

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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BEFORE: GREGORY C. FAJT, CHAIRMAN  
Raymond S. Angeli, James B. Ginty,  
Keith R. McCall, Anthony C. Moscato,  
Gary A. Sojka, Kenneth I. Trujillo; Members  
Christopher Craig, Representing Robert M.  
McCord, State Treasurer  
Robert Coyne, Representing Daniel P.  
Meuser, Secretary of Revenue  
Daniel Tufano, Representing George Greig,  
Secretary of Agriculture

MEETING: Thursday, April 28, 2011  
10:00 a.m.

LOCATION: Hearing Room One  
North Office Building  
401 North Street  
Harrisburg, PA 17120

Reporter: Cynthia Piro Simpson

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A P P E A R A N C E S

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A P P E A R A N C E S (Cont.)

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## I N D E X

1		
2		
3	OPENING REMARKS	
4	By Chairperson	6 - 7
5	PRESENTATION	
6	By Attorney Sherman	7
7	By Attorney Yocum	7 - 10
8	By Attorney Sherman	10 - 18
9	By Attorney Fikry	18 - 20
10	QUESTIONS BY BOARD	20 - 22
11	STATEMENT	
12	By Attorney Roland	22 - 23
13	DISCUSSION AMONG PARTIES	23 - 25
14	PRESENTATION	
15	By Attorney Cook	25 - 28
16	By Ms. Hensel	29 - 35
17	By Attorney Creany	36 - 37
18	QUESTIONS BY BOARD	38 - 39
19	DISCUSSION AMONG PARTIES	39 - 40
20	PRESENTATION	
21	By Attorney Matelevich-Hoang	40 - 41
22	QUESTIONS BY BOARD	41 - 43
23	PRESENTATION	
24	By Attorney Matelevich-Hoang	44 - 45
25		

I N D E X (Cont.)

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CLOSING REMARKS

By Chairman

45 - 46

## P R O C E E D I N G S

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CHAIRMAN:

Okay. We'll now convene our regular meeting. By way of announcements, since our last meeting, the Board held an Executive Session yesterday and again, prior to this meeting. The purpose of yesterday's Executive Session was to discuss personnel matters pending litigation and to conduct quasi judicial deliberations relating to matters being considered before the Board today.

The Executive Session which just ended was held to conduct quasi judicial deliberations relative to the three hearings that we held earlier today. I'd also like to again announce the Gaming Control Board will hold three public input hearings related to license renewals for the three western Pennsylvania casinos on May 3rd, 4th and 5th. For more detailed information, please log on to our website, [www.pgcb.state.pa](http://www.pgcb.state.pa), or you can call our Harrisburg office at 717-346-8300. Please note that tomorrow at noon is the last day to register or receive written comments related to those three public input hearings.

We have also scheduled since our last

1 meeting a license renewal hearing for Sugarhouse  
2 Casino on Thursday, June 16th. The meeting will be  
3 held in Room 119A/D of the Pennsylvania Convention  
4 Center, located at 1101 Arch Street in the City of  
5 Philadelphia. The deadline to register to speak at  
6 that hearing is June 14th, 2011.

7 Moving right along, we have our Office of  
8 Chief Counsel (OCC) next. Welcome, Doug, Susan.

9 ATTORNEY SHERMAN:

10 Good afternoon, Chairman and members of  
11 the Board.

12 CHAIRMAN:

13 Good afternoon.

14 ATTORNEY SHERMAN:

15 Good afternoon, Chairman, members of the  
16 Board. Our first two agenda items relate to a  
17 proposed regulation and a temporary regulation, which  
18 Deputy --- or Chief --- or I'm sorry, Assistant Chief  
19 Counsel, Susan Yocum, will present.

20 CHAIRMAN:

21 Welcome, Susan.

22 ATTORNEY YOCUM:

23 Hi. I have two regulations for your  
24 consideration today. First is 125-149. This is a  
25 proposed rulemaking which will transition three more

1 of our safe temporary table game Chapters in their  
2 proposed form. This addresses Chapter 621 on Pai Gow,  
3 Chapter 623 on Blackjack, and Chapter 625 on Sic Bo.  
4 Contained in this rulemaking are the table layout  
5 requirements, the dealing procedures and the payout  
6 odds and amounts for all participating wagers. I'd be  
7 happy to answer any questions you may have.

8 CHAIRMAN:

9 Any questions or comments from the Board?  
10 Seeing none, could I have a motion, please?

11 MR. ANGELI:

12 Mr. Chairman, I move that the Board adopt  
13 proposed rulemaking 125-149 as described by the OCC  
14 and that the Board establish a public comment period  
15 of 30 days for this regulation and that the proposed  
16 regulation be posted on the Board website.

17 MR. GINTY:

18 Second.

19 CHAIRMAN:

20 All in favor?

21 ALL SAY AYE

22 CHAIRMAN:

23 Opposed? The motion passes.

24 ATTORNEY YOCUM:

25 The next is a temporary rulemaking, 125-

1 150. This will add the variation of mini-baccarat to  
2 the game of midi-baccarat. It will also add three  
3 optional side wagers on the progressive payout wagers,  
4 provided a patron plays against a pay table. It adds  
5 it to Mississippi Stud, Ultimate Texas Hold'em and  
6 Four-Card Poker.

7 CHAIRMAN:

8 Any questions or comments from the Board?  
9 Could I have a motion?

10 MR. GINTY:

11 Chairman, I move that the Board adopt  
12 Temporary Regulation 125-150 as described by the OCC  
13 and that the Board establish a public comment period  
14 of 30 days for this regulation and that the temporary  
15 regulation be posted on the Board's website.

16 MR. MCCALL:

17 Second.

18 CHAIRMAN:

19 All in favor?

20 ALL SAY AYE

21 CHAIRMAN:

22 Opposed? Motion passes.

23 ATTORNEY YOCUM:

24 Thank you.

25 CHAIRMAN:

1 Thank you, Susan.

2 ATTORNEY SHERMAN:

3 Next the Board has four petitions before  
4 it for consideration. Three of these matters were  
5 heard earlier this morning by the Board during the  
6 public hearings. Specifically, those are Valley  
7 Forge's petition for the Approval of Corporate  
8 Restructuring, Valley Forge's petition for Approval of  
9 a Revised Master Site Plan, and WTA's petition to  
10 Change the Gaming Floor Plan.

11 The remaining petition coming before the  
12 Board is that of Victory Woodworks. It's a petition  
13 to reopen the Gaming Service Provider occupation and  
14 for a removal from the Prohibited Gaming Service  
15 Provider List. That matter will be considered upon a  
16 documentary record before the Board today, although  
17 the counsel for Victory Woodworks is present and would  
18 like to briefly address the Board when we get to that  
19 matter.

20 In each of these matters, the Board has  
21 been provided with all of the pleadings, other  
22 memorandums or any other supplemental documentary  
23 material in support of the petitions or the answers.  
24 First is the Valley Forge Petition for Approval of the  
25 Corporate Restructuring.

1           As you heard earlier today, Valley Forge  
2 seeks to bring in the new equity investment, which  
3 will comprise 30 percent of the interest in the  
4 project. That would be of the CMS Investment Group.  
5 The interest of the remaining principals have a  
6 cumulative reduction in a similar amount proportionate  
7 to that 30 percent. Should the Board approve the  
8 restructuring, Director of Licensing Susan Hensel will  
9 be presenting CMS and affiliated parties for licensure  
10 during her presentation before the Board.

11           Additionally, Valley Forge has filed a  
12 motion to protect certain information, and the  
13 petition is confidential. The OEC has no objection to  
14 the motion, and it's now ready for consideration.

15           CHAIRMAN:

16           Okay. Any questions or comments for the  
17 Board? Could I have a motion, please?

18           MR. MCCALL:

19           Mr. Chairman, I move that the Board grant  
20 the petition of Valley Forge Convention Center  
21 Partners, LP as described by the OCC; however, in  
22 granting this petition, the Board defer consideration  
23 on the imposition of the nominal fee pending further  
24 review by the Board.

25           CHAIRMAN:

1 Second?

2 MR. MOSCATO:

3 Second.

4 CHAIRMAN:

5 All in favor?

6 ALL SAY AYE

7 CHAIRMAN:

8 All opposed? Motion passes.

9 ATTORNEY SHERMAN:

10 The next petition before the Board is  
11 that of Valley Forge, and it's their petition for  
12 Approval of a Master Site Plan. Again, this matter  
13 was presented through a documentary and PowerPoint  
14 submission to the Board, which essentially allows  
15 Valley Forge to modify its earlier proposal and now  
16 incorporate an additional 100 machines, up to 50 table  
17 games, as authorized in Act One of 2010. It would  
18 also expand their gaming floor from 18,000 square feet  
19 to just shy of 33,000 square feet.

20 If the Board ---. To be clear, if the  
21 Board approves this petition, the Board is not  
22 approving Valley Forge to go live with any of these  
23 games. It's not approving them for the operation or  
24 use of table games. Those will be matters of separate  
25 proceedings, as will the patron of the amenities plan,

1 which has yet to be submitted and will be coming  
2 before the Board in later proceedings. This is just a  
3 preliminary step which will allow Valley Forge to  
4 start moving forward with their planning and their  
5 construction schedules.

6 CHAIRMAN:

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

9 MR. MOSCATO:

10 Mr. Chairman, I move the Board grant the  
11 petition of Valley Forge Convention Center Partners,  
12 LP with the conditions requested by OEC as described  
13 by the OCC.

14 CHAIRMAN:

15 Second?

16 MR. SOJKA:

17 Second.

18 CHAIRMAN:

19 All in favor?

20 ALL SAY AYE

21 CHAIRMAN:

22 Opposed? Motion passes.

23 ATTORNEY SHERMAN:

24 Okay. And as a follow-up on that same  
25 matter, there was also a motion to protect certain

1 information as confidential. That's really the  
2 security and back house information associated with  
3 that petition.

4 MR. SOJKA:

5 So moved.

6 ATTORNEY SHERMAN:

7 And we'd also request that that be ---  
8 which is not objected to. We request that be subject  
9 to a motion and approved.

10 CHAIRMAN:

11 Okay. Could I have a same motion by the  
12 same people to protect that information as  
13 confidential? Commissioner Moscato, you want to make  
14 that?

15 MR. MOSCATO:

16 I make that motion.

17 MR. SOJKA:

18 I'll second it.

19 CHAIRMAN:

20 All in favor?

21 ALL SAY AYE

22 CHAIRMAN:

23 Opposed? The motion passes.

24 ATTORNEY SHERMAN:

25 The third matter is that of Washington

1 Trotting Association, which the Board heard just  
2 before the break. Washington Trotting, of course, is  
3 seeking to modify their game floor plan to relocate  
4 its clubhouse area, its VIP lounges and make some  
5 fundamental changes to its structure, which, as the  
6 testimony revealed, WTA thinks would be good for its  
7 marketing, good for it and good for the Commonwealth.

8           As part of this change, there would be a  
9 reduction of 189 machines, which brought into play  
10 some questions from the Board about the October 2009  
11 level of machines and what the relevant considerations  
12 of those changes are to the Board's responsibilities.  
13 WTA has also filed a motion to protect certain  
14 information as confidential, which, again, are  
15 security sensitive and proprietary business modeling  
16 information.

17           There's no objection to that motion for  
18 confidentiality. The record is closed. It's  
19 appropriate for the Board's consideration to approve  
20 that motion --- or that petition, subject to  
21 conditions as imposed in the OEC answer. Thank you.

22           CHAIRMAN:

23           Questions or comments from the Board?  
24 Could I have a motion, please?

25           MR. SOJKA:

1                   Yes, Mr. Chairman. I'll move that the  
2 Board grant the petition of the Washington Trotting  
3 Association, with the conditions requested by OEC, as  
4 just described by the OCC, with the understanding that  
5 that also includes the motion of confidentiality.

6                   CHAIRMAN:

7                   Second?

8                   MR. TRUJILLO:

9                   Second.

10                  CHAIRMAN:

11                  All in favor?

12 ALL SAY AYE

13                  CHAIRMAN:

14                  Opposed? Motion passes.

15                  ATTORNEY SHERMAN:

16                  The final petition before the Board is  
17 that of Victory Woodworks. Victory Woodworks is  
18 requesting that the Board reopen its application for  
19 certification as a Gaming Service Provider and that it  
20 be removed from the prohibited vendor --- Prohibited  
21 Gaming Service Provider List.

22                  Victory Woodworks is a Nevada Corporation  
23 which manufactures and installs cabinetry and  
24 architectural millwork. During 2009, after making an  
25 application to the Board to be a Certified Vendor at

1 that point, Victory was granted interim authorization  
2 to start work for Sands Bethworks.

3           During November of 2009, Victory  
4 completed the project it had under contract with  
5 Sands. And during the entire time that the services  
6 were performed, Victory's application remained pending  
7 and under investigation.

8           In July 2010, BIE requested the  
9 supplementation of the original application. There  
10 was some conversation between Victory and staff of the  
11 Board about providing the additional information.  
12 However, at that time it's represented that Victory  
13 believed there were no additional opportunities for it  
14 to do work in Pennsylvania, and it abandoned the  
15 application.

16           On December 16, 2010 the Board issued an  
17 Order denying their application, because of the  
18 uncompleted status and placed the --- Victory on the  
19 Board's Prohibited Gaming Service Provider List.  
20 Typically, such an Order prohibits Victory from  
21 reapplying for certification for five years.  
22 Nonetheless, Victory is now requesting to be taken off  
23 of that list, stating they never intended to withhold  
24 the information or impede the investigation and would  
25 like an opportunity to rectify the situation and

1 complete the process.

2 OEC filed an Answer objecting to the  
3 removal from the Prohibited Gaming Service Provider  
4 List based upon that five-year exclusion. However,  
5 they have indicated that if the Board were to allow  
6 Victory to be removed from the list and have its  
7 application reconsidered, then Victory should be  
8 required to pay a \$1,500 sanction, along with all  
9 outstanding and costs that have yet to be incurred in  
10 connection with the investigation.

11 This would be consistent with the way in  
12 which other similar vendors or Gaming Services  
13 Providers that have been on --- placed on the  
14 Prohibited Vendor List have also been treated.  
15 Counsel Eric Fikry of the --- on behalf of Victory  
16 Woodworks is present to address the Board.

17 CHAIRMAN:

18 Thank you. Counselor, do you want to  
19 make a --- could you state and spell your name for the  
20 stenographer, first, and then if you want to make a  
21 brief statement, that'd be fine.

22 ATTORNEY FIKRY:

23 Thank you, Mr. Chairman. Eric Fikry,  
24 F-I-K-R-Y. Sorry. Eric Fikry, F-I-K-R-Y, with Blank  
25 Rome on behalf of Victory Woodworks, the Petitioner in

1 this matter. Thank you, Mr. Chairman, members of the  
2 Board.

3           There was a stipulation of facts that  
4 basically is what Mr. Sherman indicated for the Board.  
5 Essentially, Victory Woodworks is a provider --- Non-  
6 Gaming Related Gaming Service Provider. They operate  
7 normally in an environment that doesn't compose of any  
8 sorts of requirements from us on --- and trying to do  
9 this job for Sands Bethlehem or operating without the  
10 benefit of Pennsylvania counsel.

11           They recognize the error that they made.  
12 Just sort of to amplify something that Mr. Sherman  
13 indicated, it was their intention, once they realized  
14 that they were no longer in need of or expected to  
15 continue to engage in activity in Pennsylvania, to  
16 withdraw their application. But unfortunately,  
17 because they didn't have Pennsylvania counsel, they  
18 didn't do it properly, and it was never filed timely.

19           And so at this point what they've done is  
20 obviously got counsel involved and made a motion  
21 seeking to be removed from the Prohibited Service ---  
22 Gaming Service Provider List and ask for leave to  
23 reopen their application. In an effort to convey to  
24 the Board the seriousness of their intention to  
25 rectify the problems, they already have filed a

1 verified petition, executed by the vice president of  
2 the company, advising and committing to providing any  
3 information that BIE or Licensing requires.

4 And they have similarly already made  
5 payment of \$1,500 to the Department of Revenue in  
6 anticipation of the sanction that would be imposed,  
7 consistent with prior practice. I'm happy to amplify  
8 this further, expand on anything or answer any  
9 questions the Board may have at this point.

10 CHAIRMAN:

11 Thank you. And questions? Commissioner  
12 Trujillo.

13 MR. TRUJILLO:

14 I just want to make sure that your senior  
15 partner back there is okay with that. Thank you.

16 MR. GINTY:

17 I just have a comment.

18 CHAIRMAN:

19 Go ahead.

20 MR. GINTY:

21 This is one of those situations where a  
22 vendor or supplier, you know, came into Pennsylvania  
23 to do business. Because of the lag time between doing  
24 the work and our being able to finish the license  
25 application, your client here was paid, went back to

1 New Jersey and just basically ignored us and, you  
2 know, apparently found themselves at some disadvantage  
3 with respect to other jurisdiction, and we put them on  
4 the Prohibited Vendor List and hired you, which was a  
5 very good move on their part to do. But you know, I'd  
6 like you to take a message back to your client, that,  
7 you know, I don't know if they're going to do any more  
8 business in Pennsylvania, but I think you're going to  
9 get off awfully light this time around. You know, we  
10 don't like people thumbing their nose at us and our  
11 proceedings here, and that's the message I want you to  
12 take back.

13 ATTORNEY FIKRY:

14 Well, they are certainly ---. They are  
15 already aware of that. We made them aware of that.  
16 We will reiterate that for them. And further, just to  
17 clarify things it's not New Jersey. But in any event,  
18 it was a ---. Their explanation of it, this was a  
19 function of their ignorance of the process and the  
20 fact that they were operating without counsel. But we  
21 will certainly convey to them the necessity of their  
22 compliance fully here, going forward.

23 CHAIRMAN:

24 Before we take a moment, Mr. Roland, do  
25 you have anything to say?

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ATTORNEY ROLAND:

Yes, Mr. Chairman, Michael Roland, R-O-L-A-N-D, OEC. Mr. Chairman, if the Board does decide to give Victory Woodworking another opportunity, we just ask that the condition that's already been mentioned on the \$1,500 civil penalty that's traditionally been imposed to come off of the list. They've actually already paid that. That is with the Board already. I believe March 18th they sent it in.

We also ask that there be no interim operating authority granted the second time around, just so we don't recreate this exact same scenario again down the road. And even though it was a petition to reopen, I'm going to play with the terminology here a little bit. I don't know if we really can reopen.

They need to file again, because the information that Victory originally supplied to us at this point is already over a year and a half old. So even if we were to open the existing applications, we essentially are going to have to go back to them and say, give us everything brand new again, because so much may have changed from the initial filing date.

So whether we call it reopen, whether we

1 ask them to call it filing anew, I would just ask that  
2 it be part of the condition, if it's granted, that  
3 ---. And they are also aware that new applications  
4 are going to have to be filed because of the date of  
5 the material that's already been supplied.

6 CHAIRMAN:

7 You're aware of that, Mr. Fikry?

8 ATTORNEY FIKRY:

9 We are aware of that. Victory Woodworks  
10 is already in the process of preparing new application  
11 materials in their entirety. They are similarly aware  
12 that they will not be eligible, if the Board agrees  
13 with --- to grant the petition, to engage in any  
14 business in Pennsylvania during the pendency of their  
15 licensing investigation.

16 We would respectfully ask that we not be  
17 --- that Victory Woodworks not be kept on the  
18 prohibited list during that ensuing investigation of  
19 it, because that has several implications for their  
20 ability to do business outside of Pennsylvania. But  
21 as far as the other aspects of it go, Victory  
22 Woodworks has no objection to the condition.

23 CHAIRMAN:

24 Mr. Roland, were there any costs incurred  
25 in the initial investigation by BIE or were those

1 costs already paid?

2 ATTORNEY ROLAND:

3 There were no costs incurred, because the  
4 investigation by BIE never took place. There was  
5 never the first step. We never even got that off the  
6 ground.

7 CHAIRMAN:

8 All right.

9 ATTORNEY ROLAND:

10 There may have been fingerprints, but  
11 those were already taken care of, the \$39 fee.

12 CHAIRMAN:

13 Okay, all right. Any other questions or  
14 comments? I also want to follow up on Commissioner  
15 Trujillo's comment. Your son was as well-behaved as,  
16 I assume, most adults in this room. What's your  
17 son's name?

18 ATTORNEY FIKRY:

19 His name is Albert.

20 CHAIRMAN:

21 Albert? Good job. Okay.

22 ATTORNEY FIKRY:

23 Thank you for acknowledging that.

24 CHAIRMAN:

25 Yeah. No problem. Could I have a

1 motion, please?

2 MR. ANGELI:

3 Mr. Chairman, I move that the Board grant  
4 the petition of Victory Woodworks with the condition  
5 as requested by OEC, as described by the OCC.

6 MR. GINTY:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 ALL SAY AYE

11 CHAIRMAN:

12 Opposed? The motion passes.

13 ATTORNEY FIKRY:

14 Thank you very much.

15 ATTORNEY SHERMAN:

16 Next, presenting withdrawals and  
17 Emergency Suspension is Deputy Chief Counsel, Steve  
18 Cook.

19 ATTORNEY COOK:

20 Thank you. Obviously, by Mr. Fikry  
21 having Albert sit here the entire day, doesn't want to  
22 be a gaming ---. The Board has four unopposed  
23 petitions to withdraw the applications of individuals  
24 or businesses.

25 The persons or entities subject to these

1 petitions are as follows; Anthony Vroblesky, Gerald  
2 Einsohn, Bermanfalk Hospitality Group, LLP, and Lenny  
3 M. Mazurek. The OEC has no objections to these  
4 withdrawals. As such, if the Board were to order  
5 same, they would be doing so without prejudice.

6 CHAIRMAN:

7 Thanks. Any questions or comments from  
8 the Board? Could I have a motion, please?

9 MR. GINTY:

10 Mr. Chairman, I move that the Board issue  
11 Orders to approve the withdrawals as described by the  
12 OCC.

13 MR. MCCALL:

14 Second.

15 CHAIRMAN:

16 All in favor?

17 ALL SAY AYE

18 CHAIRMAN:

19 Opposed? The motion passes.

20 ATTORNEY COOK:

21 Next for the Board's consideration is the  
22 Emergency Suspension of Paul Derohn, who was issued a  
23 Non-Gaming Employee Registration on November 11th,  
24 2010 and was employed as a steward at HSP Gaming, LP.  
25 On April 1st, 2011, Mr. Derohn was charged with 25

1 felony counts for possession of child pornography, one  
2 felony count of criminal use of a communications  
3 facility.

4                   As a result of these charges, the OEC  
5 filed a request for Emergency Order of Suspension for  
6 Mr. Derohn's Gaming Employee Permit --- or Non-Gaming  
7 Employee Registration, excuse me. The Order was  
8 signed by the Executive Director on April 15th, 2011.  
9 Board Regulations require that a Temporary Emergency  
10 Order be presented to the Board for a full evidentiary  
11 hearing or that the matter be referred to the Office  
12 of Hearings and Appeals (OHA) to conduct that hearing.

13                   Before the Board would be a request for a  
14 motion to defer the matter to the OHA to conduct that  
15 evidentiary hearing, subsequent to which a report and  
16 recommendation will be issued. And then it will come  
17 back up before the Board. We would also ask that the  
18 Emergency Order --- Suspension Order remain in place  
19 during the pendency of that action.

20                   CHAIRMAN:  
21                   Any questions or comments from the Board?  
22 Could I have a motion, please?

23                   MR. MCCALL:  
24                   Mr. Chairman, I move that the Board issue  
25 an Order to extend the Emergency Suspension of Paul

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

5 CHAIRMAN:

6 Second?

7 MR. MOSCATO:

8 Mr. Chairman, I'll second the motion.

9 CHAIRMAN:

10 All in favor?

11 ALL SAY AYE

12 CHAIRMAN:

13 Opposed? Motion passes.

14 ATTORNEY COOK:

15 And that concludes the matters of the  
16 OCC.

17 CHAIRMAN:

18 Thank you, Steve. Thank you, Doug. Next  
19 we have our Director of Licensing, Susan Hensel.  
20 Welcome, Susan.

21 MS. HENSEL:

22 Thank you, Chairman Fajt and members of  
23 the Board. The first matter for your consideration is  
24 the renewal of the Slot Machine Supplier License for  
25 Advanced Gaming Associates, LLC. The Bureau of

1 Investigations and Enforcement (BIE) has completed its  
2 investigation, and the Bureau of Licensing has  
3 provided you with the renewal background investigation  
4 and suitability report for this Licensee.

5 No issues were identified that would  
6 preclude renewal of this license. I have provided you  
7 with a draft order and ask that the Board consider the  
8 renewal of Advanced Gaming Associate, LLC's Supplier  
9 License.

10 CHAIRMAN:

11 Okay. Welcome, Ms. Davenport. Any  
12 questions or comments from Enforcement Counsel?

13 ATTORNEY DAVENPORT:

14 No. Nan Davenport, Deputy Chief  
15 Enforcement Counsel, sitting in for Cyrus Pitre. OEC  
16 has no objection to the renewal.

17 CHAIRMAN:

18 Thank you. Questions from the Board?  
19 Could I have a motion?

20 MR. MOSCATO:

21 Chairman, I move the Board approve the  
22 renewal of Advanced Gaming Associates, LLC's Slot  
23 Machine Supplier License, as described by the Bureau  
24 of Licensing.

25 CHAIRMAN:

1 Second?

2 MR. SOJKA:

3 Second.

4 CHAIRMAN:

5 All in favor?

6 ALL SAY AYE

7 CHAIRMAN:

8 Opposed? The motion passes.

9 MS. HENSEL:

10 We also have for your consideration the  
11 approval of Principal and Key Employee Licenses.  
12 Prior to this meeting, the Bureau of Licensing  
13 provided you with a Proposed Order for 11 Principal  
14 and 3 Key Employee Licenses for Chester Downs and  
15 Arena, LLC; Greenwood Gaming and Entertainment; Valley  
16 Forge Convention Center Partners, LP; and Sands  
17 Bethworks Gaming, LLC. I ask that the Board consider  
18 the Order approving these licenses.

19 CHAIRMAN:

20 Comments from Enforcement Counsel?

21 ATTORNEY DAVENPORT:

22 OEC has no objections.

23 CHAIRMAN:

24 Thank you. Questions from the Board?

25 Could I have a motion?

1                   MR. SOJKA:

2                   Yes. Mr. Chairman, I move that the Board  
3 approve the issuance of Principal Licenses as  
4 described by the Bureau of Licensing.

5                   CHAIRMAN:

6                   Second?

7                   MR. TRUJILLO:

8                   Second.

9                   CHAIRMAN:

10                  All in favor?

11 ALL SAY AYE

12                  CHAIRMAN:

13                  Opposed? The motion passes.

14                  MS. HENSEL:

15                  Next for your consideration are Temporary  
16 Key Employee Licenses. Prior to this meeting, the  
17 Bureau of Licensing provided you with an Order  
18 regarding the issuance of temporary licenses for four  
19 Key Employees. I ask that the Board consider the  
20 Order approving these licenses.

21                  CHAIRMAN:

22                  Comments from Enforcement Counsel?

23                  ATTORNEY DAVENPORT:

24                  No objections.

25                  CHAIRMAN:

1 Thank you. Questions from the Board?  
2 Could I have a motion, please?

3 MR. TRUJILLO:

4 Mr. Chairman, I move that the Board  
5 approve the issuance of Temporary Principal and Key  
6 Employee credentials, as described by the Bureau of  
7 Licensing.

8 MR. ANGELI:

9 Second.

10 CHAIRMAN:

11 All in favor?

12 ALL SAY AYE

13 CHAIRMAN:

14 Opposed? The motion passes.

15 MS. HENSEL:

16 Next are Gaming Permits and Non-Gaming  
17 Registrations. Prior to this meeting, the Bureau of  
18 Licensing provided you with a list of 356 individuals  
19 who the Bureau has granted occupational permits to,  
20 and 89 individuals who the Bureau has granted  
21 registrations to under the authority delegated to the  
22 Bureau of Licensing. I ask that the Board adopt a  
23 motion approving the Order.

24 CHAIRMAN:

25 Comments from Enforcement Counsel?

1                   ATTORNEY DAVENPORT:

2                   OEC does not object.

3                   CHAIRMAN:

4                   Thank you.   Questions from the Board?

5    Could I have a motion?

6                   MR. ANGELI:

7                   So moved.

8                   CHAIRMAN:

9                   Second?

10                  MR. GINTY:

11                  Second.

12                  CHAIRMAN:

13                  All in favor?

14    ALL SAY AYE

15                  CHAIRMAN:

16                  Opposed?   Motion passes.

17                  MS. HENSEL:

18                  In addition, we have withdrawal requests  
19    for Key Employees.   In each case, the license was no  
20    longer required due to such circumstances as the job  
21    offer being rescinded.   For today's meeting, I  
22    provided the Board with a list of three Key Employee  
23    Withdrawals for approval.   I ask that the Board  
24    consider the Order approving that list of withdrawals.

25                  CHAIRMAN:

1 Comments from Enforcement Counsel?

2 ATTORNEY DAVENPORT:

3 No objections.

4 CHAIRMAN:

5 Thank you. Questions from the Board?

6 Could I have a motion, please?

7 MR. GINTY:

8 So moved.

9 MR. MCCALL:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 ALL SAY AYE

14 CHAIRMAN:

15 Opposed? The motion passes.

16 MS. HENSEL:

17 Finally, we have an Order to certify the

18 following Gaming Service Providers; Buckley and

19 Company, Inc.; Hamada, Inc.; Pennsy Supply, Inc.;

20 Pittsburgh Seafoods, Inc.; Starlite Productions

21 International, Inc.; TD Patrinos Painting and

22 Contracting Company; and Trade Eastern, Inc. I ask

23 that the Board consider the Order approving these

24 Gaming Service Providers for Certification.

25 CHAIRMAN:

1 Any comments from Enforcement Counsel?

2 ATTORNEY DAVENPORT:

3 OEC recommends certification.

4 CHAIRMAN:

5 Any questions from the Board? Could I  
6 have a motion, please?

7 MR. MCCALL:

8 Mr. Chairman, I move the Board issue an  
9 Order to approve the applications of the Gaming  
10 Service Provider Certification, as described by the  
11 Bureau of Licensing.

12 CHAIRMAN:

13 Second?

14 MR. MOSCATO:

15 Second.

16 CHAIRMAN:

17 All in favor?

18 ALL SAY AYE

19 CHAIRMAN:

20 Opposed? The motion passes.

21 MS. HENSEL:

22 That concludes the Bureau of Licensing's  
23 presentation.

24 CHAIRMAN:

25 Thank you, Susan. Next up we have our

1 Deputy Enforcement Counsel, Nan Davenport. I see that  
2 Mr. Creany has joined her to present OEC's items today  
3 in Cyrus's absence.

4 ATTORNEY DAVENPORT:

5 Good afternoon. OEC has three matters  
6 before the Board today. Barry Creany, Deputy Chief  
7 Enforcement Counsel for the Western Region, will  
8 present the first matter.

9 ATTORNEY CREANY:

10 Commissioners, we're here today on a  
11 consent petition involving Carpenter Partners, LP.  
12 This company may have been before you last May 13th  
13 for approval --- or actually, they were asking an  
14 appeal from a Waiver of their status as institutional  
15 investors. And in follow-up with that, in October of  
16 2010 there was a transfer of their interest in MTR  
17 Gaming Group. They had a 7.48 percent interesting  
18 that company.

19 They transferred it to a new company,  
20 Arbiter Partners QP, LP, which does qualify under OCC  
21 rules as institutional investors. And subsequent to  
22 that, they filed papers with the Bureau of Licensing  
23 to --- which were accepted by Bureau of Licensing to  
24 solidify that status as an institutional investor.

25 But that was done without prior notice,

1 which we believe was required prior to the transfer  
2 which took place on October 1st. This consent  
3 petition is requiring a payment of a penalty of \$200 a  
4 day from October 1st until we were able to resolve it  
5 with counsel for Arbiter Partners, which amounts to a  
6 total of \$33,600 for the days that they were not in  
7 compliance with the requirement notice when there's a  
8 transfer of one to five percent interest.

9 CHAIRMAN:

10 Thank you, Mr. Creany.

11 ATTORNEY CREANY:

12 With us today is ---. Attorney Haws is  
13 representing Argus.

14 CHAIRMAN:

15 Thank you. If you have a statement, a  
16 brief statement for the Board, feel free to make it.  
17 If not, we'll kindly issue --- could you please state  
18 and spell your name for the stenographer?

19 ATTORNEY HAWS:

20 Yes, sir. My name is Charles Haws,  
21 H-A-W-S. I'll be happy to answer any questions. I  
22 believe all the facts have been laid out pretty  
23 clearly in the Consent Agreement.

24 CHAIRMAN:

25 Thank you. Questions from the Board?

1 Seeing none ---.

2 MR. SOJKA:

3 Well, again, is this simply a matter of a  
4 complication of forms and oversight or is there more  
5 explanation to it than that?

6 ATTORNEY HAWS:

7 Yes, sir. This was simply an oversight.  
8 For other business reasons, there was a determination  
9 made by Arbiter to establish a new entity, Arbiter  
10 Partners QP, LP, that are also going to be issued with  
11 a 13G, 13D SEC Registration. The new entity allowed  
12 us to file the appropriate passive investor  
13 registration, which we thought was going to solve the  
14 problem, but didn't contemplate the issue we'd run  
15 into with a transfer at the time of the change in  
16 entity from LP to QP, LP. The investors were the same  
17 and the percentage interest that they held were the  
18 same, so we didn't view it as any real change in the  
19 membership or ownership. But I'm not trying to argue  
20 what we've come to in terms of an agreement to resolve  
21 the issue.

22 MR. SOJKA:

23 Right. And you resolved the issue,  
24 obviously, with a Consent Agreement, but in your  
25 experience, have you had experience with this sort of

1 thing in other jurisdictions beside Pennsylvania?

2 ATTORNEY HAWS:

3 No, sir.

4 MR. SOJKA:

5 Oh, so you can't really ---? I was going  
6 to ask if you felt we had more forms of that kind to  
7 fill than others, but you're in no position to answer  
8 that, so I have no further questions.

9 CHAIRMAN:

10 Thank you. Any other comments? Could I  
11 have a motion, please?

12 MR. SOJKA:

13 Yes, Mr. Chairman. I'll move that the  
14 Board issue an Order to approve the Consent Agreement  
15 between the OEC and Arbiter Partners, LP, as described  
16 by Enforcement Counsel.

17 CHAIRMAN:

18 Second?

19 MR. TRUJILLO:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 ALL SAY AYE

24 CHAIRMAN:

25 Opposed? The motion passes. And thank

1 you very much, Mr. Haws. Mr. Creany, thank you.

2 ATTORNEY DAVENPORT:

3 The next two matters will be handled by  
4 Billie Jo.

5 CHAIRMAN:

6 All right. Welcome, Billie Jo. Before  
7 we get started, is Mr. Cassano present today? I  
8 believe he's the first individual we'll be discussing.  
9 Okay. Counsel, you may begin. Again, I think our  
10 stenographer knows how to say and spell your name by  
11 now, but you know.

12 ATTORNEY MATELEVICH-HOANG:

13 Thank you. Good afternoon, Chairman  
14 Fajt, members of the Board. This matter involves  
15 OEC's request to suspend Joseph Cassano's Gaming  
16 Permit until he provides court documentation to BIE.

17 On February 22nd, 2011 the OEC filed a  
18 complaint for suspension of Mr. Cassano's gaming  
19 permit due to his failure to cooperate with BIE by  
20 supplying necessary court documentation. The  
21 Enforcement complaint was properly served upon Mr.  
22 Cassano by both First Class and Certified Mail.

23 Mr. Cassano did not respond to the  
24 complaint within 30 days. Therefore, the OEC filed  
25 the request for default judgment on April 7, 2011. On

1 April 8th, 2011 Mr. Cassano contacted the OEC asking  
2 what steps he needed to do to take to correct this  
3 issue.

4 I explained to Mr. Cassano what  
5 information he needed to provide and to who he should  
6 provide it to. I also informed Mr. Cassano that he  
7 needed to address this issue as soon as possible. As  
8 of yesterday afternoon, I have verified with BIE again  
9 that Mr. Cassano still has not provided BIE with the  
10 required documentation.

11 Since Mr. Cassano has not responded to  
12 the complaint within the 30-day period, pursuant to  
13 Board regulations, all facts alleged in the complaint  
14 are deemed admitted. Additionally, since Mr. Cassano  
15 still has not addressed his issues, requested by BIE,  
16 the OEC asks that Mr. Cassano's gaming permit be  
17 suspended until he provides the necessary  
18 documentation to BIE.

19 CHAIRMAN:

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

22 MR. GINTY:

23 Question.

24 CHAIRMAN:

25 Yes, Commissioner Ginty.

1                   MR. GINTY:

2                   Maybe you could explain what happened.  
3 Apparently he filed an application for a permit, and  
4 you indicated he had a theft charge outstanding.  
5 Nevertheless, we went forward and granted him a permit  
6 on the condition that he bring in whatever paperwork  
7 was related to that. Was there something about the  
8 nature of this theft that made it less serious than  
9 the theft that we're going to be considering in a few  
10 minutes?

11                   ATTORNEY MATELEVICH-HOANG:

12                   Actually, there is. To my knowledge,  
13 when BIE was conducting their background investigation  
14 with Mr. Cassano, they were working with him. And I  
15 don't know if they received information from his  
16 attorney, but it was pretty much alluded to the fact  
17 that his charges would be dismissed, and indeed they  
18 were dismissed.

19                   So the BIE investigator that was  
20 overseeing this person said, okay. We will condition  
21 your license, but you need to provide us with this  
22 court documentation. I believe he committed the crime  
23 in June of 2010. He was licensed, I believe,  
24 September 2010, and his court date was in October of  
25 2010.

1           BIE has been working diligently, almost  
2 weekly, trying to get this man to just provide  
3 documentation that his charge was dismissed. And then  
4 didn't come to the OEC until January. And at that  
5 time we filed a 10-day letter. I have attempted on  
6 numerous occasions to contact Mr. Cassano, and  
7 actually, one of our agents went personally to see him  
8 at the casino, and he said, I'm good.

9           So at this point, I ---. And to answer  
10 your question, because of the fact that BIE had  
11 information that this was --- this charge was  
12 dismissed. If he was guilty, he would've been  
13 referred to OEC for approval, and we would've filed a  
14 recommendation for a denial letter. And our policy in  
15 turn is if anybody is licensed and they do any type of  
16 theft related charge and they're guilty, we would file  
17 a complaint to revoke that person.

18           CHAIRMAN:

19           Thank you. Could I have a motion,  
20 please?

21           MR. TRUJILLO:

22           Mr. Chairman, I move that the Board issue  
23 an Order to approve the suspension of Joseph Cassano's  
24 Gaming Employee Permit, described by the OEC, and  
25 further that a Rule to Show Cause be issued,

1 concurrent with the Board's May 11, 2011 meeting so  
2 that Mr. Cassano can show cause why his Gaming  
3 Employee Permit should not be revoked.

4 CHAIRMAN:

5 Second?

6 MR. ANGELI:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 ALL SAY AYE

11 CHAIRMAN:

12 Opposed? The Motion passes. Is Nashanti  
13 Iglesias here? Okay. Being that she is not here,  
14 Counsel, you may begin.

15 ATTORNEY MATELEVICH HOANG:

16 Thank you. This matter involves the  
17 request --- OEC's request to revoke Nashanti Iglesias'  
18 Non-Gaming Registration. On February 4th, 2011, the  
19 OEC filed the complaint for revocation of Ms.  
20 Iglesias's Non-Gaming Registration due to a retail  
21 theft.

22 The Enforcement complaint was properly  
23 served upon Ms. Iglesias by First Class Mail. Ms.  
24 Iglesias did not respond to the complaint within 30  
25 days. Therefore, pursuant to Board regulations, all

1 facts alleged in the complaint are deemed admitted.  
2 The OEC filed the request for default judgment on  
3 March 30th, 2011, and at this time the OEC asks that  
4 Ms. Iglesias's Non-Gaming Registration be revoked.

5 CHAIRMAN:

6 Any questions or comments from the Board?  
7 Could I have a motion, please?

8 MR. ANGELI:

9 Mr. Chairman, I move that the Board issue  
10 an Order to approve the revocation of Nashanti  
11 Iglesias' Non-Gaming Employee Registration, as  
12 described by the OCC.

13 MR. GINTY:

14 Second.

15 CHAIRMAN:

16 All in favor?

17 ALL SAY AYE

18 CHAIRMAN:

19 Opposed? The motion passes.

20 ATTORNEY MATELEVICH-HOANG:

21 Thank you.

22 CHAIRMAN:

23 Thank you both. That concludes OEC's  
24 report. This concludes our formal business for today.  
25 I'll close by announcing that our next scheduled

1 public meeting will be held on Wednesday, May 11th at  
2 the PUC Keystone Building, Hearing Room One. That  
3 meeting will begin at one o'clock --- or, I'm sorry.  
4 That meeting will begin at ten o'clock. And may I  
5 have a motion to adjourn?

6 MR. GINTY:

7 So moved.

8 MR. MCCALL:

9 Second.

10 CHAIRMAN:

11 Second? All right. The meeting is  
12 adjourned. Thank you all.

13 \* \* \* \* \*

14 MEETING CONCLUDED AT 2:15 P.M.

15 \* \* \* \* \*

16

17

18 CERTIFICATE

19 I hereby certify that the foregoing  
20 proceedings, meeting held before Chairman Fajt, was  
21 reported by me on 04/28/2011 and that I Cynthia Piro  
22 Simpson read this transcript and that I attest that  
23 this transcript is a true and accurate record of the  
24 proceeding.

25

  
Court Reporter