



PENNSYLVANIA GAMING CONTROL BOARD

Meeting of the Board

April 9, 2007

Minutes

A meeting of the Pennsylvania Gaming Control Board was held on April 9, 2007 in the North Office Building, Hearing Room 1. The meeting began at 2:08 p.m.

Members in attendance were:

Thomas Decker, Chairman (via teleconference)
Raymond S. Angeli
Mary DiGiacomo Colins (Acting Chairwoman)
Jeffrey W. Coy
Kenneth W. McCabe
Sanford Rivers
Gary A. Sojka

Ex-officio designees in attendance were:

Keith Welks, Acting Deputy State Treasurer for Fiscal Operations

Individuals who appeared officially before the Board:

Anne Neeb – agency update
Kevin Hayes – internal controls
Frank Donaghue – regulations, withdrawals and other business
Richard Sandusky – regulations
Susan Hensel – licensing
Dale Miller – consent agreements

A quorum of the Board being present Acting Chairwoman Colins called the meeting to order.

Announcements

Acting Chairwoman Colins announced that the Board held executive sessions on April 5 and prior to the meeting to discuss personnel issues. No business was conducted at these sessions. She also announced that the Category 3 application period will open on April 20 and close on June 29.

Transcripts/Minutes

On a motion by Board Member Angeli, seconded by Chairman Decker, the transcripts and minutes of the February 27, 2007 meeting were unanimously approved.

Executive Director

PGCB MOTION NO. 2007-42 EXE – Use of independent gaming labs

Motion Made: Board Member Coy
Seconded: Board Member Sojka

Resolved, the Board hereby approves the use of independent gaming labs and authorizes staff to develop minimum standards for licensing the same.

Board Decision: Passed by unanimous vote

PGCB RESOLUTION NO. 2007-7 OCC – Internal controls for Downs Racing, LP

Motion Made: Board Member Sojka
Seconded: Board Member Rivers

WHEREAS Under Section 1202(a) of the Pennsylvania Race Horse Development and Gaming Act (the “Act”), the Pennsylvania Gaming Control Board (the “Board”) has general jurisdiction over all gaming activities or related activities; and

WHEREAS Under 58 Pa. Code, Section 467.2(a)(4), a slot machine licensee may not commence slot operations until a slot machine licensee’s internal control systems and audit protocols (collectively “internal controls”) have been approved by the Board; and

WHEREAS Downs Racing, LP (“Downs Racing”), an entity for which a Conditional Category 1 Slot Machine License was approved on September 27, 2006, had submitted internal controls for Board approval; and

WHEREAS Downs Racing, as a condition to its license, acknowledged that the internal controls are reviewed and approved by the Board in concept form and expressly agreed to immediately implement any procedural revisions in its internal controls

as requested by the Board should Board review of the internal controls as implemented support the conclusion; and

WHEREAS After full and careful consideration of the proposed internal controls, the Board authorized Downs Racing to commence slot operations on November 10, 2006; and

WHEREAS The internal controls submitted by Downs Racing meet the minimum requirements set forth in Section 1322 of the Act, including procedures for safeguarding assets and revenues; retaining accurate and reliable financial records; and ensuring complete connectivity to the central control computer system; and

WHEREAS Downs Racing has submitted a narrative description of its ownership structure; a jobs compendium; its surveillance system specifications; and standard operating procedures for its Finance, Information Technology, Internal Audit, Security, Slot Operations, and Surveillance Departments; and

WHEREAS The Board is in receipt of an attestation by Mr. Robert Soper, Chief Executive Officer of Downs Racing, attesting that he believes, in good faith, that the submitted internal controls conform to the requirements of the Act and the regulations promulgated thereunder; and

WHEREAS The Board is in receipt of an attestation by Ms. Laurette Pitts, Chief Financial Officer of Downs Racing, attesting that she believes, in good faith, that the submitted internal controls are designed to provide reasonable assurance that the financial reporting conforms to generally accepted accounting principles in the United States and comply with applicable laws and regulations, including the Act and the regulations promulgated thereunder; and

WHEREAS The Board is in receipt of a report prepared by PricewaterhouseCoopers, LLP, an independent registered public accounting firm, which opines that, in all material respects, Downs Racing has complied with the design requirements set forth in the Board's regulations; be it

RESOLVED That the Board formally approves the internal controls of Downs Racing, subject to the condition that any implementation of an amendment to the internal controls will be preceded by notice to the Board.

Board Decision: Passed by unanimous vote

PGCB RESOLUTION NO. 2007-8 OCC – Internal controls for Greenwood Gaming and Entertainment, Inc.

Motion Made: Board Member Rivers

Seconded: Board Member Coy

WHEREAS Under Section 1202(a) of the Pennsylvania Race Horse Development and Gaming Act (the “Act”), the Pennsylvania Gaming Control Board (the “Board”) has general jurisdiction over all gaming activities or related activities; and

WHEREAS Under 58 Pa. Code, Section 467.2(a)(4), a slot machine licensee may not commence slot operations until a slot machine licensee’s internal control systems and audit protocols (collectively “internal controls”) have been approved by the Board; and

WHEREAS Greenwood Gaming and Entertainment, Inc. (“Greenwood”), an entity for which a Conditional Category 1 Slot Machine License was approved on September 27, 2006, has submitted internal controls for Board approval; and

WHEREAS Greenwood, as a condition to its license, acknowledged that the internal controls are reviewed and approved by the Board in concept form and expressly agreed to immediately implement any procedural revisions in its internal controls as requested by the Board should Board review of the internal controls as implemented support the conclusion; and

WHEREAS After full and careful consideration of the proposed internal controls, the Board authorized Greenwood to commence slot operations on December 19, 2006; and

WHEREAS The internal controls submitted by Greenwood meet the minimum requirements set forth in Section 1322 of the Act, including procedures for safeguarding assets and revenues; retaining accurate and reliable financial records; and ensuring complete connectivity to the central control computer system; and

WHEREAS Greenwood has submitted a narrative description of its ownership structure; a jobs compendium; its surveillance system specifications; and standard operating procedures for its Finance, Information Technology, Internal Audit, Security, Slot Operations, and Surveillance Departments; and

WHEREAS The Board is in receipt of an attestation by Mr. David Jonas, Chief Operating Officer of Greenwood, attesting that he believes, in good faith, that the submitted internal controls conform to the requirements of the Act and the regulations promulgated thereunder; and

WHEREAS The Board is in receipt of an attestation by Mr. Anthony D. Ricci, Jr., Chief Financial Officer of Greenwood, attesting that he believes, in good faith, that the submitted internal controls are designed to provide reasonable assurance that the financial reporting conforms to generally accepted accounting principles in the United States and comply with applicable laws and regulations, including the Act and the regulations promulgated thereunder; and

WHEREAS The Board is in receipt of a report prepared by McGladrey & Pullen, LLP, an independent registered public accounting firm, which opines that, in all material respects, Greenwood has complied with the design requirements set forth in the Board's regulations; be it

RESOLVED That the Board formally approves the internal controls of Greenwood, subject to the condition that any implementation of an amendment to the internal controls will be preceded by notice to the Board.

Board Decision: Passed by unanimous vote

Chief Counsel

PGCB MOTION NO. 2007-43 REG – Amendments to Chapter 433, 440, 461 and 465 temporary regulations

Motion Made: Board Member Coy
Seconded: Board Member McCabe

Resolved, the Board hereby adopt the amendments to the Chapter 433, 440, 461 and 465 temporary regulations; and directs that they be published in the Pennsylvania Bulletin and be posted on the Board's website.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-44 REG – Amendments to Chapter 441 temporary regulations

Motion Made: Board Member McCabe
Seconded: Board Member Rivers

Resolved, the Board hereby adopts the amendments to the Chapter 441 temporary regulations; and directs that they be published in the Pennsylvania Bulletin and be posted on the Board's website.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-45 REG – Proposed Regulation No. 125-64 pertaining to Subpart B – Chapters: 429a, 433a, 435a, 437a and 441a

Motion Made: Board Member Rivers
Seconded: Board Member Sojka

Resolved, the Board hereby adopts the proposed regulation No. 125-64 pertaining to Subpart B – Chapters: 429a, 433a, 435a, 437a and 441a; establishes a public comment period of 30 days; and directs that this proposed regulation be published on the Board’s website.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-46 REG – Final-form Regulation No. 125-45 pertaining to Subpart A – Chapters 401a, 403a, 405a and 407a

Motion Made: Board Member Sojka
Seconded: Board Member McCabe

Resolved, the Board hereby adopts the final-form Regulation No. 125-45 pertaining to Subpart A – Chapters 401a, 403a, 405a and 407a and directs that this final-form regulation be posted on the Board’s website.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-47 OCC – Accept into the record the written comments of Woodlands Fayette LLC/WolfBlock, Fox Rothschild and Christopher Craig

Motion Made: Board Member Angeli
Seconded: Board Member Coy

Resolved, the Board hereby accepts into the record the written comments of Woodlands Fayette LLC/WolfBlock, Fox Rothschild and Christopher Craig regarding the Category 3 licenses.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-48 OCC – Order granting the surrender of license – Maria Campbell

Motion Made: Board Member Coy
Seconded: Board Member McCabe

Resolved, the Board hereby adopts an Order granting the petition of Chester Downs and Marina, LLC to surrender Maria Campbell’s Key Employee License number K-5744 and directs that the license be surrendered to the Board within 10 days from the date of this Order.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-49 OCC – Withdrawal Petitions Without Prejudice

Motion Made: Board Member Sojka
Seconded: Board Member Coy

Resolved, the Board hereby approves the Orders granting withdrawal of the applications without prejudice at Docket Nos. 10962 (Adriana Zirpoli), 10961 (Kathleen McLaughlin-Harris), 10986 (Michelle R. Downes), 10960 (Chris Komanowski), 4057-02-07-P31 (Robert McNichols), 10946 (Rachel Richardson), 10945 (Randall Zobel), 10939 (Kirk Nedrick), 10941 (William Guidry), 10990 (Anand Subramanian), 10988 (Kevin Kodzis), and 3693-12-06-P189 (Jean Charles Greg) and the petition of withdrawal of the previous petition to withdrawal at Docket No. 10719 (Joseph Schilling).

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-50 OCC – Denial of application for a gaming employee permit – John B. Staples

Motion Made: Board Member Rivers
Seconded: Board Member McCabe

Resolved, the Board, after consideration of the evidentiary record, the Hearing Officer's Report and Recommendation and the Exceptions to the Report and Recommendation, overrules the exceptions and approves an order denying the application of John B. Staples for a gaming employee permit.

Board Decision: Passed by unanimous vote

Licensing

PGCB MOTION NO. 2007-51 LIC – Bureau of Licensing report regarding the issuance of key employee licenses

Motion Made: Board Member Sojka
Seconded: Board Member Angeli

Resolved, the Board hereby approves an Order accepting the report of the Bureau of Licensing regarding the issuance of key employee licenses.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-52 LIC – Bureau of Licensing report regarding the issuance of temporary key employee licenses

Motion Made: Board Member Angeli
Seconded: Board Member Sojka

Resolved, the Board hereby approves an Order accepting the report of the Bureau of Licensing regarding the issuance of temporary key employee licenses.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-53 LIC – Bureau of Licensing report regarding the issuance of employee permits and registrations

Motion Made: Board Member Coy
Seconded: Board Member McCabe

Resolved, the Board hereby approves an Order accepting the report of the Bureau of Licensing regarding the issuance of employee permits and registrations.

Board Decision: Passed by unanimous vote

Chief Enforcement Counsel

PGCB MOTION NO. 2007-54 BIE – Consent agreement and stipulation of settlement – PGCB v. Greenwood Gaming and Entertainment, Inc.

Motion Made: Board Member McCabe
Seconded: Board Member Coy

Resolved, the Board hereby approves the consent agreement and stipulation of settlement in the case of PGCB v. Greenwood Gaming and Entertainment, Inc, doing business as Philadelphia Park, and enters an Order implementing the terms of the agreement.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-55 BIE – Consent agreement – PGCB v. James L. Minster

Motion Made: Board Member Rivers
Seconded: Board Member Angeli

Resolved, the Board hereby approves the consent agreement in the case of PGCB v. James L. Minster and enters an Order implementing the terms of the agreement.

Board Decision: Passed by unanimous vote

Adjournment

There being no further business before the Board, on a motion by Board Member Rivers seconded by Board Member Coy, the meeting was adjourned.