



PENNSYLVANIA GAMING CONTROL BOARD

Meeting of the Board

September 27, 2006

Minutes

A meeting of the Pennsylvania Gaming Control Board was held on September, 27, 2006 in the Forum Building Auditorium. The meeting began at 11:00 a.m.

Members in attendance were:

Thomas Decker, Chairman
Raymond S. Angeli
Mary DiGiacomo Colins
Jeffrey W. Coy
Joseph W. Marshall, III
Kenneth W. McCabe
Sanford Rivers

Ex-officio members in attendance were:

Robert P. Casey, Jr., State Treasurer (via teleconference)
Gregory C. Fajt, Secretary of Revenue
Dennis C. Wolff, Secretary of Agriculture

Individuals who appeared officially before the Board:

Anne LaCour Neeb – agency update
Jeremy Margolis – relationship between crime and gaming
Mike Walsh – employment
Frank Donaghue – regulations
Richard Sandusky – regulations
Michael Schwoyer – consent agreement and licensing
Michael Edmiston – withdrawal petitions
Mickey Kane – pro hac vice motions
Richard Williamson – slot programs and possession of slot machines
Susan Hensel – licensing
Denyse Miskin – licensing

A quorum being present Chairman Decker called the meeting to order.

Announcements

Chairman Decker announced November 14, 2006 as the deemed complete date for the Category 1, 2 and 3 slot machine license applications. The deemed completed date will begin the 12-month period during which the Board is required to approve, condition, or deny all permit applications.

Administration

PGCB MOTION NO. 2006-98 HR – Employment

Motion Made: Board Member Rivers
Seconded: Board Member Marshall

New Hires:

Christopher D. Bertugli, Investigator, BIE West
David Bryga, Investigator, BIE West
Stephen Tedrick, Investigator, BIE West
Lee Torbin, Investigator, BIE Central
Tina Jefferson, Clerical Support Specialist, BIE Central
Wesley Davenport, Analyst, Bureau of Licensing
Salim Jackson, Analyst, Bureau of Licensing
Celeste Petrina, Analyst, Bureau of Licensing

Resolved, the Board hereby approves the hiring of all the above candidates for employment.

Board Decision: Passed by unanimous vote

Regulations

PGCB MOTION NO. 2006-99 REG – Adoption of Proposed Regulation Chapters 461 and 463

Motion Made: Board Member Angeli
Seconded: Board Member McCabe

Resolved, the Board hereby adopts proposed regulation No. 125-48 pertaining to Chapters 461 and 463; establishes a public comment period of 30 days; and directs that this proposed regulation be posted on the Board's website.

Board Decision: Passed by unanimous vote

Investigations and Enforcement

PGCB MOTION NO. 2006-100 BIE – Consent Agreement with Mountainview Thoroughbred Racing Association, Inc.

Motion Made: Board Member Colins
Seconded: Board Member Marshall

Resolved, the Board hereby approves the consent agreement entered into between the Bureau of Investigations and Enforcement and Category 1 slot machine applicant Mountainview Thoroughbred Racing Association, Inc., Key Employee Qualifier applicant Harold Cramer and Key Employee Qualifier applicant Robert P. Levy.

Board Decision: Passed by unanimous vote

Hearings and Appeals

PGCB MOTION NO. 2006-101 BHA – Petitions to Withdraw

Motion Made: Board Member Coy
Seconded: Board Member Marshall

Resolved, the Board hereby approves the Orders granting withdrawal of the applications of Madelyn Elizabeth Backus-Wojdak; Stephen Nicholas Backus-Wojdak; Krista Brown; Joseph A. Fusco; Craig Keyser; Timothy C. Lyda; Seamus McGill; Petersburg Holdings, LP; Petersburg Trust; Joseph Polisano; Michael Sicuro; Shannon Denise Williams; Union Street Holdings, LLC; the supplier application of RDA Casino Supply and all applications and waiver requests submitted therewith; and the Category 2 application of Boyd Pennsylvania Partners, LP and all applications and waiver requests submitted therewith subject to the conditions set forth in the order.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2006-102 – Pro Hac Vice Motions

Motion Made: Board Member Marshall
Seconded: Board Member Colins

Resolved, the Board hereby approves the Orders granting the motion for admission pro hac vice of Nicholas Casiello Jr., as co-counsel representing Crossroads Gaming Resort and Spa LP.

Board Decision: Passed by unanimous vote

Gaming Laboratory Operations

PGCB MOTION NO. 2006-103 GL – Abbreviated Testing Approval process for Slot Machines and Associated Equipment

Motion Made: Board Member McCabe
Seconded: Board Member Marshall

Resolved, the Board hereby determines that the slot machine and associated equipment testing standards of Nevada and New Jersey are sufficiently comprehensive and thorough and provide similar adequate safeguards to those required under the Act, the regulations and the technical standards adopted by the Board to permit the Board to rely on approvals by those jurisdictions for the purposes of implementing an abbreviated testing process for slot machines and associated equipment conducted pursuant to the Act and Chapter 461 of the Pennsylvania Gaming Control Board's regulations.

Board Decision: Passed by unanimous vote

PGCB RESOLUTION NO. 2006-28 GL – Approval of Slot Machine Programs

Motion Made: Board Member Rivers
Seconded: Board Member Colins

WHEREAS Under Section 1202(a) of the Pennsylvania Race Horse Development and Gaming Act, the Pennsylvania Gaming Control Board has general jurisdiction over all gaming activities or related activities pursuant to the Act; and

WHEREAS Under section 1320 of the Act, the Board has adopted temporary regulations governing an abbreviated testing process for slot machines and associated equipment, specifically 58 Pa. Code, Chapter 461.4, Submission for testing and approval; and

WHEREAS Under section 1320 of the Act, the Board has determined that the slot machine testing and certification standards of Nevada and New Jersey are sufficiently comprehensive and thorough and provide similar adequate safeguards to those required under the Act, the regulations and the technical standards adopted by the Board to permit the Board to rely on approvals by those jurisdictions for the purposes of implementing its abbreviated testing process for slot machines and associated equipment; and

WHEREAS Licensed manufacturers have submitted a number of slot machine programs, each with various theoretical payout percentages, to the Board's Slot Lab for approval under the abbreviated testing process,

which programs and percentages are listed on an Abbreviated Test Process Summary dated September 26, 2006 incorporated herein by reference thereto; and

WHEREAS All of the slot machine programs and theoretical payout percentages included on the above referenced Abbreviated Test Process Summary are approved in Nevada and/or in New Jersey; and

WHEREAS The Board's Slot Lab has evaluated, pursuant to its abbreviated test process, the ability of each slot machine program, when set to the designated theoretical payout percentage, to comply with the minimum design standards set forth in Chapter 461 of the Pennsylvania Gaming Control Board's regulations and the technical standards adopted by the Board, including those mandating a theoretical payout percentage of not less than 85% and no more than 100%; and

WHEREAS All of the slot machine programs and corresponding theoretical payout percentages on the Abbreviated Test Process Summary, with the exception of those programs marked "REJECT" on the Summary, were found by the Board's Slot Lab to comply with the Act, the regulations and the technical standards adopted by the Board; and

WHEREAS The Board finds that the approval of all of the slot machine programs and corresponding theoretical payout percentages on the Abbreviated Test Process Summary dated September 26, 2006, with the exception of those programs marked "REJECT" on the Summary, is not contrary to the goals and objectives of the act; be it

RESOLVED That the Board approve all of the slot machine programs and corresponding theoretical payout percentages on the Abbreviated Test Process Summary dated September 26, 2006, with the exception of those programs marked "REJECT" on the Summary, subject to the satisfactory conclusion of interoperability testing with the Commonwealth's central control computer system for each slot machine prototype potentially utilizing the approved slot machine programs and theoretical payout percentages.

Board Decision: Passed by unanimous vote

PGCB RESOLUTION NO. 2006-29 GL – Possession of Slot Machines by Downs Racing, LP

Motion Made: Board Member Angeli
Seconded: Board Member Coy

- WHEREAS Under Section 1202(a) of the Pennsylvania Race Horse Development and Gaming Act, the Pennsylvania Gaming Control Board has general jurisdiction over all gaming activities or related activities pursuant to the act; and
- WHEREAS The Board has adopted temporary regulations governing the possession and movement of slot machines in the Commonwealth, specifically 58 Pa. Code, Chapter 463, Possession of slot machines; and
- WHEREAS Under 58 Pa. Code § 463.1(b)(1), the Board may permit an applicant for a slot machine license to possess slot machines in this Commonwealth for the purpose of maintaining for use or training upon its finding that the possession of slot machines by such persons in this Commonwealth is not contrary to the goals and objectives of the act; and
- WHEREAS Downs Racing, LP, an applicant for a Category 1 slot machine license, has submitted a written request to the Board in compliance with the regulations, to possess slot machines at its facility located at 1280 Highway 315, Wilkes-Barre, Pennsylvania; and
- WHEREAS The Bureau of Investigations and Enforcement has inspected the facility and has not found any outstanding security issues that would indicate that the facility is unsuitable to store slot machines; and
- WHEREAS The Bureau of Investigations and Enforcement has reviewed the surveillance and security department protocols proposed by Downs Racing, LP to secure the slot machines and determined them to be adequate. A summary of said surveillance and security protocols is attached hereto and incorporated herein by reference thereto; and
- WHEREAS Slot machines may only be received and accepted at the facility by employees of Downs Racing, LP who have been permitted or licensed by the Board; and
- WHEREAS Downs Racing, LP agrees to comply with the requirements of Chapter 463 pertaining to possession and transportation of slot machines in this Commonwealth and to store and secure the slot machines in accordance with the protocols incorporated herein; and
- WHEREAS The Board finds that the possession of slot machines by Downs Racing, LP for the purpose of maintaining for use or training is not contrary to the goals and objectives of the act; be it
- RESOLVED That the Board authorizes the possession of slot machines by Downs Racing, LP for the purpose of maintaining them for use or training in

compliance with the requirements of 58 Pa. Code, Chapter 463, subject to compliance by Downs Racing, LP with all applicable requirements with regard to possession, transportation and securing of slot machines.

Board Decision: Passed by unanimous vote

PGCB RESOLUTION NO. 2006-30 GL – Possession of Slot Machines by Greenwood Gaming and Entertainment, Inc.

Motion Made: Board Member Colins

Seconded: Board Member McCabe

WHEREAS Under Section 1202(a) of the Pennsylvania Race Horse Development and Gaming Act, the Pennsylvania Gaming Control Board has general jurisdiction over all gaming activities or related activities pursuant to the act; and

WHEREAS The Board has adopted temporary regulations governing the possession and movement of slot machines in the Commonwealth, specifically 58 Pa. Code, Chapter 463, Possession of slot machines; and

WHEREAS Under 58 Pa. Code § 463.1(b)(1), the Board may permit an applicant for a slot machine license to possess slot machines in this Commonwealth for the purpose of maintaining for use or training upon its finding that the possession of slot machines by such persons in this Commonwealth is not contrary to the goals and objectives of the act; and

WHEREAS Greenwood Gaming and Entertainment, Inc., an applicant for a Category 1 slot machine license, has submitted a written request to the Board in compliance with the regulations, to possess slot machines and related equipment at its facility located at 3001 Street Road, Bensalem, Pennsylvania 19020; and

WHEREAS The Bureau of Investigations and Enforcement has inspected the facility and has not identified any outstanding security issues that would indicate that the facility is unsuitable to possess and store slot machines; and

WHEREAS The Bureau of Investigations and Enforcement has reviewed the surveillance and security department protocols proposed by Greenwood Gaming and Entertainment, Inc. to secure the slot machines and determined them to be adequate. A summary of said surveillance and security protocols is attached hereto and incorporated herein by reference thereto; and

WHEREAS The slot machines may only be received and accepted at the facility by employees of Greenwood Gaming and Entertainment, Inc. who have been permitted or licensed by the Board; and

WHEREAS Greenwood Gaming and Entertainment, Inc. agrees to comply with the requirements of Chapter 463 pertaining to possession and transportation of slot machines in this Commonwealth and to store and secure the slot machines in accordance with the protocols incorporated herein; and

WHEREAS The Board finds that the possession of slot machines by Greenwood Gaming and Entertainment, Inc. for the purpose of maintaining for use or training is not contrary to the goals and objectives of the act; be it

RESOLVED That the Board authorizes the possession of slot machines by Greenwood Gaming and Entertainment, Inc. for the purpose of maintaining them for use or training in compliance with the requirements of 58 Pa. Code, Chapter 463, subject to compliance by Greenwood Gaming and Entertainment, Inc. with all applicable requirements with regard to possession, transportation and securing of slot machines.

Board Decision: Passed by unanimous vote

PGCB RESOLUTION NO. 2006-31 GL – Possession of Slot Machines by Chester Downs and Marina, LLC

Motion Made: Board Member Coy
Seconded: Board Member Rivers

WHEREAS Under Section 1202(a) of the Pennsylvania Race Horse Development and Gaming Act, the Pennsylvania Gaming Control Board has general jurisdiction over all gaming activities or related activities pursuant to the act; and

WHEREAS The Board has adopted temporary regulations governing the possession and movement of slot machines in the Commonwealth, specifically 58 Pa. Code, Chapter 463, Possession of slot machines; and

WHEREAS Under 58 Pa. Code § 463.1(b)(1), the Board may permit an applicant for a slot machine license to possess slot machines in this Commonwealth for the purpose of maintaining for use or training upon its finding that the possession of slot machines by such persons in this Commonwealth is not contrary to the goals and objectives of the act; and

WHEREAS Chester Downs and Marina, LLC, an applicant for a Category 1 slot machine license, has submitted a written request to the Board in

compliance with the regulations, to possess slot machines and related equipment in a secured room approximating 4000 SF in the first floor of the main building of its facility located at 1 Morton Avenue, Chester, Pennsylvania 19013; and

WHEREAS The Bureau of Investigations and Enforcement has inspected the room and has not found any outstanding security issues that would indicate that the room is unsuitable to possess and store slot machines; and

WHEREAS The Bureau of Investigations and Enforcement has reviewed the surveillance and security department protocols proposed by Chester Downs and Marina, LLC to secure the slot machines and determined them to be adequate. A summary of said surveillance and security protocols is attached hereto and incorporated herein by reference thereto; and

WHEREAS Slot machines may only be received and accepted at the facility by employees of Chester Downs and Marina, LLC who have been permitted or licensed by the Board; and

WHEREAS Chester Downs and Marina, LLC agrees to comply with the requirements of Chapter 463 pertaining to possession and transportation of slot machines in this Commonwealth and to store and secure the slot machines in accordance with the protocols incorporated herein; and

WHEREAS The Board finds that the possession of slot machines by Chester Downs and Marina, LLC for the purpose of maintaining for use or training is not contrary to the goals and objectives of the act; be it

RESOLVED That the Board authorizes the possession of slot machines in the above referenced location for the purpose of maintaining them for use or training in compliance with the requirements of 58 Pa. Code, Chapter 463, subject to compliance by Chester Downs and Marina, LLC with all applicable requirements with regard to possession, transportation and securing of slot machines.

Board Decision: Passed by unanimous vote

PGCB RESOLUTION NO. 2006-32 GL – Possession of Slot Machines by AC Coin & Slot Service Co.

Motion Made: Board Member Marshall
Seconded: Board Member McCabe

WHEREAS Under Section 1202(a) of the Pennsylvania Race Horse Development and Gaming Act, the Pennsylvania Gaming Control Board has general jurisdiction over all gaming activities or related activities pursuant to the act; and

WHEREAS The Board has adopted temporary regulations governing the possession and movement of slot machines in the Commonwealth, specifically 58 Pa. Code, Chapter 463, Possession of slot machines; and

WHEREAS Under 58 Pa. Code § 463.1(b)(4), the Board has the authority to authorize, in writing, the possession of slot machines by a manufacturer or supplier of slot machines not licensed within this Commonwealth for the limited purpose of temporary exhibition or demonstration; and

WHEREAS A.C. Coin and Slot Service Company has submitted a written request to the Board in compliance with the regulations, to temporarily possess a slot machine for demonstration purposes at the November 15, 2006 meeting of the Association of Government Accountants in Philadelphia, Pennsylvania; and

WHEREAS The slot machine provided by A.C. Coin and Slot Service Company will be limited to running demonstration software which precludes the acceptance of coin, currency, vouchers or coupons; and

WHEREAS A.C. Coin and Slot Service Company agrees to ensure the security of the slot machine for the duration of the conference by using A.C. Coin and Slot Service Company personnel to:

- Deliver the machine to the location;
- Remain at the location during the presentation;
- Remove the machine and return it to the A.C. Coin and Slot Service Company facility in New Jersey at the close of the presentation; and

WHEREAS A.C. Coin and Slot Service Company agrees to comply with the requirements of Chapter 463 pertaining to possession and transportation of slot machines in this Commonwealth.

WHEREAS The Board finds that the possession of a slot machine for demonstration purposes as described herein is not contrary to the goals and objectives of the act; be it

RESOLVED That the Board authorizes the temporary possession of a slot machine by A.C. Coin and Slot Service Company at the Association of Government Accountants on November 15, 2006 for the limited purpose of demonstration in compliance with the requirements of 58 Pa. Code, Chapter 463.

Board Decision: Passed by unanimous vote

Licensing

PGCB MOTION NO. 2006-103 LIC – Adoption of an Order approving a Conditional Category 1 Slot Machine License for Downs Racing, LP

Motion Made: Board Member Marshall
Seconded: Board Member Coy

Resolved, the Board hereby grants an Order approving a Conditional Category 1 slot machine license to Downs Racing, LP under Section 1315 of the Pennsylvania Race Horse Development and Gaming Act and the award of appropriate licenses to its Key Employee/Qualifiers to whom the Bureau of Investigations and Enforcement and Bureau of Licensing have no objection.

Board Decision: Roll call vote: Angeli, Colins, Coy, Marshall, McCabe, Rivers and Decker voted yes. Passed by unanimous vote.

PGCB MOTION NO. 2006-104 LIC – Adoption of an Order approving a Conditional Category 1 Slot Machine License for Greenwood Gaming and Entertainment, Inc.

Motion Made: Board Member Rivers
Seconded: Board Member Marshall

Resolved, the Board hereby grants an Order approving a Conditional Category 1 slot machine license to Greenwood Gaming and Entertainment, Inc. under Section 1315 of the Pennsylvania Race Horse Development and Gaming Act and the award of appropriate licenses to its Key Employee/Qualifiers to whom the Bureau of Investigations and Enforcement and Bureau of Licensing have no objection.

Board Decision: Roll call vote: Colins, Coy, Marshall, McCabe, Rivers, Angeli and Decker voted yes. Passed by unanimous vote.

PGCB MOTION NO. 2006-105 LIC – Adoption of an Order approving a Conditional Category 1 Slot Machine License for Chester Downs and Marina, LLC

Motion Made: Board Member Angeli
Seconded: Board Member Rivers

Resolved, the Board hereby grants an Order approving a Conditional Category 1 slot machine license to Chester Downs and Marina, LLC under Section 1315 of the Pennsylvania Race Horse Development and Gaming Act and the award of appropriate licenses to its Key Employee/Qualifiers to whom the Bureau of Investigations and Enforcement and Bureau of Licensing have no objection.

Board Decision: Roll call vote: Coy, Marshall, McCabe, Rivers, Angeli, Colins and Decker voted yes. Passed by unanimous vote.

PGCB MOTION NO. 2006-106 LIC – Adoption of an Order approving a Conditional Category 1 Slot Machine License for Mountainview Thoroughbred Racing Association

Motion Made: Board Member Coy
Seconded: Board Member Marshall

Resolved, the Board hereby grants an Order approving a Conditional Category 1 slot machine license to Mountainview Thoroughbred Racing Association under Section 1315 of the Pennsylvania Race Horse Development and Gaming Act and the award of appropriate licenses to its Key Employee/Qualifiers to whom the Bureau of Investigations and Enforcement and Bureau of Licensing have no objection.

Board Decision: Roll call vote: Marshall, McCabe, Rivers, Angeli, Colins, Coy and Decker voted yes. Passed by unanimous vote.

PGCB MOTION NO. 2006-107 LIC – Adoption of an Order approving a Conditional Category 1 Slot Machine License for Washington Trotting Association, Inc.

Motion Made: Board Member Colins
Seconded: Board Member Marshall

Resolved, the Board hereby grants an Order approving a Conditional Category 1 slot machine license to Washington Trotting Association, Inc. under Section 1315 of the Pennsylvania Race Horse Development and Gaming Act and the award of appropriate licenses to its Key Employee/Qualifiers to whom the Bureau of Investigations and Enforcement and Bureau of Licensing have no objection.

Board Decision: Roll call vote: McCabe, Rivers, Angeli, Colins, Coy, Marshall and Decker voted yes. Passed by unanimous vote.

PGCB MOTION NO. 2006-108 LIC – Adoption of an Order Approving a Supplier License for Power Gaming, LLC

Motion Made: Board Member McCabe
Seconded: Board Member Coy

Resolved, the Board hereby grants an Order approving a supplier license for Power Gaming, LLC and its key employee qualifiers.

Board Decision: Passed by unanimous vote.

PGCB MOTION NO. 2006-109 LIC – Motion to amend the Board Order approving a supplier’s license for Liberty Gaming Distributors, LP

Motion Made: Board Member Rivers
Seconded: Board Member Colins

Resolved, the Board hereby approves an amendment to the July 20, 2006 Order regarding the supplier application of Liberty Gaming Distributors, LP which strikes the key employee qualifiers named therein and inserts key employee qualifiers Nicky Lane Nichols, Brett Alan Sulzer, and Liberty GP, LLC.

Board Decision: Passed by unanimous vote.

PGCB MOTION NO. 2006-110 LIC – Approval of a Board Order delegating authority to the Bureau of Licensing for the issuance of employee credentials, permits and registrations

Motion Made: Board Member McCabe
Seconded: Board Member Marshall

Resolved, the Board hereby approves an Order which delegates the authority to issue appropriate credentials, permits, and registrations to employees of slot machine licensees, manufacturer licensees, supplier licensees and certified vendor licensees and applicants pursuant to Section 1318 of the Act and any applicable regulations to the Bureau of Licensing.

Board Decision: Passed by unanimous vote.

Adjournment

There being no further business before the Board, on a motion by Board Member Marshall seconded by Board Member McCabe, the meeting was adjourned.