

PENNSYLVANIA GAMING CONTROL BOARD  
SPECIAL BOARD MEETING

FEBRUARY 5, 2008, 10:32 A.M.

STATE MUSEUM AUDITORIUM  
HARRISBURG, PENNSYLVANIA

BEFORE:

MARY DiGIACOMO COLINS, CHAIRMAN  
RAYMOND S. ANGELI  
JEFFREY W. COY  
JAMES B. GINTY  
KENNETH T. McCABE  
SANFORD RIVERS  
GARY A. SOJKA  
KEITH WELKS

HILLARY M. HAZLETT, REPORTER  
NOTARY PUBLIC

	I N D E X				
	WITNESSES				
	FOR PGCB	DIRECT	CROSS	REDIRECT	RECROSS
1					
2					
3					
4	Anne LaCour Neeb	12	18	19	--
5	Susan Hensel	22	--	--	--
6	FOR MOUNT AIRY	DIRECT	CROSS	REDIRECT	RECROSS
7	Joseph D'Amato	27	36	--	--

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3 CHAIRMAN DiGIACOMO COLINS: Good morning, everyone. My  
4 name is Mary DiGiacomo Colins. I'm the Chairman of the  
5 Pennsylvania Gaming Control Board. We have a quorum  
6 present.

7

8 This has been Sunshined as a public meeting.  
9 It is a hearing, In re: The matter of Louis A.  
10 DeNaples, Principal Licensee, No. 1312 and Mount Airy  
11 #1, LLC, Category 2 slot machine licensee, License No.  
12 1311.

13

14 As is our practice, we have two preliminary  
15 matters. The first is to request that all cell phones  
16 and BlackBerries be turned off.

17

18 The second is to begin this process with the  
19 Pledge of Allegiance. So, we'll do that.

20

21 (Pledge of Allegiance.)

22

23 CHAIRMAN DiGIACOMO COLINS: Thank you. All  
24 right. Let me start with some introductory remarks,  
25 then we will begin this hearing.

26

27 On January 30th, 2008, the Gaming Control  
28 Board's Executive Director issued a Temporary Emergency  
29 Suspension Order upon the Principal License of Louis A.  
30 DeNaples, sole owner of Mount Airy #1, LLC, a Category 2  
31 license slot machine holder.

1           In addition, on January 31st, 2008, the Gaming  
2 Control Board's Executive Director issued a Temporary  
3 Emergency Suspension Order upon Mount Airy #1, LLC,  
4 relative to the oversight of that entity during the  
5 period of the suspension of its owner and Principal,  
6 Louis DeNaples.

7           The Temporary Emergency Suspensions were issued  
8 pursuant to Board Regulation 403a.7 after DeNaples and  
9 Mount Airy, No. #1, LLC, each were charged by the  
10 Dauphin County Court of Common Pleas with four counts of  
11 making false statements under oath alleged to have been  
12 committed in proceedings before this Board during the  
13 licensing phase of Louis DeNaples and Mount Airy #1,  
14 LLC.

15           The Board's regulations further establish that  
16 the Board must provide Notice of the Temporary  
17 Suspension to the licensee and afford the licensee an  
18 opportunity to be heard to satisfy requirements of due  
19 process.

20           Thus, the purpose of this proceeding is to  
21 provide the opportunity for Louis A. DeNaples and Mount  
22 Airy #1, LLC, to hear the evidence presented forming the  
23 basis of these requests for suspension and to present  
24 any response, which they deem appropriate in defense of  
25 the suspension and any impositions of conditions of

1 licensure.

2           The Board will first hear from the Office of  
3 Enforcement Counsel regarding its evidence that it  
4 relies upon in support of its request for suspension.

5           The Office of Enforcement Counsel will also  
6 address any remedial relief it is requesting that the  
7 Board impose with respect to Mr. DeNaples and Mount Airy  
8 #1, LLC.

9           After the Office of Enforcement Counsel  
10 presents its case, the Board will then hear from counsel  
11 for Mr. DeNaples and Mount Airy #1, LLC, who, if they  
12 elect to do so, may present evidence and argument in  
13 response.

14           Further, if there are witnesses presented,  
15 opposing counsel will, of course, have an opportunity to  
16 cross-examine those witnesses.

17           Now, I'll ask Cyrus Pitre, who is our Chief  
18 Enforcement Counsel to begin his presentation.

19           MR. PITRE: Good morning, Chairman Colins,  
20 members of the Board.

21           The Office of Enforcement Counsel will present  
22 two separate matters for the Board's consideration  
23 today. Both matters arise out of the same series of  
24 events or circumstances.

25           The first matter filed involved the Emergency

1 Order for the suspension of Principal License No. 1312  
2 issued to Louis A. DeNaples.

3 The second matter involves the Emergency Order  
4 placing conditions upon the Category 2, Slots License  
5 No. 1311, Mount Airy #1, LLC.

6 The Office of Enforcement Counsel and counsel  
7 for Louis A. DeNaples and counsel for Mount Airy #1,  
8 LLC, have stipulated to the following facts as such  
9 facts relate to the matters presently pending before the  
10 Board in this instance.

11 These stipulated facts have been filed with the  
12 Board's clerk, and I would like to now read those  
13 stipulated facts into the record.

14 CHAIRMAN DiGIACOMO COLINS: How are they  
15 marked?

16 MR. PITRE: They can be marked as Joint Exhibit  
17 1.

18 CHAIRMAN DiGIACOMO COLINS: Thank you.  
19 Proceed.

20 MR. PITRE: And now, comes the Pennsylvania  
21 Gaming Control Board's Office of Enforcement Counsel and  
22 Category 2 Slots Licensee Mount Airy #1, LLC, who agreed  
23 to the following stipulation of facts.

24 Mount Airy #1 LLC is a Category 2 Slots  
25 Licensee, and as such has been licensed by the

1 Pennsylvania Gaming Control Board on July 19th, 2007.

2 Louis A. DeNaples is a Principal of Category 2  
3 Slot Machine Licensee Mount Airy #1, LLC, and as such  
4 was issued a Principal License by the Pennsylvania  
5 Gaming Control Board on February 27th, 2007.

6 On January 30th, 2008, the Pennsylvania State  
7 Police filed separate criminal complaints upon Louis A.  
8 DeNaples and Mount Airy #1, LLC.

9 The criminal offenses alleged in each of the  
10 above referenced complaints included four separate  
11 counts of Perjury, which are incorporated under the  
12 Pennsylvania Race Horse Development and Gaming Act.

13 These offenses are alleged to have occurred  
14 during statements before representatives of the Board on  
15 August 16th, 2006 and/or September 28th, 2006 and each  
16 is graded as a felony of the third degree.

17 On January 30th, 2008, the Office of  
18 Enforcement Counsel requested and received an Emergency  
19 Order suspending the Principal License of Louis A.  
20 DeNaples.

21 On January 30th, 2008, attorney for Louis A.  
22 DeNaples voluntarily accepted service of this Order.

23 On January 31st, 2008, the Office of  
24 Enforcement Counsel requested and received an Emergency  
25 Order placing conditions upon Category 2 Slots Licensee

1 Mount Airy #1, LLC.

2 On January 31st, 2008, Joseph D'Amato, General  
3 Manager for Mount Airy #1, LLC, voluntarily accepted the  
4 service of said Order located at Mt. Pocono,  
5 Pennsylvania.

6 And pursuant to an Order, the Board scheduled a  
7 hearing on each matter scheduled for today February 5th,  
8 2008 at 10:30 a.m.

9 The Office of Enforcement Counsel and counsel  
10 for Mount Airy and Mr. DeNaples agree that these are the  
11 facts and these facts should be submitted before the  
12 Board.

13 CHAIRMAN DiGIACOMO COLINS: Very good.

14 That exhibit is accepted?

15 MR. DONNELLY: It is.

16 MR. PITRE: At this time, I would request  
17 permission to now offer what has been previously marked  
18 as the following exhibits for the record as they relate  
19 to the Emergency Order for Suspension of Principal  
20 License 1312 issued to Louis A. DeNaples.

21 It should also be noted that these exhibits  
22 have been provided to counsel for Mount Airy and  
23 Mr. DeNaples, I believe, as has been submitted to the  
24 Board.

25 The following listed exhibits are offered:

1 Marked previously OEC-1, request for an Emergency Order  
2 for Suspension of Principal License dated January 30th,  
3 2008.

4 OEC-2 is a Temporary Emergency Order for  
5 Suspension of Principal License and Proof of Service  
6 dated January 30th, 2008.

7 OEC-3A is the police criminal complaint against  
8 Louis A. DeNaples dated January 30th, 2008.

9 OEC-3B is a Dauphin County District Attorney  
10 press release dated January 30th, 2008.

11 OEC-3C is the Fourth Dauphin County  
12 Investigating Grand Jury Presentment No. 6 dated January  
13 23rd, 2008.

14 OEC-3D is the Fourth Dauphin County  
15 Investigating Grand Jury Report No. 1 dated January  
16 23rd, 2008.

17 OEC-4A is a statement of condition notification  
18 on behalf of Mount Airy #1, LLC, doing business as Mount  
19 Airy Casino Resort dated January 30th, 2008.

20 And OEC-4B is a copy of the executed statement  
21 of conditions of Category 2 Slots Operator License No.  
22 F-1311.

23 At this time, barring no objection from counsel  
24 for Louis A. DeNaples, the Office of Enforcement Counsel  
25 would request that the aforementioned marked exhibits be

1 moved into the record.

2 CHAIRMAN DiGIACOMO COLINS: Counsel?

3 MR. DONNELLY: We have no objection to them  
4 being in the record. But we vigorously object to the  
5 conclusions and statements contained in the documents  
6 that emanated from the Grand Jury.

7 As to the documents being into the record and  
8 before the Board for its review, we have no objection.

9 CHAIRMAN DiGIACOMO COLINS: Thank you. They  
10 are accepted with your objection and with your  
11 stipulated purpose noted.

12 MR. PITRE: The Office of Enforcement Counsel  
13 would now offer what has previously been marked as the  
14 following exhibits for the record as they relate to the  
15 Emergency Order placing conditions upon Category 2 Slots  
16 License No. 1311, Mount Airy #1 --

17 CHAIRMAN DiGIACOMO COLINS: How is that --  
18 these are all marked OEC exhibits. Okay. Go on.

19 MR. PITRE: Yes. For the separate matter.

20 CHAIRMAN DiGIACOMO COLINS: Go on. Thank you.

21 MR. PITRE: It should also be noted that these  
22 exhibits have been provided to counsel for Mount Airy  
23 #1, LLC.

24 In this instance, OEC-1 is a request for an  
25 Emergency Order placing conditions upon Category 2 Slots

1 License.

2 OEC-2 is the Emergency Order placing conditions  
3 upon Category 2 Slots License.

4 OEC-3A is a police criminal complaint against  
5 Mount Airy #1, LLC, dated January 30th, 2008.

6 OEC-3B is a Dauphin County District Attorney's  
7 press release dated January 30th, 2008.

8 OEC-3C is the Fourth Dauphin County  
9 Investigating Grand Jury Presentment No. 6 dated January  
10 23rd, 2008.

11 OEC-3D is the Fourth Dauphin County  
12 Investigating Grand Jury Report No. 1 dated January  
13 23rd, 2008.

14 OEC-4A is a statement of condition notification  
15 on behalf of Mount Airy #1, LLC, doing business as Mount  
16 Airy Casino Resort dated January 30th, 2008.

17 OEC-4B is a copy of the Executed Statement of  
18 Conditions to Category 2 Slot Operator License No.  
19 F-1311.

20 At this time, barring no objection from counsel  
21 for Mount Airy #1, LLC, the Office of Enforcement  
22 Counsel would request that the aforementioned marked  
23 exhibits be moved into the record.

24 MR. DONNELLY: With the same objections, Your  
25 Honor, we will permit the documents to be moved into the

1 record.

2 CHAIRMAN DiGIACOMO COLINS: Thank you.

3 They are accepted into the record --

4 MR. PITRE: With that --

5 CHAIRMAN DiGIACOMO COLINS: -- on the same --  
6 with the same provisions.

7 MR. PITRE: With that, Chairman Colins--

8 CHAIRMAN DiGIACOMO COLINS: Just one moment.

9 Sorry.

10 MR. PITRE: Okay.

11 CHAIRMAN DiGIACOMO COLINS: Okay. Mr. Pitre?

12 MR. PITRE: At this time, Office of Enforcement  
13 Counsel would like to call its first witness, Executive  
14 Director Anne Neeb.

15 CHAIRMAN DiGIACOMO COLINS: If you'll come  
16 forward and I'll ask that you be sworn since you're  
17 testifying as a witness.

18

19 ANNE LaCOUR NEEB, called as a witness, being  
20 duly sworn, testified as follows:

21

22 DIRECT EXAMINATION

23

24 BY MR. PITRE:

25 Q Please state your name for the record?

1 A Anne Neeb.

2 Q And you are employed at the Pennsylvania Gaming  
3 Control Board, correct?

4 A Yes. I'm the Executive Director.

5 Q On January 30th, 2008, at my request, you  
6 signed an Order imposing an Emergency Suspension of  
7 Louis DeNaples, Principal License, correct?

8 A That is correct.

9 Q And on January 31, 2008, at my request, you  
10 signed an Emergency Order imposing conditions upon Mount  
11 Airy Casino and Resort, correct?

12 A That is correct.

13 Q After you signed these conditions, did you have  
14 an occasion to travel to Mount Airy; and if so, for what  
15 purpose?

16 A Yes, I did travel to Mount Airy. I went with  
17 Kevin Hayes, who is the Director of Gaming Operations  
18 for the purpose of meeting with the management staff,  
19 the Audit Committee, and representatives from the  
20 lenders to discuss the effect of the Order that I had  
21 signed, the Emergency Order.

22 Q And can you explain to the Board the type of  
23 management team or what type -- explain the management  
24 team that is currently in place regarding the day-to-day  
25 operations at Mount Airy Casino?

1           A     Yes, I can. The original management team that  
2 is in place consists of a Director of Operations, a  
3 Chief Financial Officer, and then directors as set forth  
4 in their internal controls, which we approved at the  
5 initial opening of the company.

6                     Those duties and responsibilities are still in  
7 place as are required by the gaming -- our regulations.

8           Q     Can you discuss with the Board or explain to  
9 the Board the Audit Committee and their purpose?

10          A     Right. The Independent Audit Committee was --  
11 is in place. They also met with us when we went right  
12 after the Order was signed. That's a three member  
13 independent panel consisting of Bradford Smith, who is  
14 the former Chairman of the New Jersey Casino Commission;  
15 Barbara Lang, who is an accountant who specializes in  
16 casino auditing; and Robert Peloquin, who is a former  
17 Federal prosecutor, who has served as security and  
18 safety advisor for multiple gaming operations.

19                     We had the opportunity to meet with them for  
20 several hours and go over the Orders, the Emergency  
21 Orders as in place.

22                     We, additionally, gave them additional  
23 instructions and duties that we asked them to perform  
24 until such time that the Board could review the  
25 Temporary Order of Suspension.

1 Q Does the Audit Committee on a regular basis  
2 prior to the -- prior to the meeting of the Emergency  
3 Orders that you signed, did they have anything to do  
4 with the day-to-day operations at Mount Airy Casino?

5 A No. The Audit Committee is not the manager of  
6 the casino, but the Audit Committee does review -- is an  
7 overseer, functions and management decisions pertaining  
8 to anything that is of a regulatory nature but they are  
9 not management. They are simply there as -- for  
10 oversight and to report their findings.

11 Q And if you know you can answer this question,  
12 what was Mr. DeNaples' relationship regarding the  
13 day-to-day operations at Mount Airy Casino?

14 A Mr. DeNaples is not listed in any management  
15 role at the casino. He is a Principal Licensee and, as  
16 I understand, listed as an owner of the property and  
17 casino.

18 Q Now, pursuant to my request and the Order that  
19 you issued with regard to the emergency conditions that  
20 were placed on Mount Airy, specifically, No. 8, you  
21 ordered that a trustee be appointed by the Board to have  
22 oversight of Mount Airy #1, LLC?

23 A Um-hum.

24 Q In your opinion, is a trustee needed for  
25 day-to-day operations or is the Mount Airy management

1 team capable of doing this?

2 A The purpose of a trustee is to serve in a  
3 position in the capacity of an overseer, to be a liaison  
4 between the company, which includes management and  
5 management decisions and the Gaming Control Board and to  
6 serve as the eyes and ears to the Board during the --  
7 during the pendency of the suspension of the Principal  
8 owner of the license.

9 Q And has your opinion changed as to whether or  
10 not a trustee is needed in this instance?

11 A No. I do believe that a trustee would be  
12 appropriate in a matter such as this.

13 MR. PITRE: I have no further questions.

14 CHAIRMAN DiGIACOMO COLINS: What we're going to  
15 do now, I have a question. I'll ask the Board if  
16 there's any questions. Then I'll turn the witness over  
17 for Cross Examination.

18 Would you state for the record why or what the  
19 reasons were for you signing the Temporary Orders.

20 MS. LaCOUR NEEB: The Office of Enforcement  
21 Counsel presented to me a request for the emergency  
22 suspension of the Principal Licensee here, Louis  
23 DeNaples, based upon the fact that Mr. DeNaples was  
24 indicted or presentment was handed down by the Dauphin  
25 County District Attorney.

1           In that presentment, there were allegations  
2 made concerning Mr. DeNaples' veracity with the Board.

3           As a result of reviewing that presentment and  
4 our rules and regulations and the motion in request  
5 provided to me by the Office of Enforcement Counsel, I  
6 thought it would be in the best interest of the  
7 Commonwealth at that time to sign the Emergency  
8 Suspension of the Principal Licensee.

9           CHAIRMAN DiGIACOMO COLINS: Thank you.

10          Mr. Ginty, any questions? Commissioner Ginty?

11          COMMISSIONER GINTY: I don't have any  
12 questions.

13          CHAIRMAN DiGIACOMO COLINS: Commissioner Sojka?

14          COMMISSIONER SOJKA: No questions at this time.

15          CHAIRMAN DiGIACOMO COLINS: Commissioner  
16 Rivers?

17          COMMISSIONER RIVERS: No questions.

18          CHAIRMAN DiGIACOMO COLINS: Commissioner  
19 McCabe, any questions?

20          COMMISSIONER McCABE: No questions yet.

21          CHAIRMAN DiGIACOMO COLINS: Commissioner Coy?

22          COMMISSIONER COY: No questions.

23          CHAIRMAN DiGIACOMO COLINS: Commission Angeli?

24          COMMISSIONER ANGELI: Anne, in your experience,  
25 have you ever been involved in an action of this nature.



1 performing well. Usually, that's a pretty strong  
2 indicator of the company's management decisions.

3 Q Okay. And during the meetings when you were up  
4 there, did you also meet with staff of the facility?

5 A Yes, I did. Myself and our Director of  
6 Operations spent at least one, maybe two full days there  
7 meeting with the key employees, which would be your  
8 management staff and their subordinates for all areas of  
9 casino operations.

10 Q To your knowledge, is the facility current with  
11 its filings with the Pennsylvania Gaming Control Board?

12 A Yes, it's current with its filings.  
13 Additionally, there are no open enforcement actions  
14 being brought against the casino for any violations of  
15 internal controls.

16 MR. DONNELLY: That's it. Thank you very much.

17 CHAIRMAN DiGIACOMO COLINS: Any Redirect?

18 MR. PITRE: One follow-up question.

19

20 REDIRECT EXAMINATION

21

22 BY MR. PITRE.

23 Q Miss Neeb, if a trustee was not appointed to  
24 oversee the operations at Mount Airy Casino, can you say  
25 what type of position that would put Mount Airy in with

1 regard to its -- its sole member being suspended, sole  
2 member of the LLC?

3 A Yes. Without having a trustee, the practical  
4 situation here in viewing the entity that is the owner  
5 of LLC -- of the LLC, Mr. DeNaples is the Principal  
6 Licensee and the 100 percent owner.

7 In that, we have requested or I have requested  
8 that he be removed from the operation of gaming.

9 It would create a possible impracticality to  
10 continue with some sort of oversight if the Principal  
11 had to be removed.

12 This was one of the rationale actually behind  
13 the request for the trustee to allow the business to  
14 continue to operate with an individual who would serve  
15 in a fiduciary position and oversee the operations of  
16 the casino and assist management as needed or at least  
17 observe management decisions being made and hoping that  
18 those decisions would be made in the best interest of  
19 the company and in the best interest of the  
20 Commonwealth.

21 CHAIRMAN DiGIACOMO COLINS: Thank you.

22 Yes, Commissioner McCabe?

23 COMMISSIONER McCABE: I just have a question.

24 Is there anybody acting in that capacity now as overseer  
25 of a casino?

1           MS. LaCOUR NEEB: Yes. At the time the Order  
2 was signed basically, what happened was I -- when I met  
3 with management at the casino, I instructed them that  
4 any and all decisions and issues that came about, they  
5 would have to report to me directly as Executive  
6 Director, which they have done. We've had an open  
7 dialogue every day nonstop. I would be happy to pass  
8 that on to a trustee.

9           COMMISSIONER McCABE: That's my next question.  
10 Then if a trustee is not appointed, do you still  
11 maintain that role as the overseer?

12           MS. LaCOUR NEEB: Well, if the trustee is not  
13 appointed, it would be difficult because it would  
14 involve some oversight.

15           We do have stepped up -- we have stepped up  
16 some of our regulatory presence at the casino. Our  
17 casino enforcement agents are working, and we are  
18 working through some additional internal controls that  
19 would be in place.

20           It would be quite difficult, to be honest, to  
21 try to oversee a casino that is a couple hundred miles  
22 away from Harrisburg; and, it places quite a burden on  
23 staff.

24           COMMISSIONER McCABE: Thank you.

25           MR. PITRE: I just have one more question.

1 BY MR. PITRE:

2 Q Is it safe to say that without putting a  
3 trustee in place that the possibly the only other  
4 alternative would be to suspend the license of the  
5 casino and possibly shut down the casino?

6 A That would be an option and a decision for the  
7 Board. Again, it's all about regulatory oversight is  
8 the issue. I believe that the -- in order to affect the  
9 regulations and the mandates that we have in our  
10 regulation, Act 71, it would be in the best interest to  
11 appoint a trustee as overseer, as is commonly done in  
12 situations like this in gaming jurisdictions where for  
13 whatever reason, there is some sort of interruption in  
14 the ownership or a suspension of the owner or of major  
15 Principals in a casino.

16 CHAIRMAN DiGIACOMO COLINS: Thank you. Very  
17 good. Thank you.

18 Your next witness?

19 MR. PITRE: Susan Hensel.

20 CHAIRMAN DiGIACOMO COLINS: Susan we're going  
21 to ask you to take an oath, please.

22 SUSAN HENSEL, called as a witness, being duly  
23 sworn, testified as follows:

24

25 DIRECT EXAMINATION

1 BY MR. PITRE:

2 Q Please state your name.

3 A Susan Hensel.

4 Q And your place of employment?

5 A Pennsylvania Gaming Control Board.

6 Q And what do you do at the Board, Susan?

7 A I'm the Director of Licensing.

8 Q Now, you have heard some testimony with regard  
9 to a trustee today. What, if any, license would be  
10 required of this trustee should the Board decide to  
11 appoint a trustee in this instance?

12 A Because a trustee would have oversight over the  
13 activities of a licensed entity, the trustee would be  
14 required to be licensed as a Principal.

15 Q And what type of application would be required  
16 for that licensure?

17 A A Principal is required to complete a  
18 multi-jurisdictional personal history disclosure form  
19 and a Pennsylvania supplement to that form.

20 Q And that would need to be filed with your  
21 office?

22 A That is correct.

23 Q Now, can a potential trustee get a temporary  
24 credential; and if so, what is the procedure for that?

25 A The Board's regulations provide for temporary

1 credentials to be issued to Principals, and the  
2 procedure for that is for the Principal to submit both  
3 the personal history disclosure form and the  
4 Pennsylvania supplement that I mentioned, for the  
5 Principal applicant to be photographed and fingerprinted  
6 by the State Police and for a criminal check to be run  
7 on that person's fingerprints.

8           Provided that no issues come back regarding  
9 that check of the fingerprints, the applicant is  
10 eligible for a temporary credential.

11           A temporary credential issued by the Bureau of  
12 Licensing is in effect for 120 days and is renewable.

13           Q     Now, during the time that this -- after the  
14 temporary credential is issued, what happens to the  
15 application of the trustee?

16           A     The application goes through the full  
17 investigatory process, that begins with the Bureau of  
18 Licensing conducting its review of the application to  
19 ensure that all information that is required to be  
20 provided has been provided.

21           Once the Bureau of Licensing is satisfied that  
22 the application is complete, it's handed off to the  
23 Bureau of Investigations and Enforcement for  
24 investigation.

25           Once the investigation is complete, a report

1 comes back to the Bureau of Licensing, which prepares a  
2 background investigation and suitability report for the  
3 Board. Then the Board takes action on whether or not to  
4 approve a permanent license.

5 Q And do you feel confident that the regulations  
6 promulgated by the Board and the Act provide for the  
7 licensure of the trustee as a Principal?

8 A I do.

9 MR. PITRE: I have no further questions.

10 CHAIRMAN DiGIACOMO COLINS: Very good. Let me  
11 ask the Board if there are questions.

12 Commissioner Angeli.

13 COMMISSIONER ANGELI: Just one question. How  
14 many people are already Principal applicants at Mount  
15 Airy?

16 MS. HENSEL: We currently, I believe, have one  
17 Principal Licensee at Mount Airy.

18 COMMISSIONER ANGELI: That's all?

19 MS. HENSEL: That's it.

20 CHAIRMAN DiGIACOMO COLINS: Commissioner Coy?

21 COMMISSIONER COY: No questions.

22 CHAIRMAN DiGIACOMO COLINS: Commissioner  
23 McCabe?

24 COMMISSIONER McCABE: No questions.

25 CHAIRMAN DiGIACOMO COLINS: Commissioner

1 Rivers?

2 COMMISSIONER RIVERS: No questions.

3 CHAIRMAN DiGIACOMO COLINS: Commissioner Sojka?

4 COMMISSIONER SOJKA: No questions.

5 CHAIRMAN DiGIACOMO COLINS: Commissioner Ginty?

6 COMMISSIONER GINTY: No questions.

7 CHAIRMAN DiGIACOMO COLINS: Very good.

8 Cross-examine, Mr. Donnelly?

9 MR. DONNELLY: I have no questions.

10 CHAIRMAN DiGIACOMO COLINS: Very good. Thank  
11 you.

12 Do you have any other witnesses?

13 MR. PITRE: No, ma'am.

14 CHAIRMAN DiGIACOMO COLINS: Very good.

15 Mr. Donnelly, at this point, you may begin your  
16 presentation.

17 MR. DONNELLY: Thank you. With me today is Don  
18 Shiffer of the firm of Wright and Reihner; Richard  
19 Sprague of the firm of Sprague & Sprague and Michael  
20 Sklar with my firm.

21 Thank you for the opportunity to appear today.

22 We're here in times of --

23 CHAIRMAN DiGIACOMO COLINS: Do you have  
24 witnesses?

25 MR. DONNELLY: I do. I have one witness.

1                   CHAIRMAN DiGIACOMO COLINS: Okay. Then I'm  
2 going to ask you to make a brief opening, have your  
3 witness, and then make a more comprehensive closing, if  
4 that suits you.

5                   MR. DONNELLY: That is fine. Thank you.

6                   CHAIRMAN DiGIACOMO COLINS: Thank you.

7                   MR. DONNELLY: I will address today a number of  
8 things, what is going on at the casino currently through  
9 Joe D'Amato, who is the Chief Executive Officer and talk  
10 a bit about the Audit Committee, what is in place now as  
11 terms of governance, some of the experiences that other  
12 casinos in this position have, and also Mr. Sprague will  
13 address some of the allegations that we very vigorously  
14 have and continue to object to that have been placed in  
15 the record by the Dauphin County Grand Jury.

16                   With that, I will call Joseph D'Amato.

17

18                   JOSEPH D'AMATO, called as a witness, being duly  
19 sworn, testified as follows:

20

21                   DIRECT EXAMINATION

22

23 BY MR. DONNELLY:

24                   Q     Good morning, Mr. D'Amato.

25                   A     Good morning, John.

1 Q What is your position at Mount Airy?

2 A I'm the Chief Executive Officer of Mount Airy  
3 Casino and Resort.

4 Q Can you give the Board some of your background  
5 prior to your joining with Mount Airy?

6 A I have approximately 38 years of financial and  
7 administrative experience. Beginning of my career, I  
8 was in public accounting with one of the, then,  
9 big-eight accounting firms.

10 I spent about 10 or 11 years in the hospitality  
11 industry. Subsequent to that and for the past 25 years,  
12 I've been in the gaming industry.

13 I started with the Golden Nugget in Atlantic  
14 City and worked with Bally's in Atlantic City, with the  
15 Trump Organization in both Gary, Indiana and Atlantic  
16 City and with Resorts International based in Atlantic  
17 City, four and a half years with Seneca Gaming  
18 Corporation, which was a Native American operation up in  
19 western New York. For approximately a year now, I've  
20 been in this position with Mount Airy.

21 Q As part of your duties, did you assemble a team  
22 to assist you in the operation of the casino?

23 A Yes, I did.

24 Q Can you tell me briefly about who is on that  
25 team?

1           A     Yes.  It's a team with over 200 years of gaming  
2     and hospitality experience.  Tim Yahn is our Director of  
3     Slot Operations with approximately 27 years, I believe.

4                     Jackie Blower, our Executive Director of  
5     Marketing has approximately 30 years in gaming.

6                     Our Director of Resort Operations, Mary Rakus  
7     has approximately 25 years in the gaming industry.

8                     It's replete with people even in the  
9     administrative area, our Executive Director of  
10    Administration, which handles certain administration  
11    areas, as well as human resources has 25 years.

12                    We're a seasoned group of executives that know  
13    how to run an organization of this type.

14            Q     Have you been presented with the Emergency  
15    Orders that were entered by Miss Neeb?

16            A     Yes.

17            Q     And are you aware of your obligation under that  
18    Emergency Order with regard to Mr. DeNaples' ability to  
19    gain access to information regarding the business  
20    operations of Mount Airy?

21            A     Yes, I do.  And I have also passed that message  
22    on to the management staff as well.

23            Q     And what is your understanding of the current  
24    status?

25            A     Yes.  We are to have no contact at all nor is

1 he permitted to be on the property. We cannot discuss  
2 any operational type of issues with him or any matters  
3 pertaining to the casino and hotel operations.

4 Q You understand that would be directly and  
5 indirectly?

6 A That is correct.

7 Q Tell us, if you will, Mr. D'Amato approximately  
8 how many employees are presently at Mount Airy?

9 A We have approximately 900 of employees which  
10 most of them are full-time employees.

11 Q About what is the payroll on a weekly basis?

12 A Payroll with benefits is a little bit north of  
13 \$500,000 a week.

14 Q Do those employees have benefits?

15 A Yes. We have a comprehensive benefit program  
16 including medical, dental, 401K, life insurance,  
17 disability, and those types of items.

18 Q Approximately how much in payments to the local  
19 and non-local vendors does the casino make on a monthly  
20 basis?

21 A Not including the construction that is in the  
22 final phases approximately 750 to \$800,000 a week.

23 Q Approximately, what do you estimate your real  
24 property taxes of the property to be?

25 A They are probably, since we haven't done a

1 final assessment from the local township yet, we believe  
2 it will be north of two million dollars.

3 Q Do you have an idea of what the -- the facility  
4 is paying in gaming taxes to the Commonwealth?

5 A It's approximately 21 million dollars, which  
6 also includes a -- I believe it's a 1.4 million dollar  
7 local share that we recently paid.

8 Q For the casino to be closed, all of those  
9 payments would cease?

10 A That is correct.

11 Q Let me talk a bit about the Audit Committee.  
12 Have you, yourself, personally met with the -- the  
13 Independent Audit Committee that was appointed to  
14 oversee the operations of Mount Airy?

15 A Yes, I have.

16 Q Did you meet with them last week when Miss Neeb  
17 was present?

18 A Yes, I did.

19 Q During the course of those meetings, are you  
20 aware as to whether the Audit Committee has met with the  
21 person operating the internal audit for the company?

22 A Yes, they have met with him.

23 Q Did they meet with that man publicly and  
24 privately?

25 A Mostly privately. There was some general

1 discussion. Then I was asked along with anyone else  
2 attending the meeting that was, you know, in management  
3 to leave the meeting.

4 Q What are the responsibilities of the Department  
5 of Internal Audit at Mount Airy?

6 A It's primary focused on regulatory compliance  
7 and also on administrative and financial compliance.  
8 Their No. 1 responsibility is that the procedures and  
9 the controls we have in place comply with all of the  
10 rules and regulations of the Gaming Act and the Board.

11 Q Did the Audit Committee also meet with the  
12 Director of Surveillance privately and publicly?

13 A Yes.

14 Q And can you tell us what the responsibilities  
15 are of the Director of Surveillance?

16 A Director of Surveillance has oversight over all  
17 of the camera operations on the gaming floor, as well as  
18 some of the non-gaming areas.

19 Again, part of that surveillance is to ensure  
20 the integrity of the games and the internal controls and  
21 the processes we have comply with all rules and  
22 regulations.

23 Q And as with Internal Audit, were you excused  
24 from the meeting to meet with the Director -- so that  
25 the Audit Committee could meet privately with the

1 Director of --

2 A Yes. And also to that -- their monthly reports  
3 go directly to the Gaming Board without my review.

4 Q Reports of the Audit Committee -- Internal  
5 Audit and Surveillance?

6 A That is correct.

7 Q And did the Audit Committee meet with the Chief  
8 Financial Officer during its meetings?

9 A Yes, they did.

10 Q And how about the -- well, they met with you,  
11 the CEO. Did they meet with the head of security?

12 A I believe they met with probably every critical  
13 member of the management team including certain people  
14 in the financial areas.

15 Q I understand the company is in the process and  
16 may have already created an anonymous 800 number where  
17 persons can call the Audit Committee directly to report  
18 any wrongdoing that they are aware of; is that correct?

19 A That is correct. I don't believe its been  
20 finalized yet, but we are in the process of establishing  
21 that.

22 Q Given the recent events, did the Audit  
23 Committee ask you for more intense reporting to them?

24 A Yes.

25 Q And what did they ask you for, just last week?

1           A     I would have to supply them with daily cash  
2 reports, obviously, the monthly financial reports, any  
3 reports given to the Gaming Board and things of that  
4 nature.

5           Q     Budgets?

6           A     Oh, yes and budget information.

7           Q     Now, is that Independent Audit Committee -- can  
8 you estimate how many telephonic or in-person meetings  
9 they have had since October 16th?

10          A     I believe we have had three in-person meetings  
11 and probably four to six teleconference calls.

12          Q     Now, also, you're aware from the Emergency  
13 Order that the -- Miss Neeb entered that the Audit  
14 Committee was to see to it that -- to begin the process  
15 of creating independent banking accounts; is that  
16 correct?

17          A     That is correct.

18          Q     Did the Audit Committee undertake that  
19 obligation?

20          A     Yes, they did.

21          Q     As I understand the Order and tell me if your  
22 understanding is the same that the Audit Committee is  
23 responsible for creating an escrow account where any and  
24 all profits that would have otherwise have gone to Mr.  
25 DeNaples must now go into this escrow account; is that

1 correct?

2 A That is correct.

3 Q And that escrow account is a control of the  
4 Audit Committee, which is, in turn, in the Order under  
5 the super control of Anne Neeb; is that correct?

6 A That is correct.

7 Q So, no monies, as you know, no profits would be  
8 able to leave that facility and go to Louis DeNaples; is  
9 that correct?

10 A No profits, no compensation of any kind.

11 Q All right. Now, that's the escrow account for  
12 profits. What about the operational accounts --

13 A Yes.

14 Q -- is the Audit Committee under Miss Neeb's  
15 Order or the Board's Order to create a new operational  
16 account?

17 A Yes.

18 Q Is the Audit Committee responsible for creating  
19 that?

20 A Yes.

21 Q As with the escrow account for profits, is it  
22 your understanding that Miss Neeb has ultimate control  
23 over that operational account through the Audit  
24 Committee?

25 A That is correct.

1 Q Has the Audit Committee, to your knowledge,  
2 reported to -- is it presiding -- presenting to the  
3 Board its minutes?

4 A Yes.

5 Q Has the Audit Committee -- do you know --  
6 Well, strike that.

7 MR. DONNELLY: That's all I have of this  
8 witness.

9 CHAIRMAN DiGIACOMO COLINS: Cross-examine?

10

11

CROSS EXAMINATION

12

13 BY MR. PITRE:

14 Q Mr. D'Amato have you ever been in a situation  
15 like this?

16 A No.

17 Q You've been -- I'm familiar with you. I know  
18 you've been around quite a while. You've never run  
19 across anything like this?

20 A I would say I'm experienced. Yes. I would --  
21 just to answer your question is that I understand  
22 compliance with the Orders and the directives of the  
23 Gaming Board and our -- and our commitment to not only  
24 the letter of it but the spirit of it and we will  
25 comply.

1           Q     I mean, you wouldn't put your reputation, your  
2 license, your career in jeopardy?

3           A     No. Let me -- because I've been licensed in  
4 four states and four jurisdictions. It is a privilege  
5 to work in this industry.

6                     I don't have a right. If you have your license  
7 revoked, it has implications to your career and other  
8 things. That's the advice I give my staff. I'm on the  
9 tail end of my career. There's still a lot of people  
10 working with me that have a few more years to go.

11                    My advice to them, we follow not only the  
12 letter but the spirit of the rules. That goes for all  
13 of the rules and regulations of the Gaming Board.

14           Q     If you can explain briefly Mr. DeNaples'  
15 involvement at Mount Airy Casino and Resort prior to the  
16 suspension.

17           A     Mr. DeNaples had limited involvement on a  
18 day-to-day basis. We talk more on a strategic basis.  
19 It wasn't unusual for owners of that type, I mean, we  
20 would talk about certain things that were going on on  
21 the property but he left the decision making on a  
22 day-to-day basis to myself and my staff.

23           Q     And do you feel confident that you can continue  
24 making those day-to-day operational decisions without  
25 the presence of Mr. DeNaples?

1           A     Yes, sir.

2           MR. PITRE:   I have no further questions.

3           CHAIRMAN DiGIACOMO COLINS:   Mr. D'Amato, I have  
4 a few -- I have one question.  In the management team,  
5 part of the management team of Mount Airy consists of  
6 Mr. DeNaples' daughter, Lisa DeNaples; is that correct?

7           MR. D'AMATO:   Yes.

8           CHAIRMAN DiGIACOMO COLINS:   All right.  And  
9 would you state please and explain to us what her title  
10 is, what her job function and role is in the management  
11 makeup of the casino?

12          MR. D'AMATO:   Yes.  Miss DeNaples is Vice  
13 President of I believe it's design and construction.  
14 She has been actively involved in the design and the  
15 construction elements of the casino and will continue in  
16 that role.

17          I have obviously included her in some of the --  
18 all of the key executive meetings that I hold so that  
19 she knows what is going on because I do believe she is  
20 licensed as a Principal.  So, I keep her informed on  
21 what is going on on the property.

22          CHAIRMAN DiGIACOMO COLINS:   In terms of the  
23 Temporary Order that is in effect, which is essentially  
24 a Stay Away Order and a severing of communications  
25 regarding the business of this casino between Mr.

1 DeNaples and the management staff, as the CEO of the  
2 entity, how have you addressed that issue with Lisa  
3 DeNaples.

4 MR. D'AMATO: I had a private meeting with her.  
5 We had a frank discussion as to what the Order meant. I  
6 think we concur and we agree that the key element for us  
7 right now is to protect the license going forward and  
8 that violations of the license could have ramifications  
9 significantly beyond what is current right now.

10 So she has a clear understanding, not only from  
11 me but she knows that she cannot have those type of  
12 discussions with her father, Mr. DeNaples.

13 CHAIRMAN DiGIACOMO COLINS: Let's talk plainly.  
14 What did you mean by ramifications when you had this  
15 discussion with her?

16 MR. D'AMATO: She, again, here deals, one, with  
17 her own license to be in the gaming industry. Number 2,  
18 ramification could be that the Board decides to suspend  
19 the license of the operations, the operating casino.

20 CHAIRMAN DiGIACOMO COLINS: Okay.

21 Commissioner Ginty, any questions?

22 COMMISSIONER GINTY: Just one. Who do you  
23 report to now?

24 MR. D'AMATO: Well --

25 COMMISSIONER GINTY: Who do you consider that

1 you report to?

2 MR. D'AMATO: It's a good question. Right now,  
3 I have an interface with the Independent Audit  
4 Committee, obviously. I do talk with Mr. Donnelly. I  
5 also, when required, will discuss things with Miss Neeb  
6 because the Order said for certain items until a trustee  
7 is appointed, she will have some oversight  
8 responsibilities.

9 My key right now is trying to run the business  
10 on a day-to-day basis, keep it going forward.

11 COMMISSIONER GINTY: You're still going to have  
12 to deal with strategic business, as well as financing  
13 obligations?

14 MR. D'AMATO: Absolutely. Absolutely.

15 COMMISSIONER GINTY: Okay.

16 COMMISSIONER SOJKA: One small question. In  
17 addition to Dr. Lisa DeNaples, are there other members  
18 of Mr. DeNaples' immediate or extended family in the  
19 management or on the payroll of Mount Airy?

20 MR. D'AMATO: No. One of the daughters,  
21 Dominica, has a consulting agreement. She helps us out  
22 in the retail area.

23 Other than that, she has no involvement in the  
24 management. We have no discussions with her regarding  
25 anything strategic or marketing or anything of that

1 nature.

2 CHAIRMAN DiGIACOMO COLINS: Commissioner  
3 Rivers?

4 COMMISSIONER RIVERS: Yes.

5 You have outlined some of the areas that you  
6 have been asked to perform by the Auditing Committee.  
7 What other changes have been taking place since this  
8 action?

9 MR. D'AMATO: The key change has been that the  
10 -- about the contact with the owner and the lack of any  
11 additional contact or information flowing, things of  
12 that nature.

13 From a day-to-day basis, we are just moving  
14 forward. I feel very comfortable in that area. We are  
15 just trying to move forward, and that is just my  
16 direction to keep the operations going.

17 COMMISSIONER RIVERS: Has there been a change  
18 in morale in the attitudes of any of the employees?

19 MR. D'AMATO: No, sir. I think one of our jobs  
20 and one of the things I told the management team right  
21 from the start is that we had to become more visible on  
22 the property and make certain that we were available.

23 The message went through the management team  
24 that if any employees had any issues or concerns that  
25 they felt free to come into my office or into any

1 management office to discuss them and we were available.  
2 That's the tack we're taking; business as normal.

3 COMMISSIONER RIVERS: Thank you.

4 CHAIRMAN DiGIACOMO COLINS: Commissioner  
5 McCabe?

6 COMMISSIONER McCABE: Yes, I have a couple. I,  
7 too, have the same concern as Judge Colins did about  
8 Lisa.

9 Have you put in place any internal controls  
10 within your system to control any type of discussions  
11 with Mr. DeNaples?

12 MR. D'AMATO: Nothing formal. I have been  
13 waiting for the Final Order to come out. At that point  
14 in time, it was my intention and, in fact, I have  
15 meetings scheduled at 5:00 today and then another one  
16 9:00 tomorrow morning with management staff and that a  
17 letter would go out to all employees specifically  
18 stating what the Order -- the final conditions placed on  
19 us were and that would be issued to all employees.

20 COMMISSIONER McCABE: I have a question on  
21 another area on the escrow accounts for the profits. We  
22 keep on referring to the profits of the casino.

23 Mount Airy consists of a hotel, restaurant,  
24 golf course. Where are those profits going? Are they  
25 going into these escrow accounts?

1           MR. D'AMATO: No, sir. From my understanding  
2 of profits is what the combined operation would yield  
3 after all expenses are paid. The revenues and the --  
4 the cashes from the revenues are deposited into a  
5 regular banking account. We pay our bills.

6           So, at the end of the day or the end of the  
7 year, if we have net income, those type of -- if we had  
8 made any distribution during the year to  
9 Mr. DeNaples, it would have to go into that type of  
10 account.

11           COMMISSIONER McCABE: That is my concern. Is  
12 Mr. Louis DeNaples profiting at all from the hotel, from  
13 the restaurants, from the golf course?

14           MR. D'AMATO: In an overall basis, yes. But at  
15 this point, we are not generating net income because of  
16 the preopening expenses during fiscal year 2007.

17           So, we are actually -- we will operate at a net  
18 loss on the -- but Mr. DeNaples has not -- I can tell  
19 you has not taken any funds out of this company  
20 whatsoever since I have started over a year ago.

21           COMMISSIONER McCABE: Thank you.

22           CHAIRMAN DiGIACOMO COLINS: Commissioner Coy?

23           COMMISSIONER COY: Thank you.

24           Mr. D'Amato, just to repeat, I believe, on the  
25 number of employees currently at Mount Airy?

1           MR. D'AMATO: Yes. It's approximately 900. I  
2 think it's a little less than that, sir.

3           COMMISSIONER COY: Do you have any idea of how  
4 many of those, the percentage, would be Pennsylvania  
5 residents?

6           MR. D'AMATO: I believe almost in the high 90  
7 percent. We have very few out-of-state employees.

8           COMMISSIONER COY: Do you have any idea of the  
9 total annual payroll then?

10          MR. D'AMATO: Yes, sir. It's approximately --  
11 like I indicated, it's a little over 500 with benefits.  
12 So, it would be approximately 26 to 28, 29 million  
13 dollars a year.

14          COMMISSIONER COY: 26, 28 million dollars per  
15 year. They -- a vast majority are paying Pennsylvania  
16 taxes and are Pennsylvanians who are employed?

17          MR. D'AMATO: That is correct, sir. Most of  
18 them are also local Northeast Pennsylvania residents.

19          COMMISSIONER COY: I'll ask you a question, I  
20 don't know whether you -- it seems you have become a  
21 little bit of an expert on a lot of things quickly.

22                 Do you think those people would be able to find  
23 gainful employment quickly or at all in the area if the  
24 casino operation were to be ceased?

25          MR. D'AMATO: That's a very difficult question

1 for me to answer.

2 COMMISSIONER COY: In your expert opinion?

3 MR. D'AMATO: I think it would take some time  
4 because I think we were a major expansion of the  
5 hospitality and entertainment business in the region.

6 I don't think there's anything even remotely  
7 equivalent to us that has been built in the area,  
8 perhaps Great Wolf; but for the most part, it would  
9 require another -- either all of the other employers  
10 taking on 8, 900 employees or some other major industry  
11 coming in to employ them.

12 COMMISSIONER COY: Mr. D'Amato, I think the  
13 Board at least at this point is relying upon you for  
14 your independence and your personal integrity to see  
15 that the operations continue at Mount Airy.

16 Does this Board have your assurance that gaming  
17 operations are operating with integrity at Mount Airy  
18 and can the Commonwealth and its citizens be continually  
19 assured of this type of operation today?

20 MR. D'AMATO: Yes, sir. I pledge that. I do  
21 that not only for myself but for all of the employees  
22 that I have and for the management team.

23 We will -- as I indicated here earlier, we will  
24 comply not only with the letter but the spirit of the  
25 directives given to us.

1                   COMMISSIONER COY: And Mr. D'Amato, does this  
2 Board have your absolute assurance that you will  
3 continue to operate and manage the casino under the  
4 directions of the Board without any control or influence  
5 of Mr. DeNaples?

6                   MR. D'AMATO: Yes, sir. I have an obligation  
7 that if something goes amiss to report it. And I'll  
8 speak for myself here, my personal integrity is very  
9 important.

10                  COMMISSIONER COY: Do you understand,  
11 Mr. D'Amato, that the Board has the right to revoke any  
12 licensed individual who would violate any of the rules  
13 or Orders of this Board and also impose significant  
14 fines for noncompliance?

15                  MR. D'AMATO: Yes, sir.

16                  COMMISSIONER COY: Do we have your assurance  
17 that all other business connections involving Mr.  
18 DeNaples at this facility will also be severed?

19                  MR. D'AMATO: Yes, sir. I hope -- is that  
20 directly with his businesses and things of that nature?

21                  COMMISSIONER COY: The question infers any  
22 connection.

23                  MR. D'AMATO: Including any family relation?

24                  COMMISSIONER COY: Yes.

25                  MR. D'AMATO: Okay. I was not under that

1 understanding, but I will -- if that's the directive of  
2 the Board, I will comply.

3 COMMISSIONER COY: I'm not certain what the  
4 direction of the Board will be yet; but if it is in that  
5 direction, whichever direction, do we have your  
6 assurance that you will carry out the Orders of the  
7 Board without question?

8 MR. D'AMATO: Yes, sir.

9 COMMISSIONER COY: The ATMs that are on the  
10 floor of the casino, which bank are they affiliated  
11 with?

12 MR. D'AMATO: It's actually an Ohio-based bank  
13 that we -- we have two. One with PNC Bank and another  
14 one is with Ohio State Bank or Ohio Bank that has an  
15 affiliation with Mr. DeNaples' bank.

16 We have already notified them that they have to  
17 sever that relationship and they have to come in and  
18 place their own logos and things of that nature on those  
19 ATM machines.

20 COMMISSIONER COY: How soon can the Board  
21 anticipate that that process will be complete?

22 MR. D'AMATO: I'm hoping from not only that  
23 avenue but also all of the banking relationships  
24 somewhere between 30 and 60 days to sever, to set up new  
25 accounts, and get the people in here and sever all of

1 the relationships.

2 We'll do it on an expedited basis. I'm waiting  
3 for the information from one of the banks we have  
4 already contacted to take over the accounts so we can  
5 get that process started.

6 COMMISSIONER COY: And Mr. D'Amato, I might ask  
7 the question, do you -- you continue to understand that  
8 this Board expects your full compliance with its Orders?

9 MR. D'AMATO: Yes, sir.

10 COMMISSIONER COY: Thank you.

11 CHAIRMAN DiGIACOMO COLINS: Commissioner  
12 Angeli?

13 COMMISSIONER ANGELI: I would like to go back  
14 to Commissioner McCabe's comment. I'm trying to  
15 understand that there's the casino and its funding from  
16 the casino and the revenue from the casino and then  
17 there are the ancillary organizations; the hotel and  
18 golf and all of these other things that may occur. Are  
19 these separate accounts?

20 MR. D'AMATO: We operate on a departmental  
21 basis. So, we'll have department reports based on  
22 segments of business.

23 But from a cash viewpoint and deposits, it goes  
24 into one bank account. Then we pay bills whether they  
25 are casino-related or hotel-related.

1 All of the operating departments are combined.  
2 You have your administrative and marketing costs. Then  
3 you have what -- after you -- your interest cost and  
4 depreciation, what you call either net income or net  
5 profit. It's on a combined basis.

6 COMMISSIONER ANGELI: As you move forward, I  
7 realize your accounts for last year were really not that  
8 great; but as you move forward, that will be a total  
9 profit that is put somewhere?

10 MR. D'AMATO: That is correct.

11 COMMISSIONER ANGELI: And those profits after  
12 all operations are concerned are to be put in the escrow  
13 accounts.

14 MR. D'AMATO: That is correct. The casino  
15 operations normally pays for a substantial piece of all  
16 of the other expenses incurred by the operations  
17 especially on the marketing and the administration  
18 side.

19 So at the end, we always report net income on a  
20 consolidated operations basis, not on individual  
21 reporting lines or individual departments.

22 So, at the end of the -- whatever the period  
23 the Board deems necessary, we normally reinvest under  
24 the direction of Mr. DeNaples.

25 For us, it was to reinvest the money back into

1 the business and pay down debt. It was not about him  
2 taking money out because he had made a commitment to say  
3 that one of the things he wanted to do was pay down the  
4 debt as rapidly as possible.

5 So, if you're taking cash out of the business,  
6 which is net income, however you want to describe it,  
7 you reduce that ability to pay down debt.

8 One of his -- he has told me several times. He  
9 has said, Joe, as we get more and more profitable, he  
10 wants to pay down the debt.

11 COMMISSIONER ANGELI: That would mean also, as  
12 you move forward, you're going to make -- someone is  
13 going to make decisions as to things that have to be  
14 changed or expansions or things of that nature --

15 MR. D'AMATO: That is correct.

16 COMMISSIONER ANGELI: -- would come out of that  
17 general fund for the hotel, for everything?

18 MR. D'AMATO: Yes, sir.

19 COMMISSIONER ANGELI: No further questions.

20 CHAIRMAN DiGIACOMO COLINS: Mr. D'Amato, I  
21 understand or I have heard that the entity pays about  
22 1.45 million per week in taxes out of the revenue. Does  
23 that sound about right to you?

24 MR. D'AMATO: Yes.

25 CHAIRMAN DiGIACOMO COLINS: All right. Very

1 good.

2 Any Redirect?

3 MR. DONNELLY: Yes. I have a couple of  
4 questions.

5 BY MR. DONNELLY:

6 Q Just to make it perfectly clear to the Board,  
7 we understand that all profits however they emanate are  
8 in that escrow account?

9 A Yes.

10 Q Mr. D'Amato, are there also -- as to the  
11 operations, are there also covenants from the lenders  
12 that the business must follow?

13 A Yes.

14 Q And does that limit the kind of strategic  
15 decisions that the company can engage in?

16 A Yes.

17 Q And you need the approval of the lenders to do  
18 such things?

19 A That is also correct.

20 Q Do I also understand that you need the approval  
21 of this Board for strategic capital decisions that would  
22 affect the lending?

23 A Yes.

24 Q Have you met with the lenders of the property?

25 A Yes, we have met with the lenders probably in

1 the last week three times.

2 Q Are they aware of the Orders, as well, the  
3 temporary Orders?

4 A Yes.

5 Q Let's talk about Dr. DeNaples, Mr. DeNaples'  
6 daughter. Do you recall a meeting where the Order was  
7 discussed among your various officers and directors of  
8 your department?

9 A Yes.

10 Q And were they advised as to what the Order  
11 required?

12 A Yes.

13 Q And were they advised by counsel and others  
14 that they must follow that Order?

15 A Yes.

16 Q Was she present at that Order?

17 A Yes, she was.

18 Q Was she advised -- and did all of your people  
19 including Miss DeNaples acknowledge that they understood  
20 the Order and would abide by it?

21 A Yes.

22 Q Do you understand that they -- was it your  
23 understanding that they, including Miss DeNaples, are  
24 fully aware of the scope of the existing Orders?

25 A Yes.

1 Q And if there are new Orders that come out, do  
2 you intend to make everyone aware of precisely what the  
3 Board has ordered them to do in this case?

4 A Yes. It is our intention to comply with the  
5 directives and conditions placed on us by the Gaming  
6 Board.

7 Q Is there any doubt in your mind that everybody  
8 at that property and at the executive level is  
9 completely and fully aware that they are prohibited from  
10 discussing the business operations of the facility with  
11 Mr. Louis DeNaples?

12 A Yes.

13 Q And following up on another question --

14 COMMISSIONER COY: Just a minute. You said is  
15 there any doubt in your mind and the answer was yes.

16 MR. D'AMATO: No. Meaning there was no doubt  
17 in my mind. Thank you.

18 BY MR. DONNELLY:

19 Q Following up on another question. Do you  
20 understand that all that -- is the company in the  
21 process of severing all ties with National Community  
22 Bank pursuant to the Emergent Orders?

23 A Yes.

24 Q Whatever they are?

25 A Yes, we will sever all ties.

1           Q     Is it -- are you aware that you are to sever  
2     all business relationships so that none of the  
3     businesses that Mr. Louis DeNaples is involved in do  
4     business with the casino operations?

5           A     That is correct.

6           Q     You are in the process of doing that?

7           A     Yes.

8           Q     And back to the day-to-day operations, how have  
9     operations been since these Orders were issued?

10          A     It's been -- other than some of the meetings we  
11     have had, it's been extremely normal business as usual.

12                     We had a fantastic Saturday night, and we just  
13     need weather to cooperate, a little less fog and snow  
14     and ice would be beneficial for us.

15                     MR. DONNELLY: Thank you.

16                     CHAIRMAN DiGIACOMO COLINS: All right.

17                     Now, Mr. Petri, would you like to make a  
18     statement at this point, a closing statement?

19                     MR. PITRE: Chairman Colins, I would like to  
20     call Susan Hensel back to the stand to clarify a  
21     statement she made in response to a question.

22                     CHAIRMAN DiGIACOMO COLINS: Very good.

23                     MR. PITRE: I believe it was Commissioner  
24     Angeli that posed the question with regard to Principal  
25     Licenses at Mount Airy Casino. I think Susan would like

1 to clarify that.

2 MS. HENSEL: Yes, I would clarify that in  
3 addition to Mr. DeNaples' Principal License, we do have  
4 three Audit Committee members that have been licensed as  
5 Principals.

6 We also initially licensed two other  
7 Principals, but they have since petitioned the Board for  
8 surrender of their licenses.

9 CHAIRMAN DiGIACOMO COLINS: All right. Thank  
10 you.

11 Any questions for Miss Hensel?

12 MR. DONNELLY: No.

13 CHAIRMAN DiGIACOMO COLINS: Very good.

14 Closing statements Mr. Pitre?

15 MR. PITRE: In closing, Chairman Colins, I  
16 think that the facts continue to warrant the suspension  
17 of Mr. DeNaples in this instance.

18 I think that the facts warrant continued  
19 conditions placed upon Mount Airy along with the  
20 placement of a trustee over the property.

21 In that regard, the Office of Enforcement  
22 Counsel would file two motions this morning. One motion  
23 is to continue the Emergency Suspension of  
24 Mr. DeNaples' Principal License and imposing conditions  
25 upon that suspension, that motion has been submitted to

1 the Board for its review.

2 Another motion that has been filed is to  
3 continue the conditions imposed upon the Category 2  
4 Slots License with the appointment of a trustee with the  
5 basis being that Mr. DeNaples being the only Principal  
6 License issued in that regard at Mount Airy #1, LLC,  
7 aside from the Audit Committee members.

8 I think it's in the best interest of the  
9 Commonwealth to keep the casino open with the amount of  
10 tax revenue that has been generated at the facility and  
11 the number of individuals that are employed at the  
12 facility, I think it would do a disservice to the  
13 Commonwealth to suspend the license of the Category 2  
14 Slots License in this instance.

15 Additionally, I believe that because  
16 Mr. DeNaples did not have involvement in the day-to-day  
17 operations at the casino, I don't think that this would  
18 pose any type of burden in the day-to-day operations of  
19 the casino.

20 And with that, the Office of Enforcement  
21 Counsel would request that with regard to the suspension  
22 of Mr. DeNaples that all profits from the gaming revenue  
23 due to Mr. DeNaples earned during his Principal License  
24 suspension be placed in an escrow account at a financial  
25 institution not associated with Mr. Louis DeNaples or

1 any of his family members and Mount Airy #1, LLC's,  
2 Audit Committee shall cause this escrow account to be  
3 established.

4           Additionally, we would request that  
5 Mr. DeNaples is prohibited from receiving any  
6 compensation, consideration, or distribution generated  
7 by the slot machines or the amenities located at Mount  
8 Airy #1, LLC, during the suspension.

9           All such compensation, consideration, or  
10 distribution shall be placed in the escrow account  
11 established by the Audit Committee.

12           We further request that Mr. DeNaples continue  
13 to be excluded from entering the property encompassing  
14 Mount Airy Casino and Resort during the suspension  
15 period until otherwise ordered by the Board.

16           We request that Mr. DeNaples is prohibited from  
17 exercising any control in any capacity relating to the  
18 business operations at Mount Airy Casino and Resort.

19           We request that Mr. DeNaples not have any  
20 contact with any Mount Airy #1, LLC, Principals,  
21 Licensees, Permittees, or Registrants regarding the  
22 business operations at Mount Airy Casino and Resort or  
23 its amenities.

24           We also ask that any authorizations of any  
25 type, any powers of attorney, or any other agreements

1 regarding the control of Mount Airy #1, LLC, regardless  
2 of when or where or by whom these were executed, we ask  
3 that they be unenforceable unless and until such powers  
4 of attorney or other agreements are approved by the  
5 Board.

6 With that regard, we ask that the suspension of  
7 the license continue.

8 With regard to the conditions that we're  
9 requesting continue to be imposed upon the Category 2  
10 Slots License of Mount Airy #1, LLC, we request that the  
11 Audit Committee shall immediately cause to be set up  
12 operational accounts and escrow accounts at a financial  
13 institution not associated with Louis DeNaples or his  
14 family members.

15 We request that the Audit Committee shall have  
16 oversight of all operations -- shall have oversight of  
17 all operations and the Board's Executive Director or  
18 other person deemed appropriate by the Board shall have  
19 oversight over the Audit Committee.

20 We request that all profits from gaming and  
21 non-gaming revenue due to Mount Airy Casino and Resort  
22 earned from this date forward shall be placed in the  
23 aforementioned escrow account.

24 We request Mount Airy Casino and Resort's  
25 existing executive management or any other person deemed

1 appropriate by the Board shall utilize all necessary and  
2 all newly established operational accounts to pay any  
3 and all operational expenses, taxes, debts services of  
4 Mount Airy Casino and Resort, all sums due to the  
5 Commonwealth, invoices presented by the Pennsylvania  
6 Department of Revenue, and fees and invoices presented  
7 by the Board.

8           We also ask that any person authorized by the  
9 Board shall provide notice to the Board's Executive  
10 Director or another person deemed appropriate by the  
11 Board and the Audit Committee prior to making any  
12 expenditures from the aforementioned escrow account, not  
13 specifically set forth above.

14           We ask that the Audit Committee not pay Louis  
15 DeNaples any compensation, consideration, or  
16 distribution generated by the slot machines or amenities  
17 located at Mount Airy Casino and Resort until further  
18 ordered by the Board.

19           All such compensation, consideration, or  
20 distribution we request be placed in a separate escrow  
21 account that shall be established under the conditions  
22 that we have set forth previously.

23           We also ask that effective immediately the  
24 Audit Committee members, Principals, Licensees,  
25 Permittees, Registrants, vendors, employees, or any

1 other person associated with Mount Airy Casino and  
2 Resort or its amenities shall have no contact whatsoever  
3 with Louis DeNaples regarding business operations of  
4 Mount Airy Casino and Resort or its amenities.

5 The Office of Enforcement Counsel requests that  
6 a trustee be appointed by the Board to have oversight of  
7 Mount Airy Casino and Resort and its amenities.

8 We also request that any authorizations of any  
9 type including any powers of attorney or any other  
10 agreements regarding the control of Mount Airy Casino  
11 and Resort regardless of when, where, or by whom  
12 executed are unenforceable unless and until such powers  
13 of attorney or other agreements are approved by this  
14 Board.

15 With that, the Office of Enforcement Counsel  
16 closes its case.

17 CHAIRMAN DiGIACOMO COLINS: Thank you.

18 Mr. Donnelly?

19 MR. DONNELLY: Yes. I would like to be brief  
20 and I would like to have Richard Sprague address some  
21 matters.

22 As my portion of it, I want to point out to the  
23 assembly and people here, the serious amount of overview  
24 and overlay that is currently in place at this casino  
25 hotel.

1           As Mr. D'Amato --let's start at the top.  
2       First, there's this Board that through its statutes and  
3       reams and reams of regulations is required to be  
4       involved in virtually all strategic decisions of a  
5       casino, certainly with regard to refinancing, financing  
6       documents, and documents that would in any way change  
7       the situation that is currently in place with regard to  
8       the profits that would leave the casino or how the  
9       casino is operated on a level, a high level.

10           Second of all, the lenders to this casino have  
11       covenants as Mr. D'Amato testified, covenants both  
12       positive and negative in the lending documents, which  
13       the Gaming Board is well aware of which further restrict  
14       those actions that the casino operations can engage in  
15       or cannot engage in.

16           Were those covenants to be changed in any way,  
17       we would be required to come back to this Board. Those  
18       are the first two levels of governance.

19           Number 3, there are persons from the State  
20       Police and from the Gaming Board who are in and out of  
21       the property on a regular basis reviewing and monitoring  
22       the business before this happened. That has been  
23       intensified after this event.

24           Number 4, the Central Computer System is tied  
25       into all of the slot machine transactions unlike states

1 such as New Jersey where there are a great deal of  
2 transactions in cash at the table, there are drops of  
3 cash for the gaming tables. We don't have that  
4 situation in the Commonwealth. We have the Central  
5 Computer System that records revenues and cash coming in  
6 and out.

7           Number 5, there is this Board on October 16th  
8 appointed an Independent Audit Committee. As BIE  
9 counsel stated or I think Licensing, those persons are  
10 three persons of the highest caliber.

11           The Chairperson is a former head of the United  
12 States Strike Force for the Federal Government, who was  
13 involved in criminal justice for virtually all of his  
14 career, was licensed in two jurisdictions.

15           Number 2, the former Chairperson of the New  
16 Jersey Casino Control Commission. By the way, the first  
17 person is an attorney. The second, former Chairperson  
18 of the New Jersey Casino Control Commission, who was  
19 licensed in the state of New Jersey and who is an  
20 attorney.

21           Number 3, Barbara Lang, who worked in Bally as  
22 a financial officer is a CPA and was a CPA for all of  
23 the Atlantic City progressive trusts for many, many  
24 years having to do with the slot machine operations that  
25 were operated by multi-casino operations.

1           She was an accountant for all of those trusts.  
2 I think at one point there were 31 trusts that have been  
3 established to maintain the -- maintain and account for  
4 and pay the jackpots that were generated from  
5 multi-casino slot systems; for example, Megabucks, which  
6 is hooked up to all kinds of casinos, she was the  
7 accountant for those 31 systems.

8           Since then, since the Emergency Order has come  
9 in, the Audit Committee's role has intensified. As Mr.  
10 D'Amato stated, he is now giving cash flow reports,  
11 budgets to them, and monthly financial statements.

12           They, as you well know, are also, in turn,  
13 engaged in the retention by Order of this Board of the  
14 independent CPA to audit the financials of this casino.

15           So, yet, another overlay of protection by an  
16 independent CPA firm that will perform the audits of  
17 this casino.

18           Those Independent Audit Committee members have  
19 had numerous meetings; and at those meetings, they  
20 excuse management and have the Director of Internal  
21 Audit is -- reports directly to the Audit Committee and  
22 the Director of Surveillance reports directly to the  
23 Audit Committee. Management is out of the room so that  
24 those persons can speak frankly and report to the Audit  
25 Committee anything that they are aware of improper that

1 is going on.

2 In turn, those minutes are forwarded to the  
3 Gaming Board. The Gaming Board, in turn, knows what the  
4 Audit Committee is doing. People watching people. That  
5 is what this is about.

6 It's one person here. One person that has  
7 been, we believe, utterly and completely and falsely  
8 charged and that we believe to our entirety that these  
9 charges will be refuted and will go away.

10 But until they do, there are any number of  
11 redundant systems that are in place that are going to  
12 make sure that this casino can operate so that these  
13 900, give or take, people can continue to have jobs,  
14 continue to have positions so that that the entire  
15 operation of gaming can continue in a way that everyone  
16 in this Commonwealth and everyone in this room with --  
17 can be absolutely, positively assured is going with the  
18 highest integrity and with the highest accountability  
19 and with literally hundreds and hundreds and hundreds of  
20 independent people watching.

21 It would be an impossibility, I say, not an  
22 impracticability, an impossibility for anything improper  
23 to go on in that casino with all of these reviews.

24 And if for some reason that possibility  
25 happened, it would be found out immediately and reported

1 immediately.

2           Now, let's talk about the Principals that are  
3 there. These persons, all this staff are aware of the  
4 Emergency Order. All of the staff has been advised what  
5 they are to do under these Orders.

6           They all understand very clearly that they are  
7 to have no contact directly or indirectly with Louis  
8 DeNaples under the period of this suspension.

9           They all have self interests, like all of the  
10 people in this room have self interests. Not only have  
11 they been licensed and been found by this Board to have  
12 good character, honor, and integrity, not only have most  
13 of them been licensed in other jurisdictions, but I  
14 think everyone in this room can also rely on their own  
15 self interest, which as  
16 Mr. D'Amato testified is to preserve their own  
17 reputations, preserve their own livelihood and to do the  
18 honest and appropriate thing. They will do that.  
19 Mr. D'Amato will do that.

20           Everyone -- almost all of the people -- well,  
21 virtually all of the people at this senior level are  
22 seasoned casino employees, who have been in other  
23 jurisdictions.

24           I met with them the other day and advised them  
25 as to what the Order was and how serious it was and how

1 it must be complied with.

2 I saw a lot of gray hair around that room. I  
3 didn't see any persons who weren't sophisticated and  
4 understood what the implications were for the people who  
5 they feel responsible for, at first themselves and their  
6 families and second the employees and so on and their  
7 own personal integrity.

8 So, I think there can be no question that what  
9 is in place is -- can continue with everyone having  
10 complete faith that operations will be to the highest  
11 degree of integrity.

12 Looking across the border to what has happened  
13 in New Jersey, it was the only time a casino was shut  
14 down was when there was a lack of financial capability  
15 for that casino to operate.

16 There have been numerous examples that this  
17 Board is aware of. The two that come -- when  
18 individuals were suspended or eliminated from the  
19 casino.

20 The two that are most relevant are the Caesars  
21 and the Bally's situation. The Perlmans, who are the  
22 founders of Caesars and who unlike  
23 Mr. DeNaples were steeped into the casino operations,  
24 understood the casino operations and were eminently  
25 engaged in the operation of the casinos, had to exit

1 from Caesars.

2           The Caesars personnel were told that they could  
3 have nothing more to do with the people who formed the  
4 company, who hired them, who heretofore ran the company  
5 and they didn't. The company ran. It prospered.  
6 Perlman's were not involved.

7           In Bally, very similar situation,  
8 Mr. O'Donnell, again, who had been at the forefront of  
9 the company, who knew, understood gaming, operated the  
10 facility, was engaged in operation, had to leave the  
11 facility.

12           Bally continued and the executives under Bally  
13 continued to operate. They operated in compliance with  
14 those Orders of the Gaming Commission and that facility  
15 prospered. People kept their jobs.

16           I have absolutely no doubt that the same thing  
17 will happen here. Louis DeNaples was not involved in  
18 operations and never suggested that he would be.

19           In all of the testimony before this Board, it  
20 was made clear that he was not going to be operating on  
21 the day-to-day basis that he did not know the casino  
22 business, and he was going to rely on seasoned casino  
23 executives.

24           So, it is unlike the Perlman situation, unlike  
25 the O'Donnell situation. But even in those extreme

1 situations, the Commission, the New Jersey Commission's  
2 Orders were and the facilities continued and the  
3 benefits of casino gaming continued to help the  
4 employees and the taxpayers.

5 With that, I would like to ask Mr. Sprague to  
6 address the statements -- the presentment and the  
7 statements that are in the presentment to give this  
8 Board a brief understanding of what the true facts are  
9 and what we believe the true facts will show when this  
10 matter is resolved.

11 CHAIRMAN DiGIACOMO COLINS: Thank you very  
12 much.

13 Mr. Sprague?

14 MR. SPRAGUE: Chairman Colins and members of  
15 the Board, I thank you very much for the opportunity to  
16 be here.

17 We've gone through a number of matters in this  
18 hearing but it's all predicated upon four charges that  
19 have been brought against Mr. DeNaples; and  
20 unfortunately, when people hear the word indictment or  
21 presentment and charges, everybody runs for the hills.  
22 Everybody runs for cover.

23 Once those charges have been announced,  
24 Mr. DeNaples has been crucified. He has been pilloried,  
25 and he has been denounced and not just

1 Mr. DeNaples.

2           This Board has been bitterly attacked. I can  
3 bring to you editorials from today's Inquirer, if you  
4 want it. I have it here. All other papers around the  
5 state suggesting that there's a lack of credibility with  
6 this Board, there's a lack of integrity.

7           There have been attacks on the staff of this  
8 Board. There has been attacks on the Bureau of  
9 Investigation of this Board.

10           There have been attacks in the legislature  
11 suggesting that this Board should not have its  
12 investigative staff, it should be taken over elsewhere.  
13 That's the situation that we're dealing with right here.

14           To really evaluate what is before you, I  
15 suggest you have to have some understanding of these  
16 charges.

17           I thought it was interesting when it was  
18 suggested and questioned to Mr. D'Amato, a situation  
19 like this.

20           I can pick up the papers in terms of the -- as  
21 though Mr. DeNaples has been convicted. I'm not here,  
22 you're not a jury and I'm not here to try to convince  
23 you of guilt or innocence; but I think we have to  
24 understand these charges because I suggest and I have  
25 been a prosecutor in the past for approximately 18 years

1 and I suggest to you that this prosecution is a travesty  
2 of justice.

3           Instead of Mr. DeNaples being someone who  
4 committed perjury, I believe the crime has been  
5 committed by the prosecutors. I want to go through this  
6 with you.

7           I'm choosing my words very carefully here  
8 because it's important when you go back and you make  
9 your decision what you're going to do and whether you're  
10 going to bar this man from ever being there, pre-trial,  
11 what action you're going to take.

12           You're dealing with a human being, who has been  
13 suffering all that we know about. Let's start with the  
14 report because what I want to show you is the misconduct  
15 that has been presented to the public and to you, I  
16 believe, to try to force this Board because what they  
17 want to do, in part, they don't want this Board having  
18 any responsibility for its own investigations and they  
19 want your Bureau of Investigation taken away from you.

20           Let me -- I have not heard anybody, maybe  
21 Chairperson Colins but no one else has stood up, I am  
22 telling this Board and I will say it to the public, your  
23 staff and your investigators from the beginning have  
24 done an incredible job, a job that they should hold  
25 their heads up high. They have no reason to run for

1 cover.

2 But now, let's deal with what these matters are  
3 that bring us here today. You were given the report.  
4 I'm not sure what exhibit it is. Do you remember?

5 MR. DONNELLY: 3C, I believe.

6 CHAIRMAN DiGIACOMO COLINS: We have it.

7 MR. SPRAGUE: Fine. I think you have to first  
8 understand and I want to read to you the law because it  
9 might be good if the press, which is so willing to just  
10 smear and attack and others, understood what the law is.

11 We do live in a country where, I believe, the  
12 law should be applied and upheld. I want to take up the  
13 report.

14 This report, as you know, was made public and  
15 why do I say that because let me read what the law is.  
16 It's about time somebody started looking at it.

17 The law in terms of a report when an  
18 investigating Grand Jury issues a report and that is  
19 what they issued here, one of the items is a report.

20 Upon the submission of a report, if the  
21 Supervising Judge finds that the filing of such report  
22 is a public record, may, may, I stress the word  
23 prejudice, stress the word prejudice, fair  
24 consideration, stress the word fair consideration, of a  
25 pending criminal offense, and you have the presentment,

1 which is a pending criminal offense and what does our  
2 law demand?

3 That Judge, not that he may in his discretion,  
4 not that he might think it over, is mandatory. He  
5 shall, the magic words are shall, he shall Order such  
6 report sealed and such report shall not be subject to  
7 subpoena or public inspection during the pendency of  
8 such criminal matter.

9 Why is that? So as not to have the prejudice  
10 that has occurred.

11 Keeping that in mind and let's go to the  
12 pertinent part of the report that you have.

13 CHAIRMAN DiGIACOMO COLINS: Mr. Sprague,  
14 clearly, the charges and the nature of the charges are  
15 very relevant to this proceeding today. Let's bring us  
16 right to that, if you would.

17 MR. SPRAGUE: Yes. And I think you have to  
18 understand the report here because part of this,  
19 Chairman Colins, is understanding why this report is  
20 released because I suggest it is released because the  
21 underlying purpose here is Mr. DeNaples is a guinea pig.  
22 He's a scapegoat.

23 It is to cause pressure publicly and on this  
24 Board, in a sense, to disavow what you have done in the  
25 past.

1           Just bear with me. This will be brief.

2           CHAIRMAN DiGIACOMO COLINS: Very good. Thank  
3 you.

4           MR. SPRAGUE: On page 22 of the report, they  
5 throw in Salvatore Avellino have is a known member of  
6 the Lucchese Organized Crime Family based in New York.  
7 Not any basis of a perjury charge. The perjuries that  
8 are charged are not him. But they put him in because  
9 he's a member of the Lucchese Organized Crime Family.  
10 Prejudicial on a pending charge? Of course, it is  
11 mandating that this had been sealed, of course. Why  
12 not? To have it out in the public.

13           By the way, what is it that they say, that this  
14 person on one occasion many years ago met DeNaples. Why  
15 is that reported? What has it got to do with anything?

16           Let's go on. They have in the report and this  
17 Board had the testimony about that one case where Mr.  
18 DeNaples had pleaded nolo contendere some 35 years ago  
19 and then there was a -- somebody fixed a juror and what  
20 do they have in this report here?

21           Not sealed. The Grand Jury received credible  
22 evidence tending to show that the briber acted on behalf  
23 of the Bufalino Crime Family as a favor to Louis  
24 DeNaples.

25           Let me read to you from the FBI report --

1           CHAIRMAN DiGIACOMO COLINS:  Sir, at this point,  
2  I'm going to ask you to really be more succinct about  
3  this.

4           I'll tell you why.  I believe the issues before  
5  us are very simple, whether or not this presentment as  
6  it's been issued is sufficient to cause this Board to  
7  continue with the Emergency Order.

8           And so, without rehashing the information in  
9  the exhibit, which is here for us to review, I would  
10 like you to -- if you would, wrap this up very quickly.

11          MR. SPRAGUE:  I'll certainly abide by your  
12 instruction.  But I think you should know that the FBI  
13 report says and I'm reading -- talking about that  
14 bribery, our investigation did not -- did not indicate  
15 that DeNaples was involved in the jury tampering charge.  
16 That's in this report that is issued.  Let me get then  
17 to the presentment, since you want to get right to that.

18          CHAIRMAN DiGIACOMO COLINS:  Thank you.

19          MR. SPRAGUE:  Let's deal with the simplest one  
20 first.  There's four people.  The last one is a lawyer  
21 named White, Ron White.

22          In their presentment concerning him, it's Count  
23 4.  They recite:  Mr. DeNaples said he did not know Ron  
24 White.  They talk about a conversation in 1999.

25          Members of the Board, in 1999, Mr. White had an

1 unblemished reputation. He had not been convicted of  
2 anything. He was a lawyer. He was a person practicing,  
3 and he was a member of many, many committees of the Bar  
4 Association appointed by the Court.

5           So, in the suggestion that Mr. DeNaples  
6 committed perjury here, perjury has got to be material  
7 to something. The thing that would have been material  
8 for this Board was associations by  
9 Mr. DeNaples with known criminals, with members of the  
10 mob. What in the world is the materiality of Mr.  
11 DeNaples in 1999 whether he knew a lawyer?

12           Now, in 2004 or 6, was that lawyer then  
13 indicted for something? Yes. That makes him a member  
14 of the mob and material for something that happened in  
15 1999? Of course not. That perjury charge isn't worth  
16 the paper it is written on.

17           Now, let's deal with -- in addition, let's take  
18 Mr. Ali. That's No. 3. This is on Page 10 of the  
19 presentment. What is their question? I'm reading from  
20 the presentment.

21           How about Clarence Faller? And by the way,  
22 they don't have in the preceding question, did you have  
23 business with these people. No. And I believe he's  
24 also Ali? That's the question.

25           Now, it's axiomatic in perjury to commit

1 perjury, there has got to be a question to you. The  
2 question is, and I believe he's also Ali? That's a  
3 statement. That's not a question.

4           What is Mr. DeNaples' answer? He's asking his  
5 own question. This is Mr. DeNaples: Do I know him?  
6 No; but based on this due diligence for this application  
7 over here, it's a possibility that himself and another  
8 black person came with a local consultant to our complex  
9 to talk about bringing some sludge from Philadelphia to  
10 our facility and a very, very short time conversation.

11           That, members of the Board, is what the claim  
12 is of perjury here and what is it that they say?

13           This testimony that DeNaples did not know Ali  
14 was false. He didn't say there he didn't know him. I  
15 just read to you what he said.

16           So, even there, they are setting up a false  
17 straw when they then go on and say, DeNaples' testimony  
18 that he was not interested in the proposal, that was the  
19 sludge proposal, that was also false.

20           Here, what is it that we know? They put in  
21 this presentment and you've got it in front of you, a  
22 wiretap conversation and it goes on for many, many  
23 pages.

24           In view of Chairman Colins's instructions, I'm  
25 not going to take the time to read it. You've got it in

1 front of you.

2 But what do you see in that taped conversation?  
3 Two things. DeNaples is talking about getting a parking  
4 space for his daughter up near the University of  
5 Pennsylvania.

6 Is that something that violates what I just  
7 read to you, that in some way is perjury? Of course  
8 not.

9 What else is in that conversation? A person  
10 named Brazil and Ali are talking about whether or not  
11 Mr. DeNaples would be interested in a contract from the  
12 City of Philadelphia for waste.

13 To the untutored person, that may be the same  
14 as sludge; but I can assure you that sludge is totally  
15 different from waste.

16 All that Mr. DeNaples had said was he turned  
17 down and wouldn't do sludge. So, they have in here this  
18 wiretap conversation would there be an interest in doing  
19 waste.

20 Now, that in no way contradicts, that in no way  
21 says the statement that Mr. DeNaples said was in in any  
22 way a lie.

23 More importantly, if you look at the  
24 presentment, and nobody looks at it as closely as the  
25 lawyer representing somebody, is there any suggestion

1 that at the time of that conversation with Ali -- which,  
2 by the way, taped, nothing incriminating on there -- is  
3 there anything in there suggesting that Ali at that time  
4 was a member of organized crime, that he was a known  
5 criminal?

6 You look at it yourself. There is no such  
7 suggestion because it isn't true. The conviction of Ali  
8 happened years later.

9 So, what are they going to suggest here? That  
10 it was in some way material for you? That Ali, who at  
11 the time of the testimony in front of you and in terms  
12 of what he -- DeNaples had contact with Ali, he's not  
13 being convicted. He's not a member of organized crime.

14 To have perjury, it's got to be material. The  
15 only thing that would have been material to this Board  
16 was whether or not DeNaples had an association with  
17 these corrupt people, these gangsters, these criminals.  
18 It doesn't apply to them.

19 What are you then left with? Oh, and by the  
20 way, you have to bear with me, you all saw, I'm sure you  
21 did, the headline a week ago in the Inquirer certainly  
22 and around the state. The State Police --

23 CHAIRMAN DiGIACOMO COLINS: Sir, let's stick to  
24 the information in the presentments, as they relate to  
25 this matter today.

1 MR. SPRAGUE: This does.

2 CHAIRMAN DiGIACOMO COLINS: I'm going to -- at  
3 this point, we're anxious to get the evidence and to  
4 review it. So, I'm going to ask you to wrap this up, if  
5 you would, sir.

6 MR. SPRAGUE: My only point is that there was  
7 the big announcement that the State Police withheld the  
8 evidence of this tap from this Board.

9 I think you've got to permit me to talk about  
10 it because I think it is relevant for you because what  
11 I'm suggesting to you is when that was released, it was  
12 made to look as though the State Police had this damning  
13 phone tap, which they had withheld from this Board.

14 But what I want you to understand is, if you  
15 look at that phone tap, there was nothing damning in it.  
16 It's a contrived appearance as though they withheld  
17 something from your own investigators, which wouldn't  
18 have amounted to anything. That gets to my initial  
19 point to you, which was that this -- DeNaples is a  
20 scapegoat here.

21 Let me say one other thing, since I know you're  
22 getting impatient, Judge.

23 CHAIRMAN DiGIACOMO COLINS: It's my  
24 prerogative.

25 MR. SPRAGUE: That's right.

1                   CHAIRMAN DiGIACOMO COLINS: No, I'm not  
2 impatient. Actually, I'm trying to keep you on-line  
3 with the issues and you very succinctly summarized what  
4 you were going into with respect to that headline, and I  
5 appreciate that. I'm trying to keep you relevant.  
6 That's all.

7                   MR. SPRAGUE: Let me also point out to this  
8 Board because you're evaluating this prosecution as  
9 well, Mount Airy, the entity, the LLC is charged with  
10 perjury.

11                   Would it shock you to know in the history of  
12 the United States, a corporation is not charged with  
13 perjury? A corporation doesn't take an oath; and there  
14 are cases, Judge, I'll speak to you in your capacity as  
15 a Judge, that say while the law defines a corporation as  
16 a person for certain purposes, there are certain crimes  
17 for which a corporation cannot be prosecuted. The cases  
18 say perjury is one of them, bigamy is another, rape is  
19 another, I could go on and on.

20                   But perjury and the reason -- the only case  
21 that there has been even an attempt to prosecute a  
22 corporation for perjury was in Alabama. The Court threw  
23 it out because it didn't even come under the definition  
24 of a person.

25                   I say that to you why in this case they throw

1 in a prosecution for perjury against the LLC other than  
2 for its public impact? To pressure this Board.

3 Now, finally, accepting what I'm saying in  
4 terms of White and Ali, not known criminals, perjury is  
5 not going to stand up there.

6 You end up with a guy named Billy D'Elia and  
7 you have read in there the charge that he is facing from  
8 perjury himself to attempted murder. That's the witness  
9 you're going to use to all of these sanctions against  
10 Mr. DeNaples because he is the witness on himself,  
11 D'Elia and he's the witness on this person that died  
12 some 15 or 20 years ago, Russell Bufalino.

13 What is it that is this great striking  
14 testimony that is in there by Mr. D'Elia that he saw  
15 Mr. Bufalino somewhere with Mr. DeNaples and it looked  
16 like they knew each other.

17 And what else? To show the friendship by  
18 D'Elia, this person who has had all of these charges  
19 against him and you know what Mr. DeNaples has  
20 accomplished in those 30 years since that one nolo plea.

21 D'Elia is saying, well, to show the  
22 relationship, when Mr. DeNaples' father was dying or  
23 died, he wanted his son Louis DeNaples to give me Billy  
24 D'Elia his rosary beads and as it turned out in the  
25 testimony, green, green rosary beads. Nonsense.

1           The beads are buried with Mr. DeNaples and if  
2 you want to dig up the body, we'll dig up the body for  
3 you. We've got witnesses to show it.

4           That's your case against DeNaples, the ultimate  
5 case is this person, D'Elia, against what DeNaples has  
6 accomplished since.

7           When you go and evaluate and deliberate what  
8 you're going to do in terms of the casino, how strong is  
9 this case for strong action by you. I say it isn't  
10 there. Thank you.

11           CHAIRMAN DiGIACOMO COLINS: Thank you very  
12 much.

13           MR. PITRE: Chairman Colins, if I may, I would  
14 just like to add that the charges -- in the opinion of  
15 the Office of Chief Enforcement Counsel, the pending  
16 charges against Mr. DeNaples and Mount Airy Casino are  
17 enough to continue the suspension of  
18 Mr. DeNaples and to impose those conditions. The  
19 charges alone.

20           CHAIRMAN DiGIACOMO COLINS: Thank you very  
21 much. We're going to proceed as follows: I'm going to  
22 -- the record is closed now. We've accepted into  
23 evidence the exhibits.

24           We have heard from the witnesses, and we are  
25 going to recess to an Executive Session as permitted

1 under the Sunshine Act to engage in quasi-judicial  
2 deliberations regarding this enforcement matter.

3           Following the Executive Session, what I would  
4 like to do is reconvene -- it's 12:25. I would like to  
5 reconvene back here at quarter of 3:00.

6           At that point, we will consider any motions  
7 relevant to the matters requested by the Office of Chief  
8 Enforcement Counsel.

9           At that -- at that time, after we've come back  
10 and we will speak to the press, respond to the press  
11 regarding the events today, but our staff and the Board  
12 will not speak to the press while we are in the  
13 deliberations process.

14           So, we'll be back here at quarter of 3:00.  
15 Thank you very much.

16           (Executive Session.)

17           CHAIRMAN DiGIACOMO COLINS: All right. I'll  
18 reconvene this hearing at this time. The Board has had  
19 an Executive Session during which time we engaged in our  
20 quasi-judicial deliberations regarding the issues before  
21 us as raised by the Office of Chief Enforcement Counsel.

22           As a result of those deliberations, there is an  
23 Order that will be proposed to the Board. I'm going to  
24 ask for our Chief Counsel, Frank Donaghue at this time  
25 to read that proposed Order into the record.

1           Then after that is done, I'll see whether or  
2 not there is a motion by this Board to adopt that Order  
3 and a second and then we will vote on it.

4           So, if you will proceed, Mr. Donaghue.

5           MR. DONAGHUE: Thank you. And now, this 5th  
6 day of February, 2008, it is hereby ordered that upon  
7 consideration of the evidence presented to the Board,  
8 the Principal License of Louis A. DeNaples is hereby  
9 suspended until further Order of the Board.

10           The suspension is conditioned as follows:

11           That all profits from gaming and other revenues  
12 of Mount Airy #1, LLC, earned and due to Louis DeNaples  
13 during the suspension of his Principal License be placed  
14 in an account or accounts established pursuant to this  
15 Order.

16           That Louis A. DeNaples is prohibited from  
17 receiving any compensation, consideration, or  
18 distribution generated by or related to slot machines or  
19 amenities located at Mount Airy #1, LLC, during the  
20 suspension.

21           All such compensation, consideration, or  
22 distribution shall be placed in the account or accounts  
23 established pursuant to this Order.

24           That Louis DeNaples is excluded from entering  
25 the property encompassing Mount Airy #1, LLC, during the

1 suspension.

2           That Louis DeNaples is prohibited from  
3 exercising any control or dominion over Mount Airy in  
4 any capacity during the suspension.

5           That Louis DeNaples shall not have any direct  
6 or indirect contact with any Mount Airy Principals, Key  
7 Employees, Licensees, Permittees or Registrants  
8 regarding the business operations of Mount Airy or its  
9 amenities during the suspension.

10           That all other Principals and Key Employees of  
11 Mount Airy are hereby put on notice of this Order and  
12 the conditions set herein and have a duty to report to  
13 the Board any violations of which they have knowledge.

14           That this Order supersedes and replaces any  
15 authorizations of any type, including any powers of  
16 attorney or other agreements regarding control of Mount  
17 Airy regardless of when, where, or by whom executed  
18 except as provided in Paragraph 16 of this Order.

19           It is further ordered that Dr. Anthony Ceddia  
20 is appointed trustee to serve at the Board's pleasure  
21 and under the Board's supervision in the capacity of  
22 Louis DeNaples.

23           This appointment is conditioned as follows:

24           That the trustee by this Order is hereby issued  
25 a Temporary Principal License, subject to his compliance

1 with the Board regulations and the Bureau of Licensing's  
2 policy regarding the issuance of a temporary license  
3 until such time as a Permanent Principal License can be  
4 issued pursuant to the Pennsylvania Race Horse  
5 Development and Gaming Act.

6 That the trustee is hereby instructed that he  
7 shall exercise only those powers and perform those  
8 duties as stated herein in a matter consistent with this  
9 Order and Act.

10 That the trustee shall have the following  
11 powers, duties, and responsibilities subject to the  
12 supervision of the Board and in a manner consistent with  
13 this or any other subsequent Order by the Board.

14 A, to take measures that are customary and  
15 reasonable to facilitate the continuation of the  
16 business of Mount Airy as a Category 2 Slot Machine  
17 Licensee acting as its sole member.

18 Said measures shall be consistent with those  
19 generally taken in the ordinary course of business and  
20 in a manner that complies with this Order and the  
21 provisions and purposes of the Act and the regulations  
22 adopted by the Board.

23 To exercise all rights and obligations of Louis  
24 DeNaples under the operating agreement of Mount Airy #1,  
25 LLC.

1           To take at the trustee's discretion, take into  
2 possession all property of Louis DeNaples relating to  
3 Mount Airy.

4           To establish an account or accounts consistent  
5 with the purposes of this Order.

6           The account or accounts must be established in  
7 a financial institution that is not owned in whole or in  
8 part or otherwise controlled by Louis DeNaples or any of  
9 his family members or in which Louis DeNaples or any of  
10 his family members serve in any capacity.

11           The account or accounts may be the same  
12 accounts that have been established pursuant to the  
13 documents evidencing the debt financing incurred by  
14 Mount Airy in August of 2007 and referred to as the  
15 financing documents.

16           2, where necessary, facilitate the operation of  
17 Mount Airy within the ordinary course of business and  
18 with Board approval obtained secured credit or other  
19 financing using the property of Mount Airy as  
20 collateral.

21           The trustee shall have the burden of  
22 demonstrating to the Board that secured credit or other  
23 financing is in the ordinary course of business and in  
24 the best interest of Mount Airy.

25           To meet as soon as practicable but no later

1 than seven days following the execution of this Order  
2 and thereafter as needed with the Independent Audit  
3 Committee established pursuant to Condition 53 of Mount  
4 Airy #1, LLC's, Statement of Conditions.

5 The purpose of such meeting will be for the  
6 Independent Audit Committee to apprise the trustee of  
7 the ongoing findings and actions.

8 To meet as soon as practicable but not later  
9 than seven days following the execution of this order  
10 and thereafter as needed with all Principals and Key  
11 Employees of Mount Airy.

12 The purpose of such a meeting will be to  
13 provide the trustee with all information available to  
14 assist the exercise of authority under this Order.

15 Nothing in this Order precludes the trustee  
16 from meeting with any gaming or non-gaming employee of  
17 Mount Airy.

18 To meet as soon as practicable but no later  
19 than ten days following the execution of this Order and  
20 thereafter as needed with the Executive Director of the  
21 Pennsylvania Gaming Control Board.

22 The purpose of this meeting will be to apprise  
23 the Executive Director of the trustee's plans and  
24 actions in the exercise of his authority under the  
25 Order.

1           To have full and complete access to the  
2 personnel, books, records, papers, and facilities  
3 related to the relevant assets and to any other relevant  
4 information of Louis DeNaples, which relate to the  
5 operation of Mount Airy.

6           2, if necessary and upon approval of the Board  
7 hire any legal counsel, consultant, investment banker,  
8 business broker, appraiser, or other representatives and  
9 assistants as necessary to carry out the trustee's  
10 authority under this Order.

11           Retention of any counsel or other consultant  
12 pursuant to this Order shall be at reasonable and  
13 customary rates as approved by the Board.

14           To ensure the compliance of Louis DeNaples and  
15 all other Principals and Key Employees of Mount Airy  
16 with this Order and to immediately report any violation  
17 to which he has knowledge.

18           To file a written report with the Board at the  
19 end of each calendar month following the execution of  
20 this Order.

21           To do any and all further acts that fulfill the  
22 purposes and objectives enumerated in this Order, the  
23 Act and regulations and to perform any additional duties  
24 as ordered by the Board.

25           That the trustee has a fiduciary duty to the

1 Board and the Commonwealth of Pennsylvania.

2 That the trustee shall gain approval of the  
3 Board prior to exercising his authority with regard to  
4 any impending change of ownership, change of control,  
5 material change in financial status, restructuring or  
6 transfer of assets of Mount Airy #1, LLC, or the  
7 execution of a contract on behalf of Mount Airy, which  
8 falls outside the ordinary course of business.

9 That all slot machine and other revenues of  
10 Mount Airy #1, LLC, other than state gaming receipts and  
11 operating expenses including but not limited to any  
12 payments for payroll, health benefits, vendors, taxes,  
13 debt service, patron winnings, fees and invoices  
14 presented by the Board incurred in the ordinary course  
15 of business shall from the execution of this Order be  
16 paid into the account or accounts established and  
17 controlled by the trustee and remain there until further  
18 Order of the Board.

19 The trustee shall provide notice to and seek  
20 the approval of the Board prior to making any  
21 expenditures from the account or accounts that are not  
22 in the ordinary course of business.

23 That all reasonable expenses incurred in the  
24 exercise of the trustee's authority pursuant to this  
25 Order including the trustee's compensation shall be

1 submitted to the Board for approval. All expenses  
2 approved by the Board shall be paid by Mount Airy as  
3 part of its operating expenses.

4 That the trustee shall not be personally liable  
5 for any action taken within the scope of his authority  
6 under this Order.

7 The trustee shall, however, obtain sufficient  
8 liability insurance coverage and post a bond in the  
9 sufficient amount to protect him from acts and omissions  
10 occurring during the duration of the trusteeship.

11 The cost of such insurance and bond shall be  
12 paid by Mount Airy as part of its operating expenses.

13 That Louis DeNaples and Mount Airy shall  
14 execute documents holding the trustee harmless for any  
15 actions taken within the scope of his authority.

16 That nothing in this Order shall be construed  
17 to supersede, invalidate, or hinder the operating or  
18 financing documents including any powers of attorney or  
19 authorizations granted to the lenders under the  
20 financing documents or the ability of the lenders to  
21 enforce their rights thereunder.

22 That the Board hereby appoints Mark M. Gleason  
23 of Gleason and Associates as independent Certified  
24 Public Accountant designated to assist the trustee in  
25 the exercise of his authority under this Order.

1           That the Board may amend this Order or execute  
2 any new Order to limit, expand, or modify the powers,  
3 duties, or purpose of the trustee with regard to Mount  
4 Airy as it deems necessary to comply with the Act.

5           That nothing in this Order shall limit or  
6 affect the Board's authority to suspend, revoke, or  
7 otherwise condition any license or to impose any  
8 administrative fine or penalty or to take any other  
9 enforcement action under the Act.

10           This Order shall remain in effect until further  
11 Order of the Board.

12           CHAIRMAN DiGIACOMO COLINS: All right. Thank  
13 you.

14           Now, may I have a motion? Is there a motion  
15 for the Board to adopt the Order as read by Chief  
16 Counsel?

17           COMMISSIONER McCABE: Madam Chair, after review  
18 of the Orders of the Executive Director, along with the  
19 evidentiary record presented, I move that the Board  
20 adopt the Order as read into the record by our Chief  
21 Counsel to continue the suspension of the Principal's  
22 License of Louis A. DeNaples and also to appoint a  
23 trustee to oversee the management of Mount Airy #1, LLC,  
24 during the period of the suspension of Louis A. DeNaples  
25 and until otherwise Ordered by the Board.

1                   CHAIRMAN DiGIACOMO COLINS: May I have a  
2 second?

3                   COMMISSIONER GINTY: I'll second.

4                   CHAIRMAN DiGIACOMO COLINS: At this point, is  
5 there any comment or discussion?

6                   Let me ask first, Counsel, let me ask the Chief  
7 Enforcement Counsel, is there anything you would like to  
8 say before we vote, sir?

9                   MR. PITRE: No, Chairman Colins.

10                  CHAIRMAN DiGIACOMO COLINS: Mr. Donnelly?

11                  MR. DONNELLY: Yes. I think this is beyond the  
12 power of the Gaming Act.

13                  CHAIRMAN DiGIACOMO COLINS: Very good.

14                  Any comments by the Board before we vote?

15                  COMMISSIONER GINTY: I have a couple of  
16 questions for counsel.

17                  The intent here is to -- is to continue Mount  
18 Airy's as a going concern?

19                  MR. DONAGHUE: That is correct.

20                  COMMISSIONER GINTY: And nothing we are doing  
21 here today would prohibit us from taking further action  
22 as circumstances might indicate?

23                  MR. DONAGHUE: That is absolutely correct.

24                  COMMISSIONER SOJKA: There was mention in the  
25 Order, Mr. Gleason's name, which does not appear -- no

1 reference made to a specific accountant. Do we wish to  
2 include that?

3 CHAIRMAN DiGIACOMO COLINS: Well, the motion,  
4 as I heard it, included an adoption of the Order as read  
5 by the Office of Chief Counsel. It's noted that the  
6 Certified Public Accountant named Mark Gleason is named  
7 in that Order that is offered for our vote. Thank you.

8 Commissioner Rivers, any comment?

9 COMMISSIONER RIVERS: No comment.

10 CHAIRMAN DiGIACOMO COLINS: Commissioner  
11 McCabe?

12 COMMISSIONER McCABE: No.

13 CHAIRMAN DiGIACOMO COLINS: Commissioner Coy?

14 COMMISSIONER COY: No comment.

15 CHAIRMAN DiGIACOMO COLINS: Commissioner  
16 Angeli?

17 COMMISSIONER ANGELI: No comment.

18 CHAIRMAN DiGIACOMO COLINS: Then, at this  
19 point, I would like to ask our Secretary, Paul Resch, to  
20 take a vote please.

21 MR. RESCH: Commissioner Angeli?

22 COMMISSIONER ANGELI: Yes.

23 MR. RESCH: Commissioner Coy?

24 COMMISSIONER COY: Yes.

25 MR. RESCH: Commissioner Ginty?

1 COMMISSIONER GINTY: Yes.

2 MR. RESCH: Commissioner McCabe?

3 COMMISSIONER McCABE: Yes.

4 MR. RESCH: Commissioner Rivers?

5 COMMISSIONER RIVERS: Yes.

6 MR. RESCH: Commissioner Sojka?

7 COMMISSIONER SOJKA: Yes.

8 MR. RESCH: Chairman Colins?

9 CHAIRMAN DiGIACOMO COLINS: Yes.

10 MR. RESCH: Motion passes.

11 CHAIRMAN DiGIACOMO COLINS: Thank you.

12 The Board will be issuing an opinion consistent  
13 with this Order explaining the reasoning and the basis  
14 for our decision.

15 That opinion, I hope, will be issued tomorrow.  
16 I'm going to sign the Order right now, and we will  
17 adjourn.

18 As I mentioned, in about 15 minutes, we would  
19 be happy to answer questions. We'll meet you outside.  
20 We will answer questions concerning our actions today.  
21 Thank you very much.

22 (The meeting concluded at 3:00 p.m.)

23

24

25

1 I hereby certify that the proceedings and evidence are  
2 contained fully and accurately in the notes taken by me  
3 on the within proceedings and that this is a correct  
4 transcript of the same.

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Hillary M. Hazlett, Reporter  
Notary Public

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