

PENNSYLVANIA GAMING CONTROL BOARD

NORTH OFFICE BUILDING
HEARING ROOM 1
HARRISBURG, PENNSYLVANIA

JULY 20, 2006, 10:11 A.M.

BEFORE:

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

HILLARY M. HAZLETT, REPORTER
NOTARY PUBLIC

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1 CHAIRMAN DECKER: Good morning. I'm Tad
2 Decker, Chairman of the Pennsylvania Gaming Control
3 Board. I would like to welcome the Board and all of
4 you to this public meeting today. A quorum of the
5 Board is present and the meeting is, therefore,
6 called to order.

7 As always, let me ask everyone, including
8 myself, to turn off the cell phone devices,
9 blackberries, etc., because, as you know, they
10 interfere with our sound system.

11 Please join us in the Pledge of Allegiance.
12 (Pledge of Allegiance.)

13 CHAIRMAN DECKER: By way of a housekeeping
14 item, the Board held, as we usually do, an executive
15 session to discuss personnel matters. No business
16 was conducted at this meeting.

17 Moving on, we have a transcript of the June
18 28th Board meeting. May I have a motion to approve
19 the minutes and the transcript?

20 COMMISSIONER McCABE: So moved.

21 COMMISSIONER COY: Second.

22 CHAIRMAN DECKER: Any questions or comments
23 or corrections?

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

1 COMMISSIONERS: Aye.

2 CHAIRMAN DECKER: Any opposed?

3 Motion carries.

4 Our next item is approval of the minutes
5 from the June 28th, 2006 meeting, the minutes --
6 excuse me, the minutes of the meeting of the January
7 25th, February 8th, March 3rd, March 15th, April
8 12th, May 5th, May 18th, June 2nd, June 16th, 2005
9 meetings and finally, the meetings of December 14th
10 and 15th of 2004.

11 As you will recall, Paul Resch, the Board
12 Secretary, has had a project of getting the minutes
13 updated from the transcripts.

14 COMMISSIONER MARSHALL: Mr. Chairman, I
15 move approval.

16 CHAIRMAN DECKER: Thank you.

17 Second?

18 COMMISSIONER RIVERS: Second.

19 CHAIRMAN DECKER: Thank you.

20 Any discussion?

21 All those of in favor, please indicate by
22 saying aye.

23 COMMISSIONERS: Aye.

24 CHAIRMAN DECKER: Any opposed?

25 Motion carries. Thank you.

1 New business. We'll start with a report
2 from our Executive Director Anne Neeb.

3 Anne.

4 MS. LaCOUR NEEB: Good morning, Chairman
5 Decker, members of the Board. I would like to
6 provide you all with an update on several items I
7 thought that would be of interest to you and to the
8 general public. Then I do have one agenda item that
9 in which I will be requesting some action.

10 The first is the upcoming suitability and
11 licensing hearings, which are going to get underway
12 next month with our conditional Category I hearings
13 and continue throughout the fall for the Category IIs
14 and IIIs.

15 These hearings are an important part of the
16 licensing process, as you know, and will provide you
17 with an opportunity to ask questions and get as much
18 information as possible pertaining to the applicants'
19 financial suitability, character, operational
20 capacity, problem gambling, and diversity plans.

21 In preparation for the conditional Category
22 I hearings, we've had initial prehearing conferences
23 with the counsel for these particular applications.
24 These took place on June 19th and the second one on
25 July the 7th.

1 The Bureau of Hearings and Appeals with
2 licensing, chief enforcement counsel, corporate
3 compliance staff, and other members of our staff have
4 been meeting with the different applicants' counsel
5 to define and resolve issues in preparation for those
6 hearings.

7 With regard to the licensing hearing
8 schedule, we will be holding conditional category
9 hearings, Conditional Is in August and the Category
10 IIIs in October. We will have a full schedule for
11 the hearings posted on the website soon.

12 Based on the Board's action at your last
13 meeting to license and consider suppliers along with
14 the hard work of the staff, we will be on track to
15 award the Conditional Category I licenses at our
16 Board meeting on September 27th.

17 At the conclusion of the licensing hearing
18 process, the Board will then be in a position to
19 award Category I, II, and III licenses, which would
20 be more of the permanent type licenses in December.

21 Another note we want to make certain that
22 everyone knows about is we are in the process of
23 getting the applications for the Conditional Category
24 Is, the documents available for public inspection.

25 Later in this month, we expect that all of

1 the Conditional Category I applications will be
2 available for public access and review. So those
3 portions of the applications which can be, you know,
4 released for public inspection will be released at
5 that time.

6 CHAIRMAN DECKER: Anne, can I ask you a
7 question about that? What portions of those
8 applications -- I mean, we already released the
9 impact studies, correct?

10 MS. LaCOUR NEEB: Yes.

11 CHAIRMAN DECKER: What else is in there,
12 other than the financial information and certain
13 other confidential information which we're not
14 permitted to disclose by statute, that is of any
15 particular use?

16 MS. LaCOUR NEEB: Well --

17 CHAIRMAN DECKER: I shouldn't say it that
18 way. You know what I mean. Particular interest to
19 the public at large versus the impact statements.

20 MS. LaCOUR NEEB: Well, the public input
21 statement dealt a great deal with how it's going to
22 impact a particular community.

23 What is in an application that was not part
24 of the public impact or is more than the public
25 impact includes information on the site facility

1 itself, as to how it's going to be designed, perhaps
2 themes, who all of the individuals are that are
3 involved in the projects, information that may be the
4 opening dates, what types of ancillary facilities
5 will be attached to the casino, themes, potential
6 hiring plans as to how many people they intend to
7 hire, the types of positions they would hire, you
8 know, categorization on job descriptions, which would
9 be helpful, and just about anything else that
10 pertains to the operation of business that does not
11 contain personal suitability information, character
12 suitability, or financial information that is
13 proprietary, which is excluded under the statute.

14 There is certain information we're not able
15 to provide to the public. Everything else is deemed
16 public. We're trying to consolidate that to make it
17 make sense so if someone wants to review an
18 application, they can do that. We're really moving
19 along in that regard. We're pleased with that
20 progress.

21 A final note on Category Is, we are right
22 now -- let's see. There's a lot going on as far as
23 the racetrack as an industry. Today, our Director of
24 Racetrack Gaming is going to be speaking at a
25 luncheon for a group, the Horsemen's Coalition.

1 This is really an opportunity for our Board
2 through our director, Melinda Tucker, to share the
3 status of the work with approximately 150
4 professionals that are working for the horsemans
5 organization. This is a very interesting group to
6 help promote gaming and, of course, racetrack
7 activities.

8 I also want to report a number of
9 activities that are going on in the Bureau of Gaming
10 Labs.

11 Lab personnel -- our lab personnel is
12 working closely with GTECH on several issues,
13 including the development and method for systems of
14 delivery and installation of the approved programs
15 that are going to be tied into the Central Computer
16 System.

17 Two slot machines have been installed at
18 the Department of Revenue to be used in conjunction
19 with training for GTECH, State Police, and Gaming
20 Control Board personnel.

21 To date, the gaming lab has received
22 submissions for 150 different slot machine games from
23 two manufacturers.

24 The first slot monitoring test system will
25 be installed before July 31st. GTECH will have the

1 site control installed. This should be operational
2 at the Board's lab by August the 1st.

3 We're working on a syllabus to educate
4 Board members, Department of Revenue, State Police on
5 the final points of casino operations, which include
6 the operations, installation, and monitoring of the
7 slot machines.

8 This includes things such as issuance and
9 redemption of vouchers, reconciliation for cage
10 operations, voucher redemption, kiosks, and proper
11 procedures to secure electronic media, which has to
12 be permanently stored in the event we need it to be
13 used as evidence.

14 The lab is also working with Revenue and
15 GTECH to resolve other issues pertaining to the
16 construction of secure areas for the installation of
17 the Central Control System, access and security
18 procedures, details regarding the wiring issues for
19 the slot banks, and installation of the equipment.

20 This concludes my overall report of the
21 activities. I do have one action I would ask the
22 Board to move on. Does anyone have any questions
23 about the gaming lab or any of the other issues?

24 CHAIRMAN DECKER: Let me just ask you one
25 question, Anne, about the status of the Category I

1 background investigations, etc. Where do we stand on
2 that? How far along are we on that?

3 MS. LaCOUR NEEB: Well, the Category I
4 investigations, they're moving along. They're not
5 finished. We probably anticipate that we'll be in a
6 position to present those for hearing pretty much on
7 schedule in August or September.

8 CHAIRMAN DECKER: But we're starting to get
9 preliminary -- the finished product from our Bureau
10 of Investigations and Enforcement?

11 MS. LaCOUR NEEB: Yes. We're starting to
12 get the actual, completed suitability reports for
13 review.

14 CHAIRMAN DECKER: So we're moving along
15 pretty well on that?

16 MS. LaCOUR NEEB: Very well.

17 CHAIRMAN DECKER: The date is the middle of
18 July, correct?

19 MS. LaCOUR NEEB: Yes. We're doing really
20 good with the Category Is. We don't really
21 anticipate any major issues. One of the things that
22 have been extremely --

23 CHAIRMAN DECKER: But we're not going to be
24 in a position to license until the end of September,
25 correct, because of the 90-day provision?

1 MS. LaCOUR NEEB: Correct. That's our
2 statute.

3 CHAIRMAN DECKER: Okay. Thank you.

4 MS. LaCOUR NEEB: Okay. The other issue I
5 have is I'm going to request that the Board consider
6 approving a motion to enter into an agreement with
7 the Office of Budget, the Department of Revenue, and
8 Pennsylvania State Police to accept and receive loans
9 of available funds from the Department of Revenue.
10 Pennsylvania State Police originally allocated for
11 the implementation of the Pennsylvania Racehorse
12 Development and Gaming Act to meet the operating
13 expenses of the Board under the duties imposed by Act
14 71. I would ask that you all entertain a motion.

15 COMMISSIONER DiGIACOMO COLINS: So moved.

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

18 COMMISSIONER RIVERS: Second.

19 CHAIRMAN DECKER: Thank you.

20 Are there any questions of Anne about that?

21 COMMISSIONER McCABE: What is the
22 significance if we don't do this?

23 MS. LaCOUR NEEB: Well, the significance is
24 we -- we will have no funding and have to cease
25 operations probably by the end of July.

1 documentation for you to execute on behalf of the
2 Board.

3 CHAIRMAN DECKER: Anything else?

4 MS. LaCOUR NEEB: I don't have anything
5 else unless you have any questions.

6 CHAIRMAN DECKER: Any further questions for
7 Anne?

8 MS. LaCOUR NEEB: On any issue?

9 CHAIRMAN DECKER: Thank you, Anne.

10 Okay. Next, we'll hear from Michael
11 Edmiston, Director of Hearings and Appeals, and
12 Mickey Kane, Clerk to the Board, who will present
13 withdrawal petitions, which are a petition to
14 consolidate two supplier applications into one and
15 certain pro hac vice petitions.

16 Michael and Mickey?

17 MR. EDMISTON: Good morning, Mr. Chairman
18 and members of the Board. We have before you eight
19 petitions for withdrawal, seven of which are
20 withdrawal of applications for key employee
21 qualifiers. The eighth is an application for --
22 rather as a withdraw for a key employee qualifier
23 waiver.

24 The withdrawals would involve Paul
25 Cellucci, Geoff W. Harrison, Michael Gavin Issacs,

1 Vivian Bernard Matthews, Francis X. McCarthy, Kenneth
2 Charles McCrory, Doug R. Tatters, and the withdrawal
3 as to the key employee qualifier waiver as it relates
4 to Robert Steve Fiore.

5 All of them have been reviewed by the
6 Office of Chief Enforcement Counsel who has no
7 objections. The withdrawals would be without
8 prejudice. All of the withdrawals are agreed to by
9 counsel representing the applicants. There are no
10 issues relative to investigation expenses.

11 CHAIRMAN DECKER: No -- are there any
12 questions with respect to the underlying background
13 investigation of these individuals?

14 MR. EDMISTON: Not as to these individuals,
15 to my knowledge.

16 CHAIRMAN DECKER: They're just withdrawn to
17 some unrelated issue?

18 MR. EDMISTON: The nature of the underlying
19 rationales for the most part are change of jobs, no
20 longer holding stock, resignations, and the like.

21 CHAIRMAN DECKER: Thank you. May I have a
22 motion?

23 COMMISSIONER MARSHALL: So moved.

24 COMMISSIONER COY: Mr. Chairman --

25 CHAIRMAN DECKER: I'm sorry. May I have a

1 motion to approve the -- that's right. Michael,
2 you're looking for a motion on these withdrawals,
3 correct?

4 MR. EDMISTON: Indeed, sir.

5 CHAIRMAN DECKER: Okay. May I have a
6 motion approving these withdrawals?

7 COMMISSIONER COY: So moved.

8 CHAIRMAN DECKER: And I think Chip did
9 that. Second?

10 COMMISSIONER MARSHALL: Yeah. Second.

11 CHAIRMAN DECKER: Thank you.

12 Any comments or questions?

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

15 COMMISSIONERS: Aye.

16 CHAIRMAN DECKER: Any opposed?

17 Motion carries. Thank you.

18 MR. EDMISTON: Mr. Chairman, just by way of
19 clarification, as I understand, the next item on your
20 agenda is a motion to approve a Board order as to
21 consolidation of a supplier license as to Modern
22 Gaming Pennsylvania and Lucky Sevens Distributing,
23 LLC?

24 CHAIRMAN DECKER: Yes.

25 MR. EDMISTON: The agenda doesn't show a

1 notation as to staff presentation on that matter but
2 merely Board Member Colins' anticipated motion. Do
3 you expect to hear from me on that point?

4 CHAIRMAN DECKER: Are there any issues with
5 it? Is the staff recommending that we do this,
6 correct?

7 MR. EDMISTON: That is, in fact, correct.
8 The only reason I did want to mention it is because
9 there's also an involved shift as to a key employee
10 qualifier. That would be that of Michael Tessmer.
11 That is addressed in the order that you will have
12 before you perforce of Board Member Colins' motion,
13 should she offer it.

14 COMMISSIONER DIGIACOMO COLINS: I'll make a
15 motion.

16 COMMISSIONER RIVERS: Second.

17 CHAIRMAN DECKER: Any questions for Michael
18 or Mickey on this subject?

19 It's a simple consolidation, correct?

20 MR. EDMISTON: That's correct, sir.

21 CHAIRMAN DECKER: All in favor, please
22 indicate by saying aye.

23 COMMISSIONERS: Aye.

24 CHAIRMAN DECKER: Are there any opposed?

25 Motion carries. Thank you.

1 COMMISSIONER McCABE: Just to note, these
2 were two that we already approved.

3 CHAIRMAN DECKER: Yes. These are two --
4 it's a good point.

5 MR. EDMISTON: Yes. And the effect of the
6 order would be to vacate the supplier application --

7 CHAIRMAN DECKER: We're talking about
8 Modern Gaming -- is that who we're talking about?

9 MR. EDMISTON: We're talking about Modern
10 Gaming and Lucky Sevens Distributing.

11 CHAIRMAN DECKER: I don't think we
12 identified that appropriately. Modern Gaming and
13 Lucky Sevens Distributing, correct?

14 MR. EDMISTON: That's correct.

15 CHAIRMAN DECKER: Okay. That's the motion
16 that was passed just for clarification purposes.

17 COMMISSIONER DiGIACOMO COLINS: So these
18 are two existing supplier licenses, which we
19 previously issued, that we have now voted to
20 consolidate into one license, one license under what
21 name?

22 MR. EDMISTON: Modern Gaming Pennsylvania,
23 LLC.

24 COMMISSIONER DiGIACOMO COLINS: Thank you.

25 CHAIRMAN DECKER: Okay. Next?

1 MS. KANE: Mr. Chairman, and members of the
2 Board, you have before you for disposition today a
3 motion requesting an attorney, Michael Ciaccio, who
4 is licensed in New York and Connecticut, be granted
5 permission to appear before the Pennsylvania Gaming
6 Control Board for the purpose of representing a
7 specific individual or entity that has business
8 before the Board.

9 The status of this attorney was reviewed by
10 the Office of Chief Counsel, which has expressed no
11 objection.

12 CHAIRMAN DECKER: Okay. Are there any --
13 go ahead.

14 COMMISSIONER ANGELI: Mr. Chairman, I move
15 that the Board approve the order granting the motion
16 for admission pro hac vice of Michael Ciaccio.

17 COMMISSIONER COY: Second.

18 CHAIRMAN DECKER: Are there any questions?

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

21 COMMISSIONERS: Aye.

22 CHAIRMAN DECKER: Any opposed?

23 Motion carries. Thank you.

24 Thank you, Michael. Thank you, Mickey.

25 Thank you very much.

1 MR. EDMISTON: You're quite welcome.

2 CHAIRMAN DECKER: Regulations, I believe
3 Frank Donaghue, our Chief Counsel, is going to lead
4 this off.

5 MR. DONAGHUE: Good morning, Mr. Chairman
6 and members of the Board.

7 CHAIRMAN DECKER: Good morning, Richard.

8 MR. SANDUSKY: Good morning.

9 MR. DONAGHUE: Richard Sandusky is joining
10 me this morning for which I will promise, unlike
11 other meetings, will be a very brief presentation on
12 regulations.

13 We just have one amendment to a statement
14 of policy that was previously adopted by the Board,
15 and Richard can expound on that.

16 MR. SANDUSKY: Yeah. The particular
17 provision that is being amended is in the technical
18 standard related to slot machine minimum design
19 standards.

20 Specifically, we're correcting what was
21 really a typographical error in one of the provisions
22 where currently there appears the number of 10,000.
23 The original intent was to put 10 million.

24 Just to sort of put this into context, this
25 is a volatility standard. In plain English,

1 non-statistical language, what that means is that
2 within 10 million plays on that particular machine,
3 we would expect that it would achieve, with a 95
4 percent confidence interval, the payout that is
5 required.

6 These are things that the statisticians
7 spent a great deal of time going through, but for
8 those of us who haven't done prob stat for a few
9 decades, we just kind of nod our heads.

10 COMMISSIONER McCABE: Richard, I don't know
11 if you're qualified to answer this. How does that
12 compare to the industry? Do they payout every 10
13 million, they have to meet this? Is that a standard?

14 MR. SANDUSKY: What this means, it's an
15 expected performance standard of the machine. Any
16 given slot machine may payout on any given day but
17 over 10 million plays, we expect that 85 percent of
18 what would have been deposited in that machine would
19 have been returned to the players.

20 COMMISSIONER McCABE: How is that
21 comparative to New Jersey?

22 MR. SANDUSKY: It's my understanding that
23 this is a national standard that is used by most
24 jurisdictions, if not all.

25 MR. DONAGHUE: It's an industry standard.

1 CHAIRMAN DECKER: By the regulatory
2 standards, statutory standards?

3 MR. SANDUSKY: Yes. Most reporting
4 agencies.

5 CHAIRMAN DECKER: I think the payout is a
6 little higher than that, correct?

7 MR. SANDUSKY: It may be.

8 CHAIRMAN DECKER: Yeah, it is, on average,
9 I think.

10 COMMISSIONER ANGELI: Is that considered to
11 be the life cycle of a slot machine?

12 MR. SANDUSKY: It's not the life cycle of
13 the slot machine. It's the time frame within, you
14 know, you would expect it to achieve that performance
15 standard of, say, the 85 percent payout.

16 COMMISSIONER ANGELI: Thank you.

17 CHAIRMAN DECKER: May I have a motion to
18 amend the statement of policy?

19 COMMISSIONER RIVERS: Yes. Mr. Chairman,
20 based on the recommendation of the Chief Counsel, I
21 move that we approve the change in the statement of
22 policy as presented.

23 COMMISSIONER MARSHALL: Second.

24 CHAIRMAN DECKER: Thank you.

25 Any questions or comments?

1 All of those in favor, please indicate by
2 saying aye.

3 COMMISSIONERS: Aye.

4 CHAIRMAN DECKER: Any opposed?

5 Motion carries.

6 Thank you very much.

7 COMMISSIONER RIVERS: Mr. Chairman, before
8 they leave, one of the things I would like to add is
9 that as we start asking questions about these
10 percentages, I think it would be invaluable to all
11 parties involved if one day we could have Richard
12 Williamson come up and talk about this probability
13 and the number generator and how these things work in
14 determining the payout so people will leave with some
15 better understanding.

16 CHAIRMAN DECKER: That's a good point
17 because these percentages are over millions of
18 transactions.

19 COMMISSIONER RIVERS: Exactly.

20 CHAIRMAN DECKER: I think that would be a
21 great idea.

22 MR. DONAGHUE: We'll set that up. Thank
23 you.

24 CHAIRMAN DECKER: Our next topic is
25 licensing supplier -- licensing and supplier

1 licenses.

2 MS. HENSEL: Thank you, Chairman Decker and
3 good morning, members of the Board.

4 Mike Schwoyer, Chief Enforcement Officer,
5 and LaMonte Williams, Chief Diversity Officer, and I
6 are before the Board this morning to present to you
7 several applications for licensing consideration.

8 Before I get to that though, I would like
9 to briefly highlight some of the current activities
10 in the Bureau of Licensing for you.

11 First and foremost, we are focusing our
12 energies on the preparation of suitability reports
13 for the Board for the Category I applicants.

14 We're doing this in anticipation of the
15 licensing suitability hearings. We are diligently
16 working on those reports. We are well underway on
17 their preparation.

18 Second, we are in the process of
19 establishing our gaming employee unit within the
20 Bureau of Licensing. To that end, we had
21 representatives from the Category I operators in to
22 view our on-line gaming employee application system,
23 SlotsLink, a short time ago. We received some very
24 constructive feedback from them. There was clearly a
25 level of excitement about the direction that we're

1 heading with an on-line application process.

2 The third area of current focus is on
3 vendors. We're continuing to receive vendor
4 applications from the six Category I applicants. We
5 currently have about 80 vendor applications before us
6 and are processing those vendor applications.

7 We also continue to work with the operator
8 applicants on additional vendor applications, which
9 are coming in every day.

10 If you have any questions about my update,
11 I will be happy to take those. Otherwise, I'll be
12 happy to move on to suppliers.

13 Prior to today's meeting, each of you was
14 provided with background investigation and executive
15 summary suitability reports for each of the
16 applicants.

17 As usual, these applications went through
18 the following procedure: The application was
19 received, docketed, and reviewed by the Bureau of
20 Licensing for completeness.

21 Outstanding items regarding the application
22 were obtained from the applicant. The application
23 was handed off to the Bureau of Investigation and
24 Enforcement and the Bureau of Corporate Compliance
25 and Internal Controls, one for background

1 investigation, the other for financial fitness
2 review.

3 The Bureaus were then provided the results
4 of their work to the Bureau of Licensing. In
5 addition, the Chief Diversity Officer conducted a
6 review of each applicant's diversity plan and
7 provided the results of that review to the Bureau of
8 Licensing.

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

14 Before I go on, LaMonte Williams will
15 briefly explain the process that he puts the
16 diversity plans through.

17 MR. WILLIAMS: Good morning, Mr. Chairman.
18 Good morning, members of the Board. Each of the
19 applicants before you today has submitted either a
20 diversity plan or a statement of intent to comply
21 with the diversity requirements of Act 71.

22 I have reviewed the documentation submitted
23 by each of these applicants regarding diversity.
24 I've also reviewed their employment practices as well
25 as their vendor relations policies and practices.

1 We also looked at their standard. We also
2 reviewed their practices in comparison to standard
3 industry practices to see how they measure up.

4 Each one of the applicants before you today
5 has demonstrated a good faith effort to assure that
6 all persons are accorded equality of opportunity in
7 contracting, as well as employment. Thank you.

8 MS. HENSEL: Thank you, LaMonte.

9 Should the Board approve licensure of any
10 of the applicants before you today, they would be
11 subject to a series of conditions and, where
12 appropriate, special conditions in addition to the
13 standard conditions.

14 We have provided copies of the standard
15 conditions to you and have explained those at prior
16 meetings.

17 Mike Schwoyer will be talking with you
18 about the conditions for those applications before
19 you today a little bit later in this presentation.

20 With respect to the applicants, we will
21 present to you today, the Bureau of Licensing and
22 Bureau of Investigation and Enforcement have not
23 identified any issues that would preclude licensure.

24 The applicants before the Board this
25 morning are CGR Gaming Associates, LP, KGM Gaming,

1 LLC, Liberty Gaming Distributors, LP, and New
2 Century, LLC.

3 As usual, I will read the proposed order
4 for these applicants. That order would read as
5 follows:

6 And now, this 20th day of July, 2006, the
7 Pennsylvania Gaming Control Board based on its review
8 of the application and the report of the Bureau of
9 Licensing and the Bureau of Investigations and
10 Enforcement finds that the applicant satisfies the
11 requirements of 4 Pa.C.S. Section 1317 as follows:

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

15 That the applicant intends to sell, lease,
16 offer, or otherwise provide, distribute, or service
17 slot machines and/or associated equipment for use or
18 play in the Commonwealth as set forth in 4 Pa.C.S.
19 Section 1103.

20 That the following key employee qualifiers
21 submitted applications for licensure in conjunction
22 with the applicant's application pursuant to 4
23 Pa.C.S. Section 1317(b). Here we would insert the
24 names of the applicant's key employee qualifiers.

25 That the applicant's application and the

1 applications of its qualifiers satisfy the statutory
2 requirements for license eligibility.

3 That pursuant to 4 Pa.C.S. Section 1202(a),
4 the Board has jurisdiction over every aspect of the
5 authorization and operation of slot machines in this
6 Commonwealth.

7 That pursuant to 4 Pa.C.S. Section
8 1202(b)(5), the Board has authority to issue,
9 approve, renew, revoke, suspend, condition, or deny
10 issuance or renewal of supplier licenses.

11 And that pursuant to 4 Pa.C.S. Section
12 1306, the Board shall consider, approve, condition,
13 or deny the approval of all filed applications for
14 manufacturer and supplier licenses.

15 It is ordered that the Board approves the
16 licenses for the applicant and its qualifiers subject
17 to the satisfaction of the following conditions:

18 That the applicant pay the \$25,000 license
19 fee and any other outstanding fees as determined by
20 the Board pursuant as 4 Pa.C.S. Section 1208.

21 And that the applicant agrees to the
22 statement of conditions attached hereto as evidenced
23 by the signing of said agreement by the applicant's
24 executive officer or designee within ten business
25 days of the Board's approval of the licenses.

1 It is further ordered that the licenses for
2 the applicant and its qualifiers shall not be issued
3 by the Board -- or shall be issued by the Board upon
4 payment of the aforesaid fees and upon receipt of the
5 signed conditions, and that the licenses shall be
6 subject to the annual renewal provisions of the Act.
7 I will provide copies of the proposed orders with
8 respect to each applicant to the stenographer
9 following this meeting.

10 Mike Schwoyer will now offer his comments
11 on the applicants before you and the conditions that
12 would apply to them.

13 MR. SCHWOYER: Mr. Chairman and members of
14 the Board, the Office of Enforcement Counsel has
15 received and reviewed the foundational assessments
16 provided to the Bureau of Investigations and
17 Enforcement by the Pennsylvania State Police,
18 supplemental reports submitted by the State Police,
19 and the suitability report prepared by the Office of
20 Chief Counsel attorneys for CGR Gaming Associates,
21 LP, KGM Gaming, LLC, Liberty Gaming Distributes, LP,
22 and New Century Entertainment, LLC.

23 As is always the case, the suitability
24 investigations of these applicants will be ongoing.
25 The Office of Enforcement Counsel at this time makes

1 no objection to the issuance of a supplier license to
2 these applicants.

3 Should the Board approve the issuance of a
4 license to these applicants, the Office of
5 Enforcement Counsel recommends that each license be
6 subject to a standard statement of conditions similar
7 to those which accompany prior supplier licenses
8 issued by the Board.

9 In addition, the Office of Enforcement
10 Counsel is recommending that the statement of
11 conditions for CGR Gaming Associates, LP and Liberty
12 Gaming Distributors, LP each contain special
13 conditions.

14 The conditions and special conditions I
15 referred to are recommended to assist the Board in
16 ensuring strict compliance with Act 71 and the
17 Board's regulations. Thank you.

18 MS. HENSEL: Thank you, Mike.

19 Mr. Chairman, we ask that the Board vote on
20 each of these applicants individually.

21 CHAIRMAN DECKER: Michael, on those general
22 conditions, they cover -- how would you describe the
23 general conditions and distinguish those from special
24 conditions?

25 MR. SCHWOYER: General conditions are

1 intended to ensure -- they're broadly written to
2 cover the provisions in the Act and the regs. They
3 apply to all suppliers.

4 They deal with reporting requirements,
5 submission of information to the Board in a timely
6 fashion so that we can assure compliance with the Act
7 and the Board's regulations.

8 This is opposed to special conditions,
9 which are uniquely tailored to particular applicants
10 to address issues and specific facts related to that
11 particular applicant.

12 CHAIRMAN DECKER: Thank you. Okay.

13 Do you want to do this individually?

14 MS. HENSEL: Yes, if we could.

15 CHAIRMAN DECKER: May I have a motion
16 dealing with CGR Gaming Associates, LP, please?

17 COMMISSIONER McCABE: Mr. Chairman, I move
18 to approve the supplier license for CGR Gaming
19 Associates, LP with the specific supplier special
20 conditions for CGR Gaming Associates, LP.

21 COMMISSIONER RIVERS: Second.

22 CHAIRMAN DECKER: Any questions or
23 comments?

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

1 COMMISSIONERS: Aye.

2 CHAIRMAN DECKER: Any opposed?

3 Motion carries.

4 COMMISSIONER MARSHALL: Mr. Chairman?

5 CHAIRMAN DECKER: Please.

6 COMMISSIONER MARSHALL: I move that we
7 adopt a Board order approving the supplier's license
8 for KGM Gaming, LLC.

9 CHAIRMAN DECKER: Is there a second?

10 COMMISSIONER McCABE: Second.

11 CHAIRMAN DECKER: Any discussion or
12 comments?

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

15 COMMISSIONERS: Aye.

16 CHAIRMAN DECKER: Any opposed?

17 Motion carries.

18 Third, may I have a motion concerning
19 Liberty Gaming Distributors?

20 COMMISSIONER COY: Mr. Chairman, so moved
21 with the addition of the special conditions outlined
22 by the Enforcement Counsel.

23 CHAIRMAN DECKER: Thank you.

24 COMMISSIONER McCABE: Second.

25 CHAIRMAN DECKER: Any questions or

1 comments?

2 All of those in favor, please indicate by
3 saying aye.

4 COMMISSIONERS: Aye.

5 CHAIRMAN DECKER: May I have a motion
6 concerning New Century Entertainment?

7 COMMISSIONER DiGIACOMO COLINS: I move that
8 the board adopt -- issue an order adopting or
9 approving a supplier's license for New Century
10 Entertainment.

11 COMMISSIONER RIVERS: Second.

12 CHAIRMAN DECKER: Any questions or comments
13 about that -- this applicant?

14 All of those in favor, please indicate by
15 saying aye.

16 COMMISSIONERS: Aye.

17 CHAIRMAN DECKER: Any opposed?

18 The motion carries. Thank you very much.

19 Anything else, Susan?

20 MS. HENSEL: That concludes our
21 presentation unless you have any questions.

22 CHAIRMAN DECKER: Thank you. Of course,
23 these orders, etc. are all public. So I presume
24 they'll be available?

25 MS. HENSEL: Once they're executed.

1 CHAIRMAN DECKER: Once they're executed,
2 which will be this afternoon, they're available.

3 Okay. As our staff has noted, certain
4 applicants were approved subject to the very, very
5 specific conditions, which are very different from
6 the general conditions, which apply to all licensees.

7 These specific conditions arose as a result
8 of our detailed investigations of all applicants and
9 were tailored to resolve certain problems which arose
10 during this review process.

11 These conditions require certain licensee
12 -- that certain licensees will be subject to
13 increased scrutiny on specific points and
14 investigations as part of our extensive enforcement
15 processes, which the Board is implementing, of
16 course, for all applicants -- excuse me, all
17 licensees.

18 In terms of the future, a scheduling note
19 before we close. Our next public meeting is
20 currently scheduled at 3:00 p.m. on August 9th at the
21 State Museum.

22 There is a fairly good chance that that may
23 change along with a number of what we call
24 suitability hearings, which we have scheduled for
25 that week.

1 We will have some announcements about all
2 of this to the public and to the applicants. We're
3 talking about Conditional I applicants now in the
4 coming weeks.

5 Although we were in a position, I think, to
6 issue conditional licenses, approximately the end of
7 August, by reason of the 90-day provision and the
8 work we've had to do, we're going to postpone some of
9 that.

10 We intend to meet our target of September
11 27th for dealing with licenses. That's part of the
12 90-day provision. Again, our staff is working very
13 diligently to accomplish that. We think September
14 27th will be the day that we're going to be dealing
15 with Conditional I category licenses. Again, follow
16 the website closely because we're going to be moving
17 some target dates around now fitting to that
18 schedule, as well as some suitability hearings for
19 category -- for permanent licenses later on in the
20 fall.

21 Is there any other business that needs to
22 be brought before the Board today?

23 Hearing none, I will certainly entertain a
24 motion to adjourn.

25 COMMISSIONER COY: So moved.

1 COMMISSIONER RIVERS: Second.

2 CHAIRMAN DECKER: We're adjourned. Thank
3 you.

4 (The meeting concluded at 10:42 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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