

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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NORTH OFFICE BUILDING

HEARING ROOM 1

NORTH COMMONWEALTH AVENUE

HARRISBURG, PENNSYLVANIA

THURSDAY, MARCH 27, 2008

* * * * *

BEFORE: MARY DIGIACOMO COLINS, CHAIRMAN

Raymond Angeli, Jeffrey W. Coy, James B.

Ginty, Kenneth T. McCabe, Sanford Rivers and

Gary A. Sojka, Members

Also: Keith Welks, on behalf of the State

Treasurer; Stacie Amsler on behalf of the

Revenue Secretary

REPORTER: KENNETH D. O'HEARN

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P R O C E E D I N G S

CHAIRMAN COLINS:

Good morning, everyone. I'm Mary Colins. I'm the Chairman of the Pennsylvania Gaming Control Board, and I would like to welcome my fellow board members and all of you here today. A quorum is present, and the meeting is now called to order. I'd like to welcome Keith Welks. Is Mr. Welks here?

MR. WELKS:

I accept your welcome. Thank you.

CHAIRMAN COLINS:

Okay. Good. Thanks. And he's attending on behalf of State Treasurer Robin Wiessmann. Stacie Amsler's here. I see her, and she's attending on behalf of Revenue Secretary Thomas Wolf.

We'll go to some housekeeping items. Cell phones, Blackberries, please turn them off, if you would. And we will begin with the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN COLINS:

Thank you. Announcements. By way of announcements, the Board held executive sessions on March 11th, March 26th, and prior to today's meeting in

1 accordance with the Sunshine Act in order to discuss
2 personnel issues, privileged agency business, to
3 consult with counsel and other professional advisors
4 to the Board concerning current litigation and matters
5 in which complaints are expected to be filed.

6 And I want to also talk about some
7 procedural modifications to our actual hearing
8 procedures today. The Board will be presenting
9 several matters in a slightly different format than
10 has been previously used at our other hearings. And
11 previously, the Office of Chief Counsel has presented
12 matters such as pending petitions and enforcement
13 actions and reports and recommendations to the Board
14 for its consideration. Now in those situations, the
15 Office of Chief Counsel had reviewed all of the prior
16 filings and hearing materials and has summarized them
17 for the Board at the meetings to take final action.

18 Now, in an effort to increase
19 transparency and openness of the Board proceedings,
20 the Board is revising its procedure regarding the
21 presentation of matters that come before it. Our
22 procedure for handling these matters will still have
23 the Office of Chief Counsel presenting those matters
24 for Board consideration, but also provide the
25 opportunity for both the Office of Enforcement Counsel

1 and the applicant or petitioner to be present with
2 respect to the matter to essentially present oral
3 argument by the participants in support of or in
4 opposition to the relief requested.

5 In the prior process, the adversarial
6 nature of the proceedings with two parties at times on
7 opposite sides of an issue was not clearly apparent to
8 meeting attendees since the hearings did not occur ---
9 since the actual hearings didn't occur at the Board
10 public meeting. By implementing this change, the
11 public will be able to observe the adversarial nature
12 of the proceedings, hear the positions of the Office
13 of Enforcement Counsel and the applicant or petitioner
14 directly.

15 Now, to another significant announcement.
16 In October of 2007, the Board held publicly --- held,
17 strike that, eligibility hearings for the then four
18 Category III license applicants. Since that time, the
19 Palace Inn has withdrawn its application leaving three
20 applicants. Procedurally, the Board will move the
21 three remaining applicants into the investigative
22 phase of the application process. Eligibility of
23 these three applicants will be addressed and decided
24 in conjunction with the suitability determination
25 following completion of the final suitability

1 hearings. The three applicants are the two remaining
2 --- strike that, the three Category III applicants,
3 and there's also a Category I applicant. The
4 evidentiary record created thus far in prior hearings
5 will be incorporated into the full record moving
6 forward so as to avoid unnecessary duplication.

7 Finally, I'd like to announce the dates
8 for the upcoming Category I and Category III public
9 input hearings. By way of background, the Board holds
10 public input hearings to permit those persons with an
11 interest in the applicant's proposal to hear about the
12 application and the proposed facility and for the
13 public to voice its support or opposition to the
14 projects of the Board. All information received by
15 the Board during these proceedings will be included in
16 the record upon which the Board will eventually grant
17 or deny licenses.

18 The first public input hearing will be
19 held on April 30th to discuss the Category III
20 application of Bushkill Group/Fernwood Resort located
21 at Middle Smithfield Township, Monroe County. The
22 hearing will be held at the Middle Smithfield Township
23 Municipal Building, located at 25 Municipal Drive in
24 East Stroudsburg.

25 The second hearing is scheduled for May

1 the 1st to discuss the Category III application of
2 Vacation Charters/Split Rock Resort located in Kidder
3 Township, Carbon County. The hearing will be held at
4 the Kidder Township Building on State Route 1003 in
5 Lake Harmony.

6 The third hearing will be held on May
7 15th to discuss the Category I application of Valley
8 View Downs located in Mahoning Township, Lawrence
9 County. The hearing will be held at Mahoning Township
10 Community Center located at 4538 West State Street in
11 Hillsville.

12 Additionally, a public meeting of the
13 Board will follow the input hearing. This meeting
14 replaces the Board's previously announced May 8th
15 meeting.

16 The final hearing is scheduled on May
17 20th to discuss the Category III application of Valley
18 Forge Convention Center Partners located in Upper
19 Merion Township, Montgomery County. The hearing will
20 be held at the Dolce Valley Forge Hotel located at 301
21 West DeKalb Pike in King of Prussia. All hearings
22 will commence at 9:00 a.m.

23 The full public input hearing schedule is
24 also available on our web site. Residents, community
25 groups and elected officials wishing to present

1 testimony at the public input hearings must register
2 at least two days prior to the hearing and can do so
3 via our web site. Additionally, those who cannot
4 attend but would like to submit written comments for
5 the record must do so no later than 60 days after the
6 hearing. Written comments also can be submitted
7 through our web site.

8 Now, to the next matter on the agenda,
9 which is the adoption of the transcript and minutes.
10 May I have a motion for the Board to approve the
11 minutes and transcripts?

12 MR. MCCABE:

13 Madam Chair, I move that the Board
14 approve the revised minutes of the January 11th, 2008
15 meetings and the minutes and transcripts of the
16 January 24th and February 5th, 2008 meetings.

17 MR. COY:

18 Second.

19 CHAIRMAN COLINS:

20 All those in favor?

21 AYES RESPOND

22 CHAIRMAN COLINS:

23 Opposed?

24 NO RESPONSE

25 CHAIRMAN COLINS:

1 Motion carries. On to new business. Our
2 Executive Director, Anne Neeb, will now give us a
3 report.

4 MS. NEEB:

5 Good afternoon, Chairman Colins, members
6 of the Board. The first matter I'd like to present is
7 our proposed new hires. And I'd like to go ahead and
8 read their names and where they're assigned. The first
9 individual is Greg Holler as a casino enforcement
10 agent at Penn National. The next one is Sharon
11 Nasuti, HR assistant, human resources. The next one
12 is John Seitzinger, casino enforcement agent at
13 Mohegan Sun. The next one is William Ryan, casino
14 enforcement agent, Mount Airy. And the next is
15 Christopher Mary (phonetic), casino enforcement agent
16 at the Meadows. At this time, I would move that the
17 Board approve these hires as effective today, March
18 27th.

19 CHAIRMAN COLINS:

20 Motion please?

21 MR. RIVERS:

22 Yes. Madam Chairman, based on the
23 recommendation of the Executive Director, I move that
24 the Board approve the hiring of the agency staff on
25 the basis that these employees have completed the

1 necessary background investigation and drug testing
2 program.

3 MR. MCCABE:

4 Second.

5 CHAIRMAN COLINS:

6 All in favor?

7 AYES RESPOND

8 CHAIRMAN COLINS:

9 Opposed?

10 NO RESPONSE

11 CHAIRMAN COLINS:

12 Motion carries.

13 MS. NEEB:

14 Thank you. The only other matter I have
15 to report on is that we have continued to work closely
16 with the trustee, Mr. Tony Ceddia, in the Mount Airy
17 matter. And he is here today and later on will be
18 giving a report to the Board.

19 CHAIRMAN COLINS:

20 All right. We could do that now.

21 MS. NEEB:

22 If you'd like, we could. I believe he's
23 here.

24 CHAIRMAN COLINS:

25 Thank you.

1 MS. NEEB:

2 And Brian ---.

3 MR. CEDDIA:

4 Brian Bisignani is with me. He's
5 counsel.

6 CHAIRMAN COLINS:

7 All right. Thank you very much. Could
8 you just state your names for the record?

9 MR. CEDDIA:

10 Yes. Tony Ceddia. I'm the Board-
11 appointed trustee at Mount Airy Casino Resort.

12 MR. BISIGNANI:

13 Brian Bisignani of Post and Schell,
14 counsel for the Board-appointed trustee.

15 CHAIRMAN COLINS:

16 As you know, every meeting I've been
17 asking Dr. Ceddia to come and give an update to the
18 Board regarding the status of the licensee of Mount
19 Airy. Thank you.

20 MR. CEDDIA:

21 Thank you, Madam Chair, and good
22 afternoon to you and the members of the Board. This
23 report is submitted to the members of the Pennsylvania
24 Gaming Board pursuant to paragraph 10L of its order
25 dated February 5th, 2008. The purpose of this report

1 is to detail for the Board the operation and
2 administration of Mount Airy Number One, LLC and to
3 apprise the Board of actions I have taken as trustee
4 in the implementation and enforcement of the Board's
5 order.

6 Let me begin by giving you a general
7 introduction and overview of what's transpired to
8 date. The Mount Airy matter has been moving at a
9 quick pace during the period of time since my last
10 report to the Board. A significant number of matters
11 have been attended to in my capacity as trustee. I've
12 been assisted and advised in those matters by Post and
13 Schell, my legal counsel, and by Gleason Associates,
14 my accountants and forensic auditors. The more
15 significant of these matters are highlighted in
16 specific entries below, which I will come to in a few
17 minutes.

18 However, by way of introduction, I want
19 to present the Board with an overview of the current
20 situation. During the past month, I have spent
21 considerable time on this matter and I believe that we
22 are making progress. The company has been working
23 diligently to address various financial and internal
24 control issues. My advisors have been working with me
25 to assist Mount Airy in making improvements in its

1 financial performance. And currently Mount Airy is
2 performing better, in part because of it's now fully
3 in operation, and because of the efforts of
4 management, and also in part because it is becoming
5 more established in the marketplace.

6 The approach of warmer weather has and
7 will continue to help. The winter months are
8 typically the worst performing months for many
9 businesses, and the company is now essentially through
10 those difficult months. The company's cash flow is
11 improving, which will allow Mount Airy to address
12 certain open financial issues.

13 We have started the process of addressing
14 these issues affecting Mount Airy, and I and my
15 advisors have met with Mount Airy on multiple
16 occasions and have worked with Mount Airy on many
17 significant issues. We have compiled a response to
18 issues raised by Mount Airy's lenders. We have met
19 with and communicated with those lenders, and we have
20 commenced the development of a proposal regarding the
21 existing credit agreement, which has now been
22 presented to the lenders. We have addressed various
23 corporate issues, from various real estate issues, to
24 auditing issues, to regulatory issues. We have also
25 addressed operational aspects of the company.

1 There is one more thing that I wish to
2 mention before getting to the specifics of what tasks
3 have been addressed since my last report to this
4 Board, and that is the 900-plus employees at Mount
5 Airy. The key to success of any operation is its
6 people. Employees are a company's most valued asset,
7 an asset which can help a company out of a difficult
8 situation.

9 With this in mind, I have spoken to many
10 of the employees on the casino floor, in the
11 restaurants, in the hotel, and in the administration
12 in Mount Airy. They are enthusiastic and committed to
13 making Mount Airy a project that is a success, and
14 they're very proud of their roles in it. They are
15 dedicated and work hard to do the best job that they
16 can. Their efforts show.

17 Many of the employees have also expressed
18 to me just how important the jobs provided by Mount
19 Airy are to them. In a large part, these are the best
20 jobs that these employees have ever had, both in terms
21 of pay and in terms of employee benefits. All
22 employees have health insurance, which is essentially
23 important to them, and they also have access to a
24 retirement program. Naturally, they are concerned for
25 the future of Mount Airy.

1 As I have acted as trustee, the
2 importance of the facility to the region and the
3 potential impact on the employees is something I
4 recognize and which I keep in mind on an ongoing
5 basis. It is indeed a significant economic engine for
6 that area.

7 I think we have made considerable
8 progress during the last month, but there are more
9 tasks ahead. And with that in mind, what follows is a
10 summary of the highlights of what has been the focus
11 of the trustee during the past 30 days and what lies
12 ahead.

13 On March 4th, a meeting at Mount Airy
14 with the CEO and management team along with
15 representatives of Post and Schell, Gleason and
16 Associates, we met with Mount Airy CEO, Mr. D'Amato
17 and his management team to discuss open issues. There
18 is financial and administrative issues we discussed
19 with the group and these included a need for detailed
20 financial information for the lenders and an outline
21 of the casino's capital and short-term liquidity
22 needs.

23 In addition, we began a series of
24 communications between the trustee, my advisors, and
25 representatives of JPMorgan and PNC Bank. During

1 these communications, the parties generally discussed
2 the present situation and the need to schedule a
3 meeting and the need for additional and more detailed
4 information from Mount Airy.

5 On March 11th, I, along with
6 representatives from Post and Schell and Gleason and
7 Associates, again met Mount Airy CEO Joe D'Amato and
8 his management team, and by the way, Mr. D'Amato and
9 the management team remained extremely cooperative in
10 my role in supporting it as trustee. We continued our
11 various discussions on open items. We discussed
12 purchase requisitions and check signing policies. We
13 continued to talk about the need to draw additional
14 monies from JPMorgan's existing line of credit and the
15 need to address the concerns asserted by JPMorgan and
16 PNC Bank. In addition, we focused on various real
17 estate issues, including the potential purchase of
18 property for additional parking capacity and the
19 Paradise Township easements relative to the pedestrian
20 bridge which is constructed across Woodland Road.

21 On March 13th, conference calls with the
22 Mount Airy audit committee and the Board. The purpose
23 of this was to discuss various open items. We
24 reviewed the current status of the existing audit and
25 the need to select an independent auditor for the '08

1 audit period.

2 On March 17th, a conference call with
3 Mount Airy CEO and counsel and again with the audit
4 committee along with representatives from Post and
5 Schell and Gleason and Associates, again to discuss
6 the status of the external auditors for the fiscal
7 year ending '08 and the audit committee's role in
8 compiling the appropriate documentations regarding its
9 current efforts concerning an external auditor for the
10 '08 period.

11 On March 20, we delivered a letter to the
12 lenders and we met with Board counsel for an update
13 and a supplemental conference call with Mount Airy CEO
14 and the audit committee. During the period of March
15 14th through March 20th extensive efforts were made by
16 the company, the trustee and his advisors relative to
17 drafting a revised letter to lenders responding to
18 their concerns. It was deemed important to respond in
19 writing so that the lenders would be apprised of Mount
20 Airy's position relative to various issues they have
21 raised. The letter was finalized and sent by Mr.
22 D'Amato, Mount Airy CEO, to the lenders on March 20th.

23 Along with that, I and my counsel met
24 with Board counsel to discuss various issues and
25 provide them with an update regarding this matter, and

1 then finally on March 20th, I along with my advisors
2 participated in a conference call with Mount Airy
3 audit committee and CEO Joe D'Amato. This conference
4 call was a follow up to the earlier call and again
5 focused on the '07, '08 audits.

6 March 21st, we delivered to the lenders
7 existing credit agreement and completed presentation
8 for materials with the lender. What we did was
9 present to them a restructuring letter which set up
10 conversations which were to follow at a March 24th
11 meeting with JPMorgan and PNC.

12 On March 24th, I along with my advisors
13 attended a meeting with Mount Airy, its
14 representatives and representatives from JPMorgan and
15 PNC Bank, counsel from Latham & Watkins and from PNC
16 Bank as well as representatives of the Board also
17 attended the meeting. CEO Joe D'Amato and CFO Joel
18 Dau of Mount Airy made a detailed presentation to the
19 lenders of the property's current financial condition,
20 a four-year forecast of future performance and a
21 proposal related to the existing credit agreement. In
22 addition, I briefed all in attendance on my role as
23 trustee. The lenders listened attentively and have
24 informed us that they will need to discuss this
25 situation among themselves and get back to us.

1 On March 25th, there was a meeting at
2 Skytop Lodge with JPMorgan Chase, PNC Bank, Louis
3 DeNaples and the trustee and his staff. I along with
4 my advisors attended the meeting. The meeting was
5 desired by the lenders in order that the lenders might
6 assess the situation with Mr. DeNaples and so that the
7 lenders might speak directly with him regarding the
8 project and his personal guarantee. Mr. DeNaples
9 stated that he stood behind the project and his
10 personal guarantee would continue to do so. Mr.
11 DeNaples also indicated that he would consult with his
12 advisors and get back to the lenders in response to
13 several questions they raised with him.

14 Upcoming actions. We'll continue to work
15 with PNC and JPMorgan relative to the March 24th
16 meeting. The lenders have indicated that their
17 response will be interconnected with the responses
18 they received from Mr. DeNaples in terms of our
19 ability, that is the LLC's ability, to go forward with
20 restructuring.

21 Beyond that, we're working with Paradise
22 Township on real estate issues. Paradise Township has
23 a regularly-scheduled meeting April 1st. At that
24 meeting, Mount Airy will be addressing the need to
25 have approved of a memorandum of lease to be recorded

1 relative to certain air rights for the pedestrian
2 walkway over Woodland Road. All of the township
3 matters are being handled by the LLC's attorney, Mr.
4 Don Shiffer.

5 Pursuant to the order, I will continue to
6 report in this format at the end of each calendar
7 month during my trusteeship. It's my intent to keep
8 the Board and its staff fully informed on all issues
9 regarding the operation and the administration of
10 Mount Airy. In addition to these monthly reports, as
11 you know, I'm available to the Board at any time to
12 answer any questions they may have or issues to
13 discuss pending the business of Mount Airy and the
14 implementation and enforcement of the order.

15 I would just conclude by saying to you,
16 Madam Chair, that I am delighted with the performance
17 of my legal associates and also my accounting
18 associates, and again I want to reaffirm the
19 tremendous commitment we've received from the Mount
20 Airy CEO and his management team and indeed the nearly
21 900 employees on staff there at Mount Airy. Thank you.
22 I'd be happy to answer any questions.

23 CHAIRMAN COLINS:

24 Are there any questions from any of the
25 Board at this time?

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MR. MCCABE:

I have maybe a couple. In these early meetings to discuss open issues, have you made recommendations or tried to implement any changes and how were they accepted and have they been implemented?

MR. CEDDIA:

We've had really frank conversations in those meetings, and Mr. D'Amato has been very willing to listen to alternative positions regarding some of the operational matters at Mount Airy. And based on the advice that he's received from our team, he has, in fact, moved in a couple of directions that reinforce the positions we took. It is a very collaborative effort, and I applaud Mr. D'Amato and his management team for their willingness to work with us.

I want to particularly cite the fact that Mark Gleason and Associates, his accounting representatives and the forensic accountants that occasionally are on site have been very helpful to Joel Dau in dealing with some of the financial accounting matters that they're focused on. And I think there's been some good give and take and good learning on both sides.

MR. MCCABE:

1 Another issue that I think we discussed
2 last time was some of the --- how well the facility
3 was doing or how it was operating. And it was going
4 to be a recommendation to implement a new marketing
5 plan, possible bus routes. Has that been
6 implemented ---

7 MR. CEDDIA:

8 Yes.

9 MR. MCCABE:

10 --- and what have been the results of
11 that?

12 MR. CEDDIA:

13 Yes. I'm very pleased to tell you that
14 Mount Airy, LLC has engaged in two very assertive
15 actions regarding its future financially. One is that
16 they have employed a new marketing firm, Masterminds,
17 located in New Jersey, a firm that has significant
18 experience working with gaming organizations in terms
19 of branding and marketing. The new marketing plan has
20 begun to unfold, and it is already having a very
21 positive effect.

22 In addition to that, the busing contracts
23 have expanded. They've been implemented and expanded.
24 The intent is to have some 16 buses a day on site,
25 particularly the Monday-Friday period. So that's

1 going well. Also, there have been incentive programs
2 put in place, all of which have been approved by the
3 Board for members of the players club on site and
4 that's attracted more visitors on a regular basis.

5 The challenge quite honestly for Mount
6 Airy as it is for all operating casinos is to enhance
7 its revenues during the Monday, Friday window,
8 particularly Monday through Thursday. And that
9 financial picture continues to get better for Mount
10 Airy.

11 MR. MCCABE:

12 Thank you.

13 CHAIRMAN COLINS:

14 Any other questions?

15 MR. SOJKA:

16 Just one brief one. With your
17 appointment, that was part of a multi-part remedy to a
18 situation. The other part of that was Mr. DeNaples'
19 removal from all management decisions and separation
20 from the management. To the best of your information,
21 is that being complied with?

22 MR. CEDDIA:

23 I would say to you that it has been
24 complied to 100 percent. Mr. DeNaples has taken very,
25 very seriously this Board's order. He has detached

1 himself. He has not attempted to visit the site. And
2 in conversations and in meetings with me, he has made
3 it clear that he will steadfastly adhere to the
4 regulations of the order. In addition, he has
5 expressed his willingness both in telephone calls and
6 in personal meetings to do everything he can to ensure
7 that the Mount Airy, LLC continues to thrive and to
8 grow and to get better. Obviously, there will be more
9 continued conversations with him as we move towards
10 the restructuring of the financial arrangements, and
11 he has pledged his cooperation in that regard as well.

12 MR. SOJKA:

13 Thank you very much.

14 CHAIRMAN COLINS:

15 And regarding the restructuring of the
16 financial arrangements, it is --- it is your belief
17 that this is an essential business decision to
18 maintain the viability of the licensee and perpetuate
19 the jobs and the revenue? And the second part of the
20 question, is part of the reason for this present
21 market conditions within the credit market itself?

22 MR. CEDDIA:

23 Yes. Madam Chair, quick answer to both
24 parts of your question and let me take the first one.
25 Without question, the restructuring is needed. As you

1 know, the original approval of the Mount Airy
2 arrangement included two phases of construction, a
3 Phase 1 and a Phase 1A. Phase 1 is just about
4 completed and is being closed out. That included the
5 construction of the casino and the 200-room hotel and
6 conference rooms associated with it. 1A includes
7 further build out of the casino and in addition more
8 hotel rooms. It is not financially feasible at this
9 point for Mount Airy to pursue the construction Phase
10 1A.

11 And in the restructuring agreements, we
12 will be so working with the lenders so that that part
13 of it will be altered. But it's all dependent on
14 Mount Airy, LLC coming forward to this Board in the
15 form of a petition asking for relief from you. And
16 it's clear that that relief is necessary to maintain
17 the economic viability of the situation.

18 Part of the financial restructuring is
19 due to the credit market situation. The lenders
20 involved when they executed this original agreement
21 supporting Mount Airy, LLC had the full intention of
22 selling the loan in the market. That actually
23 collapsed almost a day or two after they signed the
24 loan agreement. So both lenders have significant
25 exposure in a loan that they had hoped to participate.

1 So that's part of what's forcing the restructuring.
2 In addition, Mount Airy itself did not quite open on
3 time. Its initial revenue projections were not met,
4 and there's a concern from the lenders about that,
5 although that part of the picture is getting better
6 and better each day.

7 So there are a number of variables
8 affecting and actually motivating the restructuring
9 process, and we've begun to work through that. And I
10 know you're sensitive to and aware of the way in which
11 these matters work out. And it will take a few weeks
12 and perhaps a month or so to get this resolved. And
13 then everybody has been advised, including the
14 lenders, that whatever the design of the restructuring
15 is to be, Madam Chair, it would be submitted to this
16 Board and its staff for approval prior to any
17 execution of any documents.

18 And rest assured that I know that my
19 legal team as well as the accountants that I'm working
20 with, and we have the pledged support of Mr. D'Amato
21 and his staff and the attorneys for the LLC and as
22 well as Mr. DeNaples, that everything will be done as
23 it should be done and as it is expected to be done and
24 in a very transparent fashion, so this Board will be
25 able to see clearly and fully what is being done and

1 why.

2 CHAIRMAN COLINS:

3 Thank you very much. Any other
4 questions? All right. We thank you.

5 MR. CEDDIA:

6 Thank you.

7 CHAIRMAN COLINS:

8 I think Kevin Hayes is next.

9 MR. HAYES:

10 Madam Chairman, members of the Board,
11 good afternoon. Today I would like to present for the
12 Board's consideration promotion guidelines. These
13 guidelines would govern all promotions offered by slot
14 machine licensees at the state's casinos including any
15 event whereby cash, merchandise, coupons, player's
16 club credits or anything else of value is offered to
17 the general public or player's card members and is not
18 included in the regular pay table of a slot machine.

19 The Office of Gaming Operation's primary
20 interest in proposing these guidelines is to ensure
21 that all promotions offered at the Commonwealth's
22 casinos are conducted in a safe and equitable manner
23 and not in a manner which would adversely impact the
24 public or the integrity of gaming in the Commonwealth.
25 To achieve this objective, we have included provisions

1 in these guidelines which require licensees to post
2 the rules of all promotions for public review at the
3 casino, require licensees to put procedures in place
4 to ensure that no minors or persons on the excluded or
5 self-excluded list are allowed to participate in the
6 promotion. The licensee will be prohibited from
7 publishing advertisements which misrepresent the
8 probability of winning the promotion or is otherwise
9 false, misleading or deceptive, and finally,
10 provisions that would prohibit the use of promotions
11 which are directed at minors or promote the
12 consumption of alcohol.

13 In adopting the guidelines, the Board
14 reserves the right as always to request that a
15 licensee discontinue the use of a particular promotion
16 if the Board determines that the promotion in or with
17 respect to this Commonwealth could adversely impact
18 the public or the integrity of gaming. Upon adoption
19 of these guidelines, all slot machine licensees will
20 be required to amend their Board approved system of
21 internal controls to incorporate these promotional
22 guidelines.

23 Madam Chairman, I would now respectfully
24 request that the Board entertain a motion which
25 approves the order adopting promotion guidelines.

1 CHAIRMAN COLINS:

2 Motion please?

3 MR. GINTY:

4 I have a question. I may have been
5 thinking of something else, but this is just a prior
6 notice for the promotion.

7 MR. HAYES:

8 Exactly.

9 MR. GINTY:

10 Forty-eight (48) hours ahead of time.

11 MR. HAYES:

12 Preapproval. Right. We recognize that
13 promotions are an integral part of a casino's
14 marketing program and we want to give them as much
15 flexibility as possible to launch promotions in a
16 timely fashion. But at the same time, we want to
17 ensure that they are following certain rules that
18 would, you know, protect the public. If they deviate
19 --- if a licensee was to deviate from these
20 promotional guidelines, the Board would have --- or
21 the Bureau of Investigations and Enforcement would
22 have grounds to take action.

23 MR. GINTY:

24 Madam Chairman, I'm pleased to move that
25 the Board approve the order adopting the promotions

1 guidelines as described by the Office of Gaming
2 Operations.

3 CHAIRMAN COLINS:

4 May I have a second?

5 MR. COY:

6 Second.

7 CHAIRMAN COLINS:

8 Any other questions or comments?

9 MR. RIVERS:

10 Yes, question. Kevin, what is the
11 process that the licensees will use to alert us to the
12 fact that they're going to start a promotion? Who
13 would they notify?

14 MR. HAYES:

15 They will notify in --- in these
16 guidelines, at least two business day prior to
17 offering the promotion, the licensee will be required
18 to notify our casino enforcement office at the
19 facility, the Office of Gaming Operations, and the
20 Department of Revenue.

21 MR. RIVERS:

22 Thank you.

23 MR. MCCABE:

24 They just notify. They don't have to get
25 approval. And if they don't hear anything back in the

1 negative, they go ahead with the promotion?

2 MR. HAYES:

3 Exactly. And if we see something
4 glaring, obviously we would flag that immediately.
5 But many times the licensees have indicated that on a
6 Monday they may decide that, you know, this promotion
7 is going to be something that we want to offer this
8 weekend. And we want to be able to give them that
9 flexibility, but at the same time they are bound to
10 these guidelines, these certain steps they have to
11 take, and most important of which is that the public
12 is aware of the rules of the promotion and that
13 subsequently if the licensee was to deviate from the
14 rules, the published rules, then that would also be
15 grounds for an enforcement action.

16 CHAIRMAN COLINS:

17 Mr. Pitre, did you want to say something?

18 MR. PITRE:

19 Yes. Just to support what Kevin is
20 saying. No one would approve the promotion. It's
21 only to get notification of the promotion. Provide us
22 with the rules and the guidelines that they are going
23 to --- how they're going to run the promotion. Now,
24 once the promotion takes place, if patrons come to us
25 and complain, come to the casino enforcement agents

1 and complain or complain to anybody at the Board, then
2 we would initiate an investigation to make sure that
3 those guidelines and rules that they told us that they
4 would follow had been followed in the promotion. And
5 if they didn't follow the guidelines and rules, well
6 then, that affects the public's view of how things are
7 conducted and then we would take action against the
8 casino.

9 MR. HAYES:

10 If I might add, the purpose of notifying
11 the Enforcement Office at the casino is so that casino
12 enforcement agents can monitor the operation of that
13 promotion to ensure that it follows the rules that
14 were presented to the public and to them.

15 CHAIRMAN COLINS:

16 Good. Very good. All right. All those
17 in ---? Oh, I'm sorry.

18 MR. ANGELI:

19 Just one question for Mr. Pitre. You
20 said you wouldn't approve them. Could you disapprove
21 them beforehand?

22 MR. PITRE:

23 I mean, if it was something that was very
24 glaring that this --- we wouldn't put up with, then
25 yes.

1 MR. ANGELI:

2 We wouldn't have to wait until it was
3 implemented to make a decision on that. If it was
4 something that was glaring, we can stop it?

5 MR. PITRE:

6 I mean, if it was something that was
7 glaring, we could stop it.

8 MR. ANGELI:

9 Thank you.

10 MR. PITRE:

11 I mean, the ultimate discretion lies with
12 us.

13 MR. HAYES:

14 And this includes all advertisements that
15 publicize that promotion as well. If we saw an
16 advertisement that we thought was out of bounds or
17 misleading or deceptive, then Cyrus' shop would have
18 the ability to tell them to discontinue it
19 immediately.

20 MR. ANGELI:

21 And that trail would go from our gaming
22 enforcement officers, to ---?

23 MR. HAYES:

24 To the Office of Enforcement Counsel.
25 Because those are the individuals who are on the

1 ground level who will be actually watching the
2 operation of the promotion.

3 MR. ANGELI:

4 Okay. Thank you. No further questions.

5 MR. RIVERS:

6 As a point of clarification, to date have
7 we had any problems within the promotions that the
8 licensees have been running?

9 MR. HAYES:

10 There have been --- there have been
11 problems. One was well-publicized and it took place
12 at Mount Airy. And the issue there was that they had
13 deviated from the rules that they had published. And
14 they acknowledged it and subsequently offered the
15 promotion again to those individuals who were impacted
16 by that --- by that mistake, and it was a staff error,
17 which most of them --- most of the times that seems to
18 be the case. But right now there's --- all casinos
19 are offering a variety of promotions, and it has been
20 our practice up to this point to pre-approve all of
21 them. But in the effort to offer more flexibility, we
22 thought this was an important change.

23 MR. RIVERS:

24 I'm sure the licensees appreciate it.

25 MR. HAYES:

1 It's similar to what New Jersey does and
2 the casino control commission there does.

3 CHAIRMAN COLINS:

4 All right. Very good. Shall we vote?
5 All in favor?

6 AYES RESPOND

7 CHAIRMAN COLINS:

8 Opposed?

9 NO RESPONSE

10 CHAIRMAN COLINS:

11 Motion carries. Thank you very much,
12 Kevin. Next up is Eileen McNulty.

13 MS. MCNULTY:

14 Thank you and good afternoon, Chairman
15 Colins and members of the Board. My report today
16 covers revenue and expenses recorded by the Gaming
17 Control Board through the end of February 2008.

18 Spending to date this fiscal year totaled
19 \$16,542,693. Spending recorded during the month of
20 February was \$1,962,621 or 11.9 percent of the year-
21 to-date total. Payroll expense through February
22 totaled \$13,205,812 or 79.8 percent of total spending
23 for the fiscal year. February payroll was \$1,647,065.

24 Operating expenses recorded in February totaled
25 \$315,556 bringing the year-to-date total of operating

1 expenses to \$3,336,881. Operating expenses were 16.1
2 percent of February spending and 20.2 percent of year-
3 to-date spending.

4 Rentals and leases totaling \$1,099,895 is
5 the largest category of operating expense to date and
6 represents a third of operating expenses for the
7 period. February lease rental expense was \$134,079.
8 The second largest category of year-to-date operating
9 expense is other operating expenses which accounted
10 for 18.6 percent or \$620,535 of year-to-date operating
11 expenses. This amount is slightly less than the year-
12 to-date total I reported last month for this category
13 due to credit received for a duplicate billing.
14 Subscription costs for ChoicePoint Data Services for
15 background investigations are the majority of this
16 category.

17 The third largest category of year-to-
18 date operating expense was services, which accounted
19 for \$548,222 or 16.4 percent of the category.
20 Interagency billings account for almost half of
21 spending on services. Interagency billings include
22 \$99,580 billed for SAP access, state police billings
23 for fingerprints of \$87,126 and comptroller charges of
24 \$53,029. Legal expenses of \$63,382, consultant
25 services for financial suitability analyses of \$89,039

1 and EDP consulting services of \$60,718 are other
2 significant items in the services category.

3 Recurring telecommunication costs of
4 \$368,727 are the majority of our utility costs which
5 comprise 12.9 percent of operating expenses so far
6 this fiscal year. Travel expenses totaling \$297,164
7 through the end of February represented another 8.9
8 percent of operating expenses. The majority of travel
9 expenses are billed back to the applicant or licensee
10 whose facility or investigation the travel was related
11 to.

12 Augmenting revenues recorded through
13 February total \$3,823,816. The total includes
14 \$2,296,180 in investigative fees, \$535,706 in gaming
15 lab fees and \$307,000 in license fees from eight
16 manufacturer renewals and 33 vendor certifications.
17 That completes my report.

18 CHAIRMAN COLINS:

19 Thank you. Are there any questions for
20 Eileen?

21 MR. COY:

22 So we're under budget?

23 MS. MCNULTY:

24 Correct.

25 CHAIRMAN COLINS:

1 Okay. Thank you.

2 MR. COY:

3 I never heard a budget person give such a
4 short answer.

5 MR. GINTY:

6 Can we do something about that, Jeff?

7 MR. COY:

8 I don't know.

9 CHAIRMAN COLINS:

10 All right. We're going to move now to
11 the Office of Chief Counsel and discuss some proposed
12 regulations. And in preparation for this discussion
13 about regulations, I want to talk a bit generally
14 about some of the proposed ideas, some of the proposed
15 changes that the Board will be looking at going
16 forward.

17 During hearings before the Senate
18 Appropriations Committee and the House Appropriations
19 Committee, there was discussion in which I talked
20 about how this Board was looking forward and going to
21 reach out and have communication and interaction with
22 legislative members and staff to come up with ideas to
23 make the Board's activities and procedures stronger,
24 more effective where possible, more transparent.
25 There are legal matters, legal obstacles which need to

1 be faced in terms of how this regulatory body moves
2 forward. These legal matters are common to all
3 regulatory bodies in terms of how they acquire
4 information and who they require it from. And these
5 are things that we will be addressing in the future in
6 full cooperation with a bipartisan, bicameral body
7 which will be a taskforce, a committee that I know
8 Senator Earll is spearheading and initiating.

9 And in that regard, we have a number of
10 ideas. I'm sure that all of the staff and the
11 legislators that are involved in that process will
12 have their own ideas to make things better, and we
13 join with them. Now, some of the regulatory things
14 --- ideas we have, we can put those out because part
15 --- on our own now at this point because the
16 regulatory process that we go through is one where we
17 ask for public comment. We put these proposals out.
18 We invite the public to comment. We review the
19 comments. So in areas where we can make regulatory
20 changes, we want to go forward with those now, see how
21 interested parties and the public react to it and use
22 these as part of the things that we contribute to the
23 working committee that is in the process of being
24 formed.

25 Now, there's some regulatory proposals

1 that we will making. There are three of them I'm
2 going to just outline, and one of which, I think,
3 you're going to go into more detail about today,
4 Frank. And the first will require applicants to sign
5 a privacy waiver and a certificate of identity form
6 which will be submitted as part of the Freedom of
7 Information Act request for the applicant's FBI
8 records to be provided directly to the Board's
9 investigators. Again, Mr. Donaghue will go into more
10 detail about that proposed regulation. And that will
11 be subject to public comment.

12 Another idea, which will put out in a
13 regulation, and this will be forthcoming, not today I
14 don't believe, but that is that we will publish a
15 regulation not unlike the New Jersey regulation, I
16 believe, that will be a clear direction for the
17 Board's appointment of a trustee when it is necessary
18 to preserve the viability of a licensee and the
19 integrity of gaming.

20 And a third regulatory proposal that we
21 will be making not this meeting, but hopefully by the
22 next meeting for public comment and review, will
23 address the Board's intent to conduct hearings in
24 public unless the applicant invokes his or her right
25 to confidentiality under the Act.

1 Now, at this point, the regulation ---
2 that regulation will address the Board's ability to
3 continue with public hearings to the extent that such
4 information is already public, after which the hearing
5 would be closed. And that regulation is being worked
6 on because, as you all know, the act has very strict
7 confidentiality requirements. And in order to not run
8 afoul of the act, it's very important that the Board
9 craft a regulation that demonstrates our priority
10 which is for public transparency in conjunction with
11 the requirements of the law.

12 We have other ideas, ideas that are not
13 regulatory in nature, some of which we will be talking
14 in detail with with the taskforce, ideas which will
15 help strengthen the Board, its bureaus and make the
16 process better for Pennsylvania. One idea to be
17 discussed will be the empowerment of the Bureau of
18 Investigations and Enforcement with peace officer
19 powers, limited to offenses relating to gaming and
20 those offenses that occur in the presence of a bureau
21 investigator.

22 Another idea would be to provide clear
23 guidance, a mechanism for state law enforcement
24 agencies to seek a court order in order to disclose
25 limited investigative information to the Bureau when

1 public interest balanced with the confidentiality of
2 investigative information favors that the
3 investigative information be disclosed to the Bureau.
4 Again, these are things I've referenced. I referenced
5 in prior testimony ideas that are worthy of
6 exploration, from our opinion.

7 And the third idea would be a concept
8 used in New Jersey, and that is the power for the
9 Board to issue investigative subpoenas and the
10 authority to petition a court to compel testimony in
11 exchange for limited testimonial immunity of an
12 uncooperative witness before the Board.

13 Again, these are legal responses to legal
14 issues and legal conflicts that have to be addressed
15 legally, and this Board intends to review those and
16 contribute in a process that will really apply to the
17 ramifications of these legal issues.

18 So with those introductory remarks about
19 where this Board stands in terms of making things
20 better and stronger, we'll look at the specific
21 recommendations now of counsel.

22 MR. DONAGHUE:

23 Thank you, Chairman Colins and good
24 afternoon, members of the Board. The first proposed
25 rulemaking we have for the Board's consideration today

1 amends provisions in Chapters 405a, 421a, 433a and
2 435a pertaining to releases that applicants must
3 execute. These amendments will do three things.

4 First, they will amend the general
5 requirement in Chapter 421a which requires applicants
6 to execute all releases requested by the Board to
7 specifically include releases for information an
8 individual may request under the Pennsylvania Right-
9 to-Know Act or the Federal Freedom of Information Act.

10 Second, Chapters 433a and 435a will be
11 amended to require all applicants for a principal or
12 key employee license to execute releases for
13 information an individual may request under the
14 Pennsylvania Right-to-Know Act or the Federal Freedom
15 of Information Act as part of the application process.

16 Third, Chapter 405a will be amended to
17 authorize the Bureau of Investigations and Enforcement
18 to request the execution of these releases from any
19 holder of or applicant for any license, permit,
20 certification or registration.

21 We believe these amendments will provide
22 greater clarity to applicants concerning what releases
23 they are required to file. And obviously, with regard
24 to principal and key employees, when they execute
25 these releases, that information then ultimately would

1 be provided directly to our Bureau of Investigations
2 and Enforcement for their review. I would request
3 that the Board move to adopt is proposed rulemaking.

4 MR. ANGELI:

5 Madam Chairman, I move that the Board
6 adopt proposed regulation number 125-84 amending
7 Chapters 405a, 421a, 433a and 435a and that the Board
8 establish a public comment period of 30 days and that
9 the proposed regulation be posted on the Board's web
10 site.

11 CHAIRMAN COLINS:

12 May I have a second?

13 MR. RIVERS:

14 Second.

15 CHAIRMAN COLINS:

16 Are there any questions?

17 MR. SOJKA:

18 Yes. Just one quick question. And my
19 apologies to the commissioners who were on board
20 through all of the actual licensing activities, but
21 Commissioner Ginty and I are relative newcomers and
22 have not been through this. I understand that these
23 will constitute changes in our regulations and will
24 clarify things, but I'm curious, in the past, did we
25 have any difficulty in obtaining any of these releases

1 from any applicants?

2 MR. DONAGHUE:

3 Well, there certainly were no refusals to
4 provide that information. There were circumstances
5 where that information was not obtained prior to
6 licensure due to some circumstances, but there was no
7 refusal in that instance.

8 MR. SOJKA:

9 Right. People appeared to be willing to
10 do that?

11 MR. DONAGHUE:

12 That's correct.

13 MR. SOJKA:

14 Thank you.

15 MR. GINTY:

16 I'm not sure you know the answer to this
17 as well, but my understanding, a Freedom of
18 Information Act request can sometimes be very lengthy
19 in the federal government responding.

20 MR. DONAGHUE:

21 That is correct. My understanding is it
22 can take anywhere from six months to a year or more.

23 MR. GINTY:

24 So we're going to certainly have to take
25 that into consideration as we go through the process.

1 MR. DONAGHUE:

2 That is absolutely correct. And you
3 know, we will have to take that, you know, into
4 consideration as the process goes forward.

5 CHAIRMAN COLINS:

6 But we do have the ability --- because of
7 the delay in receiving federal information, we do have
8 the ability to make a determination or licensing does
9 or whatever, the Board does, as to conditional license
10 based on the receipt of this information. Is that not
11 true?

12 MR. DONAGHUE:

13 That is correct. With your plenary
14 jurisdiction over gaming, of course, you would have
15 the ability to condition that.

16 CHAIRMAN COLINS:

17 And I would just like to comment why I
18 think that this is a very good regulation for us.
19 Because I think that when we require that the
20 applicant sign these releases in all situations then
21 we have a clear record. There can be no dispute that
22 --- whether an applicant was willing to provide
23 information or not willing, we have the signed
24 releases and the waivers. And that creates a clear
25 uniform record with all applicants that this is part

1 of their --- part of the standards or one of the
2 criteria that they have to meet. So it builds a
3 uniform clear record for the files.

4 MR. DONAGHUE:

5 Right. And it ensures that the
6 information flows directly to the agency.

7 CHAIRMAN COLINS:

8 Right. Exactly. Thank you.

9 MR. MCCABE:

10 One quick. Madam Chairman, in the annex
11 under general provisions, it says that the Bureau may
12 also request the execution of any releases. Do we
13 request it or can we require it?

14 MR. DONAGHUE:

15 We're requiring it. This proposal would
16 require it of both principals and key employees, and
17 then the Bureau would have the ability to go beyond
18 that, if they so desire.

19 CHAIRMAN COLINS:

20 Go to lower level employees.

21 MR. DONAGHUE:

22 Exactly. To go to lower level employees.

23 MR. MCCABE:

24 I'm looking at 405a subparagraph two
25 under information. It says --- the word in there is

1 request. Do we need to change that to require?

2 MR. DONAGHUE:

3 As I understand the process, it would be
4 under the licensing regulations whereby the principal
5 and the key employee would be required to execute
6 release. So that information would be required to
7 come in. Licensing would receive that and then
8 forward that on to our Bureau of Investigations and
9 Enforcement. If the Bureau of Investigations and
10 Enforcement wanted to request this type of information
11 from somebody at a lower level, they would have the
12 ability to do that.

13 MR. MCCABE:

14 Thank you.

15 CHAIRMAN COLINS:

16 All right. Did we vote? We did not
17 vote. Let's vote. Okay. All in favor?

18 AYES RESPOND

19 CHAIRMAN COLINS:

20 Opposed?

21 NO RESPONSE

22 CHAIRMAN COLINS:

23 Motion carries.

24 MR. DONAGHUE:

25 Secondly, Richard Sandusky was going to

1 discuss a second proposed regulation.

2 CHAIRMAN COLINS:

3 Great. Thank you.

4 MR. SANDUSKY:

5 The other proposed rulemaking that we
6 have for Board consideration today involves an
7 amendment to Chapter 401a in the definition section.
8 Specifically what we are proposing is that the Board
9 amend the definition of "licensed facility".
10 Currently the definition in the Board's regulations
11 mirrors that which is in the Act, which states: "The
12 physical land based location at which a licensed
13 gaming entity is authorized to place and operate slot
14 machines." Because this definition is fairly brief, a
15 number of questions have arisen as to what exactly the
16 licensed facility is. Does it stop at the end of the
17 gaming floor? Does it stop at the end of the walls of
18 the building, or does it extend out to the edge of the
19 property lines?

20 To provide greater clarity to applicants
21 and holders of slot machine licenses, this proposed
22 rulemaking expands the definition to clarify that it
23 would include the following: the gaming floor; all
24 restricted areas servicing the slot operations; all
25 adjacent and proximate amenities such as food,

1 beverage and retail outlets; and other areas directly
2 accessible from the gaming floor or restricted areas.
3 This proposed amendment would also make it clear that
4 the term "licensed facility" does not include areas
5 that are exclusively devoted to pari-mutuel
6 activities, hotel activities or other amenities not
7 related to the slot machine gaming operations. This
8 should resolve a number of questions that have arisen
9 over time and make it easier for applicants to
10 determine exactly where the licensed facility begins
11 and ends.

12 If there are any questions from the
13 Board, we'd be happy to try and answer them. And if
14 not, would ask for a motion for adoption of this
15 proposed rulemaking.

16 CHAIRMAN COLINS:

17 Are there any questions?

18 MR. ANGELI:

19 I have a motion.

20 CHAIRMAN COLINS:

21 Motion, yes. Thanks.

22 MR. SOJKA:

23 Madam Chairman, I move that the Board
24 adopt the proposed regulation number 125-85 amending
25 Chapter 401a, that the Board establish a public

1 comment period of 30 days and that the proposed
2 regulation be posted on the Board's web site.

3 MR. COY:

4 Second.

5 CHAIRMAN COLINS:

6 Okay. Now, are there any questions?

7 MR. ANGELI:

8 Madam Chair, are we going to require ---
9 I'm just curious. Any applications for those people
10 that already have licenses, are we going to provide
11 them in this description a geographical picture of
12 what we're actually talking about, when they submit an
13 application that says based on this --- based on this
14 definition this is what we consider the licensed
15 facility?

16 MR. SANDUSKY:

17 The application requirements require the
18 applicant to identify the licensed facility. As a
19 practical matter, some of the applicants, you know,
20 will simply submit a plot plan which shows the entire
21 property. So you know, there could be a little bit of
22 refinement that we'll have to do with the applicants
23 to make sure they clearly indicate the licensed
24 facility area.

25 MR. ANGELI:

1 I would suggest we do that as we move
2 forward, that they delineate on some type of a
3 document based on this definition what that piece of
4 property is.

5 CHAIRMAN COLINS:

6 Well, I think that's a very good idea,
7 and we should undertake preparing how that's done.

8 MR. SANDUSKY:

9 We should probably ask those people who
10 are already licensed to submit such a document just so
11 that we could --- for the purpose of delineating
12 dimensions, we could do that.

13 MR. COY:

14 I think if the Board moves to approve
15 this, we'll pass that on to Susan Hensel.

16 CHAIRMAN COLINS:

17 Let's ask for a vote on this. Let's
18 finish our vote on this, and then I'll ask if there's
19 a motion to proceed along the lines recommended by
20 Commissioner Angeli. So do we have a vote on this
21 motion to approve this --- this definition and publish
22 it for 30 day public comment? All those in favor?

23 AYES RESPOND

24 CHAIRMAN COLINS:

25 Opposed?

1 NO RESPONSE

2 CHAIRMAN COLINS:

3 Motion carries. Now, does anyone have a
4 motion at this point ---?

5 MR. COY:

6 Madam Chair, I would move that the Office
7 of Chief Counsel work with the Office of Licensing to
8 adopt an amendment to the licensing procedure which
9 would require licensees to certify the exact area both
10 geographically and within the bounds of their property
11 which is and would be covered by gaming operations.

12 CHAIRMAN COLINS:

13 Is there a second?

14 MR. MCCABE:

15 Second.

16 CHAIRMAN COLINS:

17 All right. All in favor aye?

18 AYES RESPOND

19 CHAIRMAN COLINS:

20 Opposed?

21 NO RESPONSE

22 CHAIRMAN COLINS:

23 That motion carries. Very good. Thank
24 you. Thank you very much.

25 MR. DONAGHUE:

1 That's all we have in the way of
2 regulations.

3 CHAIRMAN COLINS:

4 Appreciate it.

5 MR. DONAGHUE:

6 Turning to withdrawals, the Board have
7 received a total of 42 --- I'm sorry, 44 petitions to
8 withdrawal applications which include two principal
9 key employees, three permittee gaming employee renewal
10 applications and one petition to withdraw a prior
11 petition to withdraw a non-gaming application and
12 finally 38 petitions to withdraw gaming and non-gaming
13 applications. A full listing of the individuals in
14 each category along with these licensing docket
15 numbers have been provided to the Board. These
16 petitions would all be granted without prejudice. The
17 Office of Enforcement Counsel is present to represent
18 its position with respect to these petitions.

19 MR. PITRE:

20 Office of Enforcement Counsel has no
21 objection to the withdrawal of petitions.

22 CHAIRMAN COLINS:

23 All right. Good. Thank you very much.

24 MR. DONAGHUE:

25 Okay. And the Chief Counsel's Office

1 submits the 44 petitions to the Board for
2 consideration of a motion to grant the petitions
3 without prejudice.

4 CHAIRMAN COLINS:

5 May I have a motion?

6 MR. COY:

7 Madam Chair, I move the Board approve the
8 withdrawal of the employee applications as described
9 by the Office of Chief Counsel.

10 MR. ANGELI:

11 Second.

12 CHAIRMAN COLINS:

13 Questions or comments? All in favor?

14 AYES RESPOND

15 CHAIRMAN COLINS:

16 Opposed?

17 NO RESPONSE

18 CHAIRMAN COLINS:

19 Motion carries.

20 MR. SHERMAN:

21 Madam Chairman, the Board has received
22 two reports and recommendations following hearings
23 relative to two non-gaming registrations. The reports
24 and recommendations along with the records pertinent
25 to each hearing have been provided to the Board in

1 advance of this meeting. Notice that these two
2 matters would be presented to the Board today has been
3 provided to the applicants. The Office of Enforcement
4 Counsel is also present with respect to the petitions.

5 The first report and recommendation
6 concerns non-gaming employee Ricardo Cortez. During
7 the background investigation, BIE discovered the Mr.
8 Cortez had failed to disclose at least seven arrests
9 including arrests for robbery, theft and assault
10 related offenses. Those arrests were also listed in a
11 number of alias names used by Mr. Cortez in the past.
12 A video conference hearing was held on January 8th.
13 Mr. Cortez appeared and provided testimony, and the
14 report and recommendation was issued January 31st of
15 this year recommending that the registration be denied
16 due to the nondisclosures, which the hearing officer
17 found to be neither unknowing or unintentional. The
18 matter is now ripe for this Board to consider a motion
19 relative to that recommendation.

20 CHAIRMAN COLINS:

21 May I have a motion?

22 MR. GINTY:

23 Yes. So moved.

24 CHAIRMAN COLINS:

25 Second?

1 MR. COY:

2 Second.

3 CHAIRMAN COLINS:

4 Questions or comments? All in favor?

5 AYES RESPOND

6 CHAIRMAN COLINS:

7 Opposed?

8 NO RESPONSE

9 CHAIRMAN COLINS:

10 Motion carries.

11 MR. SHERMAN:

12 The next report and recommendation
13 concerns non-gaming employee applicant Heather
14 Hoffmaster. Ms. Hoffmaster had been convicted of
15 several offenses in the 1996 to 1999 period. Again,
16 BIE had sent correspondence informing her that they
17 had recommended a denial of the registration. Ms.
18 Hoffmaster requested and attended a hearing on January
19 16th. The report and recommendation was issued
20 February 4th recommending that the non-gaming
21 registration be approved due to the fact that the
22 applicant had presented credible evidence of
23 rehabilitation, counseling and, in fact, had removed
24 herself from the past criminal conduct or lifestyle
25 that --- and circumstances that led to the problems.

1 She has had no record or criminal activity since 1999
2 and actually holds a current valid employee license
3 from the Pennsylvania Horse Racing Commission, which
4 was issued in November of 2007. It's now appropriate
5 for the Board to consider a motion relative to that
6 report and recommendation also.

7 MR. DONAGHUE:

8 And, Madam Chair, before the Board
9 considers that, Office of Enforcement Counsel should
10 weigh in.

11 MR. PITRE:

12 Madam Chair and Board members, what we
13 can say is that our office does not --- did not have
14 discretion to grant that license based upon her
15 record. The hearing officer in this case had the
16 discretion to decide whether or not the individual was
17 rehabilitated. We have no problem with the
18 recommendation that the hearing officer made in this
19 matter.

20 CHAIRMAN COLINS:

21 All right. Thank you. May I have a
22 motion?

23 MR. SOJKA:

24 Yes. Madam Chairman, after consideration
25 of this evidentiary record and the hearing officer's

1 report and recommendation and the conversation here, I
2 move that the Board approve an order adopting the
3 report and recommend the approval of a non-gaming
4 employee registration as described by the Office of
5 Chief Counsel.

6 CHAIRMAN COLINS:

7 May I have a second?

8 MR. GINTY:

9 Second.

10 CHAIRMAN COLINS:

11 Questions? All in favor?

12 AYES RESPOND

13 CHAIRMAN COLINS:

14 Opposed?

15 NO RESPONSE

16 CHAIRMAN COLINS:

17 That motion carries.

18 MR. DONAGHUE:

19 That concludes our report.

20 CHAIRMAN COLINS:

21 Good. Thank you very much. Susan

22 Hensel, please, Licensing.

23 MS. HENSEL:

24 Thank you, Chairman Colins and members of
25 the Board. The first licensing matter before the

1 Board today is a proposed order approving the issuance
2 of a manufacturer license to MicroFirst Associates,
3 Inc. Prior to today's meeting, you were provided with
4 a background investigation and executive summary
5 suitability report for this company. The application
6 has been put through our standard licensing process
7 including investigation by the Bureau of Investigation
8 and Enforcement, and the Office of Enforcement Counsel
9 has also reviewed this matter. I ask that the Board
10 consider the proposed order granting this manufacturer
11 license.

12 CHAIRMAN COLINS:

13 May I have a motion?

14 MR. MCCABE:

15 Madam Chair, I move that the Board
16 approve the order for the manufacturer license for
17 MicroFirst Associates, Inc.

18 CHAIRMAN COLINS:

19 Second, please.

20 MR. RIVERS:

21 Second.

22 CHAIRMAN COLINS:

23 Questions or comments? All in favor?

24 AYES RESPOND

25 CHAIRMAN COLINS:

1 Opposed?

2 NO RESPONSE

3 CHAIRMAN COLINS:

4 Motion carries. Thank you.

5 MS. HENSEL:

6 The next item for your consideration are
7 principal and key employee licenses. Prior to this
8 meeting, the Bureau of Licensing provided you with a
9 proposed order for three principal and three key
10 employee licenses. These licenses have also been
11 reviewed by the Office of Enforcement Counsel. I ask
12 that the Board consider the order granting these
13 licenses.

14 CHAIRMAN COLINS:

15 May I have a motion?

16 MR. SOJKA:

17 So moved.

18 CHAIRMAN COLINS:

19 Is there a second?

20 MR. ANGELI:

21 Second.

22 CHAIRMAN COLINS:

23 Questions or comments?

24 MR. PITRE:

25 Office of Enforcement Counsel recommends

1 the approval of these licenses.

2 CHAIRMAN COLINS:

3 All in favor, aye.

4 AYES RESPOND

5 CHAIRMAN COLINS:

6 Opposed?

7 NO RESPONSE

8 CHAIRMAN COLINS:

9 Motion carries.

10 MS. HENSEL:

11 We also provided you with a proposed
12 order approving 20 temporary key employee licenses,
13 and I ask that the Board consider the order granting
14 these licenses.

15 MR. COY:

16 So moved.

17 CHAIRMAN COLINS:

18 Second, please.

19 MR. GINTY:

20 Second.

21 CHAIRMAN COLINS:

22 Questions or comments?

23 MR. PITRE:

24 Office of Enforcement Counsel recommends
25 approval of temporary keys.

1 CHAIRMAN COLINS:

2 Thank you. All in favor?

3 AYES RESPOND

4 CHAIRMAN COLINS:

5 Opposed?

6 NO RESPONSE

7 CHAIRMAN COLINS:

8 Motion carries.

9 MS. HENSEL:

10 The Bureau of Licensing also provided you
11 with an order and list of 408 individuals who the
12 Bureau has granted occupation permits to, including
13 304 renewal permits and 163 individuals who the Bureau
14 has granted registrations to under the authority
15 delegated to the Director of Licensing. I ask that
16 the Board adopt a motion approving the order.

17 MR. ANGELI:

18 So moved.

19 MR. MCCABE:

20 Second.

21 CHAIRMAN COLINS:

22 Questions or comments?

23 MR. PITRE:

24 Enforcement Counsel recommends approval.

25 CHAIRMAN COLINS:

1 All right. Thank you. All in favor?

2 AYES RESPOND

3 CHAIRMAN COLINS:

4 Opposed?

5 NO RESPONSE

6 CHAIRMAN COLINS:

7 Motion carries.

8 MS. HENSEL:

9 In addition, we have recommendations of
10 denials for two gaming and five non-gaming employee
11 applications. Prior to this meeting, the Bureau of
12 Licensing provided you with orders addressing each of
13 these individual gaming and non-gaming applicants who
14 the Bureau of Investigations and Enforcement has
15 recommended for denial. As stated in each order, each
16 applicant was sent a recommendation of denial letter
17 from the PGCB. Each of these applicants failed to
18 request a hearing regarding their denial. I asked
19 that the Board adopt a motion approving the order
20 denying the non-gaming and gaming employee applicants.

21 CHAIRMAN COLINS:

22 Very good. May I have a motion?

23 MR. RIVERS:

24 So moved.

25 CHAIRMAN COLINS:

1 Second, please?

2 MR. COY:

3 Second.

4 CHAIRMAN COLINS:

5 All right. All those in favor?

6 AYES RESPOND

7 CHAIRMAN COLINS:

8 Opposed?

9 NO RESPONSE

10 CHAIRMAN COLINS:

11 Motion carries.

12 MS. HENSEL:

13 Finally, we have two orders regarding
14 vendors. First a proposed order certifying the
15 following five vendors, Ace Masonry, Inc., Altel
16 Systems, Inc., Engineered Products, Inc., M. Tucker
17 Company, Inc. and S. S. Gill Company. I ask that the
18 Board adopt a motion approving the proposed orders
19 with respect to these certified vendors.

20 MR. MCCABE:

21 So moved.

22 MR. GINTY:

23 Second.

24 CHAIRMAN COLINS:

25 Questions or comments, please?

1 MR. PITRE:

2 Enforcement Counsel recommends approval
3 of the certifications.

4 CHAIRMAN COLINS:

5 Thank you. All those in favor?

6 AYES RESPOND

7 CHAIRMAN COLINS:

8 Opposed?

9 NO RESPONSE

10 CHAIRMAN COLINS:

11 Motion carries.

12 MS. HENSEL:

13 In addition, the Bureau of Licensing
14 provided each of you with an order and an attached
15 list of ten registered vendors. I ask that the Board
16 adopt a motion approving that order.

17 CHAIRMAN COLINS:

18 May I have a motion?

19 MR. SOJKA:

20 Yes, Madam Chairman. I move that the
21 Board approve the order approving the applications for
22 those vendor registrations.

23 MR. COY:

24 Second.

25 CHAIRMAN COLINS:

1 Questions or comments?

2 MR. PITRE:

3 Enforcement Counsel recommends approval
4 of the registrations.

5 CHAIRMAN COLINS:

6 Thank you. All those in favor?

7 AYES RESPOND

8 CHAIRMAN COLINS:

9 Opposed?

10 NO RESPONSE

11 CHAIRMAN COLINS:

12 Motion carries.

13 MS. HENSEL:

14 That concludes the Bureau of Licensing's
15 presentation.

16 CHAIRMAN COLINS:

17 Very good. Thank you. That will
18 conclude our meeting. Looking ahead, the Board will
19 hold its next public meeting on April 10th, 11:00
20 a.m., North Office Building. Again, note that our May
21 meetings will now be on May 15th and 29th. And may I
22 have a motion to adjourn?

23 MR. RIVERS:

24 So moved.

25 CHAIRMAN COLINS:

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Second?

MR. MCCABE:

Second.

CHAIRMAN COLINS:

All in favor?

AYES RESPOND

CHAIRMAN COLINS:

Motion carries. Thank you.

* * * * *

PUBLIC MEETING CONCLUDED AT 1:30 P.M.

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