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## INDEPENDENT REGULATORY REVIEW COMMISSION

333 MARKET STREET, 14TH FLOOR, HARRISBURG, PA 17101

March 18, 2010

Kevin O'Toole, Executive Director  
Pennsylvania Gaming Control Board  
Strawberry Square  
Verizon Tower, 5th Floor  
Harrisburg, PA 17106-9060

Re: Regulation #125-108 (IRRC #2814)  
Pennsylvania Gaming Control Board  
Principal Licensing Amendments

Dear Mr. O'Toole:

Enclosed are the Commission's comments for consideration when you prepare the final version of this regulation. These comments are not a formal approval or disapproval of the regulation. However, they specify the regulatory review criteria that have not been met.

The comments will be available on our website at [www.irrc.state.pa.us](http://www.irrc.state.pa.us). If you would like to discuss them, please contact me.

Sincerely,

Kim Kaufman  
Executive Director  
wbg  
Enclosure

cc: Honorable Jane M. Earl, Majority Chairman, Senate Community, Economic and  
Recreational Development Committee  
Honorable Wayne D. Fontana, Minority Chairman, Senate Community, Economic and  
Recreational Development Committee  
Honorable Dante Santoni, Jr., Majority Chairman, House Gaming Oversight  
Honorable Curt Schroder, Minority Chairman, House Gaming Oversight

## Comments of the Independent Regulatory Review Commission



### Pennsylvania Gaming Control Board Regulation #125-108 (IRRC #2814)

#### Principal Licensing Amendments

March 18, 2010

We submit for your consideration the following comments on the proposed rulemaking published in the January 16, 2010 *Pennsylvania Bulletin*. Our comments are based on criteria in Section 5.2 of the Regulatory Review Act (71 P.S. § 745.5b). Section 5.1(a) of the Regulatory Review Act (71 P.S. § 745.5a(a)) directs the Pennsylvania Gaming Control Board (Board) to respond to all comments received from us or any other source.

**1. Section 433a.2. Officers and directors of licensees. – Reasonableness; Economic impact.**

Shuffle Master, Inc. commented that the 30-day time period in Subsection (e) is unduly burdensome and is not enough time to accurately complete the amount of information required by the designated disclosure forms. In addition, Shuffle Master, Inc. suggests allowing time extensions. The Board should review the required time period of 30 days, explain why 30 days is reasonable and also consider allowing extensions on a case-by-case basis.

**2. Section 433a.4. Interests in licensees held by entities. – Clarity.**

Subsection (c) states “[A]n entity that has acquired an interest or right...prior to being licensed, whose application is denied or withdrawn shall divest his interest or right.” However, Subsection (c) does not provide a process or timeframe to accomplish this divestiture.

Divestiture of a disqualifying applicant is explained in statute at 4 Pa.C.S. § 1312. We note that the statute includes other requirements such as a process to approve the terms and conditions of a divestiture. Also, the Board’s regulation at 58 Pa. Code § 441a.8 describes divestiture in detail for a slot machine license, including a 120-day time period to divest. We recommend that the regulation provide more detail on how to accomplish divestiture, including a timeframe to accomplish divestiture, similar to 58 Pa. Code § 441a.8.

**3. Section 433a.5. Institutional investors. – Reasonableness; Clarity.**

Shuffle Master, Inc.'s comments request that the final-form regulation include a specific timeframe for filing the required documents under this section and allow an extension of time to file the documents. We agree that a timeframe to file the documents is needed in Section 433a.5 and recommend adding one. The Board should also consider whether a time extension provision is needed.

**4. Section 433a.6. Lenders and underwriters. – Economic impact; Reasonableness.**

The Washington Trotting Association, Inc. (WTA) commented that the amendments to this section are contrary to the Board's intention to eliminate or reduce the requirements to obtain a principal license. WTA believes that the amendments will cause more entities and lenders to file for licensure as a principal. We request that the Board explain how the proposed amendments will eliminate or reduce the requirement to obtain a principal license.