

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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BEFORE: MARY DIGIACOMO COLINS, CHAIRMAN
Raymond S. Angeli, Jeffrey W. Coy, James B.
Ginty, Kenneth T. McCabe, Sanford Rivers,
and Gary A. Sojka, Members
Keith Welks, Ex-officio Designee

HEARING: Thursday, April 24, 2008
1:07 p.m.

LOCATION: North Office Building
Hearing Room 1
Harrisburg, PA

WITNESSES: Anne LaCour Neeb, Frank Donaghue, Susan
Hensel, Cyrus Pitre, Nanette Horner, Nan
Davenport, Lynne Kaufman, Richard Sandusky,
Brian W. Bisignani, Thomas Diehl, Sean
Hannon

Reporter: Cynthia Piro-Simpson

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A P P E A R A N C E S

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E X H I B I T S

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NONE OFFERED

P R O C E E D I N G S

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2 -----
3 CHAIRMAN COLINS: As in all public
4 meetings, we welcome Stacy Amsler, who's here on
5 behalf of the Secretary of Revenue. And is there
6 anyone here on behalf of the treasurer? I see. Very
7 good. Somebody's here on behalf of treasurer, Robin
8 Wiessmann.

9 That being the case, we always begin with
10 the Pledge of Allegiance, which we'll do, and then
11 we'll begin with announcements.

12 PLEDGE OF ALLEGIANCE RECITED

13 CHAIRMAN COLINS: The Board held an
14 executive session on April 23rd in accordance with the
15 Sunshine Act to discuss personnel issues, privileged
16 agency business and to consult with counsel and other
17 professional advisors to the Board concerning current
18 litigation and matters in which complaints were
19 expected to be filed.

20 Our Category 1 and Category 3 public
21 input hearing schedule is available on the Agency's
22 website. Individuals, elected officials and community
23 groups can register to testify on the website or
24 submit written comments for the record.

25 All right. Now, regarding the

1 transcripts and the minutes, may I have a motion for
2 the Board to approve the minutes and transcript?

3 COMMISSIONER SOJKA: Yes, Madam Chairman.

4 I move that the Board approve the minutes and
5 transcript of the March 27th, 2008 meeting.

6 COMMISSIONER RIVERS: Second.

7 CHAIRMAN COLINS: All in favor?

8 AYES RESPOND

9 CHAIRMAN COLINS: Opposed?

10 NO RESPONSE

11 CHAIRMAN COLINS: Motion carries. New
12 business. Executive Director Anne Neeb. Anne?

13 MS. NEEB: Good afternoon, Chairman
14 Colins, members of the Board. First matter I have on
15 the agenda is the new hiring --- new hires that I'd
16 like to propose to the Board for approval. From
17 Bureau of Investigations and Enforcement, the first
18 individual is Christopher Mary as a Casino Enforcement
19 Agent at the Meadows. The next individual is Daniel
20 Rossman as a Casino Enforcement Agent at Presque Isle
21 Downs. And the next one is Kevin Small, Casino
22 Enforcement Agent at Harrah's Chester.

23 In the Office of Chief Enforcement
24 Counsel, we have Kathleen Higgins, who was hired ---
25 is recommended for hire as Assistant Enforcement

1 Counsel and Billy Jo Matelevich Hoag, I think I got
2 that right, also hired as Assistant Enforcement
3 Counsel. And in the Bureau of Gaming Laboratory
4 Operations, we have Timothy Pappas, Technical Field
5 Representative.

6 So at this time, I'd like to move that
7 the Board approve these individuals so named for hire.

8 COMMISSIONER RIVERS: So moved.

9 COMMISSIONER COY: Second.

10 CHAIRMAN COLINS: Okay. Great. Thank
11 you. Any questions or comments? All in favor?

12 AYES RESPOND

13 CHAIRMAN COLINS: Opposed?

14 NO RESPONSE

15 CHAIRMAN COLINS: Motion carries.

16 COMMISSIONER GINTY: Madam Chair, I just
17 want to comment that the qualifications of these
18 people are really outstanding. And I don't know if
19 Kevin Small is in the room or not, but I wish you'd
20 convey to him our thanks for his tours of duty in
21 Operation Desert Storm and in Operation Iraqi Freedom.
22 It's nice to have somebody of his caliber aboard.

23 MS. NEEB: We're very lucky. The other
24 matter I just wanted to comment on is that the --- we
25 continue to work with the Trustee with the Office of

1 Chief Counsel, Troy Beaverson and our Office of Gaming
2 Operations, Kevin Hayes, speak with and meet regularly
3 with the staff, the Trustee. And we have here today
4 with us Brian Bisignani, who's with Post & Schell, who
5 is Counsel for the Trustee, who would like to give a
6 report. So I'd like to ask him to please come up.

7 CHAIRMAN COLINS: Okay. Good afternoon.

8 ATTORNEY BISIGNANI: Good afternoon.

9 Madam Chairman and members of the Board, as Ms. Neeb
10 noted, my name is Brian Bisignani. I am legal counsel
11 to Dr. Anthony Ceddia, the Board appointed Trustee in
12 the Mount Airy matter. And Dr. Ceddia was unable to
13 be here today, but has asked me to present a brief
14 report to the Board, which is being submitted in
15 accordance with this Board's Order dated February 5,
16 2008.

17 The purpose of this report is to detail
18 for the Board the operation and administration of
19 Mount Airy #1, LLC and to apprise the Board of the
20 actions that the Trustee has taken in implementation
21 and enforcement of the Board's Order.

22 The Mount Airy matter continues to move
23 at a significant pace, and a quick pace, during the
24 period of time since the Trustee's last report to the
25 Board. Numerous matters have been attended to. The

1 Trustee has been assisted and advised in those matters
2 by Post & Schell, the Trustee's legal counsel, and by
3 Gleason & Associates, the Trustee's accountants and
4 forensic auditors.

5 By way of introduction, the Board should
6 be presented with an overview of the current
7 situation. During the past month, the Trustee has
8 continued to spend considerable time on this matter,
9 and the Trustee believes that we are making progress.
10 The company has been working diligently to address
11 various financial and internal control issues. The
12 Trustee's advisors have been working closely with the
13 Trustee to assist Mount Airy in making improvements to
14 its financial performance and to address numerous
15 issues. Mount Airy has made improvements and
16 continues to improve. The Trustee is pleased with the
17 progress, but believes that more still needs to be
18 done.

19 The process of addressing the issues
20 affecting Mount Airy has started. The Trustee and his
21 advisors have met with Mount Airy on multiple
22 occasions and have worked with Mount Airy on many
23 issues. We've continued to address issues raised by
24 Mount Airy's lenders. We've repeatedly communicated
25 with those lenders, and we are in the process of

1 facilitating a comprehensive proposal regarding the
2 existing credit agreement. We've addressed various
3 corporate issues, as various real estate issues to
4 auditing issues to regulatory issues. We've also
5 addressed operational aspects of the company.

6 As the Trustee discussed in his report to
7 the Board of last month, the 900-plus employees of
8 Mount Airy should be mentioned. The key to the
9 success of any operation is its people. Employees are
10 a company's most valuable asset, an asset which can
11 help a company out of a difficult situation. With
12 this in mind, the Trustee has continued to speak with
13 many of the employees on the floor of the casino, in
14 the restaurants, in the hotel and in the
15 administration of Mount Airy. In spite of the
16 difficult issues we are addressing, they remain
17 enthusiastic and committed to making the Mount Airy
18 project a success. And they are very proud of the
19 roles that they have.

20 Their efforts show not only to the
21 Trustee but also to the patrons and to the customers
22 of Mount Airy. Many employees have continued to
23 express to the Trustee just how important the jobs
24 that Mount Airy has provided and how important those
25 jobs are to them. In large part, the Trustee has been

1 told that these are the best jobs that these employees
2 have ever had, both in terms of pay and in terms of
3 their benefits. In fact, all employees have health
4 insurance which is especially important to them.
5 Naturally, they're concerned for the future of Mount
6 Airy. The importance of the facility to the region
7 and the potential impact on the employees is something
8 that the Trustee recognizes and something which he has
9 kept in mind on an ongoing basis.

10 As noted, considerable progress has been
11 made during the last month, but there are more tasks
12 ahead. With that in mind, what follows is a summary
13 of the highlights of what has been the focus of the
14 Trustee since the Trustee's March 27, 2008 report to
15 the Board.

16 On March 31, April 7, April 9, April 14,
17 April 17 and April 21, conference calls were held. In
18 order to keep apprised of developments, the Trustee
19 along with his advisors from Post & Schell and from
20 Gleason & Associates has had numerous conference
21 calls. These calls have addressed various open issues
22 including financial issues, operational and
23 performance issues and issues with the lenders. Other
24 issues have included real estate issues, banking
25 issues and construction-related issues along with

1 compliance issues, Audit Committee issues, a
2 restructuring of the existing bank financing and a
3 timeline for accomplishing a restructuring of the
4 existing bank financing.

5 In addition, conference calls have been
6 regularly held with the Gaming Control Board staff.
7 These conference calls have happened on March 31,
8 April 4, April 7, April 14 and April 21. In order to
9 keep the staff apprised of developments, the Trustee
10 and his advisors have had conference calls with the
11 staff. The staff invitees for these calls have been
12 Anne Neeb, Kevin Hayes and Troy Beaverson. These
13 calls have addressed open issues including the status
14 of matters at Mount Airy, the possible supplemental
15 funding of Mount Airy and the facilitation of
16 communication between Mr. DeNaples and the lenders.
17 Other issues that have been discussed have included
18 possible transactions with related vendors and the
19 status between Mr. DeNaples and the lenders. In
20 addition, a timeline with the staff has been discussed
21 for presentation of financial restructuring materials
22 to the Board.

23 In addition, there have been several
24 conference calls with Mr. DeNaples and his advisors.
25 These calls occurred on March 27, April 10 and April

1 18. In order to keep Louis DeNaples apprised of
2 developments, the Trustee and his advisors have had
3 conference calls with Mr. DeNaples and his advisors.
4 These calls have involved requests for information,
5 issues associated with the lenders to Mount Airy and
6 Mr. DeNaples' request for financial information from
7 Mount Airy in order to prepare his 2007 tax returns.
8 Finally, some discussions have occurred regarding
9 possible site development.

10 As to specific meetings, on April 2, a
11 meeting was held at Mount Airy of the Mount Airy Audit
12 Committee. On that date, the Trustee along with his
13 advisors met with the Mount Airy Audit Committee for
14 their regularly scheduled meeting and to discuss
15 various outstanding issues. These issues included the
16 2007 audit, the search for auditors for 2008 and the
17 need for an extension of time for filing of the 2007
18 audit report.

19 Also, on April 2nd, a meeting occurred at
20 the offices of Robert Rossi & Company with Louis
21 DeNaples. At that meeting, the Trustee met with Mr.
22 DeNaples and with his advisors to discuss the
23 situation with the lenders and the background of the
24 financing transaction. Various scenarios were
25 explored in response to the lender's request for a

1 proposal by Mr. DeNaples.

2 On April 9th, a conference call was held
3 with the Mount Airy Audit Committee, the Trustee's
4 group and the Mount Airy management. This call was
5 utilized to help prepare for the upcoming presentation
6 that was made to the Board concerning the audit
7 issues. These issues were discussed, including the
8 background and the qualifications of Demetrius and
9 Company and the need for additional time to complete
10 the 2007 audit.

11 The following day on April 10th, there
12 was a meeting of the Pennsylvania Gaming Control
13 Board. At that meeting, the Trustee attended along
14 with his advisors, and also in attendance at that
15 meeting was Mount Airy CEO Joseph D'Mato, Audit
16 Committee member Barbara Lang, and Mount Airy Counsel,
17 Michael Sklar. A presentation was made to the Board
18 relative to Mount Airy's petition regarding the
19 retention of Demetrius & Company, LLC as Mount Airy's
20 auditor for the year ending 2007 and the need for
21 additional time within which to complete the audit.
22 The Board granted the petition for the retention of
23 Demetrius & Company and an additional 90-day period of
24 time for submission of the audit.

25 April 15th, a meeting at Mount Airy was

1 held with Mount Airy CEO, Joseph D'Mato, and his
2 management team. On that date, the Trustee along with
3 his advisors met with Mount Airy CEO, Joseph D'Mato,
4 and his management team to continue the discussion of
5 various open items. These discussions included the
6 financial performance of the facility, the status of
7 issues with the lenders, certain personnel issues and
8 real estate issues. In addition, a discussion
9 occurred regarding the transition of the facility's
10 bank accounts to PNC Bank.

11 On April 15, a meeting was held at Mount
12 Airy with representatives of First National Community
13 Bank (FNCB). On that date, the Trustee along with his
14 legal advisors met with representatives of First
15 National Community Bank to discuss issues surrounding
16 FNCB's acquisition of a parcel of real estate from
17 Mount Airy located at the corner of Woodland Road and
18 Route 611 in order to construct a new bank branch. In
19 addition, other banking related issues were discussed
20 including the changing of the automatic teller
21 machines from FNCB to another financial institution.

22 On April 18th, the Mount Airy Audit
23 Committee conducted a conference call. That call ---
24 in that call, the Trustee and his advisors
25 participated along with legal counsel for the Mount

1 Airy Audit Committee. The call addressed various
2 logistical issues concerning the Audit Committee as
3 well as open issues remaining from the April 2, 2008
4 Audit Committee meeting.

5 On April 22, a meeting occurred at the
6 Villa of Our Lady Retreat House with Louis DeNaples.
7 The Trustee, along with his advisors, attended that
8 meeting and met with Louis DeNaples and his advisors
9 to continue the discussion of various open issues.
10 The discussions included the topic of a restructuring
11 of the existing credit facilities with the lenders.
12 Mr. DeNaples made it clear at that meeting that he
13 remains committed to the success of the Mount Airy
14 project and that he stands behind it. The possible
15 time frame for accomplishing a restructuring as well
16 as the next steps that will be necessary to achieve
17 that objective were discussed.

18 Also, on April 22, a meeting occurred at
19 Mount Airy with Mount Airy CEO, Joseph D'Mato, and his
20 management team. That meeting was attended by the
21 Trustee and his advisors. The issues discussed at the
22 meeting included operational and financial performance
23 issues surrounding the facility, real estate tax
24 issues and the general status. In addition, the
25 restructuring of the credit facilities with Mount

1 Airy's lenders and the lenders' potential expectations
2 were discussed. We see several upcoming actions that
3 will require attention.

4 On April 8, 2008, we received
5 communication from JPMorgan Chase and from PNC Bank
6 regarding an outline of the terms for a proposed
7 forbearance agreement. A meeting is currently being
8 coordinated for early May that the Trustee will attend
9 along with representatives of Mr. DeNaples and
10 representatives of the Bank.

11 Another upcoming series of issues
12 involves Paradise Township and related real estate
13 issues. Paradise Township has a regularly scheduled
14 meeting for May 6th, 2008. At that meeting, Mount
15 Airy will be addressing the need to have approval of a
16 Memorandum of Lease to be recorded relative to certain
17 air rights for the pedestrian walkway over Woodland
18 Road. In addition, Mount Airy is attempting to have
19 the issue of certain residual parcels of land
20 resulting from the re-alignment of Woodland Road
21 addressed. Specifically, a series of land swamps will
22 need to be approved for the township to accept certain
23 parcels and to abandon others. Mount Airy's attorney,
24 Don Shiffer, is currently addressing these issues with
25 the township.

1 Pursuant to the Order, the Trustee will
2 submit a report in this format to the Board at the end
3 of each calendar month during the Trusteeship. It is
4 the Trustee's intent to keep the Board and its staff
5 fully informed on all issues regarding the operation
6 and administration of Mount Airy. In addition to
7 these monthly reports, the Trustee has asked me to
8 emphasize that he is available to the Board at any
9 time to answers any questions that they may have or to
10 discuss any pending issues regarding the business of
11 Mount Airy or the implementation and enforcement of
12 the Board's Order.

13 CHAIRMAN COLINS: Thank you, sir.

14 ATTORNEY BISIGNANI: Any questions or
15 anything I may be able to elaborate on?

16 CHAIRMAN COLINS: Are there any questions
17 at this time? No. Thank you very much.

18 ATTORNEY BISIGNANI: Thank you.

19 CHAIRMAN COLINS: Kevin? Thank you.

20 MR. HAYES: Madam Chairman, members of
21 the Board, good afternoon. At this time, I would like
22 to provide you with a brief --- I mean --- and I
23 emphasize brief, status report on the construction and
24 development of four permanent licensed facilities
25 which are currently under construction in the

1 Commonwealth and are slated to open within the next 15
2 months.

3 As you know, the Office of Gaming
4 Operations is charged with the responsibility of
5 overseeing the design, construction and opening of the
6 state's licensed facility. With the opening of Penn
7 National in February of this year, that marked the
8 opening of seven licensed facilities within a 16-month
9 period, which is a remarkable feat for our agency. We
10 are about to embark on another period of tremendous
11 growth and development within the state's casino
12 industry.

13 As you know, Category 1 licensees, Downs
14 Racing and Washington Trotting Association, have been
15 operating with tremendous success out of temporary
16 licensed facilities. As required by Section 1207 (17)
17 of the Gaming Act, both Downs Racing and Washington
18 Trotting Association are constructing permanent
19 licensed facilities which they are scheduled to
20 transition into within the 24-month time restriction.
21 In addition, Category 2 slot machine licensees, PITG
22 Gaming and Sands Bethworks Gaming, are scheduled to
23 open their standalone facilities in the second quarter
24 of 2009.

25 Let me begin with Downs Racing. As you

1 know, on May 4th, 2007 Mohegan Sun at Pocono Downs
2 broke ground on their \$208 million permanent facility,
3 which they have called Project Sunrise. Since the
4 commencement of its operations in November of 2006,
5 Mohegan Sun has been carrying out its gaming
6 operations in its retrofitted grandstand. With the
7 opening of their permanent facility, the majority of
8 space which has now been devoted to gaming will be
9 converted back to parimutuel space.

10 The permanent facility is on target to
11 open in late July, early August of this year. The
12 total development and construction costs associated
13 with this permanent facility are \$208 million.
14 Mohegan Sun will be hiring an additional 425 employees
15 to staff their permanent facility. This will bring
16 their total compliment of employees to approximately
17 1,100. In addition, the tenants of their permanent
18 facility will be hiring an additional 300 employees.
19 On Tuesday of this week, Mohegan Sun hosted a job fair
20 at the Wachovia Arena in Wilkes-Barre where
21 approximately 3,000 people attended. Mohegan Sun has
22 indicated that the construction of their permanent
23 facility has created approximately 1,000
24 construction-related jobs.

25 This picture was provided to me by

1 Mohegan Sun and was taken on March 31st. So the
2 project has progressed considerably since that time.
3 This first picture shows the walkway which will
4 connect the permanent gaming facility with the
5 existing grandstand. This walkway is approximately
6 300 feet from the edge of the concourse to the top of
7 the escalators. To ensure the continued integration
8 of gaming and parimutuel activities, Mohegan Sun will
9 keep approximately 300 slot machines in the current
10 grandstand.

11 The next slide shows the interior of the
12 permanent facility. At this time, the facility is
13 completely enclosed and the interior is approximately
14 40 percent completed. The permanent facility will
15 have a circular design with multiple points of entry,
16 which is a signature of Mohegan Sun's casino designs.
17 Anyone who has visited the Mohegan Sun property in
18 Connecticut knows the great attention to detail and
19 symbolism that is incorporated into their interior
20 design. Likewise, the Mohegan Sun project at Pocono
21 Downs, their interior will incorporate many symbols of
22 the northeastern Pennsylvania landscape.

23 Because of the multiple points of entry,
24 the gaming floor will be boarded by a permanent
25 railing to prevent underage persons when they

1 patronize one of the stores or restaurants from
2 transversing the gaming floor.

3 Here's a list of the amenities that will
4 be included in the permanent facility at Mohegan Sun.
5 As I reported earlier, approximately --- right now the
6 number they have submitted to us is 2,315 slot
7 machines they'll have in total. 2,000 will be in the
8 new facility and approximately 300 will remain in the
9 permanent --- or in the temporary facility. They will
10 have approximately 4,000 parking spots, three full
11 service restaurants, a 300-seat buffet, a VIP lounge,
12 three themed bars and restaurants, a sushi bar and six
13 retail stores and other bus amenities. Some of the
14 tenant --- this slide shows some of the tenants of
15 Project Sunrise, which includes such famous names as
16 Ruth's Chris Steakhouse, Johnny Rockets, Cosi, Ben &
17 Jerry's and others.

18 Next, I'll move on to the Meadows. Now,
19 I understand Mr. Paulos and his team from Cannery
20 Casino Resorts provided you with an update last week
21 --- or at our last Board meeting regarding their
22 permanent facility. But in short, the project is
23 scheduled to open in the second quarter of 2009. The
24 total cost of the actual construction of the permanent
25 facility is estimated to be \$175 million. The total

1 number of employees upon opening at the Meadows'
2 permanent facility is approximately 700. This will be
3 --- right now about 500 work at their temporary
4 facility, so they will be adding 200 additional
5 employees to staff the permanent facility. The total
6 number of construction-related jobs is approximately
7 500.

8 Included in this slide, you can see the
9 architectural renderings of the Meadows' permanent
10 facility, which depicts both the front entrance and
11 the racetrack side. As Bill Paulos reported to you at
12 the April 10th Board meeting, he believes that this
13 facility will be the most integrated among the state's
14 racetrack casinos and will maximize opportunity for
15 the two forms of entertainment to compliment each
16 other.

17 The pictures that were provided to me by
18 the Meadows were taken on April 18th. And as you can
19 see, the construction project is well under way with
20 much of the steel framing having been already been
21 erected. This is the view from the backside, and
22 here's the view from what --- where the portico share
23 and main entrance will be.

24 Here's a list of the amenities that will
25 be included in the Meadows' permanent facility. 3,000

1 slot machines with room for approximately 4,200, newly
2 3,000 parking spaces, a number of restaurants, a
3 central bar and a show bar and lounge, racetrack
4 teletheater with food and beverage concession, VIP
5 boxes overlooking the racetrack and an outdoor covered
6 grandstand and along with a bowling alley in the lower
7 level with 18 lanes.

8 The Meadows has secured financing to fund
9 this project provided through an \$860 million second
10 lien credit agreement executed in April of last year
11 by and between Cannery Casino Resorts, their parent
12 company, Bank of America, Merrill Lynch and a
13 syndicate of other lenders.

14 The Majestic Star Project, which we all
15 talked at length today about, as you know the
16 groundbreaking was in December of 2007. It's
17 scheduled to open in the second quarter of 2009. I'm
18 always apprehensive to give an exact date to the
19 opening, because as our track record stands, that date
20 has not always have been hit.

21 PITG Gaming has indicated to us that the
22 project is on schedule and is projected to cost ---
23 just the casino itself, not the entire development
24 costs, are estimated to be at \$482 million and will
25 employ approximately 1,000 employees. The total

1 number of construction-related jobs is estimated to be
2 about 2,000.

3 The following two slides were provided to
4 me by Mr. Barden and were actually taken this Tuesday,
5 and it gives us a good prospective as to where the
6 facility will be situated along the Allegheny River.
7 The concrete pillars and the foundation have been laid
8 and the steel framing is now being erected as we
9 speak. Here it is from another angle. So as you can
10 see, the project is well underway.

11 The numbers I'm going to provide
12 regarding Majestic Star are the ones they provided to
13 us during their licensing --- licensing hearings.
14 They are slated to open with 3,000 slot machines on
15 approximately 100,000 square foot gaming floor. They
16 will have an approximately 4,100 space parking garage.
17 As you heard, that may be subject to change. And
18 they will have four restaurants, one snack bar and
19 three bars and/or lounges along with an entertainment
20 venue.

21 As Mr. Barden reported today, Majestic
22 Star has raised a \$200 million six-month bridge
23 facility with Credit Suisse, the proceeds of which are
24 used to --- were used to acquire the 18.9 acre site
25 where the casino is located, refinance the \$50 million

1 note that Majestic Star used to pay the licensing fee
2 and finally to finance the ongoing pre-development
3 expenses and initial construction costs associated
4 with the project. That bridge loan as he reported is
5 scheduled to expire on May 19th of this year.

6 Finally, the fourth of the projects that
7 I'm going to discuss today is the Sands Bethworks
8 Project. In terms of its scope, cost and sheer size,
9 it is unlike any project that is taken place in the
10 Commonwealth at this time, and I'm aware of no other
11 construction or casino that is similar to this
12 project. It is certainly impressive. Their
13 groundbreaking was in May of 2007. The projected
14 opening date is the second quarter of 2009. The total
15 cost of the development project is \$800 million. Now,
16 this includes the construction of the casino, the
17 hotel, the retail and all the other amenities that are
18 going to be included in that --- on the development of
19 that 124-acre site.

20 Here is a recent picture. It is from
21 April --- April 14th of this year, which shows that
22 the, you know, foundation has been laid, the steel has
23 been raised, and they are from what I'm told ahead of
24 schedule at this time. This slide depicts another
25 angle of --- what you're seeing there --- the

1 structure that you're seeing right there is the actual
2 casino.

3 The amenities of the Sands licensed
4 facility include 3,000 slot machines upon opening, and
5 they will --- they have indicated that they would seek
6 under Section 1210 --- 1210 of the Act to petition the
7 Board for an additional 2,000 slot machines within ---
8 as soon as they're able to, which is six months after
9 opening. They will have approximately 4,700 parking
10 spaces, nine food venues, approximately 2,000 square
11 feet of retail space, a 300-hundred room hotel which
12 will open shortly in the third quarter of 2009. And
13 the 125-acre development will also be home to the
14 National Museum of Industrial History and Arts and
15 Cultural Center and a 500 square foot multipurpose
16 center.

17 These four projects will create
18 approximately 3,750 new jobs. Now, this doesn't
19 include the positions that were already --- the jobs
20 that were already in place at Mohegan Sun and the
21 Meadows. These are new jobs. And 4,700
22 construction-related jobs.

23 What is the total impact of these four
24 facilities? Well, with the opening of these four
25 licensed facilities, there could be approximately

1 24,123 slot machines operating in Pennsylvania by July
2 of 2009. And if current revenues continue at this
3 rate, we can see an approximately 60 percent increase
4 in both gross terminal revenue, taxes collected and
5 jobs in the gaming industry as a result of these four
6 projects. So their impact is significant.

7 At this time, I'd be happy to field any
8 questions you may have with regard to these --- these
9 four projects.

10 CHAIRMAN COLINS: Are there any
11 questions?

12 COMMISSIONER MCCABE: I have a comment.
13 This is your brief.

14 MR. HAYES: Right. Brevity is not one of
15 my strong suits.

16 CHAIRMAN COLINS: I want to thank you.
17 This is a very good presentation. Very informative.
18 It's all good news. Thank you.

19 MR. HAYES: You're welcome.

20 CHAIRMAN COLINS: All right. The Office
21 of Chief Counsel (OCC) now? Don't be too brief like
22 Kevin. All right?

23 ATTORNEY DONAGHUE: Okay. Thank you and
24 good afternoon. First, we're going to start off with
25 Richard Sandusky, the Director of our Regulatory

1 Review.

2 MR. SANDUSKY: Good afternoon. I'll try
3 not to be brief. What we have for Board adoption
4 consideration today is a very mundane housekeeping
5 matter. We have a Statement of Policy out there at
6 Chapter 436b, which has a couple of citations in it
7 back to the temporary regulations. What this proposal
8 does today is update those citations to reflect
9 permanent regulations that have been adopted by the
10 Board. If there are any questions, I'll be happy to
11 respond to them. Otherwise, we ask for a motion for
12 adoption.

13 COMMISSIONER RIVERS: So moved.

14 COMMISSIONER MCCABE: Second.

15 CHAIRMAN COLINS: Any questions? All in
16 favor?

17 AYES RESPOND

18 CHAIRMAN COLINS: Opposed?

19 NO RESPONSE

20 MR. SANDUSKY: I'll have more for the
21 next meeting.

22 CHAIRMAN COLINS: Thank you very much.

23 ATTORNEY DONAGHUE: Good afternoon. The
24 next matter is a petition of Chester Downs. The Board
25 has only one Petition before it today for

1 consideration. That is being considered on the basis
2 of a documentary hearing. Nevertheless, there is a
3 representative of Chester Downs here today in the
4 event the Board has any questions in addition to the
5 documentary record which has been provided.

6 The petition before the Board seeks to
7 add 77 slot machines and a total of 500 square feet to
8 the gaming floor at Chester Downs. The gaming floor
9 would also be reconfigured by repositioning some
10 machines, changing a prep room to administrative
11 offices and modifying the slot machine storage area.
12 In addition, additional security cameras would be
13 added.

14 The Office of Enforcement Counsel's
15 response, which has been provided to the Board along
16 with the petition, indicates no objection provided,
17 that eight conditions be attached to the granting of
18 the Order. These would be similar conditions as the
19 Board has been presented in other such requests for
20 additional machines. Based upon the documentary
21 record, it will be appropriate for the Board to
22 consider the motion to approve the petition again
23 subject to those conditions.

24 CHAIRMAN COLINS: Thank you. Are there
25 any objections from the Office of Enforcement Counsel?

1 ATTORNEY PITRE: No, Madam Chair, just
2 the conditions.

3 CHAIRMAN COLINS: Okay. Thank you very
4 much. May I have a motion?

5 COMMISSIONER MCCABE: Madam Chair, I
6 move that the Board approve the petition submitted by
7 Chester Downs and Marina, LLC to modify their gaming
8 floor plan.

9 CHAIRMAN COLINS: Is there a second?

10 COMMISSIONER GINTY: I'll second.

11 CHAIRMAN COLINS: All in favor?

12 AYES RESPOND

13 CHAIRMAN COLINS: Opposed?

14 NO RESPONSE

15 CHAIRMAN COLINS: Motion carries.

16 ATTORNEY DONAGHUE: Okay. Next, the
17 Board has received a total of ten petitions to
18 withdraw applications which include nine key employees
19 and one principal employee. A full listing of the
20 individuals in each category along with the licensing
21 docket numbers has been provided to the Board. These
22 petitions would be all granted without prejudice. The
23 Office of Chief --- the Office of Enforcement Counsel
24 (OEC) is present to represent its position with
25 respect to these petitions. Chief Counsel's Office

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

4 CHAIRMAN COLINS: Thank you.

5 ATTORNEY PITRE: We have no objection to
6 the withdrawal of the applications.

7 CHAIRMAN COLINS: Very good. Thank you.
8 May I have a motion?

9 COMMISSIONER GINTY: So moved.

10 COMMISSIONER COY: Second.

11 CHAIRMAN COLINS: Questions or comments?
12 All in favor?

13 AYES RESPOND

14 CHAIRMAN COLINS: Opposed?

15 NO RESPONSE

16 CHAIRMAN COLINS: Motion carries. Thank
17 you.

18 ATTORNEY DONAGHUE: Next up are the
19 report and recommendations. The Board has received
20 six reports and recommendations following hearings
21 relative to three non-gaming and three gaming
22 registrations. The reports and recommendations along
23 with the records pertinent to each hearing have been
24 provided to the Board in advance of the meeting. In
25 addition, in each case, the applicants have been

1 notified that the Board is considering the report and
2 recommendation today and that they have the right to
3 be present to address the Board. If any of the
4 individuals are present today, they should come
5 forward when their name is announced.

6 The first matter is that of Thomas Forte.
7 Mr. Forte applied for a non-gaming employee
8 registration. During the background investigation,
9 Bureau of Investigation and Enforcement (BIE)
10 discovered that Forte had failed to disclose numerous
11 arrests. Upon being notified that he was being
12 recommended for denial, Mr. Forte requested a hearing.
13 He did attend and participate at the hearing and
14 testified that he did read and understand the
15 application instructions, but that he did not list his
16 complete criminal history. He stated that he was
17 confused as to who would have access to that
18 information which he considered to be private and,
19 therefore, did not want to provide it at that time.

20 The Hearing Officer found --- issued a
21 report and recommendation finding the explanation for
22 the non-disclosures credible and recommended that the
23 license be granted. That matter is now ripe for the
24 Board's consideration.

25 CHAIRMAN COLINS: All right. So this

1 motion is a motion to grant the license.

2 ATTORNEY DONAGHUE:

3 The report and recommendation was to
4 grant the license ---.

5 CHAIRMAN COLINS: That's a petition for
6 licensing --- for licensure.

7 ATTORNEY DONAGHUE: That's correct.

8 CHAIRMAN COLINS: All right. Any
9 comments from Office of Enforcement Counsel?

10 ATTORNEY PITRE: The Office of
11 Enforcement Counsel still stands by its recommendation
12 to deny Mr. Forte's non-gaming registration
13 application. However, it is at the Board's discretion
14 to either accept or reject the Hearing Officer's
15 recommendation to approve said license.

16 CHAIRMAN COLINS: This is the fellow
17 where I asked that we sent him further notice and
18 advise him of concerns or opposition.

19 ATTORNEY PITRE: Correct.

20 CHAIRMAN COLINS: Okay. Very good. May
21 I have a motion?

22 COMMISSIONER RIVERS: Yes. Madam
23 Chairman, based on the fact that the individual has
24 not shown up for this hearing, I move that the Board
25 deny the Order granting the non-gaming employee

1 registration as described by the Office of Chief
2 Enforcement Counsel.

3 COMMISSIONER MCCABE: Second.

4 CHAIRMAN COLINS: All in favor?

5 AYES RESPOND

6 CHAIRMAN COLINS: Opposed?

7 NO RESPONSE

8 CHAIRMAN COLINS: Okay. Motion carries.
9 Application is denied.

10 ATTORNEY DONAGHUE: The next matter is of
11 Musa Bey. This report and recommendation concerning
12 Mr. Bey indicates he failed to disclose six arrests
13 under alias names in New York in his application for
14 non-gaming employee registration. He did attempt to
15 amend his application, but then again did not
16 accurately disclose all of his offenses. BIE sent him
17 correspondence indicating that he was being
18 recommended for denial. Mr. Bey requested a hearing
19 and actually requested the hearing then he rescheduled
20 twice and then, again, failed to show up for the
21 hearing. The report and recommendation recommends the
22 denial of the non-gaming registration based upon the
23 pattern of series criminal conduct as well as his
24 failure to appear at the hearing.

25 CHAIRMAN COLINS: Okay. Any comments?

1 MR. DIEHL: Just briefly, my name is
2 Thomas Diehl, assistant counsel for the Office of
3 Enforcement Counsel. And we are in agreement with
4 Hearing and Appeals' recommendation.

5 CHAIRMAN COLINS: All right. Very good.
6 May I have a motion?

7 COMMISSIONER COY: Madam Chair, I move
8 the Board approve the Order denying the non-gaming
9 application described by the Office of Chief Counsel.

10 COMMISSIONER ANGELI: Second.

11 CHAIRMAN COLINS: All in favor?

12 AYES RESPOND

13 CHAIRMAN COLINS: Opposed?

14 NO RESPONSE

15 CHAIRMAN COLINS: Motion carries.

16 ATTORNEY DONAGHUE: The next matter is of
17 Kevin Harvey. Mr. Harvey applied for a non-gaming
18 employee application. During the background
19 investigation, it was discovered, again, that he had
20 failed to disclose a number of arrests. There was one
21 conviction on his record from 1991, and that was for a
22 misdemeanor which was not disclosed. He was notified
23 he was recommended for denial. Mr. Harvey requested
24 and attended a hearing on March 5th. He acknowledged
25 the arrest and explained that he did not list them

1 because he thought that he didn't have to because they
2 did not result in a trial or other guilt
3 determination. He indicated he recognized the mistake
4 and testified he should have been more thorough in
5 reading the instructions.

6 The Hearing Officer recommended that Mr.
7 Harvey be granted the non-gaming registration, as he
8 found Mr. Harvey believable and that his employment at
9 Philadelphia Park would not present a threat to
10 patrons. That matter is now before the Board.

11 CHAIRMAN COLINS: Any comments?

12 MR. DIEHL: The Office of Enforcement
13 Counsel stands by its initial recommendation to deny
14 Mr. Harvey's non-gaming registration application.
15 However, again, it is at the Board's discretion to
16 either accept or reject the Hearing Officer's
17 recommendation.

18 CHAIRMAN COLINS: All right. May I have
19 a motion?

20 COMMISSIONER MCCABE: Madam Chair, I move
21 that the Board approve the order to grant the non-
22 gaming employee registration, as described by the
23 Office of Chief Counsel.

24 COMMISSIONER GINTY: Second.

25 CHAIRMAN COLINS: Questions or comments?

1 All in favor?

2 AYES RESPOND

3 CHAIRMAN COLINS: Opposed?

4 NO RESPONSE

5 CHAIRMAN COLINS: Motion carries.

6 ATTORNEY DONAGHUE: The fourth matter is
7 Ricardo Billalba. Mr. Billalba applied for a gaming
8 permit. During the investigation, it was discovered
9 that he had failed to disclose a 2007 felony arrest
10 and conviction for grand larceny. He was recommended
11 for denial and requested a hearing. However, despite
12 a continuance at his request, he did not show up for
13 the hearing.

14 The report and recommendation issued on
15 March 14th recommends he be denied the permit due to
16 the nondisclosure and the fact that he is ineligible
17 for a gaming permit due to the felony conviction.
18 That matter is now ripe for the Board's consideration.

19 MR. DIEHL: In this case, the Office of
20 Enforcement Counsel also agrees with the
21 recommendation of Hearings and Appeals.

22 CHAIRMAN COLINS: May I have a motion?

23 COMMISSIONER GINTY: Madam Chairman, I
24 move that the Board approve the Order to deny the
25 gaming employee permit, as described by the Office of

1 Chief Counsel.

2 COMMISSIONER COY: Second.

3 CHAIRMAN COLINS: All in favor?

4 AYES RESPOND

5 CHAIRMAN COLINS: Opposed?

6 NO RESPONSE

7 CHAIRMAN COLINS: Motion carries.

8 ATTORNEY DONAGHUE: The fifth matter is
9 Carlos Harding. Mr. Harding submitted an application
10 for gaming permit. During the investigation, it was
11 discovered he had failed to disclose a 1999 felony
12 drug conviction. He requested a hearing and did not
13 attend the hearing. The Hearing Officer recommended
14 denial of the permit based on the nondisclosure and
15 the ineligibility as a result of the felony
16 conviction. This matter is now ripe for your
17 consideration.

18 MR. DIEHL: The Office of Enforcement
19 Counsel believes the Board should adopt the Hearing
20 Officer's recommendation to deny Mr. Harding's gaming
21 permit.

22 CHAIRMAN COLINS: May I have a motion?

23 COMMISSIONER SOJKA: Madam Chairman, I
24 move the Board approve the Order denying the gaming
25 employee permit as described by the Office of Chief

1 Counsel.

2 COMMISSIONER RIVERS: Second.

3 CHAIRMAN COLINS: All in favor?

4 AYES RESPOND

5 CHAIRMAN COLINS: Opposed?

6 NO RESPONSE

7 CHAIRMAN COLINS: Motion carries.

8 ATTORNEY DONAGHUE: And Madam Chairman,
9 the final recommendation --- report and recommendation
10 concerns Robert Earnest. Mr. Earnest had been a
11 security officer at WTA. He had been charged with a
12 felony offense and was suspended by Emergency Order of
13 the Executive Director on January 25th. The Board
14 remanded the matter to Hearings and Appeals to conduct
15 a hearing and to submit an Order as to the validity of
16 the continuing suspension of that gaming permit.

17 The hearing was conducted on March 13th,
18 and on March 24th the Office of Hearings and Appeals
19 issued a report and recommendation, which is now
20 before the Board to continue that suspension pending
21 resolution of the criminal charges.

22 CHAIRMAN COLINS: May I have a motion?

23 Oh, before that, is there ---?

24 MR. DIEHL: The Office of Enforcement
25 Counsel also concurs with Hearings and Appeals'

1 recommendation.

2 CHAIRMAN COLINS: Okay. Thank you. May
3 I have a motion now?

4 COMMISSIONER ANGELI: Madam Chairman, I
5 move that the Board approve the Order to continue the
6 emergency suspension as described by the Office of
7 Chief Counsel.

8 COMMISSIONER SOJKA: Second.

9 CHAIRMAN COLINS: All in favor?

10 AYES RESPOND

11 CHAIRMAN COLINS: Opposed?

12 NO RESPONSE

13 CHAIRMAN COLINS: Motion carries.

14 ATTORNEY DONAGHUE: And the final matter
15 that Chief Counsel has today is the matter of Daniel
16 Shission. I hope I'm pronouncing --- S-H-I-S-S-I-O-N.
17 This individual was a gaming employee --- had a
18 gaming employee permit and was the Fiscal Account
19 Manager at Mount Airy Casino Resort. Bureau of
20 Investigations and Enforcement (BIE) was notified by
21 counsel for Mount Airy that on April 8th an arrest
22 warrant had been issued for Mr. Shission. He was
23 arrested and charged with several criminal charges
24 including two felony theft charges relating to the
25 handling of funds of a church where he served in a

1 volunteer capacity. Specifically, the charges allege
2 that from 2002 until 2006 a number of checks had been
3 written by this individual to himself from the church
4 bank account.

5 OEC filed the request for an Emergency
6 Order of Suspension on April 9th. The Order was
7 signed by the Executive Director that day. Board
8 regulations provide that following the issuance of a
9 Temporary Emergency Order, the Board may conduct a
10 hearing itself as to the continuance of the Order or
11 refer it to the Office of Hearings and Appeals to
12 conduct a full evidentiary hearing. It's the
13 recommendation of the Office of Chief Counsel that the
14 Board refer the matter to the Office of Hearings and
15 Appeals to promptly schedule a hearing and to issue a
16 report and recommendation to the Board.

17 CHAIRMAN COLINS: May I have a motion?

18 COMMISSIONER GINTY: Madam Chairman, I
19 move that the Board issue an Order directing the
20 Office of Hearings and Appeals to promptly conduct a
21 hearing and to issue a report and recommendation. I
22 move that the Board further order that the Emergency
23 Suspension of the gaming employee permit remain in
24 effect.

25 COMMISSIONER SOJKA: Second.

1 CHAIRMAN COLINS: Are there any comments
2 from Office of Enforcement Counsel as to the latter
3 portion of that?

4 ATTORNEY PITRE: No, we're fine with
5 that. We're fine.

6 CHAIRMAN COLINS: Okay. Very good. All
7 in favor?

8 AYES RESPOND

9 CHAIRMAN COLINS: Opposed?
10 NO RESPONSE

11 CHAIRMAN COLINS: Motion carries.

12 ATTORNEY DONAGHUE: That concludes the
13 presentation of the Office of Chief Counsel.

14 CHAIRMAN COLINS: Thank you very much.
15 Now we'll hear from our Enforcement Counsel. Okay.
16 This is Advanced Gaming Associates.

17 ATTORNEY PITRE: That's correct.

18 CHAIRMAN COLINS: All right. Very good.

19 ATTORNEY PITRE: Lynne Kaufman.

20 ATTORNEY KAUFMAN: Good morning, Madam
21 Chair, Commissioners. Lynne Kaufman, Cooper Levenson
22 for Advanced Gaming Associates.

23 Advanced Gaming filed a renewal supplier
24 application in June of 2007. After that, they made
25 some supplement filings. In November of 2007, Office

1 of Enforcement Counsel recommended denial of their
2 renewal because it had failed to establish a principal
3 place of business in the Commonwealth. I'd like to
4 take this opportunity to explain the reasons for the
5 delay which were inadvertent and unintentional,
6 interesting as that may sound.

7 Initially, Advanced Gaming was trying to
8 decide where most of its business in Pennsylvania was
9 going to be. It had some potential business with Penn
10 National. It had business at Chester Downs. It was
11 dealing with Presque Isle Downs. So therefore, it
12 wasn't sure where it should establish its business.
13 After that, it was a little unsure of what exactly was
14 required in the principal place of business, what the
15 guidelines were. It reached out, and there was back
16 and forth with staff, who was very helpful and
17 provided some guidelines. During that time, it
18 actually had located space, but the space was a
19 condominium unit that also had an office, and it was
20 unclear to Advanced Gaming whether that would be okay.
21 They wanted to make sure that the space was okay.
22 During that period of time, it then lost this space.

23 While that was all going on, we received
24 a letter from Office of Enforcement Counsel and
25 realized that Advanced Gaming had inadvertently missed

1 the deadline in which to establish their office.
2 After that time, knowing the seriousness of the
3 matter, Advanced Gaming had an employee immediately go
4 out and find an office. The principal of Advanced
5 Gaming, although, of course, is ultimately
6 responsible, did not check the office himself and had
7 Enforcement Counsel come and BIE come inspect the
8 office. The office was not --- did not meet the
9 standards.

10 At that point, obviously Advanced Gaming
11 principal became involved himself, immediately located
12 an office, had it inspected and the office had met the
13 requirements. Obviously, Advanced Gaming knows that
14 holding a license is a privilege, and it has the
15 utmost respect for the regulatory process and
16 compliance with the regulatory process. I'm asking
17 you today on behalf of Advanced Gaming to approve the
18 Consent Agreement to allow them to continue to conduct
19 business.

20 CHAIRMAN COLINS: Thank you. Did you
21 want to comment?

22 MR. DIEHL: Just briefly. I just
23 wanted to follow up. I concur with the facts
24 presented by Ms. Kaufman. Also, I'd like to further
25 add that at every step of this proceeding Advanced,

1 through their counsel, have presented themselves as
2 taking this matter seriously. And the Office of
3 Enforcement Counsel ultimately ended up recommending a
4 fine, simply because of the delay that was entailed
5 between the --- finding the first office unsuitable
6 and before they actually got the second one in
7 Huntingdon Valley that we now find acceptable.

8 CHAIRMAN COLINS: Thank you. May I have
9 a motion?

10 COMMISSIONER COY: Madam Chair, I move
11 the Board approve the Consent Agreement submitted by
12 Advanced Gaming Associates.

13 COMMISSIONER ANGELI: Second.

14 CHAIRMAN COLINS: Any questions?

15 COMMISSIONER RIVERS: Yes, Madam Chair,
16 I'm curious. How much longer after the deadline did
17 they find a permanent spot, the permanent spot?

18 MR. DIEHL: The time between --- I
19 believe the dates were March 14th --- I'm sorry, March
20 4th. The inspection of the first facility was March
21 4th, and --- was found unsuitable.

22 COMMISSIONER RIVERS: '08?

23 MR. DIEHL: I'm sorry. Yeah, March 4th
24 of '08. And then March 19th was the inspection of the
25 second facility that was found suitable. So there was

1 a delay of approximately two weeks between the two
2 facilities.

3 CHAIRMAN COLINS: Any other questions?

4 COMMISSIONER MCCABE: I have one. How
5 long of a lease did you sign for this new office?

6 ATTORNEY KAUFMAN: I should have that
7 information, but I do not. I know it was at least for
8 a year. It was at least for a year, but I don't have
9 the exact time.

10 MR. DIEHL: I'm going from memory, and I
11 do not have the exact time frame either. I believe it
12 was three, but that is from memory, years.

13 CHAIRMAN COLINS: All right. All in
14 favor?

15 AYES RESPOND

16 CHAIRMAN COLINS: Opposed?

17 NO RESPONSE

18 CHAIRMAN COLINS: Motion carries.

19 ATTORNEY KAUFMAN: Thank you.

20 CHAIRMAN COLINS: Thank you. Ms.
21 Davenport, do you want to proceed?

22 MS. DAVENPORT: Thank you. Good
23 afternoon, Madam Chairman and Commissioners. As a
24 result of three instances at Philadelphia Park Casino
25 and Racetrack of a person under 18 years of age

1 getting access to and remaining on the gaming floor
2 before being apprehended by security, the Office of
3 Enforcement Counsel and Philadelphia Park have entered
4 into a Consent Agreement subject to the Board's
5 approval.

6 According to Section 1518 of the Act, it
7 shall be unlawful for any person under 18 years of age
8 to be permitted in the area of a licensed facility
9 where slot machines are operated. On March 3rd, 2007,
10 a five-year-old child accompanied by her grandfather
11 gained access to and remained on the gaming floor for
12 approximately six minutes before being apprehended by
13 Philadelphia Park security. On September 16th, 2007,
14 a four-year-old child accompanied by his Mother gained
15 access to and remained on the gaming floor for
16 approximately ten minutes before being apprehended by
17 Philadelphia Park security. On September 24th, 2007,
18 a two-year-old child accompanied by his Mother gained
19 access to and remained on the gaming floor for
20 approximately one minute before being apprehended by
21 Philadelphia Park security.

22 The Consent Agreement entered into
23 provides that Philadelphia Park shall spend at least
24 \$21,000 to develop and implement an educational
25 training program to discourage underage gambling. The

1 program will target grades three to eight in the
2 school systems in the areas immediately surrounding
3 the Philadelphia Park facility.

4 Nan Horner, who is the Director of our
5 Office of Compulsive and Problem Gambling, will give a
6 brief overview of gambling problems in youth and the
7 educational training program that's proposed in the
8 Consent Agreement.

9 CHAIRMAN COLINS: Can I just interrupt
10 for a minute before we go any further? On reviewing
11 these documents, let me just say that I'm not --- I'm
12 not inclined to go forward with this matter in the
13 form that it's in, this Consent Agreement. I don't --
14 - I have concerns about it, and I have read the
15 Consent Agreement. It's basically three incidents of
16 toddlers creeping into the gaming floor of
17 Philadelphia Park. And I don't see any provisions in
18 this Consent Agreement that deal with preventative
19 measures to keep that from happening.

20 So I think that this needs more work at
21 this stage, and I want to give you an opportunity to
22 reschedule this for another time, if you'd like. If
23 not, you can go forward with it today.

24 ATTORNEY PITRE: That's fine, Madam
25 Chair. And I would like to explain to the Board that

1 this was separate and apart from the other --- the
2 security matter that we --- we previously dealt with
3 Philadelphia Park about their security staffing. We
4 dealt with that initially. We increase --- we made
5 them increase their security staffing. There's a new
6 --- there is now a new security director in charge of
7 security. Those matters we dealt with when these
8 matters initially happened.

9 So we've already dealt with that, and
10 those matters were --- those new security staffing
11 plans were made a part of their internal controls.

12 CHAIRMAN COLINS: And have there been
13 any subsequent issues?

14 ATTORNEY PITRE: We have not had any
15 issues with underage --- children under the age of 18
16 accessing the gaming floor since that time.

17 CHAIRMAN COLINS: Okay. And so these
18 provisions are part of the internal controls?

19 ATTORNEY PITRE: We've made those
20 provisions a part of the internal control early on.
21 That was done, I want to say, finally --- I don't know
22 the exact date, but it was in late 2007.

23 CHAIRMAN COLINS: Why not make it part
24 of the Consent Order?

25 ATTORNEY PITRE: It can be. You can

1 incorporate it into the Consent Order.

2 CHAIRMAN COLINS: And then my next
3 question is --- I interrupted. Ma'am, were you going
4 to go to the \$21,000 figure for education as opposed
5 to a fine?

6 MS. DAVENPORT: She's going to address
7 that.

8 MS. HORNER: I just want to give a brief
9 overview of gambling problems in youth and then
10 discuss this program that's proposed in the Consent
11 Agreement.

12 Today's youth have never known a world
13 where lotteries, casinos and wagering were anything
14 but legal, readily accessible and socially acceptable.
15 To them, poker can be a lucrative career. And in
16 their lifetime there's been a stigma attached to
17 gambling. It's entertainment.

18 Youth are eager to gamble. They watch
19 poker on ESPN. They trade poker cards, poker trading
20 cards. And just about anywhere that a group of young
21 people have gathered, there's some form of gambling
22 occurring. Research shows that most adult problem
23 gamblers begin to gamble during their teenage years
24 often as young as ten years old. National surveys
25 show that about 80 percent of youth 12 years of age

1 and over say that they have gambled in the last year.
2 On weekly use of other items, six percent of youth
3 reported weekly use of drugs, 15 percent weekly use of
4 alcohol, 19 percent weekly use of cigarettes and 34
5 percent of youth reported engaging in gambling
6 activities on a weekly basis.

7 Prevalence of adult gambling problems is
8 approximately three percent, and studies suggest that
9 prevalence of underage gambling problems is four times
10 greater than that of the adult population. Four to
11 six percent of youth experience severe gambling
12 problems. A report based on a 2006 youth survey
13 conducted by New York's Office of Alcoholism and
14 Substance Abuse Services concluded that 20 percent of
15 children in grades 7 through 12 have a gambling
16 problem. Ten percent of the surveyed youth are
17 considered pathological gamblers. Another ten percent
18 fit the criteria for at-risk problem gamblers.

19 Based on research, I believe that similar
20 to prevention and education programs for underage
21 drinking, drug and other health related issues, there
22 are four target audiences for problem gambling
23 prevention programs and education. The four target
24 audiences would be grade school students, high school
25 students, college students and, of course, parents.

1 The North American Training Institute
2 Program, which is addressed in this Consent Agreement,
3 is called Kids Don't Gamble, Wanna Bet. It targets
4 one of these audiences, and that is those who have not
5 yet begun or who are just beginning to engage in
6 gambling activities. This program helps to enlighten
7 educators who may be unaware of the risks of underage
8 gambling, and it also includes a letter to parents
9 informing them of the curriculum and the realities of
10 underage gambling as well as providing a resource
11 guide that provides an opportunity for family
12 involvement in the program.

13 In the near future, I hope to be able to
14 utilize and promote educational and awareness programs
15 that specifically target high school students, college
16 students and parents. This program begins with the
17 grade school students.

18 I support the proposed Consent Agreement
19 because it not only settles the claims and imposes
20 penalties for violations of the Gaming Act and the
21 regulations, but it also promotes early intervention
22 and preventative education programs for problem
23 gambling in youth.

24 CHAIRMAN COLINS: Commissioner McCabe?

25 COMMISSIONER MCCABE: I have a question

1 and a problem with this, because how does their
2 solution send the message to Philadelphia Park that
3 they've done something wrong, that they have to take
4 corrective action for it? This doesn't tell them to
5 take any corrective action for what they did wrong.
6 They didn't have security officers doing their job or
7 have security officers there, period.

8 ATTORNEY PITRE: We'll go back and
9 incorporate that part because that was the first thing
10 we dealt with them on. So we'll go back and
11 incorporate that into the Consent Agreement so that
12 the Board can be aware of that. That was one of the
13 things that we did early on before any of the
14 petitions --- all those petitions. Those were the
15 things that we dealt --- we're dealing with early on,
16 ensuring that they have adequate security and that
17 security was doing their job and that the right people
18 were in charge of security. And we've addressed that
19 issue, but I'd be happy to incorporate it into the
20 Consent Order.

21 CHAIRMAN COLINS: Good. I think that
22 that can only help if you put it into the Consent
23 Order. And I guess, Nan, are you telling us that the
24 \$21,000 provided for in this Consent Agreement is
25 punitive, but it goes to a more valid cause than a

1 pure fine. It goes to an education program that
2 addresses, I guess, underage gambling education.

3 ATTORNEY PITRE: What we found is that
4 in that --- in this particular area there's --- that
5 the community needs to be educated. You have a very
6 large community in that area, and they're accustomed
7 to going to Philadelphia Park with their kids when it
8 was a racetrack. So we need to educate the community.

9 And we felt the money would be better spent educating
10 the community rather than, you know, spending it on a
11 fine. But if the Board feels otherwise, if the Board
12 wants us to go back and address this matter in a
13 different way, we'll be more than happy to do it.

14 COMMISSIONER RIVERS: My concern is I
15 believe in intervention. I believe in education. But
16 I think the people that need to be educated are not
17 these three to eight year olds, but the parents and
18 the grandparents that brought these kids to the
19 casino. And I think that to create --- to introduce
20 three to eight year olds to the issue that gambling is
21 there, I don't know if that's part of our
22 responsibility as opposed to the parents'
23 responsibility. And I think that there is a lot ---
24 there are a lot of other things I'd like to see them
25 educated in other than the ills of gambling at this

1 particular juncture.

2 So I would rather see us focus more on
3 educational programs for grandparents, if necessary,
4 or for mothers as opposed to creating something for
5 three to eight year olds. And I'm trying to figure
6 out, how do you get a three year old's attention to
7 say that your grandfather, your grandmother, your
8 mother, your father, your uncle or some other
9 individual can't take you into that casino, and what
10 are you going to do.

11 MS. HORNER: Yes. Well, this program --
12 - look, we have students in school and they are a
13 ready made audience. And so we wanted to target the
14 grades three through eight. When children hear about
15 programs for smoking, for example, they go home and
16 they go out into their lives and anybody that they see
17 smoking a lot of times they will start spouting the
18 dangers of smoking. So to reach these young people
19 and to let them know that gambling is an adult --- is
20 adult behavior and children should not be engaging in
21 gambling activities, we think that is definitely a
22 worthy cause.

23 I definitely would like to have public
24 service announcements, some sort of an outreach
25 program that does target adults, that targets parents

1 and grandparents, older siblings who may be unaware of
2 the problems of gambling in youth. But at this point,
3 there is no program like that in Pennsylvania.

4 COMMISSIONER RIVERS: I would think we'd
5 rather work with the school system and see if they'd
6 like to interject that into their curriculum as
7 opposed to us making the decision that we're offering
8 this.

9 ATTORNEY PITRE: Well, we thought that
10 --- I'm sorry.

11 COMMISSIONER RIVERS: I think that if
12 you think about other types of education, sex
13 education, cigarettes and things like this, a lot of
14 parents don't necessarily want you or I to talk to
15 their sons and daughters about that. They want that
16 to be their responsibility and solely their
17 responsibility. And I think that we need to be very
18 careful on where we're going with this as opposed to -
19 -- I mean, trying to get their support as opposed to
20 trying to ram it down their throats. That's my
21 position.

22 COMMISSIONER MCCABE: I'd like to go
23 back to the law and order crime and punishment theme.
24 Did the mother --- the two mothers and the grandfather
25 have any winnings while they were gambling and what

1 happened to those winnings? Were they confiscated or
2 were they allowed to walk away with their winnings?
3 Because I know we have a program in place where if
4 you're excluded, you have to forfeit all your
5 winnings. But what happens if somebody like this
6 brings in a child and has winnings? Do they get ---?

7 ATTORNEY PITRE: They're --- I'm sorry.
8 They're confiscated. Those winnings --- in one
9 instance, the winnings were confiscated. In the
10 other, I don't think there were any winnings. And Mr.
11 Downey is here on behalf of Philadelphia Park. I
12 don't know if he --- they had reached out --- had any
13 intentions to reach out to the PTA. But if the
14 Board's inclined not to grant this, we would ask that
15 the matter be tabled and remanded to OHA.

16 CHAIRMAN COLINS: I think why don't we
17 table this for the time being. We'll bring it back if
18 that's all right.

19 COMMISSIONER GINTY: I'd like Nan to
20 give a presentation to the Board at some point on this
21 program so that we understand it.

22 ATTORNEY DOWNEY: Madam Chair, may I ask
23 one question?

24 CHAIRMAN COLINS: Sure.

25 ATTORNEY DOWNEY: When you were

1 referencing the actions that have already taken place,
2 it is your intent then that a Consent Order would
3 include a statement of those activities remedial and
4 otherwise that the license has already incorporated
5 working with BIE?

6 CHAIRMAN COLINS: Yes, based on what Mr.
7 Pitre's told us.

8 ATTORNEY DOWNEY: Thank you.

9 CHAIRMAN COLINS: Thank you. I think
10 we're at Sean Hannon. We're up to Sean now. Okay.
11 Let's go. Sorry, Sean.

12 MR. HANNON: Sean Hannon, Enterprise
13 Manager of Bureau of Licensing. Good afternoon,
14 Chairman Colins and members of the Board. I have a
15 number of items to bring before the Board today. The
16 first two items involve the renewal of manufacturer
17 licenses. Prior to today's meeting, the Board was
18 provided with the background investigation and
19 executive summary suitability report for each
20 manufacturer. These applications were put through our
21 standard licensing procedure including investigation
22 by Bureau of Investigation and Enforcement.

23 The first proposed Order is for the
24 approval of the renewal of a manufacturer license to
25 DigiDeal Corporation. The Bureau of Licensing has not

1 identified any issues that would preclude licensure of
2 this company. I ask that you consider the Order
3 granting this license.

4 CHAIRMAN COLINS: May I have a motion?
5 Are there any objections?

6 ATTORNEY PITRE: No, we support their
7 renewal.

8 CHAIRMAN COLINS: Thank you. May I have
9 a motion?

10 COMMISSIONER SOJKA: Yes, Madam
11 Chairman. I move that the Board approve the Order
12 renewing the manufacturer license for DigiDeal Corp.

13 COMMISSIONER RIVERS: Second.

14 CHAIRMAN COLINS: All in favor?

15 AYES RESPOND

16 CHAIRMAN COLINS: Opposed?

17 NO RESPONSE

18 CHAIRMAN COLINS: Motion carries.

19 MR. HANNON: The next proposed Order is
20 for the approval of the renewal of a manufacturer
21 license to Progressive Gaming International
22 Corporation. The Bureau of Licensing has not
23 identified any issues that would preclude licensure of
24 this company. I ask that you consider the Order
25 granting this license.

1 ATTORNEY PITRE: The Office of
2 Enforcement Counsel recommends renewal of the
3 manufacturer license.

4 CHAIRMAN COLINS: May I have a motion?

5 COMMISSIONER SOJKA: Madam Chairman, I
6 move that the Board approve the Order renewing the
7 manufacturer license for Progressive Gaming
8 International Corporation.

9 COMMISSIONER RIVERS: Second.

10 CHAIRMAN COLINS: All in favor?

11 AYES RESPOND

12 CHAIRMAN COLINS: Opposed?

13 NO RESPONSE

14 CHAIRMAN COLINS: Motion carries.

15 MR. HANNON: The next matter before the
16 Board is a proposed Order approving the renewal of a
17 supplier license to Advanced Gaming Associates, LLC.
18 The Board was provided a background investigation and
19 executive summary suitability report for this company.
20 This applicant was put through our standard licensing
21 procedure, including investigation by the Bureau of
22 Investigation and Enforcement. The Bureau of
23 Licensing has not identified any issues that would
24 preclude licensure of this company. I ask that you
25 consider the Order granting this license.

1 CHAIRMAN COLINS: Enforcement Counsel?

2 ATTORNEY PITRE: OEC recommends approval
3 of the renewal application.

4 CHAIRMAN COLINS: May I have a motion?

5 COMMISSIONER RIVERS: So moved.

6 COMMISSIONER MCCABE: Second.

7 CHAIRMAN COLINS: All in favor?

8 AYES RESPOND

9 CHAIRMAN COLINS: Opposed?

10 NO RESPONSE

11 CHAIRMAN COLINS: Motion carries.

12 MR. HANNON: The next item is a proposed
13 Order approving 47 Temporary Key Employee licenses. I
14 ask that the Board consider the Order granting these
15 licenses.

16 COMMISSIONER MCCABE: So moved.

17 COMMISSIONER GINTY: Second.

18 CHAIRMAN COLINS: Before voting, are
19 there any objections?

20 ATTORNEY PITRE: No objections.

21 CHAIRMAN COLINS: Very good. All in
22 favor?

23 AYES RESPOND

24 CHAIRMAN COLINS: Opposed?

25 NO RESPONSE

1 CHAIRMAN COLINS: Motion carries.

2 MR. HANNON: The Bureau of Licensing
3 also provided you with an Order and a list of 294
4 individuals who the Bureau has granted occupation
5 permits to and 170 individuals who the Bureau has
6 granted registrations to under the authority delegated
7 to the Director of Licensing. I ask that the Board
8 adopt a motion approving the Order.

9 MS. PITRE: No objections.

10 COMMISSIONER GINTY: So moved.

11 COMMISSIONER COY: Second.

12 CHAIRMAN COLINS: All in favor?

13 AYES RESPOND

14 CHAIRMAN COLINS: Opposed?

15 NO RESPONSE

16 CHAIRMAN COLINS: Motion carries.

17 MR. HANNON: Next we have the
18 recommendations of denials for five gaming and two
19 non-gaming employee applications. Prior to this
20 meeting, the Bureau of Licensing provided you with
21 Orders addressing each of the individual gaming and
22 non-gaming applicants that the Bureau of Investigation
23 and Enforcement has recommended for denial. As stated
24 in each Order, each applicant was sent a
25 recommendation of denial letter from the PGCB. In the

1 letter, the applicants were given ten days in which to
2 request a hearing regarding their denial. In each
3 case, the applicant failed to request a hearing in the
4 specified time period. I ask that the Board adopt a
5 motion approving the Order denying the gaming and non-
6 gaming applicants.

7 ATTORNEY PITRE: Of course, we support
8 that.

9 COMMISSIONER COY: So moved.

10 COMMISSIONER ANGELI: Second.

11 CHAIRMAN COLINS: All in favor?

12 AYES RESPOND

13 CHAIRMAN COLINS: Motion carries. Thank
14 you very much.

15 MR. HANNON: Finally, the Bureau of
16 Licensing provided each of you with an Order and
17 attached list of 12 registered vendor applicants. I
18 ask that the Board adopt a motion approving the Order.

19 ATTORNEY PITRE: No objection.

20 COMMISSIONER ANGELI: So moved.

21 COMMISSIONER SOJKA: Second.

22 CHAIRMAN COLINS: All in favor?

23 AYES RESPOND

24 CHAIRMAN COLINS: Opposed?

25 NO RESPONSE

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CHAIRMAN COLINS: Motion carries.

MR. HANNON: Thank you.

CHAIRMAN COLINS: Thank you very much.

That concludes our business. This meeting is
adjourned.

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PUBLIC MEETING CONCLUDED AT 3:30 P.M.

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