

BEFORE THE
GAMING CONTROL BOARD

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IN RE: MOUNT AIRY CASINO RESORT LICENSE RENEWAL

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BEFORE: LINDA LLOYD, Presiding Officer
David Barasch, Chair
William Ryan, Jr., Commissioner
Gregory Fajt, Commissioner
Keith McCall, Commissioner
David Woods, Commissioner
Richard Jewell, Commissioner

HEARING: Tuesday, April 12, 2016
10:03 a.m.

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

Reporter: Amber M. Paulton

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PRESIDING OFFICER:

Good morning everyone. My name is Linda Lloyd and I'm the Presiding Officer assigned by the Board to conduct this portion of the Category 2 License Renewal Hearing for Mount Airy Number One, LLC, doing business as Mount Airy Casino. And before we begin, if you could please turn off or vibrate all of your gadgets and gizmos and not interrupt.

As Presiding Officer, I call this hearing to order, the date is Tuesday, April 12th, 2016. The time is 10:03 and the location is Paradise Township Municipal Building at the intersections of Route 191 and 94, Cresco, PA 18326. The Pennsylvania Race Horse Development and Gaming Act requires at Section 1326, that an operator's license shall be subject to the renewal by the Board, every three years.

This License Renewal Hearing is convened by the Board, pursuant to the mandate found in Section 1205(b)(1)(i) of the Act, which requires the Board conduct a public hearing for any license renewal application. This hearing was advertised on the Board's website, announced by the Board at several

1 Board meetings and advertised in local newspapers.
2 The Board members present today for this hearing are
3 to my immediate left, Chairman Dave Barasch,
4 Commissioner Greg Fajt, Commissioner Bill Ryan and to
5 my right, Commissioner Keith McCall, Commissioner Dave
6 Woods and Commissioner Dick Jewell.

7 Generally, the hearing will begin with
8 presentation by Mount Airy with the Office of
9 Enforcement Counsel (OEC) having the opportunity to
10 ask questions of the witnesses and the Board also will
11 ask questions. After Mount Airy is concluded, the
12 Board's OEC will make a presentation with Mount Airy
13 and the Board having the opportunity to ask questions.

14 After the close of the testimony and
15 evidence from the parties, those individuals who have
16 registered to speak today during the public comment
17 period, will be heard as their name is called. The
18 government officials will have ten minutes to speak,
19 representatives from community groups will have five
20 and individuals will have three. Following the close
21 of the public comment period, Mount Airy and OEC will
22 have the opportunity to provide a short closing
23 statement.

24 This is an official administrative
25 hearing, so please, treat this as if you were

1 attending a court proceeding. All witnesses, please
2 speak loudly and clearly into the microphone so that
3 the court reporter and others can hear what you have
4 to say. And we are also recording this --- I don't
5 believe we're live streaming --- are we, Richard?

6 VIDEOGRAPHER:

7 We are.

8 PRESIDING OFFICER:

9 We are? Okay. And we are also live
10 streaming today. We got a connection. So, but before
11 we begin, we will hear from Senator Scavello, as he
12 needs to be back in Harrisburg today for session. So,
13 Senator Scavello?

14 SENATOR SCAVELLO:

15 Thank you, very much. What an honor it
16 is to have you here in beautiful Monroe County. Just
17 a recommendation, before you leave, stop up and see
18 Kalahari Resort and see what --- and having the casino
19 here has helped us attract many more amenities and
20 that's just one of them, and there's more to come.
21 You know, you would think I'd be one of the last
22 people to come here and speak on behalf of the gaming,
23 but you know, my situation and how I feel about it.

24 But to tell you, you guys have done a
25 tremendous job to address my issue of addicted

1 gamblers. Every time I mention it, I've always had
2 the support of your Board and help people that are in
3 need and it's truly appreciated. What the casino has
4 meant to this community, they took over a location
5 that was really, I'd say like south Bronx type, you
6 know, where in the old days ---.

7 AUDIENCE MEMBER:

8 You would know.

9 SENATOR SCAVELLO:

10 I can say that because I've seen it.
11 I've seen it firsthand and just a remarkable economic
12 generator in jobs, in the community, the road
13 improvements that they've made. And they do something
14 different than any of other casinos and I'm sure
15 you're all aware of the economic development projects,
16 not just here in Monroe, but all of the counties that
17 border Monroe get a piece of that --- of those dollars
18 to help within those communities.

19 We wouldn't have the expansion of
20 Northampton Community College or the \$2.4 million a
21 year that goes to pay for that community college,
22 which is a tremendous asset for us. You know, when we
23 try to draw businesses to the area, we have a couple
24 issues. And one of the things is, we have the
25 workforce, but we need the ability to train the

1 workforce and that makes it happen. As well, as we
2 also help the medical college in Scranton.

3 So, there's a tremendous amount of
4 dollars that this casino gives out to the community as
5 well, United Way, Red Cross, they really are partners
6 within the community. And also, look at the folks
7 that come --- not only the jobs at the casino, but the
8 people that come up here, stop and buy gas, go to our
9 restaurants, you know, and they spend dollars in the
10 community, and they generate even more jobs.

11 And like I said, they've been the true
12 partner here in the community and I'm here to speak on
13 their behalf and hopefully, things will go well and I
14 thank you all for hearing me out. I'm on the way back
15 to Harrisburg to make sure we don't change any gaming
16 laws.

17 CHAIR:

18 Thanks, Senator.

19 SENATOR SCAVELLO:

20 Thank you. God bless you.

21 PRESIDING OFFICER:

22 Thank you. Okay. So, we will turn to
23 the presentations by Mount Airy and our OEC. If those
24 who will be testifying today for Mount Airy and OEC,
25 if you would please stand and raise your right hand to

1 be sworn by our court reporter. Or could possibly
2 testify.

3 -----

4 WITNESSES SWORN EN MASSE

5 -----

6 PRESIDING OFFICER:

7 And if you could remember before you
8 speak, to say your name and spell it for our court
9 reporter. She would appreciate that. So, Mount Airy,
10 are you ready to begin?

11 ATTORNEY SKLAR:

12 Yes. Good morning. Michael Sklar,
13 S-K-L-A-R, on behalf of Mount Airy Number One, LLC.
14 Good morning, Director Lloyd, Mr. Chairman, members of
15 the Board. Welcome to Paradise Township. This
16 morning we're going to take you through an overview of
17 the current state of the property and the positive
18 impact that Mount Airy's had on the local community
19 and the Commonwealth.

20 Much of the credit goes to Lisa
21 DeNaples, who's with us this morning and the fantastic
22 team that she has assembled. You're going to hear ---
23 a number of employees are here with us this morning,
24 and they're going to give their personal stories and
25 the impact that Mount Airy has had on their lives.

1 So, I'd like to get started and I'm going to turn it
2 over to John Culetsu, Executive Vice President and
3 General Manager.

4 MR. CULETSU:

5 Thank you, Michael. Good morning,
6 everybody. Welcome to Mount Pocono. I'm John
7 Culetsu, C-U-L-E-T-S-U. It seems like it was just
8 yesterday that we were here doing a license renewal,
9 but it was actually over four years ago. And as we
10 look back at some of the things that we discussed at
11 that time, that Mount Airy was looking to do with the
12 property and within the community, you know, some of
13 it was a tall task. But as we look now, back at what
14 we have accomplished over the last four years and what
15 we look to do going forward, we have a lot of proud
16 moments to say the least. And we've put a lot of hard
17 work and effort into continually improving our
18 property, improving our relationship within the
19 community and we really couldn't do it without the
20 1,100 team members or so, that everyday, give their
21 efforts to create what was the first four diamond
22 casino resort in the State of Pennsylvania.

23 So, we're very proud of what we've
24 accomplished and look forward to even greater things
25 going forward. I'll start with a brief slide

1 presentation.

2 And first, just outlining exactly where
3 we are geographically. The property of course,
4 located in Paradise Township, Monroe County,
5 conveniently located off of Route 80. That's the main
6 corridor of traffic that leads people to the property.
7 The Poconos of course, is a well known visitor's
8 destination --- vacation destination.

9 Over this past year, over 25 million
10 visitors have come to the Poconos for vacation
11 purposes. And as the Senator stated, there's been a
12 strong growth of additional amenities and services in
13 the area in the past couple of years. We've, of
14 course, had Great Wolf Resort nearby us. He mentioned
15 also, the additional Kalahari property that recently
16 opened.

17 And then you also have the Camel Back
18 Ski Resort which recently expanded with a water park
19 and a resort. So, there's obviously a lot of interest
20 in the area to close proximity to major metropolitan
21 areas, such as New York, Philadelphia and northern New
22 Jersey, are all tremendous assets for us in our
23 location, being only an hour and a half to two hours
24 away at the most.

25 Talk a little bit about where we are as

1 a property as it relates to other properties, not only
2 within the Commonwealth, but also in surrounding
3 states. I mean, much is made today, of course about
4 the competitive nature of gaming, especially in the
5 northeast sector. We see what has occurred in
6 Atlantic City over the last couple of years, and of
7 course, we're prepared for potentially additional
8 competition coming on board with four properties
9 opening up in New York State, probably within the next
10 year and a half or so.

11 They're all pretty much under
12 construction and those four new properties, which
13 aren't really on that map, all fall within the 150
14 mile radius or so of Mount Airy. The closest is ---
15 the closest properties would be right near Binghamton
16 and the Tioga Downs will have a full a casino and then
17 the Catskills, there will also be a full casino resort
18 added to that location. We know that of course there
19 will be additional property, I guess in Philadelphia,
20 though you guys will have some say a little bit more
21 in that than I do of course.

22 And then of course, you know, there's
23 the continued growth that is --- that is happening in
24 Maryland and some of the other surrounding states.
25 So, we certainly are in a very competitive market.

1 But we have seen competition come on board
2 continually, over the course of the last four years,
3 since the last time we met, back in 2011.

4 And you know, we were looking at, of
5 course the opening of Resort World in Aqueduct and we
6 do get a considerable amount of business from the New
7 York area and there was concerns on how that would
8 affect our business and it did not really affect our
9 business. We continue to improve upon our revenues
10 over the course of that time. We saw other additional
11 growth throughout the northeast, Revel opened up and
12 obviously, we know what happened there, but it opened
13 up with a lot of ballyhoo as it would pretty much save
14 the Atlantic City market, which we seen it did not.
15 And obviously, it did not affect us.

16 Our two primary competitors added hotel
17 room inventory. We always had sort of this little
18 exclusivity thing as Mount Airy was one of the --- was
19 the only property in the state at one time that
20 actually had a hotel component to it and since then,
21 Mohegan Sun and Sands have added hotel rooms to their
22 project. It did not affect our hotel occupancy, it
23 did not affect our average rates. If anything our
24 occupancy and our rates have climbed considerably over
25 the course of the last four years.

1 So, whatever might occur in northern New
2 Jersey, obviously, is a potential concern to us going
3 forward. You know, there's talk of course on the
4 November 3rd ballot, to potentially vote in the
5 opportunity to have gaming outside of Atlantic City
6 and the two most talked about destinations are in the
7 Meadowlands and the other being Jersey City. And
8 those are areas of the northeast region that are
9 considerable drivers of business to our properties and
10 I'm sure, you know, my colleagues from the Sands and
11 Mohegan Sun will tell you the same thing.

12 That is an area that we all gain
13 considerable amount of business from, northern New
14 Jersey and New York City. So, obviously there would
15 be some concern as it relates to, you know, what would
16 actually occur in that market if it does come to
17 fruition or not and what impact that would have on the
18 market. So, some of the things that we want to take a
19 look at and we have to consider of course, going
20 forward, you know, are some of the things that are out
21 there presently, from a legislative perspective in how
22 they could affect somewhat of the exclusivity that
23 Mount Airy of course feels that it has going back to
24 the \$50 million licensing prior to opening.

25 And some of those initiatives out there

1 that are talked about are things such as slots and
2 OTBs, which we of course don't operate OTBs, BGTs and
3 taverns and a big concern of course is a potential
4 eight percent tax on free play for us, which would
5 significantly impact our revenues, our ability to put
6 further capital infusion into the property and be of a
7 significant concern.

8 So, those are some of the things that we
9 are concerned about. On the other side of the
10 equation, there's a lot happening in the gaming world
11 and in general, going forward. If you look at some of
12 the opportunities and online gaming, fantasy sports,
13 eSports a things of that nature, you know, I think we
14 are now very much a mature gaming market. It's the
15 second largest market in the country, very proudly, I
16 think we could say that and I think we can --- you
17 know, need to step forward and become leaders in some
18 of those initiatives and opportunities that are out
19 there to stay ahead of the game.

20 Racing sports book is another thing I
21 should mention. That probably is the biggest one of
22 all the pieces potentially. You know, if we can get
23 that enacted. I know it's somewhat a difficult
24 challenge because it's a federal issue, but it's one
25 that provides significantly potential future revenues

1 to ensure our success going forward in spite of the
2 many of --- much of the cross-state competition that
3 we'll see going forward.

4 I'd like to talk a little bit about our
5 existing gaming floor. We've made some changes over
6 the course of the last few years. We've reduced slots
7 a little bit, we've added table games a little bit.
8 We're very aggressive in continually trying to refresh
9 our gaming floor. Over the course of the past three
10 months here --- in the first three months of 2016,
11 we've added over 100 new slot machines.

12 A capital investment of approximately
13 \$1.8 million. In many of the games today, of course,
14 are larger in size, the cabinets are much bigger,
15 they're much more interactive, so it requires a lot
16 more space on our gaming floor. We've also added some
17 electronic table games most recently. It certainly is
18 a product that appeals to a younger audience. And I
19 think, you know, there's no secret today, everybody
20 wants to know the magic potion and how to tap into
21 millennials. And I attended a conference in Las Vegas
22 last week.

23 One was called iGaming and the other was
24 the Bally User conference and that's all I heard was
25 millennials, millennials, millennials. Us baby

1 boomers are done guys. I hate to tell you that.
2 We're done, we're yesterday's news. Generation X,
3 still in there a little bit, but us baby boomers,
4 forget about it. They only want to know about
5 millennials and how to connect to this thing and make
6 it work with that thing up there, that gaming floor.

7 So, that's much of what the future of
8 the industry looks like. It's going towards how to
9 connect and interact and there was much talk at the
10 conference about skill --- games of skill, which
11 probably will come to fruition first in Nevada, looks
12 like based on present legislation there and I think
13 we'll see something out by the end of the year in
14 Nevada where games of skill. There's lots of talk of
15 course of additional nongaming attractions.

16 One of the things that Mount Airy has
17 done over the course of the past four years and as
18 we'll see in the presentation going forward, you know,
19 we have added significantly to our nongaming
20 attractions. You know, we feel that a customer just
21 doesn't come today, sit in front of a slot machine for
22 eight hours and then go home or go up to their hotel
23 room. They want to be involved. They want to get
24 involved in doing other things, whether it be spa,
25 golf, other types of recreation, fine dining, fun

1 dining, entertainment.

2 So, you know, we have really put a lot
3 of effort from a capital perspective and marketing
4 dollars and bringing all of those additional amenities
5 to the property. So, that's going to continue to be
6 our focus going forward. Not only continually
7 enhancing our gaming floor with new product as it
8 becomes available and I thank the Board because over
9 the last few months, the time frame in which games and
10 product have been coming to the floor has been
11 extremely fast and extremely quick.

12 It looks like the manufacturers almost
13 aren't keeping up anymore to that degree. So, we're
14 quite happy with the continuing amount of new product
15 that now is being made available to us and allows us
16 to be competitive with New Jersey, New York and
17 Connecticut.

18 One of the things we just completed,
19 just three months ago was a new high limit room. Our
20 original high limit room, which we opened in 2010, got
21 its fair share of wear and tear and we decided that we
22 wanted to upgrade that facility and it just opened, as
23 I said, in January. The renovation costs were
24 \$160,000 to redo the entire room. And it includes 17
25 games, Baccarat, Pai Gow Poker, Pai Gow Tiles and

1 Black Jack. So, far, it's been very well received by
2 our guests.

3 One of the other areas of major capital
4 investment over the course of the past year and going
5 into the remainder of this year, is a complete
6 renovation of every one of our guest rooms and suites.
7 And I've got up here, a couple of slides will show you
8 what our new rooms look like. And as you can see,
9 very modern décor and just to go back for a second, it
10 just even was not really even a cosmetic upgrade if
11 you will.

12 We didn't put new bedspreads or just new
13 curtains. This was, for lack of a better word to use,
14 it was a gut job. Floor to ceiling, floors changed
15 out, wall coverings changed out, mattresses, bedding,
16 everything in the room was completely changed out
17 completely. So, the renovation is ongoing. We'll
18 shut it down for a few months during the extremely
19 busy summer months because we just don't have the ---
20 we have too much occupancy.

21 Our occupancy is so high that we just
22 don't have the vacancy to do any room renovations and
23 then we'll commence again in the fall and be finished
24 by the end of the year. So, the total costs on the
25 renovations is approximately \$5 million in capital to

1 bring our rooms up to the next level. And as I stated
2 earlier, we just last month, received our sixth four
3 diamond award and a lot of it has to do with the
4 ownership's commitment and continuing investment in
5 the property and ensuring that we keep the highest
6 level of standard possible for our clients.

7 So, we have three room types at the
8 property. We have a regular king room, which is about
9 a 385 square foot room, then we have a double queen,
10 which is another type of our guest room and our third
11 guest room -- a couple more shots of what those rooms
12 look like. And our third room is our suites, which
13 are about 850 square feet in space.

14 And we have 25 such rooms as this, with
15 a separate bedroom, separate living room of course.
16 Very spacious, comfortable. Most of the rooms have a
17 great view of the lake and the golf course. They're
18 used obviously, predominantly on weekends by our
19 player development team for our high end casino
20 customers and then we also sell those rooms on a
21 weekday base --- a weekday basis also at pretty good
22 average rates.

23 And once again, these rooms were
24 completely redone also, floor to ceiling entirely. As
25 well as in addition, we also upgraded the bathrooms in

1 all of the rooms and all of the showers and the
2 fixtures with new flooring, new tiling and as you can
3 see, quite spacious and comfortable with marble
4 countertops in all of the rooms. And one more shot of
5 bathroom upgrades.

6 Let's move on a little bit to food and
7 beverage. And I got to appreciate that I look around,
8 I see a lot of Starbucks in the room here, so
9 hopefully that was purchased at the Mount Airy
10 Starbucks Outlet. I don't know where there's too many
11 others around here. And anyway, so one of the things
12 that we wanted to do over the course of the past
13 couple of years is upgrade our restaurant offerings.
14 You know, we are in a society today, that everybody
15 loves labels, they love brands.

16 You know, you can't have a conversation
17 where you don't talk about your Apple phone or your
18 Starbuck or Verizon or Google or Facebook. It's all
19 about different brand type names that resonate well
20 with customers. And, you know, now of course, prior
21 to 2010, we didn't have table games, but once we
22 implemented table games, our customers started to
23 change a little bit. We started attracting a lot more
24 customers from northern New Jersey and from New York
25 City. And with that, the customer was looking for a

1 little bit of a different experience.

2 So, we want to go out and bring food and
3 beverage options to the property that would be highly
4 recognized by our customer as well as be a marketing
5 draw. You know, one of the first things we did was we
6 contracted with a guy named Guy Fieri who's pretty
7 popular these days. I don't think there's a more
8 recognizable celebrity chef in television today. If
9 you turn on the Food Network he seems to consume about
10 half of the programming time on that network.

11 And we have opened a new 24 hour Guy
12 Fieri's Mount Pocono Kitchen, just a little over a
13 year ago, and it's a very eclectic menu, fun type
14 stuff on there. Guy will actually be making an
15 appearance at the restaurant and the property later
16 during the summer, at the end of June. We'll do some
17 things coinciding with the Nascar race events that are
18 taking place out at the raceway along with Guy, so
19 we're looking forward to doing that. The other new
20 restaurant that we added was Bistecca by Il Mulino. Il
21 Mulino, of course is recognized as one of the premier
22 restaurants in New York City.

23 It has been there for years, it has a
24 great tradition and reputation. They have four
25 restaurants in New York City now and if you go on Open

1 Table or one of those booking sites, it's hard as heck
2 to get into there. So, we think the Il Mulino name is
3 great brand name to add to the Mount Airy lineup and
4 it helped bring in customers.

5 It certainly is appealing to our casino
6 player development department, where they --- the host
7 can go to customers who might be accustomed to going
8 to those more higher end restaurants, they can now
9 sell this as an additional amenity to our customers.

10 We also just added, in the course of the
11 last few months, Lucky 8 Noodle and Sushi Bar. This
12 is an operation that has 32 seats to it and once
13 again, it helps us appeal to a couple of demographics.
14 We do have a Asian player development team and it
15 certainly appeals to the Asian customer and we also
16 added a sushi component, which helps appeal of course,
17 to that younger millennial customer, the kind of party
18 guest who comes in frequently and wants to go to the
19 nightclub, see the show, have some sushi. We of
20 course, continue to operate our buffet, which we also
21 just recently renovated; 325 seat buffet.

22 And the buffet of course is a standard
23 for our slot customer, which is the bread and butter,
24 no pun intended, when you're talking about a buffet.
25 But it is the bread and butter of your gaming

1 operation, the slot customer and our buffet does an
2 extraordinary job in catering to that customer.

3 A couple of other smaller outlets that
4 we also have present, we have a candy store for those
5 who want to indulge in some rich chocolate. And then
6 those who begun to feel a little bit guilty can go
7 over to the yogurt and --- for a juice bar, which is
8 Red Mango. And Red Mango is a national chain.
9 They've got 28 outlets in New Jersey and New York City
10 and they offer a diversity of yogurts, granolas,
11 custom juice drinks. And Nostalgia is handmade
12 candies, chocolates, fudges, things of that nature.

13 And then I don't think any words need to
14 be spoken here. Everybody on the Commission, fully
15 aware of Starbucks. But our Starbucks sits in our bus
16 lobby, it does extremely well, high volume --- it's a
17 high volume outlet. Once again, it's a great brand
18 name. I mean when you look at where we were when we
19 met four years ago here, and where we are today, we've
20 added Guy Fieri, we've added Starbucks, we've added
21 the Il Mulino brand.

22 And those are all pretty darn
23 significant brands for us to add and we're pretty
24 excited about what they've done for the property in
25 generating traffic and making us a little bit

1 different from some of our competitors also. So, it's
2 been great for us and we look forward to our continued
3 partnership with these organizations.

4 Talk about some of the other features of
5 the property, Gypsies Nightclub and Lounge continues
6 to operate in a kind of a multitask for --- at the
7 property. First and foremost, it's a nightclub,
8 opened primarily on weekends. We offer a diversity of
9 entertainment and we've really ramped up our
10 entertainment over the course of the last few years.

11 It's got quite a few A-list type acts,
12 if you will. It's an intimate 500 seat showroom, in
13 addition to being a nightclub. I mean, some of the
14 comedy entertainers that we've had in the past few
15 months include Amy Schumer, Lisa Lampanelli, Tracy
16 Morgan, we have Sinbad coming up soon. We've done
17 music acts which have included Pat Benatar, the
18 Stylistics, Gin Blossoms.

19 We do monthly senior matinees in this
20 room also. And that's a very well received marketing
21 promotion that we have. And we have groups that are
22 really somewhat nostalgic. We've had the Drifters,
23 we've had the Flamingos that appeal to a senior
24 demographic and those our matinee shows that take
25 place once a month also in Gypsies. And then we of

1 course do the kind of high profile celebrity DJs
2 today, that are also garnering a lot of attention. We
3 have our summer DJ series coming up, starting in May.

4 That will include Pauly D, for you
5 Jersey Shore watchers, Wyclef Jean, Little John, so we
6 really do a diverse amount of entertainment in this
7 room, from comedy to R&B to rock. We recently had
8 Teresa Guidice, right out of jail should I say. But
9 reality of it. But she was the --- the first public
10 appearance she made was with us and it was
11 tremendously well received. It was picked up People
12 Magazine, US Weekly, TMZ. I mean, you could not pay
13 in advertising dollars, what we received in social
14 media PR for this event.

15 So, we'll continue to do a diversity of
16 entertainment type things like that. This coming
17 Saturday, matter of fact, we have Belinda Carlisle
18 famous from her days with the Go-Go's, for those '80s
19 fans out there. And the last weekend of the month, we
20 have Richard Marx doing a couple shows too. So, you
21 know, we continue to be very very aggressive with
22 entertainment.

23 We just look at it as another tool to
24 attract customers to the property. Another feature of
25 the property is our convention and event facilities.

1 We have approximately 7,000 square feet of meeting
2 space. It serves a couple of needs for us. During
3 the weekdays, it very much becomes a corporate event
4 type location. There's quite a few pharmaceutical
5 companies, not only of course immediately near our
6 property, but also in northern New Jersey, they use
7 the facility for training meetings, sales, product
8 launch.

9 So, a lot of local, regional, corporate
10 clients utilizing the meeting space during weekdays.
11 Over the course of the past six months, we spent about
12 \$80,000 on a brand new, state of the art, AV system,
13 also, in all of these meeting rooms.

14 And then we take that event center and
15 that space and on weekends, we cater to a social
16 client. And that could be a wedding, an anniversary,
17 a bar mitzvah. We can do weddings outside by our
18 gazebo, we can hold the ceremony right on the property
19 and then we can completely cater to the event with a
20 custom menu for our guests. So, we drive a lot of
21 additional cash revenue through those venues. We hope
22 it filters up, of course, obviously, onto the gaming
23 floor.

24 Our spa and fitness center is really
25 unmatched by anything else in the immediate area and

1 really, among the properties here in the Commonwealth
2 gaming properties. It's a 16,000 square foot
3 facility. It has 11 treatment rooms, I highly
4 recommend the hot stone massage. That happens to be
5 one of my favorite treatments in the room. Great
6 exercise equipment, life cycle, free weights, cardio
7 equipment, so an array of different things that are
8 available in the whole spa and fitness center. Skin
9 treatments, we also have a hair styling salon, nails,
10 manicure, pedicures, it can also be done in the spa
11 facility.

12 So, you know, a guest coming to the
13 resort for the weekend could just add this onto their
14 --- onto their list of things that they can do there.
15 They can game, you saw that they can do some fine
16 dining, you can also obviously go to our spa, work out
17 if you want. If you don't want to work out, sit back,
18 relax, massage, facial and enjoy the services of the
19 spa.

20 The next slide I want to show you is
21 something we've been talking about for a long time.
22 And it came to fruition in May of 2014 and it is a ---
23 was a \$6 million project. It's called Get Wet. It's
24 our ultra pool. It's a 51,000 total square foot
25 facility. Indoor, outdoor pool, full service

1 restaurant, bar, exterior fireplace pits overlooking
2 the lake and the golf course, there are cascading
3 waterfalls in the --- throughout the pool.

4 And it accommodates up to 750 people
5 within the pool decks itself, and another 750 or so on
6 the grass area. So, we can put about 1,500 total
7 people in the space. And you know, I don't know if
8 there's words that I can say that really do it
9 justice. I would really highly recommend that if your
10 time permits after this, or anytime in the future,
11 that you come over and see what this facility is.
12 Because people are just awed by it when they walk
13 through the doors and they see how this facility came
14 out.

15 And there's an even better shot of it.
16 One of the other things that we have done with Get Wet
17 is during the summer weekends, we've turned it into
18 one of those sort of, cool, trendy ultra pools and we
19 use the celebrity DJs that I mentioned before to
20 perform here. And it's been extremely well received.
21 So, please come by and see Get Wet and what it's all
22 about, because it's really an extraordinary facility.

23 And then of course we have golf. We're
24 not playing golf today. We did open the course up in
25 March. We had such a nice, mild winter, we said let's

1 open golf a little early. Well we've had more snow
2 here in April than we did in February and March, so
3 golf revenues aren't actually knocking us over yet,
4 but the golf facility is extraordinary. You know,
5 this course was designed by Hal Purdy and inspired by
6 Sports Illustrated's Best 18 Holes in America, so each
7 hole replicates a famous hotel --- a famous hole
8 somewhere else.

9 Like the 18th hole is a replica of
10 Spyglass, okay, in Pebble Beach. And each hole, as I
11 said, replicates another famous hole somewhere in the
12 country. And it's a very challenging course, it's
13 absolutely fantastic views of the entire valley where
14 Mount Airy sits. So, once again, another additional
15 amenity, when you add this to the other recreational
16 amenities of Get Wet, the spa, the exercise facility,
17 the restaurants.

18 We just keep piling the amenities on, if
19 you will. And really trying to create a complete
20 resort destination experience for our guests.
21 Basically, we're not giving them any reason to leave
22 if they didn't have to. One of the things that we did
23 add since we last met also, is we opened the new
24 clubhouse, back in 2012, and that was a \$2 million
25 investment. And not only does the clubhouse of course

1 serve our golfers on a daily basis and it also has a
2 kitchen, a bar, a very nice outside deck.

3 But our catering sales team also uses
4 the clubhouse and sells it during the evening hours to
5 social groups, people who want to rent it out and have
6 an event there. Maybe they don't want to be in the
7 casino property, they may have family, children,
8 whatever the case may be. So, you know, you could
9 comfortably fit over 100 people in this facility. So,
10 another utilization of it to further draw traffic to
11 the property.

12 And you know, what that really brings us
13 to, all of these amenities and features are great.
14 And they cost a lot of money from a capital
15 perspective. But at the end of the day, you know,
16 we're in the hospitality and entertainment industry.
17 And the hospitality part of it requires that we be
18 very service oriented. And I can say here, that we
19 are the only casino resort in the State of
20 Pennsylvania that can put up six of those AAA four
21 diamond awards. Okay?

22 We're the only one that has done that
23 and it's less than six percent of all hotels in the
24 country, achieve that award. And we're very proud of
25 it, our team members take pride in it. They wear a

1 pin --- a four diamond pin that signifies that and as
2 I said, it's all about delivering certain levels of
3 service. And that's what allows you to get that
4 award. It's just not about \$6 million pools and \$2
5 million clubhouses. It's about a dedicated staff that
6 delivers from a service perspective every single day.

7 Let's move on a little bit and talk
8 about some of the commitments that have been delivered
9 over the course of the --- over the last year,
10 primarily we'll talk about, and along with Tina Jones,
11 our Executive Director of HR. We're going to talk
12 about economic impact. Our team members, some of us
13 have joined us today. I thank them for coming out.
14 And some of the things that we've done in the
15 community.

16 Going first, let's look at the overall
17 economic impact of Mount Airy through the end of 2015.
18 The total game tax generated was \$791 million,
19 including \$111 million in local share tax during that
20 time frame. Additional taxes paid were over \$28
21 million in property taxes, which makes Mount Airy, the
22 largest property taxpayer in Paradise Township and
23 Monroe County and another 16 percent --- \$16 million
24 to the Commonwealth.

25 And I'm going to go off the grid here,

1 for a minute. I know Michael and Lisa are probably
2 cringing, but you know, I found an article that was in
3 the internet and it dates back to early 2000. And it
4 talks about the Mount Airy Lodge that once sat where
5 the existing Mount Airy Casino Resort now sits. And
6 it's very interesting.

7 Now, just take a minute, just to read a
8 couple lines. And it says, throughout the 1980s, the
9 place was in a steady decline. Complaints about dirt
10 in the rooms, blocked plumbing and splintered wood on
11 the balconies became more common. Linen and
12 furnishing steadily became dirty. Bugs were found
13 throughout the carpets and the pool water was full of
14 leaves and dead insects. In addition, the bills
15 weren't getting paid either.

16 By 1999, the company owed \$46 million to
17 unsecured debtors, to 400 creditors and the financial
18 vultures were circling. And then the article, it just
19 goes on to say that the resort filed for a Chapter 11
20 bankruptcy, Mount Airy Lodge, the Strickland's and
21 Pocono Gardens were sold off at a sheriff's sale and
22 shortly after, they closed their doors.

23 You know, the picture I've painted here,
24 looking at our property and what the DeNaples family
25 has created, and just to think, you know, back to

1 about 2001, there was no property, it was closed,
2 there were no jobs, there were no tax revenues and
3 there was no community involvement anymore. So, you
4 know, looking at these numbers today, from what was
5 just back to early 2000s is pretty significant to say
6 the least.

7 A little bit about the economic impact
8 since the casino opened. Salaries, wages and benefits
9 paid to employees, \$185 million since opening. Gaming
10 service providers, \$295 million over the course of the
11 past eight years. Included in among that is minority
12 and women owned businesses at \$37 million, a little
13 over ten percent, obviously. Local business entities,
14 over \$69 million, and that's primarily Monroe, Carbon,
15 Lackawanna, Luzerne, Northampton, Pike and Wayne
16 Counties. So, they are all the immediate counties
17 surrounding our property. And then PA business
18 entities in general, \$147 million in service providing
19 dollars spent.

20 Look back to when initial opening, back
21 in 2007, the development opening cost of the property,
22 \$350 million, and our ongoing capital expenditures, \$7
23 million a year. We talked about the Get Wet
24 facility, \$6 million --- seven --- \$6 million. We
25 talked a little about the room renovation, over \$5

1 million in completing that project. The golf and
2 clubhouse, \$2 million, and very importantly,
3 continuing to reinvest in our gaming floor product,
4 where we're averaging approximately about \$2 million a
5 year in reinvestment in gaming floor product.

6 I want to turn it over now to Tina
7 Jones, and --- who is our Executive Director of HR.
8 And Tina's going to talk about some of our employment
9 initiatives, our diversity and --- Tina, I'll give it
10 over to you.

11 MS. JONES:

12 Oh, good morning. My name is Tina Jones
13 and that is J-O-N-E-S. And I'm going to go over some
14 highlights of our Human Resource statistics and
15 initiatives.

16 Okay. So, as you can see, we have an
17 average of about --- of approximately, 1,122 employees
18 and we beef that up during our seasonal period, which
19 is spring and summer and so we'll be adding about an
20 additional 50 to 60 employees for our busy period.
21 And of that number, approximately 76 percent are
22 fulltime employees.

23 So, considering a lot of companies
24 typically beef up on their part time end, our higher
25 end is a majority of fulltime staff. Number of female

1 employees, as you can see, make up 45 percent of our
2 staff. Number of females in professional, supervisory
3 and above roles make up 42 percent. Number of
4 minority employees make up 40 percent. And as you can
5 see, that is quite an impressive number considering
6 Monroe County and our surrounding counties only have
7 an average on ten percent minorities.

8 So, we do a great job of attracting a
9 very diverse group of employees. And the number of
10 minority professionals, supervisors and above are 26
11 percent. And I would like to state at this point
12 also, that we are also the fourth largest employer in
13 the county. Number of regional resident employees is
14 94 percent. And the number of PA resident employees
15 is 95 percent. So, again, very good numbers there as
16 well. We like to focus a lot of our efforts regarding
17 improvement as much locally as possible.

18 We do a lot with East Stroudsburg
19 University and Northampton Community College. We go
20 to several job fairs at each of them every year. We
21 participate in as much activities as --- whatever they
22 invite us to, we're there for them. And so as you can
23 see, several job fares, we also are part of their ---
24 we're a member of their Student Advisory Board.

25 We present to their hospitality class at

1 East Stroudsburg University. We were recently a
2 featured speaker, our recruiter was a featured speaker
3 at their conference for career options and
4 opportunities. One recruiter is also an adjunct
5 professor there, and we participated in the
6 hospitality alumni mixer at Northampton. And also,
7 they requested for us to do a couple tours for them.
8 Northampton did and also East Stroudsburg.

9 So, their culinary students, as well as
10 their hospitality students were interested in touring
11 our facility, so we worked with them and we had tours
12 for --- I believe it was over 50 students. And so,
13 that's where we get a majority of our applicants, you
14 know, through the colleges, and when they graduate and
15 also for our seasonal staff. But we also, as you can
16 see, we do a lot online and well --- actually, I want
17 to mention, we also do our own onsite job fare.

18 Last year, we had over 200 --- well
19 close to 300 folks in the area come to our onsite job
20 fare and we hired over 30 excellent candidates for 12
21 of our departments. And so we do a lot online. We
22 have our own online website. We have joined Indeed,
23 which is known now as the number one premier website,
24 which gets 36 million views a month.

25 And as you can see, we're --- we also go

1 through another variety of websites as well. And I'd
2 like to say that last year alone, we had over 5,000
3 applicants through all of these variety of ways that
4 we recruit.

5 All right. As you can see, we have
6 competitive benefit package, includes paid time off,
7 we have competitive wages, our current hourly rate,
8 wage, the non-tip rate is about \$14 an hour and our
9 current salary average is about \$58,000. You can see
10 our medical benefits, 69 percent of our eligible
11 employees currently participate in our company
12 sponsored plan, which includes medical, dental and
13 vision.

14 And Mount Airy Casino funds the majority
15 of those plans. We also have an employee assistance
16 program in which employees are eligible for unlimited,
17 free telephone consultation and for those of you who
18 are familiar with employee assistance programs, they
19 offer a variety of services, consultations and
20 counseling, such as college planning, financial aid,
21 daycare, elderly care, assistance, debt, depression
22 and most importantly, especially, we use it for any
23 drug and alcohol issues that we have with staff.

24 We refer them to that. And they also
25 have their three face to face counseling sessions for

1 free --- the first three. Some additional items in
2 our benefit package as you can see life insurance,
3 short term disability, long term disability and of
4 course we have the flexible spending account options.
5 And we do have the 401(k) plan for all of our eligible
6 employees and 68 percent of our eligible employees
7 participate in that plan.

8 One of the things that when I came here,
9 I thought was pretty amazing because I certainly
10 haven't seen it many other places, is that not only do
11 we provide a free meal for our employees on every
12 shift, with free drinks, free snacks, but we also pay
13 them to eat it. So, how many can say that. Not only
14 do you get a free meal, but you also get paid to eat
15 it. So, I think that's pretty darn impressive.

16 Employee training, we really try to
17 continuously come up with ways to do new training and
18 listen to our staff and hear what they would like to
19 have. So, the past year and a half, we updated our
20 new hire orientation program, really beefed it up and
21 added more to that. It's a full day event for the
22 facility orientation.

23 We added employee property knowledge
24 days. So, as you saw through John's presentation,
25 we've been doing so many new things at the facility

1 that we've heard from our employees, wow, you know, we
2 hear a lot's going on, but we're always working and we
3 don't get to see that. We don't get to see the rooms,
4 we don't get to see the pool. So, we created employee
5 property knowledge days in which we'll have whole days
6 set aside for employees to come in.

7 So, we'll sit in one of the brand new
8 rooms for a whole day and have them come in and get to
9 tour the rooms. We'll be at the pool for the whole
10 day and say --- invite all the employees in and they
11 get to tour the pools. So, the employees have really
12 enjoyed that and we've had almost 200 employees
13 participate in those days. We also have had all of
14 our staff go through guest training and that is
15 something that we do every year.

16 All of our staff go through compulsive
17 gambling, and as you can see, there's also a full
18 variety of leadership training and first line staff
19 training that we also continuously do throughout the
20 year. We try to do fun things as much as we can. I
21 mean, who --- everyone likes to work for an employer
22 that is also fun to work for, so as you can see, we do
23 an annual summer barbeque, and at each of these
24 events, we also give away tons of prizes.

25 So, we do our fall gift --- our fall

1 golf tournament, our annual holiday party, which we
2 hold in our brand new pool area, which the employees
3 really enjoy. We also give an annual holiday gift
4 card to every single employee. And we implemented a
5 You Rock Program a couple years ago and that is to
6 recognize our staff for doing a great job, above and
7 beyond, you know, excellent customer service and so,
8 that program is something where, you know, they would
9 be eligible for a free lunch, they would be put in a
10 drawing for gift cards for \$250 and they'd be eligible
11 for a close parking space and every single employee
12 who gets nominated gets recognition on our You Rock
13 Board.

14 And just to give you an example, this
15 first quarter alone, we had 200 employees nominated by
16 managers. So, that has gone over very well. I just
17 wanted to mention, also, our local community business
18 discount table. And that just also shows our
19 commitment to the community because we constantly hear
20 from other local businesses in the community as to how
21 can we promote our business to your staff and give
22 your staff discounts and promotions as well.

23 So, we created a local community,
24 business table, right in the back of the house, where
25 the employees are, next to the EDR. And anything a

1 business is willing to give us to promote and give
2 discounts and promotions to our staff, we display it
3 on the table and they're welcome to participate in any
4 of those. And I'm going to right down to the bottom
5 here, to our employee's Sunshine Fund. That is a
6 company funded fund --- or company funded fund,
7 really, for lack of better word there.

8 And we have a committee of peers --- and
9 actually, one of them is right next to me, Jovani. He
10 is on our committee and we evaluate employee hardships
11 when they're brought to our attention by the managers.
12 So, any employee who's going through any type of
13 difficult hardship will be brought to us, the
14 committee reviews it and we determine how much from
15 the fund that we would --- we'll approve for them. We
16 can do anywhere from maybe \$500 to maybe \$2,500 for
17 that employee. Okay.

18 And so now, we're going to talk with
19 some of our outstanding employees and they're going to
20 talk to us about some of their personal stories and we
21 are going to start with Desi, right over here. Desi
22 is one of our supervisors in our Food and Beverage
23 Department.

24 MS. DIMITROVA:

25 Good morning everyone. My name is

1 Desislava Dimitrova. That is D-E-S-I-S-L-A-V-A,
2 D-I-M-I-T-R-O-V-A. I've been employed at Mount Airy
3 Casino Resort for almost nine years and that is since
4 it first opened. I started at the first level, Cook 3
5 and I worked my way up to a management level right
6 now. I'm now one of the Chef Supervisors at Mount
7 Airy Casino Resort.

8 In my time at Mount Airy has proven to
9 be a valuable experience in my growth as a chef. At
10 this moment, I have made countless friends which
11 helped me grow into my current position. And Mount
12 Airy has provided me and my family with a better life
13 for all these years. And Mount Airy provides also
14 countless jobs for many other families and small
15 businesses in the area. And I hope to continue my
16 career and grow and move up for the years to come.
17 Thank you. Thank you very much.

18 MS. JONES:

19 All right. And next we have Jovani
20 Escalante and he is a housekeeping supervisor.

21 MR. ESCALANTE:

22 Hello, my ---.

23 MS. JONES:

24 Oh, sorry.

25 MR. ESCALANTE:

1 I'm sorry. Hello, my name is Jovani ---
2 hello, my name is Jovani Escalante, J-O-V-A-N-I,
3 E-S-C-A-L-A-N-T-E. I'm 26 years old, I was born in
4 New York City, I live in Tobyhanna, PA, which is 15 to
5 20 minutes away from Mount Airy. I'm currently a
6 Housekeeping Supervisor. Back in 2011, I was
7 unemployed and lucky to be given the opportunity to be
8 hired as a houseperson with no prior degree or
9 experience in the hospitality business. Ever since
10 then, I've been in a learning roller coaster.

11 I've learned how to coach, support and
12 motivate fellow employees thanks to the training I
13 received from my housekeeping manager and the HR
14 staff. I am, what Tina said, part of the Sunshine
15 Committee, which helps employees in need when they
16 need it. I was also part of the safety committee,
17 which I was in for two years, which I've learned a lot
18 in. I'm grateful to be part of the housekeeping team
19 and the Mount Airy team. Thank you.

20 MS. JONES:

21 All right. And now we have Richard
22 Harris and he is one of our Table Game Supervisors.

23 MR. HARRIS:

24 Good morning. My name is Richard
25 Harris, that's R-I-C-H-A-R-D, H-A-R-R-I-S. I'm

1 currently a Table Games Supervisor at Mount Airy
2 Casino and Resort. And my story is one of relocation
3 and career change. In 2008, I stepped away from a 23
4 year career as a cartoonist and graphic artist for
5 Newsday, a major newspaper in New York.

6 A brief background of my previous
7 career. I started in the newspaper business as a 14
8 year old paperboy. I interned at Newsday as a
9 District Manager throughout college. And then I was
10 hired in the main office of Newsday as a newsroom
11 assistant after college in 1985. I was promoted from
12 newsroom assistant to the art department as a document
13 technician within two years. From there, I worked my
14 way up to becoming sports cartoonist and graphic
15 designer. A position that was created specifically
16 for me because I was the first ever sports cartoonist
17 at Newsday. Unfortunately, the advancement of the
18 internet unmistakably (phonetic) became the death nail
19 for newspapers. So, in time I decided to take
20 advantage of a generous package and I relocated and
21 started to embark on a new career.

22 This is what brought me to the Poconos.
23 In need of employment, I attended a Mount Airy job
24 fair and applied for every position for which I
25 thought I was qualified. And some for which I

1 probably wasn't. At the time, I working as a adjunct
2 professor at Northampton, a local community college
3 and I was teaching two courses; intro web design and
4 computer graphics. Adjunct professor means part time
5 and on call when needed.

6 I needed full time employment with
7 benefits. So, when Mount Airy called me and offered
8 full time security guard position, I accepted it.
9 Yes, I did. I definitely accepted it. In my one year
10 as a Mount Airy security officer, I learned about the
11 inner workings of the casino and met some friendly and
12 influential people. One of those influential people
13 told me about an upcoming blackjack dealing class that
14 was open to Mount Airy employees and that I should
15 apply and they would help if I was interested. I was
16 interested and I applied.

17 I got in, I enjoyed the class and I did
18 well enough to become a full time blackjack dealer at
19 Mount Airy, a few months later. Mount Airy then
20 afforded me the opportunity to learn more games and to
21 eventually become a Dual Rate Dealer Supervisor.
22 Today, I no longer deal table games in my current
23 position as a full blown supervisor. In this age of
24 technology where it seems all successful career
25 achievement employment requires a heavy dose of tech

1 savvy Mount Airy is an outstanding place where they're
2 not so tech savvy, the young --- and the not so young
3 like myself, can find fulfilling, self-sustaining work
4 with plenty of opportunity and career advancements if
5 you only apply yourself. Thank you.

6 MS. JONES:

7 All right. We have Corey Robinson, our
8 Financial Accounting Manager.

9 MR. ROBINSON:

10 Good morning everybody. Like Tina said,
11 my name is Corey Robinson. C-O-R-E-Y,
12 R-O-B-I-N-S-O-N. I was raised in Dunmore,
13 Pennsylvania and I come from pretty humble beginnings.
14 My father passed when I was nine years old, so I
15 witnessed first hand what it was to be a worker. I
16 saw my mother working at least two jobs to support my
17 two brothers and myself. And then I came into the
18 workforce at 14 years old because I wanted to do my
19 part to contribute.

20 So, I worked right through high school,
21 right through college and then I applied at Mount Airy
22 in 2007 for a Warehouse Supervisor position. I was
23 lucky enough to gain employment, my first real job,
24 benefits, full time. So, it was great. Then it
25 scared me a little bit. I saw first hand how the

1 DeNaples family, they were really hard workers.

2 I'd be up there at 6:00 in the morning
3 and I would see Lisa's sister, Dominica, or Mrs.
4 DeNaples putting up decorations and really wanted to
5 convey what they wanted Mount Airy to be and the image
6 they wanted to convey. So, I knew I was going to have
7 to be a worker if I was going to survive up there.
8 So, like I said, I just did my absolute best and I
9 realize that I didn't want --- I couldn't work in the
10 warehouse.

11 It wasn't sustainable, it was just too
12 much physical labor, so I decided to go back to
13 school. And what really surprised me was the family
14 atmosphere that was present at Mount Airy. Once I
15 gained acceptance to the University of Scranton's MBA
16 program, I received a personal congratulations from
17 Lisa herself and not only her, but everybody
18 throughout the building who knew that I was going back
19 to school to better myself.

20 Everyone congratulated, wished me the
21 best of luck. Two people in which, that were really
22 important, that also congratulated me were our late
23 CFO Ed Granci, which side note, he passed in early
24 February. He was a really great man, great leader,
25 great teacher and we do miss him everyday. But also,

1 my current director, Pat Burke, he congratulated me as
2 well and those two, actually, throughout my schooling,
3 they asked me how it was going, how it was doing, what
4 were my plans after I graduated and while I didn't
5 have a necessary plan in place of what I was going to
6 do, I'd cross that bridge when I got to it, but you
7 know, I sort of thought that I would have to go into
8 public accounting and kind of work my way up.

9 But as luck would have it, an accounting
10 position became available at the end of my --- upon my
11 graduation. So, I didn't think I was going to get it,
12 no experience, no nothing, so I interviewed with Ed
13 and I interviewed with Pat and they had a previous
14 relationship with me as being the operations --- in
15 the operations being the Warehouse Supervisor. And
16 they saw how well I did in school, how devoted I was
17 to my position, so they gave me a chance and I was
18 really honored that they did that.

19 Again, Mount Airy, just really promotes
20 internal growth and they really want to see their
21 employees succeed, which I see that across the board.
22 Even presently at Mount Airy, they really want
23 everyone to be successful. So, as a staff accountant,
24 I said, you know, here's my chance. I'm going to do
25 the best I possibly can. You know, it always

1 resonates that I saw --- once I saw Lisa actually
2 putting pool furniture together --- it was freezing
3 cold, it was out in the pouring rain, there she is
4 with an Allen wrench.

5 Needless to say, we jumped in and said,
6 you know, we'll take care of the rest, but she doesn't
7 ask you to do something that she wouldn't do herself.
8 So, that really resonated with me and I said, you
9 know, I'm going to do my best to excel in this
10 position. So, two years after my review came and I
11 was promoted to Senior Accountant and then after about
12 two years, I was promoted to Financial Accounting
13 Manager.

14 So, I really made a big jump from
15 Warehouse Supervisor to now being Financial Accounting
16 Manager. I'm literally living the American dream and
17 it's all thanks to the DeNaples family, Mount Airy.
18 You know, I have a wife and two children in a house
19 that I call my own --- my home, short white picket
20 fence, but maybe after my student loans are paid off,
21 I'll invest in the white picket fence.

22 But in all honesty, in all seriousness,
23 they gave me the opportunity to succeed and I am very
24 grateful for that and forever thankful. Thank you.

25 MS. JONES:

1 All right. All right. Shontae Vallejo
2 and she is our Cage Shift Manager.

3 MS. VALLEJO:

4 Hello. My name is Shontae Vallejo.
5 S-H-O-N-T-A-E, V-A-L-L-E-J-O. In 2007 I decide to
6 apply to Mount Airy Casino because I was commuting one
7 hour from Pennsylvania to New Jersey to a job that
8 didn't offer advancement opportunities. I began my
9 career here at Mount Airy Casino as a Cage Cashier.
10 After three months of hard work and dedication, I was
11 promoted to Cage Supervisor. As a supervisor, I was
12 able to hone my management skills and prepare for the
13 next step in my career. That next step came three
14 months later with --- excuse me, six months later,
15 when I was promoted to my current position as a Cage
16 Shift Manager.

17 I credit most of my learning experience
18 to Brian Miller who currently oversees the cage
19 operations. Each day I continue to grow and develop
20 my management skills with the system that is in place.
21 My daily responsibilities include email
22 correspondence, group meetings, one on one counseling
23 and most importantly, motivating personnel. I want to
24 personally thank the DeNaples family for granting me
25 this opportunity to work for this company. I don't

1 know where I would be without Mount Airy Casino.

2 MS. JONES:

3 All right. Now, we have Peny Zhu and
4 she's our Environmental Service Shift Manager. And
5 Penny is also on our employee's Sunshine Fund
6 Committee as well.

7 MS. ZHU:

8 Good morning everyone. My name is Peny
9 Zhu, P-E-N-Y, Z-H-U. A supervisor of Environmental
10 Service Department with Mount Airy Casino since it's
11 opening, over eight years. I began my employ as a
12 parking attendant and was promoted to a supervisor. I
13 like my crew, I interact with them in a professional
14 and responsible manner. They also show me a lot of
15 respect. I really appreciate and enjoy being with
16 them every day. Mount Airy also gives me the
17 opportunity to learn and experience the things I never
18 ever have done before.

19 Mount Airy provides high quality service
20 to our guests and it's a great place for me, seven
21 minutes away from my house and my son's school, down
22 by the road. Our owner, the DeNaples family and
23 strong resort management team and they are always,
24 always helping employees maintain a high standard of
25 performance and service that a distinguished area from

1 the northeast area. Mount Airy has the best ability
2 to make the resort as a four diamond facility in six
3 years. Mount Airy maintains a good work
4 environmental, treats all employees with respect.
5 Thank you, very much.

6 MS. JONES:

7 Thank you.

8 MR. CULETSU:

9 I want to thank all my colleagues from
10 Mount Airy staff for speaking here with us today and I
11 appreciate all of your efforts. Let's move on a
12 little bit. One of the things that Richard mentioned
13 was going to the dealer school. And what Mount Airy
14 has done is create its own dealer school in a
15 curriculum approved by the Pennsylvania Gaming Control
16 Board. And those difference curriculums include
17 Blackjack, Poker, Craps, Roulette, Pai Gow and
18 Baccarat.

19 Just some brief overview of statistics,
20 since the time that we opened the school, we've had
21 542 internal graduates, that is employee's such as
22 Richard and many other who have transferred from other
23 departments and learned the various skills of dealing.
24 We've had 294 new hire graduates, so that is people
25 that came from outside of Mount Airy, came to our

1 school and graduated and now working as dealers. So,
2 836 total employees. We presently have about a total
3 of 350 dealers. So, as you can see, a significant
4 amount has come to our dealer school.

5 Some of the additional training that
6 Mount Airy provides to all of its employees, and I
7 know some of these things --- obviously all of them,
8 are extremely important. Compulsive and problem
9 gaming is one of the single most important --- even
10 the Senator referred to it, obviously it being very
11 important to him. And we take this obviously, very
12 serious also.

13 It is of course, mandatory that all of
14 our employees go to the annual compulsive gaming
15 training class. It's usually held in October on our
16 property, October or November. It is a stipulation of
17 continued employment. If you don't attend for
18 whatever reason, you cannot go back to work. You have
19 to take this course. The course is initially provided
20 over a course of four days by an outside
21 representative from the Association of Compulsive
22 Gaming and then we make a DVD of the class so any new
23 hires of course don't have to wait until the next
24 class, a year later.

25 So, this is absolutely mandatory. We of

1 course, also have our compulsive gaming meetings
2 regularly with consistent various members of our
3 executive staff, that take place in that. RAMP
4 training, which is responsible alcohol service, that
5 is also completed yearly for all of our food and
6 beverage department and security department employees.
7 This, once again, is an outside instructor that comes
8 in and provides for this --- conducts this particular
9 class. CPR training is --- well let me skip back, I'm
10 sorry. Let's go to underage gaming, something that of
11 course, is extremely important also.

12 You know, we realize that this will
13 always be an ongoing issue with minors trying to get
14 access to the floor. And you know, this is an area
15 where we have great concern because there could be
16 some financial circumstances that could occur as a
17 result of that. But you know, one of the things that
18 we most recently did, we made about a \$30,000 --- a
19 little over a \$30,000 investment in what is a new
20 system called Visual AIDD.

21 And this is the most state of the art ID
22 checking system that is now available in the market
23 today. Actually, Parx and Valley Forge are the other
24 two properties in the state that have also recently
25 implemented this system. And this allows for the

1 security staff to be able to read passports, military
2 card, license; the software is updated monthly.

3 So, this has really been tremendous in
4 helping us with identifying minors who attempt to
5 access the floor. And I assure you, there are many.
6 I mean, I was just looking at our statistics from this
7 past year, you know, we carded 193,000 individuals who
8 appeared to be under the age of 30 years old.

9 Of that 193,000, there were
10 approximately 24,296 individuals who were not allowed
11 access to the gaming area because they were found to
12 be underage. When you consider that there is over 1.5
13 million people walk through our door on an annual
14 basis, it may seem like a small percentage, but 24,000
15 individuals underage, tried to access the floor and we
16 were able to stop them from doing that. So, it's a
17 tough task. Our security agents are constantly
18 hounded, I got to say, I'm guilty of, you know,
19 continually warning them to be on cue, pay attention
20 to what's going on.

21 Their management staff is continually on
22 the them but, you know, we've made an investment in a
23 system that we think will help them do their jobs and
24 so far it has actually paid some dividends in helping
25 us identify fake IDs and things of that nature. So,

1 we'll continue to put a lot of emphasis on our
2 underage gaming training. The security staff goes
3 through an annual refresher course on how to handle
4 underage gambling also. Lastly, let me add actually,
5 CPR training. This is mandated and takes place, all
6 of our security department within 90 days of
7 employment are CPR trained.

8 In addition, all of our 350 table game
9 dealers are also CPR trained. And they will get
10 continual recertification every two years on CPR
11 training. One of the things also, that we've most
12 recently added is an extensive Title 31, Money
13 Laundering training class. And that is one in which
14 we've made a considerable investment. We have sent
15 quite a few of our executives and management staff to
16 train classes up in New York State, up at Seneca,
17 where they hold them annually, as well as Las Vegas
18 for the past couple of years.

19 We have an 18 page, Title 31 training
20 document that all of our table game dealers go
21 through, as well as all of our slot personnel now.
22 We're teaching the cage personnel this, and we're
23 going through other departments also, in making them
24 greater aware of Title 31 and Anti-money Laundering.
25 Just a couple of months ago, we actually had an IRS

1 audit, something that nobody ever likes to have. But
2 we're very proud of the fact that we came through that
3 audit extremely well.

4 Pat Burke, our Director of Finance and
5 Brian Miller, our Director of Operational Accounting,
6 did a tremendous job and the IRS is extremely
7 impressed with the curriculum in the program that they
8 have, that they found very minimal deficiencies in how
9 we were operating our Title 31 program.

10 Moving on to a little bit of our
11 community involvement. Looking at our charitable
12 contributions over the course of the past eight years
13 and pure dollar amount, cash contributions, we're
14 looking at approximately \$433,000. In addition, we
15 provide quite a bit of In-Kind charitable
16 contributions. And that's because we have many of the
17 resort amenities that we talked about earlier, from
18 the hotel, restaurants, spa, entertainment, golf, et
19 cetera.

20 Our In-Kind contributions are over
21 \$5,000 a month and during this same time frame have
22 equated to about \$420,000 in In-Kind contribution to
23 go along with the \$433,000 in pure monetary
24 contributions. And just some of the community
25 partnerships that we have and that we partake in,

1 there's quite a few that we do annually, they're good,
2 local community partners and they're touched upon here
3 and on the next slide also.

4 Just to highlight a couple of them for
5 you, United Way of Monroe County is a big partner of
6 ours. We do a monetary donation with them annually,
7 as well as a breakfast with Santa program. The
8 Women's Resource Center is another partner, which we
9 provide regular raffle baskets, which include gift
10 cards from other local merchants such as ShopRite,
11 things they will need for their home, and groceries
12 and things of that nature.

13 The Boys and Girls Club is a good
14 partner of ours. We give to them monetarily, we do
15 their annual golf tournament and we also do their
16 youth dinner activity. Tina mentioned earlier, East
17 Stroudsburg University. We also do things with them,
18 not only from a recruitment perspective, but also
19 community wise and support with the golf tournament.
20 We support the various teams at East Stroudsburg, the
21 various sport and athletic teams.

22 Pocono Alliance is another strong
23 partner that I should mention. You know, one to the
24 things that we've done with Pocono Alliance, we do a
25 --- every weekend, we do what's called a gift day for

1 our guests. At the end of that gift day, whatever the
2 number of gifts that are left over, we average about
3 3,500 to 4,000 gifts per weekend that we give to our
4 guests, we take the remaining gift inventory and we
5 give it to Pocono Alliance who actually takes the
6 gifts, they bring it to the Odd-Lots.

7 Odd-Lots then sells it and all of the
8 money from that, from all those gifts goes to the
9 Pocono Alliance. And then Pocono Mount Energy
10 Emergency Services, with them, we also do monetary
11 contributions and they also have a breakfast for
12 Santa, Habitat for Humanity, another one we do
13 frequent things with, with monetary donations as well
14 as packages for donation type things. And let me kind
15 of end my part of the presentation with a video, if I
16 could. A very short video.

17 VIDEO WATCHED

18 MR. CULETSU:

19 That ends our presentation and of
20 course, we're available for any questions the OEC or
21 the Board members may have.

22 PRESIDING OFFICER:

23 I will turn it over to OEC.

24 ATTORNEY TEPPER:

25 Good morning, David Tepper.

1 T-E-P-P-E-R, Assistant Enforcement Counsel with the
2 OEC. Are there any plans to change the size or
3 footprint of the gaming floor?

4 MR. CULETSU:

5 David, no, not at this time. You know,
6 we're --- our floor is a little bit maxed out to be
7 quite honest. But there's no immediate plans to
8 change the gaming floor. You know, with that being
9 said, with all the potential opportunities going
10 forward that may occur, Racing Sports Book if it comes
11 to fruition, Daily Fantasy Sport, eSports, of course,
12 we'd have to look at those options.

13 ATTORNEY TEPPER:

14 Turning to the Get Wet pool area very
15 briefly. Are underage and self-excluded patrons able
16 to access the pool area?

17 MR. CULETSU:

18 Underage can access the pool area when
19 they're with a parent, as hotel guests only. During
20 the hours when Get Wet is open as a nightclub, no,
21 they cannot.

22 ATTORNEY TEPPER:

23 And Mount Airy has three liquor
24 licenses. Which liquor license does the Get Wet pool
25 area operate under?

1 MR. CULETSU:

2 The hotel.

3 ATTORNEY TEPPER:

4 Turning to slide 28, you discussed
5 current capital plans. Are there any future plans for
6 capital improvements? Either renovations or new
7 projects?

8 MR. CULETSU:

9 Well for the remainder of this year, we
10 will continue to complete our hotel renovation
11 project. You know, looking forward to next year,
12 there of course will be the need to upgrade additional
13 slot product. And we, you know, look to spend, of
14 course approximately \$2 million or so per year in
15 upgrading our slot product.

16 There will be some additional needs I
17 would be sure in the IT area as our IT infrastructure
18 is about eight years old and technology what it is
19 today, obviously requires some additional investments,
20 so you know, we'll make Cisco richer than they are.
21 But you know, the reality of --- other than that, you
22 know, we will look at some of --- just some of the
23 basic cosmetics of things that need to be done with
24 the property. It's now eight years old as we continue
25 to reinvest in those areas that need to be done.

1 ATTORNEY TEPPER:

2 Thank you. Turning back to slide 26,
3 you note that there has been \$791 million in total
4 gaming taxes generated. Do you know an approximate
5 breakdown between slot and table games?

6 MR. CULETSU:

7 Slots, approximately 95 percent.

8 ATTORNEY TEPPER:

9 And with that same number, would you be
10 able to approximate how much since the license was
11 last renewed?

12 MR. CULETSU:

13 No, I would have to get the exact --- I
14 would have to look that number up for you, to get an
15 exact number.

16 ATTORNEY TEPPER:

17 Thank you. Turning to slide 30 and the
18 total number of employees. At Mount Airy's last
19 public hearing in 2011, Mount Airy had 1,359 employees
20 and now has approximately 1,100 employees?

21 MR. CULETSU:

22 Uh-huh (yes).

23 ATTORNEY TEPPER:

24 Can you describe why there's a decrease?

25 MR. CULETSU:

1 Sure. Some of the employees that you
2 noted, approximately about a 200 employee difference
3 went over to our partner restaurants when they assumed
4 management of them. That would be Guy Fieri's,
5 Bistecca by Il Mulino, so all of the culinary staff
6 and the front of the house staff as well as some of
7 the management staff that was in restaurants that we
8 as Mount Airy operated, are now operated by a third
9 party. So those employees that were once Mount Airy
10 employees are now the employees of a third party
11 operator called Momentum Hospitality.

12 ATTORNEY TEPPER:

13 And do the remaining approximately 1,100
14 employees include Mount Airy's operated restaurants,
15 the spa and the hotel?

16 MR. CULETSU:

17 Not the spa, but the hotel. The spa is
18 a management contract agreement, also with a third
19 party vendor.

20 ATTORNEY TEPPER:

21 And turning to slide 32, when Mount Airy
22 is doing recruiting on college campuses, what steps
23 does Mount Airy take to ensure that underage
24 individuals are told that they cannot gamble on the
25 property? I know that you hire people under the age

1 of 21, but they cannot gamble; right?

2 MR. CULETSU:

3 Yeah, of course we do have quite a few
4 employees under 21, throughout the property. We
5 continue to emphasize our underage gambling message,
6 you know, one of the things we have is a real strict
7 policy as it relates to escorts on the floor. We
8 require anybody under the age of 21, even if they are
9 with their parent or their guardian, that they be
10 escorted throughout the property. So we're very
11 diligent in doing that and ensuring that we do not at
12 all promote minors coming onto the floor.

13 MS. JONES:

14 And that's also explained very much in
15 depth during new hire orientation. And it's also in
16 our employee policy book.

17 ATTORNEY TEPPER:

18 Thank you. Turing briefly to benefits,
19 I do believe it's slide 33. What makes an employee
20 eligible to receive benefits?

21 MR. CULETSU:

22 Employees after their first 90 days is
23 able to receive benefits. First full 90 days --- full
24 time employee. Okay. They have to be a full time
25 employee. Part time employees do not have benefits, a

1 full time employee.

2 ATTORNEY TEPPER:

3 Are there any benefits such as paid time
4 off the part time employees receive?

5 MR. CULETSU:

6 No.

7 ATTORNEY TEPPER:

8 And what percentage, approximately of
9 employees does Mount Airy promote within?

10 MR. CULETSU:

11 Well ---.

12 MS. JONES:

13 Well, actually just last year alone, we
14 promoted 50 employees. In the past four years, 200.
15 So on average, 50 a year.

16 ATTORNEY TEPPER:

17 And that is all the questions the OEC
18 has.

19 PRESIDING OFFICER:

20 Okay. I will --- Mr. Sklar, do you have
21 any follow up?

22 ATTORNEY SKLAR:

23 I do not.

24 PRESIDING OFFICER:

25 Okay. Then we'll turn to Board members.

1 Shall we start at the far end with Mr. Ryan?

2 MR. RYAN:

3 I guess, Mr. Culetsu, I would just say
4 that it's clear to me, having been on the board a
5 number of years now, that you and the team you have,
6 have done an excellent job at Mount Airy and it looks
7 to me like things are going very well for the people
8 in this community and for the people who work for
9 Mount Airy and I want to congratulate you and
10 everybody else, at Mount Airy for a job really well
11 done.

12 MR. CULETSU:

13 Thank you.

14 MR. FAJT:

15 Thank you, Linda.

16 MR. FAJT:

17 Mr. Culetsu, a couple of questions.
18 What is the amount of free slots play that Mount Airy
19 gives out per year?

20 MR. CULETSU:

21 It's approximately \$36 million.

22 MR. FAJT:

23 And without giving away any trade
24 secrets, how do you determine who gets that and when
25 it's given? Do you look at slow times during the

1 course of a year and maybe just to generate folks to
2 come into the casino? And then I assume that, you
3 know, you watch the play of your individual members,
4 maybe if they haven't been there for a while, I would
5 guess and you can correct me if I'm wrong, that you
6 would send them free slots play? But again, without
7 getting into any of the minutiae, what determines when
8 you give out that slot play and who receives it?

9 MR. CULETSU:

10 Commissioner, the answer is all of the
11 above, to many of the things that you just noted. Of
12 course, we have our monthly mailer, which you know, we
13 mail to over 165,000 or so people in our database who
14 are part of our regular players and in that mailer,
15 there is their monthly slot offer, comes in that.
16 Within the mailer itself, too, there's other
17 additional promotions that if you come in and play so
18 much --- play X, earn Y.

19 And a lot of our promotions are based on
20 that and that philosophy also. So it's a little bit
21 of a combination of both. What they earn based on
22 previous play come in the monthly mailer and then the
23 various promotions of play X, earn Y.

24 MR. FAJT:

25 You had mentioned that you were out in

1 Las Vegas for a symposium --- a gaming symposium, what
2 are you seeing that's new in games of skill that you
3 talked about?

4 MR. CULETSU:

5 Uh-huh (yes). You know, there's quite a
6 bit of things happening out there in the game of
7 skill. And everything that's being developed is
8 focused towards millennials again, of course. By the
9 studies done by the various gaming manufacturers, and
10 I was at the Bally's user conference. The emphasis is
11 on games, in which multiple people could play at the
12 same time, and I was talking to Commissioner Woods
13 yesterday and we saw the electronic roulette game and
14 how --- the fact that a lot of people like to play,
15 it's very interactive.

16 And a lot of the new games that were
17 being introduced at the Bally show, had an interactive
18 component to them, where three, four, five, six people
19 could play on the same table and all the games ---
20 which has changed a little bit, too, going forward ---
21 are on a flat surface. So it's kind of like when
22 you're at home and you play Monopoly or Scrabble or
23 one of those games, you don't have it on the surface
24 like that.

25 You got it on a flat surface and you got

1 your potato chips and you got your drinks and you put
2 your drink on that flat surface and you can play a
3 multitude of different games, either against the house
4 or seems like very competitively against one another.
5 Now, how that will earn gaming tax revenue in the
6 future, not for me to answer yet at this point, but it
7 seems to be that a lot of the millennial games being
8 designed are ones in which there is a component of
9 competing against one another.

10 MR. FAJT:

11 Ms. Jones, you had talked about an
12 average wage of a full time employee of \$58,000, I
13 believe is the number. Does that include benefits,
14 and if it does, what is the benefit component? In
15 other words, what's the ---?

16 MS. JONES:

17 No, that does not.

18 MR. FAJT:

19 It does not?

20 MS. JONES:

21 So typically, benefits would be an
22 additional 25 to 30 percent on top of that.

23 MR. FAJT:

24 The compulsive gambling training, how
25 many hours per year is that training?

1 MS. JONES:

2 The compulsive gambling is about an
3 hour, an hour and a half.

4 MR. FAJT:

5 Okay. And for those that take it via
6 the DVD, do they view that DVD in-house, so that you
7 can determine that they actually watched it as opposed
8 to taking it home and ---?

9 MS. JONES:

10 They do it right in HR.

11 MR. FAJT:

12 Okay. And who gets that training? What
13 employees? All employees?

14 MS. JONES:

15 All employees.

16 MR. FAJT:

17 Only employees on the gaming floor?

18 MS. JONES:

19 All employees.

20 MR. FAJT:

21 All employees.

22 MR. FAJT:

23 And two more questions. The underage
24 gaming training, again, same questions, how many hours
25 per year as opposed to compulsive gaming? I'm now on

1 the underage gaming.

2 MS. JONES:

3 The underage?

4 MR. CULETSU:

5 Well the underage gaming is for every
6 security employee.

7 MR. FAJT:

8 Okay.

9 MR. CULETSU:

10 And they go through their training upon
11 initial hiring and then they have an annual refresher
12 training within the same year, which is an all day
13 training where they're not only trained on the rules
14 that we have implemented, but of course the PGCB rules
15 and how to work the new ID detection system that we
16 have, that's fairly simple, but it's a lot more
17 complicated than what we had previously.

18 MR. FAJT:

19 So again, approximately eight hours per
20 year and all security employees ---

21 MR. CULETSU:

22 Yeah.

23 MR. FAJT:

24 --- have that training?

25 MR. CULETSU:

1 Yep.

2 MR. FAJT:

3 Thank you, very much.

4 MR. CULETSU:

5 Thank you.

6 MR. BARASCH:

7 I have no questions. Thank you.

8 MR. MCCALL:

9 I don't have any questions, I just
10 basically have a comment --- a couple comments. You
11 know, these hearings are required by law and we
12 conduct them to make sure that you're complying with
13 the law. And I think it's a great opportunity to
14 really showcase what you have done and all the casinos
15 for that matter, across the Commonwealth.

16 As someone who was born and raised
17 fairly close to this region, I certainly remember the
18 old Mount Airy. I frequented it often times with
19 fundraisers and other events. And can certainly say
20 that I'm completely impressed with the investment that
21 the DeNaples family made in this region. And a
22 complete rebuild. They just didn't renovate, they
23 tore down and completely rebuilt the facility and it
24 is quite a beautiful facility.

25 You know, in listening to your

1 presentation, and I've said this before, I don't know
2 if the people of the community realize what an
3 economic generator you really are. And all the things
4 that you do in fact contribute to the community. From
5 community investment to economic development to
6 families sustaining jobs to the taxes that you pay to
7 this Commonwealth and to local governments.

8 The local share money that you provide
9 in economic development --- because we always hear
10 every now and then, where does the money for property
11 tax reform go. It in fact does --- there is a lot of
12 money generated, a lot of money goes to property tax
13 reform, but in addition to that, you do provide
14 significant investment to the community and people and
15 businesses have come to these regions because of the
16 investments that you made. And I think you're to be
17 lauded for that. The fact that you have that four
18 star or four diamond designation, to me, is testimony
19 to your commitment to excellence.

20 And it's appreciated. And I think this
21 is an opportunity for the people in the community to
22 hear that and know that. So basically, I want to laud
23 you for you're continuing investment in the community
24 and just as importantly, you're continuing investment
25 in your property. And I want you to know that it's

1 greatly appreciated and thank you for what you do in
2 this region.

3 MR. CULETSU:

4 Thanks, Commissioner.

5 MR. WOODS:

6 I really have only one question. I did
7 appreciate the tour yesterday. It was probably about
8 18 months since I'd been there before. Substantial
9 changes, capital investments, so congratulations on
10 that. Lisa, I had mentioned to you earlier that you
11 were picking out fabric wall coverings, floor, so
12 forth when I was there before.

13 So the results of these rooms was
14 dramatic. Very bright and appealing and I'm sure it
15 represents the Resort very, very well. So I join with
16 my colleagues congratulating you on all of that.

17 With my tour yesterday, just when I was
18 leaving, I remembered that the poker floor was up on
19 the second floor. I went up there, it surprised me,
20 and I don't recall seeing it before, but there's slot
21 machines up to the right when you come off the
22 elevator. I assume they would put there after the
23 table games came to the floor?

24 MR. CULETSU:

25 Yes, that is correct. There's

1 approximately 145 slot machines there and that floor
2 is completely nonsmoking.

3 MR. WOODS:

4 All right.

5 MR. CULETSU:

6 Hundred percent nonsmoking.

7 MR. WOODS:

8 I was going to ask you if that was
9 nonsmoking, so thank you for that. But the second
10 thing, how productive are those slot machines there?
11 They're really not noted, they're kind of off to the
12 side. I mean, are they the latest product, are they
13 kind of your leftovers? How would you describe it and
14 how productive would you think those slot machines
15 are?

16 MR. CULETSU:

17 You know, versus house average, they are
18 significantly underperformed versus the rest of the
19 house average and I think it's just the case of not
20 being on the main gaming floor. Those machines were
21 moved after tables games were added in July of 2010.
22 They used to be on the main floor and then they were
23 moved upstairs. So, the performance, to be honest, is
24 not great of that group of games on the floor. It's
25 significantly below house average, as I said.

1 MR. WOODS:

2 Do you have any ideas for that second
3 flood, going forward and how the --- I mean, Poker ---
4 people who play Poker, find the floor wherever it is.
5 You could put it out in the pro shop and they'd get
6 there and so forth, slot machines are a little harder.

7 MR. CULETSU:

8 Yeah.

9 MR. WOODS:

10 I'm just wondering if indeed, there's
11 some thoughts about that second floor?

12 MR. CULETSU:

13 Right. Yeah, we have had some thoughts
14 about it.

15 MR. WOODS:

16 Actually it has a great view of the
17 floor behind those machines.

18 MR. CULETSU:

19 It has a great view of the floor ---

20 MR. WOODS:

21 Yeah.

22 MR. CULETSU:

23 --- and from the Poker side, it has a
24 great view of the lake ---

25 MR. WOODS:

1 Yeah.

2 MR. CULETSU:

3 --- and the golf course. In the ideal
4 world, Commissioner, we would have that all --- that
5 complete area on the main gaming floor, including
6 Poker, where it once was before. Where Poker was once
7 before is now occupied by high limit slots. We just
8 don't have the space to put it onto the main gaming
9 --- to the main gaming --- the main gaming floor. It
10 doesn't produce very well from the slot perspective.
11 You know, if we lost those 150 games, there would not
12 be a significant loss from a revenue perspective, I
13 assure you.

14 You know, if anything, it would be a
15 great area as some of these new things come to
16 fruition that are out there and eSports and iGaming,
17 and things of that nature that could be implemented in
18 that area that might be driving some revenue in the
19 future. Interactive lounges was another big thing I
20 saw in Las Vegas, where you have kind of a loungey
21 (phonetic) table game type atmosphere, where you just
22 don't have the traditional table games, but you have
23 games like you'd play at home, also incorporated into
24 the gaming part. So, you know, maybe going down the
25 road we could find a little bit more viable revenue

1 generating thing to do with that section.

2 MR. WOODS:

3 Thank you. And just a last question.
4 Of your full time employees, I understand there are
5 obviously a number of employees on the property that
6 are not your full time employees, that work in
7 hospitality areas, but of your full time employees,
8 how many are hospitality and how many are directly
9 associated with the gaming floor?

10 MR. CULETSU:

11 Well on the dealer side, we have
12 approximately 250 employees. And then in slot
13 department, we have approximately 50 additional
14 employees. We have 400 employees involved, just
15 immediately on the gaming floor itself.

16 MR. WOODS:

17 And the remainder in hospitality?

18 MR. CULETSU:

19 In hospitality. Well, you know, cage of
20 course is considered more --- a little more on the
21 gaming side too. So there's about 35 employees there,
22 on the cage side, Players Club, a little bit more on
23 the gaming side. We have another 16 or so employees
24 in Players Club. Player Development, approximately 15
25 additional employees there also. So, that's your

1 predominantly gaming side and the rest would be
2 hospitality and administrative.

3 MR. WOODS:

4 Again, congratulations. Thank you for
5 your presentation and the tour yesterday.

6 MR. CULETSU:

7 Thank you. You're welcome.

8 MR. JEWELL:

9 Mr. Culetsu, I do have a comment and
10 then a couple of questions. My comment is this. My
11 wife and I, this past week, when driving to a funeral
12 in Rochester, New York of a great trustee of the
13 college in which I was President, we were listening to
14 music and Richard Marx came on. And my wife said to
15 me, I wonder what ever happened to Richard Marx. And
16 I said, I think --- I'm sure he's still alive. I can
17 now report that a gentleman under oath has answered
18 that question for her. So, I'll bring that
19 information back.

20 MR. CULETSU:

21 You're more than welcome to bring your
22 wife.

23 MR. JEWELL:

24 I have a question on the medical
25 benefits of the 69 percent.

1 MR. CULETSU:

2 Yep.

3 MR. JEWELL:

4 Does that represent the difference
5 between 69 percent and 100 percent folks who have
6 taken their spouses medical coverage, primarily?

7 MS. JONES:

8 There's spouses, or as you know, you can
9 now remain on your parent's plan until 26 years old.

10 MR. JEWELL:

11 Right.

12 MS. JONES:

13 So, we have a lot of employees ---

14 MR. JEWELL:

15 Okay. Right. I hadn't thought about
16 that.

17 MS. JONES:

18 --- still on their parent's plan.

19 MR. JEWELL:

20 Yeah. Okay. Thank you. Your Sunshine
21 Fund, how do you ensure privacy? I had a Sunshine
22 Fund at my college and it was incredibly effective.
23 Even small amounts, like a micro investment sometimes
24 --- you hear about micro investing and folks overseas.
25 But a little bit in a real stressful situation could

1 make a difference.

2 But there is also some of those
3 circumstances where we're highly, you know, revelatory
4 about a personal situation within a person's life or
5 in a family. So how do you ensure the privacy and the
6 ability of somebody to feel they can come forward
7 within that process? How does it work, the allocation
8 process?

9 MS. JONES:

10 Well, we work through the managers
11 because we feel the managers know their employees
12 best. They're working with their employees on a day
13 to day basis and they know what's going on in their
14 lives. So the manager is actually one who will come
15 forward to HR and say, I'm aware we have this employee
16 having this medical situation or spouse lost their
17 job. Whatever it may be, and say I would like to
18 recommend them for the Sunshine Fund. And they will
19 complete the form and then I will talk personally with
20 the employee to see if they're interested.

21 If they are interested in proceeding,
22 then I get the Committee together --- and as you can
23 see, we have two Committee members here today, and we,
24 as the Committee will tell you, really address
25 confidentiality. We know above all, and that is the

1 most important for this --- for our employees. And
2 so, we have great Committee members who are committed
3 to that and we'll get together, we'll review it and
4 then it's strictly between --- then it goes back to me
5 --- between me and that employee. And you know, we
6 don't even share the further details then with the
7 manager. We just say ---.

8 MR. JEWELL:

9 The authority for how much is given
10 ultimately is your decision or is it the Committee
11 decision?

12 MS. JONES:

13 The Committee's decision.

14 MR. JEWELL:

15 Okay.

16 MS. JONES:

17 And then we have guidelines we've come
18 up with of different tiers and what different
19 situations may fall under ---

20 MR. JEWELL:

21 Uh-huh (yes).

22 MS. JONES:

23 --- to help us out.

24 MR. JEWELL:

25 Okay. The employee herself or himself,

1 though, can't apply per se? A manager has to see it,
2 be aware of it and bring it to the attention?

3 MS. JONES:

4 That's ideally, but if an employee does
5 go talk to the manager, then that could work out that
6 way as well. But ideally, it's something that we want
7 the manager to recognize and to know that there's a
8 situation they want to bring forward.

9 MR. JEWELL:

10 Okay. Thank you.

11 MS. JONES:

12 Uh-huh (yes).

13 MR. JEWELL:

14 On the contributions, there are many
15 needs. You know, many, many needs. And so they come
16 in to you, and how do you triage those needs?

17 MR. CULETSU:

18 Uh-huh (yes). What we have ---.

19 MR. JEWELL:

20 And by the way, for the --- I'm sorry.
21 Let me say one more thing. It looks like on average,
22 you've been --- in actual cash, you've been giving out
23 about \$54,000 a year ---

24 MR. CULETSU:

25 Uh-huh (yes).

1 MR. JEWELL:

2 --- if I did my math right. Over the
3 total time of the giving to the \$400,000 plus. So, is
4 that a --- by the way, a preset budget amount or how
5 does that work? How do you allocate that cash?

6 MR. CULETSU:

7 We have a committee and it consists of
8 marketing, human resources, myself and Debbie, our
9 Executive Admin, who's behind us, who receives many of
10 the requests. Most of the things that we like to do,
11 of course we like to keep it localized. There are
12 some things of course, to --- from a purely marketing
13 business perspective that are also very helpful to us.
14 Obviously, if somebody's doing a golf fundraiser in
15 New Jersey, which is a great market for us, business
16 wise, we'll participate in that. So we look at every
17 single request individually, and then we have sort of
18 a core group, Commissioner, that we work with
19 annually.

20 You know, the United Way, Women's
21 Resource, The Boys and Girls Club, which are --- a lot
22 of those are the focus of our monetary donations. So
23 we don't set a set number, if you'll --- per se, when
24 we do our annual budget, saying we're going to do this
25 amount and only this amount and nothing more. We

1 really handle every certain request on an ad hoc type
2 basis, but we, you know, have those regulars, if you
3 will, that are local that we contribute to annually,
4 multiple times within the year, so ---.

5 MR. JEWELL:

6 Let's talk about United Way. Do you do
7 a match? Employees can give and, of course, there's
8 probably a campaign within your employment folks. And
9 do you match that? Do you incentivize any kind of
10 thing like that?

11 MR. CULETSU:

12 You know, we've done a match at various
13 times. We've done events like the breakfast with
14 Santa, where all of the funds that are taken from the
15 event, we completely, 100 percent donate to United
16 Way. So this past year, during Christmas, I think we
17 did the Saturday before Christmas, we had over 250
18 people come with their families. We give them a great
19 breakfast --- wonderful breakfast, Santa comes, takes
20 pictures and all of the proceeds and money go,
21 totally, 100 percent for that event, go to United Way.
22 A couple of things we give them a hard check, if you
23 will, and also we do fundraising type activities.

24 MR. JEWELL:

25 Let's talk just for a second about the

1 Safety Committee. Tell me what their role is, what
2 their --- the objective is of the Safety Committee,
3 kind of the components that are on it and how do the
4 kinds of things that are within their purview come to
5 their attention? How do you put your agenda together?
6 How does that work?

7 MR. CULETSU:

8 Safety Committee?

9 MR. JEWELL:

10 Yes.

11 MR. CULETSU:

12 Okay. Safety Committee is headed up by
13 our Director of Security and she has a committee. I
14 believe Jovani mentioned he was on the Safety
15 Committee for a couple of years. And we rotate our
16 employees from key areas. We'll take food and
17 beverage, hospitality, gaming, security of course,
18 also. They also work closely with our insurance
19 carrier and they do walkthroughs and inspections of
20 the property, quarterly, when they conduct these
21 meetings, put together recommendations, suggestions
22 and do a report as a result of those walkthroughs and
23 we take action where we're needed to in order to
24 ensure the safety of both our guests and our
25 employees.

1 MR. JEWELL:

2 Do you have a risk manager, per se?

3 MR. CULETSU:

4 We don't have anybody with the title of
5 risk manager. The Director of Security has an admin
6 type assistant who handles all of the notes and things
7 of that nature that come from any type of walkthrough,
8 inspection type stuff.

9 MR. JEWELL:

10 Okay. Thank you.

11 MR. CULETSU:

12 You're welcome.

13 MR. JEWELL:

14 I'm the newest --- the Chairman's the
15 newest, I guess, having been appointed after me. I
16 took office on the 1st of June, so I've heard maybe
17 three or four of these licensing hearings. And I will
18 say that listening to employees about their job
19 opportunities and what that means to them has been
20 incredibly interesting to me. And we as
21 Commissioners, talk around the state to lots of groups
22 that want to hear about the gaming process and the
23 Gaming Control Board.

24 And sometimes being a part of the state,
25 especially out west, where I'm from, where this is not

1 a very popular thing at all. But when you can put the
2 components together to it, not only we hear about the
3 benefits to the community in general, and to the
4 firehouse to the county fair to the water projects,
5 you know, et cetera, it's pretty extraordinary stuff.
6 But the benefits to 17,000, plus employees throughout
7 the Commonwealth and what it has meant to them, it's
8 extraordinary. And it puts it --- it helps us --- it
9 certainly helps me, I can tell you --- put into
10 perspective that the personal human impact that this
11 industry has had in this Commonwealth, it's been very
12 helpful.

13 Finally, I'd like to ask you, if you had
14 a magic wand, because obviously, in these hearings,
15 things are going well and they are, numbers are
16 looking good and they are, folks seem happy. A lot of
17 the casinos in their particular areas are chosen
18 through employee discussions as one of the best places
19 to work, so they appear to be. Well what would you
20 change? What vexes you? If you had that magic wand,
21 what is it --- you're in a regulated industry ---

22 MR. CULETSU:

23 Uh-huh (yes).

24 MR. JEWELL:

25 --- the legislature, they set the rules,

1 so there --- they set the outlines of the highways.
2 We have some regulations and all of that become the
3 rules of the road. So that's both constraining and
4 opportunistic too.

5 So you have to deal within that. Some
6 of that is vexatious, probably, to you. And other
7 things might be, so if you had a magic wand and you
8 could change something or other things --- more than
9 one, what would you do? What would you say to that?

10 MR. CULETSU:

11 Are taxes on the board.

12 MR. JEWELL:

13 No, go ahead. I'm interested.

14 MR. CULETSU:

15 Well, you know, I think something I
16 alluded to earlier, you know, back when Mount ---
17 prior to Mount Airy's opening, you know, family
18 invested \$50 million in licensing to ensure
19 exclusivity in this particular geographic region and
20 when we start ad-hocing additional gaming, such as
21 slots and OTB parlors and we start adding things of
22 that nature and additional eight percent gaming tax.

23 I mean, you know, we stick with your ---
24 we'd love --- sure we'd all love to have the slot tax
25 to go down and the local share to go down, whatever

1 the case may be. We realize it is what it is, and
2 that's what we signed up for. But when we start
3 adding additional gaming venues and things of that
4 nature, they take away somewhat of the exclusivity
5 that was out there.

6 And you know, when you start putting
7 videogames and taverns --- and we spend a lot of
8 money, as we noted here for security, underage gaming,
9 compulsive gaming, alcohol awareness, you know, I
10 can't imagine 1,000 taverns all over the state being
11 able to implement the same infrastructure that we have
12 and spend money on so diligently to conform to those
13 rules and regulations. So those would be the things
14 that I would really, you know, look at to kind of
15 preserve what we have in place.

16 MR. JEWELL:

17 Okay. Thank you, sir.

18 MR. CULETSU:

19 You're welcome.

20 PRESIDING OFFICER:

21 Mr. Sklar, any follow-up questions?

22 ATTORNEY SKLAR:

23 No, that's all we have.

24 PRESIDING OFFICER:

25 Okay.

1 ATTORNEY SKLAR:

2 If we could just have that PowerPoint
3 marked and moved into the record.

4 PRESIDING OFFICER:

5 Okay. I've marked it as Mount Airy
6 Hearing Exhibit Number 1. OEC, any objection?

7 (Mount Airy Hearing Exhibit Number 1
8 marked for identification)

9 ATTORNEY TEPPER:

10 No objections.

11 PRESIDING OFFICER:

12 And that'll be moved into the record.

13 And now, we'll turn to our OEC.

14 ATTORNEY TEPPER:

15 The OEC's first witness is Sergeant
16 Tolerico with the Pennsylvania State Police Bureau of
17 Gaming Enforcement.

18 -----
19 SERGEANT FRED TOLERICO, HAVING BEEN PREVIOUSLY SWORN,
20 TESTIFIED AS FOLLOWS:

21 -----
22 EXAMINATION

23 BY ATTORNEY TEPPER:

24 Q. Good morning, Sergeant. Can you please introduce
25 yourself?

1 A. Good afternoon, Sergeant Fred Tolerico with the
2 Pennsylvania State Police.

3 Q. And how do you spell your last name?

4 A. T-O-L-E-R-I-C-O.

5 Q. And what are your duties with the State Police?

6 A. I am the Office Commander for the Office --- or
7 the Bureau of Gaming Enforcement at Mount Airy Casino.

8 Q. And how long have you been with the State Police?

9 A. It's my 25th year.

10 Q. And how long have you been at Mount Airy?

11 A. It will be five years this July.

12 Q. Can you just very briefly describe your career
13 with the State Police, prior to joining Mount Airy?

14 A. It's primarily focused on criminal investigation.
15 I did some undercover work, I did some criminal
16 profiling, I was an Internal Affairs Investigator for
17 five years. I was a Criminal Unit Supervisor for four
18 years and that pretty much covers it with the five
19 years and all.

20 Q. Okay. And could you please describe the State
21 Police Bureau of Gaming Enforcement's jurisdiction at
22 Mount Airy?

23 A. The gaming floor is the primary jurisdiction
24 because we are covered by PSP Swiftwater for
25 everything off the gaming floor. Our unit pretty much

1 handles just about everything.

2 Q. And that includes the parking lot?

3 A. Yes, with the exception of crashes.

4 Q. And could you please describe the working
5 relationship between the State Police Gaming
6 Enforcement Office and Mount Airy security and
7 surveillance personnel?

8 A. I would say very cooperative, very professional.
9 We work well together.

10 Q. And can you please describe the working
11 relationship between the State Police and the PGCB
12 Casino Compliance Representatives?

13 A. I'd say that's also very professional and
14 cooperative.

15 Q. And turning to the uniform crime reporting
16 system, are you familiar with the uniform crime
17 reporting system?

18 A. I am.

19 Q. And can you please describe what the uniform
20 crime reporting, or UCR for short, is?

21 A. It's basically a compilation of statistics of
22 criminal incidents that occur within the jurisdiction.

23 Q. And what agency compiles the information
24 contained in the uniform crime report?

25 A. Each law enforcement entity is responsible for

1 compiling their own statistics. And then it is
2 basically the Federal Bureau of Investigation that is
3 the holder of the statistics.

4 Q. And what information is contained in the UCR?

5 A. A variety of information, but basically, it lists
6 the offenses that occur, demographics of the people
7 that commit them, demographics of people who may have
8 been arrested for those offenses.

9 Q. And is the UCR available in the electronic
10 format?

11 A. It is.

12 Q. And is it available to the public?

13 A. Yes.

14 Q. Is it available on the State Police's website?

15 A. Yes, it is.

16 Q. And how frequently is the information contained
17 in the UCR updated?

18 A. Monthly updates are required to include the
19 statistics for the immediately preceding month. So,
20 at least monthly.

21 Q. And is the information contained in the UCR,
22 subject to editing and revision?

23 A. It is.

24 Q. And under what circumstances may it be edited or
25 revised?

1 A. An investigation could be reported today and it
2 may take more than a month to determine if they're ---
3 if we're able to identify a suspect and if charges are
4 filed after the month of submission, then we would
5 update it to reflect the charge.

6 Q. And who makes these revisions or changes?

7 A. The entity that puts the information in, in the
8 first place.

9 Q. So at Mount Airy, it's the PSP --- it's the
10 Gaming Office of Mount Airy that does it?

11 A. It's us, correct.

12 Q. And can the number of offenses reported be
13 reduced if the case is later determined to be
14 unfounded?

15 A. Yes.

16 Q. And criminal offenses that occur at Mount Airy
17 are included in the UCR as their own little block;
18 correct?

19 A. Correct.

20 Q. And can you explain --- actually, does the number
21 of offenses that occurred appear on the UCR?

22 A. Yes, it does.

23 Q. And have you reviewed the UCR from Mount Airy
24 from the time periods since they were last renewed in
25 August 2012 until March 31st, 2016?

1 A. I have.

2 Q. And is the end of March the last date that the
3 UCR is available for Mount Airy?

4 A. Correct.

5 Q. Based on your review of the UCR, what are some of
6 them was common criminal offenses?

7 A. The most common is theft --- well, different
8 kinds of theft related offenses. Then we have
9 counterfeiting, which is usually the forgery incident
10 with the counterfeit bills. And then trespass would
11 probably be one of the incidents that occurs
12 frequently.

13 Q. And can you say approximately how many thefts are
14 reported at Mount Airy in an average month?

15 A. In an average month? I'd say between 10 and 15.

16 Q. And are there a significant number of violent
17 crimes at Mount Airy?

18 A. No.

19 Q. And are there a significant number of crimes
20 involving individuals under the age of 21?

21 A. No.

22 Q. Turning back to the thefts --- or can you
23 describe a majority of the thefts? Are they voucher
24 thefts or something else?

25 A. I would say primarily, it's a voucher theft or a

1 theft of credits, which is basically reported as the
2 same thing.

3 Q. And have there been a noticeable increase in any
4 specific crime since August 2012?

5 A. No.

6 Q. And do you see a pattern in any specific offense
7 occurring at Mount Airy Casino?

8 A. No, I do not.

9 Q. Generally, just to wrap up, is the State Police
10 satisfied with the level of cooperation between the
11 staff of Mount Airy Casino and the troopers at Mount
12 Airy?

13 A. We are.

14 Q. And are there any issues or concerns that you
15 think would negatively impact the suitability of Mount
16 Airy Casino?

17 A. No.

18 ATTORNEY TEPPER:

19 Thank you, very much. We have no
20 further questions.

21 PRESIDING OFFICER:

22 Mr. Sklar?

23 ATTORNEY SKLAR:

24 No questions.

25 PRESIDING OFFICER:

1 Okay. You are ---

2 A. Thank you.

3 PRESIDING OFFICER:

4 --- excused.

5 ATTORNEY TEPPER:

6 Thank you very much.

7 A. You're welcome.

8 PRESIDING OFFICER:

9 I'm sorry. Unless a Board member has a
10 question?

11 MR. RYAN:

12 No.

13 PRESIDING OFFICER:

14 Okay.

15 ATTORNEY TEPPER:

16 OEC's next witness is Ray Welkom,
17 Regional Supervisor with the Bureau of Investigations
18 and Enforcement (BIE).

19 -----

20 RAMON WELKOM, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
21 AS FOLLOWS:

22 -----

23 EXAMINATION

24 BY ATTORNEY TEPPER:

25 Q. Good morning. Can you please introduce yourself?

1 A. Yes, my name is Ray Welkom. It's actually Ramon,
2 R-A-M-O-N. Welkom, W-E-L-K-O-M. And I'm the Regional
3 Supervisor of the northeast office for the BIE.

4 Q. And approximately how long have you been with the
5 Board?

6 A. Approximately ten years.

7 Q. And what are your responsibilities as a
8 supervisor?

9 A. I prepare or review all investigative reports out
10 of the northeast office that's produced by BIE agents.

11 Q. And just very briefly, could you describe your
12 background before joining the Gaming Control Board?

13 A. I was a police officer for approximately 13 years
14 out at Bloomsburg.

15 Q. Although Mount Airy's renewal investigation is
16 ongoing at this time, is the background investigation
17 of Mount Airy Number One, and associate ENGs generally
18 complete?

19 A. Yes, it is.

20 Q. And can you describe the scope of a typical
21 renewal investigation?

22 A. The renewal investigation consists of an
23 extensive background into all the individuals and the
24 entities associated. In this case with Mount Airy
25 Number One, LLC, the background includes any type of

1 criminal, civil, financial or any other type of
2 suitability issues that would arise. We investigate
3 that. We also investigate any type of miscellaneous
4 investigations that are maybe --- could possibly be in
5 violation of the Gaming Act. We also contact other
6 state departments such as the Liquor Control Board or
7 the Department of Health in regards to, like obviously
8 the restaurants or Liquor Control violations.

9 Q. And what tools does BIE use to examine all of
10 these areas?

11 A. We use multiple databases, local law enforcement,
12 Pennsylvania State Police, obviously. We also check
13 with the Monroe County Courthouse in this case. And
14 also, we interview other businesses that are related
15 to Mount Airy and their associates. We also check ---
16 obviously, we check with Paradise Township, being the
17 host municipality to see if there are any type of
18 issues that they're concerned of.

19 Q. And like you said, as part of the investigation,
20 does BIE look at the principals as well?

21 A. Yes, yeah. All the ownerships in regards to
22 Mount Airy Number One.

23 Q. And to the best of your knowledge at this time,
24 has Mount Airy and its associated principals and
25 affiliates provided all information and documentation

1 requested?

2 A. Yes, they have.

3 Q. And after BIE's investigation is complete, what
4 is the next step?

5 A. BIE will report --- will write a report of
6 investigation and then after it's been corrected by me
7 and several other people, it will be forwarded on to
8 the OEC.

9 Q. Thank you.

10 ATTORNEY TEPPER:

11 I have no further questions.

12 PRESIDING OFFICER:

13 Mr. Sklar?

14 ATTORNEY SKLAR:

15 No questions.

16 PRESIDING OFFICER:

17 Board members? Okay. You are excused.

18 ATTORNEY TEPPER:

19 OEC's next witness is John Sentell, with
20 the Board's Bureau Casino and Compliance.

21 -----

22 JOHN SENTELL, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
23 AS FOLLOWS:

24 -----

25 EXAMINATION

1 BY ATTORNEY TEPPER:

2 Q. Good morning. Can you please introduce yourself?

3 A. My name is John Sentell, S-E-N-T-E-L-L. I'm the
4 Senior Supervisor for the Pennsylvania Gaming Control
5 Board Bureau of Casino Compliance.

6 Q. And how long have you been with the Board?

7 A. I've been with the Board since December of 2006.

8 Q. And what are your job responsibilities as a
9 Senior Supervisor with the Bureau of Casino
10 Compliance?

11 A. My job is primary supervision of the Bureau of
12 Casino Compliance offices in the licensed facilities,
13 primarily in the eastern part of the state.

14 Q. And just very briefly, can you describe your
15 background prior to becoming employed the Board?

16 A. Yes, prior to the Board, I was employed as a
17 sworn police officer in a local police department
18 retiring with the rank of sergeant of detectives.

19 Q. And can you please describe the role of Bureau of
20 Casino Compliance and a slot machine licensee?

21 A. Yes, we are the 24 hour a day, seven day a week,
22 boots on the ground, presence in the casinos, we
23 provide regulatory review and oversight of all the
24 processes and the employees of each licensed facility
25 in the Commonwealth.

1 Q. And does the Bureau of Casino Compliance ensure
2 that employees are properly licensed and credentialed?

3 A. Yes, we do.

4 Q. And what kind of access does the Bureau of Casino
5 Compliance have within a licensed facility?

6 A. We have unfettered access to all parts of the
7 facility and all the casino management systems within
8 each licensed casino.

9 Q. Does that include the central control computer?

10 A. Yes.

11 Q. And do you have interaction with the Department
12 of Revenue in regards to the central computer system?

13 A. Yes, quite frequently, yes.

14 Q. And have there been any issues regarding
15 conductivity with the central computer system?

16 A. No.

17 Q. Can you please describe interactions between the
18 Bureau of Casino Compliance and Mount Airy patrons?

19 A. Yes, typically, when our Casino Compliance
20 Representatives patrol the gaming floor they encounter
21 quite a number of patrons who have questions or
22 concerns or complaints and we do our best to solve
23 those issues with the patrons.

24 Q. And does the Bureau of Casino Compliance process
25 self-exclusion intakes?

1 A. Yes, we do. We process self-exclusion, also
2 voluntary credit suspension intakes.

3 Q. And does the Bureau of Casino Compliance assist
4 with patron complaints?

5 A. Yes, we do. Whenever we have a patron complaint,
6 we do a thorough and accurate investigation and report
7 the findings. And whenever we can, we try to advocate
8 for the patron with the management of the casino.

9 Q. Thank you. And can you please describe the
10 relationship between the Bureau of Casino Compliance
11 and the State Police at Mount Airy?

12 A. Excellent.

13 Q. And can you please describe the relationship
14 between the Bureau of Casino Compliance and Mount Airy
15 staff?

16 A. Very good.

17 Q. And is Mount Airy staff cooperative with the
18 compliance reviews?

19 A. Yes, they are.

20 Q. And what is the biggest or most common regulatory
21 issue at Mount Airy?

22 A. There is no one common issue or one that actually
23 stands out from the rest. It's pretty much a broad
24 based series of problems that are typical of any
25 licensed facility in Pennsylvania.

1 Q. And are there any issues or concerns which would
2 negatively impact Mount Airy's suitability for
3 renewal?

4 A. No.

5 Q. Thank you.

6 ATTORNEY TEPPER:

7 I have no further questions.

8 PRESIDING OFFICER:

9 Mr. Sklar?

10 ATTORNEY SKLAR:

11 No questions.

12 PRESIDING OFFICER:

13 Board members? You are excused.

14 A. Thank you.

15 ATTORNEY TEPPER:

16 The OEC has no further witnesses.

17 However, we have entered into stipulations with Mount
18 Airy, which I will read into the record. Number one,
19 the Pennsylvania State Police Bureau of Gaming
20 Enforcement at Mount Airy has compiled data in the
21 uniform crime reporting system relating to all
22 offenses at Mount Airy from August 1st, 2012 through
23 March 31st, 2012. And that is going to be OEC Exhibit
24 1.

25 (OEC Exhibit 1 marked for

1 identification.)

2 ATTORNEY TEPPER:

3 On February 25th, 2016, the Bureau of
4 Liquor Control Enforcement issued a letter to OEC,
5 advising that there have been three citations issued
6 to Mount Airy, two of which have been subsequently
7 adjudicated and one of which is pending adjudication
8 since Mount Airy's Category 2 Slot Machine License was
9 last renewed by the Board. That's going to be OEC
10 Exhibit 2.

11 (OEC Exhibit 2 marked for
12 identification.)

13 ATTORNEY TEPPER:

14 The Board's Office of Compulsive and
15 Problem Gambling has issued a memorandum regarding
16 Mount Airy's compliance with their Compulsive and
17 Problem Gambling claim. And that's going to be OEC
18 Exhibit Number 3.

19 (OEC Exhibit 3 marked for
20 identification.)

21 ATTORNEY TEPPER:

22 OEC and Mount Airy have entered into
23 four Board approved Consent Agreements since Mount
24 Airy's slot --- Category 2 Slot Machine License was
25 last renewed by the Board. That's going to be OEC

1 Exhibit 4.

2 (OEC Exhibit 4 marked for
3 identification.)

4 ATTORNEY TEPPER:

5 Mount Airy has fully cooperated with its
6 obligations under these Consent Agreements by paying
7 an aggregate amount of \$75,000 in civil penalties, as
8 well as instituting effective procedures to prevent
9 similar infractions from occurring. OEC has conducted
10 four compliance conferences at Mount Airy's facility
11 since Mount Airy's Category 2 License was last renewed
12 by the Board. In each instance, Mount Airy has taken
13 the corrective measures to remedy the OEC's concerns.
14 Those compliance conferences will be marked as OEC
15 Exhibit 5.

16 (OEC Exhibit 5 marked for
17 identification.)

18 ATTORNEY TEPPER:

19 The OEC has issued 27 warning letters to
20 Mount Airy since Mount Airy's Category 2 Slot Machine
21 License was last renewed by the Board for various
22 violations of the Pennsylvania Race Horse Development
23 and Gaming Act. The Board's regulations promulgated
24 thereunder, Mount Airy's internal controls and Mount
25 Airy's Compulsive and Problem Gambling Plan. Mount

1 Airy has responded to OEC's warning letters citing
2 remedial actions that Mount Airy has taken to prevent
3 further similar infractions from occurring. Those
4 warning letters of Mount Airy's renewed responses will
5 be OEC Exhibit 6.

6 (OEC Exhibit 6 marked for
7 identification.)

8 ATTORNEY TEPPER:

9 OEC has issued Mount Airy one cease and
10 desist letter since Mount Airy's Category 2 Slot
11 Machine License was last renewed the Board. Mount
12 Airy has complied with the terms of the cease and
13 desist letter. That will be OEC Exhibit 7.

14 (OEC Exhibit 7 marked for
15 identification.)

16 ATTORNEY TEPPER:

17 And we request that OEC Exhibits 5, 6
18 and 7 shall be marked as confidential.

19 PRESIDING OFFICER:

20 Okay. And we would mark the
21 stipulations as OEC Exhibit Number 8.

22 (OEC Exhibit 8 marked for
23 identification.)

24 PRESIDING OFFICER:

25 Mr. Sklar, do you have any objections to

1 any of the documents?

2 ATTORNEY SKLAR:

3 No objection.

4 PRESIDING OFFICER:

5 They will be so entered with the
6 confidentiality provisions for Numbers 5, 6 and 7.

7 ATTORNEY TEPPER:

8 Thank you, very much.

9 PRESIDING OFFICER:

10 Does anyone need a break? Okay. I will
11 also move into our record, the written public comments
12 that we received. We received one comment in support
13 of the license renewal from Lisa Stokes, the President
14 of BRP Entertainment and we received one written
15 comment opposing the license renewal from Mr. Ruben
16 Collazo with several attachments. And those will be
17 entered into the record as Hearing Exhibit Number 1.

18 (Hearing Exhibit 1 marked for
19 identification.)

20 PRESIDING OFFICER:

21 So now, we will begin with the public
22 comment portion. Thank you all for waiting patiently
23 who have signed up to speak. As I call your name, if
24 you'll come forward to the microphone over here to my
25 right. And if you would begin your comments by

1 stating and spelling your name for the court reporter
2 and letting us know the municipality in which you
3 reside or the entity you're speaking on behalf of
4 today.

5 If you have written notes of your
6 testimony, if you would give them to the court
7 reporter, that would help her out greatly and I will
8 remind you all, the following time limits, our
9 government representatives have ten minutes, our
10 community group have five and individuals have three
11 minutes to speak. I will let you know when you're
12 reaching your --- end of your allotted time so that
13 you can wrap up your comments. So if you have
14 registered to speak today, if you would stand and
15 raise your right hand to be sworn, please.

16 -----
17 WITNESSES SWORN EN MASSE

18 -----

19 PRESIDING OFFICER:

20 So our first speaker is Reda Briglia.
21 And I apologize in advance if I mangle anyone's name.
22 Most of them seem pretty straightforward but I always
23 manage one or two.

24 MS. BRIGLIA:

25 I guess it's good afternoon now. Reda

1 Briglia, R-E-D-A, B-R-I-G-L-I-A. I'm one of the three
2 Board of Supervisors members for Paradise Township.
3 I've been employed here for 19 years. The one thing I
4 wanted to mention was the economic impact that this
5 has had on Paradise Township. Right now, with the
6 moneys received from the gaming --- slots and the
7 tables, gives us about \$1.2 million more than what
8 we've had in our budget before Mount Airy.

9 A lot of the things that Mount Airy has
10 done for --- community wise and the employees that
11 they have at Mount Airy and just the economic impact
12 that this had and not only they talked about the
13 people coming in to visit the Poconos, but also a lot
14 of their amenities and their programs that they have
15 and the entertainment that they have is also open to
16 the residents of Paradise Township.

17 We have Mount --- the one thing they did
18 mention, was that when they first started, what was
19 mentioned previously, was the fact that Mount Airy was
20 closed. And it was a shambles and they had removed
21 all the old buildings, building a magnificent site.
22 Out of all the property that they did purchase, there
23 was over 500 acres that are open green space that will
24 be open to the public. They're in the process of
25 putting trails on some of those spaces, that will not

1 only be for their guests, but also for the public as
2 well.

3 So they've had an impact on Paradise
4 Township residents and on Monroe County residents as
5 well. We've seen an increase in our earned income tax
6 since Mount Airy's been open. Significantly so in the
7 last five or six years of probably another \$100,000
8 that comes into Paradise Township. And it's allowed
9 Paradise Township to do some things for our community
10 that we weren't able to do before. Improving some of
11 our parks for our residents and for the public. So
12 their economic impact not only shows, you know, for
13 Paradise or for Mount Airy, but for the township
14 residents as well. That's all I have. Okay.

15 PRESIDING OFFICER:

16 Thank you. Okay. We'll move on to
17 community groups. Maria Schramm from the Pocono
18 Alliance.

19 MS. SCHRAMM:

20 I'm Maria Schramm, M-A-R-I-A,
21 S-C-H-R-A-M-M. And I work for Pocono Alliance and we
22 wanted to provide testimony regarding Mount Airy
23 Casino's community involvement in Monroe County. For
24 the last two years, Mount Airy has supported Pocono
25 Alliance in several ways. On two separate occasions,

1 Pocono Alliance's Board of Directors has held meetings
2 at Mount Airy to create strategic and fun development
3 plans.

4 On both occurrences, Mount Airy provided
5 meeting room space and waived the room rental fees.
6 And then in September 2014, Mount Airy and Team Baker
7 hosted an exclusive evening with part of the proceeds
8 to benefit Pocono Alliance. The event raised
9 approximately \$1,500 for Pocono Alliance. And
10 finally, Mount Airy has leftover promotional products
11 as was mentioned and they donated them to Pocono
12 Alliance.

13 We've even been able to give some of
14 those items to people in need in the community, heated
15 scarves, cooking utensils, things like that. And the
16 other items are sent to that outlet where they're
17 purchased and we receive the proceeds from it. And
18 there's been thousands of items and we've received
19 approximately \$7,000. So we hope to continue our
20 partnership in the future. Thank you.

21 PRESIDING OFFICER:

22 Thank you.

23 MR. FAJT:

24 Excuse me. What's Pocono Alliance?

25 MS. SCHRAMM:

1 We're a local nonprofit based in
2 Stroudsburg and we do programs for early childhood
3 intervention programs, low income, Bridges Out of
4 Poverty Program, things like that.

5 MR. FAJT:

6 Thank you.

7 PRESIDING OFFICER:

8 Our next speaker, Robert Phillips from
9 the Greater Pocono Chamber of Commerce.

10 MR. PHILLIPS:

11 My name is Robert Phillips.

12 R-O-B-E-R-T, P-H-I-L-L-I-P-S. I live at 108 Broad
13 Street in Stroudsburg. My other occupation here is
14 being the president over the Greater Poconos Chamber
15 of Commerce. We can go over numbers all we want. We
16 know what they are. The impact is incredible. The
17 amount of employment is incredible.

18 I mean, we got more complaints on the
19 old Mount Airy that you could probably sink a
20 battleship with. I mean, seriously, it was just a ---
21 it was certainly --- when the DeNaples family came
22 forward to take it over and --- it was just a breath
23 of fresh air. We were just so thrilled with that.
24 I'm from Scranton originally, and I've lived down here
25 17 years. I've known the DeNaples family, your mother

1 was my babysitter for God's sake, so ---. She was.
2 She did. She babysat me. Your mother.

3 We go back so far with them, but what we
4 have here is I see --- when you see how they take care
5 of the community, their employees, as a former
6 business owner, that means a lot to me. I was also
7 chairman of the United Way Campaign. I know you
8 mentioned about the United Way, very dear and sincere
9 to my heart in 2007. Thank goodness, we have this
10 family in this --- in our community. The help they
11 gave us, I've sat on probably a dozen boards here and
12 nonprofit boards, and I can tell you, their help is
13 just priceless.

14 So we're just thrilled to come out,
15 representing not just myself, but also the Chamber in
16 saying thank you for being in Monroe County, the
17 facility is gorgeous, we're proud of it, it's just one
18 of a kind and I just think that we would be at a big
19 loss if we didn't have Mount Airy here supporting
20 Monroe County with its hospitality. Thank you, so
21 much. Thanks.

22 PRESIDING OFFICER:

23 Thank you. Chuck Leonard from the
24 Pocono Mountain Economic Development Corporation.

25 MR. LEONARD:

1 Greetings, I'm very pleased to be in
2 front of you today. Good to see you, Mr. McCall, how
3 you doing?

4 MR. MCCALL:

5 Good.

6 MR. LEONARD:

7 I want to echo what Mr. McCall and also
8 Bob Phillips just said, what a great facility. This
9 management took a property that was very challenged.
10 I'm representing here today, Pocono Mountains Economic
11 Development Corporation, but also the Monroe County
12 Industrial Developmental Authority, which is an
13 eligible applicant by statute for the local share
14 account. And we also were an entity to finance the
15 old Mount Airy.

16 And let me tell you, it was a lot of
17 trouble for us. And we bring companies to the
18 community and I can't tell you how often we run into
19 clients that can sit in the back of your car and sing
20 the old Mount Airy jingle. And they would ask to be
21 taken to the old property and they say oh, wow, what
22 happened. And subsequently since this new management
23 team took over this facility and developed the great
24 casino that they have there, you go by the facility,
25 wow, what happened here.

1 It's really an enhancement to the
2 community and by the way, I am diverting from my
3 prepared text because it reiterates many of the things
4 that were just said earlier. Let me talk a bit about
5 the local share account and how critical and how
6 important that has been to our community. And we have
7 done 40, 45 projects through our agency that have done
8 things like build gas lines, water lines, provided
9 money for growing businesses.

10 We bought four ambulances here, not long
11 ago for the Ambulance Association. And we've done a
12 whole series of projects. Some of them were mentioned
13 earlier by Mario. The East Stroudsburg University,
14 their program expanded their incubator facility which
15 enhances jobs, a new creation of jobs. And I think
16 that if you look at that money, it's had a direct
17 impact of helping us create more than 150 jobs
18 directly. And many on an ancillary basis.

19 And we also created a revolving loan
20 fund, using the local share that --- we make loans
21 available to small businesses for the purpose of
22 creating jobs in our community and so, we're very
23 supportive of this property and we're very enthused
24 about having you in our community and we look forward
25 to a long and prosperous relationship. Thank you,

1 very much.

2 PRESIDING OFFICER:

3 Thank you. Staci Barkalow, from the
4 Pocono Mountains Visitors Bureau.

5 MS. BARKALOW:

6 Good afternoon and thank you all for
7 being here in the beautiful Pocono Mountains of
8 Pennsylvania. Much of what I had written down is
9 redundant. I forgot to spell my name. Staci is with
10 an I and Barkalow is B-A-R-K-A-L-O-W. So I wanted to
11 just focus on something that I didn't hear mentioned
12 today. And that is the fact that tourism is one of,
13 if not the largest industry in the four counties that
14 make up the Pocono Mountains.

15 And several years ago, I'm sure many of
16 you are aware, the State of Pennsylvania cut out the
17 tourism budget to the local communities and the
18 tourist promotion agencies for the state. And so our
19 budget went from approximately \$9 million to \$2
20 million. And without the institution of the room tax,
21 we would have no tourist promotion agency in our four
22 counties. And Mount Airy has been a great resource
23 for us for room tax dollars.

24 So every room that is rented in the four
25 counties, there's a three percent room tax that is

1 charged to the guest. And that money comes --- goes
2 to the local Commissioners and then that money comes
3 to the designated tourist promotion agency, which is
4 the Pocono Mountains Visitors Bureau. I've been there
5 for over 16 years. I very much remember Mount Airy
6 Lodge and I will never forget the grand reopening of
7 Mount Airy Casino Resort, coming up and cresting a
8 hill and seeing the facility and thinking, we're back.

9 So thank you. I don't know why I'm
10 getting emotional. We are much in favor of the
11 relicensing for the resort and they are a wonderful
12 family and team. Thank you.

13 PRESIDING OFFICER:

14 Thank you. I'll move on to the
15 individuals. Ruben Collazo.

16 MR. COLLAZO:

17 Hi, good morning. My name is Ruben
18 Collazo. R-U-B-E-N, C-O-L-L-A-Z-O. And I'm the
19 founder of the Mount Pocono Coalition of Premium
20 Players, which is a website designed for problem
21 gamblers. It was designed for problem gamblers to
22 sign up anonymously, so they could go in and discuss
23 their gambling problems, sort of like Gamblers
24 Anonymous. On December the 17th of 2010, I received a
25 telephone call from an individual who refused to

1 identify himself.

2 As it later turned out, it was Trevor
3 Tasetano, a Security Supervisor from Mount Airy. And
4 he informed me that they had found a card with my
5 website's name and therefore they apparently went into
6 the website, looked at the content and thought that it
7 badmouthed Mount Airy. Now, my website is made for
8 problem gamblers, they go in, they sign up
9 anonymously, they make comments about everything. I
10 don't control the content. It's a website on the web,
11 it's my website, my domain, my home.

12 They decided that by virtue of the card,
13 that I was engaged in solicitation. So they
14 trespassed me and of course, my attitude was, you
15 know, the casino is basically a state operation. You
16 guys are there, the police is there, the Gaming
17 Control Board and the Attorney General's Office was
18 there. So it's basically government occupied
19 territory. My feeling was, Mount Airy, Mr. Culetsu,
20 nor Mr. Magda, nor the security supervisor have a
21 right to evict me from what I consider to be a public
22 space.

23 I have a right to go in, discuss with
24 people their gambling problems. I have gone to Mount
25 Airy for seven years. And I can tell you that much of

1 the testimony given here is not accurate. I have seen
2 people drunk on the floor, picked up, given a room.
3 Next day, they're back on the floor. I have and I
4 submitted the Mount Airy's own gambling plan. They're
5 supposed to train every single individual from the
6 Vice President to the President to identify alcoholics
7 and problem gamblers. In the seven years that I was
8 there, I've never seen anyone approached by any
9 employee of Mount Airy to suggest to them that maybe
10 they seek counseling.

11 And I dare them to show me the number of
12 people that have been approached at Mount Airy and
13 asked to consider Gamblers Anonymous or any other. My
14 website's specifically designed for problem gamblers.
15 And for that, I was thrown out of the casino and I was
16 arrested on June the 20th of 2014 for trespassing. So
17 I leave it to you to figure out how is it that if I
18 can't go --- and from my experience, I go and sit down
19 next to someone and I ask them how are you doing in
20 terms of the machine, I get a whole litany of
21 complaints.

22 And it doesn't take very long before I
23 realize that this person is a gambling addict. And if
24 I say to them, well perhaps, you might consider
25 joining --- you know, going to the website,

1 anonymously, so that your family members don't know
2 that you're addicted to gambling and have discussions
3 with other persons who are equally addicted. That is
4 considered solicitation by Mount Airy. And I'm
5 talking about people like Donald Shiffer, the Third,
6 who was then the attorney who told me on behalf of the
7 DeNaples family that they were not happy with the
8 website.

9 The only reason I was evicted from Mount
10 Airy is because I set up the website for problem
11 gamblers. And basically, this is a faith based
12 website. It's based on the very simply Christian
13 principles that gambling is wrong. So if I set up a
14 website and I'm considered to be involved in
15 solicitation, I mean, this puts me on the category of
16 being soliciting for drugs, soliciting for sex and the
17 Board did absolutely nothing about this.

18 They simply decided that under Section
19 5015, the Casino has the common law private property
20 rights to evict any person for any reason without any
21 form of an investigation. The BIE does not look into
22 these matters because that's totally up to the
23 discretion of the private property owner. In my mind,
24 how could it be a private property owner.

25 Wal-Mart is a private property owner.

1 You don't see the police at Wal-Mart. You don't see a
2 police barracks. You don't see the Gaming Board, you
3 don't see Attorney General agents at Wal-Mart. That
4 is truly private property. The casino gaming floor
5 itself has to be considered a state occupant. Mount
6 Airy does not have the authority to evict persons
7 without some form of due process. Now, they accused
8 me of solicitation, they never charged me with
9 solicitation.

10 They don't have any evidence that I was
11 there. The only evidence they have is a report by
12 Trevor Tasetano saying that there was a person
13 distributing cards who left with his hood up --- I
14 said what hood? Is he talking about his car or is he
15 talking about --- well obviously a hoodie. They
16 couldn't even identify the person who allegedly was
17 distributing cards.

18 PRESIDING OFFICER:

19 I'm going to have to ask that you wrap
20 up your comments. You're at the end of your five
21 minutes.

22 MR. COLLAZO:

23 Okay. What I would like to do is
24 introduce into evidence if I could?

25 PRESIDING OFFICER:

1 If those are the comments that you
2 submitted ---

3 MR. COLLAZO:

4 No, this is something else, this is ---.

5 PRESIDING OFFICER:

6 --- through the website --- this is
7 something else?

8 MR. COLLAZO:

9 Yes.

10 PRESIDING OFFICER:

11 Okay. If you'll give it to the court
12 reporter we will enter that into the record as well.

13 MR. COLLAZO:

14 Thank you.

15 PRESIDING OFFICER:

16 And I understand the Chairman has a
17 question.

18 MR. BARASCH:

19 Yeah, Mr. Collazo, I'm just --- I'm new.
20 I'm the newest member of this Board.

21 MR. COLLAZO:

22 Good, welcome.

23 MR. BARASCH:

24 But you laid out a fact situation. I
25 just want to understand something. You said you were

1 arrested for trespass?

2 MR. COLLAZO:

3 Yes, that was three and a half years
4 after I was notified that I would be excluded from
5 Mount Airy because of my website.

6 MR. BARASCH:

7 Were you ever charged? Was there ---

8 MR. COLLAZO:

9 No.

10 MR. BARASCH:

11 --- ever a prosecution?

12 MR. COLLAZO:

13 Not for solicitation.

14 MR. BARASCH:

15 Okay.

16 MR. COLLAZO:

17 I'm being prosecuted until this day for
18 trespassing.

19 MR. BARASCH:

20 Really?

21 MR. COLLAZO:

22 Yeah. Well actually, they brought that
23 down to --- not a misdemeanor anymore, it's just a
24 non ---.

25 MR. BARASCH:

1 Summary offense of some sort.

2 MR. COLLAZO:

3 Right.

4 MR. BARASCH:

5 And that's still an ongoing open matter?

6 MR. COLLAZO:

7 Yes, yes.

8 MR. BARASCH:

9 Thank you.

10 MR. COLLAZO:

11 Yes, I've appealed that to the Supreme
12 Court.

13 MR. BARASCH:

14 Okay. Thank you.

15 MR. COLLAZO:

16 Thank you.

17 PRESIDING OFFICER:

18 Thank you. Our next speaker, William
19 Colavito.

20 MR. COLAVITO:

21 Hello. William Colavito, W-I-L-L-I-A-M,
22 Colavito, C-O-L-A-V as in victor-I-T-O. I am the
23 General Manager of the Great Wolf Lodge. I've been at
24 this destination for seven years. And I just want to
25 kind of speak to you guys for a moment. Every day

1 isn't a perfect day and we know that. I just want to
2 congratulate Lisa, John and the leadership team for
3 the job that you do. Today was super, super
4 impressive for me to see all of that.

5 Especially as a department leader and
6 somebody who works with a brand that really focuses on
7 culture. With the team that's here, you guys should
8 be proud, truly, truly proud. Because standing here,
9 I'm very, very proud of just seeing what --- just the
10 --- exemplified here today. It's just phenomenal.
11 And what we really focus on is culture and I can
12 absolutely assure you that the partnership that we
13 have with Mount Airy and the team, is all about
14 culture and it's all about the guest.

15 We have guests that stay at our hotel
16 and yes, there might be a little bit of a different
17 demographic, but we have guests who stay at the hotel,
18 who go and play golf, who leave our resort to go to
19 the restaurants and dine there or to do the gaming.
20 And it's been nothing but an incredible partnership.
21 So today, for me, was a great opportunity for me to
22 say that I support Mount Airy, but also to say that I
23 am so even more impressed by what I --- the
24 presentation I saw and what you all did. We call them
25 pack members, but we're associates as exemplified for

1 the organization, so thank you, very much.

2 PRESIDING OFFICER:

3 Thank you. Carolyn McLaughlin-Smith.

4 MS. MCLAUGHLIN-SMITH:

5 Good afternoon. My name is Carolyn
6 McLaughlin-Smith. That's C-A-R-O-L-Y-N, capital
7 M-C-L-A-U-G-H-L-I-N, hyphen Smith. Big name. I'm
8 here as a vendor for Mount Airy Casino and Resort. My
9 company is Creative Benefits. We're an employee
10 benefit consulting and brokerage firm.

11 We've been working with Mount Airy since
12 2009 and have a tremendous partnership, we believe,
13 with them. They're a very valued client of our
14 organization and we probably have 600 clients in our
15 block of business. But I will tell you that
16 throughout our time working with them, what's been
17 impressive to me is they really do the best they can
18 to provide a strong benefit package to their
19 employees. Creative Benefits prides itself, not only
20 on being as aggressive as we can, scouring the
21 marketplace and trying to find the best opportunities
22 for our clients and their employees, but also
23 delivering a level of service to the employees of our
24 clients.

25 You know, we want to be their advocates,

1 we want to help them navigate through benefits. You
2 know, all of you know, it isn't simple. I mean, I
3 barely know what my deductible is. So we really think
4 that that's important and clearly the folks at Mount
5 Airy think that's important too. So not only do they
6 want to deliver a great package to their employees,
7 they want people to help their employees understand
8 the package, understand the opportunity.

9 And each and every year, we come up here
10 and make available to every employee, regardless of
11 what their shift is, an opportunity to come and talk
12 with us, ask us about the program, understand the
13 program and then make decisions that best suit they
14 and their family members. So we are clearly a huge
15 advocate for Mount Airy.

16 We are very appreciative of the
17 opportunity they've given us to venture into a
18 industry that we've had very little business in, in
19 prior years. We value the partnership and I will tell
20 you, they treat us like partners. Because I'm sure
21 you're aware, many, many organizations treat vendors
22 not as a partner. Mount Airy treats us as a partner
23 and we are very appreciative. Thank you, very much.

24 PRESIDING OFFICER:

25 Thank you. That was the last name I had

1 on my list of registered speakers. Is there anyone
2 here who thought they registered and I did not call
3 your name? If so, raise your hand. Seeing no one,
4 that's always good. My list is accurate. I'll go to
5 some closing statements from OEC if you have any?

6 ATTORNEY TEPPER:

7 We have no closing statements at this
8 time, but I ask that the record be --- remain open as
9 this is a pending investigation.

10 PRESIDING OFFICER:

11 It will remain open. And Mr. Sklar, any
12 closing remarks?

13 ATTORNEY SKLAR:

14 Just very briefly. We would
15 respectfully request the Board to renew Mount Airy's
16 gaming license at a future Board meeting when it comes
17 up for consideration.

18 PRESIDING OFFICER:

19 Okay. A few housekeeping matters. If
20 the parties have a burning desire to submit any kind
21 of brief or written memorandum after this hearing, it
22 is due by close of business, next Tuesday, April 19th.
23 The record will remain open until the Board hears the
24 matter at a later public Board meeting. I will
25 prepare a report based on the testimony and evidence

1 entered into the record today and the suitability
2 report when it is filed with the Office of Hearings
3 and Appeals (OHA).

4 All of that information will be sent to
5 the Board along with the transcript and all submitted
6 documents and the Board, at its convenience will
7 schedule this matter to be heard at a future public
8 Board meeting in Harrisburg. I would like to thank
9 Paradise Township for the accommodations today. And
10 my contact, Reda, she was a great help. And all of
11 you for coming today and your cooperation. So thank
12 you, and this hearing is now adjourned.

13 MR. MCCALL:

14 One question before you adjourn. I'd
15 like to see entered for the record, over the last
16 three years --- this --- the last three licensed
17 years, the number of individuals that have gone on to
18 the self-exclusion list, that have gone through the
19 process at Mount Airy, the number that we have
20 excluded --- not self-exclusion, but that we have
21 acted on and the number of individuals that have been
22 excluded from Mount Airy, but not on the self-
23 exclusion list or the list, I'll call it for conduct,
24 that we act upon, so I'm interested in those numbers.

25 PRESIDING OFFICER:

1 Okay. Mr. Sklar, I think you might be
2 able to get us the last number ---

3 ATTORNEY SKLAR:

4 Sure.

5 PRESIDING OFFICER:

6 --- of people you may have banned from
7 your property. And I think our Office of Compulsive
8 and Problem Gambling can get us the other two numbers.
9 Can you coordinate that Mr. Tepper and ---?

10 ATTORNEY TEPPER:

11 Yes, I can.

12 PRESIDING OFFICER:

13 And then both of you can send those to
14 the Board Clerk and we will make sure that the Board
15 gets those statistics.

16 MR. MCCALL:

17 Thank you.

18 PRESIDING OFFICER:

19 Okay. With that, we are adjourned.

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21 HEARING CONCLUDED AT 12:42 P.M.

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CERTIFICATE

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I hereby certify that the foregoing proceedings, hearing held before Officer Lloyd was reported by me on 4/12/2016 and that I, Amber M. Paulton, read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.

Amber M. Paulton
Court Reporter

Amber M. Paulton