

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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BEFORE: Gregory C. Fajt, Chairman
Raymond S. Angeli, Jeffrey W. Coy,
James B. Ginty, Kenneth T. McCabe,
Gary A. Sojka, Kenneth I. Trujillo; Members
Robert M. McCord, State Treasurer
Robert Coyne, representing Acting Secretary
of the Department of Revenue, Daniel Meuser
Daniel Tufano, representing Acting
Secretary of Agriculture, Michael L.
Pechart

HEARING: January 26, 2010, 11:45 a.m.

LOCATION: Keystone Building
400 North & Commonwealth
Hearing Room #1
Harrisburg, PA

Reporter: Cynthia Piro Simpson

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P R O C E E D I N G S

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2 -----
3 CHAIRMAN:

4 By way of announcements, since our last
5 meeting, the Board held an Executive Session on
6 January 10 --- January 20 and yesterday and again
7 just prior to this meeting. The purpose of the
8 Executive Sessions on January 10th and 20th were to
9 discuss pending litigation before this Board. The
10 purpose of yesterday's Executive Session was to
11 discuss personnel and labor relation matters being
12 considered by the Board today. And the Executive
13 Session which just ended was held to conduct quasi
14 judicial deliberations relative to the two hearings
15 held earlier today.

16 Having made all of our announcements, the
17 next item of business is the Executive Director's
18 report. And Kevin, if I could have you please present
19 your report. And I understand Liz Lanza will be
20 joining you. Welcome.

21 MR. O'TOOLE:

22 Good afternoon, Chairman Fajt, members of
23 the Board. I have often taken the opportunity during
24 my Executive Director's report to describe the
25 successes of the casino industry in Pennsylvania,

1 particularly in regard to revenue generation and the
2 resulting tax revenue that benefits all
3 Pennsylvanians. And I've indicated that I'm certainly
4 optimistic that growth will continue for the
5 foreseeable future. But in the case of that growth,
6 we do, however, remain committed to our effort to
7 ensure that each casino operator conducts its gaming
8 activity responsibly and in a way that is mindful of
9 the fact that some patrons become problem gamblers.

10 A major component of that commitment of
11 the Board to problem gambling is our administration of
12 a self-exclusion program. At this time I'm pleased to
13 turn the discussion over to Director Liz Lanza of our
14 Office of Compulsive and Problem Gambling to give an
15 update on the self-exclusion program.

16 CHAIRMAN:

17 Thank you. Welcome, Liz.

18 MS. LANZA:

19 Good afternoon, Chairman and members of
20 the Board. On January 4th of this year, the Office of
21 Compulsive and Problem Gambling, or the OCPG, received
22 its 2,000th request for self-exclusion. The self-
23 exclusion program started in October of 2006 and has
24 been growing exponentially ever since. During the
25 first three years of the program's existence, the OCPG

1 received 1,000 requests for self-exclusion. In only
2 14 months that number has grown to 2,000. Recently,
3 the National Center for Responsible Gaming published a
4 volume of its gambling disorder series titled,
5 Evaluating Self-Exclusion as an Intervention for
6 Disordered Gambling. This report suggests the
7 effectiveness of self-exclusion programs nationwide.

8 I would now like to present to you some
9 of the information that the OCPG collects during the
10 self-exclusion intake interview. Since the program's
11 inception, the gender breakdown has remained close to
12 a 50/50 split. Currently, there are more males than
13 females on the Self-Exclusion List. However, there
14 have been times in the past where the amount of
15 females on the list surpassed the amount of men.

16 When enrolling in the self-exclusion
17 program, an individual will choose one year, five
18 years or lifetime as the ban length. To date, six
19 individuals have converted their one year or five-year
20 bans into lifetime bans, which will prevent them from
21 being removed from the list in the future.

22 The next two slides are somewhat
23 self-explanatory. This is a slide of the race of
24 those who self-exclude. The graph shows that the
25 large majority of self-excluded individuals are

1 Caucasian. The next slide shows the age of those who
2 self-exclude. Similar to the gender breakdown, the
3 race and age breakdowns have also remained fairly
4 static.

5 Individuals who self-exclude in
6 Pennsylvania reside mostly within the Commonwealth.
7 However, there are also those individuals from other
8 states, mainly neighboring states, as you can see, who
9 will place their names on the PGCB Self-Exclusion
10 List.

11 The following statistics are provided
12 voluntarily by individuals enrolling in the self-
13 exclusion program. As of January 4th, 35 percent of
14 individuals who self-excluded in Pennsylvania have
15 sought treatment for their gambling problem. Ten
16 percent of individuals signing up for self-exclusion
17 in Pennsylvania have also enrolled in other states'
18 self-exclusion or voluntary exclusion programs.
19 Eighty-five (85) percent of self-excluded individuals
20 have gambled in Pennsylvania casinos prior to
21 enrolling in the program. The age range of those
22 signing up for the program is 21 to 89 years of age.
23 As of January 4th, 250 requests have been made for
24 removal from the Self-Exclusion List. Forty-three
25 (43) of these individuals, or just over 17 percent,

1 have since placed themselves back on the list.

2 In conclusion, self-exclusion programs
3 are proven tools in assisting problem gamblers in
4 their journey through recovery, as well as a gateway
5 to treatment and a means to gain insight on problem
6 gambling through data collection. Thank you.

7 CHAIRMAN:

8 Thank you. Questions from the Board?
9 Commissioner Sojka?

10 MR. SOJKA:

11 I'm going to have to ask one that's going
12 to require some speculation. And feel free to tell me
13 if you don't want to speculate, but this addiction,
14 problem gaming, seems to be dealt with --- not seems
15 to be, is dealt with differently than other addictions
16 and other behavioral issues sometimes in society in
17 that we have only self-exclusion. If it were to be
18 done otherwise, it would, of course, require
19 legislation. Do you have any notion that it would be
20 helpful to the Commonwealth in general if persons
21 other than people excluding themselves, if someone
22 else could suggest that someone be excluded, a parent,
23 a spouse, a friend, in the way that we do in some
24 other things?

25 MS. LANZA:

1 At this point, I'm not sure if I quite
2 understand your question.

3 MR. SOJKA:

4 Well, all we have is self-exclusion.

5 MS. LANZA:

6 Right.

7 MR. SOJKA:

8 Could we get someone else to turn someone
9 in and say, this person should be excluded?

10 MS. LANZA:

11 Right. At this point, our list is
12 completely voluntary. A person --- in order for this
13 program to work, a person must come to us and
14 acknowledge that they have a gambling problem.
15 Oftentimes, when people come to us to be removed, they
16 will tell us that, you know, I made a mistake, I don't
17 have a gambling problem, and then as I said earlier,
18 17 percent of those individuals who have removed
19 themselves, do come back to us to re-sign up. So,
20 they do have to acknowledge they have a problem or
21 this program won't work. They will violate. They
22 will go into a casino and then be arrested.

23 MR. SOJKA:

24 But you don't --- from the data you have
25 you couldn't predict if we had yet another mechanism

1 where someone else could put somebody on the exclusion
2 list, that that would help? You haven't heard parents
3 or spouses come to you saying, I wish I could put
4 Harvey on the list, but I --- and you say, I'm sorry,
5 he has to put himself on.

6 MS. LANZA:

7 Right. Right. We do have individuals
8 come to us, family members, friends, coworkers, of
9 people who ask, you know, how can we get this person
10 on the list. And we always talk to them. We always
11 suggest that they give our information to that
12 individual. But it's just --- it would be hard to
13 place somebody else on the list because not only
14 should the person acknowledge they have a gambling
15 problem, but in instances where, let's say, a couple
16 is getting divorced and a wife comes to us and says,
17 he has a gambling problem, put his name on this list,
18 and he said, I don't have a gambling problem, you
19 know, in an instance like that there is also problems
20 down that line.

21 MR. SOJKA:

22 Okay. That's a very good answer. Thank
23 you.

24 MS. LANZA:

25 You're welcome.

1 CHAIRMAN:

2 Commissioner Trujillo?

3 MR. TRUJILLO:

4 Liz, I don't know if you were at our last
5 hearing, but one of the concerns I've had ever since
6 before coming onto the Board was whether the gaming in
7 Pennsylvania, because of its characteristics, it being
8 different than a resort place like Las Vegas, you
9 know, whether that creates different and unique
10 problems. And so what I'd be interested in hearing
11 --- and specifically I'm --- I think it's --- I'd also
12 say there's no question that from an economic
13 standpoint it's been a great success, but I still
14 think the jury is out on the social impact of gaming.
15 And so I'm constantly interested in finding out
16 whether there is any data or any information or any
17 conclusions that you can draw based upon --- and I
18 know you're relatively new to the job, but I'd be
19 interested in hearing whether you have conclusions
20 you've been able to draw as to how our problem gaming
21 issue is as compared to either neighboring states or
22 to any other jurisdictions.

23 MS. LANZA:

24 Regardless of what state you are in, the
25 percentage of problem gamblers is the same,

1 relatively, about one to three percent of the
2 population. When you have a state like Pennsylvania,
3 the casinos are more widespread than in Nevada or New
4 Jersey. Currently, the Department of Health is doing
5 a study through their SCAs. They're assessing the
6 needs of problem gamblers. So, once they have that
7 information available, I'll be happy to pass that on
8 to you. But as of right now, there has been no
9 studies done in Pennsylvania assessing the needs for
10 problem gambling treatment.

11 MR. TRUJILLO:

12 And specifically, the thing that concerns
13 me is, for example, I know that if somebody travels to
14 a destination and they spend a week there and gamble
15 and that's --- you know, 20 years ago that's the only
16 way it would happen, come back to Pennsylvania and you
17 didn't have much option other than perhaps going to
18 Atlantic City. A different situation, where you have
19 a casino five blocks away or ten blocks away. And so
20 that's the unique nature that I'm interested in
21 seeing, so I would greatly appreciate if you --- any
22 information on that front, if you could get that to
23 me.

24 MS. LANZA:

25 Sure.

1 MR. TRUJILLO:

2 Thank you.

3 CHAIRMAN:

4 Thank you. Other questions? Yes,
5 Commissioner Ginty.

6 MR. GINTY:

7 Liz, what's the process that a person
8 goes through to put themselves on the list?

9 MS. LANZA:

10 A person will come to us either at one of
11 our four offices throughout the state or one of our
12 offices within a casino. They will ask to be put on
13 the Self-Exclusion List. They fill out a request for
14 self exclusion. Our employees will go through --- I
15 believe it's a 12-page checklist, explaining
16 everything in detail to them about what they can
17 expect once they're on the list. They will explain to
18 them that if they are caught in a casino in
19 Pennsylvania, on the gaming floor, they will be
20 arrested for trespass, and any winnings that they have
21 on them will be confiscated. The person will sign the
22 forms, their picture will be taken, and at that point
23 they are officially on the Self-Exclusion List.

24 MR. GINTY:

25 So this all happens in the matter of a

1 day or an hour or so?

2 MS. LANZA:

3 Yes.

4 MR. GINTY:

5 And that applies to individuals that
6 choose at that moment to go on a life exclusion?

7 MS. LANZA:

8 Yes. People come to us. They choose one
9 year, five years or a lifetime, and they will, within
10 about a half-hour, 45 minutes, be officially on the
11 list.

12 MR. GINTY:

13 And is this a pretty standard practice
14 throughout other states as well?

15 MS. LANZA:

16 Yes.

17 MR. SOJKA:

18 Could I comment?

19 CHAIRMAN:

20 Yes. Commissioner Sojka?

21 MR. SOJKA:

22 Commissioner Ginty, I see where you're
23 going. I'm troubled by the same thing because we'd
24 have now several individuals petition us to come off
25 the list. And in, I think, every case we've seen they

1 have said in one way or another they were compromised
2 when they signed themselves up to go on the list. Do
3 we go out of our way --- since this is quick, do we go
4 out of our way to make sure that, for example, they're
5 stone sober, that they're not having some sort of
6 mental meltdown or something? What do we do in that
7 regard?

8 MS. LANZA:

9 I am pretty darn confident in saying that
10 we do take those steps. Our employees have been
11 trained. Our CCRs, who do the most amount of these
12 intakes, know what to look for. They know --- they do
13 ask a person if they're sober or under the influence
14 of any medication. And there have been times where
15 people have been turned away because they do seem like
16 they've had one too many drinks. And then the person
17 will come back, you know, a day or two later, when
18 they are sober, and sign up then. But I am confident
19 that we do everything that we can do to make this
20 process clear and easy.

21 MR. SOJKA:

22 Well then, back to this issue, this
23 complicated issue of having to self-exclude. If
24 someone would present and say I'd like to go on the
25 one-year Exclusion list and our conclusion is that

1 they're too intoxicated to make that decision and we
2 turn them away, do we have to sit passively and wait
3 for them to come back or can we legally and do we, in
4 fact, pursue that person say a day later or two days
5 later?

6 MS. LANZA:

7 I can think of one instance when this
8 happened, the individual gave his telephone number to
9 one of our CCSs, and the CCS called him the next day,
10 scheduled a new appointment for him to come in, and
11 the gentleman came in and signed up. So, I think it
12 depends on if that individual is comfortable or not.
13 But ultimately, it is the individual's decision.

14 CHAIRMAN:

15 Other questions? Yes, Treasurer?

16 MR. MCCORD:

17 Following up on Commissioner Trujillo's
18 line of inquiry, I can imagine one to three percent
19 being a blended average but different pockets. For
20 example, Philadelphia might have a higher addiction
21 rate than, I don't know, Pittsburgh or central
22 Pennsylvania. So, I'd be interested in kind of a map,
23 a demographic map, and then asking the question almost
24 in reverse. Let's imagine the addiction rates are
25 identical as a theory. Are the treatments across

1 states identical? It would be interesting to see how
2 our behavior varies or do people just have a standard
3 protocol across the country now. And if there is a
4 difference, it would be interesting to just get a
5 report on what the differences are and what the
6 evidence is about the marginal benefits of different
7 approaches.

8 MS. LANZA:

9 Sure. Sure. And I will get that, the
10 report, to you once the Department of Health has that
11 written up as well.

12 CHAIRMAN:

13 Yes.

14 MR. SOJKA:

15 And related to that --- and I think to
16 tie both of these comments together, there are a
17 couple of states that have --- that are prototypically
18 like Pennsylvania, and I would suggest Iowa and
19 Arizona, that are clearly convenient gaming locales.
20 And we have those other two obvious ones, Nevada and
21 New Jersey. And just a comparison of those five might
22 help us answer what is an important question, I think.

23 MS. LANZA:

24 Okay. I'll definitely look into that.

25 Thank you.

1 CHAIRMAN:

2 Liz, just to recap, so we have 14 intake
3 sites for self-exclusion across the state, ten casinos
4 and our four district offices?

5 MS. LANZA:

6 Yes.

7 CHAIRMAN:

8 Okay. I would be interested, if you have
9 the number of --- to follow up on Commissioner Sojka's
10 question, on the third-party contacts, just --- more
11 out of just general interest than, you know,
12 necessarily doing anything about it, but it might be
13 something that the legislature is also interested
14 in, ---

15 MS. LANZA:

16 Sure. Sure. We'll keep track of that.

17 CHAIRMAN:

18 --- you know, when you have a third party
19 contact you about asking somebody to enroll.

20 And then my last question, can you just
21 tell us quickly what your interaction is with the
22 Department of Health? And just so everybody is clear
23 here, the Department of Health gets a piece of the
24 gaming revenue, and I believe it's one-and-a-half
25 million a year, two million a year, ---

1 MS. LANZA:

2 Two.

3 CHAIRMAN:

4 --- two million a year, to put together
5 programs. I do know that they just started a pretty
6 intensive PR campaign on problem gambling. And the
7 ads I've seen are very good. But can you just tell us
8 what your interaction is with them and how that all
9 works together?

10 MS. LANZA:

11 Sure. We meet with the Department of
12 Health, with the Bureau of Drug and Alcohol Programs,
13 that's where their problem gambling falls under.
14 Probably once every two to three months we meet with
15 them, with Lottery, with Horse and Harness, and also
16 with the Council on Compulsive Gambling in
17 Pennsylvania, and we all come together to discuss
18 different events that we can do and different programs
19 that we can all collaborate on.

20 MR. GINTY:

21 Could I make a request? Are there any
22 states that provide for a 24-hour cooling-off period?

23 MS. LANZA:

24 You know, I'm not sure about that. I
25 know that states do that, as we do, with the removal

1 process. But I will look into that and let you know.

2 MR. GINTY:

3 I mean, I'm concerned with somebody
4 that's momentarily remorseful putting himself or
5 herself on a life-long Exclusionary List. I won't use
6 the example that I gave the Board the other day, but
7 if you have information on that.

8 MS. LANZA:

9 Sure. Sure.

10 CHAIRMAN:

11 Thank you, Kevin. Anything else?

12 MR. O'TOOLE:

13 No, I have nothing to add.

14 CHAIRMAN:

15 Okay. Thank you very much, Liz.

16 MS. LANZA:

17 Thank you.

18 CHAIRMAN:

19 Thank you, Kevin. Next up is Claire
20 Yantis, our Director of Human Resources. Welcome,
21 Claire.

22 MS. YANTIS:

23 Good afternoon, Chairman, Board members.
24 The Office of Human Resources has before you today a
25 motion to consider the hiring of two individuals.

1 Daniel Livewell and Emily Dugan have been selected as
2 casino compliance representatives and are being
3 recommended for employment by Director of Casino
4 Compliance, Jerry Stoll. Both Mr. Livewell and Ms.
5 Dugan have completed the PGCB interview process,
6 background investigation and drug screening. And as
7 such, I ask that you consider a motion to hire these
8 individuals as indicated.

9 CHAIRMAN:

10 Thank you. Any questions or comments
11 from the Board? May I have a motion, please?

12 MR. COY:

13 Mr. Chairman, I move the Board approve
14 the Applicants as proposed on the condition they have
15 completed the necessary background investigations and
16 drug test.

17 CHAIRMAN:

18 Second?

19 MR. SOJKA:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 AYES RESPOND

24 CHAIRMAN:

25 Opposed?

1 NO RESPONSE

2 CHAIRMAN:

3 Motion passes.

4 MR. YANTIS:

5 Thank you.

6 CHAIRMAN:

7 Thank you, Claire. Next up is Stacey

8 Knavel presenting the Agency Financial Report.

9 Welcome, Stacey.

10 MS. KNAVEL:

11 I'm here today to provide ---.

12 CHAIRMAN:

13 Stacey, can you make sure your mic is on?

14 MS. KNAVEL:

15 Hi. I'm Stacey Knavel, S-T-A-C-E-Y,

16 K-N-A-V-E-L. I'm here today to provide the budget

17 status report for activity through December 2010. We

18 have now completed the first half of the fiscal year.

19 During this period we have expended \$16 million, or 45

20 percent of our overall appropriation of \$35.8 million.

21 For the year, personnel expenses totaled \$12.7

22 million, or 79 percent of total expenditures, and

23 operating expenses total \$3.3 million or 20 percent of

24 total expenses.

25 Expenditures for December totaled \$2.8

1 million. Payroll expenses were \$2.1 million. And
2 operating expenses were \$718,000. As we compare ---
3 excuse me. As compared to the same period of fiscal
4 year 2009/'10, current year payroll expenses have
5 increased by \$1.5 million. The increase is due to a
6 variety of factors, including the addition of three
7 casino compliance representatives at each facility
8 related to the introduction of table games. Staff
9 hired for the new casino in Philadelphia,
10 union-mandated raises, a one-percent increase from
11 non-union staff to cover increases to their
12 healthcare benefit contribution and increase cost for
13 other employee benefit --- employee payroll benefits.

14 In the operating expense category, the
15 largest expense during December was \$261,000 for
16 services. This category accounted for over 36 percent
17 of the month's operating expenses. Payments included
18 \$95,000 for legal services, \$101,000 for multiple
19 months of computer aide and IT consultants, \$22,000
20 for services provided by the Urish Popeck accounting
21 firm in support of the Category 3 applicant financial
22 reviews, and \$28,000 for Category 3 applicant traffic
23 studies.

24 The second largest expenditure category
25 for the month was other operating expenses, which

1 totaled \$167,000 or 23 percent of the month's
2 operating expenses. The largest expenditure in this
3 category was \$125,000 for Director's and Officer's
4 Insurance.

5 The third largest operating expense for
6 the month was rentals and leases. This category
7 totaled \$159,000, or 22 percent of monthly operating
8 expenses. For the year, rentals and leases is the
9 largest operating expense, at \$1.1 million, or 33
10 percent of operating expenses, followed by services,
11 at \$798,000, or 24 percent of operating expenses.
12 Other operating expenses at \$721,000, or 22 percent of
13 operating expenses. Telecommunications at \$340,000,
14 or 10 percent of operating expenses. And travel at
15 \$216,000, or 7 percent of operating expenses.

16 For the year, operating expenses through
17 December are fairly consistent with fiscal year
18 2009/'10 levels, with the notable exception of other
19 operating expenses, which are \$367,000 above last
20 year's levels. This increase is primarily due to a
21 \$12,000 increase in directors' and officers' insurance
22 premiums, and an increase of approximately \$320,000
23 for ChoicePoint Investigative Research Services. A
24 significant increase in ChoicePoint fees is related to
25 invoice payment timing differences and a steep

1 increase in the number of license applications
2 received. For example, Gaming and Non-Gaming
3 applications have increased by an estimated 52
4 percent, or 1,600 additional applications due to the
5 rollout of table games. Thank you.

6 CHAIRMAN:

7 Thank you. Any questions? Gary?

8 MR. SOJKA:

9 You may not be able to answer it, but
10 that's a fairly hefty premium on the D&O insurance.
11 Is that policy based on the assumption that there is
12 quasi judicial immunity for a representative of the
13 Board?

14 MS. KNAVEL:

15 I don't know the answer to that. I can
16 get the answer and get back to you.

17 MS. SOJKA:

18 I think that would be an important thing
19 for us to know, ---

20 MS. KNAVEL:

21 Okay.

22 MS. SOJKA:

23 --- because if it doesn't --- or if it
24 assumes that --- you know, for some reason we would
25 have to come up with more, that might be a significant

1 expense.

2 MS. KNAVEL:

3 Okay. I'll look into that and get back
4 to you.

5 CHAIRMAN:

6 Other questions? Commissioner Trujillo?

7 MR. TRUJILLO:

8 And actually following up on
9 Commissioner's Sojka's question, my understanding ---
10 and I don't know, Mr. Sherman, you may end up having
11 to jump in on this, but my understanding is that the
12 coverage --- it's a combination of two coverages.
13 It's a D&O policy, with a further assumption that
14 there is indemnification by the Commonwealth; am I
15 correct?

16 ATTORNEY SHERMAN:

17 The D&O insurance policy does have two
18 components, you're correct. There also is limited
19 insurance provided by the Commonwealth through the
20 ELSIP program. Pretty insignificant when you're
21 talking about \$50 million license fees and investments
22 of, you know, upwards of \$300,000, \$400,000 or
23 \$500,000 or more for a casino.

24 MR. TRUJILLO:

25 And I'm the happy recipient or

1 beneficiary of other D&O policies, which --- and so
2 the rates that I've seen or the premiums that I've
3 seen are --- I've never seen one quite this high for
4 this kind of range, because my understanding is it's
5 something in the \$20 million. Is there anything being
6 done to look at other potential carriers? Because,
7 quite frankly, I think given the atmosphere that we're
8 in, I'd be real interested at looking at higher
9 coverage numbers.

10 ATTORNEY SHERMAN:

11 The premiums are paid a year in advance,
12 of course, for the policy. And I think every year,
13 when it's coming up for determination of renewal,
14 that's an obligation of our shop. And Steve Cook kind
15 of oversees that to make sure we're getting, I guess,
16 the best bang for our buck. I think the increases in
17 the premiums recently experienced is probably more a
18 factor of claim experience of late, with the Keystone
19 Redevelopment Partners litigation. Of course, as
20 Commissioner Sojka has indicated, it was favorably
21 resolved. But nonetheless, there was a significant
22 amount of money paid out by the insurer. And I
23 believe there may have been one or two other instances
24 in which claims had been submitted to the D&O policy
25 as well.

1 ATTORNEY COOK:

2 That's true. There have been two --- I
3 believe two or three claims to the policy, which was
4 part of the reason for the increased premium. But
5 getting back to the question of renewing the policy,
6 we are actually at the end of a procurement cycle, so
7 when this policy expires this coming December, we will
8 have the opportunity to shop around for a better rate.

9 MR. TRUJILLO:

10 And the only other comment I would make
11 on that is, to the extent that you're shopping around,
12 kindly shop it around so it's got a long tail looking
13 back, so --- because as you noted, when you're talking
14 about the potential of somebody seeking \$50 million
15 plus, I'm starting to feel a little naked up here.

16 ATTORNEY COOK:

17 That is an issue because the renewal ---
18 all the policy or the insurers typically want you to
19 provide them with any potential claims, which, of
20 course, it's --- you know, it's a crapshoot sometimes,
21 so it is an issue.

22 MR. TRUJILLO:

23 This is the life we've chosen.

24 CHAIRMAN:

25 Just a quick follow-up on the shopping

1 around. Steve, does that mean that we competitively
2 bid it, or how does that ---?

3 ATTORNEY COOK:

4 We will, yes. We actually had a
5 procurement --- a five-year procurement, which is
6 coming to an end now. So, we will competitively bid
7 it.

8 CHAIRMAN:

9 Okay. Thank you. Thank you very much.

10 MS. KNAVEL:

11 Do you know the answer to Commissioner
12 Sojka's question?

13 ATTORNEY COOK:

14 With respect to the quasi judicial issue,
15 I don't believe it takes --- the pricing I don't
16 believe would take that legal argument into effect ---
17 into account.

18 MR. SOJKA:

19 Would that possibly then --- if we could
20 unequivocally establish that, could that help us in
21 the bidding process?

22 ATTORNEY COOK:

23 It would be a discussion with the
24 insurer, yes.

25 MR. SOJKA:

1 Thank you.

2 CHAIRMAN:

3 Okay. Thank you very much, Stacey. Next
4 up is our Chief Counsel, Doug Sherman, and Susan
5 Yocum. Welcome.

6 ATTORNEY SHERMAN:

7 Chairman, members of the Board, our first
8 two agenda items relate to a final regulation and a
9 proposed regulation, which Assistant Chief Counsel,
10 Susan Yocum, is here to present.

11 ATTORNEY YOCUM:

12 Good afternoon, Chairman Fajt,
13 Commissioners. I have two regulations for you today.

14 CHAIRMAN:

15 Susan, could you move a little closer and
16 speak up a little bit or move the mic closer. There
17 you go.

18 ATTORNEY YOCUM:

19 The first is a Final-form Rulemaking on
20 Gaming Junkets. The amendments contained within this
21 regulation package were done for consistency with the
22 Gaming Act, as it was amended with the passage of Act
23 One. It also clarifies some reporting requirements
24 and changes to licensing and permitting obligations of
25 persons associated with a gaming junket enterprise.

1 For instance, once published as a Final-form
2 Rulemaking, the officers, owners and directors of the
3 gaming junket enterprise will no longer need to be
4 licensed as principals. They will be --- they'll fill
5 out applications and be found qualified, similar to
6 our gaming service providers. I'd be happy to answer
7 any questions you may have.

8 CHAIRMAN:

9 Any questions or comments from the Board?

10 MR. GINTY:

11 I have some questions.

12 CHAIRMAN:

13 Commissioner Ginty?

14 MR. GINTY:

15 Susan, can you define for us what a
16 junket enterprise is?

17 ATTORNEY YOCUM:

18 Sure. I mean, it's --- there's a
19 perception out there that a junket is similar to like
20 a bus picking up a group of people like at a mall and
21 bringing them to a facility. A gaming junket is
22 actually conducted when a person is selected to
23 participate in a gaming junket based on their level of
24 play and their ability to meet a financial obligation
25 with the licensed facility. In exchange for that

1 certain level of play, a patron is going to get comps
2 for food, beverage, transportation, things of that
3 nature.

4 MR. GINTY:

5 And the junket enterprise contracts with
6 the casino to provide these services?

7 ATTORNEY YOCUM:

8 That's correct.

9 MR. GINTY:

10 Now, they're licensed, and I take it that
11 they're subject to the full background check and
12 criminal records check and that sort?

13 ATTORNEY YOCUM:

14 Yes, they are. The enterprise itself
15 will obtain a license. The officers, owners and
16 directors, if there are any, will obtain a --- they'll
17 be found qualified. And any person who actually puts
18 the gaming junket together, they have to obtain an
19 occupation permit. So, at every level there's an
20 investigation, so yes.

21 MR. GINTY:

22 And as I understand it, our regulations
23 prohibit them from extending credit to the patrons?

24 ATTORNEY YOCUM:

25 That's correct. They can't participate

1 in extending credit, and they can also --- they also
2 may not participate in any check collection.

3 MR. GINTY:

4 Are there any reporting requirements that
5 the junket enterprises have to comply with?

6 ATTORNEY YOCUM:

7 Yes, there are. They have a monthly
8 reporting requirement. And in that it contains the
9 ZIP codes of the patrons that have participated in the
10 gaming junket, as well as the amount of expense that
11 the facility has provided in the form of comps to that
12 patron.

13 MR. GINTY:

14 And is that reported to us or to ---?

15 ATTORNEY YOCUM:

16 That's actually reported to the Bureau
17 of --- BIE.

18 MR. GINTY:

19 Now, I also understand that they have to
20 file reports that contain the patrons' names?

21 ATTORNEY YOCUM:

22 They actually don't file those with our
23 agency. They keep those on site for Board
24 inspections, say, when we have an audit. If we have
25 an audit team that goes out and ensures that they're

1 complying with our regulations, they can look at those
2 reports at that time.

3 MR. GINTY:

4 And I guess you may have answered this in
5 your introductory remarks, but these regulations don't
6 apply to the --- for lack of another word, the
7 neighborhood buses that frequently take people down to
8 casinos and give them some modest amount of food?

9 ATTORNEY YOCUM:

10 No. No.

11 MR. GINTY:

12 That's all I have.

13 CHAIRMAN:

14 Thank you. Thank you for those
15 clarifying comments, Jim. Any other questions? Could
16 I have a motion?

17 MR. ANGELI:

18 Mr. Chairman, I move that the Board adopt
19 Final-form Regulation 125-129, as described by the
20 Office of Chief Counsel (OCC).

21 CHAIRMAN:

22 Second?

23 MR. COY:

24 Second.

25 CHAIRMAN:

1 All in favor?

2 AYES RESPOND

3 CHAIRMAN:

4 Opposed?

5 NO RESPONSE

6 CHAIRMAN:

7 Motion passes. Next Susan.

8 ATTORNEY YOCUM:

9 The next package for you is 125-142. It
10 is a Proposed Rulemaking. It transitions three more
11 of our temporary table games chapters into proposed
12 form. It deals with the chapter on general
13 provisions, with a requirement that facilities provide
14 signage with respect to the rules with the game and
15 the minimum and maximum wagers. It also includes the
16 formula for the calculation of gross table games
17 revenue. It includes the chapter on credit,
18 establishing the requirements for operators offering
19 credit, including the credit file and a background
20 credit check on the individual, and establishes a
21 Voluntary Credit Suspension List. It also contains a
22 chapter on minimum training standards for dealers and
23 supervisors of table games, including the minimum
24 proficiency requirements and a table test requirement.

25 CHAIRMAN:

1 Any questions or comments from the Board?
2 Seeing --- yes, Commissioner Trujillo?

3 MR. TRUJILLO:

4 Susan, on 125-142, I think --- I know
5 that there was two things that occurred. Number one,
6 the statute was fairly specific as to the instances
7 and the manner in which casinos could grant credit, as
8 I read it. And as I read it, I was frankly
9 disappointed by how little room there was to regulate
10 for the Board. So, consequently, the implementation
11 of these regulations I think are going to not leave us
12 a lot of room to maneuver. And I know that there was
13 ample opportunity for comment. Beyond the casinos,
14 did you receive any significant comments from anywhere
15 other than from the industry?

16 ATTORNEY YOCUM:

17 No, we didn't.

18 MR. TRUJILLO:

19 That's all I have, Mr. Chairman.

20 CHAIRMAN:

21 Thank you. Any other questions.

22 Commissioner Ginty?

23 MR. GINTY:

24 I just want to make another point on the
25 prior regulation. That was put out for comments, and

1 we received none back?

2 ATTORNEY YOCUM:

3 Yes. The Board had established a 30-day
4 public comment period on the temporary regulations.
5 In the proposed form, it will go back out for another
6 30-day public comment period. So, they'll have
7 another bite at the apple.

8 CHAIRMAN:

9 Okay. Could I have a motion, please?

10 MR. MCCABE:

11 Yes, Mr. Chairman. I move the Board
12 adopt Proposed Regulation 125-142 and that the Board
13 establish a public comment period of 30 days for the
14 regulation, and that the proposed regulation be posted
15 on the Board's website.

16 CHAIRMAN:

17 Second?

18 MR. GINTY:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 AYES RESPOND

23 CHAIRMAN:

24 Opposed?

25 NO RESPONSE

1 CHAIRMAN:

2 Motion passes.

3 ATTORNEY YOCUM:

4 Thank you.

5 CHAIRMAN:

6 Thank you, Susan.

7 MR. MCCORD:

8 Mr. Chair?

9 CHAIRMAN:

10 Treasurer, yes.

11 MR. MCCORD:

12 Just a quick comment because I've got to
13 get over to SERS ---

14 CHAIRMAN:

15 Sure.

16 MR. MCCORD:

17 --- to the UCIO candidates. Thank you
18 very much for your time.

19 CHAIRMAN:

20 No problem. Thank you. Thank you for
21 being here today. Mr. Sherman?

22 ATTORNEY SHERMAN:

23 Members of the Board, today I'm reporting
24 to the Board on the procurement of legal services by
25 the OCC. As you are aware, since assuming the

1 position of Chief Counsel and while engaged in
2 discussions regarding various litigation matters, I've
3 routinely updated the Board about the retention of any
4 outside legal counsels which have been undertaken to
5 provide further representation of the Board, its
6 members and employees who are called to a court
7 proceeding in connection with the performance of Board
8 business and within the scope of their duties.

9 During the period of July 1, 2009 through
10 the present, the OCC has entered into a number of
11 contracts for outside legal services as circumstances
12 have warranted, and again, as the Board has been
13 informed. The Board's Chief Counsel, like Chief
14 Counsels of other Commonwealth agencies, and
15 consistent with the Commonwealth's procurement code,
16 has been designated by this Board as the contracting
17 officer for the Board for legal service contracts. To
18 that end, I've entered into contracts with seven
19 different law firms to provide service since July 1,
20 2009.

21 Specifically since that date, contracts
22 have been entered into with six law firms concerning a
23 matter pending in the Allegheny County Court of Common
24 Pleas. Those firms include Goldberg Katzman, Ward
25 McGough, the Stallings Law Firm, the Law Firm of

1 Thomas Cordaro, Burns White, and McCarthy, Weisberg
2 and Cummings, all in relation to the representation of
3 either current or former PGCB employees and in
4 relation to matters occurring within the scope of
5 their employment for the PGCB.

6 The contract for representation in
7 accordance with the Board's D&O Insurance Policy had
8 also been entered into with the Schnader Harrison Law
9 Firm in connection with the Keystone Redevelopment
10 Partners case. As we stated, that recently has been
11 concluded, so I believe that contract has been
12 fulfilled at this point.

13 I also want to report that during that
14 time period we have had legal expenditures for the law
15 firms of Reed Smith and Post and Schell. Those
16 expenditures have occurred in connection with
17 contracts, which were in place prior to the July 1,
18 2009 time period. While the authority to enter into
19 the contracts is given to the Chief Counsel in this
20 agency, I'm requesting that the Board consider a
21 motion to ratify the actions of Chief Counsel in this
22 forum.

23 CHAIRMAN:

24 Thank you. Any questions or comments
25 from the Board? Commissioner Trujillo?

1 MR. TRUJILLO:

2 Mr. Sherman, first let me say, one, I
3 think you and Mr. Cook and your staff do an
4 extraordinary job. And as you know, I'm a frequent
5 utilizer as well as provider of legal services, and I
6 just first want to say thank you for the amount and
7 the quality of the work that you do, and also beyond
8 the quality, the amount of the work that you've been
9 doing, what you have to supervise both internally and
10 then externally. And so first I just wanted to say
11 --- because I don't think I've ever said it to you
12 guys, that you guys do an extraordinary job, and I
13 deeply appreciate the work that you guys do.

14 And I guess I'm curious because I am used
15 to having these kinds of reports in most of my other
16 lives be done in Executive Session, and so the
17 ratification that you're seeking, as I understand the
18 law, is not ratification that is necessary. Am I
19 accurate or am I misguided?

20 ATTORNEY SHERMAN:

21 I think you're entirely accurate. And
22 first, we appreciate the acknowledgment and the
23 thanks. I think all of our staff works very hard to
24 fulfill all the Board's expectations.

25 We were completely in compliance with the

1 procurement code of the Commonwealth and that a
2 contracting officer for agency is designated as the
3 authority to enter into contracts. There had been a
4 question about the Sunshine Act, any implications
5 there. The Sunshine Act talks about when a quorum of
6 a Board or quorum of an agency takes action, it has to
7 be in public. In this case, because the authority is
8 within the contracting officer, it's not required that
9 the Board --- this Board actually approve contracts
10 ahead of time. However, we also recognize that for
11 sake of transparency --- I know that's a word that
12 gets kicked around a lot in this era, but where we
13 recognize that maybe we can do things a little bit
14 more publicly. I think it's the collective feeling
15 expressed to me by this Board and internally that we
16 should do that. And this is one of those steps where
17 I think we can improve our process and make it clearer
18 who we're contracting with for those legal services.
19 We've never hidden it from anybody that's asked, but
20 it's one more step to make it a little more public.

21 MR. TRUJILLO:

22 Thank you, Mr. Chairman.

23 CHAIRMAN:

24 Commissioner Sojka, did you have a
25 question?

1 MR. SOJKA:

2 That resolved my question.

3 CHAIRMAN:

4 Any other questions? Let me just make
5 one comment in response to Commissioner Trujillo's
6 question. This issue, for those of you who don't
7 know, came about pursuant to an Auditor General's
8 audit. And the Gaming Board, we believe, incorrectly
9 was taken to task over our lack of disclosure of some
10 legal contracts. And as Doug Sherman said, in
11 virtually every other agency in the Commonwealth those
12 contracting services are done by the Chief Counsel
13 within that agency and, you know, the public
14 disclosure is the bills were paid and those are posted
15 and people could see those. But we were taken to task
16 because we did not approve those contracts in public.

17 And in consultation with the Board, I
18 called the Auditor General and assured him that in the
19 future we have nothing to hide, have never had
20 anything to hide, and that we would do these contracts
21 in open session, unlike we believe we're required to
22 do, but we would do them in open session. So, we will
23 continue to do that, along with other contracts. And
24 again, I thank you, Doug and Steve, for the great work
25 you do. Having said that, could I have a motion,

1 please?

2 MR. GINTY:

3 Mr. Chairman, I move that the Board
4 ratify the contracts as provided by Chief Counsel that
5 are designated contracting officers of the Board for
6 all legal services and contracts.

7 CHAIRMAN:

8 Second?

9 ATTORNEY MCCABE:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 AYES RESPOND

14 CHAIRMAN:

15 Opposed?

16 NO RESPONSE

17 CHAIRMAN:

18 Motion passes. Thank you.

19 ATTORNEY SHERMAN:

20 Today the Board has two petitions before
21 it for consideration. Each of the petitions were the
22 subject of hearings earlier today, specifically the
23 Holdings Acquisition's Petition for Approval of the
24 Ballroom Construction and a Petition for Approval of
25 OP-5, which was a gaming floor plan change. In

1 addition to the hearing, the Board has been provided
2 with the petitions, the answers of OEC, along with any
3 other supporting materials that have been filed.

4 As to the first petition, that being the
5 approval of the ballroom construction, as you heard,
6 Holding signed a Statement of Conditions back in
7 August of 2008 requiring the build-out of a ballroom
8 as of that time represented in its plans. That was to
9 be --- is to be completed by this coming August of
10 2011. They clearly sought to modify that plan and
11 move it from what was originally approved, and
12 therefore, the Board's approval of any modification is
13 required before they can go ahead and commence that
14 construction of the new ballroom. OEC has not
15 objected to the request, and therefore, it's
16 appropriate for the Board's consideration.

17 CHAIRMAN:

18 Thank you. Any questions or comments
19 from the Board? Commissioner Trujillo?

20 MR. TRUJILLO:

21 Mr. Sherman, the standard by which the
22 Board --- that the Board should apply here, I take it
23 that this is something that is in our sound
24 discretion?

25 ATTORNEY SHERMAN:

1 It's absolutely within your discretion.
2 It comes to the Board simply because it was embodied
3 in a condition on the license. And just as the Board
4 had the full discretion to impose that condition, you
5 have the full discretion to modify it.

6 MR. TRUJILLO:

7 Thank you.

8 CHAIRMAN:

9 Other questions? Could I have a motion,
10 please?

11 MR. MCCABE:

12 Yes, Mr. Chair. I move that the Board
13 grant Holdings Acquisition Company, LP's Petition for
14 Approval of Ballroom Construction, as described by the
15 OCC.

16 CHAIRMAN:

17 Second?

18 ATTORNEY SOJKA:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 AYES RESPOND

23 CHAIRMAN:

24 Opposed?

25 NO RESPONSE

1 CHAIRMAN:

2 Motion passes.

3 ATTORNEY SHERMAN:

4 And Mr. Chairman, with respect to that
5 matter, I think as a clean-up, there was also a
6 request to keep certain diagrams which showed
7 back-of-house areas in exhibits as confidential. It
8 also would be appropriate to grant that motion for the
9 security of the institution.

10 CHAIRMAN:

11 So granted.

12 ATTORNEY SHERMAN:

13 The next matter before the Board is the
14 Petition for the Approval of OP-5, that is the gaming
15 floor plan, as modified by Holdings. Again, that
16 matter was heard by the Board earlier today and was
17 the subject of a PowerPoint and a number of questions.
18 OEC has no objection to Holdings' request, subject to
19 11 conditions, which were outlined in their answer.

20 Again, there were confidential exhibits
21 showing back-of-house areas, which have been requested
22 to be maintained as confidential, and Enforcement
23 Counsel has no objection to that. It would be
24 appropriate for the Board to now entertain a motion on
25 both of those matters.

1 CHAIRMAN:

2 Thank you. Any questions from the Board?
3 Could I have a motion, please?

4 MR. SOJKA:

5 Yes, Mr. Chairman. I move that the Board
6 grant Holdings' Acquisition Company, LP's Petition for
7 Approval of OP-5 gaming floor plan, as just described
8 by the OCC.

9 CHAIRMAN:

10 Second?

11 MR. TRUJILLO:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 AYES RESPOND

16 CHAIRMAN:

17 Opposed?

18 NO RESPONSE

19 CHAIRMAN:

20 Motion passes.

21 ATTORNEY SHERMAN:

22 Next, presenting Withdrawals and Reports
23 and Recommendations is Deputy Chief Counsel Steve
24 Cook.

25 CHAIRMAN:

1 Thank you, Doug. Welcome, Steve.

2 ATTORNEY COOK:

3 Thank you. I'd first like to reiterate
4 Doug's comments and thank you for the kind words with
5 respect to our staff. We very much appreciate it.
6 Today the Board has received five unopposed petitions
7 withdrawing the applications of 18 individuals or
8 businesses. And in each case, the regulation of the
9 person or the entity is no longer required pursuant to
10 the Board's regulations. The entities and individuals
11 subject to these petitions are as follows: David
12 Elmslie, Robert Bernard Davis, Robert Turner, David
13 Lowry, Janus Capital Management, LLC, David W. Grimes,
14 Gay Nordfelt, Penelope Morris, Robert Davis, Ian Fair,
15 John O'Neill, Thomas Ross, Andrew Leitch, Thomas
16 Gallagher, Benjamin Brazil, Christopher Corrigan,
17 Geoffrey Dixon and William Todd Nisbet. The Office of
18 Enforcement Counsel (OEC) has no objection to these
19 withdrawals. As such, the OCC presents them for Board
20 action. A motion to grant these withdrawals would be
21 to do so without prejudice.

22 CHAIRMAN:

23 Thank you. Any questions or comments
24 from the Board? Could I have a motion, please?

25 ATTORNEY ANGELI:

1 Mr. Chairman, I move that the Board issue
2 an Order to approve the Withdrawals as described by
3 the OCC.

4 CHAIRMAN:

5 Second?

6 MR. COY:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 AYES RESPOND

11 CHAIRMAN:

12 Opposed?

13 NO RESPONSE

14 CHAIRMAN:

15 Motion passes.

16 ATTORNEY COOK:

17 Next before the Board for consideration
18 are two Reports and Recommendations received from the
19 Office of Hearings and Appeals (OHA) relative to one
20 gaming employee and one non-gaming employee. These
21 Reports and Recommendations, along with the
22 evidentiary record in each case has been provided to
23 the Board in advance of this meeting. Additionally,
24 each of these two individuals have been notified that
25 the Board was taking up their matter today and they

1 had the opportunity to come and briefly address the
2 Board.

3 The first Report and Recommendation
4 before the Board today pertains to Scott Ferguson.
5 Mr. Ferguson was issued a Non-Gaming Employee
6 Registration on June 10th, 2009, and was employed as a
7 bartender at the Rivers Casino. On Memorial Day 2010,
8 Mr. Ferguson was charged with three criminal offenses,
9 including felonies stemming from an alleged
10 residential burglary. As a result of these charges,
11 the OEC filed a Request for an Emergency Order of
12 suspension of Mr. Ferguson's Non-Gaming Employee
13 Registration, and the Executive Director signed the
14 Emergency Order on November 2nd, 2010.

15 On November 18th, 2010, the Board
16 referred this matter to the OHA to conduct a full
17 evidentiary hearing on the validity of the Emergency
18 Suspension. Mr. Ferguson was notified that a hearing
19 was scheduled for December 3rd, 2010. However, he
20 failed to appear, and the hearing was held in his
21 absence.

22 As a result of the hearing, a Report and
23 Recommendation was issued, recommending that the
24 Emergency Suspension of Mr. Ferguson continue, pending
25 further --- or further order of the Board. Excuse me.

1 The OCC concurs in this Recommendation, and the matter
2 is now before the Board for consideration.

3 CHAIRMAN:

4 Thank you. Is Mr. Ferguson here? Any
5 questions or comments from the Board? Seeing none,
6 could I have a motion, please?

7 MR. COY:

8 Mr. Chairman, I move the Board issue an
9 Order to adopt the Report and Recommendation of the
10 OHA regarding the Non-Gaming Employee Registration of
11 Scott Ferguson, as described by the OCC.

12 MR. GINTY:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 AYES RESPOND

17 CHAIRMAN:

18 Opposed?

19 NO RESPONSE

20 CHAIRMAN:

21 The motion passes.

22 ATTORNEY COOK:

23 The next matter before the Board for
24 consideration is a Report and Recommendation
25 pertaining to Mark Wherley. Mr. Wherley was issued a

1 Gaming Employee Permit on March 2nd, 2010 and was
2 employed with GTECH Corporation. On October 20th,
3 2010, Mr. Wherley was charged with criminal attempt,
4 possession with intent to deliver a controlled
5 substance, possession with intent to deliver a
6 controlled substance and conspiracy to commit
7 possession with intent to delivery a controlled
8 substance, all of which are felonies.

9 As a result of these charges, the OEC
10 filed a Request for Emergency Order of Suspension,
11 which the Executive Director signed on November 8th,
12 2010. On November 18th, 2010, the Board heard this
13 matter and referred it to the OHA to conduct a full
14 evidentiary hearing on the validity of the Emergency
15 Suspension. A hearing in the matter was scheduled for
16 and held on December 1st, 2010. Mr. Wherley did not
17 attend, however, despite receiving notice. As a
18 result of this hearing, a Report and Recommendation
19 was issued, concluding that the Emergency Suspension
20 shall remain in effect pending further order of the
21 Board. And the OCC would concur in that
22 Recommendation. The matter is now ripe for the
23 Board's consideration.

24 CHAIRMAN:

25 Is Mr. Wherley present? Okay. Any

1 questions or comments from the Board? Could I have a
2 motion, please?

3 MR. GINTY:

4 Mr. Chairman, I move that the Board issue
5 an Order to adopt the Report and Recommendation of the
6 OHA regarding the Gaming Employee Permit of Mark
7 Wherley, as described by the OCC.

8 CHAIRMAN:

9 Second?

10 MR. MCCABE:

11 Second.

12 CHAIRMAN:

13 All in favor?

14 AYES RESPOND

15 CHAIRMAN:

16 Opposed?

17 NO RESPONSE

18 CHAIRMAN:

19 Motion passes.

20 ATTORNEY COOK:

21 Next for the Board's consideration is an
22 Emergency Suspension. Kasey Daley was issued a Gaming
23 Employee Permit on July 1st, 2010, and was employed as
24 a dealer with the Hollywood Casino. On December 16th,
25 2010, Ms. Daley was charged with seven criminal

1 offenses stemming from an alleged vehicle accident
2 that occurred on October 2nd, 2010. The charges
3 generally involve DUI-related offenses, as well as
4 several felony charges associated with giving false
5 information to the police. As a result of these
6 charges, the OEC filed a request for Emergency Order
7 of suspension of Ms. Daley's Gaming Employee Permit.
8 The Order was signed by the Executive Director on
9 January 11th, 2011.

10 Board Regulations require that a
11 Temporary Emergency Order be presented to the Board
12 for a full evidentiary hearing, or in the alternative,
13 the Board assign the OHA the matter to conduct that
14 hearing and, thereafter, issue a Report and
15 Recommendation, as was the case with the previous two
16 matters we've heard.

17 In this case, the OCC recommends that the
18 Board consider a motion to refer the matter to the OHA
19 to promptly schedule and hold a full evidentiary
20 hearing in this matter. This matter is now ripe for
21 the Board's consideration.

22 CHAIRMAN:

23 Thank you. Any questions or comments?
24 Could I have a motion, please?

25 MR. SOJKA:

1 Yes. Mr. Chairman, I move that the Board
2 issue an Order to extend the Emergency Suspension of
3 Kasey Daley's Gaming Employee Permit and that the
4 matter then be referred to the OHA for a hearing to
5 determine the validity of the Emergency Suspension
6 Order.

7 CHAIRMAN:

8 Thank you. Second?

9 MR. TRUJILLO:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 AYES RESPOND

14 CHAIRMAN:

15 Opposed?

16 NO RESPONSE

17 CHAIRMAN:

18 Motion passes.

19 ATTORNEY COOK:

20 The final OCC matter before the Board is
21 an Emergency Suspension of Margaret Sajeز, who was
22 issued a Non-Gaming Employee Registration on April
23 28th, 2009 and was employed as a valet parking
24 dispatcher at the Sands Bethworks Casino.

25 On December 17th, 2010, Ms. Sajeز was

1 charged with six criminal offenses stemming from a
2 vehicle accident that occurred on December 17th, 2010.
3 These charges generally consist of DUI-related
4 offenses, as well as offenses stemming from her
5 fleeing the scene of the accident.

6 As a result of these charges, the OEC
7 filed a Request for Emergency Order of suspension of
8 Ms. Daley's Non-Gaming Employee Registration. The
9 Order was signed by the Executive Director on January
10 13th, 2011.

11 As in the previous matter, in this case,
12 the OCC again recommends that the Board consider a
13 motion to refer the matter to the OHA to promptly
14 conduct an evidentiary hearing, and subsequent
15 thereto, issue a Report and Recommendation to the
16 Board regarding the validity of the Emergency
17 Suspension. Additionally, as in the case previous,
18 the OCC would recommend that the Emergency Order
19 remain in place pending the Board's receipt of the
20 Report and Recommendation.

21 CHAIRMAN:

22 Thank you. Any questions or comments
23 from the Board? Can I have a motion, please?

24 MR. TRUJILLO:

25 Mr. Chairman, I move that the Board issue

1 an Order to extend the Emergency Suspension of
2 Margaret Sajez's Non-Gaming Employee Registration and
3 that the matter be referred to the OHA for a hearing
4 to determine the validity of the Emergency Suspension
5 Order.

6 MR. ANGELI:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 AYES RESPOND

11 CHAIRMAN:

12 Opposed?

13 NO RESPONSE

14 CHAIRMAN:

15 Motion passes.

16 ATTORNEY SHERMAN:

17 That concludes the matters of the OCC.

18 CHAIRMAN:

19 Thank you, Steve. Thank you, Doug. Next
20 up we have Sean Hannon. Sean is our manager of the
21 Licensing Unit and filling in for Susan Hensel.
22 Welcome, Sean.

23 ATTORNEY HANNON:

24 Thank you, Chairman Fajt, members of the
25 Board. The first matter for your consideration today

1 is the renewal of a slot machine manufacturer license
2 for Lightning Poker, Incorporated.

3 MR. GINTY:

4 Mr. Chairman, can I interrupt?

5 CHAIRMAN:

6 Yes. I'm sorry. Commissioner Ginty?

7 MR. GINTY:

8 I'm going to recuse myself on this matter
9 in an abundance of caution because of a personal and
10 business relationship I have with one of the
11 individuals involved.

12 CHAIRMAN:

13 Fine. You are excused. Thank you, Jim.
14 Sean, go ahead.

15 ATTORNEY HANNON:

16 The Bureau of Investigations and
17 Enforcement (BIE) has completed its investigation, and
18 the Bureau of Licensing has provided you with the
19 renewal background investigation and suitability
20 report for this licensee.

21 No issues were identified by either the
22 BIE or Licensing that would preclude the renewal of
23 their license. I have provided you with a draft Order
24 and ask that the Board consider the renewal of
25 Lightning Poker, Incorporated.

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CHAIRMAN:

Thank you. Any questions or comments from Enforcement Counsel?

ATTORNEY PITRE:

There's no objection to the suitability of the company.

CHAIRMAN:

Thank you. I will note for the record also that in yesterday's Executive Session Commissioner Ginty also recused himself and left the room during the Executive Session on this matter. Any questions or comments from the Board? Can I have a motion, please?

MR. ANGELI:

So moved.

CHAIRMAN:

Second?

MR. COY:

Second.

CHAIRMAN:

All in favor?

AYES RESPOND

CHAIRMAN:

Opposed?

NO RESPONSE

1 CHAIRMAN:

2 Motion passes. I'll note for the record
3 that Commissioner Ginty is back in the room --- back
4 in the house as they say in sports.

5 ATTORNEY HANNON:

6 Next is the approval of Key Employee
7 Licenses. Prior to this meeting, the Bureau of
8 Licensing provided you with a proposed Order for two
9 Key Employee Licenses for Presque Isle Downs,
10 Incorporated and Washington Trotting Association,
11 Incorporated. I ask that the Board consider the Order
12 approving these licenses.

13 CHAIRMAN:

14 Any questions or comments from
15 Enforcement Counsel?

16 ATTORNEY PITRE:

17 There's no objection from the OEC.

18 CHAIRMAN:

19 Thank you. Questions from the Board?
20 Could I have a motion, please?

21 MR. COY:

22 So moved.

23 CHAIRMAN:

24 Second?

25 MR. GINTY:

1 It will give me mixed emotions to have my
2 last second on Mr. Coy's motion. Second.

3 CHAIRMAN:

4 Thank you. All in favor?

5 AYES RESPOND

6 CHAIRMAN:

7 Opposed?

8 NO RESPONSE

9 CHAIRMAN:

10 Motion passes.

11 ATTORNEY HANNON:

12 We also have for your consideration the
13 issuance of Temporary Key Employee Licenses. Prior to
14 this meeting, the Bureau of Licensing provided you
15 with an Order regarding the issuance of temporary
16 licenses for 14 Key Employees. I ask that the Board
17 consider the Order approving these credentials.

18 CHAIRMAN:

19 Any questions or comments from
20 Enforcement Counsel?

21 ATTORNEY PITRE:

22 We have no objection.

23 CHAIRMAN:

24 Thank you. Questions from the Board?
25 Could I have a motion, please?

1 MR. GINTY:

2 So moved.

3 MR. MCCABE:

4 Second.

5 CHAIRMAN:

6 All in favor?

7 AYES RESPOND

8 CHAIRMAN:

9 Opposed?

10 NO RESPONSE

11 CHAIRMAN:

12 Motion passes.

13 ATTORNEY HANNON:

14 Next are Gaming Permits and Non-Gaming
15 Registrations. Prior to this meeting, the Bureau of
16 Licensing provided you with a list of 437 individuals,
17 including 168 initial and 260 G2 temporary permits and
18 nine G2 full permits, who the Bureau has granted
19 occupation permits to and 88 individuals who the
20 Bureau has granted registrations to under the
21 authority delegated to the Bureau of Licensing. I ask
22 that the Board adopt a motion approving the Order.

23 CHAIRMAN:

24 Questions or comments from Enforcement
25 Counsel?

1 ATTORNEY PITRE:

2 There's no objection.

3 CHAIRMAN:

4 Thank you. Questions from the Board?

5 Could I have a motion, please?

6 MR. MCCABE:

7 So moved.

8 MR. SOJKA:

9 Second.

10 CHAIRMAN:

11 All in favor?

12 AYES RESPOND

13 CHAIRMAN:

14 Opposed?

15 NO RESPONSE

16 CHAIRMAN:

17 Motion passes.

18 ATTORNEY HANNON:

19 In addition, we have withdrawal requests
20 for Key Employees, Gaming and Non-Gaming Employees.
21 In each case, the license, permit or registration is
22 no longer required due to such circumstances as the
23 employee failing to report to work or the job offer
24 being rescinded. For today's meeting, I have provided
25 the Board with a list of 38 Key Employees, 44 Gaming

1 and eight Non-Gaming withdrawals for approval. I ask
2 that the Board consider the Orders approving the list
3 of withdrawals.

4 CHAIRMAN:

5 Questions or comments from Enforcement
6 Counsel?

7 ATTORNEY PITRE:

8 We have no objection to the withdrawals.

9 CHAIRMAN:

10 Thank you. Comments from the Board?
11 Could I have a motion, please?

12 MR. MCCABE:

13 So moved.

14 MR. SOJKA:

15 Second.

16 CHAIRMAN:

17 All in favor?

18 AYES RESPOND

19 CHAIRMAN:

20 Opposed?

21 NO RESPONSE

22 CHAIRMAN:

23 Motion passes.

24 ATTORNEY HANNON:

25 Finally, we have an Order to certify the

1 following gaming service providers; Brysco
2 Foodservice, LLC, Henkels & McCoy, Incorporated, The
3 Star Group Communications, Incorporated, Toshiba
4 International Corporation, Zenith Media Services,
5 Incorporated. I ask that the Board consider the Order
6 approving these gaming service providers for
7 certification.

8 CHAIRMAN:

9 Questions from Enforcement Counsel?

10 ATTORNEY PITRE:

11 The OEC, on behalf of the BIE, would
12 recommend the certification of each.

13 CHAIRMAN:

14 Thank you. Questions from the Board?
15 Can I have a motion, please?

16 MR. SOJKA:

17 So moved.

18 CHAIRMAN:

19 Second?

20 MR. TRUJILLO:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 AYES RESPOND

25 CHAIRMAN:

1 Opposed?

2 NO RESPONSE

3 CHAIRMAN:

4 Motion passes.

5 ATTORNEY HANNON:

6 This concludes the Bureau of Licensing's
7 presentation.

8 CHAIRMAN:

9 Thank you very much, Sean. Next up is
10 Cyrus Pitre, our Chief Enforcement Counsel, and Billie
11 Jo. Welcome.

12 ATTORNEY MATELEVICH-HOANG:

13 Good afternoon, Chairman Fajt, members of
14 the Board. I'm Billie Matelevich-Hoang, B-I-L-L-I-E,
15 M-A-T-E-L-E-V-I-C-H, hyphen, H-O-A-N-G, and I'm here
16 today regarding the matter of Mr. Rankins' suspension
17 for his Non-Gaming Registration.

18 On November 18th, 2010, the OEC filed a
19 complaint for suspension of Mr. Rankins' Non-Gaming
20 Registration due to his gaming at Hollywood Casino,
21 his place of employment. The Enforcement Complaint
22 was properly served upon Mr. Rankins by both certified
23 and First-Class mail. Mr. Rankins did not respond to
24 the complaint within 30 days. Therefore, pursuant to
25 Board Regulations, all facts alleged in the complaint

1 are deemed admitted.

2 The OEC filed a request for default
3 judgment on December 29th, 2010. And at this time,
4 the OEC asks that Mr. Rankins' Non-Gaming Registration
5 be suspended for a six-month period.

6 CHAIRMAN:

7 Thank you. Is Mr. Rankins present? Any
8 questions or comments from the Board? May I have a
9 motion, please?

10 MR. ANGELI:

11 Mr. Chairman, I move that the Board issue
12 an Order to approve the suspension of Kenneth Rankins'
13 Non-Gaming Employee Registration, as described by the
14 OCC.

15 MR. COY:

16 Second.

17 CHAIRMAN:

18 All in favor?

19 AYES RESPOND

20 CHAIRMAN:

21 Opposed?

22 NO RESPONSE

23 CHAIRMAN:

24 Motion passes.

25 ATTORNEY PITRE:

1 Thank you.

2 CHAIRMAN:

3 Thank you both. That concludes today's
4 business. In closing, our next public meeting is
5 Thursday, February 10th, in the North Office Building.
6 The meeting, just for note, will begin at 9:30 a.m.,
7 as opposed to our customary ten o'clock. Again,
8 that's February 10th, Thursday, at 9:30 a.m. And any
9 final comments from the Board?

10 Just in closing, again, I'd like to wish
11 my good friend and colleague, Jeff Coy, well.
12 Jeffrey, it's --- again, on behalf of all the Board,
13 the staff and managers and everybody else at the
14 Gaming Control Board, it's been our pleasure to serve
15 with you, to work with you, and thank you for your
16 career of public service, and especially your last six
17 years at the Gaming Control Board. A job well done,
18 my friend.

19 MR. COY:

20 Thank you, Mr. Chairman.

21 CHAIRMAN:

22 You're welcome. Can I have a motion to
23 adjourn?

24 MR. COY:

25 Happily, I move we adjourn.

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MR. SOJKA:

Second.

CHAIRMAN:

Thank you. All in favor?

AYES RESPOND

CHAIRMAN:

The meeting is adjourned.

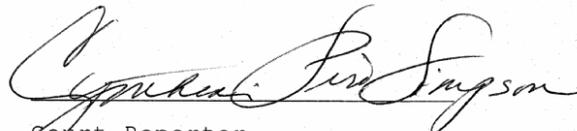
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MEETING CONCLUDED AT 12:49 P.M.

* * * * *

CERTIFICATE

I hereby certify that the foregoing proceedings, public meeting held before Chairman Fajt, was reported by me on 01/26/2010 and that I Cynthia Piro Simpson read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.


Cynthia Piro Simpson
Court Reporter