

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

* * * * *

IN RE: SUGARHOUSE, HSP GAMING, LP LICENSE RENEWAL

* * * * *

PUBLIC INPUT HEARING

* * * * *

BEFORE: Linda Lloyd, Presiding Officer
Gregory Fajt, Chairman
James Ginty, Commissioner
Gary Sojka, Commissioner
Keith McCall, Commissioner
Kenneth Trujillo, Commissioner

HEARING: Thursday, June 16, 2011
10:02 a.m.

LOCATION: Pennsylvania Convention Center
1101 Arch Street
Room 19A/B
Philadelphia, PA 19107

Reporter: Sarah Wendorf

Any reproduction of this transcript is prohibited
without authorization by the certifying agency.

1 WITNESSES: Wendy Hamilton, Patricia Tuck, Tony
2 Cassidy, Fairy Mercardo, Jamilla Lomon, Robert Bader,
3 Rachel Spencer, Joseph Delgado, Tommy Rafter, Joseph
4 Martin, Leigh Whitaker, Maggie O'Brien, Joe Rafter,
5 Richard Levins, Deputy Mayor Alan Greenberger, Greg
6 Carlin, Thomas Lanzidelle, Gerald Stoll, Lieutenant
7 John Evans, Captain Michael Cram, Elizabeth Lanza,
8 Thomas Corcoran, Paul Boni, Esquire, Joseph Mahoney,
9 Junior, Wilfredo P. Rojas, Bill Francisco, Shawn
10 Padgett, Wayne Jenkins, Jude Arijaje, Anne Manuel,
11 Caren Cissé, Tony Jeremias, Chip Laux, Frederick
12 Episcopo

13
14
15
16
17
18
19
20
21
22
23
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

OFFICE OF ENFORCEMENT COUNSEL

DALE MILLER, ESQUIRE

Deputy Chief Enforcement Counsel

CASSANDRA FENSTERMAKER, ESQUIRE

Assistant Enforcement Counsel

DUSTIN MILLER, ESQUIRE

Assistant Enforcement Counsel

JAMES ARMSTRONG, ESQUIRE

Assistant Enforcement Counsel

Pennsylvania Gaming Control Board

P.O. Box 69060

Harrisburg, PA 17106-9060

Counsel for Pennsylvania Gaming Control Board

MICHAEL D. SKLAR, ESQUIRE

Levine, Staller, Sklar, Chan, Brown & Donnelly, PA

3030 Atlantic Avenue

Atlantic City, NJ 08401-6380

Counsel for SugarHouse Casino

1	I N D E X	
2	OPENING REMARKS	
3	By Presiding Officer	8 - 11
4	OPENING STATEMENT	
5	By Attorney Sklar	11 - 12
6	TESTIMONY	
7	By Mr. Carlin	12 - 13
8	By Ms. Hamilton	13 - 17
9	By Ms. Tuck	17 - 21
10	By Mr. Cassidy	21 - 25
11	By Ms. Mercado	25 - 26
12	By Ms. Lomon	26 - 27
13	By Mr. Bader	27 - 28
14	By Ms. Spencer	28
15	By Mr. Delgado	28 - 30
16	By Mr. T. Rafter	30 - 31
17	By Mr. Martin	31 - 32
18	By Ms. Whitaker	32 - 36
19	By Ms. O'Brien	36 - 38
20	By Mr. J. Rafter	38 - 39
21	By Mr. Levins	39 - 43
22	By Mr. Greenberger	43 - 46
23	QUESTIONS BY BOARD	46 - 71
24	PRESENTATION	
25	By Attorney Dale Miller	71 - 75

1	I N D E X (cont.)	
2	<u>WITNESS:</u> Thomas Lanzidelle	
3	DIRECT EXAMINATION	
4	By Attorney Dale Miller	75 - 77
5	<u>WITNESS:</u> Gerald Stoll	
6	DIRECT EXAMINATION	
7	By Attorney Dale Miller	78 - 81
8	QUESTIONS BY BOARD	81 - 87
9	REDIRECT EXAMINATION	
10	By Attorney Dale Miller	87
11	QUESTIONS BY BOARD	87 - 90
12	<u>WITNESS:</u> Lieutenant John Evans	
13	DIRECT EXAMINATION	
14	By Attorney Dale Miller	90 - 101
15	QUESTIONS BY BOARD	102 - 107
16	<u>WITNESS:</u> Captain Michael Cram	
17	DIRECT EXAMINATION	
18	By Attorney Dale Miller	107 - 118
19	QUESTIONS BY BOARD	118 - 121
20	<u>WITNESS:</u> Elizabeth Lanza	
21	DIRECT EXAMINATION	
22	By Attorney Fenstermaker	121 - 127
23	QUESTIONS BY BOARD	127 - 135
24	PRESENTATION	
25	By Attorney Dale Miller	135 - 137

I N D E X (cont.)

1		
2		
3	PRESENTATION	
4	By Attorney Armstrong	137 - 139
5	DISCUSSION AMONG PARTIES	139 - 144
6	TESTIMONY	
7	By Mr. Corcoran	144 - 146
8	QUESTIONS BY BOARD	146 - 149
9	TESTIMONY	
10	By Attorney Boni	150 - 153
11	By Mr. Mahoney	153 - 156
12	By Mr. Rojas	156 - 157
13	By Mr. Francisco	158 - 159
14	By Ms. Padgett	160 - 161
15	By Mr. Jenkins	161 - 163
16	By Mr. Arijaje	164 - 165
17	By Ms. Manuel	165
18	By Ms. Cissé	166 - 168
19	By Mr. Jeremias	168 - 171
20	By Mr. Laux	171 - 173
21	By Mr. Episcopo	173 - 176
22	CLOSING REMARKS	
23	By Presiding Officer	177 - 178
24	By Chairman Fajt	178 - 179
25		

E X H I B I T S

		Page	Page
<u>Number</u>	<u>Description</u>	<u>Offered</u>	<u>Admitted</u>
5	<u>Hearing:</u>		
6	One		
7	Written comments from		
8	Ed Grose, Senator Lawrence		
9	Farnese, Darrell Clarke,		
10	Merle Levin and Frank DiCicco	11	11
11	<u>SugarHouse, HSP:</u>		
12	One	48	48
13	PowerPoint and video		
14	<u>OEC:</u>		
15	One	---	---
16	Two	---	---
17	Three	138	139
18	Four	138	139
19	Five	138	139
20	Six	138	139
21	Seven	138	139
22	Eight	---	---
23	Nine	137	---
24			
25			

P R O C E E D I N G S

PRESIDING OFFICER:

Good morning. My name is Linda Lloyd. I'm the Presiding Officer assigned by the Board today to conduct a portion of the license renewal hearing for HSP SugarHouse Casino, referred to throughout this hearing as SugarHouse. Before we begin, if you could please turn off or to vibrate your cell phones, Blackberries, all that sort of thing, so we don't interrupt our speakers.

As the Presiding Officer, I call this hearing to order. The date is Thursday, June 16th, 2011. The time is 10:02. And the location is Room 19A/B of the Pennsylvania Convention Center, 1101 Arch Street, Philadelphia, PA, 19107. This license renewal hearing is convened by the Pennsylvania Gaming Control Board, pursuant to the authority found in Section 1326(b) of the Gaming Act and the Board's Regulations. The public hearing was advertised on the Board's website, was announced at previous Board meetings and was advertised in local newspapers.

The Board members present today at this hearing are, to my immediate left, Chairman Greg Fajt, to his left, Commissioner Gary Sojka, and to his left,

1 Commissioner Jim Ginty, to my immediate right,
2 Commissioner Ken Trujillo, and to his right,
3 Commissioner Keith McCall.

4 The hearing will begin with a
5 presentation by SugarHouse. After the close of each
6 witness' testimony or the close of the presentation,
7 whichever is more convenient, our Office of
8 Enforcement Counsel will have the opportunity to cross
9 examine the witnesses. And redirect will be permitted
10 until all questions are asked and answered. After
11 SugarHouse has concluded its presentation, the OEC
12 will make its presentation and, again, with Cross
13 Examination of witnesses, et cetera. After the close
14 of the testimony and evidence from both parties, those
15 individuals who have registered to speak at today's
16 hearing during the public comment period will be heard
17 as their names are called. Elected officials will
18 have ten minutes to speak, representatives of
19 community groups will have five minutes, and
20 individuals will have three minutes. Following close
21 of the public comment hearing, SugarHouse and the OEC
22 will each have the opportunity to provide their
23 closing statements.

24 This is an official administrative
25 hearing. Please treat this as if you were attending a

1 Court proceeding. All witnesses please speak loudly
2 and clearly and into the microphone so that our court
3 reporter and others can hear what you have to say.
4 And spectators, please refrain from interrupting and
5 speaking loudly during the proceeding.

6 So, I'd like to begin by having all
7 witnesses from SugarHouse and our OEC who will testify
8 during this hearing today please stand and raise your
9 right hand to be sworn by the court reporter.

10 -----

11 WITNESSES SWORN EN MASSE

12 -----

13 PRESIDING OFFICER:

14 And I'll remind all witnesses and/or
15 public speakers today, if you could state and spell
16 your name for the record and the court reporter before
17 you begin your testimony, she would appreciate that.

18 I do have some exhibits to move into the
19 record. They're marked as --- they will be SugarHouse
20 Hearing Exhibit Number One, and they are the written
21 comments that the Board has received. The first one
22 is from Ed Grose, G-R-O-S-E, the Executive Director of
23 the Greater Philadelphia Hotel Association, in support
24 of the renewal of SugarHouse's license. The second is
25 from Senator Lawrence Farnese, in support of

1 SugarHouse's renewal. The third is Darrell Clarke,
2 Councilman in the Fifth District in the City of
3 Philadelphia, in support of SugarHouse's renewal. The
4 fourth is from Merle Levin, the president and the CEO
5 of visitphilly.com, in support --- for the Greater
6 Philadelphia Tourism and Marketing Corporation, in
7 support of SugarHouse's renewal. And the last comment
8 we received is from Frank DiCicco, Councilman for the
9 First District of the City of Philadelphia, in support
10 of SugarHouse's license renewal. If I don't hear any
11 objections from either party, we'll enter those in the
12 record as Hearing Exhibit Number One.

13 ATTORNEY SKLAR:

14 No objection.

15 (Hearing Exhibit Number One marked for
16 identification.)

17 PRESIDING OFFICER:

18 OEC have any objection to Hearing Exhibit
19 Number One?

20 ATTORNEY DALE MILLER:

21 No objection.

22 PRESIDING OFFICER:

23 That'll be entered into the record. So,
24 SugarHouse, if you're ready, go ahead.

25 ATTORNEY SKLAR:

1 Good morning, Chairman Fajt,
2 Commissioners, Director Lloyd. My name is Michael
3 Sklar, S-K-L-A-R. I'm Counsel for SugarHouse Casino.
4 We are very, very happy to be here this morning. As
5 many of you know, the project's faced many obstacles
6 right out of the gate. But as Neil Bluhm told you on
7 several occasions, he was confident that this
8 partnership could get this casino built. And Neil and
9 the rest of the partners were able to obtain and
10 secure financing right during the middle of the
11 financial meltdown, which was a remarkable
12 achievement, and the casino was opened on time and on
13 budget. And we now have a spectacular interim-phased
14 facility, and it will be the base to expand and build
15 into the future. But like with any business, success
16 depends on the employees, and I think that that is the
17 key. And with me is Greg Carlin, the CEO of
18 SugarHouse Casino, and he's going to address the team
19 that he's responsible for building. And with that,
20 Greg?

21 MR. CARLIN:

22 Thank you, Michael. Commissioner Fajt,
23 other commissioners, I'm Greg Carlin. I'm the CEO of
24 SugarHouse Casino. As you know, we've been open for
25 eight months now, and our business has been improving

1 every week. Also, as you know, we faced tremendous
2 opposition to get our place open, legal challenges, a
3 lot of naysayers and it, unfortunately, delayed the
4 process for several years. Some of the naysayers were
5 predicting things like huge increases in crime and
6 traffic, all kinds of problems that we were going to
7 bring to the neighborhood. Well, I'm happy to say
8 after eight months of operation that none of those
9 impacts have materialized. In fact, I would say it's
10 been the reverse. We've been a very positive force in
11 the community. We've created jobs. We've redeveloped
12 the waterfront site on the river, and our team has
13 done a great job working with the community and we've
14 been very successful.

15 I'm very proud of the team that we've
16 hired and our culture. We've created very positive
17 contributions to the city, to the Commonwealth and to
18 the local community. Sitting next to me is Wendy
19 Hamilton, who's our general manager of the property
20 and she's done a terrific job, her and her team. I'm
21 going to pass it on to her to talk about the property
22 itself.

23 MS. HAMILTON:

24 Good morning, Chairman Fajt, members of
25 the Board. I'm Wendy Hamilton, the general manager at

1 SugarHouse, H-A-M-I-L-T-O-N. Thanks for the
2 opportunity this morning to present for our licensing.
3 As Michael and Greg have both referenced, the advent
4 of casino gaming in Pennsylvania and especially and
5 particularly in Philadelphia was a big deal. There
6 were and there continue to be plenty of opinions, both
7 hopes and fears, about what gaming would bring to
8 Pennsylvania and to Philly. We've prepared a
9 presentation this morning. It should take 45 minutes
10 to an hour. It is focused on demonstrating the
11 positive impact Sugarhouse has had on the
12 Commonwealth, on Philly, on our immediate neighbors
13 and on our team, who operate the business every day.
14 During the course of our presentation you'll hear from
15 Patricia Tuck, our Vice President of HR, sitting next
16 to me now; Joe Martin, our Director of Procurement;
17 and also Leigh Whitaker, our Director of
18 Communications. You'll also hear from several of our
19 team members firsthand about exactly what this new job
20 has meant to them.

21 Let me start with a summary of how the
22 business has performed these first nine months. This
23 is a brand new business in a highly competitive
24 market, breaking into a market where our competitors
25 have been for several years already. We are very

1 proud of the performance that SugarHouse has shown and
2 the way the business has grown over these first nine
3 months. Our table games, as you know, from day one
4 did just gangbusters. And to this day, our table win
5 per unit, which is the proper competitive
6 comparison --- we are much smaller than our two local
7 competitors. We're half the size. But on a
8 win-per-unit basis, our table win per unit has
9 consistently been twice the state average. In slots
10 our growth has been gradual and consistent. For a
11 very long time our slot wins per unit was number two
12 in the state. Week ending May 1st, we first captured
13 the number one slot wins per unit spot. And for the
14 last six weeks we have not let it go. We are the
15 number one slot win per unit in the state.

16 Our success is also the success of the
17 Commonwealth and the city and our team. In the nine
18 months we've been open, there have been over \$61
19 million paid to the Commonwealth and to the city.
20 That includes gaming taxes, payroll taxes, and all
21 taxes that we pay to the city. If you compare the
22 first three months of operation, and I'm excluding
23 October, that's the grand opening month, that's an
24 outlier, but if you look at the first three months of
25 table operations, November through January versus

1 February through April, there's been a 40-and-a-half
2 percent increase in gaming taxes paid those two
3 periods.

4 Economic impact can be summarized this
5 way. And we'll hit on several of these topics again
6 later in today's presentation. But in our initial
7 build-out, there were 500 construction jobs created
8 during that period. There are over a thousand
9 permanent operating jobs in our business today. You
10 approved in May for us to do some reconfiguration on
11 our slot floor and add an additional ten table games.
12 The demand tell us we need them, and we'll work this
13 summer to reconfigure the floor that will create
14 construction jobs and will also mean additional
15 permanent jobs and additional tax revenue for the
16 state and for the city when we get those ten table
17 games onto the floor. And in addition, to date, we've
18 paid \$680,000 to the Penn Treaty Special Services
19 District, which is an organization we helped the
20 neighbors to form that we fund to the tune of a half a
21 million dollars annually right now. At some point in
22 our expansion that becomes a million dollars annually,
23 so \$680,000 to date and another \$500,000 due to that
24 Special Services District in October. And that
25 organization, Leigh Whitaker will talk a little bit

1 further about that later on, but this is an
2 opportunity for the neighbors to decide where funding
3 from Sugarhouse best benefits their neighborhood.

4 I'd like to kick us off before I
5 introduce Trish Tuck, to talk through the HR
6 experience at SugarHouse. I'd like to kick us off
7 with about a three to four-minute video that I think
8 helps you visualize what's going on.

9 VIDEO PLAYED

10 MS. HAMILTON:

11 I'd like to introduce our Vice President
12 of Human Resources, Patricia Tuck.

13 MS. TUCK:

14 Good morning. My name is Patricia Tuck,
15 T-U-C-K, and I'm the Vice President of Human Resources
16 for SugarHouse Casino. I am so proud to share with
17 you the remarkable culture and employment experience
18 that SugarHouse has created for our team members.

19 From the beginning, SugarHouse set up to
20 be different from not only the other casinos but also
21 other employers. In most companies employees work for
22 leaders. At SugarHouse we work for our team members,
23 and we are committed to it each and every day. It's
24 all about the woo-hoo at what we can do for them.

25 During the interview process, the

1 SugarHouse leadership team did not focus on what
2 previous gaming experience the candidates had but
3 rather their woo-hoo experience. Bring us your
4 outstanding personality, and we will teach you the
5 skill. Working for SugarHouse is like a big home. We
6 are family and we take care of each other. Taking
7 care of our team members stems beyond the job. We
8 also support our team members outside of work. While
9 we're required by federal law to offer FMLA after 12
10 months of employment, SugarHouse provides a similar
11 leave to its team members immediately upon hire.
12 Assisting a team member with family funeral expenses
13 as a result of a tragedy or paying a \$3,000 electric
14 bill in the dead of winter to prevent the power from
15 being turned off are just some of the examples of
16 assistance that we have provided to our team members
17 through our Sweet Support Program.

18 We currently have over 1,000 team
19 members. While more than 60 percent of our team
20 members are Pennsylvania residents and more than 50
21 percent of them are Philadelphia residents, these
22 numbers are impacted by the experience requirements at
23 table games. Table games is our largest workforce
24 with over 400 team members. Ninety-three (93) percent
25 of our team members are full time, which is an unheard

1 of number in traditional gaming businesses.

2 Since opening in September of 2010, our
3 headcount has stabilized to just over 1,000 team
4 members. With each phase of future expansion, we
5 anticipate that our team will continue to expand as
6 well. We are SugarHouse. We are different. Our
7 commitment to inclusion and diversity contributes to
8 our success in recruiting our amazing team members.
9 We value the relationships that we have established
10 with our community partners and work with groups, such
11 as Community Integrated Services, (CIS), and
12 Pennsylvania CareerLink, to maintain a comprehensive
13 recruiting strategy.

14 In May of 2011, Networks for Training and
15 Development, Incorporated, recognized SugarHouse at
16 their Sixth Annual Employment Awards Banquet with an
17 Exemplary Employer Award for our exemplary diversity
18 efforts for supporting team members with disabilities
19 on the job. We post job openings internally for our
20 current team members for the benefit of supporting
21 existing team members in their career aspirations. In
22 addition, training for a new skill is an ongoing
23 activity at SugarHouse. As an example of this are the
24 two dealer schools that we have facilitated today with
25 over 200 students. Currently, 26 of our team members

1 are attending a dealer training program, and upon
2 completion, will be certified to become dealers in
3 Pennsylvania. While this training is available
4 through outside companies at a fee of over \$1,000 per
5 student, we provide this training to our internal and
6 external candidates completely free.

7 In addition to competitive wages,
8 SugarHouse team members enjoy a very competitive
9 benefit package. More than 70 percent of our eligible
10 team members participate in one of our healthcare
11 plans that we offer, and SugarHouse funds the majority
12 of the premiums for these plans.

13 Helping team members plan for their
14 future is as important to us as ensuring their medical
15 needs today. With their future in mind, SugarHouse
16 offers an industry-leading 401(k) plan for our team
17 members. Our company-sponsored 401(k) plan offers a
18 team member immediate 100-percent vesting and
19 company-sponsored matching contributions. As a result
20 of such a generous benefit, 95 percent of our eligible
21 team members are currently participating in our 401(k)
22 plan and more than 45 percent of our enrolled team
23 members are taking full advantage of the employer
24 matching contribution.

25 Taking care of our team members includes

1 sharing our successes with them. In January of 2011,
2 we implemented a quarterly service bonus to award our
3 team members for providing woo-hoo service to our
4 guests. This past April, we paid out our first
5 quarterly bonuses to over 600 team members.

6 While SugarHouse is busy taking care of
7 our team members, our team members are also busy at
8 work making a difference in our community. To date,
9 our SugarHouse team members have participated in a
10 variety of community events, to include donating more
11 than 250 turkeys to local charities during
12 Thanksgiving, adopting local families over the holiday
13 season, partnering with the American Red Cross to
14 establish a reoccurring blood drive program with our
15 next event scheduled in July, and finally, being
16 recognized as a Pink Heart Award recipient from Susan
17 G. Komen as a result of inaugural participation in the
18 annual Race for the Cure, with over 60 team members
19 participating. Together all of these components make
20 us the team that we are today. We are SugarHouse.

21 Now, I'd like to turn it over to a few of
22 our team members, who would like to share their story
23 with you. From Player Services, I'd like to introduce
24 to you the voice of SugarHouse Casino, Tony Cassidy.

25 MR. CASSIDY:

1 Woo-hoo. Good morning, distinguished
2 Commissioners on the Pennsylvania Gaming Board. My
3 name is Tony Cassidy, C-A-S-S-I-D-Y, a native Fishtown
4 resident, son of a retired Philadelphia Police
5 Officer, currently a Player Services agent and
6 announcer at the SugarHouse Casino. I was born and
7 raised in Fishtown, about one block from where the
8 SugarHouse Casino stands.

9 As a third-generation Fishtown resident,
10 growing up in the era of the 1970s through the 1980s,
11 it was devastating to see the impact on our area, as
12 all of Fishtown's major employers shut down, including
13 Harbison Dairy, St. Mary's Hospital, Kerrigan Falls
14 (phonetic), Stetson Hat Company, Riverfront Dinner
15 Theatre, and of course, the Jack Frost Sugar Refinery.
16 Jobs in the Fishtown area were almost nonexistent in
17 the late 1980s until recently. Thirty (30) years
18 later, a pioneer in the gaming industry took a chance
19 on the Fishtown area and settled down here, and the
20 rest is history.

21 While the interviewing to be part of the
22 opening day team of the casino, I was delighted to
23 have the opportunity to share my history with the
24 area, as well as my family history with the property,
25 that my grandmother bagged sugar on the site back in

1 the 1950s and that my first job out of high school was
2 at the Riverfront Dinner Theatre, which was located
3 directly next door to where the SugarHouse Casino
4 stands. I continued to tell my interviewer that,
5 following my time at Riverfront Dinner Theatre, with
6 the Philadelphia job market for entry level being too
7 competitive, I moved away for a few years to gain some
8 very good, knowledgeable experience in retail,
9 hospitality, food service management, and as well as
10 my introduction to the gaming industry, doing a little
11 time in Nevada. When I returned to Philadelphia to be
12 close to my family, I was hired by a national retail
13 pharmacy chain that utilized my management skills in
14 an introductory position. Unfortunately for me, my
15 future with the company turned very grim due to the
16 economic meltdown that we are currently trying to dig
17 ourselves out of. My employer initiated major
18 cutbacks in the workforce. My full-time hours were
19 reduced from 40 to 32. This not only put a strain on
20 my finances but also on my personal life, which led to
21 the collapse of my five-year relationship with my life
22 partner and the need to downsize from my home in
23 Delaware County to a smaller and more affordable
24 living arrangement.

25 The lead-back into the casino industry

1 was a huge risk taker for me. Knowing how the economy
2 affected the retail industry, I could just imagine how
3 hard it would be on the entertainment and hospitality
4 industry. It was a risk I was willing to take. I'm
5 so very glad that I did. My time here at the casino
6 has been one of the most wonderful and rewarding
7 experiences. SugarHouse Casino presented me with such
8 a positive turnaround in my life. I will always be
9 grateful to Wendy Hamilton, woo-hoo, Bill Larmour, the
10 incredible Player Services Department for embracing
11 diversity and giving a man in midlife an opportunity
12 to learn, leading to the development of a successful
13 team member.

14 Since working at SugarHouse Casino, I
15 currently live in a nice little apartment in Center
16 City, a couple blocks from here, looking to return to
17 my roots and relocating back to the Fishtown area. I
18 look forward to going to work every day not only to
19 face the challenges of the day but to meet and greet
20 the wonderful patrons that we welcome. At the age of
21 43, my dream would be to continue to entertain and
22 service patrons at SugarHouse Casino for the next 25
23 years, reach my retirement age, and would be proud to
24 have SugarHouse Casino as my final job. I can stand
25 witness to everyone in this room and proudly say that

1 I am thrilled to be a native Fishtown resident that
2 works for an employer that embraces diversity,
3 recognizes and develops talent and provides jobs for
4 1,000 people and has future plans for more jobs to
5 come. I am honored to work for an employer that gives
6 so much back to the community to help renew
7 Philadelphia's spirit, and I hope that the
8 Pennsylvania Gaming Control Board will, in turn, keep
9 the dream alive for me and for so many of us who love
10 what we do, where we do it, by giving us the
11 opportunity to continue our journeys here at the
12 SugarHouse Casino. I love my SugarHouse family, I
13 wear my uniform proudly, and I have the best job in
14 Philly. Thank you.

15 MS. MERCADO:

16 Good morning. My name is Fairy Mercado.
17 I came from the Dominican Republic five years ago. I
18 live in Philadelphia City. I wasn't employed before
19 working at SugarHouse. I had trouble finding a job
20 because my English wasn't perfect, so I decided to
21 apply at the SugarHouse Casino, in which I was hired
22 in EBS. Recently I worked up from EBS to ---.
23 Working at the SugarHouse gave me the opportunity to
24 pay my tuition at Temple University to complete my
25 medical degree to become a doctor. However, I'm not

1 taking loans anymore because thanks to SugarHouse job,
2 I'm able to pay all my tuition for an entire semester.

3 On the other hand, I have insurance that
4 for my family. Moreover, with my extra income, I have
5 been able to put my children in private school for
6 kindergarten because next year kindergarten is going
7 to be a half a day in the public school in
8 Philadelphia. Also, with my extra income, I'm able to
9 support my parents in the Dominican Republic to come
10 to the U.S. in 2010.

11 Finally, I'm learning more English at
12 work, and I found my second family in the SugarHouse.
13 So, today I'm so proud to be part of the SugarHouse
14 Casino, woo-hoo.

15 MS. LOMON:

16 Good morning. My name is Jamilla Lomon,
17 L-O-M-O-N. I am a table games dealer. I've always
18 been a hard worker. At one point in my life I've had
19 three jobs. When I got pregnant with my daughter, the
20 doctor let me know that my daughter was diagnosed with
21 Down Syndrome. Knowing this, I knew that I would not
22 be able to work two or three jobs, that I would have
23 to stay at home with her and be with my daughter.
24 With that being said, I did get a job, but the money
25 from that job was inadequate. The bills started to

1 pile up. Even with public assistance, it was very
2 hard to make ends meet. I knew that this couldn't go
3 on, so I applied for the SugarHouse Casino. With that
4 applying --- since I've applied, I've been able to pay
5 my bills on time, spend more time with my daughter,
6 and I'm getting married in September. I'm very
7 excited.

8 I am really blessed to have a job that I
9 love coming to, which a lot of people can't say. I'm
10 very thankful to be here. With this job, it's like a
11 family. My bosses are wonderful, and the people that
12 work there are wonderful also. And I thank them every
13 day for giving me the opportunity to better myself and
14 to better my situation at home. Thank you.

15 MR. BADER:

16 My name is Robert Bader, B-A-D-E-R. I
17 grew up in south Philadelphia currently where I live
18 with my wife and my three children. I was currently a
19 laid-off construction worker for two years and on
20 unemployment for two years, which put my family in a
21 deep struggle, which now I am presently a security
22 officer here at SugarHouse, which I love to do right
23 now. And they gave me the opportunity recently to be
24 one of the dealers that are in the school right now,
25 which has positively impacted my family and is a

1 positive influence right now, which I'm proud to be
2 employed here at SugarHouse, which you know, the
3 employees here are great. Everyone here, it's like a
4 huge family, and I'm proud to be here.

5 MS. SPENCER:

6 Hi. My name is Rachel Spencer,
7 S-P-E-N-C-E-R. I'm a Philly native, and I served on
8 the Philadelphia Police Department for 14 years before
9 I was retired due to an injury. I worked for the
10 local casino, and then I heard about SugarHouse. I
11 was hired as one of the initial guards, and I secured
12 the casino from day one, the first arrival of the
13 first slots through the construction and then opening.
14 I became a Class II Guard with the help of my police
15 background and more recently promoted to Shift Manager
16 of Operations. I am excited to be a part of
17 SugarHouse because it's created opportunities for
18 career growth from within for its team members. I am
19 proof that we are a team, we are family, and this is
20 one of the greatest experiences of my life. Thank
21 you.

22 MR. DELGADO:

23 Good morning. My name is Joseph Delgado.
24 That's D-E-L-G-A-D-O. Good morning, ladies and
25 gentlemen, members of the Board. My name is Joseph

1 Delgado. I'm a Player Services agent with SugarHouse
2 Casino. My prior occupation before joining the
3 SugarHouse team was a real estate investor and agent
4 for over 12 years.

5 When the real estate market crashed in
6 the fall of 2008, I lost my job. During that time I
7 was unemployed for over two years. I used up my
8 savings and 401(k) to make ends meet. During that
9 period I applied for countless jobs and had no luck.
10 But one day my luck changed. In the summer of 2010, I
11 received a phone call from SugarHouse Casino. They
12 opened the door for me and let me in. From over
13 20,000 applicants, I was very fortunate to be
14 selected. Since my employment with SugarHouse Casino,
15 I feel great working with them. I've been able to get
16 back on my feet financially. They have provided me
17 with job security and have kept their promises in
18 delivering great benefit packages to its employees.
19 We have medical, dental, vision 401(k), life insurance
20 and other incentives.

21 In my opinion, SugarHouse Casino has been
22 an excellent neighbor to the community, city and state
23 by providing jobs to over 1,000 people, not to mention
24 its economic impact. The SugarHouse casino has had a
25 positive impact on many people's lives, including

1 myself.

2 Finally, I am proud to say that I am a
3 member of the SugarHouse team, and I thank you for
4 your time and cooperation. Thank you.

5 MR. T. RAFTER:

6 Ladies and gentlemen, good morning. My
7 name is Tommy Rafter, R-A-F-T-E-R. I'm 33 years old.
8 I grew up and born and raised in Philadelphia, in the
9 Fishtown section. I still reside there. Like a lot
10 of Fishtown guys, I went into construction in the year
11 2000, served an apprenticeship with Local 98, and did
12 about nine or ten years there. The construction
13 climate really changed, things slowed down big time.
14 And SugarHouse was actually being built in my
15 backyard, as I called it. So, I applied and was given
16 the opportunity to work there as a facility shift
17 manager. And I guess I worked hard enough and had
18 enough support by this leadership team, that I was
19 actually promoted to facilities manager, so I run the
20 department now. And I can't say enough about the
21 support and everything that's offered here at
22 SugarHouse, 401(k), healthcare benefits for my family.
23 And you know, as I said, I was out of work for about a
24 year, and things were not pretty for that year. And I
25 just found a great opportunity here, and I'm really

1 proud of it, and I can't say enough about it.

2 MR. MARTIN:

3 Good morning, Commissioner Fajt and
4 Commissioners. My name is Joseph L. Martin,
5 M-A-R-T-I-N. I'm the Pennsylvania Director of
6 Procurement and supply diversity for Rivers and
7 SugarHouse Casinos.

8 SugarHouse Casino opened during a
9 challenging economic climate, but it was exciting at
10 the same time for those that were looking for jobs and
11 vendors looking for new business opportunities. To
12 make sure we included as many businesses as possible,
13 I went on what I call the Leigh Whitaker Tour. My
14 friend Leigh is our Director of Communications and
15 knows the City of Philadelphia inside and out. She
16 introduced me to organizations around the city, from
17 the African and Asian American Chambers of Commerce to
18 the West Philadelphia Coalition of Neighborhoods and
19 Businesses, just to mention a few. As a result of her
20 tour, we presented how to do business with SugarHouse
21 Casino to between 700 and 800 businesses before we
22 opened in September. Right now we're almost a
23 nine-month-old baby that has been crawling and getting
24 ready to walk, and so far the initial results are very
25 encouraging.

1 In the first quarter of this year, as you
2 can see, we paid 7.8 percent of our spent on minority
3 and women owned businesses, 45 percent to local
4 business and over 68 percent of our spent to
5 Pennsylvania businesses. Some of the challenges to
6 increasing our percentages include the continuing
7 education of vendors about the gaming industry, a
8 highly competitive environment and increasing the
9 number of women and minority businesses in our
10 pipeline.

11 Facing these challenges head on, we're
12 moving forward with our outreach and inclusion
13 business plan by trying to meet with organizations,
14 verifying diverse spenders through third-party
15 certification, conducting quarterly vendor opportunity
16 meetings and working with prime vendors to encourage
17 their use of diverse subcontractors. We will also be
18 begin to post upcoming bid opportunities on our
19 website, as well as continued tracking and reporting
20 our procurement and spent. Thank you for your time,
21 and I will turn it over right now to the head of the
22 tour, Leigh Whitaker.

23 MS. WHITAKER:

24 Good morning, Chairman Fajt and members
25 of the Board. My name is Leigh Whitaker,

1 W-H-I-T-A-K-E-R. I am Director of Communications for
2 SugarHouse.

3 From the very beginning, and I've been
4 here now since 2007, we have been committed to being a
5 good neighbor and good citizen. I know that you guys
6 have heard me say that over and over and over again,
7 but I keep saying it because it's true that, you know,
8 getting to know our neighbors and supporting causes
9 and organizations that are important to our neighbors
10 and important to the city is something that we're
11 very, very proud of.

12 As you may remember, in November of 2008,
13 we signed a Community Benefits Agreement, as Wendy
14 mentioned earlier, with two community organizations
15 that subsequently formed the Penn Treaty Special
16 Services District. That agreement provides an annual
17 payment of \$500,000 during our interim phases and then
18 at least a million dollars annually in future phases
19 of the development. To date, as Wendy mentioned, we
20 have contributed \$680,000 to the Special Services
21 District, and we'll make another \$500,000 payment on
22 October 8th of this year. It is important to note
23 that the community has full discretion about how to
24 spend those funds. And Joe rafter, you'll hear from
25 him shortly, he's the Chairman of the Special Services

1 District, and he's going to tell you about all the
2 great community projects that the SSD has funded over
3 the last two years.

4 In addition to our annual monetary
5 contributions, the CBA also calls for the creation of
6 college internship and job training programs for
7 residents of the neighboring community. I'm very
8 happy to report that we've recently launched this
9 program and have started to receive applications and
10 essays for both programs. We anticipate that we'll
11 bring in the first group of candidates in the coming
12 weeks.

13 As another example of our support for the
14 local businesses and in partnership with the Special
15 Services District, we recently started Rush Rewards
16 Plus. It's a partnership program with local
17 businesses to provide our customers with a unique and
18 exciting retailer, restaurant experience within the
19 neighboring community. In exchange for special offers
20 and discounts to our customers when they show their
21 Rush Rewards card, we will market those partners
22 through our hundreds of thousands of Rush Rewards
23 members through direct mail rate cards and our
24 website. We look forward to growing this program in
25 the months to come.

1 While we strive to have a great
2 relationship with the community, showing our support
3 for organizations across Philadelphia is also very
4 important to us. Since we were awarded our license in
5 2006, we have made contributions of more than a half a
6 million dollars to a number of local non-profits
7 across the city. That doesn't include the SSD. And
8 since we opened, we have held several special events
9 at the casino to show our appreciation for the people
10 and the places that make Philadelphia shine. This
11 past December we sponsored the New Year's Eve
12 fireworks and hosted hundreds of Philadelphians for a
13 party out on our walkway. In January, we held our
14 first ever Mummies appreciation party to show our
15 support for the men and women who keep the
16 Philadelphia's Mummer traditions alive. In April we
17 invited all of our partners in Philadelphia's
18 hospitality industry to a special industry night at
19 SugarHouse. In May we honored the officers from the
20 Philadelphia Police Department with an appreciate
21 dinner and also donated six police-equipped bikes
22 along with uniforms and equipment to our local police
23 precinct. And just this week we held a radio-thon
24 pre-party in support of Philadelphia's veterans. And
25 on Tuesday, we had a barbecue in our parking lot. We

1 do all these things to support and honor our friends
2 in the community. It's been great getting to know the
3 city, neighbors and our community partners and we
4 certainly look forward to having more of these kind of
5 events in the future.

6 Before I turn it over to --- all right.
7 With that, I'd like to turn it over to Maggie O'Brien.
8 She's president of the little neighborhood
9 organization, Fishtown Action.

10 MS. O'BRIEN:

11 Good morning. My name is Maggie O'Brien,
12 O-B-R-I-E-N, and I am president of Fishtown Action,
13 the largest community membership organization in our
14 area. Fishtown Action supported the building of
15 SugarHouse Casino because we believe that SugarHouse
16 would be a good neighbor to our community. We
17 believed that SugarHouse will provide much-needed jobs
18 and incredible opportunities not just for Fishtown but
19 for the City of Philadelphia, and I'm very happy to
20 say we were right.

21 Hundreds of residents from the area
22 surrounding SugarHouse have become employees. They
23 are thrilled to be a part of an organization that
24 recognizes the value of hiring from within the
25 community. These men and women now enjoy valued

1 positions that provides them healthcare and a 401(k)
2 plan. They are secure in the knowledge that they have
3 a job that will not be outsourced.

4 SugarHouse has recently begun two
5 internship programs for local residents. The one
6 program will give college students the opportunity to
7 learn the business and the administrative side of this
8 organization, and the other program will teach the
9 interns the mechanical side of the business.
10 Additionally, SugarHouse is using local vendors.
11 Businesses like Primo Hoagies, Spirit Newspaper,
12 Kerrigan Florist and a list too long to recite here
13 have all benefited from this new local vendor.

14 SugarHouse has also participated in and
15 sponsored community events, including outdoor concerts
16 and holiday parties and, of course, the magnificent
17 new Year's Eve fireworks. I cannot stress to you the
18 impact this has had on our neighbors. To say that
19 they have been thrilled does not do it justice. What
20 was once an eyesore in our community, a neglected
21 parcel of land sitting on the beautiful Delaware River
22 has been transformed. It is full of life and
23 enthusiasm and hope for the future. It sparkles with
24 excitement. It has brought much-needed jobs and has
25 brought community pride, and now the forgotten land

1 has turned into a project that we always knew would be
2 a benefit to our community. Fishtown is proud of our
3 casino. As a local priest recently said, we are
4 grateful that SugarHouse took a gamble on Fishtown.
5 We strongly urge that you renew the SugarHouse
6 license, and we enthusiastically look forward to the
7 future with our new neighbor.

8 MR. J. RAFTER:

9 Good morning. My name is Joe Rafter, and
10 I am the Chairman of the Penn Treaty Special Services
11 District. The PTSSD is charged with administering the
12 details and distributing the funds gained through the
13 Community Benefits Agreement, the CBA.

14 The CBA was negotiated between FACT, New
15 Kensington and the SugarHouse Casino. As Leigh
16 Whitaker said, to date we have received \$680,000 from
17 SugarHouse Casino. Upon completion of phase one, that
18 annual grant will go up to one million dollars. PTSSD
19 has distributed grants to over 45 worthy
20 organizations, ranging from computers for schools,
21 improvements to recreation centers, just to name a
22 few, all of which --- all of these were within the
23 boundaries of the SSD.

24 The Board is made up of seven volunteers
25 from different neighborhoods within the SSD. We have

1 operated this process with a hundred percent
2 transparency. Our meetings and bank statements are
3 open for anyone to see. Our balance as of this
4 morning was \$215,656 --- wait, \$215,656.87. Pardon
5 me. We have met with several community groups and
6 asked for their input. One, for example, was the
7 Northern Liberties Business Association. We are
8 currently working with Northern Liberties Business
9 Association and the Philadelphia Police Department,
10 and that is in an effort to implement a security
11 camera project. As a result of our partnership
12 between the community and the SugarHouse Casino, we
13 now have the ability to make our community safer all
14 because of our neighbor, SugarHouse Casino. Thank
15 you.

16 MR. LEVINS:

17 Good morning. My name is Richard Levins.
18 I've lived in Philadelphia my entire life. The past
19 29 years I lived in Fishtown, where I raised my family
20 and as, you know, is where SugarHouse is located. I
21 am currently a volunteer Board member of the Penn
22 Treaty Special Services District, which serves the
23 immediate neighbors around SugarHouse Casino. I am
24 the past volunteer president and Board Chair of the
25 New Kensington Community Development Corporation. New

1 Kensington CDC is one of the two organizations that
2 negotiated the Community Benefit Agreement with
3 SugarHouse Casino.

4 First, let me say that I endorse and I
5 agree with all the statements provided by Ms. O'Brien
6 and Joe Rafter, the SSD Board Chair. To avoid
7 duplicating their presentations, I want to briefly
8 touch on safety, crime, traffic, parking and economic
9 development.

10 Safety and crime. At this time,
11 SugarHouse is looking to move forward with its
12 construction, the anti-casino movement asserted that
13 the Fishtown neighborhood would see a serious increase
14 in crime and the neighborhood would become less safe.
15 In fact, as reported by Captain Cram of the 26th
16 District at a community meeting a few months ago,
17 there has been no increase in crime, and actually
18 there has been an actual decrease in certain crimes.
19 At a recent Fishtown Neighbors Association meeting,
20 the FNA leadership asked its membership if they
21 experienced any problems with SugarHouse Casino. Not
22 one meeting attendee raised any issue or concern with
23 SugarHouse's operations. One former member of the
24 Fishtown Neighbors Association Board said she had no
25 problems with the casino and went on to note that she

1 now feels safer while riding her bike in the area near
2 SugarHouse because of better lighting and pedestrian
3 traffic generated by SugarHouse. She noted that the
4 area is no longer remote for pedestrians who want to
5 walk, jog or ride a bike along that segment of the
6 waterfront.

7 As you may recall, the Fishtown Neighbors
8 Association in 2007 elected not to support the
9 SugarHouse Casino. With regard to traffic, as you may
10 recall, at the time the SugarHouse Casino was looking
11 to move forward with construction, the anti-casino
12 groups were stating that SugarHouse Casino would cause
13 significant traffic congestion. As it turns out, my
14 experience and the experience of the neighborhood has
15 been the direct opposite. On my way to work and home
16 I drive by the SugarHouse Casino every day. I also
17 regularly drive by the casino on Friday evenings and
18 weekends. Except for the anticipated crowd on the
19 first opening weekend, I have noticed no significant
20 increase in traffic. To date, I have not experienced
21 one backup on Delaware Avenue at that location. At
22 the same Fishtown Neighbors Association meeting I
23 mentioned earlier, the FNA leadership asked if there
24 were any traffic concerns. Again, not one member
25 raised any issue or negative comment.

1 With regard to economic development, as
2 you heard Ms. O'Brien talk about local employment
3 growth and vendor relationships that they have with
4 local businesses. You may recall that prior to the
5 construction of SugarHouse, the anti-casino groups
6 asserted that local businesses would suffer,
7 particularly that restaurants and pubs would not be
8 able to compete with SugarHouse Casino. On this
9 claim, nothing could be further from the truth. In
10 fact, there has been continued new business
11 development in the community, including several new
12 highly-rated restaurants, art galleries, pubs,
13 including Stephen Starr's new Frankford Beer Hall, and
14 the Kraftwork's Pub, which draws patrons from the
15 entire region.

16 At the same Fishtown Neighbors
17 Association meeting I referred to earlier, one woman
18 who was originally anti-casino stated that she was
19 previously unable to find a suitable tenant for her
20 second-floor duplex apartment. However, since
21 SugarHouse opened its doors, she's found a tenant who
22 moved into the neighborhood to work at SugarHouse.
23 This and similar feedback I received from the
24 community are clear examples of ongoing economic
25 development in our neighborhood, some of it directly

1 related to SugarHouse Casino.

2 Lastly, with regard to the management of
3 SugarHouse, it is important for me to note that
4 SugarHouse has gone well beyond fulfilling the
5 requirements under the Community Benefit Agreement
6 with the neighborhood. Their general manager and her
7 staff continue to meet with the Penn Treaty Special
8 Services District and other community groups not only
9 to update us on the developments of SugarHouse, but to
10 regularly see the feedback on any issue anyone might
11 have with the ongoing operations.

12 Simply stated, SugarHouse has been an
13 outstanding corporate citizen in our neighborhood and
14 it deserves to be able to continue its operations.
15 Thank you very much.

16 ATTORNEY SKLAR:

17 Thank you, Richard. That concludes our
18 prepared remarks. We'd like to open it up for
19 questions. But before we do that, I know there's one
20 person in the audience who has to leave and has
21 prepared his remarks. I'm just wondering if he'd like
22 to speak now before ---. Alan Greenberger, Deputy
23 Mayor for Planning and Economic Development.

24 MR. GREENBERGER:

25 Good morning, Commissioner Fajt, members

1 of the Commission. I'm Alan Greenberger, the Deputy
2 Mayor. And I appreciate the opportunity to do this.
3 I do have to represent the Mayor in a meeting in a few
4 minutes. I'm the Deputy Mayor for Economic
5 Development and the Director of Commerce for the City
6 of Philadelphia. I'm pleased to be testifying before
7 the Pennsylvania Gaming Control Board on the subject
8 of a gaming license renewal for SugarHouse Casino.

9 The City of Philadelphia is in full
10 support of such a renewal. SugarHouse Casino opened
11 in September of 2010 and operates approximately 1,600
12 slot machines and 40 table games on the sideline of
13 the Delaware River, adjacent to neighborhoods in
14 Northern Liberties and Fishtown here in the
15 Philadelphia area. SugarHouse has worked hard to be a
16 good neighbor to area citizens and a good corporate
17 partner to the city. They have built a high-quality
18 development on the site, allowing for waterfront
19 access and eventual expansion. There have been a
20 minimal number of incidents requiring public services
21 from our police and fire departments. In fact, as you
22 heard earlier, the crime rates in the surrounding area
23 have remained consistent, if not slightly down, since
24 the casino opened.

25 SugarHouse recently signed an agreement

1 with the city, clarifying the terms of their
2 contributions to several public benefits, some of
3 which you've heard today, including Special Services
4 District, serving the area, property taxes, as well as
5 water and sewer improvements. But what we're most
6 proud of is the significant contributions the project
7 has made to local employment and contract
8 participation. On the construction side, SugarHouse
9 generated 492 construction jobs and awarded
10 approximately \$40 million in construction-related
11 contracts to local businesses, 36 percent of which
12 were minority and women owned. SugarHouse also
13 currently employs over 1,000 workers, 53 percent of
14 whom are Philadelphia residents, 40 percent are ethnic
15 minorities and 42 percent are women. Of over \$34
16 million in operating contracting opportunities
17 available to date, local businesses have received 40
18 percent of that work. And firms owned by women and
19 minorities have received 12 percent and 6 percent of
20 that work respectively thus far.

21 Overall, the City of Philadelphia is very
22 pleased with the outcome so far and we expect only
23 continued success as SugarHouse grows their market
24 share and pursues a planned scale expansion that we
25 support. I appreciate the opportunity to testify and

1 I'd be happy to answer any questions. I particularly
2 appreciate you letting me slip in. Yes?

3 MR. TRUJILLO:

4 Mr. Greenberger, one concern I have as
5 I've been looking at the numbers is the level of
6 minority participation on the contracting side, which
7 I understand was more significant during the
8 construction phase, which is understandable. But
9 given the Mayor's and the Office of Economic
10 Opportunity and what I see as single-digit number on
11 the minority participation with respect to business
12 contracting, is the City of Philadelphia doing
13 anything or going to do anything to encourage or to
14 see that, you know, SugarHouse does better on that
15 number?

16 MR. GREENBERGER:

17 My Chief of Finance in the Commerce
18 Department heads a committee that looks at
19 SugarHouse's performance both during the construction
20 as well as the contracting that's going on thus far,
21 meets with them regularly. We're aware of those lower
22 numbers. That's why I emphasized thus far. We have
23 --- in the process of contracting, whether it's
24 construction or the subsequent supplier phases, we
25 often see these kinds of swings. We're not yet

1 alarmed by those low numbers, but we certainly note
2 them and we talk to them regularly about it,
3 emphasizing the importance of bringing those numbers
4 further up. And I believe that they're committed to
5 that.

6 MR. TRUJILLO:

7 And I just am going to have a number of
8 questions from SugarHouse later on, but in a city that
9 is 55 percent minority and 53 percent women, both the
10 employer numbers and the contracting numbers, as far
11 as I can see, are, quite frankly, very disappointing
12 from my perspective. But I appreciate the city doing
13 what they can do make sure that those numbers change.

14 MR. GREENBERGER:

15 Thank you. We're very focused on this
16 with this business and also certain other large
17 businesses in the city. It's an ongoing commitment.

18 MR. TRUJILLO:

19 Thank you.

20 PRESIDING OFFICER:

21 Thank you.

22 MR. GREENBERGER:

23 Thank you very much.

24 ATTORNEY SKLAR:

25 On the procedural question --- or matter,

1 I'd like to move the PowerPoint and video into
2 evidence.

3 PRESIDING OFFICER:

4 Any objections?

5 ATTORNEY DALE MILLER:

6 No objection.

7 PRESIDING OFFICER:

8 Okay. We'll put that in the record.

9 (Sugarhouse, HSP Exhibit Number One
10 marked for identification.)

11 PRESIDING OFFICER:

12 We'll turn it over to the OEC for any
13 Cross Examination of witnesses from SugarHouse.

14 ATTORNEY DALE MILLER:

15 Thank you, Chairman Lloyd, Chairman Fajt,
16 members of the Commission. I just have a couple
17 questions. And Mr. Sklar, you can tell me who would
18 be best to answer those questions. But the main
19 question I have is could you please tell us exactly
20 how many slot machines and table games you have now?
21 I know you mentioned you're adding table games, but
22 please comment on the plans for expansion, building
23 games and slots, parking garages. Is there anything
24 that you have planned in the future and when it might
25 take place?

1 MR. CARLIN:

2 Yes. We currently have 1,602 slot
3 machines in operation and 43 table games. We
4 currently have approval to expand --- or to a
5 reconfiguration of our gaming floor currently. We
6 anticipate completion in September. We're adding ten
7 additional table games. So, we'll have 53 table games
8 as well as slot machines.

9 As far as expanding beyond that, we are
10 currently working with our design and development team
11 on a new expansion plan, an extra expansion plan to
12 add a variety of amenities and beverage, et cetera.
13 So, we're in discussions with the city on that plan,
14 and we're working on the design.

15 ATTORNEY DALE MILLER:

16 So, is the answer that you haven't ruled
17 out expansion of the building and expansion of the
18 facilities, but you're still working on it; is that
19 right?

20 MR. CARLIN:

21 That's correct.

22 ATTORNEY DALE MILLER:

23 I have no further questions, and I defer
24 to the Board.

25 PRESIDING OFFICER:

1 Okay. Board members, any questions?
2 Commissioner Ginty?

3 MR. GINTY:

4 Thank you. On the chart that indicated
5 that SugarHouse has paid \$61 million to the
6 Commonwealth and to the City, do you have a breakdown
7 as to how much of that went into the city?

8 MS. HAMILTON:

9 We do. Can we provide that to you at the
10 end of today's hearing?

11 MR. GINTY:

12 Sure. I think you ought to provide it
13 publicly, too.

14 MS. HAMILTON:

15 Sure.

16 PRESIDING OFFICER:

17 Commissioner Sojka, questions?

18 MR. SOJKA:

19 Just a quick question for Ms. Hamilton.
20 The walkway outside the facility, do you folks collect
21 any data on how many people might be there at a given
22 time? I remember seeing television coverage on the
23 first day of spring looking like a mob scene out
24 there. Do you do any sort of headcounting or keeping
25 track of how many people are there and how many of

1 those people might actually be customers of the casino
2 or how many just might be enjoying the river?

3 MS. HAMILTON:

4 We don't do any headcounts. You're
5 right, the first day of spring was a very popular day
6 out there. You know, I would tell you anecdotally
7 that that walkway is equally enjoyed by folks who are
8 there to visit the casino as well as folks who just
9 live locally and, you know, like to take a walk along
10 the river. You see families with strollers,
11 rollerbladers, folks on bikes. You know, our
12 employees take a walk out there on a break, so it
13 really gets a wide variety of use. On any day when
14 the weather is favorable, you know, at any given time
15 there is a couple dozen people out there, but no, we
16 have not collected headcounts.

17 MR. SOJKA:

18 Is there food and beverage service
19 available to people on that walkway?

20 MS. HAMILTON:

21 Not out on the walkway, but you know,
22 associated with that walkway is the patio area of The
23 Refinery Restaurant. We call that the Waterfront at
24 SugarHouse. You do need to come through the casino to
25 enjoy that venue, but for food and beverage on a patio

1 setting, that runs to that walkway.

2 MR. SOJKA:

3 Could minors have access to that if they
4 went into the casino the right way and didn't go on
5 the gaming floor?

6 MS. HAMILTON:

7 No, minors could not access food and
8 beverage associated with the walkway.

9 MR. SOJKA:

10 Thank you.

11 MR. CARLIN:

12 I just wanted to add, one of the things
13 we're contemplating in our expansion is actually
14 continuing that pathway all the way to Penn Treaty
15 Park. This is something the city is very interested
16 in and we're working closely with them on trying to
17 expand the pathway as much as possible on the Delaware
18 River.

19 CHAIRMAN:

20 Greg, on your comment about expanding the
21 walkway to the park, how long a distance is that?

22 MR. CARLIN:

23 Well, there's two parcels between us and
24 the park. I'm not sure if the city has a
25 right-of-way. I think it may have a right-of-way from

1 one of the parcels, so it's a pretty short distance,
2 actually. Thank you.

3 PRESIDING OFFICER:

4 Commissioner Trujillo?

5 MR. TRUJILLO:

6 Mr. Carlin, I'm glad you found your tie.
7 And by the way, thanks for the --- the presentation
8 was very tightly run, and I really appreciate how
9 efficiently done that was.

10 So, to follow up on my question to Mr.
11 Greenberger there. I would like to hear from whoever
12 the appropriate folks are from SugarHouse. And I
13 guess in order of --- it's really kind of three sets
14 of questions. Minority hiring obviously was a lot
15 better during contracting. It seems like it's off.
16 I'd like to just kind of generally talk about that,
17 your efforts on minority hiring.

18 Secondly, a subset of minority hiring.
19 I'd like to have a sense from you, and I think you've
20 been asked this question before, of how much of your
21 management and upper-level staff are minorities and
22 women. Obviously, we know the general manager is.

23 And then I'd really like to hear on ---
24 the same issue on minority contracting and also with
25 respect to professional services, what level of

1 contracting you're doing with professional services,
2 accounting, law firms, other kinds of professional
3 services.

4 MS. HAMILTON:

5 Yes. I'm going to ask both Joe Martin,
6 Director of Purchasing, and Trish Tuck, our Vice
7 President of HR, to help me to answer your questions,
8 Commissioner. You know, two of the things that you
9 asked for, we can definitely provide and publicly, you
10 know, after the hearing, about the breakdown of our
11 management team. I can tell you off the top of my
12 head, out of our eight vice presidents at a very
13 senior level, six of them are female. One is a
14 minority. And the breakdown of our professional
15 services, you know, that's definitely something we can
16 provide.

17 MR. TRUJILLO:

18 If you can provide that, you know, as
19 a --- maybe as a breakdown chart after we can ---
20 sometime after the presentation.

21 MS. HAMILTON:

22 Yes.

23 MR. CARLIN:

24 We have submitted that to the staff on a
25 regular basis.

1 MR. TRUJILLO:

2 Okay.

3 MS. HAMILTON:

4 Yeah, on a regular basis. Then we'll
5 provide that ---.

6 MR. MARTIN:

7 One of the things that I really enjoyed
8 about accepting a position here in Philadelphia was a
9 new challenge that was being issued. It's the largest
10 city in the country --- fifth largest city that would
11 be having gaming, and at the same time there's a large
12 minority percentage as well. So, my objective was to,
13 yes, be competitive with our vendors and make sure
14 that we're keeping our costs low, but also to make
15 sure that we were inclusive of the minority and
16 women-owned businesses in the bidding and procurement
17 process. As such, I mentioned earlier about the tour
18 we went --- starting --- I guess it was February of
19 2010, to start becoming familiar with the
20 organizations in the city that had businesses that
21 wanted to do business with us. So, as part of that
22 effort, we started to lay the groundwork for what kind
23 of business do we do, who are we, as well as what are
24 our processes themselves. So, in our presentation we
25 actually go through the extent of showing what the bid

1 documents look like. We actually show them the
2 commodities that we're going to be bidding, as well as
3 our bid evaluation process, so they can understand
4 that, as a private enterprise, we're obligated to be
5 out there being competitive with the number of vendors
6 that are participating, but at the same time we have
7 to keep an eye on the bottom line. So, being part of
8 an organization such as the Minority Supply or
9 Development Council of Pennsylvania-New Jersey-
10 Delaware, the Greater Hispanic Chamber, we are trying
11 to continually show the vendors what it is that we ---
12 the processes that we go through as well as how
13 competitive it's going to be. We tell them up front
14 it's going to be very competitive. Being the fifth
15 largest city in the country, vendors around the
16 country are constantly contacting us to be able to
17 participate in the bidding process. So, we tell them
18 you have to be competitive. You have to rethink
19 numbers that you're putting into corporations in town
20 based upon our tax considerations here for gaming.
21 So, our process has been, starting off from the
22 beginning, very detailed, thorough, and trying to make
23 sure that they understand the competitive process.
24 What we're doing at this particular point
25 is every time that we have an RP payment goes out, we

1 also send it to the individuals that have already
2 contacted us that are minority and women-owned
3 businesses. But we also send it to the organizations
4 that are --- they're members of it, so that they can
5 extend it out to any new vendors that may have signed
6 up since the last time we did a presentation with
7 them. In addition, setting up quarterly bid meetings
8 so that the memberships of these organizations around
9 the city can attend those meetings, we just had one
10 about two weeks ago, so that they can attend, see what
11 we're going to be bidding during the next quarter and
12 we can talk to them about it upfront. We can show
13 them how you fill out the forms ahead of time, et
14 cetera.

15 So, we're taking the extra effort just to
16 make sure that people understand our internal process,
17 so that we're able to help them become successful down
18 the road. Some of them have been very successful.
19 They are continuing doing business with us. They've
20 seen how competitive it's getting as we're getting
21 older, again, nine months old. But at the same time,
22 we're still getting so many, we just have a certified
23 minority business in our paper contract. So, these
24 are little things that we're taking baby steps on.
25 It's about educating the vendors about the gaming

1 industry as well as making sure that they have the
2 availability to look at what our bids are going to be
3 ahead of time so that when they do come out, they're
4 prepared. So, it's going to take a little time. Just
5 like getting our license here, it took time to go
6 through the process, educate people and to get things
7 done. But I see us in a trend that right now the
8 Fortune 100 companies, most of them after 20 years of
9 business are averaging about five or six mil. We're
10 trying to exceed that quite a bit. And we certainly
11 plan on trying to continue to contact the organization
12 and the vendors that are in town or out of town that
13 can help us to meet these numbers because it's pretty
14 much a passion of mine to try to make sure I do it.
15 So, I try to get out there as much as I possibly can.

16 MR. TRUJILLO:

17 And by the way, just in terms of context,
18 even though I'm not happy with the single-digit
19 numbers, your numbers still double --- more than
20 double what the city's is. So, just by way of
21 context, I understand that as well. I don't want you
22 to think that I'm unfairly saying that you're not
23 trying, but I understand that completely.

24 With respect to professional services, if
25 you could address that issue, I'd appreciate it.

1 MR. MARTIN:

2 Well, professional services is something
3 that, again, I think we should provide at a separate
4 time, the number of them, but we worked with local
5 city businesses from Floss Barber, Inc., part of the
6 design itself, to professional services, whether it's
7 accounting individuals also. So, I'd like to ask if
8 we can provide that at another time.

9 MR. TRUJILLO:

10 I understand in terms of the numbers you
11 provide. I just want to know whether there was
12 anything separate that you were doing with respect to
13 professional services in order to get those companies.
14 And I know you've worked harder with the communities.
15 Are you making similar outreach to other organizations
16 like professional organizations, accounting
17 organizations, engineering organizations, as well?

18 MR. MARTIN:

19 At this time I have not made that
20 particular outreach. It all depends upon the need as
21 it comes up within the operation. So, as it does,
22 we'll certainly be inclusive of organizations that are
23 out there to provide those services.

24 MR. TRUJILLO:

25 I'm not sure this is from you, but one

1 other number that I would love to hear, especially
2 given the testimony earlier of some of the team
3 members, it seems to me that a large number of your
4 team members were previously unemployed. I don't know
5 if you have a count on the number of people that you
6 employed that were previously unemployed when they
7 came, and so if you could supplement that --- the
8 record with that in writing, I'd appreciate that as
9 well.

10 And then the final question I think I've
11 got is --- well, two more questions, on the
12 healthcare. There was testimony and presentation on
13 healthcare. And as I recall, I think the presentation
14 said that the majority of the healthcare premiums were
15 paid by the company. Can you give me a breakdown on
16 what the healthcare benefit is and what part of it was
17 paid for by the company?

18 MR. CARLIN:

19 It depends on what coverage you have,
20 either single or family coverage. But if you look at
21 the aggregate plan, I believe it's 76 percent of the
22 premium is paid by the company.

23 MR. TRUJILLO:

24 Okay.

25 MR. CARLIN:

1 It's more if you're single.

2 MR. TRUJILLO:

3 I understand. Thank you. And finally,
4 can you --- I think there was testimony from --- or
5 rather a question regarding the expansion issue. I
6 also am aware of, just based upon news reports, about
7 a lawsuit that some of the local investors filed, and
8 I would just like to know the status of that issue,
9 that lawsuit.

10 MR. CARLIN:

11 There has been a lawsuit filed, that's
12 correct. There's been an Answer also. The general
13 partner has answered the Complaint and it's currently
14 before the Courts of Delaware.

15 MR. TRUJILLO:

16 Thank you.

17 PRESIDING OFFICER:

18 Commissioner ---?

19 MR. CARLIN:

20 I just want to bring up one other thing,
21 Commissioner. The 401(k), one point that wasn't
22 mentioned, something that we do at SugarHouse, and
23 it's pretty unique. The company just actually
24 starting to do this. We have what's called opt out.
25 So, we automatically put all of our employees into the

1 401(k) plan for a match. So, they have to actually
2 opt out of that in order to change that status. So,
3 that's why we have such a high participating rates in
4 our 401(k), because a lot of times the decision is
5 made to opt --- employees have the decision to opt in
6 and they don't do it. So, we start them out in the
7 plan, where we're matching, and then they can change
8 that if they opt to. So, it's something we do that
9 most gaming industries don't.

10 MR. TRUJILLO:

11 Thank you.

12 PRESIDING OFFICER:

13 Commissioner McCall?

14 ATTORNEY SKLAR:

15 I think Trish is going to address some of
16 the questions you had on employees.

17 MS. TUCK:

18 In regards to our minority and women on
19 our team, I will tell you that in my experience in the
20 industry our statistics are much more favorable than
21 any other company that I ever worked for. And I
22 suspect they're probably pretty favorable to the work
23 force actually in the Philadelphia area. That being
24 said, it's something we're very cognizant of and we
25 continue to proactively partner with local

1 organizations as resources so that we can kind of make
2 special efforts to get out there with different
3 organizations and touch different groups of people and
4 kind of cultivate them to ensure that they continue to
5 work with us. So, it's something that we're always
6 aware of and always looking at, and it's definitely
7 something that works for us.

8 MR. TRUJILLO:

9 And part of it is --- I think for
10 example, you're in Philadelphia, it's a Philadelphia
11 casino, and I think you said about 60 percent of your
12 employees were Philadelphia residents.

13 MR. TUCK:

14 Correct.

15 MR. TRUJILLO:

16 So, a pure Philadelphia percentage of
17 minority is probably not a fair comparison when you're
18 drawing 30 or 40 percent of your employees from south
19 Jersey and the like. So, I understand the breakdown
20 is not going to be perfect when you say Philadelphia.
21 On the other hand, obviously much of the reason that,
22 you know, I think much is made of what the benefits to
23 Philadelphia are ---

24 MS. TUCK:

25 Right.

1 MR. TRUJILLO:

2 --- and consequently that's obviously an
3 area of interest to me. So, I'm not trying to be
4 unfair, but I also don't want to lose the spotlight on
5 the issue ---.

6 MS. TUCK:

7 Absolutely. It's an important issue to
8 us. Even, for example, our table games will continue
9 to do that, they're going to have the opportunity to
10 have unskilled table game --- you know, train people
11 for table games that are either women or minorities in
12 our workforce to give them that skill.

13 MR. TRUJILLO:

14 Thank you.

15 MR. MCCALL:

16 Just one point of clarification for
17 myself. The Special Services District, is that ---
18 there's a \$500,000 appropriation made by the casino to
19 that district. Is that district specific to the
20 Fishtown region of the community or is that city-wide?
21 Specific?

22 MS. TUCK:

23 Yes, specific to the Fishtown, Port
24 Richmond and a little bit of the South Kensington.

25 MR. MCCALL:

1 And the members of that Board are native
2 to that community; correct?

3 MR. CARLIN:

4 It was modeled on the Stadium Special
5 Services District, which was created when they built
6 the stadium itself.

7 MR. MCCALL:

8 And because it's impressive what you have
9 done in economic development and certainly the jobs
10 you provided and the people that really needed those
11 jobs, but equally as important is the community
12 development so that the community can flourish and
13 thrive, and that has obviously been, when you tried to
14 site these casinos, that there would be a negative
15 impact on the community. And quite frankly, we
16 conversely have been hearing that it really has made a
17 positive impact on the community. And I think it's
18 important to tell that story, especially about the
19 community development efforts that are made by the
20 casino outside of the realm of what has been mandated
21 by the law with, you know, the local share counts that
22 have been set up to make sure that there is community
23 development. So, the money that you're providing
24 through the Special Services District is in addition
25 to what you're required to pay as far as local share.

1 This is over and above your investment of the
2 community, and the money then is specific to this
3 region. But you are also spending money city-wide in
4 community development as well. Do you have that
5 number?

6 MR. CARLIN:

7 I believe it's five percent of the game
8 slot ---.

9 MR. MCCALL:

10 Outside of that. Is there anything that
11 you're doing outside of that number?

12 MS. HAMILTON:

13 Yes. Let us get you the number. But I
14 think since the beginning of 2010, I want to tell you
15 that number had been --- including the SSD, has been
16 just under a million.

17 PRESIDING OFFICER:

18 And Mr. Sklar, if you would just file
19 that information with the Board clerk, we'll make sure
20 it's distributed it to the Board members.

21 ATTORNEY SKLAR:

22 Sure.

23 PRESIDING OFFICER:

24 I think Commissioner Sojka had another
25 question.

1 MR. SOJKA:

2 I did. I wanted to go back to the issue
3 of the proposed expansion plans, which you have in
4 front of an architect and which you're discussing with
5 the city at the moment. These, of course, will come
6 back to us and they'll be, I assume, similar to the
7 kinds of initial plans that we saw when we were
8 talking about the license in the first place and the
9 total footprint of the project and what it would
10 entail. Are you, at this point, anticipating
11 deviating much, if at all, from those original plans?

12 MR. CARLIN:

13 We're not actually. What we've done
14 since developing those original plans is we actually
15 acquired some land to the north of our parcel, and
16 that actually gives us a better footprint to spread
17 out a little bit more, to find a more comfortable
18 garage, to design a more comfortable casino. So,
19 basically we're pushing our original plan to the
20 boundaries.

21 MR. SOJKA:

22 And again, can you give us an approximate
23 timetable for when you might be able to bring plans to
24 us, what the status will be with permitting and that
25 sort of thing? Can you give us an approximate?

1 MR. CARLIN:

2 That would be hard to do. What we've
3 learned, it's very hard to get things developed in
4 Philadelphia. There's lots of issues, we've got city
5 issues, state issues, federal issues.

6 MR. SOJKA:

7 And you're on the river.

8 MR. CARLIN:

9 And we're on the river, so --- but we
10 will have some preliminary plans to share with the
11 staff in the near future.

12 MR. SOJKA:

13 Near future would be within this fiscal
14 year?

15 MR. CARLIN:

16 Absolutely within this fiscal year, yes.

17 MR. SOJKA:

18 Thank you.

19 PRESIDING OFFICER:

20 Any follow-up questions? Attorney Sklar,
21 to the Board's questions?

22 ATTORNEY SKLAR:

23 No.

24 PRESIDING OFFICER:

25 Mr. Miller?

1 ATTORNEY DALE MILLER:

2 I have just one follow-up question. I
3 apologize. For the record, my name is Dale Miller,
4 M-I-L-L-E-R. I'm the Deputy Chief Enforcement Counsel
5 for the Eastern Region of the Pennsylvania Gaming
6 Control Board. Commissioner Trujillo brought up the
7 matter of this lawsuit. My question, without getting
8 into the facts of the matter, is will --- has this
9 litigation in any way affected the operations of the
10 casino, particularly the revenue stream? Do you
11 anticipate in the future, as the litigation goes on,
12 that there will be an impact on the operations of the
13 casino and the revenue stream and so forth?

14 MR. CARLIN:

15 It's really hard to say.

16 ATTORNEY DALE MILLER:

17 You'll keep us informed?

18 MR. CARLIN:

19 Yes.

20 PRESIDING OFFICER:

21 With that, we will --- are you wrapped
22 up?

23 ATTORNEY SKLAR:

24 Yes.

25 PRESIDING OFFICER:

1 We'll turn it over to the OEC for their
2 presentation.

3 ATTORNEY DALE MILLER:

4 Thank you. Could we just have a minute
5 break so we could go over our presentation?

6 PRESIDING OFFICER:

7 Yes.

8 SHORT BREAK TAKEN

9 PRESIDING OFFICER:

10 We have a clarification for the record
11 from SugarHouse. We'll allow them to perform that.

12 MR. CARLIN:

13 I just wanted to respond to Commissioner
14 Sojka's question about fiscal year. I was thinking
15 calendar year, which is December, not June of 2011.
16 So, by the end of the calendar year.

17 MR. SOJKA:

18 Okay.

19 MR. CARLIN:

20 And then going back to the original
21 question by Mr. Miller about the expansion. I think I
22 characterized it as new expansion. It's really a
23 modified expansion. So, really it's not a new plan,
24 it's a modified plan.

25 MR. SOJKA:

1 This is the one I've seen?

2 MR. CARLIN:

3 Yes.

4 PRESIDING OFFICER:

5 Okay. With that, Mr. Miller?

6 ATTORNEY DALE MILLER:

7 Thank you, Director Lloyd and Chairman
8 Fajt, members of the Commission. My name is Dale
9 Miller, once again, Deputy Chief Enforcement Counsel
10 for the Eastern Region of the Pennsylvania Gaming
11 Control Board. With me here today is other members of
12 the Enforcement Counsel Office. James Armstrong is
13 here, Dustin Miller is here and Cassandra
14 Fenstermaker. They will introduce themselves as their
15 presentations begin.

16 We're here for the renewal hearing of the
17 gaming operator license of SugarHouse, HSP Gaming, LP,
18 which does business as SugarHouse Casino. Currently,
19 the SugarHouse Casino license was issued on January
20 8th and remains in good standing. As you know, the
21 casino has been in operation for almost ten months.
22 Intending to stay in business for a much longer time,
23 SugarHouse, quite obviously, filed an application to
24 renew their license. That was filed in a timely
25 manner.

1 Under the Gaming Act, Section 1326, as
2 Director Lloyd mentioned early on, a renewal of a
3 gaming license is required. Right now, under the
4 present Gaming Act, a renewal is required every three
5 years. In the former Gaming Act, the renewal of a
6 license was required annually. The purpose of that
7 renewal is to update information of the application,
8 update the investigation of the applicant, and of
9 course the Board can approve or deny a renewal. As I
10 stated previously, SugarHouse did file a timely
11 renewal application. Their license currently is valid
12 and in good standing.

13 The procedure for renewal is that an
14 application is filed with our Bureau of Licensing.
15 Once the Bureau of Licensing gets the application,
16 they work with the applicant, in this case SugarHouse,
17 to cure any deficiencies that might be in the
18 application, to provide additional evidence, whatever
19 our Bureau of Licensing requires. After those
20 deficiencies are cured, the Bureau of Licensing
21 determines that the application is complete. And when
22 it's complete, it's then referred to the Bureau of
23 Investigations and Enforcement, commonly called BIE,
24 for investigation. That, in fact, was done. The
25 license was deemed complete. The application has been

1 referred to BIE, and an investigation was conducted by
2 the Bureau. At that point, after the investigation is
3 completed, a public hearing is required, and that's
4 the stage we're at right now. After the public
5 hearing, a background investigation report written by
6 the OEC and based on the report of investigation by
7 BIE will be submitted, and a suitability report
8 compiled and given to the Board. At the end of that
9 procedure, the Board will have a meeting, ask any
10 further questions they have and vote on the renewal of
11 the license.

12 There are certain criteria for renewal.
13 And as you see from SugarHouse's presentation, they're
14 quite aware of all those criteria. Obviously, in any
15 licensing situation, the burden is on the operator to
16 prove that they are, in fact, worthy to maintain that
17 license. They have to show and we have to investigate
18 whether or not the entity itself and their employees
19 are suitable for licensure. We will present to you
20 any enforcement actions that have been taken against
21 the operator. There will be some comments on
22 security. The operator obviously has presented to you
23 any revenues that were generated, jobs created,
24 amenities added and so on.

25 SugarHouse's presentation today, as I

1 said, addressed many of these criteria. It's by no
2 means exhaustive. You may have questions outside of
3 the scope of the information on the slide, and that's
4 certainly up to you to ask. SugarHouse addressed many
5 of the things here, and it's up to you to determine
6 how successful they were.

7 In our presentation today, we will have
8 several witnesses. And this is the order we will
9 present them, we'll present the BIE to comment on the
10 investigation, the Bureau of Casino Compliance to
11 discuss their relationship with the casino, the
12 Pennsylvania State Police to comment on any criminal
13 activity that has taken place at SugarHouse, the
14 Philadelphia Police Department to comment on any
15 activity outside the SugarHouse facility,
16 representative and director of our Compulsive and
17 Problem Gambling Office, and finally, the OEC to
18 present any enforcement actions that have been taken
19 since the initial licensure.

20 Let me briefly describe the BIE. The
21 Bureau is tasked with investigation of all applicants.
22 The Bureau has specific duties under the Gaming Act,
23 which as you can see there, that is a statute for
24 Pennsylvania Consolidated Statute 1517A.1.

25 BIE does not investigate criminal

1 activity. That's the job of the Pennsylvania State
2 Police, who are stationed at each facility. And
3 Lieutenant Evans is here to describe their mission.
4 The State Police jurisdiction extends to the door of
5 the casino. Outside the casino, criminal
6 investigation belongs to the township or city in which
7 the casino is located. The OEC doesn't prosecute
8 criminal activity. That's the job of the local
9 District Attorneys and law enforcement agencies. But
10 these are the general duties of the BIE, and those
11 duties are directly out of the Gaming Act itself.

12 I'd like to present at this time Agent
13 Thomas Lanzidelle from the BIE. Mr. Lanzidelle,
14 you've been previously sworn.

15 -----
16 THOMAS LANZIDELLE, HAVING BEEN PREVIOUSLY SWORN,
17 TESTIFIED AS FOLLOWS:

18 -----
19 DIRECT EXAMINATION

20 BY ATTORNEY DALE MILLER:

21 Q. I would just ask that you please state your name,
22 your title, and spell your last name for the record.

23 A. Thomas Lanzidelle, case agent,
24 L-A-N-Z-I-D-E-L-L-E.

25 Q. Agent Lanzidelle, did the BIE conduct a renewal

1 investigation to determine the suitability of
2 SugarHouse, HSP Gaming, for licensure?

3 A. Yes, we did.

4 Q. And are you the agent assigned to SugarHouse's
5 renewal investigation?

6 A. Yes, I am.

7 Q. Do you know approximately when the BIE began
8 SugarHouse's suitability investigation?

9 A. The process began in March of 2011.

10 Q. As part of the renewal investigation, did you
11 review applications submitted by SugarHouse, HSP, the
12 entity, its affiliates, principals, key employees?

13 A. Yes, I did.

14 Q. And during that investigation, did SugarHouse
15 provide timely all documents that you may have
16 requested and information that you may have asked for
17 during the investigation?

18 A. Yes, they did.

19 Q. In your opinion, as an agent of the BIE, did
20 SugarHouse fully cooperate with the BIE during its
21 renewal investigation?

22 A. Yes.

23 Q. Did you complete the investigation?

24 A. Yes.

25 Q. And did you determine that there are any issues

1 related to SugarHouse's suitability or the suitability
2 of any affiliates, principals and key employees that
3 would preclude SugarHouse HSP from being found
4 suitable for license renewal?

5 A. No, there were no issues.

6 Q. And are the findings of the BIE contained in a
7 Report of Investigation?

8 A. Yes, it is.

9 Q. And is the standard procedure for BIE to forward
10 that Report of Investigation to the OEC?

11 A. Yes, it is.

12 Q. Was that report forwarded?

13 A. Yes, it was.

14 Q. Thank you very much.

15 ATTORNEY DALE MILLER:

16 Does SugarHouse have any questions?

17 PRESIDING OFFICER:

18 Attorney Sklar, do you have any ---

19 ATTORNEY SKLAR:

20 None.

21 PRESIDING OFFICER:

22 --- questions?

23 MR. TRUJILLO:

24 Mr. Lanzidelle, I'm not sure --- I'm not
25 sure who the right witness would be, but who will be

1 speaking, if anyone, for your office on compulsive
2 gambling issues.

3 ATTORNEY DALE MILLER:

4 Elizabeth Lanza.

5 MR. TRUJILLO:

6 Elizabeth Lanza. Thank you.

7 ATTORNEY DALE MILLER:

8 She's here.

9 MR. TRUJILLO:

10 Thank you.

11 ATTORNEY DALE MILLER:

12 At this time I would call Gerald Stoll,
13 the Director of the Bureau of Casino Compliance.

14 PRESIDING OFFICER:

15 I know it's a little difficult to share
16 the microphone, but if you can speak more clearly in
17 the microphone. You're fading in and out.

18 -----
19 GERALD STOLL, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
20 AS FOLLOWS:

21 -----
22 DIRECT EXAMINATION

23 BY ATTORNEY DALE MILLER:

24 Q. Mr. Stoll, could you please state your name for
25 the record, your title and spell your name for the

1 record, please?

2 A. Good morning to the Board, to the Director. My
3 name is Jerry Stoll, S-T-O-L-L. I am the Director of
4 the Bureau of Casino Compliance.

5 Q. And Mr. Stoll, could you please tell the Board
6 what your duties are and what are the responsibilities
7 of the Bureau of Casino Compliance?

8 A. Sure. The Bureau of Casino Compliance is the
9 onsite presence of the Gaming Board. We currently are
10 104 members strong. 101 of those members actually are
11 assigned to individual casinos. We maintain a 24/7
12 day presence, and we're there to assure that the
13 casino is operating according to the Gaming Board
14 regulations and in accordance with their internal
15 controls. We're also a conduit of information from
16 the Board to the individual properties and attempt to,
17 you know, smooth any hurdles of the operation that may
18 occur. You know, we interact daily with security,
19 surveillance. We assure the minimum security and
20 surveillance personnel are on staff and onsite and on
21 duty throughout the day. We support the Department of
22 Revenue with collection of taxes. We interact with
23 the central computer system operator on a daily basis,
24 the lab, OEC, BIE. We work out of the booths on the
25 ground and the conduit that, you know, supports the

1 myriad of duties of the property and the Board.

2 Q. As the Director of the Bureau of Casino
3 Compliance, I take it you're in charge of all the
4 Casino Compliance representatives throughout the
5 Commonwealth; is that correct?

6 A. Yes, sir. I'm totally in charge, but each
7 property has a supervisor. And then throughout the
8 Commonwealth, there are two additional senior
9 supervisors that help to support the management of the
10 Bureau.

11 Q. And I take it there are Casino Compliance
12 representatives permanently attached to SugarHouse
13 Casino; is that right?

14 A. That's correct, yes.

15 Q. Are you aware that --- well, could you describe
16 the relationship of the Bureau of Casino Compliance
17 with SugarHouse Casino, the management employees and
18 so on?

19 A. Yeah. The response that we've received from
20 SugarHouse management team has been extraordinary.
21 They're constantly available, very receptive to our
22 concerns, and you know, they do cooperate to the
23 fullest extent that, you know, I could ever expect.
24 They're a professional organization with many years of
25 gaming experience, and it's --- they're a good partner

1 and a good operator for this casino, in my opinion.

2 Q. Based on your experience with SugarHouse Casino
3 and your experience with the Casino Compliance
4 representatives in that casino, are you aware of any
5 issues that would or might preclude the renewal of
6 SugarHouse's gaming license?

7 A. No. There are no issues that I'm aware of that
8 would adversely affect the ability for SugarHouse to
9 maintain their license. Also, you know, there's been
10 very few and limited issues that have occurred of
11 significance at this casino, which is really a shock
12 to me. I anticipated more issues here due to the, you
13 know, location. You know, comparing urban casinos
14 with a suburban casino. But no, I'm pleasantly
15 surprised and pleased with, you know, the performance,
16 the profitability, the relationship that we have with
17 management and, you know, the Bureau of Casino
18 Compliance.

19 Q. Being from Philadelphia, I appreciate your
20 tactfulness.

21 ATTORNEY DALE MILLER:

22 And I would ask if the Board or the
23 Director has any questions of Mr. Stoll?

24 MR. SOJKA:

25 One. I'm, of course, happy to hear that

1 the management responds to your concerns and that you
2 get good cooperation, but could you provide a little
3 texture to that by maybe picking one specific
4 incident, like what would a concern be and what kind
5 of cooperation did you get in dealing with that
6 concern. Just pick out one as an example.

7 A. Okay. Upon the implementation of table games,
8 there was some concern that I had that there may be
9 people trying to take advantage of inexperience with
10 their dealers, which, you know, did not materialize.
11 But there are certain procedures and precautions that
12 can be implemented by an operator to dissuade folks
13 coming in and taking advantage of, you know, a craps
14 game by sliding dice and things like that and just the
15 dialogue that I had with their table games management,
16 you know, which I was assured that they were aware of
17 what was occurring and they were actually taking
18 positive steps to, you know, limit their exposure.

19 MR. SOJKA:

20 Okay. That helps. But could you put
21 your finger on, for example, let's say, an incident
22 that may be something happens that Casino Compliance
23 becomes aware of and then needs to go to management to
24 get a fix or a response or something? What sort of
25 things happen?

1 A. Well, there's --- on a daily basis normally it's
2 just requests for information. You know, our path to
3 that is streamlined. What we do is --- also we look
4 at the results of the table game revenues, and you
5 know, if we see spikes and holds and different things
6 like that, what we do is, you know, we question
7 surveillance, find out if there's any explanation as
8 to, you know, why a deviation in the anticipated table
9 game revenue hold would exist. And you know, very,
10 very, you know, daily basis we have an explanation,
11 and you know, ---.

12 MR. SOJKA:

13 And so that's where the cooperation is
14 good. You raise a question to things, they give you
15 an answer, and you reach an accommodation?

16 A. Yes.

17 MR. SOJKA:

18 Thank you.

19 MR. GINTY:

20 Mr. Stoll, what's your background and
21 qualifications for this position?

22 A. I originally, you know, was a member of the State
23 Police in New Jersey. And after doing, you know, road
24 duty for six years, in 1983, I was assigned to the New
25 Jersey Division of Gaming Enforcement, which is the

1 New Jersey model of what we are currently doing there.
2 In New Jersey, as a member of the State Police, you
3 actually become a sworn member of the Division of
4 Gaming Enforcement, which gives you the authority to
5 do all regulatory issues. So, in New Jersey, the
6 State Police do regulatory in addition to the criminal
7 aspect of casinos. Throughout the 20 years that I
8 remained in New Jersey, I finally found something I
9 was decent at, and I really enjoyed the criminal
10 aspect. And, you know, upon my retirement put a
11 resume in for, you know, Pennsylvania. I thought it
12 would be a good mix and a good fit, and I was afforded
13 the opportunity to be hired here in January of '06 as
14 a --- really as an agent of the BIE. The Director of
15 the BIE, upon, you know, realizing the qualifications
16 I had in gaming would be beneficial, moved me to
17 Harrisburg. And, you know, from that point in time we
18 opened the casinos up here and, you know, I was able
19 to negotiate up the lines. Compliance Bureau was
20 instituted, and now I'm the Director of it. And
21 that's my experience with gaming, sir.

22 MR. GINTY:

23 What rank did you retire at?

24 A. I was a lieutenant.

25 MR. TRUJILLO:

1 Mr. Stoll, following up on Commissioner
2 Sojka's questions, can you describe --- there was some
3 incidents last year shortly after SugarHouse opened
4 related to children being left in cars. And actually,
5 there were two sets of incidents that I would like you
6 to comment on with respect to management's response to
7 them. One is the issue of children being left in
8 cars. And the second one is there was what I saw as a
9 news reports of assaults that occurred. I understood
10 them not on the property but outside the property.
11 So, I just would like to get your ---.

12 A. Yes, sir. Since opening, there have been two
13 significant incidents concerning criminality that I'm
14 aware of. The first incident was where a patron was
15 followed from the casino, into New Jersey, and finally
16 accosted close to his residence. There have been two
17 arrests made, and I don't know the entire disposition
18 of the case.

19 And then in the other case it was where a female
20 was followed to the casino, apparently originally
21 identified at an ATM machine where a deposit was made,
22 and these folks in the vicinity where the ATM
23 transaction occurred followed her and she traveled to
24 the casino, in the parking lot, and she was accosted
25 and assaulted prior to her entering the casino. I'm

1 unaware of any arrests that have been made in that
2 case. But those are the two most significant events
3 that have occurred here that I'm aware of.

4 MR. TRUJILLO:

5 And as to those events, is there anything
6 as to how SugarHouse handled those events that gave
7 you any pause with respect to their renewal of their
8 licensure?

9 A. No, sir. No, these ---.

10 MR. TRUJILLO:

11 That's fine. And then the second thing
12 I'd like you to talk about is the issue of children
13 left in cars and how they responded to that and if
14 you're satisfied with that response.

15 A. I am satisfied. SugarHouse was very proactive.
16 They instituted some roving patrols, bike patrols, and
17 actively, you know, circling throughout the lot to,
18 you know, observe any incidents of children left in
19 vehicles. And if I'm not mistaken, I think they
20 actually installed a phone or, you know, a panic
21 device, one of those stands out there, if I'm not
22 incorrect.

23 MR. TRUJILLO:

24 And are you aware of any further
25 incidents in the last few months regarding children

1 being left in cars?

2 A. No, sir.

3 MR. TRUJILLO:

4 That's all I have.

5 ATTORNEY DALE MILLER:

6 Commissioner, I might add, in a few
7 minutes we have a witness, Captain Michael Cram from
8 the 26th District, and he can address those I'm sure.

9 REDIRECT EXAMINATION

10 BY ATTORNEY DALE MILLER:

11 Q. I would just ask, finally, Mr. Stoll, is the
12 opinions that you gave regarding SugarHouse Casino
13 based on your 20 years in the gaming industry?

14 A. Yes, it is and my daily interaction during the
15 opening and my continued, you know, interaction with
16 the management staff and my staff currently engaged in
17 SugarHouse.

18 ATTORNEY DALE MILLER:

19 Thank you. I have no further questions
20 of Mr. Stoll.

21 CHAIRMAN:

22 I have one question really to follow up
23 on Mr. Stoll's comment about the roving patrols.
24 Wendy, could you give us an update on what you're
25 doing as a casino on those roaming patrols? You know,

1 that's been an issue of mine from the beginning, and
2 if you could just update the Board on how many people
3 you have roaming at any given time, whether it's 24/7,
4 365 days a year, and how many people are in those
5 patrols?

6 MS. HAMILTON:

7 Yes. As you know, the Board requires us
8 to have two outside rovers 24/7. We've gone beyond
9 that. From sunset to sun up, we have --- for several
10 months, from the time we opened, had six officers in
11 the lots. And when the weather changes in the spring,
12 we increase that to eight. And so, you know, we
13 realize the dark hours are when these incidents are
14 more likely to happen in any parking lot, and it can't
15 happen at SugarHouse, so we put eight folks out in
16 that lot during dark hours, two during light hours.
17 We rove constantly. We use a golf cart, a SUV and
18 bicycles. Our officers are in uniform, and when
19 there's nothing going on, they proactively offer
20 patrons rides, you know, from further parking spots to
21 the casino and interact very proactively with folks
22 coming in and out, and we've had very few incidents
23 out there. But it's also very much due to the support
24 of the 26th District of the Police Department, who
25 typically have anywhere from one to three cars on the

1 campus day and night.

2 CHAIRMAN:

3 Just to follow up on that, let's break
4 down the daylight hours. So, you have two patrol. Is
5 it one person, two different vehicles, be that a bike
6 or a golf cart? Is that what we're talking?

7 MS. HAMILTON:

8 Yeah, two separate patrols.

9 CHAIRMAN:

10 Okay. And then when you have eight
11 patrols during the dark hours, is that eight different
12 vehicles?

13 MS. HAMILTON:

14 Eight separate patrols, some on foot,
15 some on a bike, some in a golf cart, one in a SUV.

16 CHAIRMAN:

17 Thank you.

18 MR. SOJKA:

19 Can I just ask one quick question on
20 that, too? Are those folks all in communication with
21 each other by radio?

22 MS. HAMILTON:

23 Yes, they are. And we've also given our
24 internal radio to the 26th District cars on the campus
25 so that they're all in touch with each other out

1 there.

2 MR. SOJKA:

3 Thank you.

4 PRESIDING OFFICER:

5 Mr. Sklar, any follow-up or comment?

6 ATTORNEY SKLAR:

7 No questions.

8 ATTORNEY DALE MILLER:

9 Thank you, Mr. Stoll. At this time we
10 have a representative of the Pennsylvania State
11 Police, Lieutenant John Evans. And that testimony
12 will be presented by Assistant Enforcement Counsel
13 Dustin Miller.

14 ATTORNEY DUSTIN MILLER:

15 Good morning, Director Lloyd, Chairman
16 Fajt, members of the Board. Dustin Miller, on behalf
17 of the OEC. At this time we're going to call
18 Lieutenant John Evans to the stand.

19 -----
20 LIEUTENANT JOHN EVANS, HAVING BEEN PREVIOUSLY SWORN,
21 TESTIFIED AS FOLLOWS:

22 -----

23 DIRECT EXAMINATION

24 BY ATTORNEY DUSTIN MILLER:

25 Q. Lieutenant Evans, I know you've already been sworn

1 in. Could you state your name for the record, please?

2 A. My name is Lieutenant John C. Evans, E-V-A-N-S.

3 Q. And Lieutenant Evans, what's your title and
4 duties?

5 A. As I stated, I'm a lieutenant with the
6 Pennsylvania State Police. My title is I'm the
7 Eastern Section Commander for the Gaming Enforcement
8 Office. And what that entails is that I command the
9 detachment of the State Police assigned to the five
10 casinos, which one of those five includes SugarHouse.

11 Q. And Lieutenant Evans, how long have you been with
12 the Pennsylvania State Police?

13 A. I've been with the Pennsylvania State Police for
14 24 years, and I'll reach 25 in August.

15 Q. Now, Lieutenant Evans, let's talk about the ---
16 what is the role of the Pennsylvania State Police at
17 licensed facilities in Pennsylvania?

18 A. The role of the Pennsylvania State Police, and in
19 particular, with the Gaming Enforcement Office, is to
20 provide primary law enforcement within the confines of
21 the gaming areas of the casinos and in other
22 non-gaming related areas within the building that are
23 deemed appropriate. We develop an agreement with the
24 local police departments, in this case the
25 Philadelphia Police Department. And in this

1 particular incidence, at SugarHouse, we basically have
2 the entire inside of the building. Once you step
3 outside the building, you're in the Philadelphia
4 Police Department's 26th District's primary
5 jurisdiction, although we maintain the continued
6 operation mutually inside and outside.

7 Q. Lieutenant Evans, what's your relationship with
8 the SugarHouse staff?

9 A. The relationship with the SugarHouse staff has
10 been a very good relationship from the beginning.
11 When a casino is trying to get up and running, we have
12 to provide fingerprinting and processing for their
13 licensed applicants, which we then forward to the
14 Board. And they provide us the time and space and
15 assistance in getting that up and running prior to the
16 casino itself opening.

17 Since opening, any issues that have come to light
18 or any problems that we've encountered, they've been
19 more than willing to talk to us. In a cooperative
20 effort we've resolved any differences that we may have
21 had.

22 Q. And Lieutenant Evans, could you briefly describe
23 your relationship with the Casino Compliance staff of
24 the Gaming Control Board?

25 A. Again, it's a very good relationship. Our team

1 and the CCR, Mr. Stoll's team, and SugarHouse, and he
2 has a good team there and my detachment of troopers
3 that are there work closely with them on a day-to-day
4 basis. We share office space and work closely
5 together to provide the law enforcement. However,
6 many times regulations and law enforcement, the issues
7 coincide, and we work closely together. We have a
8 very good relationship there.

9 Q. Thank you, Lieutenant Evans. I want to turn the
10 discussion toward crime statistics. Are you familiar
11 with the uniform crime reporting system?

12 A. Yes. The uniform crime reporting system is a
13 system that the Pennsylvania State Police administer
14 throughout the state through all jurisdictions. And
15 we collect those statistics. It's actually a federal
16 system, but within the confines of the state, the
17 Pennsylvania State Police are tasked with gathering
18 those statistics. It's a website-based system, and
19 any agency or department gathers their statistics on a
20 monthly basis, submits them on the website. I would
21 also add that that's available to the public through
22 the website for the public to do searches or their own
23 particular searches of those. For this incidence, the
24 troopers who provided the law enforcement services
25 within the casino at SugarHouse collect all the

1 information, regardless of events that occur there
2 that the State Police investigate within that
3 particular area and those stats are provided. And by
4 the tenth day of each month, they're supposed to be
5 entered by one of my officers at the site. One of the
6 supervisors gathers those. The public crime reports
7 are submitted thus, there's a monthly tally. And at
8 the end of the year there's also a yearly tally.

9 Q. Lieutenant Evans, could you give that website, if
10 you know it off the top of your head, for the crime
11 reporting, the USCR?

12 A. Yes. It's www.ucr.psp.state.pa.us.

13 Q. Now, Lieutenant Evans, the information that's
14 inputted into the system, is that subject to edit
15 later?

16 A. Yes. There's a note on every printout that you
17 get there that it's subject to constant edit. And
18 really, the statistics are compiled towards the end of
19 the year, and then at that point they're finalized.
20 But on a monthly basis and even prior to that yearly
21 report being issued, they're subject to edit by the
22 officers as new crimes are cleared, arrests are made
23 in particular cases or we find the offense actually
24 did not occur.

25 Q. Now, Lieutenant Evans, specifically what

1 information is contained in the UCR?

2 A. Well, in the exhibits that's shown on the
3 PowerPoint, that shows the actual --- the several
4 columns regarding offenses that occurred within the
5 jurisdiction. The one column is total offenses named.
6 That's basically offenses that were reported by
7 victims or other parties to us. Once we conduct an
8 investigation and determine that the offense actually
9 occurred, then that number is carried in the actual
10 offenses column, which is the fourth column over. The
11 other statistics that's gathered through the uniform
12 crime reporting is cleared offenses. And basically
13 that means that the case was resolved in one form or
14 another. It doesn't necessarily mean that an arrest
15 was made, but it means that we determined what
16 occurred in that case, whether there would be no
17 arrest made but we determined who was responsible for
18 it. So, cleared offenses does not necessarily mean
19 that there was an arrest made in all of those, but we
20 did come to a resolution.

21 In addition to what's not on this particular
22 chart, there's also --- there's a section which deals
23 with arrests that deal with suspect data, as far as
24 male, female, race, gender, age, juveniles. Also, it
25 gathers victimology in regards to age of victim, male,

1 female, gender, race. And then for the more serious
2 crimes, there's additional information that's
3 gathered. It's all available there on the website.

4 Q. And Lieutenant Evans, can the numbers on this
5 slide or in the UCR --- can they be reduced?

6 A. Numbers can. That's why it's subject to
7 continuous edit. I'd just like to give one example,
8 which actually is a casino-type incident, where a
9 patron reports that they believe their wallet was
10 stolen. So, initially that would come as a number one
11 on the theft. Their wallet was stolen and it was
12 reported to us. However, later, through our
13 investigation or actually probably a lot through the
14 victim's investigation, when they arrive home they
15 find that they never even left home with the wallet.
16 Their wallet was actually at home. So, when they get
17 home that evening, they tell --- they give us a call
18 back and they say, I'm sorry, my wallet was at home.
19 So, in that case, the offense would actually be one,
20 the one theft occurred at the casino. However, we
21 would also document the actual offenses columns, which
22 is the one you want to use, and that would be zero
23 because we determined that offense never occurred.
24 So, we would update the UCR and show that it was
25 reported, but it didn't occur.

1 Q. Okay. Lieutenant Evans, I know you've been
2 referring to this slide. I would particularly draw
3 your attention to it at this time. And what
4 statistics are on this slide?

5 A. Basically what this slide shows is the offenses
6 then that are for 2010 at SugarHouse Casino, which
7 would have just been since their opening, September
8 until January 1 --- December 31st of 2010. And it
9 just breaks down the offenses known, which are those
10 types of offenses that were reported to us, showing a
11 total of 130, and then under actual offenses, like
12 nine. So, for example, we determined that four
13 offenses were actually reported, but they never
14 actually occurred.

15 In addition, this shows that we cleared 34 out of
16 those 100 offenses. In other words, we determined who
17 was responsible and either made an arrest or made a
18 determination that the case would be resolved. It
19 also shows --- for instance, under reporting of
20 counterfeit, 58, and you'll notice that 55 of those
21 were actual. So, we determined that three bills in
22 the machine were thought to be counterfeit. Once we
23 turned them into the Secret Service, it turned out
24 they were actual, genuine bills. So, our clearance
25 rate on that is very low, which is common throughout

1 the state on forgery and counterfeiting. Many times
2 there's no one associated with the bill that's
3 reported as counterfeit. And that's kind of a general
4 breakdown on that.

5 Q. Lieutenant Evans, you're referring to cases being
6 cleared. Does that necessarily mean that those cases
7 were prosecuted by a District Attorney or the Attorney
8 General?

9 A. No. Again, a cleared offense means that we
10 resolved it. Many times, in cooperation with the
11 casino surveillance and casino security, we resolve
12 what would appear to be an offense within minutes or
13 an hour or so when it has occurred, locating perhaps
14 the person who picked up the voucher out of the
15 machine that the victim inadvertently left or the
16 money that was inadvertently dropped on the floor. We
17 locate that person and in many instances that's
18 cleared. We found out who did it and an agreement is
19 reached between the victim and the person who did it
20 and there's no prosecution, they don't want to
21 proceed. So, that would be a cleared offense, but it
22 does not result in an arrest.

23 Q. Lieutenant Evans, I'm going to ask you to take a
24 look at the next slide that's shown. Can you tell us
25 what that slide shows?

1 A. All right. This slide is for 2011, and so it
2 would have been for the six to seven months this year
3 so far, again, for the number of offenses that were
4 reported to the Pennsylvania State Police at
5 SugarHouse. So, that would be a total of 77. And the
6 actual offenses shown there would be 76. So, we
7 determined that there was one issue there where there
8 was actually a found wallet type of incident that
9 didn't occur. Also, we cleared 29 of those offenses.
10 So, 29 of those reported offenses were resolved either
11 through arrest or by a resolution without prosecution.

12 Q. Now, Lieutenant Evans, you previously testified
13 that the statistics are reported on the tenth day of
14 the next month. So, would these statistics be through
15 May basically because the June statistics won't be
16 reported until July?

17 A. Yes. That's correct. All of May's entries was
18 made sometime here at the beginning of the month, this
19 month, so this includes May's offenses also.

20 Q. Now, Lieutenant Evans, can a person draw a
21 conclusion based on the crime statistics between the
22 different licensed facilities in Pennsylvania based on
23 the data contained in the UCR?

24 A. It's difficult to draw a conclusion based on
25 uniform crime reports in regards to an eight or

1 nine-month period. It's very short in terms of making
2 an analysis of crimes. Obviously, we look at them and
3 we try to make our own adjustments on what we're
4 looking at, what we're doing. But in regards to
5 making a general statement about crime at the casino
6 or how it compares specifically to any other casino in
7 the state in specific terms, it's very difficult, that
8 short period. I would say that I don't see anything
9 extraordinary or out of the ordinary compared to my
10 experience, looking at the other ten casinos in the
11 state for the periods that they've been open. But you
12 also have --- in fact, it's been discussed before.
13 You have basically two urban-type casinos in the state
14 with Rivers in Pittsburgh and at SugarHouse. And then
15 you have your other variations within the state of the
16 other casinos that have different communities,
17 different obligations, different locations, more
18 walking traffic in an urban setting whereas in a more
19 rural setting it's all drive-ups in the different
20 areas. But we look at those. For me to make specific
21 comment, to say, hey, crime is nonexistent at
22 SugarHouse or crime is rampant, I would say it's not
23 rampant. But to make anything more than general
24 statements, I wouldn't do that based on just eight
25 months.

1 Q. And then finally, Lieutenant Evans, generally, are
2 the Pennsylvania State Police satisfied with the level
3 of cooperation between the staff at SugarHouse Casino
4 and the troopers stationed within the facility?

5 A. Yes. Yes. We're more than satisfied. It's been
6 a great experience for me. I think we came into it
7 with some trepidations and it was a long time coming,
8 getting the place up and running, but the operation
9 and the management here have been very cooperative.
10 And I'd like to also make sure I give credit to the
11 Philadelphia Police Department, specifically the 26th
12 District Commander, who kind of got together with
13 myself and really made it happen. They did a
14 fantastic job and have cooperated with us to make this
15 what it is, which really I'm saying you don't have
16 major issues here. Things run smoothly, and I can't
17 say enough about the entire team, that we've worked
18 together.

19 Q. Thank you, Lieutenant Evans.

20 ATTORNEY DUSTIN MILLER:

21 I don't have any further questions.

22 PRESIDING OFFICER:

23 Mr. Sklar?

24 ATTORNEY SKLAR:

25 No questions.

1 PRESIDING OFFICER:

2 Commissioners, Board members?

3 MR. SOJKA:

4 If I may, Lieutenant Evans, one of the
5 issues that is very troubling to this Board is the
6 appearance of underage persons on gaming floors. Do
7 your troopers get involved in those incidents?

8 A. Yes.

9 MR. SOJKA:

10 What is the usual outcome with regard to
11 the underage person once they've been identified, your
12 troopers are called, our Casino Compliance people are
13 involved, the casino is involved? What happens to
14 that underage person?

15 A. In the majority of those cases, which I believe
16 we've had very few instances ---.

17 MR. SOJKA:

18 One or two a year?

19 A. One or two a year, yes.

20 MR. SOJKA:

21 That's good.

22 A. Very few here. They've done a great job of that.
23 When an underage person --- and there's different
24 variations. If the underage person was on the floor
25 and was actually gaming, that's more serious. That's

1 a different charge. If the underage person simply
2 walked across the floor and was allowed entry, there
3 could be some variation there, whether they're
4 prosecuted for being on the floor or if it was ---
5 actually, we haven't had any of those incidences here
6 at SugarHouse, that was just an inadvertent crossing
7 of the floor.

8 MR. SOJKA:

9 The underage issues here have simply been
10 underage people inadvertently wandering onto the
11 floor. You haven't been able to apprehend a person
12 gaming who's underage?

13 A. I believe from Corporal Miller, who has been my
14 temporary office commander, Corporal Jeffrey Miller,
15 seated here to my right, the one or two incidences
16 were actually where the person provided someone else's
17 ID or fake identification and was able to gain entry
18 to the floor that way, as opposed to just being able
19 to gain entry to the floor, past the security post.

20 MR. SOJKA:

21 Once that person is then identified,
22 there is an incident report written. And the thing
23 that I'm getting towards, as you'll see, that this
24 Board has been pretty heavy handed with casino
25 operators if they allow that to happen. What we

1 frequently hear on the other side is we can't keep
2 them out if they're not --- if there's not a strong
3 disincentive. If the underage person is to be
4 charged, is that something the State Police troopers
5 do?

6 A. Yes. The vast majority of those cases we do bring
7 that charge, whether it be for the license violation,
8 the actual presenting false identification or someone
9 else's false identification, all the way up to being
10 under the Gaming Act filing a charge for underage
11 gaming and also being underage and on the floor. So,
12 we have a variety of charges that can be brought, and
13 those --- I would say across the state, we bring that
14 charge the vast majority of the times.

15 MR. SOJKA:

16 But that charge --- you can bring the
17 charge in several ways, one against the casino but you
18 can also bring charges against the underage
19 individual; right?

20 A. From our perspective, the only charge we would be
21 bringing would be against the individual. We don't
22 feel that we can bring any charge against the casino
23 in that particular incident.

24 MR. SOJKA:

25 I see. And occasionally --- sometimes

1 those charges are things like trespass; right?

2 A. Yes. In fact, if you look at the PowerPoint, the
3 number 260, which is all other offenses, I would say
4 the majority of those are actually trespass. That
5 would include someone being on the floor that
6 shouldn't be and perhaps an underage person. But more
7 likely that would be someone who is self-excluded, in
8 the self-excluded program or someone who, through
9 their actions at SugarHouse, and through SugarHouse's
10 management's decision that they should not be on the
11 property. They're also prohibited from being there,
12 and they would also be cited for trespass.

13 MR. SOJKA:

14 But trespass would be the minimum charge
15 that they would get. You could escalate that to
16 violations of the Act and false identification, things
17 of that sort; right?

18 A. Yes. There's a wide variety of summary offenses
19 to misdemeanor.

20 MR. SOJKA:

21 Thank you.

22 MR. GINTY:

23 Let me just follow up on that. There
24 have been a couple of incidences where either parents
25 or I think in one case grandparents facilitated their

1 children and grandchildren getting on the gaming
2 floor. I can't recall whether or not the State Police
3 actually charged them, but I know they were not
4 prosecuted. And that prosecution is obviously a big
5 deal. It's the attorney's prerogative. But I just
6 want to raise that. I think it's one thing for a kid
7 to try and get on the floor. Some people have done
8 that earlier in their ages. But when it's
9 facilitated, you know, I would encourage them to come
10 down pretty hard on those people.

11 A. To the best of my recollection, those issues
12 actually were at a different casino in the area here.
13 And the incidents --- at least one of those was
14 actually handled by the local police department
15 because a lot of the action occurred outside in the
16 parking lot, in addition to the minor being inside.
17 Kind of a crossover there where the children were left
18 in cars by the grandfather and also underagers were
19 allowed on the floor. But that's certainly something
20 that we look at. And when we can prosecute the adult
21 in the matter as opposed to the underager, the adult
22 is prosecuted also when we can through and in
23 cooperation with the District Attorney's office, who
24 ultimately decides if we can bring the charge or not.

25

PRESIDING OFFICER:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Mr. Sklar, any follow-up to those?

ATTORNEY SKLAR:

No.

PRESIDING OFFICER:

Thank you.

ATTORNEY DUSTIN MILLER:

We have nothing further for Mr. Evans.

ATTORNEY DALE MILLER:

Thank you, Lieutenant Evans. Now, as you heard, while the Pennsylvania State Police have jurisdiction inside the walls of the casino, the local law enforcement authorities in each township have jurisdiction outside the casino, to include the parking lot and surrounding area. Captain Michael Cram, Commanding Officer of the 26th Police District, is here today to testify about his responsibilities and those of the Philadelphia Police Department in relation to SugarHouse Casino. And I would ask that Captain Cram be sworn. He was unable to be earlier today.

CAPTAIN MICHAEL CRAM, HAVING FIRST BEEN DULY SWORN,
TESTIFIED AS FOLLOWS:

DIRECT EXAMINATION

1 BY ATTORNEY DALE MILLER:

2 Q. Captain Cram, could you please state your full
3 name, spell your last name, your rank and your duties?

4 A. Captain Michael Cram, C-R-A-M, Badge Number Three,
5 Commanding Officer of the 26 Police District.

6 Q. And could you tell us, please, where the 26th
7 Police District is located, its jurisdiction and
8 responsibilities?

9 A. The 26th is located just northeast of Center City.
10 We have --- the boundaries of the 26th District are
11 east from the river to West Tenth Street, at the
12 university, from Lehigh in the north and Poplar in the
13 south.

14 Q. Now, Captain Cram, how long have you been the
15 Commanding Officer of the 26th?

16 A. Two years.

17 Q. And during that time, have you worked with the
18 SugarHouse Casino and the persons who manage the
19 SugarHouse Casino?

20 A. Yes, I have.

21 Q. How has that relationship been?

22 A. It's a great relationship. They're definitely
23 great stakeholders in the neighborhood.

24 Q. And during that period of time that SugarHouse has
25 been here, have you, within your district and your

1 command, established any type of casino district that
2 you routinely patrol?

3 A. Yes. From the beginning, when I took over the
4 district, when we started planning for the whole
5 casino, one of the concerns from the police
6 departments and the entire community was how we're
7 going to patrol the area. And the result was we put
8 together a small, what we call a casino detail. It's
9 drawn from my command, out of the 26th District, and
10 it is manned by 13 officers and one sergeant. And
11 their sole responsibility is SugarHouse and the
12 immediate surrounding community.

13 Q. Now, is there a particular casino district that
14 they patrol within the 26th District? And could you
15 give us the boundaries of that district? I take it I
16 extends beyond the parking lot of the casino?

17 A. That's correct. It would be from --- the
18 geographical boundary of Girard Avenue, east of Girard
19 Avenue to the river. From Girard Avenue to the River.
20 And from Front Street up to Cumberland, which includes
21 all the surrounding community and quite a bit of open
22 space.

23 Q. Could you give the Board some idea of the number
24 and frequency of patrols and particularly the duties
25 of the casino detail that's assigned to SugarHouse?

1 A. The casino --- for the most part, on a daily tour,
2 between the dayshift of 8:00 to 4:00 and the afternoon
3 shift, 4:00 to 12:00, we'll have three to four
4 officers on patrol, in marked patrol cars. Even the
5 patrol cars are marked to signal that they are on a
6 casino detail. They'll be marked with 26 C1, 2 or 3.
7 So, the neighbors know that that's a car that's
8 responsible for the area around the casino. So,
9 you'll have three to four officers there from 4:00 to
10 12:00. Midnight shift, we'll have two to three. They
11 work sort of a different schedule. So, there's always
12 a 24-hour presence in the neighborhood. And their
13 duties go from assisting the casino security
14 personnel, and that may be assisting the State Police,
15 who we now have phenomenal relationship with. We'll
16 help with assisting with things going on inside. We
17 patrol the parking lot. They have the security radios
18 from the casino, so everything that requires a call to
19 911, if they hear something, they can come in and
20 assist. And the big thing for me is they also patrol
21 the surrounding area, which was a concern of the
22 community, which is not a concern anymore because they
23 do have a beefed-up presence.

24 Q. With the Pennsylvania State Police, as you heard
25 Lieutenant Evans say, they're responsible for activity

1 inside the casino. Do your officers ever go inside
2 the casino, and how is that possible since your
3 responsibilities are outside the casino? Is there any
4 kind of agreement that you have? If so, can you
5 describe it?

6 A. Yes, sir. It was part of the Memorandum Agreement
7 that we had when we first started the planning
8 process. And once again, I can go back to the State
9 Police because the casino obviously knew us. They
10 were the subject matter experts and we consulted them
11 a great deal when we were putting a plan together for
12 how we would actually handle the casino. And it's
13 been phenomenal. They're great. They're a very big
14 part of why we've been successful, because the two
15 have really ---.

16 Q. Do your officers actually ever go inside the
17 casino?

18 A. Yeah, we do. Once again, we have the radios. So,
19 when we hear that casino security personnel are onto
20 something, our guys go in right away to back them up.
21 If the state troopers need some help, they'll come in.
22 And they'll do just a courtesy patrol, depending on
23 the coverage of the State Police, to see what's going
24 on and provide that presence.

25 We also are really careful with any kind of money

1 drops. We have procedures in place to handle money
2 drops, too, inside and outside the casino.

3 Q. In relation to the money drops, do your officers
4 provide and help the State Police provide security for
5 any armed cars or any of that type of situations?

6 A. That's correct.

7 Q. And your officers, I take it, are on the site when
8 those drops occur?

9 A. Yes, sir.

10 Q. Now, what type of patrols do you have in the
11 parking lot of the casino itself? Do you have bike
12 patrols, cars? What kind of equipment do you use to
13 provide that security?

14 A. The majority of time it's cars. We just received
15 some bikes, a donation from SugarHouse, which was
16 phenomenal. That's, to a very large extent, the only
17 way we can put bike patrols out is if our community
18 groups help us out and pay for it, so we were
19 fortunate enough to get about six fully-loaded bikes
20 and uniforms for the officers. And now we have two
21 officers who are patrolling on bikes or waiting in
22 order to get trained. I have two in training, so when
23 they come out, I'll have four officers out on patrol
24 on bikes, but usually it's --- especially in the
25 winter months, it's vehicle patrol. Usually, I would

1 say, 80 to 90 percent of the time there's a marked
2 Philly PD unit in the parking lot. Whether it's
3 manned, unmanned, there's a car in the parking lot.

4 Q. What type of relationship do you have with the
5 community groups? I think you've had several members
6 of community groups testify on behalf of SugarHouse.
7 Do you have a relationship with those groups? Do you
8 meet with them? What concerns do they have? And if
9 they have any, how have those concerns been addressed
10 by your officers?

11 A. We have great relations with community groups. In
12 the beginning, when we were going through the planning
13 process, some of their concerns were the crowds coming
14 from the casino, parking, it's going to bring more
15 crime into the area. It's kind of why we tailored our
16 plan to kind of meet some of their concerns. And I'm
17 going to tell you, it's not even an issue. It's not
18 an issue for the community groups. I go to many
19 community meetings a month. My officers go to them.
20 We have very strong community groups in that area.
21 It's not an issue. It doesn't even come up. And so
22 --- and as far as from me, it's not an issue either.
23 I come in, in the morning. I wait for my Blackberry
24 to go off, saying there's an incident at the casino.
25 It's just not there. That's the best way I can

1 describe it, it's not an issue for me.

2 Q. I have to ask you this. There's been some
3 publicity recently about a business across from
4 SugarHouse called Cash for Gold Business. Are you
5 familiar with that? Have you investigated it at all?
6 And could you please explain to the Board what you
7 found?

8 A. We saw the sign go up. We stopped by to talk to
9 the individual. Our main concern was that it was
10 going to be a pawn shop. The area, the neighborhood,
11 the Fishtown neighborhood just west of the casino is a
12 traditional burglary area, generations of burglaries
13 in the area. They even wrote a book about it called
14 The Second Story (sic). So, it is a concern, so we
15 watched closely the one pawn shop we had. So, that
16 was our concern, it was another pawn shop, and you
17 know, the proper license. And the main thing was for
18 the jewelry, and that's pretty much it. So, it really
19 hasn't been an issue. We have checked him out. I
20 haven't followed up to see if he's actually open for
21 business, if he's doing business, but he seemed to
22 have everything in order.

23 Q. Now, based on your experience as Commander of the
24 26th District, your long experience in the police
25 department and your experience with the SugarHouse

1 Casino, could you describe for the Board the crime
2 situation, types of crimes that you find in the casino
3 and whether or not it's affecting the quality of life
4 of the residents in the area?

5 A. I mean, as far as the crime, the casino really,
6 you know, we haven't had --- other than, you know, the
7 one robbery which was in October. As far as the
8 casino itself, it's not a problem. Since the day of
9 opening, we've had 17 reported crimes in there.
10 That's really nothing. And one was a robbery. The
11 rest of them are some type of theft. A couple of
12 them, they left their car open and somebody went in
13 the car. We've actually got a few of those where when
14 casino security looked at the tapes, and they laughed.
15 So, I mean, as far as that, I think we've had five
16 where we observed people breaking in cars. There was
17 no force used. They left their car open. So, it's
18 not even an issue. I mean, 17 in, you know, a seven,
19 eight-month period, that's really --- it's not even
20 really anything.

21 As far as the people who are concerned about
22 displacement of crime around the surrounding
23 community, it really hasn't been an issue. Crime is
24 going to happen in the neighborhood whether the casino
25 is there or not. It hasn't spiked. If anything, our

1 presence there has kind of knocked it down. And we
2 don't have a real high crime rate there. Two big
3 crimes in the surrounding area would be burglaries, we
4 have traditional burglaries within the neighborhood,
5 and theft from autos, which is people breaking into
6 the cars. The theft from autos is because the
7 neighborhoods have moved, so we're getting people
8 coming in. Some of those burglars are breaking into
9 cars, too. We had Temple University do a study, and
10 actually since we've had the beefed-up patrol of the
11 casino, the crime has dropped a little bit in the
12 neighborhood as far as our property crime, which is a
13 good thing. But these numbers are small. Where I can
14 say we dropped 20 percent. Well, if I had 12 per
15 year, and now we're down to 7. I mean, that's kind of
16 what we're talking about. So, it really hasn't
17 affected the community. If anything, the
18 neighborhood's gotten beefed up with its presence.

19 Q. And when you mentioned Temple University, was that
20 The Center for Security and Crime Science that
21 produced such a study, and have they continued to work
22 on such a study?

23 A. Yes, sir. We work closely with their Ph.D.
24 candidates, with Doctor Jerry Ratcliffe, who is the
25 chair of the criminal justice program. And one of the

1 things he's having his students do is study the
2 casinos and their impact on crime, which in our case
3 was none.

4 Q. What's been the results of that study so far, if
5 you know?

6 A. Yeah. They produced a preliminary report and
7 really it showed that numbers were down. Like I said,
8 the numbers weren't high in these areas to begin with,
9 so they are trending down. Like I said, you can get a
10 20-percent drop, but it's four burglaries. But it
11 trending down. And the other important thing about
12 that is we're not getting displacement. The crime we
13 had in the neighborhood isn't being displaced to the
14 other neighborhoods. That's an important thing for
15 us, hey, I can focus my efforts in an area, but where
16 are they going? And we're not seeing that. We're not
17 seeing that displacement.

18 Q. Based on your relationship with SugarHouse, your
19 experience in the district, is there anything that
20 you're aware of that might preclude the Board from
21 renewing the SugarHouse license?

22 A. No, sir.

23 Q. Thank you.

24 ATTORNEY DALE MILLER:

25 I have no further questions, but if the

1 Board does ---.

2 PRESIDING OFFICER:

3 Well, let's start with Mr. Sklar first.

4 Do you have any questions?

5 ATTORNEY SKLAR:

6 No questions.

7 PRESIDING OFFICER:

8 Board members, any questions?

9 MR. SOJKA:

10 One real quick one. Maybe by now it's
11 pretty obvious to everyone that I'm fond of that
12 little walkway around the casino. That could also be
13 an invitation to certain kinds of crime, exhibitions,
14 muggers, anything. Have you seen anything of that
15 sort of uptaking?

16 A. No, sir.

17 MR. SOJKA:

18 I better be careful how I phrase that.
19 Have you seen an increase in any of that kind of
20 activity?

21 A. No. Our officers actually when they patrol,
22 they're out there walking all around.

23 MR. SOJKA:

24 So, there has not ---?

25 A. Nothing.

1 MR. SOJKA:

2 A magnet for ---?

3 A. No.

4 MR. SOJKA:

5 Thank you.

6 CHAIRMAN:

7 I have a quick question, more a statement
8 actually. Captain Cram, it's great to see you again.
9 And for those on the Board who might be new or weren't
10 aware of this, we had gone down to SugarHouse a number
11 of months ago and --- Kevin O'Toole and myself, and
12 met with the State Police, met with the Philadelphia
13 PD and met with the SugarHouse Casino and our CCR
14 staff. And there were some additional issues that we
15 had been hearing about and expressed some concern
16 about, and I wanted to thank all of you, Wendy and
17 Captain Cram and your fellow PD friends back there,
18 our friends from the PSP and also our staff, Jerry and
19 our --- everybody came together and kind of the
20 territorial jurisdiction issues were set aside, egos
21 were set aside and it's really helpful for me and I'm
22 pleased to see that that cooperation is continuing to
23 exist today. To the best of my knowledge, Philly PD
24 presence at this casino, and you mentioned --- I had
25 just written down a question before Dale asked you

1 about it, the 80 or 90 percent coverage there at all
2 times is, I think, the only jurisdiction we have in
3 the state where that occurs. And I want to thank you
4 and the city for providing that coverage. That's the
5 right message to send, and it's, again, very
6 heartening for me to see that cooperation continuing.
7 So, thank you.

8 A. Thank you, sir.

9 MR. TRUJILLO:

10 Just one more question. I did not notice
11 any breakdown on prostitution with respect to the
12 classification of offenses. Have there been any
13 arrests for prostitution or is it just reflected as
14 it's not a known?

15 A. No. I mean, it was a concern earlier, but I mean,
16 we do have an area of prostitution in the Kensington
17 area, but quite frankly, they're not leaving
18 Kensington. They're drug addicts and they're not
19 going to leave. And we actually --- our vice unit,
20 which goes after them, actually moved down the street
21 from the SugarHouse, in the office building at Penn
22 Treaty Park Place. So, even if there was, the guys
23 that actually enforce that are right there, so it's
24 not even an issue.

25 MR. TRUJILLO:

1 Thank you.

2 MR. GINTY:

3 Thank you for your service.

4 ATTORNEY DALE MILLER:

5 At this time, Commissioner Trujillo was
6 interested, we'd like to present Elizabeth Lanza, the
7 Director of our Compulsive and Problem Gambling Plan.
8 And her testimony will be presented by Cassandra
9 Fenstermaker.

10 ATTORNEY FENSTERMAKER:

11 Good morning, Chairman Fajt, members of
12 the Board. I'm Cassandra Fenstermaker. That's
13 F-E-N-S-T-E-R-M-A-K-E-R. I'm Assistant Enforcement
14 Counsel on behalf of the OEC.

15 Elizabeth Lanza, Director of the Office
16 of Compulsive and Problem Gambling, is here today to
17 testify regarding the statutory and regulatory
18 requirements of the casino's compulsive and problem
19 gambling plan.

20 -----

21 ELIZABETH LANZA, HAVING BEEN PREVIOUSLY SWORN,
22 TESTIFIED AS FOLLOWS:

23 -----

24 DIRECT EXAMINATION

25 BY ATTORNEY FENSTERMAKER:

1 Q. Good morning, Ms Lanza. Could you please state
2 your name and spell your last name for the record?

3 A. My name is Elizabeth Lanza. My last name is
4 spelled L-A-N-Z-A.

5 Q. Can you please state your title and how long
6 you've been at the Office of Compulsive and Problem
7 Gambling, and in what capacity?

8 A. I am the Director of the Office of Compulsive and
9 Problem Gambling. I have been with the office for
10 four years, first as the program coordinator and now
11 as the director.

12 Q. Thank you. Could you please briefly describe the
13 role and responsibilities of the Office of Compulsive
14 and Problem Gambling?

15 A. Sure. We have several responsibilities. One of
16 them is we oversee each of the licensees' compulsive
17 and problem gambling plan. We also maintain and
18 administer the Self-Exclusion Program. We maintain
19 the Involuntary Exclusion List. We also deal with
20 issues involving underage gambling. We work with the
21 public on a daily basis, as well as other
22 organizations statewide, nationwide and other
23 government agencies regarding compulsive gambling.

24 Q. Could you please summarize the compulsive and
25 problem gambling plan requirements that are contained

1 in the Act and regulations for slot machine licensees?

2 A. Sure. Each licensee must have an approved by
3 myself compulsive and problem gambling plan in place
4 prior to the commencement of gaming at their facility.
5 These plans have several different requirements. They
6 are required to --- the licensees are required to
7 train each of their employees on compulsive gambling.
8 They are --- they must establish different procedures,
9 such as they must train their employees how to keep
10 out self-excluded, excluded, underage and intoxicated
11 gamblers. They must prevent them from gambling and
12 participating in gaming activities. They also must
13 notify me if there is an underage gambler or a
14 self-excluded gambler or excluded gambler in their
15 facilities, participating in gaming activities.
16 Within 24 hours, they must notify me.

17 They also must have certain signage. They're
18 required to have --- there's several requirements for
19 signage. An example of this would be the Act --- the
20 Gaming Act actually requires each of the licensees to
21 have at least 20 signs bearing the compulsive and
22 problem gambling statement and a helpline in their
23 facility. An example of this would be something along
24 the lines of, gambling problem? Call 1-800-GAMBLER.
25 They must have this statement and a helpline number on

1 each of their advertisements and marketing materials.

2 Q. So, it's your office that monitors the compliance
3 with all these requirements?

4 A. That is correct. We review the plans. We review
5 the plans initially. And then any amendments to the
6 plans we review. We verify that they comply with the
7 provisions and verify they comply with the regulations
8 and the Act, and then we approve the plan. Or if they
9 do not comply, we go back to the licensee, we give our
10 suggestions, and we go back and forth until the plans
11 do comply with regulations. And then they are
12 approved.

13 Q. And how does the casino go about developing a
14 compulsive and problem gambling plan?

15 A. The Board's regulations have --- they lay out the
16 several requirements of each of the plans, and then
17 the licensee will go back in and fill out all the
18 procedures. For instance, the regulations state there
19 must be a procedure for handing out information on
20 compulsive gambling to patrons. And then the licensee
21 will go in and they will list the procedures, A, then
22 B, then C. So, the licensees would go in and fill out
23 all the details of the plans.

24 Q. You mentioned employee training as one of the
25 requirements. Can you please provide more detail

1 regarding training that SugarHouse employees receive?

2 A. Yes. Every employee of the licensees in
3 Pennsylvania must attend a compulsive and problem
4 gambling training prior to starting their job with the
5 casino. And then they also must attend an annual
6 reinforcement compulsive gambling training for as long
7 as they are with the casinos, as well as some casino
8 employees must attend a responsible alcohol service
9 training, such as RAMP. I believe that's administered
10 by the Liquor Control Board, so ---. And there's also
11 different departmental training as well that each of
12 the casino --- or I'm sorry, departments within the
13 casino have to attend as well.

14 Q. So, all employees receive training, but then there
15 are additional trainings for people, depending on what
16 their duties are and their position?

17 A. Yes. That's correct. The best way to explain
18 this is to probably give an example. All of the
19 casinos will --- employees will undergo the general
20 compulsive gambling training. And then the different
21 departmental training for each department may be
22 something along the lines of surveillance may be
23 trained how to identify a compulsive gambler visually
24 since they do not have contact with patrons. They may
25 be trained to see if an individual is sitting at a

1 slot machine for too long without getting up, getting
2 something to eat or drink. They would contact --- the
3 surveillance employee would contact their manager, who
4 would contact somebody on the floor to go and, you
5 know, make some sort of contact with this patron,
6 whereas somebody in the slots department may have that
7 physical contact and be trained, you know, if they
8 hear the patron say something or if they know the
9 patron from being a customer at the casino, they are
10 trained how to interact differently.

11 Q. Does SugarHouse have a compulsive and problem
12 gambling plan in effect that addresses all the
13 applicable provisions of the Act and regulations?

14 A. Yes, they do, and it was approved --- their latest
15 plan was approved in January of this year.

16 Q. And is it your opinion, as the Director of
17 Compulsive and Problem Gambling, that SugarHouse has
18 met all the requirements of the Act and regulations
19 regarding submission and implementation of its
20 compulsive and problem gambling plan, including the
21 placement of signage and implementation of training
22 programs?

23 A. Yes.

24 Q. And to your knowledge, has SugarHouse been in
25 compliance with its approved compulsive and problem

1 gambling plans?

2 A. Yes, it has.

3 Q. Thank you, Ms. Lanza.

4 ATTORNEY FENSTERMAKER:

5 I have no further questions.

6 PRESIDING OFFICER:

7 Mr. Sklar?

8 ATTORNEY SKLAR:

9 No questions.

10 PRESIDING OFFICER:

11 Board members?

12 MR. TRUJILLO:

13 Thank you, Ms. Lanza. With respect to
14 any problem gambling issues, is there anything that
15 you have become aware of that is different with
16 respect to the SugarHouse experience as compared to
17 other casinos around the Commonwealth?

18 A. At this point, no. The issues are pretty
19 statewide with compulsive gambling. There is not
20 anything specifically to SugarHouse.

21 MR. TRUJILLO:

22 And I guess what I am concerned with is
23 just in Philadelphia obviously, we have a much more
24 concentrated population as opposed to suburban
25 populations, and so in terms of the incidents being

1 reported to you, are there --- is there a spike in
2 Philadelphia as compared to any other place or is this
3 consistent with other facilities in the Commonwealth?

4 A. At this point it's consistent.

5 MR. TRUJILLO:

6 That's all I have. Thank you.

7 MR. SOJKA:

8 Thank you. I have a quick one. We ---
9 there's no way that the casino can report an incident
10 to you if someone is a problem gamer. That person has
11 to do it themselves; right?

12 A. Yes and no. A casino employee may recognize a
13 compulsive behavior in a patron, they may make contact
14 with this patron, and then the patron may share that
15 information.

16 MR. SOJKA:

17 That is exactly what I was trying to go.

18 A. Yes, they are --- the biggest thing that --- is
19 the patron contact, to have the patron contacted. It
20 is not the employee's job to diagnose the individual
21 with a gambling problem.

22 MR. SOJKA:

23 Nor does that employee have the capacity
24 or the right to bypass the patron, go to you and say,
25 I think this is someone with a problem?

1 A. That is correct.

2 MR. SOJKA:

3 Okay. But having established that, and I
4 think you more or less answered the question, are you
5 aware of any instances at SugarHouse where a person
6 has identified to you is a problem gambler who is put
7 on to that path by an employee of SugarHouse who
8 observed a behavior and indicated to that person that
9 they may wish to go to you and your organization for
10 help?

11 A. Yes. The casino employees have --- I think I'm
12 understanding your question. You may have to ask it
13 again if I don't answer it correctly. But we've had
14 patrons of the casino come to my office because they
15 received our contact information from an employee of
16 the casino regarding, for example, the Self-Exclusion
17 List.

18 MR. SOJKA:

19 Okay. So, ---.

20 A. They contact us, not the casino employee.

21 MR. SOJKA:

22 Not the casino. But what I'm trying to
23 get at is we go to this trouble of putting in a
24 trained component for table game dealers, for
25 employees, for various persons who could observe this

1 behavior, and you see some evidence that that training
2 is bearing some fruit, that these staff persons do
3 make contact with potential problem gamers and then
4 those problem gamers do identify to you?

5 A. Yes, absolutely.

6 MR. SOJKA:

7 Thank you.

8 CHAIRMAN:

9 Liz, I have a couple of questions. It's
10 my understanding that in the compulsive gambling plan
11 that SugarHouse would provide, as well as other
12 casinos, that some of the information is labeled
13 confidential; is that correct?

14 A. Yes, that is correct.

15 CHAIRMAN:

16 Can you give me an example or two of what
17 type of information would be labeled confidential,
18 either specifically to SugarHouse or to some other
19 casino in Pennsylvania?

20 A. Sure. One example of this would be --- and this
21 would be for all facilities, for all licensees. There
22 are procedures on how to keep an excluded person out,
23 self-excluded, underage. There are security and
24 surveillance procedures on what their steps are to
25 keep these individuals out. Another example would be

1 each of the licensees hire and contract out
2 individuals and organizations to do their compulsive
3 gambling training. There is training, a PowerPoint
4 presentation that is part of the compulsive and
5 problem gambling plan, and that would also be
6 confidential because that is how those businesses make
7 their money. And where they are usually pretty open
8 and would like to share that information, that is
9 something that we would probably keep confidential,
10 unless that organization would be willing to share it.

11 CHAIRMAN:

12 And hence my point, we are, as an agency,
13 as you're aware, doing our best to become as
14 transparent as possible, and so when information is
15 listed as confidential, be it in a compulsive gambling
16 plan or something else, we, as an agency, are going to
17 be taking a pretty hard look at that information to
18 make sure it is, in fact, confidential. If it has to
19 do with surveillance, security, certainly that should
20 remain confidential. But if there's other information
21 that, you know, we, as an agency, don't think is
22 confidential, we may come back to you at some point
23 and say, are you willing to waive your confidentiality
24 rights on that, or you know, we may just say we don't
25 deem that confidential anymore and we're going to

1 share it with whomever asks us. So, it's really just
2 more of an editorial comment.

3 And Liz, one more comment that I noticed
4 recently, and I'm going to take this time --- I can
5 obviously go into the office to share my concern with
6 you, but I'll do it publicly, I've noticed in driving
7 around the states --- I mean, driving around the
8 state, be it a TV ad or a radio ad that, in my
9 opinion, some casinos --- and I'm not singling out
10 SugarHouse because I can't say that I've heard one of
11 their ads recently, but I've seen certain casinos give
12 short shrift to the 1-800-GAMBLER tagline. And I
13 guess that's more on a radio ad that they'll do ---
14 you know, they have one of these people that talks
15 faster than, you know, anybody I've ever seen to make
16 that part of the advertisement. But I think that's
17 wrong, and so I'd like to ask you as our, you know,
18 Compulsive Gambling Director to take a look at those
19 ads statewide, and I trust your judgment. If you see
20 a casino who is, you know, just blurting that line out
21 at the end just to get it within the 30-second time
22 slot, I'd like you to talk to them and make sure that
23 they make that information clear to the public. And
24 also I've seen, again, some TV ads where the
25 1-800-GAMBLER is down at the bottom of the ad, and

1 it's actually blurred or in darker lettering. And
2 again, that's not something that is within the intent
3 of the ad. So, I'd just like to have you look at
4 that.

5 A. Absolutely.

6 MR. TRUJILLO:

7 Liz, I have one more question, which,
8 again, ---.

9 CHAIRMAN:

10 I knew he couldn't give me the last word.

11 MR. TRUJILLO:

12 The Chairman prompted me. With respect
13 to --- I think there was some uncertainty about
14 Asian-Americans gambling, particularly in the
15 locations of SugarHouse, with respect to the Chinatown
16 community here in Philadelphia. And I also have seen
17 it around --- not only here but in other parts of the
18 world, where as the market, the Asian community is
19 pretty specifically targeted for the market either
20 through food and games, and some of the games that
21 we've approved and the like. And so my question is
22 much the same with respect to the experiences
23 SugarHouse has had compared to statewide. Is there
24 anything so far in the case of SugarHouse that
25 indicates a higher incidence of a problem area with

1 respect to customers from the Asian-American
2 community.

3 A. I really talk about customers as a whole. I can
4 talk about individuals who sign up for the
5 Self-Exclusion List because that's the information
6 that we do keep track of. At this point we have not
7 seen that. That was definitely one of our concerns.
8 I feel --- and I've been to many conferences where
9 this is a topic of conversation. I feel that it
10 will --- it may rise. We may see more Asian-Americans
11 signing up for self-exclusion in the Philadelphia
12 market. However, this group of people tend to keep
13 that information to themselves within their family.
14 They don't like to air their dirty laundry, if you
15 will. The Asian-American community would not be the
16 first to jump in and say, I have a gambling problem.
17 How can I get help? They may seek help confidentially
18 through their family, through private counselors,
19 before coming to us to self exclude. However, this is
20 definitely something we do keep track of, and we will
21 be keeping our eye on it.

22 MR. TRUJILLO:

23 Well, then I guess my request from our
24 office and from SugarHouse is that if it is both a
25 targeted group from a marketing standpoint, from

1 customer standpoint, but also more difficult to reach
2 because of many cultural differences and the like
3 that, you know, added effort be made to make sure that
4 you work with our office or you and your company is
5 that you strike at these people. My concern tends to
6 be the all the numbers I've ever seen are two, three,
7 four percent have a real problem, compulsive gamblers.
8 Then you've got 90 percent of the world which is not.
9 But then you have another five to ten percent which is
10 at risk. And the at-risk population is the one that
11 I'm particularly concerned about, and especially if
12 there are buffers or things that are keeping them from
13 either being self-excluded or otherwise getting help.
14 But I thank you for keeping an eye on that on both
15 sides.

16 PRESIDING OFFICER:

17 Any follow-up, Mr. Sklar?

18 ATTORNEY SKLAR:

19 No.

20 PRESIDING OFFICER:

21 Ms. Fenstermaker?

22 ATTORNEY FENSTERMAKER:

23 No. Thank you.

24 A. Thank you.

25 ATTORNEY DALE MILLER:

1 Ms. Chairman, we have one final brief
2 presentation from Enforcement Counsel. I would say
3 before introducing our representative that the OEC
4 duties are spelled out within the Gaming Act. Above
5 all --- and on the slide. Above all, we advise the
6 BIE. We are the attorneys for BIE. In fact, we
7 advise them on investigations of the SugarHouse
8 Casino. We're also the prosecutors for non-criminal
9 violations of the Gaming Act for the Board's
10 regulations. The OEC, particularly the Chief
11 Enforcement Counsel, has the sole discretion to bring
12 the prosecution of non-criminal violations and who to
13 prosecute. This way the independence of enforcement
14 and prosecution is ensured.

15 The reasons that --- the reasons for
16 enforcement of non-criminal violations of the Act is,
17 above all, as stated in the Gaming Act, protection of
18 the public through regulation and policing of all
19 activities involving gaming, and we strictly monitor
20 and enforce control over all limited gaming, as you do
21 as members of the Board. And we take these two main
22 objectives very seriously.

23 The OEC looks at any violations of the
24 regulations of the Gaming Act seriously, and we have
25 four types of enforcement actions that we take. We

1 can issue a warning letter. We can ask for a
2 compliance conference. We can do a consent agreement
3 without a complaint with the entity. Or we can
4 actually file an enforcement action complaint.

5 We have with us today James Armstrong,
6 Assistant Enforcement Counsel for the OEC, and he will
7 tell you of the enforcement actions that may or may
8 not have been taken against SugarHouse.

9 ATTORNEY ARMSTRONG:

10 Thank you members of the Board, Chairman
11 Fajt, Commissioners. James Armstrong from the OEC,
12 the BIE in the eastern region. In particular, as an
13 attorney for the OEC, I'm assigned to compliance
14 management with SugarHouse Casino. We recently
15 reached a series of stipulations with Counsel for
16 SugarHouse, which I'd like to enter into the record
17 this morning --- or this afternoon on behalf of both
18 the OEC and SugarHouse.

19 (OEC Exhibit Number Nine marked for
20 identification.)

21 ATTORNEY ARMSTRONG:

22 Through the OEC, in conjunction with the
23 SugarHouse, HSP Gaming, LP, SugarHouse from here on
24 out, holder of a Category 2 Slot Machine License
25 presents the following stipulations concerning

1 enforcement actions taken by the BIE since
2 SugarHouse's official licensing. To date, the OEC has
3 not filed an enforcement action complaint against
4 SugarHouse. The OEC has conducted no compliance
5 conferences with SugarHouse since the time of its
6 initial licensure. The OEC has sent five warning
7 letters to SugarHouse since the time of its initial
8 licensure for various possible violations of the
9 Gaming Act and regulations. Before you, you should
10 have OEC Exhibits Three through Seven, which represent
11 those warning letters.

12 (Office of Enforcement Counsel Exhibits
13 Three through Seven marked for
14 identification.)

15 ATTORNEY ARMSTRONG:

16 SugarHouse has appropriately responded to
17 three of the warning letters issued by the OEC. They
18 are Exhibits --- OEC Exhibits Three, Four and Seven.
19 Two of the warning letters to SugarHouse required
20 their response because they had responded and took
21 corrective action on their own, independent of any
22 mandate by the OEC. They would be warning letters OEC
23 Exhibits Five and Six. Based on that, the parties at
24 SugarHouse and the OEC would like to admit OEC
25 Exhibits Three through Seven at this time. I'd be

1 glad to answer any questions you may have.

2 PRESIDING OFFICER:

3 Any objection, Mr. Sklar?

4 ATTORNEY SKLAR:

5 No objection.

6 MR. GINTY:

7 I have one. I am not sure how relevant
8 it is. There's something in our packet of notes of
9 violations, a warning letter, and it refers to a
10 payment made to a company, and I won't name it, that
11 was beyond the Gaming Service Provider. Is this
12 making sense to anybody?

13 ATTORNEY ARMSTRONG:

14 It does to me, Commissioner.

15 MR. GINTY:

16 My concern is that the excuse given for
17 the violation was a failure to file the required
18 notifica --- failure to file the required notification
19 was the result of the vendor being paid outside of the
20 normal vendor payment procedures. Now, can somebody
21 address that for me or that's --- that sounds bad.

22 ATTORNEY SKLAR:

23 It's the --- well, let me answer it this
24 way. The policy right now is all payments go through
25 Finance. Prior to when this incident occurred, some

1 other departments had the ability for certain types of
2 contracts to make a payment, and then they would
3 report it to Finance. So, because of that, it wasn't
4 centralized and everything went through Finance. It
5 was --- in this instance, it was missed. This
6 particular payment should not have gone out prior to
7 the vendor being registered with the Board.

8 MR. GINTY:

9 Okay. And how was it discovered? Do we
10 know? Who discovered it?

11 ATTORNEY SKLAR:

12 Our Casino Compliance representatives, I
13 believe. I'm sorry, there are two warning letters in
14 regard to that violation.

15 MR. SOJKA:

16 Three.

17 ATTORNEY SKLAR:

18 I believe one was actually picked up by
19 the Bureau of Licensing and referred to the OEC.

20 MR. GINTY:

21 So, the expenses were, in fact, reported.
22 I would still say for people in the audience, the
23 casinos have to file their monthly expenses with us,
24 and we obviously track them. Is that how this was
25 picked up?

1 ATTORNEY SKLAR:

2 That's correct.

3 MR. GINTY:

4 So, it was paid outside the normal
5 processes, but nevertheless it was reported to the
6 Board?

7 ATTORNEY SKLAR:

8 Correct.

9 MR. GINTY:

10 And now you have processes in effect so
11 that this would not happen again?

12 ATTORNEY SKLAR:

13 That's correct.

14 PRESIDING OFFICER:

15 Any follow-up, Mr. Sklar?

16 ATTORNEY SKLAR:

17 No.

18 PRESIDING OFFICER:

19 None? Mr. Miller?

20 ATTORNEY DALE MILLER:

21 That concludes our presentation. And
22 obviously the last slide is what we always have in the
23 PowerPoint, and that is if there are any other
24 additional questions by anyone, we're happy to answer
25 those. Thank you very much.

1 PRESIDING OFFICER:

2 We have a question from Commissioner
3 Trujillo.

4 MR. TRUJILLO:

5 One question, Mr. Miller, just for the
6 record. I think earlier you stated that the Board
7 could grant or deny the renewal, but the Board can
8 also condition the renewal of the license as well, can
9 it not?

10 ATTORNEY DALE MILLER:

11 Yes, sir. The Board can condition any
12 license, whether it's a license amenity or individual.
13 You always have the right to do that. And you've done
14 that on many occasions, yes, sir.

15 MR. TRUJILLO:

16 That's all I have.

17 PRESIDING OFFICER:

18 We're going to take a short break. It is
19 now just before one o'clock, so we will come back
20 about 1:10, and we'll start with the public input
21 portion of the hearing.

22 SHORT BREAK TAKEN

23 PRESIDING OFFICER:

24 We will now begin with the public comment
25 portion of the hearing. As I call your name, if you

1 would please come forward to the podium, the
2 microphone. Each speaker should begin their remarks
3 by stating and spelling your name for the court
4 reporter. If you are speaking on behalf of a group or
5 entity, if you could let us know who that is as well.
6 If you're a speaker today and you have written notes
7 of testimony that you're going to read from during the
8 hearing, once you're finished if you can give a copy
9 to the court reporter who's sitting over here to my
10 left, she would appreciate that. It will help her
11 greatly.

12 Be reminded that the following time
13 limits, elected officials, ten minutes, community
14 groups, five minutes, and individuals, three minutes.
15 And to assist our speakers to adhering to those time
16 periods, we have a stop light timer up here that is
17 over on the corner of the table. The light will show
18 green, yellow and red. When the light turns green,
19 your allotted time has started. And we won't start
20 your clock ticking until you've introduced yourself
21 and spelled your name for us. When the light turns
22 yellow, you'll have 30 seconds remaining. And when it
23 turns red, your time is up and we expect you to say
24 thank you and walk away from the podium.

25 If you are registered to speak today,

1 please stand and raise your right hand to be sworn by
2 the court reporter.

3 -----
4 WITNESSES SWORN EN MASSE

5 -----
6 PRESIDING OFFICER:

7 And we'll begin with Thomas Corcoran.
8 And I'm sure I got that name right. But if I
9 mispronounce your name during the course of this, I
10 apologize in advance.

11 MR. CORCORAN:

12 My name is Tom Corcoran, and I'm the
13 president of the Delaware --- that's C-O-R-C-O-R-A-N.
14 I'm the president of the Delaware River Waterfront
15 Corporation, which the acronym is DRWC. DRWC was
16 created by Mayor Michael Nutter in 2009 to plan and
17 promote the redevelopment of the Central Delaware
18 waterfront, an area defined as the land between Oregon
19 Avenue in the south to Allegheny Avenue to the north,
20 and from I-95 to the river.

21 SugarHouse Casino is centrally located
22 within this district. And in that regard, I would
23 like to testify in favor of the renewal of its gaming
24 license for the following reasons. Number one, the
25 casino, as it is today, is an important generator of

1 jobs for Philadelphia residents and an important
2 center of economic activity on the waterfront. Number
3 two, the future expansion of the casino will create a
4 significant number of additional jobs as well as
5 economic activity that can help catalyze economic
6 development on adjacent parcels. Number three, the
7 public waterfront park, which SugarHouse developed in
8 front of its property, is extremely well designed and
9 maintained, and the extension of a trail of this
10 quality along the entire six-mile length of the
11 Delaware is one of our highest priorities as an
12 organization.

13 In addition to the economic development
14 benefits of the casino, SugarHouse has also been a
15 very important partner in our free public programming.
16 Specifically, the casino was the primary funding
17 sponsor for the two spectacular fireworks shows on New
18 Year's Eve 2010, one at 6:00 p.m., primarily viewed by
19 families with children, and the second at midnight,
20 for an adult audience. These events, which were
21 extremely well attended, would not have happened but
22 for SugarHouse's generous support.

23 In summary, DRWC sees SugarHouse as a
24 very important anchor for future economic development
25 on the Central Delaware and also as a long-term

1 partner in supporting our mission to providing free
2 quality programming on the waterfront for the
3 residents of Philadelphia. That concludes my
4 testimony.

5 PRESIDING OFFICER:

6 Thank you. Alan Greenberger was the
7 next. Mr. Corcoran, the Chairman has a question.

8 CHAIRMAN:

9 I'm not going to make it a habit of
10 asking questions, but you mentioned the river trail
11 and I know Mr. Carlin talked about that earlier, about
12 maybe extending their trail to the adjoining two
13 properties.

14 MR. CORCORAN:

15 Yes.

16 CHAIRMAN:

17 If that happens and with the existing
18 trail, I guess, that exists now, you had mentioned a
19 six-mile trail, how much of that six-mile trail would
20 be complete with what they have in SugarHouse now if
21 they extend it to the two properties adjacent to it
22 and then the rest of the trail? I assume that's not a
23 whole six miles, or am I wrong on that?

24 MR. CORCORAN:

25 The entire six miles of the waterfront.

1 A few miles in the very center, between Washington and
2 Spring Garden would be along Columbus Boulevard
3 because the River comes right up to Columbus
4 Boulevard. But at either end, starting at Tenth
5 Street --- or starting before the casino, the trail
6 then comes back to the river and extends out
7 northwards. Does the same in the southern part of the
8 district.

9 The section of the trail you're talking
10 about when completed will be about a half a mile in
11 length, and then we have plans to add two more trail
12 sections over the next two years. So, we hope to
13 be --- within a year-and-a-half we will have half of
14 the trail along the river built and operating.

15 CHAIRMAN:

16 So, within a year-and-a-half you'll have
17 three of the six miles completed?

18 MR. CORCORAN:

19 Yes.

20 CHAIRMAN:

21 Thank you.

22 MR. SOJKA:

23 I'm just curious about the connection
24 between your organization and the one --- I'm not a
25 Philadelphian, so I get a little loss in this. The

1 one called PennPraxis, are you connected in some way?

2 MR. CORCORAN:

3 No. That organization --- PennPraxis is
4 a planning of the University of Pennsylvania. About
5 four years ago they led --- along with funding from
6 the William Penn Foundation, they exercised planning.
7 It went on for two years, and it ended up with a
8 document called A Civic Vision for the Central
9 Delaware, which is a wonderful blueprint and a very
10 visionary document. Part of the recommendations of
11 that report was that the single focused organization
12 be created to carry out that initiative, and that is
13 how we came to be.

14 MR. SOJKA:

15 Do I understand that they then provide
16 input to you and you look at their information and
17 whatnot?

18 MR. CORCORAN:

19 We took their vision and the principles
20 set forth in that vision and we've incorporated them.
21 This last Monday night we had a large event at Spring
22 Garden and --- between Spring Garden and Delaware
23 Avenue with about 600 people where we unveiled the
24 master plan for the Central Delaware. And that's a
25 very detailed plan, planned-use plan, for that entire

1 six-mile area. But it's really based on the
2 principles of the Center Vision.

3 MR. SOJKA:

4 So, then the rather positive report that
5 you've just presented to us today regarding SugarHouse
6 then would suggest that there's no distance between
7 that central plan and what you've just reported to us?

8 MR. CORCORAN:

9 Absolutely none at all.

10 MR. SOJKA:

11 That's very helpful.

12 MR. CORCORAN:

13 I view it as an important part of the
14 town.

15 MR. SOJKA:

16 Thank you very much. I appreciate it.

17 PRESIDING OFFICER:

18 Thank you. As I was saying, Alan
19 Greenberger is next on my list, but he spoke during
20 the Agency presentation. We will move along to the
21 community group representatives. I know a few of
22 these spoke as well, but they have signed up to speak.
23 So, if you have additional comments, you're welcome to
24 come and make them. Richard Levins? Joseph Rafter?
25 Paul Boni?

1 ATTORNEY BONI:

2 Good afternoon. My name is Paul Boni,
3 B-O-N-I. I'm a Philadelphia resident and I maintain a
4 law practice here in the city. I'm also a Board
5 Member of the national organization, Stop Predatory
6 Gambling, which is dedicated to exposing and ending
7 the failed government program of predatory gambling.

8 SugarHouse's license should not be
9 renewed because, in my opinion, it operates as a
10 predatory business that is hurting not just our
11 communities but our economy. The costs far outweigh
12 any claimed benefits.

13 In March of 2011, just a few months ago,
14 Wendy Hamilton, the General Manager of SugarHouse,
15 stated that 75 percent of SugarHouse's business comes
16 from within 12 to 13 miles of the casino. What does
17 that mean? Well, since it is local money being lost
18 in the casino, then that means the substitution effect
19 is all the more drastic. \$250 million a year of local
20 money lost at SugarHouse is \$250 million a year not
21 spent at other local businesses, such as movies,
22 restaurants, retail stores, et cetera. You don't have
23 to trust me on this, you can trust the Federal
24 Reserve, which last year offered a study which
25 canvassed all available research and studies and came

1 to the same conclusion. It's really basic economics.

2 This also means that, while SugarHouse
3 does create some jobs at its casino, many more jobs
4 are loss because of the casino. Therefore, because of
5 the casino, there's a net loss of jobs. If you tout
6 the job creation but don't acknowledge or quantify the
7 job loss, then I believe your conclusions are not just
8 biased but that they're wrong.

9 What is the quality of the jobs at
10 SugarHouse? Well, last week the Associated Press
11 reported that, in Atlantic City, at one of those
12 casinos, that casino workers were paid so little, that
13 many of them are currently signing up for food stamps.
14 I call on the PGCB to publish a wage scale of every
15 position at SugarHouse, not an average number that
16 blends in the wages of middle managers and the like,
17 but wages for each position. These numbers should be
18 published so that the public can monitor any trends.
19 I don't believe that the PGCB has a great track record
20 in these types of reporting issues. For instance, in
21 2008, the PGCB compiled data and posted on its website
22 that casino works in Pennsylvania --- some casinos
23 have a turnover rate as high as 66 percent. The PGCB
24 no longer posts that data.

25 So, SugarHouse, in my view, is depressing

1 the local economy and causing a job loss. From a
2 public policy point of view, that is a failed casino
3 and its license should not be renewed.

4 But that's not all. Ms. Hamilton also
5 said in March of 2011, just a few months ago, that,
6 quote, unquote, a large percentage of her database
7 visits SugarHouse three, four, five times a week. A
8 large percentage of their database visits the casino
9 three, four, five times a week. To me, that means
10 that a huge amount of SugarHouse's business is coming
11 from gambling addicts, problem gamblers. In other
12 words, this is not money that would be otherwise spent
13 on other business like movie theaters, et cetera, this
14 is money that would have been spent on food and
15 shelter. This government program is addicting its
16 citizens and pushing them deeper and deeper into debt.

17 Crime. We've heard a little bit about
18 crime today. The press has reported that in the first
19 six months of operation that the Philadelphia Police
20 have been called to SugarHouse 147 times. We've heard
21 about how many arrests there have been --- not how
22 many times the police have been called out to
23 SugarHouse. Just in the first six months, it's 147
24 times. And of course, as we heard from the
25 Pennsylvania State Police, up until last month there

1 have been 175 criminal offenses at SugarHouse. I
2 believe this is a significant law enforcement
3 investment, so my question, which was --- so what was
4 not stated from the witness table and which was never
5 asked by any of the PGCB members is how much is this
6 costing? How much is it costing to have this law
7 enforcement coverage, this law enforcement efforts?
8 And I believe this Board should look at not just the
9 benefits but also the costs, and that's a cost that I
10 would hope that people would expect.

11 Of course, there's more serious crime
12 problems than the ones talked about today,
13 embezzlement, fraud, writing bad checks. Other
14 jurisdictions have reported an epidemic of fraud and
15 embezzlement associated with gambling addiction. Our
16 law enforcement doesn't publish such data.

17 To conclude, I've given you an honest
18 account of not just the benefits but also the costs.
19 Failure to do so would be both dishonest and a
20 disservice to the public, to whom you're sworn to
21 protect. Thank you very much.

22 PRESIDING OFFICER:

23 Thank you. Joseph Mahoney?

24 MR. MAHONEY:

25 Good afternoon. My name is Joe Mahoney,

1 M-A-H-O-N-E-Y, and I'm the Executive Vice President of
2 the Greater Philadelphia Chamber of Commerce. Thank
3 you for having me, Chairman Fajt. I'm glad to have
4 the opportunity to comment on the renewal of the
5 SugarHouse Gaming License.

6 I testified before the Board in April of
7 2009 and expressed the Chamber's historic support for
8 gaming as a concept and for the licensing of the
9 SugarHouse project on Delaware Avenue specifically.
10 This support was based primarily on two factors, jobs
11 for our residents and tax revenues for the City and
12 region.

13 In April 2009 I stated, and I quote, at
14 the heart of our long-term support is the realization
15 that gaming will add jobs and tax revenues to our
16 economy. This is probably more important today than
17 it was when we first considered and embraced gaming
18 back in the '90s. Then we looked upon gaming as an
19 additional entertainment venue for the waterfront, one
20 we believed would lead to further development of that
21 underutilized asset. We still believe that those
22 arguments are valid, and combined with the challenges
23 facing the economy, the need to add jobs and economic
24 development opportunities becomes even more
25 compelling, end quote.

1 The hopes that led to our support have
2 become a reality. Today, SugarHouse employs nearly
3 1,000 employees, with more than 50 percent of those
4 employees being Philadelphia residents. Many of those
5 employees come from the surrounding neighborhoods.

6 Tax revenue from the project has been an
7 important component in allowing for the continued
8 reduction in City Wage Tax, thus contributing to a
9 more viable and economically competitive Philadelphia.
10 Tax revenues from operations are projected to increase
11 in coming years.

12 The casino has also worked hard to become
13 an integral part of the community, both the
14 neighborhood itself as well as the region as a whole.
15 Prior to drafting this testimony, I reached out to
16 friends who lived in the community and asked their
17 feelings now that the project has become a reality.
18 Comments were made congratulating SugarHouse on the
19 improvements and access provided to the waterfront, to
20 the trail, that we talked about this morning, that the
21 fear of increased crime had not materialized, that
22 projected traffic problems and parking concerns were
23 not as severe as expected, and that SugarHouse had
24 been a positive influence in the community.

25 SugarHouse has donated turkeys to local

1 food banks at Thanksgiving, sponsored fireworks on the
2 Delaware at New Year's Eve, held blood drives with the
3 Red Cross, and developed an ongoing relationship with
4 the Mummers.

5 The casino supports the Penn Treaty
6 Special Services District. My friends' comments about
7 the SSD have been things like, quote, professional and
8 thorough, and that the, quote, door is always open to
9 the community. High praise indeed.

10 In short, the expectations that the
11 Chamber expressed in 2009 have become a reality with
12 the operations of the SugarHouse Casino. We are
13 pleased to be able to testify once again in support of
14 renewing its license. Thank you.

15 PRESIDING OFFICER:

16 Varsovia Fernandez? Sulaiman Rahman?
17 Maggie O'Brien? That is the end of our community
18 groups list. We will move on to individuals.
19 Wilfredo Rojas?

20 MR. ROJAS:

21 Wilfredo Rojas. That's spelled
22 W-I-L-F-R-E-D-O, Rojas, R-O-J-A-S. I want to thank
23 the Commission for holding this hearing, and I am here
24 today as a ten-year resident of Fishtown, not far from
25 the casino. I was raised about 14 blocks from the

1 casino. And I'm here to support the renewal of
2 SugarHouse's license.

3 As a resident of Fishtown, I'm also a
4 member of its minorities, number one, an individual in
5 its largest minority; and number two, I'm a
6 59-year-old with a two-and-a-half-year-old and a four
7 and a two-and-a-half-year-old son. With that said,
8 I'm raising these children in a community that
9 SugarHouse came in to help us revitalize. A wise
10 businesswoman once told me, the success --- a
11 successful business is measured by three things, how
12 they support their community, how they provide quality
13 services to their clientele and their customers and,
14 most importantly, how it impacts on individual lives
15 of people in Philadelphia and in that part of the
16 community. I'm proud to say that in my years of
17 working from the very beginning, SugarHouse Casino,
18 when it first came in, had pitched their idea in my
19 community. They made certain commitments, certain
20 promises, and I am happy to say for the record that
21 they have met their commitments, that they have
22 provided everything that they said we're going to
23 provide. With that said, I want to stand here and
24 really support the renewal of the license of the
25 SugarHouse Casino. Thank you.

1 PRESIDING OFFICER:

2 Thank you. Bill Francisco?

3 MR. FRANCISCO:

4 My name is Bill Francisco,
5 F-R-A-N-C-I-S-C-O. I'm the owner of Fishtown
6 Fleetwash, a vendor for SugarHouse, and I'm a lifelong
7 neighbor of Fishtown, a resident. I'm also the
8 president of the Ancient Order of Hibernians, Division
9 51. It's an Irish Catholic organization with almost
10 200 members in Fishtown. On June 12th, 2007, we did
11 our first job at SugarHouse. That day we started
12 cleaning the vacant lot. That lot became the casino,
13 where it's at right now. It took us the better part
14 of four days to complete that job. So, four years
15 after that we've been supplying SugarHouse with
16 whatever they have asked of us. If you would have
17 asked me four years ago if I thought we might fit into
18 SugarHouse's plans, I would have had no clue. You see
19 Fishtail Fleet was a mobile vehicle washing company,
20 most the vehicles are pressure washed. When we had a
21 downturn in the economy, four of our basic accounts
22 went out of business in the last couple years. With
23 the economy in trouble, our company had to start to
24 become more flexible. SugarHouse gave us that
25 opportunity. Since the casino opened, they gave us

1 --- they have given us the chance to bid on a variety
2 of services. We have worked very hard not to
3 disappoint them. We have between 15 and 20 workers
4 all from Fishtown that depend on me to keep them
5 working, and SugarHouse has really helped me do that.

6 Our number of employees would have
7 dropped from 15 to 20 to 8 to 10 if it wasn't for the
8 casino being there. Since preopening up to the
9 present time, some of the services we have supplied
10 them are parking lot sweeping and debris pick-up, snow
11 plowing and shoveling, sanitizing kitchens, making
12 pick-up and deliveries, water and landscape, hauling
13 recyclables, moving and storage, escorting the
14 marketing department to events, pressure washing
15 property and vehicle maintenance, fixing flats on golf
16 carts.

17 I take a lot of pride in the work we do
18 for SugarHouse for two reasons. One is that they took
19 a chance on us, and I don't want to let them down.
20 Two is that the next time they have to look for a new
21 worker or a vendor, they look to my neighbor first
22 because of their experience with Fishtown Fleetwash.
23 I want you to know how proud I am to be here speaking
24 on their behalf. They have truly made a difference in
25 the eyes of my workers. Thank you.

1 PRESIDING OFFICER:

2 Thank you. Katherine Rhoads? Ms.
3 Rhoads? Shawn Padgett?

4 MS. PADGETT:

5 Hello. My name is Shawn Padgett. That's
6 P-A-D-G-E-T-T. I'm the Vice President of George Wells
7 Meat Company. George Wells Meat Company has been in
8 business since 1990. We are located at 982 North
9 Delaware Avenue, which is directly across the street
10 from the SugarHouse Casino.

11 Initially we were apprehensive when we
12 heard that SugarHouse Casino was going to be our new
13 neighbor. We worried what that might bring. What a
14 pleasant surprise. They were great neighbors. They
15 have cleaned up our section of Delaware Avenue,
16 brought a greater sense of security and have brought
17 jobs to our neighborhood. They have revitalized our
18 little piece of Philadelphia.

19 We started doing business with the
20 SugarHouse Casino as their meat supplier just prior to
21 their opening, and our business partnership has been
22 growing strong ever since. In a vendor meeting last
23 July, Director of Purchasing, Joe Martin, stated that
24 the SugarHouse would do everything they could to buy
25 local. Not only did they do what they said they would

1 do, they even put company names on their initial menu,
2 such as Dietz & Watson, LeBus Bakery, Bassetts Ice
3 Cream and Wells Meat Company.

4 The SugarHouse Casino also pays their
5 bills on time, which is important any time but
6 especially in these challenging economic times. The
7 SugarHouse Casino organization is professional and the
8 employees are a pleasure to work with. We have all
9 experienced an economic downturn, but we were able to
10 hire two new employees because of the business
11 partnership with the SugarHouse Casino.

12 And just a quick ironic story. We have
13 been at our location since 1975 and in business for
14 103 years, and now when I give directions to our
15 plant, I say just across the street from the
16 SugarHouse, and everyone seems to know where that is.
17 So the SugarHouse is now part of the Philadelphia
18 fabric, and they have made a solid relationship with
19 companies like ours that have been around for a long
20 time. We think the new have embraced the old, and
21 we're happy to be part of the SugarHouse Casino and
22 Philadelphia's success.

23 PRESIDING OFFICER:

24 Wayne Jenkins?

25 MR. JENKINS:

1 Good afternoon. I'm Wayne Jenkins,
2 J-E-N-K-I-N-S. I'm happy to be here today in support
3 of the renewal of SugarHouse's license. I represent
4 Worldwide Concessions, which is a 25-year promotional
5 and product and corporate gift company, as well as
6 their sister company, A. Pomerantz & Company, a
7 long-time Philadelphia-based distributor of office
8 furniture. Both companies are owned by Garry Maddox,
9 who's is an Army veteran who's employed many local
10 people for over 25 years. Both companies sell to a
11 variety of industries and customers in the tri-state
12 area.

13 At a time when the economy is struggling
14 and unemployment is very high, we're very fortunate to
15 have started a relationship with the SugarHouse
16 organization. We were invited to participate as
17 suppliers to SugarHouse outreach service of small,
18 diverse businesses that was done throughout the
19 Philadelphia area. We were given plenty of notice and
20 information about which opportunities would be
21 available and how the purchasing process works. As a
22 small business with limited resources, this allowed us
23 to be focused and efficient, which is quite helpful.
24 Our sister company, A. Pomerantz not only were they
25 able to support --- supply SugarHouse with some of

1 their furniture needs in Philadelphia, they were given
2 the opportunity to supply some products to other
3 properties owned by HSP Gaming, the parent company of
4 SugarHouse.

5 Not only has our relationship with
6 SugarHouse helped us to survive as a company in the
7 economic environment, but it, in fact, enabled us to
8 grow. The smaller company, Worldwide, has been able
9 to maintain people without letting them go and A.
10 Pomerantz has added a few people.

11 Based on a long experience selling to the
12 casino industry, we feel SugarHouse has done a good
13 job of providing fair opportunities to potential
14 vendors who have completed the necessary paperwork and
15 certifications to do business with them. Both
16 companies look forward to a continued relationship
17 with SugarHouse by providing product and service based
18 on our quick response and fair price. Thank you.

19 PRESIDING OFFICER:

20 Robert Nelson is next on my list. He had
21 to leave and left his testimony as written comments.
22 He is the president and CEO of Philadelphia OIC,
23 Incorporated. So we'll include them in the record as
24 written comments. Inside it says Opportunity
25 Industrialization Center, Incorporated is OIC. We'll

1 move on to Jude Arijaje.

2 MR. ARIJAJE:

3 It's Jude Arijaje, and it's spelled
4 A-R-I-J-A-J-E. Good afternoon. I, too, am a resident
5 of Philadelphia. I'm a provider of operation services
6 for businesses and organizations. I'm here to support
7 SugarHouse and its license renewal.

8 We started doing business with SugarHouse
9 in April of 2010. And as a provider of printing
10 services, we have benefited immensely from a huge
11 patronage we have received from the casino. Some of
12 the products we successfully provide the casino
13 include but are not limited to signs, banners, posters
14 and training manuals.

15 As a direct result of the patronage we
16 have received from SugarHouse Casino, we have not only
17 been able to increase revenue, we have been able to
18 retain staff and have hired two more employees.

19 As a member of the African American
20 Chamber of Commerce and the West Philadelphia
21 Coalition of Neighborhoods and Businesses, it makes a
22 difference that SugarHouse Casino recognizes us as a
23 small minority-owned business. They have
24 consistently, steadfastly and patiently worked with us
25 to build capacity, which has, in turn, helped us to be

1 in good stead to do more business with larger
2 organizations.

3 SugarHouse Casino has demonstrated
4 support to the small businesses in the immediate area
5 and has shown itself as a good neighbor, and for this
6 reason we here, at Minuteman Press, Philadelphia,
7 wholeheartedly support a renewal of their casino
8 license. Thank you.

9 PRESIDING OFFICER:

10 Thank you. Anne Manuel?

11 MS. MANUEL:

12 Good afternoon. My name is Anne Manuel,
13 M-A-N-U-E-L. I didn't come with any prepared remarks
14 because what I have to say is really very simple. I'm
15 president of an advertising specialty promotional
16 marketing firm. We've been in business since 1983.
17 We're fortunate that we've done business
18 internationally, yet I'm here supporting SugarHouse
19 because our association with them has been positive
20 from day one. This is consistent with them in these
21 challenging economic times. It is a pleasure to have
22 a local company to do business with who's honest, has
23 a great deal of integrity and is looking out for the
24 benefit of their suppliers. We look forward to a long
25 and continued relationship with them. Thank you.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

PRESIDING OFFICER:

Thank you. Michael Kates?

MS. CISSE:

Hi. My name is Caren Cissé. That's spelled C-A-R-E-N, and my last name is C-I-S-S-É. I'm happy that you're allowing me to be here today to speak for Michael. He's the vice president and I'm the director of operations of Philadelphia Trolley Works and 76 Carriage Company. We're a full-service transportation management company. We provide superior tours of Philadelphia, and we also offer diverse charter fleet, which includes trolley, double-decker buses, full-size motor coaches, mini-buses and carriages. We enjoy a very successful business relationship and partnership with SugarHouse Casino. Beginning in October of 2010, we debuted the SugarHouse Express, which is a Center City courtesy shuttle route which enhances tourism opportunities by creating a unique and convenient way for conventioners to get to SugarHouse from the Pennsylvania Convention Center, Center City Hotel and various locations throughout Center City. Due to the success of the initial route, the courtesy shuttle expanded in December of 2010 to include three routes for SugarHouse customers. We added a northeast Philly

1 route and a south Philly route. At this time we are
2 also beginning to expand the Center City route due to
3 customer demand.

4 Our partnership has created six full-time
5 positions to support the three SugarHouse Express
6 routes. This is an example how the casino has created
7 jobs outside of the casino. And more jobs obviously
8 means more income and wage tax revenues for the city
9 and the Commonwealth. In addition to sustaining old
10 and creating new jobs for Philadelphia Trolley Works,
11 SugarHouse has also provided advertising revenue by
12 riding double-decker buses and taking ad space in our
13 brochure. The creation of the SugarHouse Casino has
14 been a tremendous boost to our business. During these
15 difficult economic times when visitors are spending
16 less on tours, fixed-route revenue sources like
17 SugarHouse helps to keep small businesses like
18 Philadelphia Trolley Works alive. They are an example
19 of how a new business that is committed to spending
20 money in the local economy can make a significant
21 difference. And I must say, too, not just because
22 tourism is down but obviously during the winter
23 months, too, when things are extremely lean, not just
24 tourism being down, but things are lean, it's really a
25 tremendous, big help to us by having those fixed

1 routes. And they do pay their bills on time. I can
2 say that as well. Thank you.

3 MR. TRUJILLO:

4 Just a quick question. Yours are the
5 double-decker, open-top buses?

6 MS. CISSE:

7 That's correct.

8 MR. TRUJILLO:

9 Okay.

10 MS. CISSE:

11 And I do apologize that Mike isn't here
12 to testify. He's at City Council.

13 PRESIDING OFFICER:

14 Thank you. Tony Jeremias?

15 MR. JEREMIAS:

16 It's Tony Jeremias, J-E-R-E-M-I-A-S.
17 It's Greekless. Good afternoon, Chairman Fajt,
18 members of the Board. As I stated, my name is Tony
19 Jeremias, and I'm the Public Affairs Director for H&K,
20 Haines & Kibblehouse, Inc., one of the Mid-Atlantic
21 region's largest site contracting and construction
22 materials companies. We've been active in the
23 Philadelphia construction marketplace for about four
24 years.

25 This afternoon I am providing testimony

1 in support of SugarHouse Gaming and their license
2 renewal. In 2007, the announcement that SugarHouse
3 Gaming was going to open a casino on North Delaware
4 was not without controversy. Almost immediate public
5 outcry predicted dire consequences as a result of the
6 casino. This public outcry included traffic gridlock,
7 as everyone is aware of, stormwater management issues,
8 improper use and substandard public access to the
9 riverfront, just to name a few. I mention these
10 particular items because it was H&K, or my company,
11 that constructed these critical components. In short,
12 H&K built these items.

13 SugarHouse Gaming's upfront investment of
14 \$5 million in offsite road improvements successfully
15 ensured that traffic gridlock issues were not an issue
16 on North Delaware Avenue or the surrounding
17 neighborhoods. Almost nine months after the casino
18 opened, there have been no reported problems on North
19 Delaware Avenue or the surrounding neighborhoods as a
20 result of the casino operation.

21 Regarding the dire predictions,
22 stormwater runoff or stormwater management from
23 SugarHouse Casino will overload the city's aging sewer
24 system, the naysayers were also proven wrong. By
25 incorporating state-of-the-art stormwater management

1 assigned into their site, SugarHouse Gaming is not,
2 nor will it impact the city's sewer system. The
3 stormwater treatment system at SugarHouse Casino is
4 now the city's model for future redevelopment of the
5 City of Philadelphia.

6 Finally, the prediction that SugarHouse
7 Casino's waterfront access would be nonexistent and
8 substandard has also been proven wrong, as we heard
9 this morning. The public waterfront promenade
10 developed by SugarHouse Gaming is lush and green,
11 provides spectacular views of the river and far
12 exceeds the city's planning --- the City Planning
13 Commission's vision for what the promenade should be
14 for the remainder of the city's waterfront.

15 In brief, the city's casino --- the
16 city's promenade --- I'm sorry, the casino's promenade
17 is now the city's benchmark for waterfront
18 development. With the license renewed by this Board,
19 SugarHouse Gaming will not only continue vital
20 operations but will likely move forward with future
21 development of their site and waterfront promenade.
22 Right now, in these very difficult economic times,
23 facilities like SugarHouse Gaming bring tremendous
24 economic potential to companies like H&K, the City of
25 Philadelphia and the Commonwealth of Pennsylvania. It

1 is this aspect of SugarHouse Gaming that certainly
2 cannot be overlooked, and for the reasons stated I
3 strongly urge this Board to reissue the license for
4 SugarHouse Gaming. Thank you.

5 PRESIDING OFFICER:

6 Thank you. Chip Laux with an X on the
7 end.

8 MR. LAUX:

9 My name is Chip Laux, L-A-U-X. I am a
10 product manager estimator with Gordon Group Electric
11 in Feasterville, Pennsylvania. Gordon Group is one of
12 the largest electrical contractors in the Philadelphia
13 metropolitan area. We continue to work with many
14 high-profile projects, including the Convention
15 Center, Lafayette Towers, Sears Center, Philadelphia
16 Stadium, home of the Phillies. In addition, in
17 particular, relevant to this hearing, we provide
18 electrical construction services for the interim phase
19 of the SugarHouse Casino, which opened in September of
20 2010.

21 I am here to provide testimony on behalf
22 of SugarHouse Gaming because I believe they should
23 have their gaming license renewed by this Board. In
24 short, my comments are focused on jobs and revenue.
25 In September of 2009, at a time when construction was

1 being started --- or in that matter, even
2 contemplated, SugarHouse Gaming broke ground on the
3 interim phase of SugarHouse Casino. In my humble
4 opinion, the achievement alone should be sufficient
5 for this Board to grant their license renewal given
6 the obvious problems that the other casino holder had
7 in Philadelphia. In the course of the ensuing 12
8 months, one of the worst winters on record, the city
9 got hit with snowfall. SugarHouse pushed forward with
10 construction at a lightning pace in order to
11 facilitate the opening and begin generating the much
12 needed revenue for the Commonwealth and the City of
13 Philadelphia, including local communities.

14 Over a period in excess --- over that
15 period, in excess of 83,000 man hours of work were
16 created for local electricians employed with the
17 project. At a time when the construction projects
18 within the city were quickly drying up, there were new
19 opportunities on the horizon. The SugarHouse Casino
20 project was a key component to the Philadelphia
21 construction marketplace during the later part of 2009
22 and '10, employing many electricians that would have
23 otherwise been laid off due to lack of work.

24 Furthermore, it's my understanding from
25 the approximate 1,000 direct and permanent jobs, many

1 thousands of indirect jobs have been created by the
2 operation of the casino since the opening a short nine
3 months ago. And again, these are jobs that would
4 otherwise not have been created without the Board's
5 previous approval of the SugarHouse Gaming license.
6 Clearly, the SugarHouse Casino is a success relative
7 to the promise of creation of jobs to this Board.

8 The other success for the project is
9 reflected on the Board's webpage and will be updated
10 weekly, as we well know that the finances are there.
11 I'm looking forward because it is my understanding
12 that SugarHouse Gaming is contemplating major
13 expansion of the facility, and it will no doubt be
14 equally successful due to the results of today. As a
15 result of very large additional investment in the
16 short term, too, many much needed construction jobs
17 could be created for the local communities. I'm in
18 support of the gaming license. Thank you.

19 PRESIDING OFFICER:

20 Thank you. Frederick Episcopo?

21 MR. EPISCOPO:

22 Good afternoon, Chairman Fajt and members
23 of the Board. My name is Fred Episcopo, that's
24 E-P-I-S-C-O-P-O, and I am president of Wyatt,
25 Incorporated, with offices in both Pittsburgh and

1 Philadelphia, Pennsylvania. Wyatt, Incorporated is a
2 family-owned company that's been in business for over
3 40 years, providing interior construction and millwork
4 services on some of the largest projects in the United
5 States. Relevant to this Board, we provided such
6 services to the Rivers Casino in Pittsburgh, as well
7 as SugarHouse Casino here in Philadelphia.

8 This afternoon I am here to provide
9 testimony on behalf of SugarHouse, HSP Gaming, as to
10 why I believe the Board should renew their existing
11 Gaming License. The focus of my comments is on jobs
12 and the integrity of the Licensee that is providing
13 the opportunity for hundreds of city and state
14 residents to earn a living wage during a time that
15 very few private corporations are coming into the City
16 of Philadelphia and the Commonwealth of Pennsylvania
17 and providing such opportunities.

18 As this Board is aware, unemployment over
19 the last few years within the City of Philadelphia and
20 the Commonwealth of Pennsylvania has been at levels
21 not seen since the early 1980s. In fact, for the vast
22 majority of people in this room today, the current
23 economic environment is probably the worst that they
24 have ever experienced during their entire working
25 career. Now more than ever it is important for the

1 Commonwealth of Pennsylvania to attract quality
2 corporations that can provide the citizens of this
3 great state the working opportunities that they
4 deserve. In 2006, this Board initially selected
5 SugarHouse Gaming for a gaming license in the City of
6 Philadelphia. And given the results that today over
7 the short nine months that they have been in
8 operation, it is clear that the Board has made the
9 proper decision in the outset.

10 SugarHouse Gaming is a leading example of
11 the type of corporation that this state needs to
12 attract to remain competitive with the neighboring
13 states and the remainder of the country. Any
14 community prides itself on the ability to put people
15 to work. Listen to President Obama when he addresses
16 his audience. He always comments on the amount of
17 jobs available and created. Unemployment is always an
18 issue for any leader, and today more than ever it has
19 taken center stage in our society. We simply need to
20 get people back to work in order to overcome the
21 current economic crisis.

22 It is my understanding that, to date, the
23 SugarHouse Casino has created over 500 construction
24 jobs and close to 1,000 permanent jobs. Nowhere else
25 in the city or state, with the exception of the other

1 casino projects, have that many jobs been created by
2 one employer. Casino gaming in Pennsylvania has been
3 a tremendous success, and moving forward we need to
4 ensure that it remains competitive with the other
5 programs around the country. To that end, it is my
6 understanding that in the near term SugarHouse is
7 planning to expand the present day facility. That
8 expansion will provide hundreds in more construction
9 and permanent jobs, which will result in more
10 individuals having the opportunity to get off of the
11 unemployment rolls and earn a living wage. Now more
12 than ever, the city and state need the SugarHouse
13 Casino to continue to be a successful venture. Thank
14 you very much.

15 PRESIDING OFFICER:

16 Thank you. Steve Riley? That is the end
17 of the list that I've been provided. Is there anyone
18 here today who believes they signed up to speak and I
19 have not called your name? Will you raise your hand?
20 Okay. Seeing no one raising their hand, ---.

21 MR. TRUJILLO:

22 Mr. Chairman, I think I may have
23 misspoken earlier when I asked about the children in
24 the parking lot issue. I think I left the impression
25 that there had been an actual incident at the casino

1 at SugarHouse and I believe that much of that activity
2 took place as a result of some of the activity of the
3 other casinos. I just wanted to make sure I clarified
4 that. Thank you.

5 PRESIDING OFFICER:

6 Mr. Sklar, do you have a brief closing
7 statement for us today?

8 ATTORNEY SKLAR:

9 No. I have nothing other than I just
10 want to thank staff. They've been incredibly
11 professional throughout the whole licensing renewal
12 process.

13 PRESIDING OFFICER:

14 Thank you. Mr. Miller?

15 ATTORNEY DALE MILLER:

16 We have nothing further. Thank you.

17 PRESIDING OFFICER:

18 A few housekeeping matters. Any briefs
19 or written memorandums, if either party feels the need
20 to do so, should be filed with the Board Clerk on or
21 before the close of business next Thursday, June 23rd.

22 The record will remain open until the
23 Board hears this matter at a later public Board
24 meeting. I will prepare a report based upon the
25 testimony and evidence entered into the record today.

1 The Suitability Report, that will be filed with our
2 Board Clerk. And that report consolidates the
3 company's documents and will be transmitted to the
4 entire Board for their consideration. And at the
5 Board's convenience we'll schedule this matter to be
6 held at a future public Board meeting in Harrisburg.

7 I also would like to let everyone know
8 that the PowerPoint presentations today from both
9 SugarHouse and our OEC will be put on the Board's
10 website in the next day or so and probably in the next
11 week a video recording of the whole hearing will also
12 be available on the Board's website at
13 www.pgcb.state.pa.us, I believe. So, if you have any
14 desire to relive this, it will be on our website.

15 I want to thank you all for coming today,
16 for your cooperation. Thank the Convention Center for
17 its setup today. And any closing remarks?

18 CHAIRMAN FAJT:

19 Thank you, Linda. I also would like to
20 publicly thank the SugarHouse folks for your
21 presentation today. We've sat through a few of these
22 renewal hearings now, and I think today's hearing was
23 as thorough a hearing as we've had. Also I'd like to
24 thank the Convention Center staff, the audience. I
25 know there were a number of people here from Labor

1 earlier and people that probably, you know, don't get
2 to hear or see public hearings like this. And again,
3 I hope that all of us learned something today. I know
4 I did.

5 To my fellow Board members, thank you all
6 for being here and taking the time out of your
7 schedules. Our staff, thank you. We always say
8 publicly that we have the finest staff in Pennsylvania
9 State Government. I've been around state government
10 for a number of years, and I have some history, and
11 I'm unabashedly making those comments, especially to
12 our OEC staff. I know that there's a lot of work that
13 go into these hearings, and thank you. Linda, thank
14 you for your professionalism, as always, in doing
15 this. And lastly, a special thank you to Mickey Kane.
16 Mickey is our Board Secretary. And these things don't
17 happen by accident. And even as late as, I think,
18 11:00 or 11:30 last night, I was e-mailing Mickey with
19 additional requests, comments, things I didn't think
20 about until 11 o'clock, 11:30 last night, and Mickey
21 is always very responsible. So, a great job, and I
22 appreciate your help, too. So, thank you all.

23 PRESIDING OFFICER:

24 This meeting is now adjourned. Thank
25 you.

* * * * *

MEETING CONCLUDED AT 2:03 P.M.

* * * * *

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Presiding Officer Lloyd, was reported by me on 06/16/2011 and that I Alicia R. Brant read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.



Court Reporter