

PENNSYLVANIA GAMING CONTROL BOARD

STATE MUSEUM  
AUDITORIUM  
HARRISBURG, PENNSYLVANIA

MAY 19, 2006, 10:17 A.M.

BEFORE:

THOMAS DECKER, CHAIRMAN  
RAYMOND ANGELI  
MARY DiGIACOMO COLINS  
JEFFREY W. COY  
JOSEPH W. MARSHALL, III, (via telephone)  
KENNETH W. MCCABE  
SANFORD RIVERS  
ROBERT P. CASEY, JR., STATE TREASURER, (via telephone)  
GREGORY C. FAJT, SECRETARY OF REVENUE

HILLARY M. HAZLETT, REPORTER  
NOTARY PUBLIC

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1           CHAIRMAN DECKER: Good morning. Can  
2 everybody hear us? Thank you. I'm Tad Decker. I'm  
3 Chairman of the Pennsylvania Gaming Control Board. I  
4 would like to welcome you all to the meeting today.

5           Joining us by telephone are Board Member  
6 Chip Marshall and Treasurer Casey. Commissioner, are  
7 you on? Chip?

8           COMMISSIONER MARSHALL: Yes, Tad. It's  
9 Chip.

10          CHAIRMAN DECKER: And how about Treasurer  
11 Casey? Are you on?

12          TREASURER CASEY: Bob Casey, here.

13          CHAIRMAN DECKER: Okay. With that said, we  
14 have a quorum. As always, let me remind members,  
15 particularly myself and the audience, to shut off  
16 their cell phones, please.

17          Please join if you will and join the Board  
18 in the Pledge of Allegiance.

19          (Pledge of Allegiance.)

20          CHAIRMAN DECKER: All right. Our first  
21 item today will be the approval of our minutes/  
22 transcript. May I have a motion to approve the  
23 minutes?

24          COMMISSIONER COY: So moved.

25          CHAIRMAN DECKER: A second, please?

1 COMMISSIONER DiGIACOMO COLINS: Second.

2 CHAIRMAN DECKER: Any comments?

3 Hearing none, all of those in favor, please  
4 indicate by saying aye.

5 COMMISSIONERS: Aye.

6 CHAIRMAN DECKER: Any opposed?

7 There are no nos. It is approved. Thank  
8 you very much.

9 We'll go right on to new business. Our  
10 Executive Director's report.

11 Anne? Anne Neeb. Thank you.

12 MS. LaCOUR NEEB: Good morning, Chairman  
13 Decker, members of the Board. I have three agenda  
14 items for the Board's consideration today. Before we  
15 present those, I just want to give you an update on  
16 the public input hearings and diversity plans.

17 This week, the Board had its 16th day of  
18 public input hearings with the two final days of  
19 hearing to be held next week in Allentown.

20 At the conclusion of those hearings, the  
21 Board will have heard testimony of over 1,000 people.  
22 The quality of the presentations has been outstanding  
23 and all our locations, we've had public comments.  
24 Those comments will become part of the evidentiary  
25 record. That will be a tremendous value to the Board

1 when it makes its decision pertaining to licenses.

2           As these hearings come to a close, I would  
3 like to remind the public that anyone who did not  
4 register to speak at one of the hearings can submit  
5 written comments to be included in the evidentiary  
6 record.

7           The written comments, which should be  
8 submitted to the Board by June 2nd, will be given  
9 equal weight to the testimony that is given in person  
10 at the hearing.

11           If there's anybody who has any questions  
12 about that, you can find some additional information  
13 on our website.

14           Next, I would like to let the Board and  
15 audience know diversity plans, these are the plans  
16 submitted on the Category I, II and III operators,  
17 are now available to be viewed on the Board's  
18 website. That's [www.pgcb.state.pa.us](http://www.pgcb.state.pa.us). You can  
19 access these by clicking on the public input hearing  
20 link on the website.

21           These plans outline how each applicant will  
22 incorporate diversity in all aspects of gaming from  
23 the construction of facility, to employment and  
24 vendors.

25           We really invite the public to review these

1 plans, and we welcome written comments as part of our  
2 public input process. So that concludes my report.

3 Now, I would like to move on to the three  
4 agenda items.

5 CHAIRMAN DECKER: Please.

6 MS. LaCOUR NEEB: I want to give the Board  
7 an update on our background investigations and  
8 supplier investigations.

9 In keeping with the schedule and trying to  
10 be as expeditious as possible without sacrificing any  
11 quality of investigation, we would like to have PSP  
12 to continue its good work on the supplier  
13 investigations.

14 As such, we would ask that the backlog of  
15 investigations or background investigations be  
16 assigned to some of our existing contractors and ask  
17 the Board to entertain a motion as such.

18 COMMISSIONER DiGIACOMO COLINS: Well, I'm  
19 prepared to make a motion in that regard and  
20 basically move that we authorize the Chairman and  
21 staff to enter into new inter-agency agreements, that  
22 is agreements with existing government agencies or  
23 utilize existing contracts, to conduct the background  
24 investigations. That's my motion.

25 CHAIRMAN DECKER: May I have a second?

1 COMMISSIONER RIVERS: Second.

2 CHAIRMAN DECKER: Are there any comments?

3 I think the important thing here is, Anne,  
4 just by way of background, we've agreed with the  
5 State Police that they need to focus their manpower  
6 on finishing the suppliers.

7 MS. LaCOUR NEEB: Yes.

8 CHAIRMAN DECKER: And David is up there as  
9 well.

10 MS. LaCOUR NEEB: Yes. It's very  
11 important. They made a lot of progress there.

12 CHAIRMAN DECKER: Right. We're going to  
13 ask about that in a second. So in fairness, I think,  
14 to get the backlog cleared up, it's unfair to keep  
15 pushing them to do both when we're pushing to get the  
16 other -- to get the suppliers, which take precedent.  
17 This is an important thing, at least in my  
18 perspective.

19 Anyone else have any comments on it?

20 COMMISSIONER McCABE: For expediency, I  
21 think it's a necessary move. We have so many people  
22 still waiting on the background. It's taking a long  
23 time because of all the other commitments that have  
24 been placed upon the State Police, I think it's a  
25 good move.

1           CHAIRMAN DECKER: Any other questions or  
2 comments?

3           Hearing none, all of those in favor, please  
4 indicate by saying aye.

5           COMMISSIONERS: Aye.

6           CHAIRMAN DECKER: Any opposed?

7           Motion carries. Thank you very much.

8           Anne, you have a couple others, one that  
9 relates to that, right?

10          MS. LaCOUR NEEB: Next request actually  
11 does relate to that. We would like to put in place,  
12 make a request that we go out for proposals to -- for  
13 investigative services.

14                 This is for carrying out into the future  
15 for the purpose of conducting all background  
16 investigations, which would include operators,  
17 manufacturers, suppliers, employees, or any other  
18 specific investigation the Board may need.

19                 We would like to institute the request for  
20 proposal process and ask the Board to consider and  
21 entertain a motion as such.

22          CHAIRMAN DECKER: For the long term?

23          MS. LaCOUR NEEB: For the long term.

24          CHAIRMAN DECKER: In that regard, may I  
25 have a motion for the Board staff to issue a request



1 for proposals for investigative services for the  
2 purpose of conducting background investigations for  
3 operators, manufacturers, suppliers, and employees?

4 COMMISSIONER MARSHALL: So moved.

5 CHAIRMAN DECKER: Thank you, Chip.

6 Can I have a second, please?

7 I think we did that to you again.

8 Can I have a second, please?

9 COMMISSIONER ANGELI: Second.

10 CHAIRMAN DECKER: All of those in favor,  
11 please indicate -- excuse me -- any comments on this?

12 All of those in favor, please indicate by  
13 saying aye.

14 COMMISSIONERS: Aye.

15 CHAIRMAN DECKER: Any opposed?

16 The motion carries.

17 MS. LaCOUR NEEB: All right. The third  
18 agenda item I have is as a result of comments made  
19 and the information received from public input  
20 hearings, I would ask that the Chairman entertain --  
21 the Board entertain a motion to allow us to enter  
22 into an agreement with PennDOT.

23 The purpose of this agreement would be to  
24 review traffic studies, which have been submitted by  
25 the applicants and operators for licenses, because

1 traffic seems to be one of the biggest concerns that  
2 was raised at the public input hearing. So we would  
3 ask that you all entertain a motion that we execute  
4 an agreement with PennDOT to study this.

5 COMMISSIONER MARSHALL: So moved.

6 CHAIRMAN DECKER: So we have a motion to  
7 authorize the Chairman to enter into an agreement,  
8 right, with PennDOT and/or its affiliates and various  
9 consultants, right, to review the traffic study  
10 submitted by the applicants for operator licenses?

11 MS. LaCOUR NEEB: That's correct, and if  
12 you all have any questions on that, we've had some  
13 meetings.

14 CHAIRMAN DECKER: Well, let's get a second  
15 on that.

16 COMMISSIONER McCABE: Second.

17 CHAIRMAN DECKER: Okay. Are there any  
18 questions about that?

19 Obviously, this is an important thing. We  
20 have seen a lot of different studies. There's no  
21 reason to think they're not accurate, but at the same  
22 time we owe it to the public to take a look.

23 COMMISSIONER McCABE: I just have a  
24 question. Should we put a timetable on how long to  
25 conduct this study?

1                   CHAIRMAN DECKER: Well, we've got --  
2 obviously, our time line has some, you know, built-in  
3 deadlines for this because, first, we're going to  
4 have the operators for Category I and then we have in  
5 December Category II. I think we're going to have to  
6 work on that. Obviously, we're going to need to have  
7 those results before we act on these licenses.

8                   MS. LaCOUR NEEB: Mr. Chairman, Paul Resch,  
9 the Acting Board Secretary, has had some meetings  
10 with PennDOT. That would be part of the agreement  
11 that we would execute with them, the time line for  
12 when those studies have to be concluded and results  
13 reported to us.

14                   CHAIRMAN DECKER: Jeff?

15                   COMMISSIONER COY: Mr. Chairman, I would  
16 like to thank the staff for the work you have done on  
17 this, Anne. This is an example of using other agency  
18 resources to be able to probably save a couple of  
19 bucks, but also keep us from a situation that would  
20 take us months to get maybe these engineering firms  
21 up and running.

22                   PennDOT already has them, and we might as  
23 well utilize resources that they have independent  
24 from what the operators have already done in their  
25 regard.

1           CHAIRMAN DECKER: Right. And we have a  
2 pattern of doing that before when we used to get  
3 services from the Department of Revenue. In the new  
4 case, we'll have to actually pay them back.

5           MS. LaCOUR NEEB: I think so unless we can  
6 -- okay.

7           CHAIRMAN DECKER: Okay. But we have a  
8 motion on the floor.

9           Any other questions or comments except from  
10 Greg Fajt on that last comment?

11           Hearing none, all of those favor, please  
12 indicate by saying aye.

13           COMMISSIONERS: Aye.

14           CHAIRMAN DECKER: Any opposed? Motion  
15 carries. Thank you very much.

16           MS. LaCOUR NEEB: Okay. At this time, we  
17 have Susan Hensel, the Director of Licensing, has  
18 some matters she would like to bring to the Board's  
19 attention.

20           MS. HENSEL: Good morning, Chairman Decker  
21 and members of the Board. Michael Schwoyer, our  
22 Chief Enforcement Counsel, is also joining me for  
23 this presentation.

24           Mike Schwoyer and I are before the Board  
25 this morning to present three manufacturer



1 applications to you for licensing consideration.

2           Before we present those applications, I  
3 would like to offer one brief update from the Bureau  
4 of Licensing regarding vendors.

5           This week, the Bureau sent letters to the  
6 proposed Category I facilities requesting  
7 registration and certification applications for  
8 vendors who are or will be providing services to the  
9 facilities.

10           Those who will provide up to \$200,000 in a  
11 12-month period will be required to be registered by  
12 the Board.

13           Those who provide more than \$200,000 to a  
14 single facility within a 12-month period will be  
15 required to be certified by the Board. We have asked  
16 for the return of the vendor applications by June  
17 19th, 2006.

18           I will now turn to the three manufacturer  
19 applications that are before you today. Prior to  
20 today's meeting, each of you was provided with the  
21 background investigation and executive summary  
22 suitability reports for the three applicants.

23           The applicants are Atronic America, LLC,  
24 Shuffle Master, Inc., and Konami Gaming, Inc. I want  
25 to emphasize to the Board that each of the

1 applications that are up for consideration today were  
2 evaluated under alternative licensing as provided for  
3 in the Racehorse Development and Gaming Act.

4 Under alternative manufacturer licensing  
5 standards, the Board may determine whether the  
6 licensing standards of another jurisdiction within  
7 the United States in which the applicant for a  
8 manufacturer license is similarly licensed are  
9 comprehensive and thorough and provide similar  
10 safeguards as those required by the Act.

11 If the Board makes that determination, it  
12 may issue a manufacturer's license after conducting  
13 an evaluation of the information relating to the  
14 applicant from the other jurisdiction as updated by  
15 the Board and evaluating other information related to  
16 the applicant.

17 Where an applicant for a manufacturer's  
18 license is licensed in another jurisdiction, the  
19 Board may use an abbreviated licensing process. The  
20 Board has adopted the licensing standards of New  
21 Jersey, Nevada, Louisiana, and Mississippi.

22 In general, each of the applications went  
23 through the following procedure. The application was  
24 received, docketed, and reviewed by the Bureau of  
25 Licensing for completeness.

1           Outstanding items regarding the application  
2 were then obtained from the applicant. The  
3 application was handed off to the Bureau of  
4 Investigation and Enforcement for investigation.

5           The Bureau of Investigation and Enforcement  
6 conducted an investigation of the application. The  
7 Bureau of Investigation and Enforcement provided the  
8 results of its investigation to the Bureau of  
9 licensing.

10           Office of Chief Counsel lawyers prepared  
11 suitability reports based on information in the  
12 application and the results of the investigation, and  
13 the reports were then provided to each Board member  
14 for your consideration.

15           With respect to each of the three  
16 applicants, neither the Bureau of Licensing nor the  
17 Bureau of Investigations and Enforcement identified  
18 any issues that would preclude licensure.

19           At this time, I will now turn to Mike  
20 Schwoyer for the results of his review.

21           MR. SCHWOYER: Thank you, Susan. Good  
22 morning, ladies and gentlemen, and members of the  
23 Board.

24           The Office of Enforcement Counsel did  
25 receive and review the Bureau of Licensing

1 suitability reports for the manufacturer applicants  
2 before the Board today; Atronic America, LLC, Konami  
3 Gaming, Inc., and Shuffle Master, Inc.

4           As Susan indicated, each suitability report  
5 included information concerning the key employee  
6 qualifier applications filed in connection with each  
7 of these manufacturer applications.

8           The background investigations conducted on  
9 each applicant has been conducted pursuant to the  
10 alternative manufacturer licensing standards.

11           As is always the case, suitability  
12 investigations related to each applicant and any  
13 licensee will be ongoing.

14           To date, the Bureau of Investigations and  
15 Enforcement has not identified any issue that would  
16 preclude the Board from granting the requested  
17 licenses to these applicants.

18           Accordingly, the Office of Enforcement  
19 Counsel has not filed any recommendations or  
20 objections with respect to any of these applicants.

21           Pursuant to 58 PA Code, Section 423.3  
22 concerning license issuance, should the Board approve  
23 licensure of any of the manufacturer applicants  
24 proposed today, it is also proposed that each  
25 applicant be subject to a series of conditions

1 applicable to manufacturer licensees as set forth in  
2 a statement of conditions document, which would  
3 accompany any manufacturer license that the Board may  
4 issue pursuant to his proposal.

5           The conditions will include compliance at  
6 all times with all provisions of the Act and any  
7 rules, regulations, technical standards, or orders in  
8 any effect as of this date or later amended or  
9 promulgated by the Board.

10           Ensuring that at all times the licensee,  
11 its affiliates, intermediaries, subsidiaries, holding  
12 companies, key employee qualifiers, key employees,  
13 and permittees meet and maintain the suitability  
14 requirements of the Act, including but not limited to  
15 those relating to good character, honesty, integrity,  
16 and financial fitness.

17           Ensuring that at all times information  
18 provided to the Board by the licensee, its  
19 affiliates, intermediaries, subsidiaries, holding  
20 companies, key employees, key employee qualifiers,  
21 and permittees is true and correct, and to  
22 immediately notify the Board upon knowing or learning  
23 or suspecting that any false or misleading  
24 information may have been provided to the Board by  
25 any such entity or individual.

1           Creating, adopting, and maintaining  
2 internal safeguards to ensure that a violation of  
3 Section 1513 of the Act concerning political  
4 influence will not occur.

5           A copy of those internal safeguards  
6 certified as true and correct and any amendments  
7 thereto, which may occur from time to time, will be  
8 required to be submitted to the Board requiring  
9 registration with the Pennsylvania Department of  
10 State and as required with the Department of Revenue  
11 and the Pennsylvania Department of Labor and  
12 Industry.

13           Each applicant will be required, of course,  
14 to pay the \$50,000 manufacturer licensing fee and  
15 that all costs related to any investigation,  
16 background, or otherwise be paid, which is associated  
17 with that license or application.

18           Each licensee will be required to notify  
19 the Board of any lawsuits, bankruptcies, change in  
20 ownership or control, material change in financial  
21 status, restructure and receivership, merger,  
22 dissolution, or transfer of assets to any third  
23 party.

24           The statement of conditions in its  
25 entirety, which is proposed to accompany each

1 manufacturer license before the Board today, is  
2 included in the materials that was previously  
3 provided to you.

4           The statement of conditions accompanying  
5 any manufacturer license, which may be issued, must  
6 be executed in accordance with Section 423.3 of the  
7 Board's regulations within five business days.

8           Each manufacturer applicant being proposed  
9 for consideration by the Board today has been  
10 provided with a copy of the general statement of  
11 conditions.

12           Each of the applicants has also indicated  
13 the executive officer who will be executing on behalf  
14 of the entity.

15           MS. HENSEL: Thank you, Mike.

16           For each application, we have prepared for  
17 the Board's review a proposed licensing order and, as  
18 described by Mike Schwoyer, the statement of  
19 conditions. Both of those documents have been  
20 provided to you prior to this meeting.

21           For the benefit of the Board and those in  
22 attendance, I will read the text of the proposed  
23 order, keeping in mind that the order for each  
24 manufacturer applicant has been tailored to include  
25 the name of the applicant and its key employee

1     qualifiers.

2                     Following this meeting, I will provide  
3     copies of each of the three proposed manufacturing  
4     license orders to the stenographer for incorporation  
5     into the minutes.

6                     The proposed order states, AND NOW, this  
7     19th day of May, 2006, the Pennsylvania Gaming  
8     Control Board, based on its review of the  
9     application, and the reports of the Bureau of  
10    Licensing and the Bureau of Investigations and  
11    Enforcement, finds that the applicant satisfies the  
12    requirements of 4 Pa.C.S., Section 1317 as follows:

13                    That the applicant submitted an application  
14    for a manufacturer license pursuant to 4 Pa.C.S.,  
15    Section 1317(a).

16                    That the applicant is a manufacturer of  
17    slot machines and/or associated equipment as defined  
18    in 4 Pa.C.S., Section 1103.

19                    That the applicants following key employee  
20    qualifiers submitted applications for licensure in  
21    conjunction with the applicant's application pursuant  
22    to 4 Pa.C.S., Section 1317(b).

23                    And at this point, we would fill in the  
24    specific names of the key employee qualifiers  
25    associated with the particular applicant.



1           That the Board finds that the applicant's  
2 application and the application of its qualifiers  
3 satisfy the statutory requirements for license  
4 eligibility.

5           That the Board finds that the applicant is  
6 a licensee in good standing. Here, we would insert  
7 the name of the alternative licensing jurisdiction.

8           And that the Board finds that the licensing  
9 standards of the alternative jurisdiction are  
10 comprehensive and thorough and provide similar,  
11 adequate safeguards as those required by the  
12 Pennsylvania Racehorse Development and Gaming Act.

13           That pursuant to 4 Pa.C.S., Section  
14 1202(a), the Board has jurisdiction over every aspect  
15 of the authorization and operation of slot machines  
16 in the Commonwealth.

17           And that pursuant to 4 Pa.C.S., Section  
18 1202(b)(5), the Board has the authority to issue,  
19 approve, renew, revoke, suspend, condition, or deny  
20 issuance or renewal of manufacturer licenses.

21           It is ordered that the Board approves the  
22 licenses for the applicant and its qualifiers subject  
23 to the satisfaction of the following conditions:

24           That the applicant pay the \$50,000 license  
25 fee and any other outstanding fees as determined by

1 the Board pursuant to 4 Pa.C.S., Section 1208, and  
2 that the applicant agrees to the statement of  
3 conditions attached hereto as evidenced by the  
4 signing of said agreement by the applicant's Chief  
5 Executive Officer or designee within five business  
6 days of the Board's approval of the license.

7           It is further ordered that the licenses for  
8 the applicant and its qualifiers shall be issued by  
9 the Board upon payment of the aforesaid fees and upon  
10 receipt of the signed statement of conditions and  
11 that the licenses shall be subject to the annual  
12 renewal provisions of the Act.

13           By the Board, signed Thomas A. Decker,  
14 Chairman.

15           Mr. Chairman, we ask that the Board inquire  
16 of us any questions you may have and then to vote on  
17 each of the three licensees separately.

18           CHAIRMAN DECKER: Are there any questions  
19 for Michael or Susan or anyone else who would be  
20 involved in the licensing?

21           I think that was a very comprehensive  
22 report.

23           Susan, how would you like us to do it? One  
24 by one?

25           MS. HENSEL: Yes, please.

1 CHAIRMAN DECKER: Okay.

2 COMMISSIONER McCABE: I'll move the first  
3 one then. I move to adopt the Board order approving  
4 a manufacturer's license for Atronic America, LLC.

5 COMMISSIONER COY: Second.

6 CHAIRMAN DECKER: Again, any comments or  
7 questions?

8 All of those in favor, please indicate by  
9 saying aye.

10 COMMISSIONERS: Aye.

11 CHAIRMAN DECKER: Any opposed?

12 Motion carries. Thank you.

13 COMMISSIONER ANGELI: Mr. Chairman, I move  
14 to adopt the Board order approving a manufacturer's  
15 license for Komani Gaming, Inc.

16 CHAIRMAN DECKER: Second, please?

17 COMMISSIONER McCABE: Second.

18 CHAIRMAN DECKER: Any comment?

19 Hearing none, all of those in favor, please  
20 indicate by saying aye.

21 COMMISSIONERS: Aye.

22 CHAIRMAN DECKER: Any opposed?

23 Motion carries. Thank you.

24 COMMISSIONER DiGIACOMO COLINS: I move to  
25 adopt the Board order approving a manufacturer's

1 license for Shuffle Master, Inc.

2 COMMISSIONER COY: Second.

3 CHAIRMAN DECKER: Again, any questions?

4 Hearing none, all of those in favor, please  
5 indicate by saying aye.

6 COMMISSIONERS: Aye.

7 CHAIRMAN DECKER: Any opposed?

8 The motion carries.

9 Congratulations to the three applicants who  
10 are now our licensees.

11 COMMISSIONER DiGIACOMO COLINS: Susan,  
12 could I ask one quick question?

13 MS. HENSEL: Sure.

14 COMMISSIONER DiGIACOMO COLINS: We have  
15 licensed in total how many manufacturers to date?

16 MS. HENSEL: As of today we have nine.

17 COMMISSIONER DiGIACOMO COLINS: Okay. How  
18 many outstanding manufacturer's applications are  
19 there for us to approve or deny or act upon?

20 MS. HENSEL: Ten.

21 COMMISSIONER DiGIACOMO COLINS: Ten left?

22 MS. HENSEL: Yes.

23 COMMISSIONER DiGIACOMO COLINS: Okay.

24 Thank you.

25 CHAIRMAN DECKER: There are ten left?

1 MS. HENSEL: Yes.

2 COMMISSIONER DiGIACOMO COLINS: Thank you.

3 CHAIRMAN DECKER: Okay. How are we doing  
4 on those ten?

5 MS. HENSEL: Very well. We did -- some of  
6 the applications that we just received in February.  
7 So those are a little bit further behind than the  
8 ones we had earlier, but we are preparing suitability  
9 reports for all of those ten applicants. At a future  
10 meeting, hopefully a near future meeting, we will be  
11 bringing those before you.

12 CHAIRMAN DECKER: Okay. Thank you. Thanks  
13 very much.

14 Can I ask Anne and David to come back up  
15 again just for a second?

16 While we're doing that, I had one  
17 housekeeping matter that I missed. Earlier, the  
18 Board today held an Executive Session to discuss  
19 personnel matters. No business was conducted at the  
20 meeting. Thank you.

21 We forgot to ask or maybe you reported it  
22 and I wasn't listening. How are we doing on the  
23 supplier applications?

24 MS. LaCOUR NEEB: I'll let Dave --

25 CHAIRMAN DECKER: Particularly, the

1 background.

2 MR. KWAIT: I think we're doing very well.  
3 We meet almost daily with Pennsylvania State Police.

4 CHAIRMAN DECKER: Good.

5 MR. KWAIT: Thirteen are substantially  
6 finished. The rest are in the stages of  
7 investigation and I think will be reported to the  
8 office before June.

9 CHAIRMAN DECKER: I mean, you know the  
10 Board sentiment on this. If there is an issue  
11 concerning manpower and fairness to the State Police,  
12 we would ask that they bring that to your attention,  
13 correct?

14 MR. KWAIT: Yes.

15 CHAIRMAN DECKER: And if so, we can  
16 supplement those maybe by taking some or redirecting  
17 them or helping them or something. The goal is still  
18 June 15th. I think there is a hand off to you guys  
19 and to them, the end of March. So I don't think  
20 that's unreasonable, according to what we have gotten  
21 from our survey of Pricewaterhouse. I know we need  
22 to push. I know some are more complicated than  
23 others.

24 Again, if there's any issues on that, I  
25 hope you guys are discussing that and finding a way



1 to do that and keeping us apprised of that.

2 MR. KWAIT: We are.

3 CHAIRMAN DECKER: That's great. It's good  
4 news, very good news.

5 COMMISSIONER DiGIACOMO COLINS: I have a  
6 question. Do you feel that the daily meetings and  
7 daily interaction between the State Police and your  
8 bureau has been an effective tool in hastening these  
9 investigations along now since these daily meetings  
10 have begun?

11 MS. KWAIT: Yes. We have a fine,  
12 productive working relationship going right now.

13 CHAIRMAN DECKER: Good. I would like to  
14 thank Captain Allue for that. I think he's been a  
15 big part of helping this move forward. I know he's  
16 really working hard.

17 Is Captain Allue here today?

18 CAPTAIN ALLUE: Yes, sir.

19 CHAIRMAN DECKER: There he is. I  
20 appreciate that and I think the Board does. We want  
21 to move forward. I know it's going to take extra  
22 effort to get this done. We appreciate the staff,  
23 our staff, and the PSP actually doing it.

24 Any other questions or David or Anne?

25 MR. KWAIT: Thank you, Mr. Chairman.

1 MS. LaCOUR NEEB: Thank you.

2 CHAIRMAN DECKER: Thank you.

3 Okay. I think next up, is it Mike Walsh?  
4 Whoops. Sorry. Do I have it wrong or -- Mike Walsh,  
5 I believe. Was that taken off the -- I think there's  
6 one item. I think we're going to talk about the IT  
7 issues. Sorry.

8 Mike, you do have something to talk about;  
9 am I wrong?

10 MR. WALSH: I can come up with something.

11 CHAIRMAN DECKER: Why do we always ask you  
12 those kinds of questions, Mike?

13 MR. WALSH: I'm not sure. Anything you  
14 want to talk about, I'll be happy to talk about.

15 I have no personnel actions before the  
16 Board today, but I'm happy to have with me Jim Buck,  
17 our Director of Information Technology, who will be  
18 discussing an enterprise-wide application that he is  
19 in the development stages with. And really just for  
20 the purposes of the information of the members and  
21 those here, since Jim's first day on February 13th,  
22 he has been pulling together numerous projects.

23 For many months, we were waiting to have a  
24 director of IT, and he's done a great job working  
25 with the Department of Revenue and with our own staff

1 in each of the Bureaus to identify the needs of the  
2 agency and develop a plan on an enterprise level to  
3 get things done.

4 So he's here to talk about that, and we'll  
5 be happy to take any questions afterwards.

6 MR. BUCK: Thank you, Mike.

7 Good morning, Mr. Chairman and  
8 Commissioners. I'm pleased to be here today to brief  
9 you on an information technology project, which will  
10 have an agency-wide impact as it relates to the  
11 gaming application progress.

12 We're developing a secure on-line process  
13 that utilizes the Internet. This project is called  
14 Slotlinks for the state licensing and on-line  
15 tracking system link.

16 This development is a team effort involving  
17 licensing, BIE and the Office of the Chief Counsel.  
18 Our initial focus will be on the gaming and  
19 non-gaming employees with expansion to the vendors.

20 The goal of this system is to be fully  
21 automated -- to fully automate the collection of the  
22 required information for licensing review and  
23 reporting.

24 The targeted live date for the on-line  
25 application process is mid-July. The back end

1 reporting and work flow will be completed by  
2 September.

3 A development resource group representing  
4 all of the key Bureaus is providing input and  
5 assistance to the project.

6 We are staffing this project with five  
7 developers through the state IT staff augmentation  
8 contract from computer aid.

9 I would like to briefly describe the  
10 process to give you a better idea of how this on-line  
11 application will work.

12 A gaming facility manufacturer, supplier,  
13 or vendor extends an offer to an individual to work  
14 for them in a position that requires them to be  
15 licensed by the Pennsylvania Gaming Control Board.

16 The employer will log onto Slotslink to  
17 enter basic demographic and employment information,  
18 which will be used to set up this individual  
19 applicant's user account.

20 The employer will printout instructions for  
21 the applicant with their user ID and password. All  
22 of the required forms for the applicant to sign will  
23 also be printed.

24 The applicant will then log on to Slotslink  
25 and answer a brief questionnaire to determine which

1 sections of the application must be completed.

2           For example, if someone was never married,  
3 they would not need to answer any additional  
4 questions concerning marriage.

5           From this questionnaire, a customized  
6 on-line application is developed, and detailed  
7 instructions identifying their required information  
8 is available for the applicant to view or print.

9           The applicant can then complete their  
10 applications securely on-line at home or at their  
11 potential employer's place of business.

12           Error checking for missing or incorrect  
13 information will be ongoing as the applicant answers  
14 each question. All information gathered during this  
15 process will be encrypted when transmitted on the  
16 Internet.

17           A status of all of the required sections  
18 will provide the applicant feedback on what has and  
19 has not been completed.

20           The on-line application can be completed  
21 all in one session or in multiple sessions, and an  
22 applicant can return to any of the sections at any  
23 time.

24           When the applicant completes all of the  
25 questions, they return to their potential employer to

1 sign all of the required paperwork.

2           Their employer retains copies of all of the  
3 signed documents for later inspection by the Gaming  
4 Control Board.

5           The employer logs on to Slotslink to  
6 approve the processing on the applicant's background  
7 checks by PGCB and to certify that they are in  
8 receipt of all of the required signed forms.

9           Segmented information from an applicant's  
10 application will be electronically sent to all of the  
11 appropriate organizations such as the Department of  
12 Revenue, the State Police, and DPW.

13           Confirmation e-mails will also be sent to  
14 the applicant and to the employer. Each agency will  
15 process their background check and their background  
16 request, then electronically transmit their findings  
17 back to the Gaming Control Board. Throughout the  
18 process, status reports will be available to the  
19 employer and the applicant.

20           With all of the reports in the applicant  
21 database complete, licensing staff will review the  
22 data and pursue any deficiency.

23           BIE may be required to investigate those  
24 deficiencies and licensing may be required to gather  
25 additional information and clarifications.

1           When everything has been resolved,  
2   licensing will prepare a report on the applicant for  
3   a ruling by this Board.

4           The ruling from this Board will be provided  
5   electronically to the employer and to the applicant.  
6   For those applicants that are approved, information  
7   will be electronically transferred to produce the  
8   required credentials and will be mailed back to the  
9   employer for them to give to their newly licensed  
10   employee.

11           This is a snapshot of our electronic  
12   process that is underway. As I said in the  
13   beginning, this is a team effort and would not be  
14   possible without the involvement of licensing, BIE,  
15   and the Office of the Chief Counsel.

16           I'm looking forward to reporting back to  
17   all of you in August with the results of this  
18   project.

19           At this time, I would be happy to entertain  
20   any questions you may have.

21           CHAIRMAN DECKER: Are there any questions  
22   for Jim?

23           COMMISSIONER McCABE: How secure is the  
24   system?

25           MR. BUCK: The data will be fully

1 encrypted, and we're using all state-of-the-art  
2 processes so that there would not be any chance of  
3 loss of data or information coming out.

4 CHAIRMAN DECKER: Mary? Commissioner  
5 Colins?

6 COMMISSIONER DIGIACOMO COLINS: Well, I was  
7 thinking this covers -- I mean, it's a very  
8 impressive and well thought-out system for the  
9 purpose of accepting and approving applications.

10 Has there been any consideration now as to  
11 what happens in the case of an application where  
12 there's a potential denial?

13 From an IT perspective, is there going to  
14 be some sort of system developed that will  
15 synchronize the denial process with what will go on  
16 with hearings and appeals? Is that a stage that you  
17 are considering?

18 MR. BUCK: It is a phase that we will look  
19 at down the road. This part is to gather all of the  
20 initial information and that everything will be  
21 presented to the Board for their acceptance or denial  
22 of a license. We will then work in a Phase 2 to  
23 address those needs.

24 CHAIRMAN DECKER: Any other questions from  
25 the Commissioners?

1 Well, thank you, Mike and Jim. We  
2 appreciate the update. That's an important project  
3 for us.

4 We're now going to hear from our Chief  
5 Counsel, Frank Donaghue, about regulations.

6 MR. DONAGHUE: Good morning, Mr. Chairman.  
7 Good morning, Board members.

8 CHAIRMAN DECKER: Good morning.

9 MR. DONAGHUE: It's a pleasure to be here  
10 today. We have several regulations for the Board to  
11 consider today.

12 I would just like to add that staff is  
13 working extremely hard on the temporary regulations,  
14 and we have also begun the process of putting  
15 together plans for beginning to introduce final  
16 proposed regulations for the process.

17 With that, I would first turn to three  
18 draft temporary regulations that we would be putting  
19 out for public comment.

20 I'm going to turn to our Deputy Director of  
21 Regulatory Review, Michelle Afragola, to talk first  
22 about certification of vendor key employee  
23 qualifiers.

24 MS. AFRAGOLA: Thank you. Good morning,  
25 Chairman Decker and members of the Board. I'm

1 offering for your consideration today two draft  
2 regulations to publish for a ten-day public comment  
3 period.

4           These regulations would fall under Chapter  
5 437 entitled vendor registration and certification  
6 and, as Susan Hensel mentioned earlier, we will be  
7 examining the vendors very soon so we would like to  
8 move these regulations forward.

9           The vendor scheme that has been adopted by  
10 the Board is divided into certification and  
11 registration.

12           Certification is equivalent to licensure by  
13 the Board while registration denotes a lower level of  
14 Board authorization.

15           The level of authorization are tied to  
16 monetary thresholds as Susan mentioned, and this is  
17 based on the dollar amount of business that the  
18 vendor conducts with the slot machine licensee.

19           The draft regulations for your  
20 consideration allow the Board to certify key employee  
21 qualifiers and key employees of certified vendors  
22 rather than license them.

23           These regulations were developed to ensure  
24 that authorizations issued to vendor employees are  
25 consistent with the authorizations issued to the

1 vendor entities in the existing vendor scheme.

2 So these vendor employees will be held to  
3 the same level of scrutiny as licensed key employees  
4 but will just be certified rather than licensed. I  
5 would be happy to take any questions.

6 CHAIRMAN DECKER: Are there any questions  
7 for Michelle?

8 MR. DONAGHUE: We would respectfully  
9 request a motion on this particular regulation.

10 COMMISSIONER COY: Mr. Chairman?

11 CHAIRMAN DECKER: Please.

12 COMMISSIONER COY: I move that the Board  
13 make available for public review and comment the  
14 draft temporary regulations pertaining to the  
15 certification of the vendor key employee qualifiers  
16 and key employees through publication of the  
17 regulations on the Board's website.

18 CHAIRMAN DECKER: Thank you, Commissioner  
19 Coy.

20 Second, please?

21 COMMISSIONER McCABE: Second.

22 CHAIRMAN DECKER: Any other comments or  
23 questions for the staff?

24 All of those in favor, please indicate by  
25 saying aye.

1 COMMISSIONERS: Aye.

2 CHAIRMAN DECKER: Any opposed?

3 That motion carries.

4 MS. AFRAGOLA: Thank you.

5 CHAIRMAN DECKER: Frank?

6 MR. DONAGHUE: Next, we're going to turn to  
7 Chief Enforcement Counsel, Mike Schwoyer, who is  
8 going to discuss opening up for a ten-day public  
9 comment period, regulations on underage gaming.

10 MS. SCHWOYER: Before the Board this  
11 morning, as Frank mentioned, are proposed temporary  
12 regulations dealing with underage gaming, which we  
13 are proposing to be published for a ten-day comment  
14 period.

15 Pursuant to Section 1207(8) of the Act, the  
16 Board is required to ensure that each licensed gaming  
17 entity prohibits individuals under 21 years of age  
18 from operating or using slot machines.

19 Pursuant to 1518(a)(13) of the Act, it is  
20 unlawful for an individual under 18 years of age to  
21 be permitted in the area where slot machines are  
22 located.

23 The purpose of these regulations are to  
24 prohibit underage gaming by individuals under 21  
25 years of age either by the individual or through an

1 agent.

2           The regulation also prohibits individuals  
3 under 18 years of age from being on the gaming floor  
4 of a licensed facility.

5           Licensees, permittees, registrants, and  
6 certificate holders are prohibited from permitting an  
7 underage individual to participate in gaming activity  
8 and may be subject to administrative sanctions for  
9 violations of this regulation.

10           The slot machine licensee must establish  
11 procedures to prevent underage gaming. The underage  
12 individual pursuant to these regulations may not be  
13 paid any winnings or recover any losses resulting  
14 from their gaming activity.

15           Any winnings incurred by an underage  
16 individual or held by a slot machine licensee on  
17 behalf of an underage individual will be deposited  
18 into the Compulsive and Problem Gambling Treatment  
19 Fund.

20           CHAIRMAN DECKER: Thank you.

21           Are there any questions for -- please.

22           SECRETARY FAJT: Mr. Chairman, just one  
23 point of clarification to make sure I understand, so  
24 you cannot be on the floor if you're under age 18 but  
25 you're not allowed to play the slot machines if

1 you're under age 21?

2 MR. SCHWOYER: Yes. That is what is  
3 provided in the Act.

4 SECRETARY FAJT: Thank you.

5 COMMISSIONER DIGIACOMO COLINS: Excuse me,  
6 Mr. Chairman.

7 I have a question regarding under gambling.  
8 These regulations in the Act clearly prohibit it.  
9 Have you discussed or considered operationally how  
10 this will be enforced?

11 For example, in Delaware, I know that they  
12 actually have security people at the doors of the  
13 casinos who will approach individuals whose age is on  
14 the border and will ask for identification.

15 I think that's a very good operational  
16 practice that we should require in Pennsylvania the  
17 operators. Have you discussed these regulations in  
18 how to operationally make them enforceable?

19 MR. SCHWOYER: Yes, Commissioner Colins.  
20 Each licensed slot machine operator is required to  
21 submit a security plan as part of their internal  
22 control submissions.

23 We anticipate that those security plans and  
24 the Board would require those security plans to  
25 include provisions as to how they intend to comply

1 with any regulations the Board adopts concerning  
2 underage gaming.

3 For instance, those plans may require the  
4 posting of notice and the posting of guards as you  
5 suggested.

6 Those plans would identify the gaming area  
7 and their site plan would identify the gaming floor.  
8 So that everybody was clear as to what areas persons  
9 underage 18 are prohibited from.

10 Yes, all of those plans and submissions  
11 would be reviewed as part of the internal control  
12 plan approvals and security plan approvals.

13 COMMISSIONER DiGIACOMO COLINS: Very good.  
14 Because I would like to propose that we require in  
15 these plans that on this issue of underage presence  
16 on the floor or underage gambling, that the operators  
17 clearly state to us and that we approve only plans  
18 that provide for strict scrutiny at the entrance of  
19 these casinos. I think this is a very important  
20 social issue that we should address.

21 COMMISSIONER McCABE: Mr. Chairman, I would  
22 like to add on to that, isn't there a plan for us and  
23 if there isn't, maybe we should have it, where  
24 there's a penalty if the -- to the institution, the  
25 gaming institution if they don't enforce these rules.

1                   CHAIRMAN DECKER: We would have that, I  
2 think, as part of it. We can assess fines and  
3 penalties for violations of our rules and  
4 regulations, correct?

5                   MR. SCHWOYER: Yes, and these proposed  
6 regulations provide for that expressly.

7                   CHAIRMAN DECKER: It's a good point,  
8 Commissioner.

9                   COMMISSIONER McCABE: If there are no more  
10 questions, I would like to move then that the Board  
11 make available for public review and comment  
12 pertaining the draft temporary regulations pertaining  
13 to underage gaming by publishing the regulation on  
14 the Board's website, and that the Board establish a  
15 public comment period of ten days ending on May 30th,  
16 2006.

17                   COMMISSIONER DiGIACOMO COLINS: Second.

18                   CHAIRMAN DECKER: Any further questions?

19                   All of those in favor, please indicate by  
20 saying aye.

21                   COMMISSIONERS: Aye.

22                   CHAIRMAN DECKER: Any opposed?

23                   Thank you. The motion carries.

24                   Frank, do we have one other one?

25                   MR. DONAGHUE: Yes, we do.

1                   CHAIRMAN DECKER: Okay. Sorry.

2                   MR. DONAGHUE: Next, we would like to turn  
3 to temporary regulation pertaining to horsemen's  
4 organization and to begin the ten-day public period  
5 on those regulations.

6                   Joining me this morning is the Director of  
7 Racetrack Gaming, Melinda Tucker, as well as  
8 Assistant Chief Counsel Kevin Hayes.

9                   MS. TUCKER: Good morning, Mr. Chairman,  
10 members of the Board. I'm Melinda Tucker, Director  
11 of Racetrack Gaming, and as Frank stated, Kevin Hayes  
12 is here with me. He's the Assistant Deputy Counsel  
13 for the Board who has helped me draft these  
14 regulations.

15                   We are presenting regulations pursuant to  
16 Section 1406 of Act 71, which provides among other  
17 things for the distribution of proceeds from gaming  
18 operations to horsemen and horsemen organizations,  
19 the filing of an annual audit of the horsemen  
20 organizations, the approval by the Pennsylvania  
21 Gaming Control Board of pension and health benefit  
22 contracts, and for expenses of administration of  
23 programs for the horsemen. These are provided for in  
24 Section 1406 of Act 71, as I said earlier.

25                   In addition, the 1406(b) requires that the

1 Board, quote, establish guidelines that ensure that  
2 funds allocated to the horsemen's organizations are  
3 used to finance the programs to benefit all horsemen  
4 of this Commonwealth and that administrative and  
5 overhead costs are reasonably related to such  
6 programs.

7           These regulations are our first step in  
8 establishing registration requirements for horsemen's  
9 organizations, which include the Horsemen's  
10 Benevolent and Protective Association also known as  
11 the HBPA, the Pennsylvania Thoroughbred Horsemen's  
12 Association or the PTHA, and the Pennsylvania Harness  
13 Horsemen's Association or the PHHA and also requires  
14 -- also establishes licensing requirements for the  
15 officers and directors of each horsemen's  
16 organization in an effort to ensure the integrity of  
17 the management and distribution of these funds.

18           Additionally, the regulations define the  
19 responsibilities of those managing these funds and  
20 the yearly audit requirements as required by the Act.

21           Once these regulations are in place, the  
22 Board would then need to establish guidelines  
23 pursuant to 1406(b), which will provide for the  
24 specific procedures to be used to implement these  
25 regulations.

1                   At this time Mr. Hayes and I submit these  
2 proposed regulations for your approval and will be  
3 happy to answer any questions you have.

4                   CHAIRMAN DECKER: Thank you very much.

5                   Any questions from the Commissioners?

6                   Can I have a -- let's see. We have a  
7 motion -- I think we need a motion to begin the  
8 ten-day comment period on Chapter 436 of the  
9 horsemen's organization. Can I get a motion on that?

10                  COMMISSIONER MARSHALL: So moved.

11                  CHAIRMAN DECKER: I think Commissioner  
12 Marshall moved it?

13                  COMMISSIONER DiGIACOMO COLINS: All right.  
14 Good.

15                  CHAIRMAN DECKER: Do I have a second,  
16 please?

17                  COMMISSIONER McCABE: Second.

18                  CHAIRMAN DECKER: Thank you very much. We  
19 have our own little -- do we have any questions? We  
20 have a motion and a second.

21                  Go ahead. Any questions?

22                  COMMISSIONER DiGIACOMO COLINS: Before we  
23 vote though, I want to commend Melinda because I know  
24 she has been on a daily basis in constant contact  
25 with the horsemen's association, the Category I

1 applicants, and has been pulling together so much of  
2 the coordination necessary in this Category I area  
3 and this horse racing area. So I commend you on a  
4 very good job that you've been doing.

5 CHAIRMAN DECKER: Melinda has really  
6 reached out to all of the horsemen in every respect.  
7 We really appreciate that. It's taken a lot of  
8 effort and before you got here, we weren't able to do  
9 the kind of a job that obviously is required.

10 MS. TUCKER: Thank you very much. It's  
11 very kind.

12 CHAIRMAN DECKER: Any other comments?  
13 We have a motion on the floor. All of  
14 those in favor, please indicate by saying aye.

15 COMMISSIONERS: Aye.

16 CHAIRMAN DECKER: Any opposed?

17 Motion carries.

18 Thank you very much, Kevin and Melinda.

19 MS. TUCKER: Thank you.

20 CHAIRMAN DECKER: Frank, you still have  
21 some more, right?

22 MR. DONAGHUE: We still have a few more.  
23 Next, we would like to turn to three temporary  
24 regulations for final adoption.

25 Michelle Afragola is going to join me again

1 to discuss the first, which deals with Chapter 435,  
2 employees and credentialing.

3 MS. AFRAGOLA: Thank you. Good morning.  
4 On March 16th, 2006, the Board voted to publish the  
5 draft employee credential regulations for a ten-day  
6 public comment period.

7 These regulations govern the issuance of  
8 Board credentials to licensed, permitted, or  
9 registered employees whose duties are required to be  
10 performed in a licensed facility.

11 The Board received a number of comments  
12 related to the requirement that the employees display  
13 their credentials.

14 Several commentators noted that in other  
15 jurisdictions, including New Jersey and Nevada,  
16 employees are not required to display their  
17 credentials, rather they're just required to carry  
18 them.

19 So after our own review of the practices of  
20 other jurisdictions, we've amended the language of  
21 these regulations to be consistent with this practice  
22 and allow the employees to carry the credentials  
23 rather than display them while in engaged in their  
24 performance of their duties.

25 Another change that was made to these

1 regulations was the addition of state employee  
2 credentials.

3 Any state employee whose duties are  
4 required to be performed at a licensed facility more  
5 frequently than once a month will be required to  
6 obtain Board issued credentials.

7 Because a number of state agencies will  
8 have a continuing presence at the licensed facility  
9 and access to restricted areas, we believe this  
10 requirement will enhance security and protect the  
11 integrity of the operation of the facilities.

12 These regulations are being offered as  
13 final regulations. I'll be happy to take any  
14 questions.

15 CHAIRMAN DECKER: First of all, let's back  
16 up. Are there any questions for Michelle or Frank on  
17 these particular set of temporary regs?

18 COMMISSIONER DIGIACOMO COLINS: Well, I  
19 don't have a question, but I want to ask you to make  
20 clear credentialing is not licensing, correct?

21 MS. AFRAGOLA: That's correct.

22 COMMISSIONER DIGIACOMO COLINS: What  
23 essentially is credentialing?

24 MS. AFRAGOLA: Credentialing is a  
25 Board-issued identification that will be used for

1 security purposes and monitoring purposes by the  
2 Board and by the operators.

3 CHAIRMAN DECKER: Don't all jurisdictions  
4 pretty much have this, Michelle?

5 MS. AFRAGOLA: Yes, that's correct.

6 COMMISSIONER COY: They would be location  
7 specific?

8 MS. AFRAGOLA: Correct.

9 CHAIRMAN DECKER: That covers everyone who  
10 comes into the casino?

11 MS. AFRAGOLA: Right. Everyone whose  
12 duties are required to be performed at the facility.

13 CHAIRMAN DECKER: Okay. Fine.

14 COMMISSIONER RIVERS: Mr. Chairman, if  
15 there are no other questions, I would like to move  
16 for final adoption of the temporary regulation of  
17 Resolution 2006-6, Chapter 435, titled employee as a  
18 motion to be moved by this body.

19 CHAIRMAN DECKER: Can I have a second?

20 COMMISSIONER McCABE: Second.

21 CHAIRMAN DECKER: Are there any other  
22 questions?

23 Hearing none, all of those in favor, please  
24 indicate by saying aye.

25 COMMISSIONERS: Aye.

1                   CHAIRMAN DECKER: Any opposed?

2                   Motion carries. Thank you.

3                   MS. AFRAGOLA: Thank you.

4                   CHAIRMAN DECKER: Frank?

5                   MR. DONAGHUE: Thank you very much. Next,  
6 we would like to turn for final adoption, temporary  
7 regulation related to persons required to be  
8 excluded. Joining me on this issue is Assistant  
9 Chief Counsel Jim Doherty.

10                   Jim?

11                   MR. DOHERTY: Good morning, Mr. Chairman  
12 and members of the Board. On March 16th, the Board  
13 approved the posting of draft exclusion regulations  
14 for a ten-day period of comment.

15                   The public comment period for these  
16 regulations ended March 31st. We received four  
17 comments.

18                   After an internal review of these comments  
19 and the regulations itself, the following substantive  
20 changes were made to the exclusion regulations.

21                   Under Section 511.2(b), the Board will now  
22 maintain a list of excluded persons at its central  
23 office. This list will be available for public  
24 review during normal business hours and will be  
25 distributed to every slot machine licensee who must

1 acknowledge this receipt in writing or  
2 electronically. The Board also has the option of  
3 posting this list on the website.

4 Under 511.9(e)(3), licensed gaming entities  
5 and employees thereof shall not be liable for  
6 excluding individuals from a licensed gaming facility  
7 as required under Section 1514 of the Act and Section  
8 511.9 of the regulations.

9 Based on these revisions, I would like to  
10 request that the Board make a motion to adopt the  
11 exclusion regulations.

12 CHAIRMAN DECKER: Thank you, Jim.

13 COMMISSIONER ANGELI: Mr. Chairman, I move  
14 to adopt Resolution 2006-7 Regulation, Chapter 511,  
15 persons required to be excluded.

16 CHAIRMAN DECKER: Can I have a second,  
17 please?

18 COMMISSIONER RIVERS: Second.

19 CHAIRMAN DECKER: Are there any questions  
20 about these particular regs?

21 COMMISSIONER COY: Just one.

22 CHAIRMAN DECKER: Please, Commissioner Coy.

23 COMMISSIONER COY: Can we talk for a  
24 moment, so I think we're all clear, about how much of  
25 this information is public information?

1           MR. DOHERTY: Well, the information -- once  
2 a person is placed on the excluded list, the Board  
3 will have the option to post it on their website.  
4 And on the website will be the person's name and, if  
5 so desired, a picture.

6           CHAIRMAN DECKER: Go ahead.

7           COMMISSIONER COY: I guess what I'm going  
8 to ask, again, is it public information? Is this  
9 information that the Board must make public?

10          MR. DOHERTY: Yes. The excluded person  
11 list is public information.

12          COMMISSIONER COY: And I suspect, can I ask  
13 the same question about the next topic of self  
14 exclusion also when we get to it?

15          CHAIRMAN DECKER: I think Commissioner  
16 Coy's question is a good one. Other jurisdictions  
17 treat this the same way, correct?

18          MR. DOHERTY: That's correct.

19          CHAIRMAN DECKER: In fact, in many  
20 respects, that's how we find out about the exclusion  
21 list in addition to their maybe providing this  
22 information back and forth in terms of sharing.

23          MR. DOHERTY: Exactly. For instance,  
24 Nevada and New Jersey both post their lists.

25          CHAIRMAN DECKER: Okay.



1                   COMMISSIONER RIVERS: Question, because  
2 you're on the exclusion list in another jurisdiction,  
3 is it a requirement that you are placed on our  
4 exclusion list?

5                   My reason for asking that question, what if  
6 you have been excluded from participating or playing  
7 a game that the Commonwealth of Pennsylvania doesn't  
8 offer?

9                   MR. DOHERTY: Your placement on the  
10 exclusion list in another jurisdiction does not  
11 mandate the placement on our exclusion list. The  
12 Board has full discretion to choose who it decides to  
13 place on our exclusion list.

14                  CHAIRMAN DECKER: If they want, once  
15 they're on the list, they can have a hearing,  
16 correct? They would have a hearing and then there  
17 would be a decision based on that and then  
18 recommendations to us from our Hearing Examiners,  
19 correct?

20                  MR. DOHERTY: Correct. They will be given  
21 preliminary notice of placement on the list and will  
22 have 30 days to request a hearing.

23                  COMMISSIONER RIVERS: After that 30-day  
24 period, if they don't respond then we automatically  
25 include them on our exclusion list, correct?

1                   MR. DOHERTY: Correct. After that 30 days,  
2 the Board will issue a final order placing them on  
3 the exclusion list.

4                   CHAIRMAN DECKER: What happens if it's --  
5 do they have an opportunity three, four years down  
6 the road to ask for a removal if conditions have  
7 changed?

8                   MR. DOHERTY: After five years, they can  
9 request for removal from the list. Under five years,  
10 they can make one preliminary request to have early  
11 consideration.

12                   COMMISSIONER DiGIACOMO COLINS: These  
13 people on the exclusion lists, I mean, they're  
14 basically persona non grata -- they're people that  
15 are not wanted in casinos for good cause. They're  
16 either cheats, or they've been convicted of crimes.  
17 Is that not correct?

18                   MR. DOHERTY: That's correct.

19                   COMMISSIONER DiGIACOMO COLINS: All right.  
20 And that's the reason for making these lists  
21 available, because there's good cause or good reason  
22 to keep them out of gaming establishments, correct?

23                   MR. DOHERTY: That's correct.

24                   COMMISSIONER DiGIACOMO COLINS: All right.  
25 Great. Thank you.

1                   COMMISSIONER COY: That was the basis for  
2 my question about public information. I think it  
3 should be.

4                   CHAIRMAN DECKER: Correct.

5                   COMMISSIONER DiGIACOMO COLINS: Thanks,  
6 Jim.

7                   CHAIRMAN DECKER: Good. Any other  
8 questions?

9                   The motion is on the floor. All of those  
10 in favor, please indicate by saying aye.

11                   COMMISSIONERS: Aye.

12                   CHAIRMAN DECKER: Any opposed?

13                   Motion carries. Thank you very much.

14                   Thanks, Jim.

15                   MR. DONAGHUE: Finally, with regard to the  
16 final adoption of temporary regulations, we're going  
17 to turn to Chapter 503 regarding self exclusion, and  
18 Assistant Chief Counsel Don Shiffer is going to join  
19 me in that presentation.

20                   MR. SHIFFER: Good morning, Mr. Chairman  
21 and members of the Board. On March 16th, the Board  
22 adopted draft regulations governing self exclusion.

23                   The Board had opened a ten-day comment  
24 period for these draft regulations. The public  
25 comment period ended March 31st and the Board

1 received some 16 public comments.

2           These comments were responded to in the  
3 Board's response document. This document was  
4 forwarded to you and for review.

5           The draft self exclusion regulation before  
6 you today permits an individual to elect exclusion  
7 from licensed gaming facilities for a period of one  
8 year, five years, or life.

9           They also set forth procedures to register  
10 and remove individuals from the self excluded  
11 person's list. They also outline the  
12 responsibilities of licensees pursuant to these  
13 provisions.

14           They also -- they mirror the provisions of  
15 the fact concerning waivers of liability for licensed  
16 gaming facilities, as well direct that all winnings  
17 from self excluded persons be forwarded to the Board  
18 and deposited in the Compulsive and Problem Gambling  
19 Treatment Fund.

20           I would be happy to try to answer any  
21 questions that the Board has at this time.

22           COMMISSIONER COY: Just comment about the  
23 public information.

24           MR. SHIFFER: Yes, Commissioner. With  
25 respect to the disclosure of information, Section

1 5034(e) of our draft regulations say that information  
2 furnished to or obtained by the Board pursuant to a  
3 self excluded list shall be deemed confidential and  
4 shall not be disclosed except in accordance with this  
5 chapter, and that the exceptions that we have  
6 outlined is for licensed gaming entities to share  
7 this type of information with other affiliates and  
8 other jurisdictions for the purposes of maintaining  
9 consistency in self excluded list. Beyond that, we  
10 do not disclose the information.

11 COMMISSIONER RIVERS: You made reference to  
12 the fact that an individual on the self exclusion  
13 list, their winnings would be confiscated.

14 My question is, at what point or how do we  
15 know and when does this happen?

16 MR. SHIFFER: For individuals who have  
17 signed up and elected to be on the list, within these  
18 regulations, it is presumed that the monies and/or  
19 vouchers that are on their person while on the gaming  
20 floor areas because these regulations are directed  
21 towards the gaming floor.

22 It's presumed -- they're presumed to be  
23 winnings and therefore subject to remittance to the  
24 Board.

25 CHAIRMAN DECKER: Okay.

1 COMMISSIONER COY: Let me make sure I --

2 COMMISSIONER DiGIACOMO COLINS: Go ahead.

3 COMMISSIONER COY: I yield to you, Your  
4 Honor.

5 COMMISSIONER DiGIACOMO COLINS: I was going  
6 to say, it's a problem -- it's a proof problem, is it  
7 not? I don't think we want to presume if someone  
8 opened -- turned their pockets inside out and have  
9 cash in it, that that's winnings and take it.

10 Isn't there a little bit of a due process  
11 requirement in this case where we have to have a  
12 hearing and conduct a forfeiture process to determine  
13 what the winnings are?

14 I would think in the case of vouchers the  
15 proof problem is very simple. We're not going to  
16 have people empty their pockets and wallets and send  
17 them out of these places without any money.

18 MR. SHIFFER: No, there would be a due  
19 process element of this. Excuse me for misspeaking.

20 COMMISSIONER RIVERS: In other words, we  
21 use the tapes that the casino would have to  
22 substantiate our position?

23 MR. SHIFFER: Security and surveillance,  
24 yes.

25 COMMISSIONER COY: But Mr. Chief Counsel,

1 there is the difference then in the public  
2 information from the compulsive exclusion or the  
3 exclusion that we talked about in the previous  
4 chapter compared to this?

5 MR. SHIFFER: Yes.

6 COMMISSIONER DiGIACOMO COLINS: And would  
7 it be correct to say that the difference is that in  
8 the case of self exclusion, people with gambling  
9 addictions are considered to have a medical  
10 affliction?

11 Therefore, the information that they are on  
12 this list is private and they would have an  
13 expectation of privacy because of this. Is that not  
14 correct? Is that not the distinction?

15 MR. DONAGHUE: Yes. I would certainly  
16 argue that there is a greater level of privacy and  
17 expectation of privacy for a person who has put  
18 themselves on this list in order to protect  
19 themselves, you know, from gambling in the future.

20 CHAIRMAN DECKER: Otherwise, we would be  
21 chilling their desire to come forward?

22 MR. DONAGHUE: That's right. With regard  
23 to those persons who have been excluded from the  
24 Board from gaming for other reasons and where you  
25 have a hearing process where the Board can make that

1 information public if it so decides through its  
2 website and other means.

3 COMMISSIONER COY: And this policy like the  
4 last mirrors other jurisdictions?

5 MR. DONAGHUE: That is correct.

6 COMMISSIONER DiGIACOMO COLINS: I would  
7 even think that we would want to go so far as in a  
8 situation if we found that a licensee was divulging  
9 the names of people on the self exclusion list, that  
10 we would want to take enforcement action in order to  
11 protect the privacy in the self exclusion area?

12 MR. DONAGHUE: Yes. A licensee should only  
13 be using it for the limited purpose of making sure  
14 those folks are not gaming at their facility.

15 COMMISSIONER DiGIACOMO COLINS: Thank you.

16 COMMISSIONER COY: Mr. Chairman, I present  
17 to move that the Board adopt the revised draft  
18 regulations concerning self exclusion under the  
19 Chapter 503 of compulsive and problem gambling  
20 regulations as temporary regulations for the purpose  
21 of self exclusion.

22 CHAIRMAN DECKER: Thank you.

23 Is there a second?

24 COMMISSIONER DiGIACOMO COLINS: Second.

25 CHAIRMAN DECKER: Thank you.

1           Again, any further questions?

2           Hearing none, all of those in favor, please  
3 indicate by saying aye.

4           COMMISSIONERS: Aye.

5           CHAIRMAN DECKER: Any opposed?

6           Motion carries. Thank you very much.

7           MR. DONAGHUE: In the way of some  
8 housekeeping, we have some further amendments to  
9 existing temporary regulations, and joining me on  
10 that again will be Michelle Afragola.

11           MS. AFRAGOLA: And I'm happy to report that  
12 Rich Sandusky will be taking some of these amendment  
13 presentations in the future.

14           As Frank mentioned, Michael Schwoyer and I  
15 will be offering some editorial changes and amended  
16 language to the regulations.

17           The proposed amendments are to Sections  
18 401.4, 401.5, 405.2, 421.1, 421.3, 441.4, 494.1, and  
19 499.1.

20           In Section 401.4 of definitions, the  
21 definition of the term gaming area has been amended  
22 to include the term gaming floor as an alternate term  
23 for the same definition, while gaming area is used in  
24 the Act and to refer to areas of the facility where  
25 slot machines have been installed for use of play,

1 the term gaming floor will have the same definition  
2 but is a term that is more commonly used in the  
3 industry.

4 The addition of this term will ensure that  
5 the regulatory practice in the Commonwealth is  
6 consistent with the regulatory terminology used in  
7 the industry.

8 In Section 421.1 entitled general  
9 requirements, this section discusses the general  
10 application requirements for all applicants.

11 We've added language that requires the  
12 individual to inform the Board of any changes in  
13 information in the application or to information  
14 supplied with the application.

15 This language was added to ensure that the  
16 applicant is providing the Board with the most  
17 up-to-date information.

18 Section 421.3 entitled disqualification  
19 criteria discusses actions by an applicant or  
20 licensee that may result in denial, denial of  
21 renewal, suspension, or revocation of the license.

22 The scope of this section has been amended  
23 to apply to all applicants for and holders of  
24 licenses, permits, registrations, or certifications.

25 Also, the term revocation was added to the

1 list of actions that the Board may take against an  
2 individual.

3 In Section 441.4 entitled slot machine  
4 license application, the application requirements for  
5 applicants for slot machine licenses are listed.

6 Subsection (a)(25) provides that if an  
7 applicant plans to have a temporary facility, it must  
8 provide to the Board a plan for how the licensee will  
9 transition to a permanent facility including a date  
10 for the completion of the permanent facility. That's  
11 currently in the regulation.

12 In order to ensure that the Board receives  
13 an accurate representation of the applicant's plans  
14 for the permanent facility within a specified time  
15 period, we have added the following language: A  
16 permanent facility shall be the facility proposed by  
17 the applicant, which is designated, identified, and  
18 made part of the evidentiary record by the applicant  
19 at the applicant's licensing hearing.

20 Any modifications to the proposed permanent  
21 facility following the applicant's licensing hearing  
22 must be approved by the Board. This will ensure that  
23 the Board has an opportunity to review all of the  
24 applicant's plans for permanent facility prior to the  
25 issuance of a license.

1           Now, Michael Schwoyer will give the rest of  
2 the amendments.

3           MR. SCHWOYER: The amendments proposed to  
4 Section 401.5 relating to jurisdiction are intended  
5 to ensure that the Board -- to expressly state the  
6 Board has the power to enforce the Act and its  
7 regulations and also to expressed the Board has the  
8 authority to delegate its authority where permitted  
9 by law.

10           Both of these -- this language is  
11 consistent with the regulatory practice in other  
12 gaming jurisdictions, including Michigan and New  
13 Mexico.

14           The proposed amendments to Section 405.2  
15 relating to information, these regulations, we've  
16 added the word voluntary to allow the Director of the  
17 Bureau of Investigations and Enforcement, the Chief  
18 Enforcement Counsel and their designees to administer  
19 oath and affirmations for the purpose of obtaining  
20 voluntary sworn statements in addition to the power  
21 to obtain statements via subpoena, which is already  
22 provided for in the regulations.

23           The proposed amendments to Section 494.1  
24 relating to hearing procedure will provide that a  
25 party who -- a party to a proceeding can be called as



1 a witness to testify in the proceeding if they don't  
2 elect to take the stand on their own behalf. They  
3 can be examined As on Cross. Again, that is  
4 consistent with regulatory practice in other gaming  
5 jurisdictions.

6 In Section 499.1 relating to appearance in  
7 person, that language is proposed to be amended to  
8 make it consistent with the subsections that follow  
9 it, specifically Subsection A is proposed to be  
10 amended so that is consistent -- has consistent terms  
11 with the rest of that regulation.

12 MR. DONAGHUE: Again, we would be happy to  
13 take any questions.

14 CHAIRMAN DECKER: Are there any questions  
15 on the technical amendments?

16 COMMISSIONER MARSHALL: Mr. Chairman?

17 CHAIRMAN DECKER: Yes.

18 COMMISSIONER MARSHALL: I would like to  
19 move that the Board adopt the editorial amendments to  
20 the temporary regulations and that the amendments be  
21 published in the Pennsylvania Bulletin.

22 CHAIRMAN DECKER: Thank you, Commissioner.

23 Can I have a second? Do we have one?

24 COMMISSIONER ANGELI: Second.

25 CHAIRMAN DECKER: Thank you, Commissioner.

1           Again, any questions?

2           Hearing none, all of those in favor, please  
3 indicate by saying aye.

4           COMMISSIONERS: Aye.

5           CHAIRMAN DECKER: Are there any opposed?

6           Motion carries.

7           Thank you for your work on all of this.

8           MR. DONAGHUE: Thank you.

9           CHAIRMAN DECKER: Richard Williamson will  
10 be our next presenter. Richard is Director of our  
11 Gaming Labs.

12           Welcome.

13           MR. WILLIAMSON: Good morning, Chairman  
14 Decker and Commissioners. You have before you  
15 requests from three companies seeking permission to  
16 possess slot machines within the Commonwealth.

17           The nature of these requests were  
18 anticipated by the Board when it adopted the rules  
19 governing the movement and storage of slot machines  
20 within the Commonwealth. These requests are not  
21 contrary to the goals and objectives of the Act.

22           The first company, Iverson Gaming, is  
23 located in Bala Cynwyd, Pennsylvania, and is a  
24 manufacturer of a slot and player tracking system.

25           This company wants to use slot machines for



1 testing its system. This company is not a licensed  
2 applicant.

3           Should this request be approved, however,  
4 the company would be subject to the Board's  
5 regulations for proper reporting of slot machine  
6 movement notices, submission of monthly inventory  
7 reports, and physical inventory inspections by agents  
8 of the Board.

9           The Iverson facility was inspected by BIE  
10 Agents Pam Frebel and Gerald Stoll, who have reported  
11 that adequate security is placed.

12           Based on the information submitted by  
13 Iverson Gaming and the on-site inspection, the staff  
14 interposes no objection to this request.

15           A resolution for approving said request,  
16 which has been prepared by Michelle Afragola,  
17 includes all the aforementioned information and is  
18 considered for your consideration.

19           The second company is MEI, formerly known  
20 as Mars Electronics Inc. MEI is located in West  
21 Chester, Pennsylvania, and is a manufacturer of bill  
22 validators and slot cash storage boxes, which are  
23 used by slot machine manufacturers as original  
24 equipment.

25           This company wants to use slot machines for

1 testing its products. MEI is not a licensed  
2 applicant. Should this request be approved, however,  
3 the company would be subject to the Board's  
4 regulations for proper reporting of slot movement  
5 notices, submission of monthly inventory reports, and  
6 physical inventory inspections by agents of the  
7 Board.

8           The MEI facility was inspected by BIE  
9 Agents Frebel and Stoll who have reported that  
10 adequate security is in place.

11           Based on the information submitted by MEI  
12 and the on-site inspection, the staff interposes no  
13 objections to his request.

14           A resolution for approving said request,  
15 which has been prepared by Michelle Afragola,  
16 includes all of the aforementioned information and is  
17 presented for your consideration.

18           The third company seeking approval to  
19 possess slot machines today is GTech Corporation, an  
20 applicant for a slot machine manufacturer license.  
21 This request is different from the first two requests  
22 in that GTech is seeking approval to possess slot  
23 machines in a temporary storage area within the Tech  
24 Port building on Friendship Road in Swatara,  
25 Pennsylvania, where the Central Control Computer will

1 be located.

2           Fit-up of the office area in the Tech Port  
3 building for the permanent office where the Central  
4 Control Computer will be located is not completed but  
5 is expected to be finished sometime between today and  
6 the Board meeting scheduled for June 15th, 2006.

7           Approval of temporary slot machines will  
8 enable GTech to maintain adherence to the Central  
9 Control Computer installation schedule that was  
10 submitted to the Department of Revenue, which  
11 schedule is tied to the goals of the Board.

12           The nature of the request is to store slot  
13 machines that will be shipped simultaneously with the  
14 Central Control Computer equipment to the Tech Port  
15 facility.

16           Ultimately, these slot machines will be  
17 used by GTech personnel to perform in-house testing  
18 of the Central Control Computer.

19           Approval of this request does not authorize  
20 GTech to move these slot machines to the permanent  
21 location in the same building.

22           GTech represents that it will be submitting  
23 another request seeking approval of its permanent  
24 facility in early June 2006.

25           Should the instant request be approved, the

1 licensed applicant would be subject to the Board's  
2 regulations for proper reporting of slot machine  
3 movement notices, submission of monthly inventory  
4 reports, and physical inventory inspections by agents  
5 of the Board.

6           Again, BIE agents have inspected the  
7 proposed temporary storage area and have reported  
8 that adequate security is in place.

9           Based on the information submitted by GTech  
10 Corporation and the on-site inspection, the staff  
11 interposes no objections to this request.

12           A resolution for approving said request,  
13 which has been prepared by Michelle Afragola,  
14 includes the aforementioned information and is  
15 presented for your consideration.

16           Mr. Chairman, Commissioners, I'm happy to  
17 take any question on these subjects.

18           CHAIRMAN DECKER: Why don't we start, do  
19 them one at a time.

20           MR. WILLIAMSON: Okay.

21           COMMISSIONER McCABE: Okay. Mr. Chairman,  
22 I'll start off with I would like to move to adopt  
23 Resolution 2006-10-GL authorizing the possession of  
24 slot machines by GTech Corporation in compliance with  
25 the requirements of 58 PA Code, Chapter 463.

1           CHAIRMAN DECKER:  Second?

2           COMMISSIONER ANGELI:  Second.

3           CHAIRMAN DECKER:  Are there any questions  
4 about the particular resolution covering GTech's  
5 possession of slot machines?

6           Hearing none, all of those in favor, please  
7 indicate by saying aye.

8           COMMISSIONERS:  Aye.

9           CHAIRMAN DECKER:  Any opposed?

10          Motion carries.

11          We're now on the second one, Iverson Gaming  
12 Systems.

13          COMMISSIONER RIVERS:  Mr. Chairman, I would  
14 like to move to adopt Resolution 2006-11-GL,  
15 possession of a slot machine by Iverson Gaming System  
16 in accordance with the requirements.

17          CHAIRMAN DECKER:  Is there a second,  
18 please?

19          COMMISSIONER McCABE:  Second.

20          CHAIRMAN DECKER:  Thank you.  Are there any  
21 additional questions?

22          All right.  Again, these -- what is being  
23 proposed here does not rise to the level of the  
24 necessity of a full license, correct?

25          MR. WILLIAMSON:  That's correct.

1           CHAIRMAN DECKER: Any other questions with  
2 respect to Iverson?

3           Hearing none, all of those in favor, please  
4 indicate by saying aye.

5           COMMISSIONERS: Aye.

6           CHAIRMAN DECKER: Any opposed?

7           Motion carries. Thank you.

8           We have a third resolution relating to MEI.

9           COMMISSIONER ANGELI: Mr. Chairman, I move  
10 to adopt Resolution 2006-12-GL authorizing the  
11 possession of slot machines by MEI in compliance with  
12 the requirements of 58 Pennsylvania Code, Chapter  
13 463.

14           COMMISSIONER McCABE: Second.

15           CHAIRMAN DECKER: Thank you, Commissioners.

16           Again, any questions about MEI?

17           Hearing none, all of those in favor, please  
18 indicate by saying aye.

19           COMMISSIONERS: Aye.

20           CHAIRMAN DECKER: Any opposed?

21           Motion carries.

22           Thank you, Richard, very much for your  
23 presentation.

24           MR. WILLIAMSON: Thank you, Commissioners.

25           CHAIRMAN DECKER: Now, we have something I

1 know because -- we have one more presentation,  
2 actually two. This one, I know, Commissioner  
3 Marshall has expressed some interest in because of  
4 hearings and appeals. We are doing that today.

5 Michael Edmiston, you're next, correct?

6 MR. EDMISTON: Yes, Mr. Chairman.

7 Good morning, Chairman Decker and members  
8 of the Board. Thank you for the opportunity to  
9 present three minutes of testimony at this public  
10 input hearing.

11 On a serious note, you have before you nine  
12 petitions to withdraw various applications for  
13 licenses. Seven of them are withdrawal applications  
14 as to key employees. One is to the withdrawal of an  
15 application as to a management company application  
16 for license. The last is as to withdrawal of an  
17 application for a gaming employee.

18 I can list them and identify them by their  
19 docket numbers for you in order, if you would like.  
20 You have them before you.

21 The first one involves Docket PGCB OHA  
22 Docket No. 1051-0406P8. It is a petition of Bally  
23 Gaming, Inc., to withdraw the key employee qualifier  
24 application of Steven M. Des Champs. You have the  
25 proposed order before you on that matter.

1           I'll run through all nine of them and  
2 address the content of the order, the form content of  
3 the order immediately before your consideration of  
4 the motion.

5           COMMISSIONER COY: Mr. Chairman, could we  
6 possibly move the reading of each one to waive the  
7 reading of each one?

8           CHAIRMAN DECKER: That's fine by me.

9           MR. EDMISTON: I'll present the list to the  
10 stenographer for the record. The list of the docket  
11 numbers then only.

12          CHAIRMAN DECKER: Okay. That would be  
13 fine.

14          MR. EDMISTON: PGCB OHA 1051-0406P7, Docket  
15 No. 1030-0406P11, Docket No. 1116-0406P4, Docket No.  
16 1352-0406P10, Docket No. 1078-0486P6, Docket No.  
17 1316-0406P9, Docket No. 1316-0306P3, and Docket No.  
18 1117-0406P5.

19          As to these petitions, Chief Enforcement  
20 Counsel Michael Schwoyer has developed a proposed  
21 order before you and advises that each of the counsel  
22 who filed these petitions for withdrawal has agreed  
23 to the content of the proposed order.

24          Further, the Bureau of Licensing and the  
25 Office of Chief Counsel have reviewed this material



1 and the proposed order and have no objection or  
2 reservation to them.

3 I am obliged to place on the record a brief  
4 statement, only one of these petitions for  
5 withdrawal. That is the first one in the order  
6 presented to you, the withdrawal with regard to key  
7 employee qualifier of Steven M. Des Champs.

8 The counsel for Bally Gaming, Inc. has  
9 requested that the Board be informed on this record  
10 as you consider this petition that Steven Des Champs  
11 left the position of Chief Financial Officer and  
12 assumed the position of Senior Vice President of  
13 Business Analyst for Bally Technology, Inc., and that  
14 the PGCB Bureau of Licensing has determined that  
15 Steven Des Champs no longer held the key employee  
16 qualifier position and requests that his application  
17 be withdrawn.

18 Counsel for Bally requests that this be  
19 entered on the record so that to the extent that  
20 Steven Des Champs is questioned about this withdrawal  
21 by other gaming regulators, the record will include a  
22 reference to this fact.

23 Now, shifting to the content of the  
24 proposed order in each of these nine instances, they  
25 would read, identifying the docket number and the

1 particular application proposed for withdrawal.

2 Order of the Board granting withdrawal; AND  
3 NOW, this 19th day of May, 2006, it is hereby ordered  
4 that the above-referenced petition to withdraw with  
5 the identifying information is granted without  
6 prejudice pursuant to 58 PA Code, Section 423.5. By  
7 the Board, Thomas A. Decker, Chairperson.

8 CHAIRMAN DECKER: Michael, can I ask one  
9 question? Are you finished?

10 MR. EDMISTON: Indeed you may, sir. I was  
11 finished.

12 CHAIRMAN DECKER: It was a question. Are  
13 there company applications that have been withdrawn  
14 for manufacturer supplier licenses, not individuals  
15 because we've covered that already? Are there any  
16 company applicants, the so-called applicants that are  
17 withdrawn?

18 MR. EDMISTON: No, sir.

19 CHAIRMAN DECKER: Okay. All right. Are  
20 there any questions of Michael with respect to the  
21 presentation?

22 Commissioner Angeli, did you have a  
23 question?

24 COMMISSIONER ANGELI: No.

25 CHAIRMAN DECKER: Okay. I thought I saw



1 your hand go up.

2 COMMISSIONER DiGIACOMO COLINS: Wasn't  
3 there an application for withdrawal filed by the  
4 Gomes Management Company?

5 CHAIRMAN DECKER: I didn't ask the right  
6 question.

7 MR. EDMISTON: I answered the question  
8 asked, not the one alluded to.

9 CHAIRMAN DECKER: Are there any management  
10 companies --

11 MR. EDMISTON: There is one, in fact.  
12 Commissioner Colins has identified it. It's the  
13 petition of Pocono Manor Investors, LP to withdraw  
14 the management company application of Gomes Gaming  
15 Management, LLC.

16 CHAIRMAN DECKER: That was supposed to be  
17 the contract management company?

18 MR. EDMISTON: That's correct.

19 CHAIRMAN DECKER: Okay. That's important.  
20 Thank you for pointing that out. Thank you,  
21 Commissioner. Okay.

22 COMMISSIONER DiGIACOMO COLINS: Okay.

23 CHAIRMAN DECKER: Do you have a motion?

24 COMMISSIONER DiGIACOMO COLINS: I move that  
25 we approve and grant these orders to grant the

1 petitions to withdraw as they've been stated into the  
2 record by Mr. Edmiston.

3 COMMISSIONER RIVERS: Second.

4 CHAIRMAN DECKER: Any questions or  
5 comments?

6 Hearing none, all of those in favor -- all  
7 of those in favor, please indicate by saying aye.

8 COMMISSIONERS: Aye.

9 CHAIRMAN DECKER: Any opposed?

10 Motion carries.

11 Once again, thank you, Michael.

12 MR. EDMISTON: My pleasure, sir.

13 CHAIRMAN DECKER: We have another  
14 presentation, we're pleased to have today from the  
15 Department of Revenue.

16 Secretary?

17 SECRETARY FAJT: Thank you, Mr. Chairman.

18 Curt Haines, who is our Deputy Secretary  
19 for IT and virtually the only Revenue employee that  
20 Tad hasn't hired for the Gaming Board who has been  
21 involved in gaming, I do know that he is still  
22 trying. I'll get that out on the table before you  
23 do, Tad.

24 Curt is going to give us an update on  
25 GTech, who is the builder of our Central Computer



1 System.

2           We have numerous, numerous meetings with  
3 them, literally hundreds of man hours invested in  
4 this with the Gaming Control Board and other folks  
5 involved in the Central Computer System, give us an  
6 update on where they are with the build out of the  
7 system, their security, their backup systems, and  
8 other related matters.

9           With that, Curt, this could be considered  
10 an interview so do your best.

11           MR. HAINES: The pressure is on. By my  
12 calendar, it's been about seven months since I gave  
13 you the last detailed update on where we are on the  
14 Central Control System. There's been a lot of things  
15 that have happened in between now and the next time  
16 you meet. There's going to be a couple of milestone  
17 events. So Secretary Fajt and I thought it would be  
18 good to come today and give you an update.

19           As far as literally, a one-minute  
20 background in case there's somebody in the room that  
21 is not aware of this. Act 71 requires that the  
22 Department of Revenue acquire and operate a Central  
23 Computer System to monitor and control slots  
24 operations in Pennsylvania.

25           In 2005, we went out with a competitive bid

1 process, received nine application -- nine proposals,  
2 reviewed them, and selected GTech, came to contract  
3 agreements with them and in the middle of November  
4 started working with them in detail to define the  
5 requirements definitions as to exactly what this  
6 system is going to do for Pennsylvania.

7 I think I indicated before it is what in IT  
8 is called a transfer system. This system is in  
9 operation in other gaming jurisdictions but every  
10 gaming jurisdiction is different from the other ones.  
11 So there's a lot of customizing that has to occur.

12 So as Secretary Fajt said, we had an awful  
13 lot of meetings in the November through March time  
14 frame, involving five state agencies and, of course,  
15 GTech. Those agencies were, of course, the  
16 Department of Revenue, Gaming Control Board,  
17 Pennsylvania State Police, State Treasurer's Office,  
18 and the Budget Office Operations Comptroller  
19 Operations.

20 And as an aside, I can assure the Board  
21 that I've been doing this a long time for the  
22 Commonwealth, and it was probably the best  
23 collaborative effort I've ever been involved with.

24 There were literally hundreds of decisions  
25 that had to be made and 80 percent of them they were



1 unanimous the first time we faced them, others  
2 required consensus building and dialogue. We got  
3 through it.

4           Everybody at those meetings was focused on  
5 getting the job done and knew how important it was to  
6 the Commonwealth and the Gaming Board and the  
7 department. So I would like to thank everybody  
8 involved in those efforts.

9           In the past several months, once we had  
10 those requirements defined, GTech developers have  
11 been making those custom changes to this system for  
12 Pennsylvania.

13           Just last week, they began very early  
14 system testing at what will be our disaster recovery  
15 site in Austin, Texas.

16           I was down there to view the site and to  
17 talk to them about the preliminary system testing.  
18 The disaster recovery site is absolutely  
19 state-of-the-art. It is very secure. We were very,  
20 very impressed with it.

21           As far as the disaster site should  
22 something occur to the facility here in Harrisburg,  
23 we will be in very good hands.

24           As Richard Williamson alluded to, the  
25 Harrisburg data center is being built out, as we

1 speak. The scheduled completion date is June 9th,  
2 and that is still on target.

3           After which, the system testing that we  
4 will be very much involved in over the summer will be  
5 occurring out of that Harrisburg data center.  
6 Everything is on schedule for that.

7           In my earlier updates with you folks, I  
8 said that our project team is obsessed with two  
9 objectives. The first one, of course, is to remain  
10 out in front of licensing and operations of slots  
11 operations because the last thing we need is to delay  
12 any operator in becoming functional.

13           So we have been hitting that point home to  
14 everybody on this project team and everyone has  
15 responded extremely well.

16           The second objective was to make decisions  
17 that will allow as many slots manufacturers as  
18 possible to participate in Pennsylvania slot  
19 operations.

20           As an example of that, we selected what is  
21 basically an industry defacto standard for protocol  
22 between the slot machine and the Central Computer.

23           We have told GTech early on that our goal,  
24 based on discussions with the Board, is to have the  
25 Central System completely functional by September

1 1st. We are definitely on target for that date.

2 I receive weekly detailed status reports  
3 from GTech. Everything is, as I said, on target for  
4 that.

5 We definitely will need a month to work  
6 with the first operator. Obviously, we have  
7 communications to establish and we can't do that  
8 until we know who that operator is.

9 On September 1st, if indeed there would be  
10 a licensee officially licensed and wanted to work  
11 with us, we will be able to work with them in August  
12 to afford that September opening of their facility.

13 I emphasize the collaborative effort that  
14 is going on with the five agencies and GTech. Absent  
15 from that collaborative effort has been two key  
16 players to this point, and that has been the  
17 potential operators and the potential manufacturers  
18 of these slot machines.

19 We are to the point where we absolutely  
20 have to bring them to the table, realizing that some  
21 of them may not get licenses but we have to begin  
22 that technical dialogue with those two entities.

23 To that end, this week I sent out  
24 invitations to all of the operator -- potential  
25 operators, as well as the licensed and potentially

1 licensed manufacturers.

2 I worked with Susan Hensel and the Board to  
3 get that list, sent out the invitation. On June 2nd,  
4 here in Harrisburg, we're going to have a very  
5 lengthy technical meeting with, as I emphasized in  
6 the invitations to these folks, with their IT  
7 computer people.

8 It will be an overview of the Central  
9 Control System, what that means to their computer  
10 people at the casino site. We just have to begin  
11 that dialogue and obviously formal questions and  
12 answers.

13 We have to get them to the table.  
14 Otherwise, we will be jeopardizing that September  
15 date.

16 The response has been very quick from them.  
17 They're -- almost all of them have accepted already.  
18 We have been fielding questions in the past several  
19 months. They are chomping at the bit to know the  
20 details of this. So come June 2nd, that very  
21 detailed technical discussion occurs.

22 Obviously, revenue will be at that meeting.  
23 GTech will be at that meeting, as well as Richard  
24 Williamson and some of his staff representing the  
25 Gaming Board.

1                   So those are the two big milestones that  
2 we're in. We officially started system test. In a  
3 couple weeks, we are bringing the potential operators  
4 and manufacturers into this project officially.

5                   CHAIRMAN DECKER: Any questions for either  
6 Secretary Fajt or Curt Haines?

7                   COMMISSIONER DiGIACOMO COLINS: I do have a  
8 question.

9                   CHAIRMAN DECKER: Please.

10                  COMMISSIONER DiGIACOMO COLINS: With  
11 respect to this obviously necessary summit that  
12 you're going to have on June the 2nd, is it?

13                  MR. HAINES: Yes.

14                  COMMISSIONER DiGIACOMO COLINS: You said  
15 you've invited all potential operators?

16                  MR. HAINES: Um-hum.

17                  COMMISSIONER DiGIACOMO COLINS: When you  
18 say all, do you mean just the Category Is?

19                  MR. HAINES: No. We extended the  
20 invitation to all.

21                  COMMISSIONER DiGIACOMO COLINS: All of the  
22 applicants?

23                  MR. HAINES: All of the applicants. We  
24 wanted to make certain until they are formally  
25 licensed that everybody hears the same thing.



1                   We have been very sensitive that one  
2 potential licensee would get anymore information than  
3 the next. We just don't want to do that. So that's  
4 why we've invited all.

5                   CHAIRMAN DECKER: Please.

6                   COMMISSIONER COY: Mr. Chairman, I agree  
7 it's a good move. I guess my concern would be if it  
8 turned out that the Board did not license some of  
9 these folks for whatever reason, do you anticipate  
10 that there would be proprietary information or  
11 anything they could glean from these meetings?

12                  MR. HAINES: Yeah. We've already been  
13 through this process with some of the potential  
14 operators.

15                  The venue configuration guys, as we call  
16 them, which is a whole lot of detail as to what has  
17 to happen in the casino, several of the potential  
18 operators have asked for that. That is very  
19 definitely proprietary information to GTech.

20                  They have signed nondisclosure forms, which  
21 is fairly standard in this business and we have those  
22 on file.

23                  So as we expand this and anybody wants that  
24 very detailed venue configuration, we would ask that  
25 they sign that nondisclosure form as it is

1 proprietary information.

2           There's nothing from a security standpoint,  
3 but it's just business -- proprietary information to  
4 GTech.

5           Like I said, I think we've got three or  
6 four have already given us those forms. Anybody else  
7 who wants it -- and I would imagine they're all going  
8 to want it. We will just need that form signed and  
9 we will hand them out at the meeting.

10           CHAIRMAN DECKER: Okay. Any other  
11 questions for Curt?

12           Curt and Secretary Fajt, I think you sort  
13 of alluded to it about some of the meetings, one of  
14 which I attended on some regs.

15           It's an example of a true partnering  
16 relationship that I'm very proud of and that the  
17 people on our Board would have been involved in  
18 industry and other settings.

19           I think it's almost everybody has been a  
20 director of something. I'm very proud of it. It  
21 could have -- a couple of areas could have been  
22 testy, you know, and could have hurt the  
23 relationship.

24           I really feel great about that, and I know  
25 I speak for the rest of the Board when I say we're



1 proud of that relationship.

2 MR. HAINES: You know, there were a number  
3 of Gaming Board folks who assisted, but I really  
4 would be remiss if I didn't single out Richard  
5 Williamson because so many times we were very  
6 detailed technical decisions and we didn't have a  
7 whole lot of experience for that. He took time to  
8 explain it to us and worked us through it. So I  
9 really appreciate the efforts in this.

10 CHAIRMAN DECKER: Great. It's really good  
11 to hear that we have moved beyond all of that and  
12 we're getting things done as a unit and I think it's  
13 important for the Board and it's going to continue.  
14 I have no doubt.

15 TREASURER CASEY: Mr. Chairman, Bob Casey.  
16 I just have a quick question.

17 CHAIRMAN DECKER: Please.

18 TREASURER CASEY: I guess for the Secretary  
19 or the Deputy Secretary, one brief question. I think  
20 you may have reviewed this but I want to make sure I  
21 heard it right.

22 With regard to training, do you foresee any  
23 problems with training in the time period within  
24 which the lights go on and this system has to be up  
25 and moving? Is there any challenge with regard to

1 training?

2 MR. HAINES: We have worked with GTech to  
3 identify training needs by basically the stakeholder  
4 and exactly what they're going to be doing. We have  
5 training plan in place.

6 Now, the problem is at this point, for  
7 instance, we know that certain people would need a  
8 week's training on say the invoicing function of  
9 this, but we don't know when that week should occur.

10 We don't want to train too early in case  
11 licensing is delayed. We want to train these folks  
12 as close to live operations as possible so they don't  
13 forget.

14 But there are probably seven or eight  
15 different very unique training courses that GTech is  
16 going to conduct with Revenue and the Gaming Board  
17 and the State Police and all of the stakeholders  
18 geared specifically to their role in this project.

19 TREASURER CASEY: That's great. Thank you.

20 CHAIRMAN DECKER: Are there any other  
21 questions?

22 Curt, thank you very much.

23 Secretary, thank you very much.

24 Curt, the offer is in the mail, again.

25 A couple other points just for today before

1 we adjourn. I want to thank the staff of the Board  
2 for really -- for their work ethic.

3 I mean, we have asked them to do a lot in a  
4 short period of time to help the citizens of  
5 Pennsylvania in many respects. They have really  
6 responded terrifically.

7 I'm very proud of them. I'm pleased at the  
8 collective effort that we had, first, ourselves and  
9 then with the staff to hire other people.

10 We are extremely pleased with the people we  
11 have gotten. If anybody is ever over there, you can  
12 see this is not a 9:00 to 5:00 operation. I'm very  
13 proud. I know I speak for the rest of the Board on  
14 that.

15 Secretary?

16 SECRETARY FAJT: Mr. Chairman, I just want  
17 to offer some anecdotal evidence. I'm often in the  
18 office late. Invariably, when I walk out, I will see  
19 employees of the Gaming Board walking out of the  
20 office at 7:00 and 8:00. I think the public does  
21 need to know that.

22 CHAIRMAN DECKER: It's been a terrific  
23 effort. They know what is in front of them to do  
24 this by the end of the year. They are really rising  
25 to the challenge. We are very, very appreciative of

1 that.

2           The last thing, I'm probably going to  
3 mention this at every meeting because I get sick of  
4 hearing things in the press to the contrary.

5           We have a very definite set of things we  
6 are to consider in order to license people. It's  
7 background suitability, financial suitability,  
8 operating capability, diversity plan, problem gaming  
9 plan -- I'm missing some things; but these are the  
10 things we're going to focus on when we make our  
11 decision.

12           I don't know how many times have to say it.  
13 If anyone is saying something to the contrary, they  
14 really don't know what the hell they're talking  
15 about.

16           I will keep repeating that. We are moving  
17 forward on that basis. I know, again, I speak for  
18 all of the Commissioners when I talk about that.

19           Thank you very much.

20           Any other questions for the agenda today?

21           Anything that else that any of the  
22 Commissioners want to bring up or the staff want to  
23 bring up?

24           Hearing none, we'll entertain a motion for  
25 adjournment.

1 COMMISSIONER RIVERS: So moved.

2 CHAIRMAN DECKER: Thank you very much.

3 (The meeting concluded at 11:54 a.m.)

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1                   I hereby certify that the proceedings and  
2 evidence are contained fully and accurately in the  
3 notes taken by me on the within proceedings and that  
4 this is a correct transcript of the same.

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Hillary M. Hazlett, Reporter  
Notary Public

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