sort of got ahead of myself
20 there --- is the specific basis for OEC requesting the
21 applications from John Biros and Robert Biros.

22 I don't know what that basis is, other
23 than the fact that they continue to keep requesting
24 it. There's no basis in the law. The argument from
25 the OEC seems to be that John Biros and Robert Biros

1 are financial backers as that term is defined under
2 the Gaming Act. However, in looking at that
3 definition under the Gaming Act, it contemplates
4 investors, mortgage holders, bondholders, et cetera,
5 people who own a current interest in an entity or
6 people who have --- own the current --- current
7 creditors, essentially.

8 Someone who has provided a loan, is
9 expecting repayment on that, or someone was promised
10 funds in the future, and is ultimately going to
11 request repayment on that, as well. And the record
12 evidence shows there is no indebtedness. As far as I
13 know, again, John and Rob --- Bob have no role in AHT,
14 but as far as I know, there is no expectation that
15 Christine contribute any further funds to AHT in the
16 future.

17 The funds that have been contributed are
18 the funds that she needs to contribute. They are her
19 funds at this point, again, having repaid John and
20 Robert and the rest being gifted. There is no
21 interest that John and Robert hold in AHT. There's no
22 indebtedness. They haven't promised funds in the
23 future. They simply aren't financial backers as that
24 term is defined under the Act.

25 Even further, I don't believe that the

1 Act authorizes OEC to request Principal Applications
2 from financial backers, even if John and Robert
3 qualified as those people, which they do not. All the
4 Act requires is that the Applicant provide suitable
5 information about the integrity of its financial
6 backers. It says nothing about the, quote unquote,
7 financial backers providing Principal Applications of
8 their own. There simply is no basis either in the law
9 or in the facts of this matter for the OEC's request
10 for a Principal Licensure Application from John and
11 Robert Biros.

12 The last issue was the Board's request
13 for information about the ultimate source of funds
14 contributed by John, Robert and Christine Biros to
15 AHT. Again, I'm not sure that the Act necessarily
16 allows an inquiry into that matter. Assuming that
17 John and Robert qualify as financial backers, it says
18 nothing about determining the ultimate source of the
19 funds that were contributed. But in any event, we've
20 provided ample evidence at the hearing in the form of
21 testimony of both John and Robert Biros. They
22 provided documentation about where is the money that
23 they initially loaned and ultimately gifted to
24 Christine came from.

25 And I believe Christine also provided

1 documentation in advance of that hearing during the
2 OEC's investigation about where the source of her
3 contribution came, and also the source of her funds,
4 which she used to repay John and Robert Biros. Again,
5 there is no indebtedness here. There's no opportunity
6 for John and Robert to control Endeka or anyone
7 involved in this Gaming Application, and it's our
8 position that OEC just went too far afield of its
9 authority under the Act in its request and we would
10 ask that you grant our Petition for Waiver.

11 CHAIRMAN:

12 Thank you.

13 ATTORNEY GOLDMAN:

14 Mr. Chairman, again, my name is Robert
15 Goldman. I'm here on behalf of Christine, and as
16 you're aware that the divestiture petition that was
17 filed by Endeka was premised upon a letter, an
18 ultimatum type letter that was sent from OEC to
19 Endeka's counsel stating that John and Robert must
20 file Principal Applications or Endeka must take steps
21 to divest Christine.

22 Either/or, that was the ultimatum.
23 Since Robert and John were reluctant to file
24 applications, Endeka took steps to divest Christine.
25 I filed a petition on her behalf objecting to that

1 divestiture, as the basis for divestiture is not
2 authorized. And let me get to the requirements that
3 the Act does require. So, the suitability of
4 Christine Biros to be licensed under the Racehorse
5 Development Gaming Act, just request --- it must be
6 evaluated on her individual characteristics alone. An
7 Applicant does not have to show that they are
8 independently wealthy, that they do not require loans
9 of any sort. The Act specifically provides that an
10 Applicant may have noteholder, bondholders, investors,
11 financial backers to provide for the investments
12 necessary for this type of investment.

13 So, to be suitable, the Act only
14 requires that the Applicant show evidence of good
15 character and financial stability. OEC does not raise
16 any issues with respect to Christine Biros's good
17 character. The only issue that's been raised is with
18 respect to the finances. So, they do correctly point
19 out that Christine is not independently wealthy and
20 that she does, indeed, have some type of financial
21 assistance.

22 And most investors in investments of
23 this magnitude are going to require financial
24 assistance of some sort. So, in this case, Christine
25 looked to her family members. So, when financial

1 backers are involved --- so let's assume the Board
2 determines that John, her brother, and Robert, the
3 father, are financial backers as that term is defined.
4 The question that the Act raises is --- there's two
5 concerns.

6 One, can the Applicant pay back the loan
7 when it's called in? So, if they can't, they don't
8 have the funds, that affects her financial stability.
9 And again, that's one of the criteria, Applicant has
10 to be able to show they're financially stable. And
11 the other concern that the Act raises is about
12 financial backers. Are they solvent? Do they have
13 the financial strength to provide the funds promised
14 when the Applicant demands that the funds be provided?

15 Those are the two concerns that the Act
16 provides. So, in this case, family members were
17 either repaid or in the case of the father, he gifted
18 the money. He's 80 years old. He's trying to set up
19 his estate. Where is the money going to go when he
20 dies? It's going to go to his kids anyways.
21 Christine needs the money now.

22 There was some concern, can she
23 independently stand on her own? And Mr. Biros, the
24 father, says, Christine, you need the money now I'm
25 just going to give --- you're going to get it when I

1 die anyway, so he gave it to her. And there's nothing
2 illegal. There's nothing improper about giving a gift
3 to a child.

4 13.13 subsection B, which is the section
5 that OEC relies upon, it discusses sources of
6 indebtedness. So, when it talks about financial
7 backers and it talks about lenders and mortgagees,
8 bondholders, noteholders, and it says other sources of
9 indebtedness. That has to be read in peri-material,
10 with the definition of financial backers, with this
11 subsection B. What do they mean by other sources of
12 indebtedness? Something that can affect the financial
13 stability of the Applicant. The ability to call in a
14 loan, your ability to have to be able to repay it. If
15 there's no indebtedness, the money has either been
16 repaid or there is a gift, there's no indebtedness.

17 And the other point to point on
18 13.13(b), it says, in effect, or proposed. That
19 excludes the past loans, because the past lender can't
20 call in a loan. He's already been repaid. There's no
21 liability. The Act does not have any concerns over
22 past loans. One of the issues brought up by OEC was
23 whether there has been an influence. As Mr. Fiske
24 pointed out, they've --- OEC's raised questions about
25 Bob and John helping with the application.

1 If you read the transcript, this one
2 testimony of Christine on pages 76 through 78 of the
3 September transcript. You will see the testimony she
4 gave, and the testimony she gave was that she put the
5 books together. I actually was the one who helped her
6 put the books together. John, her brother, had looked
7 up some information on the corporate website as to
8 when did we form this entity, but that was about it.
9 Robert didn't help with the actual physical putting
10 the binders together. It was myself and John had
11 looked up some information, but Christine primarily
12 put the whole thing together. I just wanted to
13 clarify that, so ---.

14 OEC has demanded that Christine's
15 financial backers submit Principal Applications. And
16 as a Board, you have to ask yourself first, as Mr.
17 Fiske pointed out, does the Act authorize OEC to
18 require financial backers to file Applications? And
19 two, if you decide they do, for what purpose?

20 The Act requires financial backers to be
21 solvent. Like I said to be able to provide the funds
22 they promised when the Applicant asked. In this case,
23 they came --- the funds came from Robert and John.
24 They've already been provided. They've been repaid or
25 gifted. There are no outstanding debts. There's no

1 ability to affect their financial stability.

2 There's no more capital costs that we're
3 aware of that Christine's been called upon to invest
4 into AHT. At this point, we're done. The ultimate
5 source of funds, that was inquired into by the Hearing
6 Officer, Linda Lloyd, and that was a hearing that
7 lasted most of the day in which John and Robert both
8 testified. The Hearing Officer found as a Finding of
9 Fact there were legitimate sources for the funds
10 provided.

11 So, accordingly, there is no basis for
12 AHT to divest Christine. Endeka's petition for
13 approval of her divestiture must be denied, and upon
14 denial, I have spoken with Mr. Doherty, counsel for
15 Endeka, and he's indicated to me that if there are no
16 issues outstanding, there should be no bars to
17 reinstating her with AHT.

18 The only reason the petition was filed
19 was because they received this ultimatum letter from
20 OEC saying they file Applications or she's divested.
21 If there's no requirement that they file Applications,
22 Bob and John, then there's no basis for her
23 divestiture. Thank you.

24 CHAIRMAN:

25 I'd like to get some comments from the

1 OEC.

2 ATTORNEY MANIFESTO:

3 Very briefly, on May 20th of 2015, the
4 Board issued an Order requiring Endeka to file all
5 outstanding Applications requested by BIE and OEC.
6 This included the Applications of Robert and John
7 Biros in connection with that of Christine Biros. In
8 June of 2015, counsel for AHT disclosed that Ms. Biros
9 was divested, and Endeka filed its Petition to
10 Withdraw her Application. Again, OEC does not object
11 to the withdrawal of Ms. Biros's Application.

12 Should the Board grant the withdrawal,
13 OEC would, however, request that Endeka and AHT be
14 required to comply with Section 13.12, which relates
15 to divestiture. Should the Board decline to grant
16 Endeka's Petition for Withdrawal, the OEC continues to
17 object to the Waiver Petition filed by Robert and John
18 Biros and stands behind its filings and the law and
19 regulations cited within its answer and other filings
20 in response.

21 This is not a difficult or ambiguous
22 situation. When a background investigation is
23 conducted, one area examined is the financial fitness,
24 which involves tracing the money used by Applicants.
25 When an Applicant cannot prove he or she is

1 independently financially fit for licensure,
2 Applications must be requested from those funding the
3 Applicant. This is done to ensure the integrity of
4 the Applicant, as well as the funds contributed and
5 used.

6 During the background investigation, the
7 documentation submitted by Ms. Biros as well as
8 disclosures made during sworn statements evidenced a
9 significant amount of the funds contributed to AHT and
10 attributed to Ms. Biros came directly from Robert and
11 John Biros. A financial backer, in part, is defined
12 as an investor or other sources of equity or capital
13 provided to an Applicant or licensed entity.

14 The documents submitted by Ms. Biros
15 include multiple financial contributions to AHT made
16 from accounts held by Robert Biros and John Biros.
17 Ms. Biros, by her own admission, stated she did not
18 participate in the funding of or make monetary
19 contributions to these accounts. While the evidence
20 demonstrates that Ms. Biros received funds from her
21 father and brother, this is not the ultimate source of
22 the funds, which is one of the questions the Board
23 had.

24 What is the ultimate source of the
25 funds? It is for situations such as this that Section

1 13.13(b) should be applied. If Robert and John Biros
2 are permitted to invest capital through Christine
3 Biros, it would set a precedent which would be in
4 opposition to the legislative intent expressed within
5 the Act and the regulations. Furthermore, it would
6 open the door to allow funding by individuals who have
7 not been investigated and scrutinized by BIE and OEC
8 to enter Pennsylvania's Gaming Industry.

9 This is a direct contravention to
10 Section 11.02 of the Act, which ensures the protection
11 of the public. Unless and until Robert and John Biros
12 are required by this Board to file Applications and
13 participate in a background investigation, the
14 originating source of much of the money Christine
15 utilized for capital contributions cannot and will not
16 be known.

17 Without this knowledge, a recommendation
18 cannot be made regarding the legitimacy or the
19 legality of the capital contributed or the suitability
20 and financial fitness of the financial backers
21 themselves, as well as the Applicant, Christine Biros.

22 CHAIRMAN:

23 Are there any questions at the moment
24 for any of the counsel from the Board?

25 MR. FAJT:

1 To OEC, I've listened to both sides. I
2 mean, so there's the rub of this argument --- of your
3 argument is that you do not know the source --- the
4 ultimate source of the funds that went from father and
5 son to the daughter and sister; is that correct? So,
6 you don't ---? You know they came from the father and
7 the brother, but you don't know where they got that
8 money to pass to the sister; is that correct?

9 ATTORNEY MANIFESTO:

10 That's correct.

11 ATTORNEY ESTRIPLET:

12 Right, and just to add something,
13 Commissioner Fajt, the funds that were used, to keep
14 in mind what the relevance is of that funds and how
15 significant they are, those are the underlying funds
16 that were used to purchase the land in connection with
17 Endeka. So, the actual land use that's going to ---
18 proposed to be used for the racetrack, those funds
19 ultimately stem from Robert and John Biros in part.

20 That's where you have the source of
21 equity or capital, because the capital contributed by
22 Ms. Biros was from funds received by her father and
23 brother. That money was used to purchase the land for
24 the Endeka project.

25 MR. FAJT:

1 And so when you asked about the source
2 of those funds, the ultimate source --- I mean, you
3 know, I mean, I understand how people get money. They
4 work. They have businesses, and ultimately, you know,
5 money accumulates, and they use it to purchase the
6 land or whatever. Were you not able to find out what
7 the source of those funds --- and again, I'm not
8 taking their side, necessarily, but sources of funds
9 can accumulate from interest on money.

10 They can accumulate from gifts from
11 other people. They can accumulate from 20 businesses
12 that they own. They can accumulate from wages that
13 they've earned. I mean, I could see how, you know,
14 when you're dealing with a couple of million dollars
15 like you are here that, you know, the confluence of
16 that money can come from ten different sources.

17 So, I mean, to be able to go back and
18 say, I want to know where that one and a half million
19 dollars from the dad or the \$800,000 or \$400,000 from
20 the brother came from --- I mean, I can understand,
21 from their standpoint, that's a difficult task.

22 ATTORNEY ESTRIPLET:

23 Part of the requests that were made as
24 part of the exhibits filed with --- in connection with
25 the Waiver Petition from OEC included the requests for

1 that type of documentation and information from both
2 Robert and John Biros in methods that would've been
3 easier for the BIE to determine the source of those
4 funds. Things like proof that the companies where the
5 checks came from, that those companies existed.

6 Things like tax returns. Things like
7 copies of sources of --- okay, if you're saying this
8 is a business, show us that it exists. These were the
9 types of requests that were made by the OEC. In
10 response, what we received were documentation and
11 letters declining to provide that information from Ms.
12 Biros and in Affidavits provided by Robert Biros and
13 John Biros.

14 Without that information determining
15 even if what's being said or where the money that we
16 do --- we can trace if that's a valid source, is
17 nearly impossible because we don't have the supporting
18 documentation to confirm it. BIE cannot continue
19 their investigation and verify even that information
20 without the Application. We went as far as we could
21 go with Ms. Biros in terms of making requests.

22 Ultimately, it came to the point that
23 determining --- okay, if there's going to be further
24 information to make sure that we're ensuring the
25 integrity of gaming, ensuring the integrity of the

1 source of the funds, we were going to have to request
2 Applications from Robert Biros and John Biros, because
3 they were source of the equity or capital that was
4 contributed by Ms. Biros.

5 MR. FAJT:

6 Thank you. Counselor, what do you have
7 to say to that?

8 ATTORNEY GOLDMAN:

9 Yeah, if I can respond briefly to that?
10 I think initially, it needs to be noted that the
11 ultimate source of funds is really irrelevant here. I
12 mean, the money has been repaid. It doesn't matter
13 where John or Robert's money came from initially. The
14 question should be, where did Christine get the money
15 to repay John and Bob back? The money is not
16 currently in AHT ---.

17 MR. FAJT:

18 Well, the money was gifted, though. So,
19 I mean, it was --- you know?

20 ATTORNEY GOLDMAN:

21 That's fair.

22 MR. FAJT:

23 Part of it was repaid, and we do have an
24 obligation on this Board to determine the source of
25 funds that are invested in gaming endeavors. So, for

1 you to say, you know, it doesn't matter, it does
2 matter. If that money came from a gift, I want to
3 know who made the gift and where they got the money.

4 ATTORNEY GOLDMAN:

5 And I think that's a fair question for
6 the gift. With respect to the money that's repaid, I
7 don't think it's a valid inquiry or a relevant
8 inquiry. But with respect to the gift, John and
9 Robert Biros came here, provided testimony about the
10 source --- well, Robert Biros is the one who gifted
11 some of the funds. And he provided testimony about
12 where those monies came from, and they were all
13 legitimate business interests.

14 He owns a number of properties, both
15 mobile home properties and large scale shopping plazas
16 that generate significant money. And he testified
17 that this is where the money came from that I, you
18 know, gave to Christine and ultimately formed a part
19 of the gift. I just think it's a bit disingenuous to
20 sit here and say that OEC hasn't been provided the
21 opportunity to inquire into that.

22 They've asked Christine of it --- about
23 it. They've asked John and Robert about it, and they
24 were provided with answers. And I think the Hearing
25 Officer provided that information in her report. How

1 far downstream must we go? Because these are people
2 who are not involved whatsoever in this gaming
3 enterprise. And I think you are right, as well.
4 We're talking about significant amounts of money. And
5 I don't know that anyone could pinpoint every single
6 dollar that was contributed. But again, Robert Biros
7 in particular provided testimony about the legitimate
8 source of these monies from his investment properties.

9 ATTORNEY MANIFESTO:

10 If I may? Just to remind the Board that
11 the standard is clear and convincing evidence. The
12 information and the documentation provided by Robert
13 and John Biros consisted mainly of verbal testimony.
14 They did not provide any documentation confirming
15 that, okay, we own these businesses. This is where
16 the money came from. Okay. We have these companies.
17 These are our bank accounts that this is where the
18 money came from.

19 So, as far as John and Robert Biros are
20 concerned, they did not meet that standard of clear
21 and convincing evidence for demonstrating that they
22 are eligible for a waiver. And again, it comes back
23 to the integrity of the source of the funds, and we
24 cannot determine that without getting Applications
25 from them and getting that information.

1 ATTORNEY GOLDMAN:

2 If I may, briefly, again ---? John and
3 Robert ---.

4 CHAIRMAN:

5 Excuse me a second. Proceed.

6 ATTORNEY GOLDMAN:

7 I was just going to say that John and
8 Robert don't have any obligation to meet any standard
9 by clear and convincing evidence. That's the
10 Applicant who has to provide clear and convincing
11 evidence of the integrity of her financial backers.
12 Again, Christine has provided substantial
13 documentation about bank accounts that are involved
14 here, some of which are named after the enterprises
15 that Robert owns. Empire Village Center, things of
16 that nature. I don't know how clearer you need to be
17 that that's the account in which the rental property
18 --- the rental income for those properties are
19 deposited.

20 MR. MOSCATO:

21 Mr. Chairman, just one question.

22 CHAIRMAN:

23 Hold one second, the Chairman --- excuse
24 me, Commissioner Moscato.

25 MR. MOSCATO:

1 Thank you very much, Mr. Chairman. My
2 colleague, Commissioner Fajt, did touch on part of
3 what I was going to ask. Mr. Goldman alluded to a
4 letter that OEC sent to Christine --- or to Endeka,
5 I'm sorry --- pretty much giving them an ultimatum; is
6 that correct?

7 ATTORNEY GOLDMAN:

8 That's correct.

9 MR. MOSCATO:

10 Did OEC send that letter giving them an
11 ultimatum, either we get this or she's out?

12 ATTORNEY ESTRIPLET:

13 The letter that was sent that Mr.
14 Goldman is referring to is the letter from March 10th,
15 2015 which outlined a series of deficiencies with the
16 Endeka Application. But the ultimate statement in the
17 letter was that if these things were not met, meaning
18 that all of the deficiencies were not met, that
19 eventually, the Endeka project would be recommended
20 for denial.

21 Then on April 15th, Endeka was
22 recommended for denial by the OEC and that letter was
23 again later amended to reflect the documentation that
24 the OEC did receive and an amended letter of denial
25 which was then sent out on May 15th of 2015 reflecting

1 the current deficiencies. So, with respect to the
2 Biroses, it was not a letter that just targeted the
3 Biroses. It was the entire Endeka project and all of
4 the deficiencies that were noted.

5 When there was a recommendation of
6 denial made, it was with respect to all outstanding
7 deficiencies, which included the failure of Robert and
8 John Biros to file Applications as requested by the
9 OEC.

10 MR. MOSCATO:

11 So, Mr. Goldman?

12 ATTORNEY GOLDMAN:

13 Yes, that letter did say --- it is an
14 exhibit that's been submitted to the Board for its
15 consideration. But in that letter --- I believe that
16 it's items seven and eight, seven being Robert Biros
17 file a Principal Application or Christine be divested.
18 Eight, John Biros file an Application or Christine be
19 divested. That's it.

20 ATTORNEY FISKE:

21 I would also add that the, lack of a
22 better word, the threat or ultimatum was repeated in a
23 conference call with the Hearing Officer immediately
24 prior to the hearing on August 19th, 2015. I don't
25 know the source of, you know, the animosity towards

1 the Biros family, but it seems to be a repeat effort
2 by OEC to make this as difficult as possible for
3 Christine's application.

4 ATTORNEY GOLDMAN:

5 There was another ---.

6 CHAIRMAN:

7 Commissioner Woods.

8 MR. WOODS:

9 Let me just ask a question. Endeka is
10 ultimately the entity before us --- will be before us
11 for licensure. Christine's relationship with Endeka
12 is a contractual matter?

13 ATTORNEY GOLDMAN:

14 Yes. She is --- well, through AHT,
15 there is an agreement --- there's a partnership
16 agreement between Endeka and AHT. Christine is just
17 as a member of American Harness Tracks.

18 MR. WOODS:

19 So, before us today, is Christine asking
20 to be kept a part of this deal, but not Endeka asking
21 that? If I understand correctly, you've referenced
22 that if indeed the Biroses no longer need to file,
23 then they would have no objection to Christine
24 remaining a part of this endeavor?

25 ATTORNEY GOLDMAN:

1 That's my understanding when I spoke to
2 Mr. Doherty who's not here. He said, so long as
3 there's no objections other than this one, there's no
4 basis to divest her, they would have to reinstate her.

5 MR. WOODS:

6 I'm questioning why we're involved in a
7 situation in which the family is dealing with Endeka
8 when we are licensing Endeka. And they have the right
9 bring before us whatever partnership they so desire
10 for licensing and we look into the history as OEC has
11 already done of the funds.

12 ATTORNEY GOLDMAN:

13 Because Endeka is asking for this
14 Board's approval to divest Christine, and we are
15 saying that this Board should not approve the
16 divestiture of Christine. She has not done anything
17 to warrant divestiture. She has been compliant. She
18 --- there's no questions as to her good character.
19 The only basis for the divestiture requested by Endeka
20 was the threat made by OEC, and OEC's threat was ---
21 it was unreasonable because ---.

22 MR. WOODS:

23 But we don't have Endeka before us
24 sitting here stating that is the reason. You're
25 representing ---.

1 ATTORNEY GOLDMAN:

2 It's in their petition.

3 MR. WOODS:

4 Right.

5 ATTORNEY GOLDMAN:

6 It's in the petition that's a matter of
7 record. It's a pleading before this court, and I'm
8 just basically citing from the petition that's on the
9 record. I'm not representing Endeka's ---.

10 MR. WOODS:

11 Yeah, but you are representing that if
12 that's withdrawn, the request for --- that they would
13 then be allowed to be put in there.

14 ATTORNEY GOLDMAN:

15 That was my --- I'm just repeating my
16 conversation with Mr. Doherty.

17 MR. WOODS:

18 Right. Thank you.

19 ATTORNEY COOK:

20 Just Commissioner Woods, if I could just
21 quickly clarify the record? What's before the Board
22 is a Petition to Withdraw Christine's application, not
23 approve a divestiture. We don't get involved in
24 corporate affairs of Applicants. What we do is we
25 require ---

1 MR. WOODS:

2 That's the point I was trying to make.

3 ATTORNEY GOLDMAN:

4 --- the Applicants to get permission to
5 withdraw.

6 CHAIRMAN:

7 At this juncture, I'd suggest that we go
8 into Executive Session for about ten minutes unless
9 the Board has other questions at the moment.

10 MR. RYAN:

11 If I just ---?

12 CHAIRMAN:

13 Oh, please.

14 MR. RYAN:

15 If I can? Mr. Goldman?

16 ATTORNEY GOLDMAN:

17 Yes, sir?

18 MR. RYAN:

19 Doesn't the Gaming Act authorize Endeka
20 to file a motion to withdraw Christine's application?
21 And isn't any problem that follows between Christine
22 and Endeka a matter for perhaps contract law or a
23 civil suit in a different forum, but really doesn't
24 impact this Board or what this Board decides?

25 ATTORNEY GOLDMAN:

1 That question goes back to my initial
2 statement, when we were first asked to make a comment
3 and I said Mr. Fiske should go first. Because
4 Christine's divestiture is all dependent on how the
5 Board rules on the waiver. If they rule --- if the
6 Board rules that the Waiver Petitions are granted,
7 Robert and John do not have to file Principal
8 Applications. If Endeka were to then say, despite it,
9 we're not going to take her back. We're not going to
10 reinstate her. Yes, then I have a corporate action
11 with Endeka and not this Board.

12 But to the extent this Board rules that
13 Robert and John must file Applications, that affects
14 Christine's standing within the AHT. So, to answer
15 your question, it's --- the corporate dispute with
16 Christine and Endeka does not necessarily involve a
17 direct decision by this Board. It is indirectly
18 affected by how this Board rules on those Waiver
19 Petitions. And since Endeka did file a Petition to
20 approve the divestiture, that's why we're here,
21 because we're asking that you do not approve that
22 divestiture petition or the withdrawal petition, would
23 probably be more accurate.

24 MS. LANGAN:

25 I just want to clarify. What are we

1 voting on today because I think he just confused it a
2 little bit?

3 ATTORNEY FISKE:

4 Well, I think he just clarified. It is
5 a Petition to Withdraw --- well, part of it is a
6 Petition to Withdraw Christine's Application. The
7 basis for that might be the divestiture from American
8 Holdings, but --- or AHT, but the matter before the
9 Board is our Slot Machine Applicant, Category 1
10 Applicant, has filed a Petition to Withdraw her
11 Application. They cite the divestiture, but the Board
12 is not being asked to pass judgment on the
13 divestiture.

14 CHAIRMAN:

15 We'll take a ten minute break.

16 SHORT BREAK TAKEN

17 CHAIRMAN:

18 Any further questions or comments from
19 the Board at this juncture? If not, may I have a
20 motion?

21 MR. JEWELL:

22 Mr. Chairman, I move that the Board
23 grant Endeka Entertainment's Petition to Withdraw the
24 Principal Application of Christine Biros without
25 prejudice and that the Petition for Waiver of

1 Principal Licensure of John and Robert Biros be
2 dismissed as moot.

3 MR. MCCALL:

4 Second.

5 MR. RYAN:

6 Mr. Chairman, before we vote, I would
7 just note for the record that part of the record is
8 --- as part of the record, we have Endeka, LP's
9 Petition for Withdrawal of the Principal License
10 Application of Christine Biros. And I would simply
11 draw the Board's attention to paragraph 10 and 11 of
12 that petition. Paragraph ten reads, on June 12th,
13 2015, Endeka provided notice and documentation to OEC
14 which confirmed that Ms. Biros had been disassociated
15 from AHT and Endeka effective June 10th, 2015.

16 A true and correct copy of the June
17 12th, 2015 correspondence is attached hereto as
18 Exhibit H and paragraph 11. Ms. Biros no longer
19 qualifies as a Principal under PA Code 433a.3 because
20 she no longer holds a direct or an indirect ownership
21 interest in Endeka or its affiliated entities and does
22 not have the ability to control Endeka or its
23 affiliated entities.

24 CHAIRMAN:

25 Thank you, Bill. All in favor of the

1 motion?

2 ALL RESPOND AYE

3 CHAIRMAN:

4 All opposed? The motion carries.

5 ATTORNEY COOK:

6 Next before the Board for consideration
7 are two Reports and Recommendations received from the
8 OHA. The Reports and Recommendations, along with the
9 complete evidentiary record, have been provided to the
10 Board in advance of this meeting. And additionally,
11 in each case, the individual that was the subject of
12 the Report and Recommendation has been notified that
13 his matter is being taken up by the Board today and
14 they can come forward and briefly address the Board.

15 The first Report and Recommendation
16 pertains to Sebastine Doelue, who I believe is
17 present, if you'd like to come forward and address the
18 Board? Briefly, Mr. Doelue was issued a Non-Gaming
19 Employee Registration on August 13th, 2014 and worked
20 as a Bar Helper at Harrah's Philadelphia. On July
21 13th, 2015, the OEC filed a complaint to revoke Mr.
22 Doelue's Non-Gaming Registration after learning that
23 on May 20th, 2015, during his shift, he took two \$5
24 chips from a shelf behind the bar.

25 A hearing in this matter was held on

1 September 9th, 2015. Both the OEC and Mr. Doelue
2 appeared offering evidence. OEC's evidence indicated
3 that a Beverage Server had placed the chips on the
4 shelf with a note stating that the \$10 in chips were
5 for payment for a pack of cigarettes for a patron and
6 that the server would be back later to replace the \$10
7 in chips with cash.

8 Additionally, Harrah's video
9 surveillance shown at the hearing showed that Mr.
10 Doelue initially picked up the note, placed it back on
11 the shelf and then went about his job duties.
12 Approximately a half hour later, surveillance showed
13 Mr. Doelue returned to the scene, discarded the note,
14 looked around the room, took the chips, put them in
15 his pocket and left the bar area. Harrah's terminated
16 Mr. Doelue for his actions, however, no criminal
17 charges were filed.

18 Mr. Doelue's statements to Harrah's
19 after the incident and his testimony at the hearing
20 were inconsistent. For Harrah's, or during --- right
21 after his termination, he told Harrah's that the note
22 was illegible and that he thought the patron --- that
23 a patron had left the chips there as a tip.

24 During his hearing, however, Mr. Doelue
25 testified that there was nothing written on the

1 receipt that was used as a note and that he believed
2 the chips were left there by a fellow Bar Helper as a
3 tip. After hearing all of the evidence, the Hearing
4 Officer issued a Report and Recommendation
5 recommending that Mr. Doelue's Non-Gaming Registration
6 be revoked. That is the recommendation before the
7 Board. As indicated, Mr. Doelue is present.

8 CHAIRMAN:

9 Mr. Doelue, would you please stand and
10 identify yourself and be sworn by the court reporter?

11 -----

12 SEBASTIENE DOELUE, HAVING FIRST BEEN DULY SWORN,
13 TESTIFIED AS FOLLOWS:

14 -----

15 CHAIRMAN:

16 Could you say yes?

17 A. Yes.

18 CHAIRMAN:

19 Thank you. You can sit down, because we
20 won't hear the microphone. Proceed with whatever you
21 have to say.

22 A. Well, good morning to the Board, the Gaming
23 Control Board. My name is Sebastine Doelue. I was
24 one of the workers, Bar Helper, at the Harrah's Casino
25 in 2015.

1 MR. RYAN:

2 Mr. Chairman, could you ask the witness
3 to speak into the microphone?

4 CHAIRMAN:

5 Yeah, you'll probably have to get
6 closer, we're having trouble hearing you.

7 A. Oh, I'm sorry. The recommendation were made ---
8 well, I sure wanted to briefly address the Board on
9 what happened during this mess of the casino. I was a
10 Bar Helper at the casino. Overnight, I work at 3:00
11 to 11:00 a.m. Mostly, we kept tip from the bar. I
12 went on my shift, and when I was trying to settle the
13 bar, I saw the tip on the counter. After I saw the
14 tip I thought it was my --- it was a tip with the
15 paper, she left the \$10 tip sitting on the bar.

16 After I went down, I get my friend who always
17 puts the tip on the bar. When I came back, I never
18 see him when I went --- when I came back I started
19 doing my work, I took the tip and I put it my pocket.
20 On the very morning my manager came in, I told her
21 this, she never said anything to me. I left on the
22 Tuesday of.

23 And when I returned, I saw a girl who put a tip
24 on the bar when I'm doing my work in the other bar.
25 So, someone got fired, and during our conversation I

1 said why is the guy got fired. It's one of my
2 colleagues, Cory King. And she said, oh, maybe it was
3 some tip gone missing from the bar on Wednesday. And
4 I said, which tip? She said, somebody pulled a tip
5 from the bar. And I said, but why indicate I pull it?

6 And she said I pulled a cigarette --- well, it
7 belonged to a cigarette, so I put the tip on the bar.
8 So, I said, well, I took the tip. I thought it was my
9 tip. Quickly, I went downstairs to my supervisor and
10 told to him what happened. I said, during my absence,
11 they told me I should took a tip on the bar during
12 very day, I took the tip, and I thought it belonged to
13 me. My manager came, she never say anything. So, I
14 returned on the 23rd.

15 She called me downstairs, and she started to ask
16 me. She said, do you know Wednesday night, did you
17 saw any tip on the bar? And I said, yes. She said,
18 well, why did you have to take it? I said, well, I
19 thought it was a tip that --- that my friend Bob put
20 the tip on the bar. She said, okay. I investigated.
21 I thought the investigation was --- as you said, I
22 would normally be, you know, working in the casinos.

23 I said, oh. I said, it's not --- I was not ---.
24 It was not intentional. I thought it was because
25 usually we get a tip. She said she cannot do

1 anything, and because she already went to surveillance
2 and she saw me taking the tip. And I said, my ---
3 it's not my way. I've been working in the casino for
4 three years now. I haven't had a written document on
5 such an issue, so how can you do this?

6 She says she cannot do anything. So,
7 I'm addressing with the Board this morning, because
8 the recommendation was already made. I don't know
9 whether they want to revoke or --- revoke my license,
10 but it's not my doing. I just wanted to address the
11 Board to what happened. I'm now someone who can take
12 something that doesn't belong to me. I mean, I would
13 testify that I went to the office. I told them that I
14 pulled the tip, but I didn't never deny it. I took my
15 two off, I came. So, I wanted to address the Board
16 and appeal to them that it's not my way.

17 CHAIRMAN:

18 Okay. Questions?

19 MR. FAJT:

20 Yeah. Can we hear from OEC on this, and
21 ---? Thank you, Mr. Chairman.

22 ATTORNEY PITRE:

23 Initially, everything Mr. Doelue stated
24 is accurate. Initially, when we filed the complaint,
25 we were not entirely sure of Mr. --- whether or not

1 Mr. Doelue stole the tip and tried to secret it, and
2 that came up through the hearing. If the Board is
3 inclined to do a suspension served, OEC would be fine
4 with that. If the Board is inclined to show Mr.
5 Doelue some sort of compassion and reject the Report
6 and Recommendation, OEC would be fine with that.

7 The purpose of the filing was to get to
8 the bottom of the facts. Mr. Doelue did take the \$10.
9 He was off for two days afterwards. He did tell his
10 supervisor that he was the one who took the \$10, so I
11 would leave it to the Board's discretion on how they
12 want to deal with the matter.

13 CHAIRMAN:

14 Thank you.

15 MR. WOODS:

16 Mr. Chairman?

17 CHAIRMAN:

18 Yeah.

19 MR. WOODS:

20 What's your status with the status with
21 Harrah's now?

22 A. Come again, sir?

23 MR. WOODS:

24 Are you still employed by Harrah's?

25 A. No, I was dismissed because of that.

1 ATTORNEY PITRE:

2 Yeah, he was terminated.

3 MR. WOODS:

4 Right. I just want to understand.

5 CHAIRMAN:

6 I just have a question? How long ago
7 were you terminated, sir? How long ago did you lose
8 your job?

9 A. In May, May the 23rd.

10 CHAIRMAN:

11 Have you been working since then?

12 A. No.

13 CHAIRMAN:

14 Or are you out of work?

15 A. No.

16 CHAIRMAN:

17 May I have a motion for this?

18 MR. MCCALL:

19 Mr. Chairman, I move that the Board
20 reject the Report and Recommendation issued by the OHA
21 regarding the revocation of Sebastine Doelue's Non-
22 Gaming Employee Registration, and that we eject it ---
23 reject it based on time served. We're going to give
24 him a second chance, but if he comes before this Board
25 again with any kind of issue, that we will, in fact

1 reject his license. We're going to give you a second
2 chance, Mr. Doelue. And that would be my motion, Mr.
3 Chairman.

4 CHAIRMAN:

5 Is there a second?

6 MR. MOSCATO:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 ALL RESPOND AYE

11 CHAIRMAN:

12 All opposed? The motion's adopted.

13 Thank you for coming, Mr. Doelue.

14 A. Thank you, sir.

15 ATTORNEY COOK:

16 The final Report and Recommendation
17 before the Board today pertains to James Watford, Jr.
18 Mr. Watford was issued a Non-Gaming Employee
19 Registration in July of 2010 and also worked as a Bar
20 Back at Harrah's Philadelphia Casino and Racetrack.
21 On May 28th, 2015, the OEC filed a complaint to revoke
22 Mr. Watford's Non-Gaming Employee Registration for
23 failing to maintain suitability.

24 Specifically, evidence showed and Mr.
25 Watford acknowledged that he picked up an envelope

1 dropped by a patron, which contained \$380 in cash,
2 subsequently placing the money in his locker. Mr.
3 Watford's actions were also picked up by surveillance.
4 An enforcement action was brought. Mr. Watford
5 requested a hearing. However, he did not attend that
6 hearing. As a result, the only evidence heard was
7 that presented by the OEC employee and the
8 surveillance and Mr. Watford's earlier statements to
9 Harrah's personnel. As a result of that evidence, the
10 Hearing Officer issued a Report and Recommendation
11 recommending that Mr. Watford's Non-Gaming
12 Registration be revoked, and that's the recommendation
13 before the Board.

14 CHAIRMAN:

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

17 MR. MOSCATO:

18 Mr. Chairman, I move that the Board
19 adopt the Report and Recommendation issued by the OHA
20 regarding the revocation of James Watford's Non-Gaming
21 Employee Registration as described by the OCC.

22 MR. RYAN:

23 Second.

24 CHAIRMAN:

25 All in favor?

1 ALL RESPOND AYE

2 CHAIRMAN:

3 All opposed? The motion is adopted.

4 ATTORNEY SHERMAN:

5 Thank you. That concludes all matters
6 of the OCC.

7 CHAIRMAN:

8 Thank you. Susan Hensel, Director of
9 Licensing.

10 MS. HENSEL:

11 Thank you, Chairman Barasch and members
12 of the Board. Before the Board today will be motions
13 regarding two Manufacturer Renewal Licenses, one Table
14 Game Manufacturer Designee Renewal License, one
15 Gaming-Related Gaming Service Provider Certification
16 and 1,112 Principal Key Gaming and Non-Gaming
17 Employees. In addition, there will be the
18 consideration of 11 Gaming Service Provider
19 Applicants.

20 The first matter for your consideration
21 is the renewal of the Ditronics Financial Services,
22 LLC Slot Machine Manufacturer License. Ditronics is a
23 Nevada-based company that, among other activities,
24 manufactures and sells ticket redemption kiosks. The
25 BIE has completed its investigation of the company,

1 and the Bureau of Licensing has provided you with a
2 background investigation and suitability report.

3 I have provided you with a draft Order
4 and ask that the Board consider the Order to renew the
5 Slot Machine Manufacturer License of Ditronics
6 Financial Services, LLC.

7 CHAIRMAN:

8 Thank you. Comments from Enforcement
9 Counsel?

10 ATTORNEY PITRE:

11 Enforcement Counsel has no objection.

12 CHAIRMAN:

13 Questions or comments from the Board?
14 May I have a motion?

15 MR. WOODS:

16 Mr. Chairman, I'd move that the Board
17 approve the Slot Manufacture License of Ditronics
18 Financial Services, LLC as described by the Bureau of
19 Licensing.

20 MR. FAJT:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 ALL RESPOND AYE

25 CHAIRMAN:

1 All opposed? The motion's adopted.

2 MS. HENSEL:

3 Next is the renewal of the Interblock
4 Luxury Gaming Products, d.d. Table Game Manufacturer
5 License. Interblock is a Slovenia-based company that
6 manufactures multiplayer electronic gaming tables.
7 The BIE has completed its investigation of the
8 company, and the Bureau of Licensing has provided you
9 with a background investigation and suitability
10 report.

11 I've provided you with the draft Order
12 and ask that the Board consider the Order to renew the
13 Table Game Manufacturer License of Interblock Luxury
14 Gaming Products, d.d.

15 CHAIRMAN:

16 Questions from Enforcement Counsel?

17 ATTORNEY PITRE:

18 Enforcement Counsel has no objection.

19 CHAIRMAN:

20 Questions or comments from the Board?

21 May I have a motion?

22 MR. FAJT:

23 Mr. Chairman, I move that the Board
24 approve the Table Game Manufacturer License of
25 Interblock Luxury Gaming Products, d.d. as described

1 by the Bureau of Licensing.

2 MR. MCCALL:

3 Second.

4 CHAIRMAN:

5 All in favor?

6 ALL RESPOND AYE

7 CHAIRMAN:

8 All opposed? The motion's adopted.

9 MS. HENSEL:

10 Also for your consideration is the
11 renewal of the Manufacturer Designee License for
12 Interblock USA, LC. Interblock, USA is a Nevada-based
13 company that sells and services the table games
14 manufactured by its parent company, Interblock Luxury
15 Gaming Products. The BIE has completed its
16 investigation of the company and the Bureau of
17 Licensing has provided you with the background
18 investigation and suitability report. I have provided
19 you with a draft Order and ask that the Board consider
20 the Order to renew the Manufacturer Designee License
21 for Interblock USA, LLC.

22 CHAIRMAN:

23 Comments from Enforcement Counsel?

24 ATTORNEY PITRE:

25 Enforcement Counsel has no objection.

1 CHAIRMAN:

2 Questions or comments from the Board?

3 May I have a motion?

4 MR. MCCALL:

5 Mr. Chairman, I move that the Board
6 approve the Table Game Manufacturer Designee License
7 of Interblock, USC --- USA, LC as described by the
8 Bureau of Licensing.

9 MR. MOSCATO:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 ALL RESPOND AYE

14 CHAIRMAN:

15 All opposed? The motion is adopted.

16 MS. HENSEL:

17 Next is the approval of a Gaming-Related
18 Gaming Service Provider Certification for Galaxy
19 Gaming, Inc. Galaxy Gaming is a Nevada-based company
20 that designs, develops and markets side bets and table
21 game variations. The BIE has completed its
22 investigation, and the Bureau of Licensing has
23 provided you with a background investigation and
24 suitability report. I've also provided you with the
25 draft Order and ask that the Board consider the

1 approval of a Gaming-Related Gaming Service Provider
2 Certification for Galaxy Gaming, Inc.

3 CHAIRMAN:

4 Comments from Enforcement Counsel?

5 ATTORNEY PITRE:

6 Enforcement Counsel has no objection.

7 CHAIRMAN:

8 Questions or comments from the Board?

9 May I have a motion?

10 MR. MOSCATO:

11 Mr. Chairman, I move that the Board
12 approve the Gaming-Related Gaming Service Provider
13 Certification of Galaxy Gaming, Inc. as described by
14 the Bureau of Licensing.

15 MR. RYAN:

16 Second.

17 CHAIRMAN:

18 All in favor?

19 ALL RESPOND AYE

20 CHAIRMAN:

21 All opposed? The motion is adopted.

22 MS. HENSEL:

23 Next, our Principal and Key Employee
24 Licenses. Prior to this meeting, the Bureau of
25 Licensing provided you a Proposed Order for two

1 Principal and one Key Employee Licensees. I ask that
2 the Board consider the Order to approve the licenses.

3 CHAIRMAN:

4 Comments from Enforcement Counsel?

5 ATTORNEY PITRE:

6 Enforcement Counsel has no objection.

7 CHAIRMAN:

8 Questions or comments from the Board?

9 May I have a motion?

10 MR. RYAN:

11 Mr. Chairman, I move that the Board
12 approve the issuance of Principal and Key Employee
13 Licenses as described by the Bureau of Licensing.

14 MR. WOODS:

15 Second.

16 CHAIRMAN:

17 All in favor?

18 ALL RESPOND AYE

19 CHAIRMAN:

20 All opposed? The motion's adopted.

21 MS. HENSEL:

22 Also for your consideration are
23 Temporary Principal and Key Employee Licenses. Prior
24 to this meeting, the Bureau of Licensing provided you
25 with an Order regarding the issuance of Temporary

1 Licenses for 2 Principal and 24 Key Employees. I ask
2 that the Board consider the Order approving the
3 licenses.

4 CHAIRMAN:

5 Comments, Cyrus?

6 ATTORNEY PITRE:

7 Enforcement Counsel has no objection.

8 CHAIRMAN:

9 Questions or comments from the Board?

10 May I have a motion?

11 MR. WOODS:

12 Mr. Chairman, I move that the Board
13 approve the issuance of Temporary Principal and Key
14 Employee credentials as described by the Bureau of
15 Licensing.

16 MR. FAJT:

17 Second.

18 CHAIRMAN:

19 All in favor?

20 ALL RESPOND AYE

21 CHAIRMAN:

22 All opposed? The motion's adopted.

23 MS. HENSEL:

24 There were also Gaming Permits and Non-
25 Gaming Registrations. Prior to this meeting, the

1 Bureau of Licensing provided you with a list of 758
2 individuals to whom the Bureau has granted Temporary
3 or Full Occupation Permits and 293 individuals to whom
4 the Bureau has granted Registrations. I ask that the
5 Board consider a motion approving the Order.

6 CHAIRMAN:

7 Comments from Enforcement Counsel?

8 ATTORNEY PITRE:

9 Enforcement Counsel has no objection.

10 CHAIRMAN:

11 Questions or comments from the Board?

12 May I have a motion?

13 MR. FAJT:

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

18 MR. JEWELL:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL RESPOND AYE

23 CHAIRMAN:

24 All opposed? The motion's adopted.

25 MS. HENSEL:

1 Next three are recommendations of denial
2 for one Gaming and two Non-Gaming Employee Applicants.
3 In each case, the Applicant failed to request a
4 hearing within the specified time frame. The Bureau
5 of Licensing has provided you with Orders addressing
6 the Applicants who the OEC has recommended for denial.
7 I ask that the Board consider a motion approving the
8 denials.

9 CHAIRMAN:

10 Enforcement Counsel?

11 ATTORNEY PITRE:

12 Enforcement Counsel continues to request
13 denial in each instance.

14 CHAIRMAN:

15 Thank you. Questions or comments from
16 the Board? May I have a motion?

17 MR. JEWELL:

18 Mr. Chairman, I move that the Board deny
19 the Gaming and Non-Gaming Employee Applications as
20 described by the Bureau of Licensing.

21 MR. MCCALL:

22 Second.

23 CHAIRMAN:

24 All in favor?

25 ALL RESPOND AYE

1 CHAIRMAN:

2 All opposed? The motion's adopted.

3 MS. HENSEL:

4 We also had Withdrawal requests for
5 Gaming and Non-Gaming Employees. In each case, the
6 permit or registration is no longer required. Before
7 today's meeting, I had provided the Board with a list
8 of 27 Gaming and 2 Non-Gaming Employee Withdrawals for
9 approval. I ask that the Board consider the Orders
10 approving the list of Withdrawals.

11 CHAIRMAN:

12 Enforcement Counsel?

13 ATTORNEY PITRE:

14 Enforcement Counsel has no objection.

15 CHAIRMAN:

16 Questions or comments from the Board?

17 May I have a motion?

18 MR. MCCALL:

19 Mr. Chairman, I move that the Board
20 approve the Withdrawals as described by the Bureau of
21 Licensing.

22 CHAIRMAN:

23 Second?

24 MR. MOSCATO:

25 Second.

1 CHAIRMAN:

2 All in favor?

3 ALL RESPOND AYE

4 CHAIRMAN:

5 All opposed? The motion's adopted.

6 MS. HENSEL:

7 Next, we have an Order to certify the
8 following Gaming Service Providers, Core BTS, Inc.,
9 PSF Acquisition Co., LLC and Steel Fab of Virginia,
10 Incorporated. I ask that the Board consider the Order
11 approving these Gaming Service Providers for
12 certification.

13 CHAIRMAN:

14 Enforcement Counsel?

15 ATTORNEY PITRE:

16 Enforcement Counsel has no objection.

17 CHAIRMAN:

18 Questions or comments from the Board?

19 May I have a motion?

20 MR. MOSCATO:

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 MR. RYAN:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 ALL RESPOND AYE

5 CHAIRMAN:

6 All opposed? The motion's adopted.

7 MS. HENSEL:

8 Finally, there are Gaming Service
9 Provider Registrations. The Bureau of Licensing
10 provided you with an Order and an attached list of
11 eight Registered Gaming Service Provider Applicants.
12 I'd ask that the Board consider the Order registering
13 these Gaming Service Providers.

14 CHAIRMAN:

15 Comments from Enforcement Counsel?

16 ATTORNEY PITRE:

17 Enforcement Counsel has no objection.

18 CHAIRMAN:

19 Questions or comments from the Board?

20 May I have a motion?

21 MR. RYAN:

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

1 MR. WOODS:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 ALL RESPOND AYE

6 CHAIRMAN:

7 All opposed? The motion's adopted.

8 MS. HENSEL:

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

11 CHAIRMAN:

12 Thank you. Next up, we have OEC. As
13 the first order of business, I would ask Cyrus to
14 provide a brief update on the status of the Category 1
15 Application of Endeka Entertainment, particularly
16 focusing on Endeka's compliance with the Board's May
17 20th, 2015 Order, which established a series of
18 deadlines. If you could, Mr. Pitre?

19 ATTORNEY PITRE:

20 The Chairman, members of the Board, as
21 the Board is aware, on May 20th, 2015, Endeka was
22 conditionally granted an extension of time pursuant to
23 six conditions. Condition one was that Endeka shall
24 complete all requirements of licensure by November
25 20th, 2015. On November the 20th, 2015, Endeka

1 submitted various filings to the Bureau of Licensing
2 and the OEC.

3 The information was reviewed and
4 processed by the Bureau of Licensing and reviewed by
5 appropriate personnel within the BIE. Due to the
6 confidentiality of the information submitted and the
7 procedural due process constraints, I am unable to
8 comment publicly with specificity the --- regarding
9 the information submitted or any specific steps
10 undertaken by Board staff.

11 However, I can inform the Board that the
12 information received thus far contains, amongst other
13 filings and documents, an application for one new
14 entity and one new individual, which until this filing
15 had no known relationship to the project and who had
16 never filed an application or done any business with
17 the agency in the past.

18 Additionally, based upon a cursory
19 review of the information, it is likely that
20 additional information and/or applications may be
21 requested from other individuals and entities
22 depending upon the results of a more detailed review
23 and investigation. The information submitted on
24 November 20th remains officially within the Bureau of
25 Licensing as the normal course of business.

1 And since November 20th, 2015, the
2 Bureau of Licensing has been in constant contact with
3 the appropriate Endeka personnel to cure various
4 application deficiencies. As those deficiencies are
5 cured, the Bureau of Licensing has forwarded the
6 relevant information to the BIE to ensure that the
7 most current information is being utilized to conduct
8 the background investigations.

9 As it stands today, it is the consensus
10 of BIE and OEC that the Lawrence County project has
11 more unanswered questions than it did approximately
12 one year ago, when I gave my last update to the Board.
13 A very optimistic completion time frame by BIE, based
14 upon the information currently in our possession, is
15 12 months. However, this is dependent upon what is
16 uncovered during the background investigation process.

17 A cursory review of the submitted
18 documents illustrate a funding source for the project
19 that is not traditional. The control and ownership
20 structure of the project changes at different stages
21 based upon conditions. The funding for the project
22 has the potential to change at different stages, and
23 all agreements are not in final form. And some have
24 not yet been executed, and some contain conditions
25 that will potentially require additional agreements

1 and amendments.

2 There are number of moving parts and a
3 number of unknown variables that have to be addressed
4 before I can give the Board any logical estimated
5 completion time frame. I can say that condition two,
6 with regard to the application of Mr. Procacci, Merit
7 Gaming Group and its Principals, that information was
8 submitted in a timely fashion.

9 BIE is fine --- almost done with those
10 background investigations, and final --- in fact draft
11 final reports of those reports of investigations have
12 been completed by the BIE agents and with their
13 supervisors for review. If we were only dealing with
14 Procacci and Merit Gaming, I would estimate that we
15 could probably --- and a traditional funding
16 mechanism, we could probably be done with ---. This
17 probably could be before the Board about July or
18 August at the latest. But given that we're not
19 dealing with that, it's estimated that it's going to
20 take longer.

21 Condition three was completed in a
22 sufficient fashion. Condition three was the Endeka
23 shall post a \$50 million bond in compliance with the
24 Act by June 1, 2015. And that was done satisfactorily
25 to staff's liking. Condition four was that Endeka

1 shall demonstrate approval of a change of structure
2 and licensing by the Harness Racing Commission prior
3 to November 20th. That was completed in a sufficient
4 fashion. The Harness Racing Commission did grant them
5 an additional time frame in order to provide certain
6 information and get certain things done. So, that was
7 done in a satisfactory time and fashion.

8 Condition six was that Endeka, beginning
9 on July 15, 2015 and continuing the first month
10 thereafter provide monthly updates to the OEC and the
11 OCC. That was done up until October 30th, 2015. We
12 did not receive an update for December and January.
13 However, I did contact Endeka counsel, and it was an
14 oversight on their part. It was their understanding
15 that that reporting requirement was going to --- was
16 only required up until the November the 20th, 2015
17 date. They understand now it's ongoing, and they have
18 agreed to continue providing those updates.

19 And I don't have a problem with that,
20 and I think that has been done in a satisfactory
21 fashion. As a result, that is the standing of Endeka
22 today as we speak. I'd be happy to answer any
23 questions that the Board may have within the limits of
24 what I can and cannot discuss.

25 CHAIRMAN:

1 In view of the limits of what you can
2 and cannot discuss should I presume there are no
3 questions from the Board at this time?

4 MR. WOODS:

5 Just one question. The Department of
6 Agriculture is not present today. But obviously, the
7 Harness Racing Commission has taken some actions in
8 the recent past concerning the Endeka application for
9 that license. And certain time frames were put upon
10 them for completion in order to maintain that harness
11 license. Are you aware of those time frames? Does
12 that impact the work that you do in any way, shape or
13 form? Or are you aware of any concerns that Endeka
14 has with those time frames in their conversations with
15 the OEC?

16 ATTORNEY PITRE:

17 I'm sure that we'll be in touch. I'm
18 aware of the time frames, and I am aware that Endeka
19 received some extensions on some of those time frames.
20 As far as Endeka's concerned, the more information
21 they can get us, and the faster they can get that
22 information to us, the better it's going to be for
23 them.

24 I do anticipate meeting with Endeka
25 within the near future to go over some various issues

1 that need to be resolved in order to get this matter
2 before the Board and in order for them to meet
3 Racing's time frame. But until that's done, I don't
4 think Endeka is aware of the various issues that we
5 have. They are still working with the Bureau of
6 Licensing to ensure --- to ensure that the application
7 that they filed is complete.

8 That application has not been deemed
9 complete yet. The Bureau of Licensing has stepped
10 away from normal procedures and provided us
11 information as it comes in in order for us to move as
12 quickly as we can with the investigative process.
13 Normally, the Bureau of Licensing would wait until the
14 application's fully complete, so we --- between BIE
15 and the Bureau of Licensing, we've worked together to
16 ensure as information comes in and we have the most up
17 to date information.

18 So, Endeka is aware of the deficiencies
19 that have to be resolved, and they're aware that
20 they're under time constraints with Racing. And as
21 far as we're concerned, we don't put time constraints
22 on a background investigation because you never know
23 where it's going to lead. So, as it progresses, I may
24 be able to give the Board a more logical time frame as
25 we move forward, maybe in another three or four

1 months. But as of now, with the information being
2 fresh and us in the middle of the review process, this
3 is the best I can give you.

4 MR. WOODS:

5 Thank you.

6 MR. MCCALL:

7 Cyrus, did I understand you to say that
8 the background investigation was done on both Merit
9 and Procacci, or are they still ongoing? Are they
10 complete?

11 ATTORNEY PITRE:

12 They're pretty much complete. They're
13 with the investigative supervisors' --- they're within
14 the Deputy Director of Investigations, Mike
15 Rosenberry. And I know he's reviewing those reports.
16 Obviously, when he goes through those reports, he may
17 find some issues that the agents need to address. And
18 so it's in the final drafting stages, from what I
19 understand. Once those are done, they're going to
20 come to the --- or they're going to Paul Mauro.

21 He's going to review them. If he has
22 any questions about anything, they'll be tweaked. And
23 then it'll come to the OEC, but we've investigated Mr.
24 Procacci and Merit Gaming before with relation to the
25 Category 2 Application. So, it wasn't like we had to

1 reinvent the wheel. It was just ---.

2 MR. MCCALL:

3 So, what was the timeline on that, just
4 generally? Just off the top of your head if you can?

5 ATTORNEY PITRE:

6 It came in in --- let's see. We filed
7 those applications in --- by June, so we are in
8 January. So, it's about a six month, seven month time
9 frame.

10 MR. MCCALL:

11 And generally, what is that time ---?
12 What I'm getting at is, I'm just trying to figure out
13 the timeline on this. And I know every background
14 check will be different, so six months knowing Merit
15 and Procacci that's probably --- six months is
16 relatively quick?

17 ATTORNEY PITRE:

18 That's quick.

19 MR. MCCALL:

20 Yeah.

21 ATTORNEY PITRE:

22 That's quick.

23 MR. MCCALL:

24 And there's two new individuals that we
25 have --- we know nothing about, two new entities that

1 we have to background?

2 ATTORNEY PITRE:

3 There is a new entity that we --- that
4 is newly formed that we knew nothing about until now.

5 MR. MCCALL:

6 So, that timeline could be anywhere from
7 six months plus?

8 ATTORNEY PITRE:

9 We usually go 9 to 12 months for new
10 entities, 9 to 12 months on the new individuals,
11 because these --- both this entity and this individual
12 are going to be a major player in this project.

13 MR. MCCALL:

14 And I'm taking that --- so that's the
15 finance side then, too. So, there are going to be new
16 issues with financing, as well?

17 ATTORNEY PITRE:

18 The funding mechanism that they're
19 employing is not a traditional funding mechanism,
20 meaning that it's not an institutional lender.
21 They're getting a loan from a bank. It's something
22 different that's going to require licensing, and
23 that's the best I can give you right now without going
24 into any detail. And until we look at that entity and
25 that individual, we don't know if there will be other

1 licensing ramifications to other entities and
2 individuals.

3 MR. MCCALL:

4 Thank you.

5 CHAIRMAN:

6 Other questions of the Board? Thanks,
7 Cyrus. As we begin the rest of your part of the
8 agenda I'd ask that anybody that comes before the
9 Board now state and spell their name for the court
10 reporter. Also, anyone other than attorneys who
11 appear should be sworn before speaking. And if it's
12 okay let's start with the Consent Agreements.

13 ATTORNEY PITRE:

14 The OEC will present 18 matters for the
15 Board's consideration today consisting of three
16 Consent Agreements, five Revocations, one Suspension
17 and nine Involuntary Exclusions. The first three OEC
18 matters on the agenda are Consent Agreements that have
19 been negotiated by the OEC. The first Consent
20 Agreement will be presented by Assistant Enforcement
21 Counsel Cassandra Fenstermaker.

22 ATTORNEY FENSTERMAKER:

23 Good morning, Chairman Barasch and
24 members of the Board. My name is Cassandra
25 Fenstermaker, F-E-N-S-T-E-R-M-A-K-E-R. The first

1 matter we have for your consideration today is a
2 Consent Agreement between Non-Gaming Registrant A.C.
3 and the OEC. In February of 2007, A.C. was granted a
4 Non-Gaming Employee Registration related to employment
5 at Harrah's Philadelphia Casino and Racetrack.

6 In October of 2012, while still a
7 Licensee of the Board, A.C. requested placement on the
8 Board's self-exclusion list for the period of a
9 lifetime. At that time, A.C. acknowledged and agreed
10 that although he was permitted to complete his
11 employment activities and responsibilities at
12 Harrah's, he was prohibited from engaging in gaming
13 activities at Commonwealth casinos.

14 In November of 2012, A.C. attempted to
15 obtain a Player's Club card at Valley Forge Casino
16 Resort, at which point he was identified as self-
17 excluded. At that time, A.C. was issued a warning
18 letter by the OEC notifying him that future violations
19 of the terms of a self-exclusion could result in a
20 suspension or a revocation of his registration.

21 On July 1st, 2015, A.C. was discovered
22 on the gaming floor at Sugarhouse Casino, when the
23 slot machine he was wagering at registered a jackpot.
24 As a result of the violation, the OEC and A.C. entered
25 into a Consent Agreement in which A.C. agrees to have

1 his Non-Gaming Employee Registration suspended for a
2 period of five consecutive calendar days.

3 The OEC requests that the Board approve
4 the Consent Agreement between the OEC and A.C. as
5 presented today, and I'd be happy to answer any
6 questions that you might have.

7 CHAIRMAN:

8 I presume Mr. or Ms. A.C. is not
9 present?

10 ATTORNEY FENSTERMAKER:

11 Not to my knowledge.

12 CHAIRMAN:

13 Okay, then, questions or comments from
14 the Board? May I have a motion?

15 MR. WOODS:

16 Mr. Chairman, I move that the Board
17 issue an Order to approve the Consent Agreement
18 between the OEC and A.C. as described by the OEC.

19 MR. FAJT:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 ALL RESPOND AYE

24 CHAIRMAN:

25 All opposed? Motion's adopted.

1 ATTORNEY PITRE:

2 The next matter that we have on the
3 agenda is a Consent Agreement between the OEC and
4 Holdings Acquisition, LP doing business as Rivers
5 Casino. Assistant Enforcement Counsel Kim Adams will
6 present the matter for the Board's consideration.

7 ATTORNEY ADAMS:

8 Mr. Chairman and members of the Board,
9 good morning. Kim Adams, OEC. The next Consent
10 Agreement for your consideration is between the OEC
11 and Rivers Casino, whereby Rivers is acknowledging
12 them failing to properly address an automatic shuffler
13 error light, River's table games personnel's actions
14 compromised the integrity of table gameplay of
15 Blackjack for 24 minutes and 64 hands, potentially
16 compromised the integrity of table gameplay of
17 Blackjack for one hour and 13 minutes and 147 hands.

18 On August 14th, 2015, at Blackjack
19 Lady's Luck Table 201, the automatic card shuffler's
20 red error light was illuminated while the blue deck of
21 cards was in the intake side of the shuffler and the
22 red deck of cards was in the shoe on the table in
23 play. The Table Games Dealer overrode the red error
24 light, and when the discharge door opened, the dealer
25 removed a blue card and placed this card in the red

1 deck of cards that was currently in play on the table.

2 It was later determined that the card
3 that was removed from the discharge side of the
4 automatic shuffler was a black ten of clubs. After
5 the blue card ten of clubs was added to the red deck
6 that was currently in play, the Dealer dealt 50 hands
7 of blackjack over a 20 minute period, wherein the red
8 error light on the shuffler would blink and the dealer
9 would override the error light by pushing the green
10 light button.

11 The blue deck of cards was only used
12 once in play at a table after the ten of clubs was
13 removed. While the blue deck of cards was in play, 64
14 hands of Blackjack were dealt over a 24 minute period.
15 The red deck of cards with the additional ten of clubs
16 was used twice more at the table. The red deck of
17 cards was used for an additional 52 minutes and 97
18 hands of Blackjack until a Table Games Supervisor
19 approached the table to stop play with the red deck.

20 The red deck of cards was removed from
21 the table, and the additional ten of clubs that was
22 part of the blue deck was found in the red deck of
23 cards while they were being sorted at a pit podium.
24 For 24 minutes and 64 hands, the integrity of
25 Blackjack was compromised when the blue deck of cards

1 was used due to the blue deck of cards missing a ten
2 of clubs. For one hour and 13 minutes and 147 hands,
3 the integrity of Blackjack potentially could have been
4 compromised when the red deck of cards was used to an
5 additional ten of clubs being in the red deck.

6 Also during this time period, three
7 different players were at the table gaming. In
8 response to this incident, Rivers issued a final
9 written warning to the Dealer who failed to properly
10 address the shuffler warning lights. The parties have
11 entered into an Agreement that within ten days of the
12 date of the Board Order adopting this Agreement,
13 Rivers shall pay a civil penalty in the amount of
14 \$15,000. And also, within ten days of the Board's
15 Order, Rivers shall pay \$2,500 for the costs incurred
16 by the OEC and other staff in connection with this
17 matter. At this time, the OEC recommends that the
18 Board approve this Consent Agreement. If you have any
19 questions, we'll be happy to answer at this time.

20 CHAIRMAN:

21 Well, who's here on behalf of Holdings?

22 ATTORNEY DONNELLY:

23 I'm John Donnelly, D-O-N-N-E-L-L-Y, on
24 behalf of Rivers. With me is Rob Guthrie who is the
25 Director of Table Games, Rhonda Gilchrist who is the

1 VP of Compliance and also in the audience is Dannielle
2 Cisneros who's Senior Counsel.

3 CHAIRMAN:

4 Do you intend to offer any testimony?

5 ATTORNEY DONNELLY:

6 I don't, unless there are questions.

7 CHAIRMAN:

8 Okay. Then, let's proceed for the
9 moment.

10 ATTORNEY DONNELLY:

11 I'll just simply say --- maybe four
12 things. One, it was a self-reported matter. Two, the
13 employee did get a file --- went directly to a final
14 written warning, skipped over oral warning. Third,
15 this is --- we've been --- we've had some initial
16 problems with these shufflers but cured them. I think
17 the last event was in March of 2014 that anything like
18 this happened. In fact, the blue card was never hit
19 in the dealing, so no one won or lost because of this
20 additional card being in there.

21 And since then, there's been new
22 procedures instated, which is BIE's aware of that Mr.
23 Guthrie has instituted, which makes it essentially
24 forbidding the Dealers from touching the shuffling
25 machine at all. So, human error happens, we're here

1 to acknowledge it and pay the fine.

2 CHAIRMAN:

3 Are there any questions or comments from
4 the Board?

5 MR. FAJT:

6 Quick comment, Mr. Chairman. Thank you,
7 Mr. Donnelly, for the explanation. I am glad to hear
8 that, you know, this individual skipped over the first
9 oral warning and went right to a final written
10 warning. You know, based on the number of hands that
11 were played, that is a pretty egregious violation as
12 far as I'm concerned.

13 You know, to continue to hit the red
14 light and continue to play when he should have known,
15 based on your protocols and your training, that there
16 was something wrong. So, you know, short of dismissal
17 which probably would've made me even happier, but a
18 final written warning will suffice. So, thank you.

19 CHAIRMAN:

20 Do I have a motion?

21 MR. FAJT:

22 Yes, Mr. Chairman. I move that the
23 Board issue an Order to approve the Consent Agreement
24 between the OEC and Holdings Acquisition Co., LP as
25 described by the OEC.

1 MR. JEWELL:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 ALL RESPOND AYE

6 CHAIRMAN:

7 All opposed? The motion's adopted.

8 ATTORNEY DONNELLY:

9 Thank you. And Mr. Chairman, if I may
10 just address for a moment the Sugarhouse report that
11 Kevin gave earlier? On behalf of Sugarhouse, they're
12 very happy this second phase is underway and almost
13 done. Staff's been great. I mean, a lot of this was
14 done over the --- right before the --- during ---
15 after Christmas and before New Year's, so I want to,
16 you know, kind of give them a pat on the back and so
17 on. So, thank you very much.

18 CHAIRMAN:

19 Thank you.

20 ATTORNEY PITRE:

21 The next matter that we have on the
22 agenda is a Consent Agreement between the OEC and
23 Sands Bethworks Gaming, LLC. Assistant Enforcement
24 Counsel Michael Roland will present the matter for the
25 Board's consideration.

1 ATTORNEY ROLAND:

2 Good morning, Mr. Chairman and members
3 of the Board. Michael Roland, R-O-L-A-N-D, with the
4 OEC. The next proposed Consent Agreement involves
5 three incidents of underage gaming at Sands Casino.
6 Count one, on August 29th, 2015, the Bureau of Casino
7 Compliance was notified by Sands surveillance that an
8 underage individual, Manuella Disla, age 20, was
9 permitted access to the gaming floor by security.

10 When challenged for identification, Ms.
11 Disla presented a New York Grey Cadets credential,
12 which is not considered a valid form of identification
13 to enter a casino in the Commonwealth of Pennsylvania.
14 Security examined the credential, and then she was
15 permitted to enter the gaming floor. Ms. Disla walked
16 around the casino floor with her parents and gamed at
17 one slot machine before exiting through the market
18 entrance/exit.

19 Ms. Disla was discovered to be underage
20 when she was challenged for identification after
21 trying to reenter the gaming floor. After being
22 denied entrance, she explained she had been previously
23 allowed to enter the gaming floor and had been given
24 an adult wristband. Ms. Disla stated she was not
25 trying to intentionally deceive anyone, but was

1 unaware of the legal age to enter a casino in
2 Pennsylvania. Ms. Disla was not observed consuming
3 any alcoholic beverages while on the property, and she
4 was on the gaming floor for approximately one hour and
5 50 minutes. This incident was self-reported by Sands.

6 The second count occurred on August
7 17th, 2015 when the Bureau of Casino compliance was
8 notified by the surveillance department of a possible
9 underage patron providing false identification at the
10 casino market entrance.

11 Security identified an underage patron
12 as Yile Zhong, age 19. And Security reported that Mr.
13 Zhong had gained entry to the casino floor earlier
14 that day using a false identification belonging to a
15 54 year old. A review of the video surveillance
16 presented Mr. Zhong arriving at the casino bus
17 entrance and being challenged by Security. Security
18 was observed scanning the identification, and Mr.
19 Zhong was permitted to enter into the casino.

20 Mr. Zhong's false identification was
21 discovered as he attempted to reenter the casino for
22 the fourth time at the Market Street entrance. Mr.
23 Zhong became agitated and aggressive towards Security,
24 and eventually Security was observed taking Mr. Zhong
25 to the ground and detaining him. Mr. Zhong gamed at

1 multiple tables for approximately two hours and 23
2 minutes. He did not consume any alcoholic beverages
3 while on the property. Mr. Zhong was issued a
4 permanent eviction by Sands Security and cited by the
5 Pennsylvania State Police with carrying a false
6 identification card. And this incident was also self-
7 reported by Sands.

8 And finally, count three, on August
9 16th, 2015, surveillance was contacted by security in
10 regards to an underage patron that was escorted to
11 Sands' Security Office. The patron, identified as
12 Alexandra Tavarez, age 19, attempted to enter the
13 casino through the main entrance. Ms. Tavarez was
14 using a fraudulent New York State identification card
15 which listed her age as being 21. Upon review,
16 surveillance confirmed that Ms. Tavarez arrived at the
17 main entrance, and her identification was scanned.
18 The scanner showed that the identification was expired
19 and belonged to a Karen Bermudez (phonetic).

20 Security was observed issuing a
21 wristband to Ms. Tavarez, verifying that she was
22 approved to be on the gaming floor. Ms. Tavarez
23 remained on the gaming floor for approximately four
24 hours and 45 minutes. When Ms. Tavarez attempted to
25 reenter the casino, she was challenged by Security,

1 and her true identity was discovered. Ms. Tavarez
2 gamed at multiple slot machines while on the gaming
3 floor, but she did not consume any alcoholic
4 beverages.

5 Ms. Tavarez was issued a permanent
6 eviction by Sands Security and cited by the
7 Pennsylvania State Police with carrying a false
8 identification card. This incident was also self-
9 reported by Sands.

10 At this time, the OEC requests that the
11 Board approve this Consent Agreement between parties.
12 The terms of settlement include that within five days
13 of the Board's Order approving this Consent Agreement,
14 Sands shall pay a civil penalty of \$36,000 for the
15 alleged violations described. Also, within five days
16 of the Board's Order approving this Consent Agreement
17 shall --- Sands shall pay a Board fee of \$2,500 for
18 the costs incurred by OEC, BIE and other related staff
19 in connection with this matter. I've actually had the
20 opportunity to speak with Mr. Juliano prior to the
21 meeting. I believe that they have the check and
22 payment ready today to turn in if the Board should
23 adopt this Consent Agreement.

24 Further terms include that Sands shall
25 immediately review its policies and controls and

1 provide training and guidance to its employees, which
2 will minimize the opportunity for the occurrence of a
3 similar incident in the future.

4 I know prior to the Board meeting today,
5 Mr. Juliano also provided a single document which
6 basically explains how Sands, day to day, hands --- or
7 handles trying to control underage patronage. The
8 OEC's had the opportunity to look at it, we have no
9 objection. And at this point, we're all available if
10 you have any questions for us.

11 CHAIRMAN:

12 Thank you. Who is here representing
13 Sands? Who is the attorney? No attorney?

14 MR. JULIANO:

15 We don't have an attorney with us today.

16 CHAIRMAN:

17 I see. Does anybody from Sands intend
18 to make any kind of presentation here at this time?

19 MR. JULIANO:

20 We have the one page presentation that
21 we gave to you which we'd be happy to quickly read
22 through if you wish.

23 CHAIRMAN:

24 Who's going to make that presentation?
25 Who's going to make that presentation?

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MR. JULIANO:

Jim Dougherty, who is our Director of Security.

CHAIRMAN:

If you will please stand to be sworn by the court reporter?

JAMES DOUGHERTY, HAVING FIRST BEEN DULY SWORN, TESTIFIED AS FOLLOWS:

CHAIRMAN:

Thank you. Proceed.

A. James Dougherty, D-O-U-G-H-E-R-T-Y, Director of Security at the Sands Casino. Sands has in place a comprehensive program across all casino-related operating departments designed to prevent minors from entering the casino floor, engaging in gaming activity or the consumption of alcohol. Sands has refined its program in numerous respects over time in order to improve the program when there have been opportunities to do so.

The elements of the program include, but are not limited to, appropriate discipline, pre-shift reminders of the elements of the policy, regular reminders of the policy at muster meetings, periodic

1 retraining including responsible alcohol management
2 programs and the utilization of the identification
3 authentication machines at the entrances to the casino
4 floor, among other measures.

5 In 2013, the Sands hired an external consultant
6 who provided a comprehensive course on validating
7 identifications. That training has since become a
8 part of our required training for all newly hired
9 officers. Additionally, all officers are required to
10 go through an annual retraining of that program. In
11 2015, we specifically made a couple upgrades. We use
12 a Veridox scanner at the entrances to assist the
13 officers in reading the bar code and the mag stripe on
14 a license. We've upgraded that equipment. We've also
15 completed the retraining of all security officers on
16 proper protocol for verifying IDs.

17 As a result of the preventative measures
18 undertaken by the Sands, Sands security officers have
19 conducted 697,000 identification checks, and we've
20 turned away over 8,000 individuals for not having
21 proper identification. To state it another way, the
22 Sands security office completed an average of 1,910
23 identification checks per day in 2015.

24 We've also scheduled to replace all the
25 stanchions at all of our entrances with a gate system

1 that will help relieve --- eliminate some of the
2 issues we had with people trying to sneak under
3 stanchions.

4 CHAIRMAN:

5 Thank you. Are there any comments from
6 the Board? Yes?

7 MR. FAJT:

8 Thank you, Mr. Chairman. I have a
9 couple questions. In Executive Session, we were
10 particularly troubled by the 19 year old showing a 54
11 year old ID. So, Mr. Roland, was that a picture ID?
12 Do you recall?

13 ATTORNEY ROLAND:

14 I believe it was a picture ID. We
15 looked into it to try and determine if the individual
16 involved, the 54 year old involved, actually supplied
17 the underage patron with the ID, but there was no
18 evidence that we could come up with that indicated
19 that they would've colluded to get the person on the
20 floor. So, where it came from, we're not sure.

21 MR. FAJT:

22 And Mr. Dougherty, I don't remember.
23 What happened to that individual security guard that
24 let that person pass?

25 A. Unfortunately, sir, in that situation, discipline

1 wasn't --- the officer followed the proper protocol.
2 All they checked was --- I think the ID that was
3 presented, we had a date of birth of 1990. No?

4 MR. JULIANO:

5 I don't think so.

6 A. My apologies, I thought that's the license we
7 were looking at for this incident.

8 MR. FAJT:

9 Yeah, no. There's one incident, as Mr.
10 Roland specified that it was a ---

11 A. Yes, sir.

12 MR. FAJT:

13 --- a 54 year old ID. The ID of a 54
14 year old, I should say.

15 ATTORNEY ROLAND:

16 Yeah. This would've been the matter of
17 --- Yile Zhong was the underage patron at the time.

18 MR. FAJT:

19 Is that the one you're looking at, Mr.
20 Dougherty? I mean again if there's a discrepancy we
21 can get to the bottom of it. I don't want to hold
22 everybody up.

23 ATTORNEY ROLAND:

24 I can certainly let the Board know. I
25 will double check our files as well, but my

1 recollection of this specific case is it was 54.

2 MR. FAJT:

3 All right. And I would like to know
4 whether there was a photo and then what happened to
5 that individual security guard. Thank you.

6 ATTORNEY ROLAND:

7 Yes, sir.

8 MR. FAJT:

9 On your new --- I think you called it a
10 Veridox scanner, does the age of the person show up on
11 --- from when the ID is scanned? Or does it just give
12 a green light, red light if they're --- if the ID is
13 over --- that of a person that's over the age of 21?

14 A. No, sir, when it scans the ID, the name, the
15 address and the --- in the box, it'll come up and
16 it'll show the date of birth.

17 MR. FAJT:

18 So, it doesn't show the age?

19 A. It shows the age. If you say that you're 71,
20 it'll show ---.

21 MR. FAJT:

22 It shows the date of birth, but it
23 doesn't show the age?

24 A. That's part of the --- the bigger box would show
25 the age. It would give you that you're over ---

1 you're of age.

2 MR. FAJT:

3 All right. Thank you. And then a
4 question on the gates. What do those look like? I
5 mean, I've been up to your facility numerous times,
6 and you employ what most casinos employ and that is
7 the stanchion method of entry. Is it a turnstile, or
8 what's the gate look like?

9 MR. JULIANO:

10 They're actually brass gates that would
11 be waist-high.

12 MR. FAJT:

13 Okay.

14 MR. JULIANO:

15 They've got that opening right in the
16 center that would be automatic --- an automatic eye.
17 So, not only are they aesthetically a little better
18 looking, it would help control the flow of traffic
19 into one specific point and really eliminate anybody,
20 other than literally jumping over the gate, which will
21 not eliminate ---.

22 CHAIRMAN:

23 Just for the record, would you identify
24 yourself?

25 MR. JULIANO:

1 Mark Juliano, Chief Operating Officer of
2 Sands, Bethlehem.

3 CHAIRMAN:

4 Would you let the court reporter swear
5 you in, please?

6 MR. JULIANO:

7 Mark Juliano, J-U-L-I-A-N-O, Chief
8 Operating Officer, Sands, Bethlehem.

9 CHAIRMAN:

10 Swear him in, please.

11 -----

12 MARK JULIANO, HAVING FIRST BEEN DULY SWORN, TESTIFIED
13 AS FOLLOWS:

14 -----

15 MR. FAJT:

16 Thank you for that information.

17 CHAIRMAN:

18 Is that it? May I have a motion?

19 MR. JEWELL:

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

24 MR. MCCALL:

25 Second.

1 CHAIRMAN:

2 All in favor?

3 ALL RESPOND AYE

4 CHAIRMAN:

5 All opposed? The motion's adopted.

6 A. Thank you.

7 CHAIRMAN:

8 Thank you.

9 ATTORNEY PITRE:

10 The next six matters on the agenda
11 consist of enforcement actions in which the OEC has
12 filed to the complaint for either revocation or
13 suspension of Registrations or Permits of individuals
14 licensed by the Board. Each complaint has been filed
15 with the Board's OHA and properly served upon the
16 individual named in the complaint. The individual
17 named in the complaint failed to respond within 30
18 days, as required by Board regulations.

19 As a result, the OEC filed a request for
20 default judgment and properly served the same upon the
21 named individual. Thereby, the facts in each
22 complaint are deemed admitted. All filed documents
23 have been provided to the Board, and the matters are
24 presently ripe for Board consideration. In each
25 instance, we will provide a brief summary of the facts

1 and request the appropriate Board action.

2 ATTORNEY ARMSTRONG:

3 James Armstrong, Assistant Enforcement
4 Counsel, OEC. Chairman and Commissioners, the first
5 matter before you is a motion to consider revocation
6 of Anthony Stagliano's Gaming Employee Permit. On
7 July 21st of 2015, the OEC filed a complaint to revoke
8 Mr. Stagliano's Gaming Employee Permit for stealing
9 two jewelry boxes from Sugarhouse Casino patrons while
10 employed by Sugarhouse as a security officer. Be glad
11 to answer any questions you may have?

12 CHAIRMAN:

13 Any questions from the Board? May I
14 have a motion?

15 MR. MOSCATO:

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

20 MR. RYAN:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 ALL RESPOND AYE

25 CHAIRMAN:

1 All opposed? The motion carries.

2 ATTORNEY FENSTERMAKER:

3 Next, we have for your consideration a
4 complaint for the revocation of John Kain's Non-Gaming
5 Employee Registration. Mr. Kain, a former warehouse
6 employee at Harrah's Philadelphia Casino and Racetrack
7 was observed stealing Harrah's merchandise during the
8 course of his employment. As a result, the OEC
9 requests that John Kain's Non-Gaming Employee
10 Registration be revoked.

11 CHAIRMAN:

12 Questions or comments from the Board?
13 May I have a motion?

14 MR. RYAN:

15 Mr. Chairman, I move that the Board
16 issue an Order to approve the revocation of John
17 Kain's Non-Gaming Employee Registration as described
18 by the OEC.

19 MR. WOODS:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 ALL RESPOND AYE

24 CHAIRMAN:

25 All opposed? Motion is adopted.

1 ATTORNEY ADAMS:

2 The next matter for the Board's
3 consideration is the suspension of Ashlynn Heller's
4 Non-Gaming Employee Registration. Ms. Heller has been
5 charged in one criminal docket with felony conspiracy
6 to commit burglary and another criminal docket with
7 misdemeanor drug charges. Ms. Heller's charges are
8 still pending. At this time, the OEC is requesting
9 Ms. Heller's Non-Gaming Employee Registration be
10 suspended pending the final disposition of the
11 criminal charges.

12 CHAIRMAN:

13 Questions or comments from the Board?
14 May I have a motion?

15 MR. WOODS:

16 Mr. Chairman, I move that the Board
17 issue an Order to approve the suspension of Ashlynn
18 Heller's Non-Gaming Employee Registration as described
19 by the OEC. Ms. Heller may petition to have her
20 suspension lifted after the disposition of her pending
21 criminal charges, at which time the Board will
22 consider whether the lifting of the suspension is
23 warranted.

24 MR. FAJT:

25 Second.

1 CHAIRMAN:

2 All in favor?

3 ALL RESPOND AYE

4 CHAIRMAN:

5 All opposed? Motion's adopted.

6 ATTORNEY CROHE:

7 Good afternoon. John Crohe for the OEC,
8 C-R-O-H-E. The next matter before the Board is a
9 request to consider the revocation of Arvard Brown's
10 Non-Gaming Registration, which was issued in
11 connection with his position as a Porter at Hollywood
12 Casino. Subsequent to Mr. Brown's termination from
13 Hollywood Casino in April 2015, he was arrested and
14 charged with four felonies and several misdemeanors in
15 connection with an armed burglary. The OEC would now
16 request that the Board revoke the Non-Gaming
17 Registration held by Arvard Brown.

18 CHAIRMAN:

19 Questions or comments from the Board?

20 May I have a motion?

21 MR. FAJT:

22 Mr. Chairman, I move that the Board
23 issue an Order to approve the revocation of Arvard
24 Brown's Non-Gaming Employee Registration as described
25 by the OEC.

1 MR. JEWELL:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 ALL RESPOND AYE

6 CHAIRMAN:

7 All opposed? Motion's adopted.

8 ATTORNEY TEPPER:

9 Good afternoon, Chairman Barasch,
10 members of the Board. David Tepper, T-E-P-P-E-R,
11 Assistant Enforcement Counsel with the OEC. The next
12 matter for your consideration is a complaint to remove
13 the Non-Gaming Employee Registration of Laszlo Komar.
14 Mr. Komar was charged with indecent exposure following
15 an incident at a Kohl's department store, and he
16 subsequently pled guilty. At this point we
17 respectfully request that the Board remove Laszlo
18 Komar's Non-Gaming Employee Registration.

19 CHAIRMAN:

20 Questions or comments from the Board?

21 May I have a motion?

22 MR. JEWELL:

23 Mr. Chairman, I move that the Board
24 issue an Order to approve the revocation of Laszlo
25 Komar's Non-Gaming Employee Registration as described

1 by the OEC.

2 MR. MCCALL:

3 Second.

4 CHAIRMAN:

5 All in favor?

6 ALL RESPOND AYE

7 CHAIRMAN:

8 All opposed? The motion's adopted.

9 ATTORNEY TEPPER:

10 The next matter for your consideration
11 is the complaint to remove the Non-Gaming Employee
12 Registration of Joseph Roman. Mr. Roman, during the
13 course of his employment as a Bartender at Mount Airy,
14 stole money, he was terminated from Mount Airy, but
15 was not criminally charged for it. At this point, the
16 OEC requests that the Board revoke Mr. Roman's Non-
17 Gaming Employee Registration.

18 CHAIRMAN:

19 Questions or comments from the Board?

20 May I have a motion?

21 MR. MOSCATO:

22 Mr. Chairman, I move that the Board
23 issue an Order to approve the revocation of Joseph
24 Roman's Non-Gaming Employee Registration as described
25 by the OEC.

1 MR. RYAN:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 ALL RESPOND AYE

6 CHAIRMAN:

7 All opposed? The motion's adopted.

8 ATTORNEY PITRE:

9 The remaining nine matters on the agenda
10 consist of enforcement actions in which the OEC has
11 filed a petition seeking the involuntary exclusion of
12 individuals whose presence in a licensed facility are
13 inimical to the interests of the Commonwealth and/or
14 licensed gaming therein. In each instance, the
15 petition for exclusion has been filed with the Board's
16 OHA and properly served upon the individual named in
17 the petition.

18 The individual named in the petition
19 failed to respond within 30 days as required by Board
20 regulation. As a result, the OEC properly served a
21 default judgment upon each individual. Thereby, all
22 facts in each petition are deemed admitted. All filed
23 documents have been provided to the Board for its
24 consideration and are presently ripe. In each
25 instance, we'll provide a brief summary of the facts

1 and request the appropriate Board action.

2 ATTORNEY ARMSTRONG:

3 In the first matter, Chairman and
4 Commissioners, James Armstrong for the OEC with a
5 motion to consider the Board Order to add Carlos
6 Rodriguez to the Board's involuntary exclusion list.
7 On August 13th of 2013, the OEC filed a petition
8 seeking to place Mr. Rodriguez on the Board's excluded
9 persons list as a result of his arrest on May 16th of
10 2015 for robbing a patron of Sugarhouse Casino at
11 gunpoint after the patron won \$12,000.

12 Mr. Rodriguez was charged with robbery
13 and ten related offenses. He's presently scheduled
14 for trial in the Philadelphia Common Pleas Court on
15 February 29th, 2016. I'll be glad to answer any
16 questions you may have.

17 CHAIRMAN:

18 Questions or comments from the Board?
19 May I have a motion?

20 MR. RYAN:

21 Mr. Chairman, I move that the Board
22 issue an Order to approve the addition of Carlos
23 Rodriguez to the PGCB Involuntary Exclusion List as
24 described by the OEC.

25 MR. WOODS:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 ALL RESPOND AYE

5 CHAIRMAN:

6 All opposed? Motion's adopted.

7 ATTORNEY ADAMS:

8 The next matter for the Board's
9 consideration is the placement of Kira Burgess on the
10 involuntary exclusion list. Ms. Burgess gained access
11 to the gaming floor under the age of 21 and was
12 charged and pled guilty to the summary offense under
13 our Act. At this time, the OEC is requesting Kira
14 Burgess be placed on the involuntary exclusion list.

15 CHAIRMAN:

16 Questions or comments from the Board?

17 May I have a motion?

18 MR. WOODS:

19 Mr. Chairman, I move that the Board
20 issue an Order to approve the addition of Kira Burgess
21 to the PGCB Involuntary Exclusion List as described by
22 the OEC. I further move that Ms. Burgess may petition
23 for removal from the list after her 22nd birthday.

24 MR. FAJT:

25 Second.

1 CHAIRMAN:

2 All in favor?

3 ALL RESPOND AYE

4 CHAIRMAN:

5 All opposed? The motion's adopted.

6 ATTORNEY MILLER:

7 Good afternoon, Chairman Barasch.

8 Dustin Miller on behalf of the OEC. The next matter
9 today is a request for placement on the Board's
10 excluded persons list involving Alamin Crews, Jr. The
11 OEC filed a petition to place Mr. Crews on the
12 exclusion list for stealing \$200 worth of gaming chips
13 from a patron at Parks Casino on March 21st, 2015.
14 Based upon the foregoing, the OEC asks that the Board
15 place Alamin Crews, Jr. on the Board's excluded
16 persons list.

17 CHAIRMAN:

18 Questions or comments from the Board?

19 May I have a motion?

20 MR. FAJT:

21 Mr. Chairman, I move that the Board
22 issue an Order to approve the addition of Alamin J.
23 Crews, Jr. to the PGCB Involuntary Exclusion List as
24 described by the OEC.

25 MR. JEWELL:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 ALL RESPOND AYE

5 CHAIRMAN:

6 All opposed? Motion's adopted.

7 ATTORNEY MILLER:

8 The next matter today is a request for
9 placement on the Board's excluded persons list
10 involving Angel Fontanez. The OEC filed a petition to
11 place Mr. Fontanez on the exclusion list for refusing
12 to leave Parx Casino and assaulting the Pennsylvania
13 State Police escorting him from the building after
14 becoming intoxicated at the casino on October 1st,
15 2014. Based upon the foregoing, the OEC asks that the
16 Board place Angel Fontanez on the Board's excluded
17 persons list.

18 CHAIRMAN:

19 Questions or comments from the Board?

20 May I have a motion?

21 MR. JEWELL:

22 Mr. Chairman, I move that the Board
23 issue an Order to approve the addition of Angel
24 Fontanez to the PGCB Involuntary Exclusion List as
25 described by the OEC.

1 MR. MCCALL:

2 Seconded.

3 CHAIRMAN:

4 All in favor?

5 ALL RESPOND AYE

6 CHAIRMAN:

7 All opposed? The motion's adopted.

8 ATTORNEY ROLAND:

9 The next matter's a request to place En
10 Dian Lin on the involuntary exclusion list. Mr. Lin
11 gained access to the gaming floor at Sands Casino with
12 a false identification while under the age of 21. He
13 was 20 years old at the time. Mr. Lin was issued a
14 permanent eviction by Sands security and charged by
15 the Pennsylvania State Police under the Gaming Act
16 with an individual under 21 on the gaming floor. The
17 charge is pending, and the matter is now before the
18 Board to consider the placement of En Dian Lin on the
19 Board's involuntary exclusion list.

20 CHAIRMAN:

21 Questions or comments from the Board?

22 May I have a motion?

23 MR. MCCALL:

24 Mr. Chairman, I move that the Board
25 issue an Order to approve the addition of En Dian Lin

1 to the Pennsylvania Gaming Control Board Involuntary
2 Exclusion List as described by the OEC. I further
3 move that Mr. Lin may petition for removal from the
4 list after his 22nd birthday.

5 MR. MOSCATO:

6 Second.

7 CHAIRMAN:

8 All in favor?

9 ALL RESPOND AYE

10 CHAIRMAN:

11 All opposed? Motion's granted.

12 ATTORNEY ROLAND:

13 Next is the request to place Alexandra
14 Tavarez on the involuntary exclusion list. Ms.
15 Tavarez utilized a fake identification to gain access
16 to Sands' gaming floor while she was underage. She
17 was 19 years old at the time. Ms. Tavarez was issued
18 a permanent eviction by Sands security and cited by
19 the Pennsylvania State Police with carrying a false
20 identification card.

21 That charge remains pending, and the
22 matter is now before the Board to consider the
23 placement of Alexandra Tavarez on the Board's
24 involuntary exclusion list.

25 CHAIRMAN:

1 Questions from the Board? May I have a
2 motion?

3 MR. MOSCATO:

4 Mr. Chairman, I move that the Board
5 issue an Order to approve the addition of Alexandra
6 Tavarez to the PGCB Involuntary Exclusion List as
7 described by the OEC. I further move that Ms. Tavarez
8 may petition for removal from this list after her 22nd
9 birthday.

10 MR. RYAN:

11 Second.

12 CHAIRMAN:

13 All in favor?

14 ALL RESPOND AYE

15 CHAIRMAN:

16 Opposed? Motion's adopted.

17 ATTORNEY STUART:

18 Glenn Stuart from the OEC, S-T-U-A-R-T.

19 The next two matters have the same fact patterns, so
20 if it's okay, I'll just read one fact pattern.

21 CHAIRMAN:

22 Please.

23 ATTORNEY STUART:

24 I'll address each individual. Next for
25 the Board's consideration is the placement of Ann

1 Marie Gonzalez on the Board's involuntary exclusion
2 list. On or about May 11th, 2015, Ms. Gonzalez
3 allowed 18 year old Brianna Perez to use her duplicate
4 Pennsylvania identification card so Ms. Perez could
5 access the gaming floor at the Valley Forge Casino
6 Resort in King of Prussia, Pennsylvania. While on the
7 gaming floor, Ms. Perez wagered at slot machines. As
8 such, the OEC requests the Board place Ann Marie
9 Gonzalez on the Board's involuntary exclusion list.

10 CHAIRMAN:

11 Questions from the Board? May I have a
12 motion?

13 MR. RYAN:

14 Mr. Chairman, I move that the Board
15 issue an Order to approve the addition of Ann Marie
16 Gonzalez to the PGCB Involuntary Exclusion List as
17 described by the OEC. I further move that Ms.
18 Gonzalez may petition for removal from the list after
19 one year.

20 MR. WOODS:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 ALL RESPOND AYE

25 CHAIRMAN:

1 All opposed? The motion's adopted.

2 ATTORNEY STUART:

3 Based on the same fact pattern, the OEC
4 would request the Board place Brianna Perez on the
5 Board's involuntary exclusion list.

6 CHAIRMAN:

7 Questions from the Board? May I have a
8 motion?

9 MR. WOODS:

10 Mr. Chairman, I move that the Board
11 issue an Order to approve the addition of Brianna
12 Perez to the PGCB Involuntary Exclusion List as
13 described by the OEC. And I'd further move that Ms.
14 Perez may petition for removal from the list after her
15 22nd birthday.

16 MR. FAJT:

17 Second.

18 CHAIRMAN:

19 All in favor?

20 ALL RESPOND AYE

21 CHAIRMAN:

22 All opposed? Motion's adopted.

23 ATTORNEY STUART:

24 And finally, for the Board's
25 consideration is the placement of Michael Spinelli on

1 the Board's involuntary exclusion list. On or about
2 August 12th, 2015, Mr. Spinelli used false
3 identification to gain access to the gaming floor at
4 the Valley Forge Casino Resort in King of Prussia,
5 Pennsylvania, where he placed wagers and consumed
6 alcohol while he was under 21 years old of age. As
7 such, the OEC requests the Board place Michael
8 Spinelli on the Board's involuntary exclusion list.

9 CHAIRMAN:

10 Questions from the Board? May I have a
11 motion?

12 MR. FAJT:

13 Mr. Chairman, I move that the Board
14 issue an Order to approve the addition of Michael
15 Spinelli to the PGCB Involuntary Exclusion List as
16 described by the OEC. I further move that Mr.
17 Spinelli may petition for removal from the list after
18 his 22nd birthday.

19 MR. JEWELL:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 ALL RESPOND AYE

24 CHAIRMAN:

25 All opposed? Motion's adopted.

1 ATTORNEY PITRE:

2 Thank you. That concludes our business,
3 Mr. Chairman.

4 CHAIRMAN:

5 Thank you. I believe that concludes all
6 the business in front of the Board today. Our next
7 public meeting will be held on Wednesday, February
8 10th, beginning at ten o'clock in this room. Are
9 there any final comments or wisdom from the Board?
10 May I get a motion to adjourn the meeting?

11 MR. JEWELL:

12 Move for adjournment, Mr. Chairman.

13 MR. MCCALL:

14 Second.

15 CHAIRMAN:

16 All opposed? Well --- all opposed? All
17 in favor?

18 ALL RESPOND AYE

19 CHAIRMAN:

20 Okay. Yeah, I wanted to see if you were
21 paying attention. Okay. All opposed? The motion is
22 adopted.

23 * * * * *

24 MEETING CONCLUDED AT 12:23 P.M.

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CERTIFICATE

I hereby certify that the foregoing proceedings, meeting held before Chairman Barasch was reported by me on 1/13/16 and that I, Corey Elizabeth Summers, read this transcript, and that I attest that this transcript is a true and accurate record of the proceeding.

Corey Elizabeth Summers
Court Reporter

Corey Elizabeth Summers