

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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, November 13, 2008  
1:00 p.m.

LOCATION: Public Utility Commission  
Keystone Building  
Hearing Room One  
400 North Street, 3rd Floor West  
Harrisburg, PA 17105

WITNESSES: Frank T. Donaghue, Stacie Amsler, Marianne Oliver, Eileen McNulty, Doug Sherman, Steve Cook, Marie Jones, Susan Hensel, Kevin Hayes, Dustin Miller, Kathleen Higgins, Cyrus Pitre, Mark Stewart

Reporter: Cynthia Piro-Simpson  
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CHAIRMAN COLINS:

All right. Good afternoon everyone. We will begin. I'm Mary Colins. I'm Chairman of the PGCB, and I'd like to ask everyone to please turn off your cell phones, Blackberries and other electronic devices. We have Keith Welks here today. Representing the Treasurer, Stacie Amsler. Okay. And we will now --- there's a quorum present, so I'll call the meeting to order. And we will begin, as usual, with the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN COLINS:

All right. The Board has held an Executive Session prior to today's meeting in accordance with the Sunshine Act. The purpose of the Executive Session was to discuss personnel issues, privileged and confidential Agency business, to consult with Counsel and other professional advisors to the Board concerning current litigation.

Now we'll proceed with our first item on the agenda, which is the minutes and the transcripts. May I have a motion to approve the September 30th and October 14th minutes and transcripts?

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COMMISSIONER GINTY:

So moved.

CHAIRMAN COLINS:

May I have a second, please?

COMMISSIONER MCCABE:

Second.

CHAIRMAN COLINS:

Thank you. Any questions or comments?

All in favor?

AYES RESPOND

CHAIRMAN COLINS:

Opposed?

NO RESPONSE

CHAIRMAN COLINS:

Motion carries. Now, to the Executive Director's Report. Frank Donaghue.

ATTORNEY DONAGHUE:

Good afternoon, Madam Chairman Colins and Board members. Tomorrow on November 14th, 2008 marks the two-year anniversary of the opening of Pennsylvania's first casino, Mohegan Sun at Pocono Downs in Wilkes-Barre. As you know, six additional casinos have opened since that time, and more than 16,000 slot machines are now operating and generating an average of more than \$2.5 million per day in tax

1 revenues.

2                   With this anniversary in mind, I thought  
3 it would be a good opportunity to provide a snapshot  
4 of what has been accomplished thus far. Since that  
5 first opening, Pennsylvania casinos have seen \$30.3  
6 billion of wagers from patrons who, in kind, won  
7 nearly \$27.7 billion. The effective win rate, or  
8 payout based on these numbers is 91.2 percent, which  
9 is well above the Gaming Act's mandated minimum payout  
10 per machine of 85 percent.

11                   The total gross revenue from slots  
12 gaming, the amount remaining after wagers are paid,  
13 totals \$2.48 billion after two years. Applying  
14 Pennsylvania's 55 percent tax rate, tax revenues just  
15 from slots play is \$1.37 billion. Overall, when you  
16 consider the licensing fees, gaming revenues total  
17 approximately \$1.9, which is allocated by the Gaming  
18 Act to a number of worthy causes, as well as local  
19 property tax relief and support for the horseracing  
20 industry.

21                   We have all read how the economic  
22 downturn in the U.S. economy, along with increased  
23 competition and other factors have affected major  
24 gaming jurisdictions. While it is difficult to  
25 predict the short-term and long-term future of

1 Pennsylvania gaming market, we can begin to make  
2 comparisons in the same manner as other jurisdictions,  
3 between year over year revenues. In this case, as an  
4 example, October of '07 to October of '08.

5           In addition, Pennsylvania Clean ---  
6 Pennsylvania's Clean Indoor Air Act, which took effect  
7 on September 11th, 2008 prohibits smoking on at least  
8 75 percent of the casino floor and could have an  
9 effect on revenues. And increased slot competition at  
10 some time at a future date due to recently passed  
11 ballot initiatives in Maryland can affect predictions.  
12 So I want to be clear that there are a number of  
13 variables, such as the economy and competition that  
14 will come into play as Pennsylvania's casino market  
15 continues to mature.

16           In short, it's too early to come to any  
17 measurable conclusions on current or future trends  
18 based on the following revenue comparisons. With  
19 those caveats, let me provide some comparisons of the  
20 last full month of October of this year, against  
21 October of 2007. And referring to the chart over  
22 here, let me refer to the chart which provides a  
23 history of gross terminal revenue during the past two  
24 years, primarily showing a growth that follows the  
25 continued openings of those licensed facilities.

1                   Not surprisingly, gross terminal revenue  
2 was up 29.7 in October of 2008 compared to the same  
3 period last year. Those figures are \$103 million  
4 compared to \$134 million. Of course, we had seven  
5 operating casinos in October of this year compared to  
6 five facilities open in October of last year, so that  
7 type of increase is expected.

8                   Away from the chart, I want to also  
9 provide you with the last year to this year snapshot  
10 of revenues. This comparison is regularly offered by  
11 other gaming jurisdictions. In this instance, for  
12 Pennsylvania, the comparison utilizes only the five  
13 facilities which were in operation during the entire  
14 month of October of last year and October of this  
15 year, and shows a 3.4 increase in gross terminal  
16 revenues, or \$98.9 million last year as compared to  
17 \$102 million this year.

18                   I must add that this year's numbers were  
19 produced with about 1,900 additional slot machines due  
20 mostly to the move of Mohegan Sun from its temporary  
21 to its permanent facility.

22                   Again, today the Pennsylvania casino  
23 market is very different than that of 2007, and it  
24 will undergo more changes that will affect these  
25 numbers a year from now. So I believe that it's too

1 early to begin to have any concrete conclusions  
2 regarding Pennsylvania's gaming market.

3           Some things I can say with more  
4 certainty, for example, the expected growth of 2009  
5 will result in more permanent facilities and include  
6 the operation of approximately 6,000 more slot  
7 machines as well as the opening of additional  
8 facilities, so overall revenue numbers are expected to  
9 increase. The increase includes upgrades from the  
10 temporary to permanent facilities at The Meadows, as  
11 well as Philadelphia Park, and two new stand-alone  
12 facilities that are slated to begin operations in  
13 2009, The Sands Casino Resort in Bethlehem and the  
14 Pittsburgh Casino.

15           Finally, I want to note that we will  
16 continue to report revenue numbers consistently to the  
17 Board and to the public in both of these types of  
18 settings and to our reporting on our --- the  
19 Pennsylvania Gaming Control Board website. Thank you  
20 for your time today.

21           CHAIRMAN COLINS:

22           Thank you. Are there any questions for  
23 Frank? Thank you.

24           ATTORNEY DONAGHUE:

25           Okay. Thank you.

1                   CHAIRMAN COLINS:

2                   Eileen McNulty now, Chief Financial  
3 Officer.

4                   MS. MCNULTY:

5                   Thank you, Chairman Colins and Board  
6 members. My report today covers revenues and expenses  
7 reported by the Gaming Control Board through the end  
8 of October 2008. Spending to date this fiscal year  
9 totaled \$9,069,957. Spending recorded in October was  
10 \$3,090,476, or 34 percent of the year-to-date total.

11                   Payroll expense through October totaled  
12 \$7,440,929, or 82 percent of total spending for the  
13 fiscal year. October payroll expense was \$2,585,319,  
14 reflecting three payrolls charged during the month.

15                   Operating expenses recorded in October  
16 totaled \$505,157, bringing the year-to-date total of  
17 operating expenses to \$1,629,029. Operating expenses  
18 were 16.3 percent of October spending and 18 percent  
19 of year-to-date spending.

20                   Rentals and leases totaling \$685,408 is  
21 the largest category of operating expense to date and  
22 represents 42.1 percent of operating expenses for the  
23 first third of the fiscal year. October lease rental  
24 expense was \$144,729.

25                   The second largest category of

1 year-to-date operating expense was services, which  
2 accounted for \$272,292, or 16.7 percent of the  
3 category. Consultant services for financial  
4 suitability analysis and compliance reviews  
5 represented \$125,381.

6 Inner-agency billings for the use of the  
7 SAP Accounting and Payroll systems added \$88,686, and  
8 EDP Consulting Services of \$46,084 were other expenses  
9 in the services category. Recurring telecommunication  
10 costs are the majority of our utility expenses of  
11 \$222,367. These charges, which comprise 13.7 percent  
12 of operating expenses so far this fiscal year are the  
13 third largest operating expense.

14 Other operating expenses as a category  
15 accounted for another 10.1 percent, or \$164,625 of  
16 year-to-date operating expense. Subscription costs  
17 for ChoicePoint Data Services for background  
18 investigations account for nearly all of the spending  
19 in this category.

20 Augmenting revenues recorded through the  
21 first quarter of the year totaled \$4,750,713. Of  
22 this, \$2,992,220 is the current value of the carryover  
23 from fiscal year '07/'08. The total also includes  
24 \$1,302,431 in investigative fees, \$279,090 in Gaming  
25 Lab fees, and \$158,000 in license fees from certified

1 vendors and manufacturers.

2                   That completes the financial report. If  
3 there are no questions, I'll move on to the proposed  
4 hires.

5                   CHAIRMAN COLINS:

6                   Go right ahead.

7                   MS. MCNULTY:

8                   We have three candidates for hire at  
9 today's meeting. First is Rudolph Braxton, candidate  
10 for BIE (Bureau of Investigation and Enforcement)  
11 Investigator in the Conshohocken office. Rudolph has  
12 over 20 years of law enforcement experience with the  
13 Philadelphia Police Department, having spent time in  
14 the Criminal Intelligence, Homeland Security and  
15 Organized Crime Unit. He has completed the PGCB  
16 interview process and background check, and is  
17 recommended for hire by Regional BIE Director, Roger  
18 Greenbank.

19                   The second candidate is Joseph Dougherty,  
20 also a candidate for BIE Investigator in the  
21 Conshohocken office. Joseph has over 20 years of law  
22 enforcement experience with the Philadelphia Police  
23 Department, having spent the last ten years as a  
24 Lieutenant with the Detective Division. He has also  
25 completed the PGCB interview process and background

1 check and is recommended for hire also by Regional BIE  
2 Director Roger Greenbank.

3                   Finally, we have Ronald Zabroski,  
4 candidate for Casino Compliance Representative at Penn  
5 National. He comes to the PGCB after 24 years with  
6 AMETEK Westchester Plastics, where he was employed in  
7 both supervisory and management positions. He is also  
8 a U.S. Navy veteran. He has also completed the PGCB  
9 interview process and background check, and is  
10 recommended for hire by Casino Compliance Director,  
11 Tom Sturgeon.

12                   These three candidates have all completed  
13 their background checks and drug screening and are  
14 ready for hire.

15                   CHAIRMAN COLINS:

16                   Anyone have a motion?

17                   COMMISSIONER RIVERS:

18                   Yes. Madam Chairman, I move that the  
19 Board approve the hiring of Agency staff on the basis  
20 that all employees have completed the necessary  
21 background investigation and drug testing.

22                   COMMISSIONER SOJKA:

23                   Second.

24                   CHAIRMAN COLINS:

25                   All in favor?

1 AYES RESPOND

2 CHAIRMAN COLINS:

3 Opposed?

4 NO RESPONSE

5 CHAIRMAN COLINS:

6 Motion carries.

7 MS. MCNULTY:

8 Thank you. The final item on my agenda,  
9 two weeks ago our Director of the Bureau of  
10 Investigations and Enforcement (BIE), Dave Kwait,  
11 announced that he will be retiring on December 5th.

12 CHAIRMAN COLINS:

13 And let me interrupt for a moment. At  
14 our next meeting, we'll have many kind words for Dave  
15 Kwait and regarding Dave Kwait, but in advance of  
16 that, continue.

17 MS. MCNULTY:

18 I have a few kind words, too. Dave  
19 created and developed the only Bureau in the PGCB that  
20 is established in our Act. Under his watch, BIE  
21 conducted more than 19,000 investigations on  
22 individuals or corporate entities and grew to a unit  
23 of 86 employees.

24 Dave is a veteran of the Federal and  
25 State Law Enforcement communities, who served as an

1 FBI Agent for 30 years and also served as Chief of  
2 Criminal Investigations for the Pennsylvania Office of  
3 Attorney General. His shoes will be difficult to  
4 fill.

5                   Recently the Board conducted an RFEI  
6 process to procure the services of an executive search  
7 firm to identify candidates to replace our prior  
8 Executive Director. The Board may desire to utilize  
9 the services of an executive search firm also in  
10 identifying candidates for the Director of BIE  
11 position.

12                   It has been determined that the  
13 appropriate course of action is to issue an RFP to  
14 obtain the services of an executive search firm that  
15 would be used to search for candidates for the BIE  
16 Director position, and would continue to be available  
17 from time to time to conduct future executive searches  
18 should the need arise. At this time, it would be  
19 appropriate for the Board to consider a motion  
20 authorizing the issuance of an RFP for Executive  
21 Search Services.

22                   CHAIRMAN COLINS:

23                   May I have a motion, please?

24                   COMMISSIONER RIVERS:

25                   Yes. Madam Chairman, I move that the

1 Board approve the issuance of a request for proposals,  
2 seeking an Executive Search Services on an ongoing  
3 basis, as described by the Chief Financial Officer.

4 CHAIRMAN COLINS:

5 May I have a second?

6 COMMISSIONER SOJKA:

7 I'll second that.

8 CHAIRMAN COLINS:

9 All in favor?

10 AYES RESPOND

11 CHAIRMAN COLINS:

12 Opposed?

13 NO RESPONSE

14 CHAIRMAN COLINS:

15 Motion carries.

16 MS. MCNULTY:

17 Thank you.

18 CHAIRMAN COLINS:

19 Office of Chief Counsel (OCC).

20 ATTORNEY SHERMAN:

21 Madam Chairman, members of the Board.

22 The OCC has three categories of presentations,  
23 petitions, withdrawals and reports and recommendations  
24 for the Board's consideration today. Deputy Chief  
25 Counsel, Steve Cook, will be presenting these matters

1 for the Board.

2 ATTORNEY COOK:

3 Good afternoon, Madam Chairman and  
4 members of the Board. Today the Board has four  
5 petitions before it for consideration. The Board has  
6 been provided with the petitions, the responses of  
7 Enforcement Counsel, as well as supporting evidentiary  
8 materials. In addition, in each case, the party  
9 seeking relief has been notified that the Board is  
10 considering this matter today and that they have the  
11 right to be present and to be heard by the Board.

12 The first petition before the Board for  
13 consideration is Washington Trotting Association's  
14 Petition Seeking a Determination that its iTrak System  
15 is not a Slot Computer System, and therefore does not  
16 need to be housed onsite at WTA's Pennsylvania  
17 facility, as would be required if it were a Slots  
18 Computer System. iTrak's hardware and software are  
19 currently housed in Las Vegas, Nevada.

20 The OEC (OEC) and WTA have reached an  
21 agreement that iTrak is an incident reporting system,  
22 is not used to monitor slot operations, is not  
23 connected to or integrated with the operation of a  
24 slot machine system and is simply a stand-alone  
25 security and surveillance system. As a result, OEC

1 agrees to the relief requested by WTA subject to  
2 certain conditions, including who --- or limiting the  
3 ability of certain people to read and write to the  
4 iTrak System and as well as how certain surveillance  
5 logs are going to be kept.

6           Additionally, WTA has agreed to make  
7 certain amendments to its internal controls as well as  
8 outline the WTA personnel responsible for ensuring  
9 compliance with those internal controls.

10           Based upon the documentary record  
11 presented, it would be appropriate for the Board to  
12 consider a motion to approve this Petition pursuant to  
13 the conditions set forward in the proposed Order.

14           CHAIRMAN COLINS:

15           Would you just highlight some of those  
16 provisions in the Order?

17           ATTORNEY COOK:

18           Some of the conditions are --- basically  
19 what they amount to are the persons that have access  
20 to the system, who could read or write to the system,  
21 as well as certain security measures to make sure that  
22 the iTrak System isn't widely available to WTA  
23 personnel or others.

24           The people that would have access would  
25 include basic --- delineated CCR Management employees,

1 Guy Hillyer, Marlon Smith, Edwin Brown, who are  
2 respectively, the Executive Vice President, a Risk  
3 Management Specialist and the Director of Security.  
4 They are all employed in Nevada, and they would have  
5 read-only access, as I understand it, available to  
6 this system.

7 CHAIRMAN COLINS:

8 All right. So no changes or deletions  
9 could be made outside of the Commonwealth?

10 ATTORNEY COOK:

11 That is how I understand it.

12 CHAIRMAN COLINS:

13 Okay.

14 COMMISSIONER SOJKA:

15 Can I ask further about that, please? If  
16 there's a list of people that can both read and write  
17 to that system, how are we certain about that? I  
18 thought this was a read-only system coming out of the  
19 Commonwealth.

20 ATTORNEY COOK:

21 I believe it's read-only --- well,  
22 actually, counsel for WTA, I believe is here, and she  
23 may be able to ---.

24 COMMISSIONER SOJKA:

25 Can you help us, Ms. Jones?

1                   CHAIRMAN COLINS:

2                   State your name for the record?

3                   ATTORNEY JONES:

4                   Good afternoon, Chairman Colins, Board  
5 members. Marie Jones from Fox Rothschild here on  
6 behalf of Washington Trotting Association. To answer  
7 your question, yes, there is --- how it is structured  
8 right now is, the individuals in Nevada are limited to  
9 read-only. That is a software adjustment that has  
10 already been done. They cannot, in any way, write to  
11 the system involving reports that are generated from  
12 the facility in Pennsylvania.

13                   In addition, any reports in Pennsylvania  
14 that are modified by the slot or surveillance  
15 personnel or the management in those areas --- you can  
16 see every version, nothing can be deleted from the  
17 system. So you have plenty of security there.

18                   COMMISSIONER SOJKA:

19                   Okay. That helps. Thank you.

20                   ATTORNEY JONES:

21                   You're welcome.

22                   COMMISSIONER MCCABE:

23                   If we're asking questions, what is the  
24 system used for, and is this connected to the other  
25 facilities that the Licensee owns?

1                   ATTORNEY JONES:

2                   The system is used for reporting slot and  
3 surveillance incidents of the slot department, and if  
4 somebody trips and falls, they record it in their ---  
5 it is a uniform system, but what is accessible in the  
6 Commonwealth is not accessible at the other facilities  
7 that CCR owns. So in other words, even though it's  
8 housed in Nevada, the system that's used at the  
9 Rampart Casino out there, there's no way that those  
10 individuals at the Rampart could go back and access  
11 the system at WTA.

12                   CHAIRMAN COLINS:

13                   All right. Very good. Any other  
14 questions? Then may I have a motion?

15                   COMMISSIONER MCCABE:

16                   Yes, Madam Chair. I move that the Board  
17 approve the Petition submitted by Washington Trotting  
18 Association, Inc., as described by the OCC.

19                   COMMISSIONER COY:

20                   Second.

21                   CHAIRMAN COLINS:

22                   Before a vote, is there an objection, or  
23 Office of Enforcement Counsel (OEC), where are you on  
24 this?

25                   ATTORNEY CREANY:

1           Barry Creany for the OEC. We believe  
2 that based upon consultations of the Office of Gaming  
3 Operations, that this Order with the conditions  
4 adequately safeguards the integrity of the process by  
5 limiting what goes on outside in the CCR offices. So  
6 it would be something we'd recommend that the Board  
7 approve this Order.

8           CHAIRMAN COLINS:

9           Okay. Very good. All in favor?

10 AYES RESPOND

11           CHAIRMAN COLINS:

12           Opposed?

13 NO RESPONSE

14           CHAIRMAN COLINS:

15           The motion carries. Next matter.

16           ATTORNEY COOK:

17           The second petition before the Board also  
18 involves WTA, and it's a Petition Seeking Approval of  
19 an Agreement WTA reached with Sprung Instant  
20 Structures. The lesser of the structure which houses  
21 WTA's temporary facility.

22           WTA, in its Petition wishes to extinguish  
23 certain obligations it has to Sprung under a November  
24 6th, 2006 lease agreement, which provides that in  
25 exchange for certain engineering costs and monthly

1 lease payments, Sprung would provide a structure for  
2 WTA's Temporary Gaming Facility until such time as its  
3 permanent facility is completed.

4           Primarily, WTA wishes to pay out Sprung  
5 all money due under the lease agreement minus \$50,000,  
6 which would be payable to the Board. Sprung has  
7 agreed to such payment, as well as to continue to  
8 allow WTA to use its structure until its permanent  
9 facility is completed.

10           The OEC does not oppose the relief  
11 requested subject to certain conditions, including  
12 that the payments be made within 30 days of the  
13 Board's Order, that WTA obtain from Sprung a release  
14 for any financial claims it may have as a result of  
15 this change in their agreement, and that WTA do no  
16 further business with Sprung until such time as Sprung  
17 becomes a registered or certified vendor pursuant to  
18 the Board's regulations. Based upon the documentary  
19 record presented, it would be appropriate for the  
20 Board to consider this matter at this time.

21           CHAIRMAN COLINS:

22           Go right ahead. Any questions?

23           COMMISSIONER GINTY:

24           Steve, I understand that Sprung is not an  
25 approved vendor?

1                   ATTORNEY COOK:

2                   At this point, Sprung has not been  
3 certified or registered as a vendor in the  
4 Commonwealth.

5                   COMMISSIONER GINTY:

6                   And is there --- have they made efforts  
7 to get approval, or ---?

8                   ATTORNEY COOK:

9                   There's been ongoing efforts with the  
10 Bureau of Licensing, as well as with the OEC to bring  
11 Sprung into compliance. But as of this date, Sprung  
12 has not registered nor --- well, they would have to be  
13 certified given the dollar amount. They're not a  
14 certified vendor.

15                   COMMISSIONER GINTY:

16                   So we would, essentially, be approving a  
17 payment to a non-certified, registered, whatever it  
18 is, vendor?

19                   ATTORNEY COOK:

20                   That's correct.

21                   CHAIRMAN COLINS:

22                   Could I interrupt? Could we ask Susan  
23 Hensel to come forward and give us a little history of  
24 this, because I know she's been dealing, I think, with  
25 these issues, regarding the licensing, Jim. Maybe she

1 can give us some history on it.

2 MS. HENSEL:

3 Certainly. Is this on?

4 CHAIRMAN COLINS:

5 It's on.

6 MS. HENSEL:

7 Okay. Thank you. Sprung houses the  
8 casino in Western Pennsylvania, and as a result of  
9 that, it is receiving payments from WTA, which  
10 requires it to obtain either a Registration or a  
11 Certification from the Board. Due to the amount of  
12 money that Sprung is receiving, it's required to  
13 become a certified vendor. It's receiving in excess  
14 of \$200,000 in a 12-month period, which would require  
15 it to obtain a certification from the Board.

16 The Bureau of Licensing has worked with  
17 Sprung and has worked with WTA in order for it to  
18 submit to us a Certified Vendor Application. But to  
19 this point, those efforts have been unsuccessful. And  
20 earlier this year, the Bureau of Licensing brought  
21 Sprung to the Board with a recommendation that it be  
22 placed on the prohibited vendor's list, which the  
23 Board did, and that is where it is today. Because it  
24 is on the prohibited vendor's list, Sprung is not  
25 eligible to receive a payment from a slot operator or

1 applicant at this time.

2 CHAIRMAN COLINS:

3 So then this --- but this is asking us to  
4 allow payments to be released to prohibited vendors;  
5 is that correct?

6 ATTORNEY COOK:

7 The agreement reached provides that  
8 Sprung be --- receive a payment, yes, ma'am.

9 CHAIRMAN COLINS:

10 They're already on the prohibited vendor  
11 list and they will be receiving payments minus  
12 \$50,000; correct?

13 ATTORNEY COOK:

14 That is correct.

15 CHAIRMAN COLINS:

16 And what's the amount of payment they'd  
17 be receiving? It's a big ticket, isn't it?

18 ATTORNEY COOK:

19 It's well in excess of a million dollars.  
20 I don't have the exact figure.

21 ATTORNEY JONES:

22 Chairman, if I may, WTA is before you  
23 with this petition, as it has exhausted all  
24 possibilities that we could with Sprung. To give you  
25 some history, this lease was first entered ---.

1                   CHAIRMAN COLINS:

2                   Then why pay Sprung? Why pay them?

3                   ATTORNEY JONES:

4                   We have not --- we have not --- let me  
5 clarify. Sprung is not receiving payments now. In  
6 January of '08, because we were over the \$200,000  
7 threshold, we had notified Mark Miller prior to that,  
8 to ask if we could have --- continue to pay Sprung.  
9 He indicated that we could, because he was working  
10 with Sprung to have them file.

11                   In January, apparently, they were having  
12 issues. He was not getting the responses he liked.  
13 We, again, asked if we could make the monthly lease  
14 payment, understanding this is the house where the  
15 Temporary Facility is, and it's important for us to  
16 have that facility and keep it operational.

17                   At that time, Mr. Miller told us to stop  
18 payment, and Sprung has not received any payment since  
19 early January of this year. We have requested Sprung  
20 to file. We have taken every action we could with  
21 them. We are trying, at this point, to come up with a  
22 resolution. I do not represent Sprung. Sprung is not  
23 filing. The reason I understand they are not filing  
24 is because there's certain disclosures --- it's the  
25 form of the application, not that they have anything

1 to hide, according to them.

2                   Now, we have tried various resolutions.  
3 The initial petition was for us to buy the structure  
4 outright, but again, that would include a payment.  
5 What is before you is for us to pay the lease payments  
6 and with Sprung paying a significant forfeiture of  
7 \$50,000 to allow them to receive the payments under  
8 the lease. In the alternative --- I mean, we will  
9 continue to escrow the money and not pay Sprung, but  
10 this is going to end up in litigation and with the  
11 possibility of an injunction, and with it being our  
12 Temporary Facility, we felt it was sufficiently  
13 important to everybody to present this to the Board  
14 with the hope of resolving it, as efficiently as  
15 possible.

16                   COMMISSIONER MCCABE:

17                   Can I ask, what's happening to the  
18 payments now? I thought I heard you --- are you  
19 putting them into an escrow account?

20                   ATTORNEY JONES:

21                   Yes. We're not paying them. The money  
22 is there. If, in fact, we are authorized to pay them,  
23 we will pay them within the time payment, but they are  
24 not receiving any payments from us.

25                   CHAIRMAN COLINS:

1                   And they still refuse --- it's correct,  
2 they still refuse to complete the application?

3                   ATTORNEY JONES:

4                   Yes.

5                   COMMISSIONER RIVERS:

6                   I would never advocate paying a vendor, a  
7 prohibited vendor, okay, but we are in a unique  
8 situation where that vendor owns the structure that  
9 houses The Meadows temporarily at this point. And the  
10 only reason why I agreed to go this route was because  
11 the structure that houses The Meadows is a structure  
12 that Sprung is seeking to remove if they are not paid.  
13 So that's the only reason. Had it been anything else,  
14 I wouldn't even bring this before the Board.

15                   Because this is a unique situation, and I  
16 thought we should use all available revenues in order  
17 to give the Board a chance to consider this, should  
18 you not approve it, we will go back to the Office of  
19 Hearings and Appeals (OHA) and conduct a full hearing  
20 on the matter and develop a more proper record if that  
21 be the course the Board would like us to take.

22                   However, I do know that Sprung is still  
23 on the prohibited vendors list, they will remain on  
24 the prohibited vendors list. I would not seek to  
25 remove them from the prohibited vendors list until

1 they filed the necessary applications; however,  
2 because WTA is in the unique situation of having its  
3 facility being owned by Sprung and being placed into  
4 litigation with that --- and that structure being put  
5 in jeopardy, I thought it was appropriate that we seek  
6 all proper --- all necessary remedies to try to stave  
7 that off.

8 COMMISSIONER MCCABE:

9 Help me understand, if they're on the  
10 prohibited vendor list and were not allowed to pay  
11 anybody on the prohibited vendor list, how can we pay  
12 them? How can we allow them to pay them?

13 COMMISSIONER RIVERS:

14 Well, that would be --- it's in the  
15 Board's discretion. It's well within the Board's  
16 discretion to do that.

17 CHAIRMAN COLINS:

18 Are you concerned that they'd get an  
19 injunction and be able to take the tent away?

20 COMMISSIONER RIVERS:

21 I don't want to put words in their mouth,  
22 but I've heard various threats from their legal  
23 counsel that they would seek, what, a Replevin action.

24 CHAIRMAN COLINS:

25 It seems like they don't have clean hands

1 here. And Replevin's an action of law, but I don't  
2 know that they --- I don't know at this point. I have  
3 real concerns about this myself. I have real  
4 concerns.

5 ATTORNEY CREANY:

6 If I could just add. This started in  
7 September of 2006, 22nd of September is when they ---  
8 Sprung came in with the registration, a Vendor  
9 Registration Application. Three months later is when  
10 the actual lease was entered, and it wasn't until  
11 several months after that until it was noted that they  
12 were hitting that \$200,000 threshold that made the  
13 registration application inappropriate, and they  
14 needed to file the Vendor Certification Application.

15 When we got to that point with WTA and  
16 Licensing instructed them to stop payment, they did  
17 so, and they've worked to try to avoid the problems.  
18 Counsel Jones can speak to it, but they were mainly  
19 concerned about the possibility of something affecting  
20 their ability to continue gaming within that facility.  
21 And in March of '08, after being placed on the  
22 prohibited vendors list, Sprung came in with the  
23 petition to withdraw their initial application, asking  
24 for much of the same relief. OEC opposed that.  
25 That's sitting in the OHA until the disposition of

1 this.

2                   So at that point, we felt we were faced  
3 with a very difficult situation in order to maintain  
4 the operations done at WTA. This seemed like one of  
5 the only viable means to allow WTA to continue without  
6 any further hassles. I believe if we're back at  
7 Hearings and Appeals, we have opposed their petition  
8 at that stage, and I think if we're back at the  
9 Hearings and Appeals, I don't believe that the Hearing  
10 Officers will be in a position to be able to approve  
11 the payment any more than this Board. It's clearly  
12 within your discretion to decide whether this is  
13 appropriate at this time.

14                   COMMISSIONER SOJKA:

15                   Well, Madam Chair, perhaps given what we  
16 just heard, and realizing that the prohibited vendor  
17 list needs to remain a meaningful concept, I would  
18 offer the following motion, which I assume could be  
19 discussed further if seconded. But I would move that  
20 the Board deny the Petition submitted by Washington  
21 Trotting Association, Inc. as just described by our  
22 Enforcement Counsel.

23                   CHAIRMAN COLINS:

24                   Is there a second?

25                   COMMISSIONER ANGELI:

1 I'll second that.

2 CHAIRMAN COLINS:

3 All right. Any further questions?

4 COMMISSIONER ANGELI:

5 Yeah, I have one.

6 CHAIRMAN COLINS:

7 All right.

8 COMMISSIONER ANGELI:

9 Ms. Jones, how long will this structure  
10 be up?

11 ATTORNEY JONES:

12 It will be up until we're anticipating  
13 opening the permanent in the second quarter of '09,  
14 and then after the transition is done into the  
15 permanent, we would begin taking it down. So sometime  
16 in the second quarter of '09.

17 COMMISSIONER GINTY:

18 And as a good counsel, Ms. Jones, I'm  
19 sure you could withdraw any Replevin action.

20 ATTORNEY JONES:

21 You know, as I agree with the Chairman,  
22 but that is one of the items that WTA is afraid of,  
23 that there will be some type of injunction, Replevin  
24 action, litigation, and that's why we're before you.  
25 And that, to be quite frank with you, is why we've

1 spent so much time with this matter and trying to  
2 resolve it and avoid litigation for us, the Board and  
3 Sprung.

4 COMMISSIONER SOJKA:

5 I think it's clear that we really do  
6 understand the situation Washington Trotting is  
7 facing, and we're not, I should say, unsympathetic  
8 with that, but this doesn't seem, to me, to be an  
9 avenue that we can support. It doesn't mean there  
10 might not be others.

11 ATTORNEY JONES:

12 I understand.

13 COMMISSIONER MCCABE:

14 I have a question. Why hasn't --- what's  
15 the reasoning Sprung has given, why they're not  
16 putting in for a license?

17 COMMISSIONER RIVERS:

18 Unofficially, the owner, who's an elderly  
19 man, the father who owns the company --- it's a  
20 family-owned company, from what I understand, he  
21 refuses to give any information on himself.

22 COMMISSIONER MCCABE:

23 Well then that, because of my background,  
24 leads me to be concerned. Who are we doing business  
25 with?

1                   CHAIRMAN COLINS:

2                   We're not doing business with them, a  
3 Licensee is doing business with them. All right.  
4 Shall we take a vote? All those in favor of the  
5 motion to deny.

6 AYES RESPOND

7                   CHAIRMAN COLINS:

8                   Opposed?

9 NO RESPONSE

10                  CHAIRMAN COLINS:

11                  Motion carries.

12                  ATTORNEY JONES:

13                  Thank you.

14                  ATTORNEY COOK:

15                  The next petition being considered, also  
16 on a documentary basis, is that of Mount Airy #1, LLC.  
17 It's a petition to reconfigure its gaming floor,  
18 resulting in a net decrease in a number of slot  
19 machines.

20                  Mount Airy's gaming floor presently  
21 contains 57,261 square feet of gaming space with a  
22 complement of 2,523 slot machines. Mount Airy  
23 requested it be permitted to remove 25 machines  
24 presently in place and add ten other machines, as well  
25 as to relocate one ticket redemption unit. The

1 proposed changes will result in a net loss of ten  
2 machines, for a total of 2,513 machines. The square  
3 footage of the gaming floor will not be altered.

4           Mount Airy's Trustee concurs with the  
5 proposed changes requested by the petition, moreover  
6 the OEC does not object to the relief requested by  
7 Mount Airy subject to certain conditions, including  
8 conditions pertaining to amendment to the operator's  
9 internal controls and slot master list, as well as  
10 confirmation of connectivity of all new machines with  
11 the central computer control system, verification of  
12 adequate surveillance and submission of a revised  
13 floor plan.

14           All of the agreed to conditions have been  
15 provided to the Board. Based upon the documentary  
16 record presented, it would be appropriate for the  
17 Board to consider a motion to approve this Petition,  
18 pursuant to the conditions set forth in the proposed  
19 Order.

20                   CHAIRMAN COLINS:

21                   May I have a motion?

22                   COMMISSIONER COY:

23                   Madam Chair, before I make a motion, ---

24                   CHAIRMAN COLINS:

25                   Yes.

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COMMISSIONER COY:

--- I assume that our Trustee is on board?

ATTORNEY COOK:

The Trustee has agreed to this, yes.

COMMISSIONER COY:

Madam Chair, I move the Board approve the Petition submitted by Mount Airy #1, LLC, as described by the OCC.

COMMISSIONER GINTY:

Second.

CHAIRMAN COLINS:

All in favor?

AYES RESPOND

CHAIRMAN COLINS:

Opposed?

NO RESPONSE

CHAIRMAN COLINS:

Motion carries.

ATTORNEY COOK:

The final Petition before the Board today is that of the International Union of Operating Engineers Local 95 Training Fund. It's a petition for the use of slot machines for the exclusive purpose of training persons in the skill maintenance of slot

1 machines.

2           The OEC and the Union have now entered  
3 into a Consent Agreement, which would grant the relief  
4 requested, subject to a number of conditions,  
5 including conditions involving the close monitoring  
6 and tight security of the facility housing any slot  
7 machines, the use of software limiting the ability of  
8 the use of machines for gaming purposes, as well as  
9 Gaming Control Board personnel oversight of receipt  
10 and movement of the slot machines, and a PGCB review  
11 of the course lesson plans.

12           All of the agreed to conditions have  
13 previously been provided to the Board. Based upon the  
14 documentary record presented, it would be appropriate  
15 for the Board to now consider a motion to approve the  
16 petition pursuant to the Consent Agreement.

17           COMMISSIONER ANGELI:

18           Madam Chairman, I move the Board approve  
19 the Petition for the use of slot machines by  
20 International Union of Operating Engineers Local 95  
21 Training Fund, as described by the OCC.

22           COMMISSIONER GINTY:

23           Second.

24           CHAIRMAN COLINS:

25           All in favor?

1 AYES RESPOND

2 COMMISSIONER MCCABE:

3 I have a question first.

4 CHAIRMAN COLINS:

5 Oh, my. Nonetheless, do you want to put  
6 something on the record?

7 COMMISSIONER MCCABE:

8 How many machines are we talking about?

9 ATTORNEY OLIVER:

10 Fifteen (15).

11 COMMISSIONER MCCABE:

12 Fifteen (15). And where are they going  
13 to be housed?

14 ATTORNEY OLIVER:

15 They will be housed at the Training Fund  
16 of --- the facility where the Training Fund is  
17 located, at 300 Saline Street in Pittsburgh.

18 COMMISSIONER MCCABE:

19 Okay. And they have proper security for  
20 them?

21 ATTORNEY OLIVER:

22 Yes. We've already put in surveillance  
23 cameras and have ---.

24 COMMISSIONER MCCABE:

25 Has any of our compliance people been out

1 there to look at the facility, to ensure it meets our  
2 requirements?

3 ATTORNEY CREANY:

4 I can speak to that, Commissioner McCabe.  
5 The Order that's proposed is in line with the one we  
6 previously did with the Steel Valley Vo-Tech. And it  
7 provides all of those checkpoints, both before they  
8 receive machines, and once the machines are in place  
9 to monitor the operations. And this is a program that  
10 the Local 95 Training Fund, in conjunction with this  
11 CCAC will be operating to train slot techs for the  
12 western part of the state.

13 COMMISSIONER MCCABE:

14 Thank you. Aye.

15 CHAIRMAN COLINS:

16 Okay. Good. Thank you very much.

17 Motion carries.

18 ATTORNEY COOK:

19 Next on the agenda are withdrawals by  
20 Principals and Key Employees. For the benefit of the  
21 court reporter, I'll provide her with a list of these  
22 names after I'm done here. The Board has received 31  
23 unopposed petitions to withdraw applications, which  
24 include 14 Principal Applications, 4 Principal Entity  
25 Applications, 3 Principal Renewal Applications, 4 Key

1 Employee Applications, 2 Key Employee Renewal  
2 Applications, 1 Manufacturer Application, and --- I'm  
3 sorry, 1 Supplier Application and 2 Affiliate  
4 Applications.

5           The OEC has not submitted any objections  
6 to these withdrawals, therefore, these petitions would  
7 all be granted without prejudice.

8                   CHAIRMAN COLINS:

9                   I'm sorry.

10                   ATTORNEY COOK:

11           The 31 petitions are as follows. The  
12 Principal Applications are Johan P. Finley, Peter D.  
13 Cleary, Lona M. Finley, Jess M. Ravich, Timothy  
14 Parrott, Leonard DeAngelo, Jean Marie Gatto, Seamus  
15 McGill, Sylvie Linard, Mark Anthony Nanovich, Sir  
16 Michael John Wilkes, Larry Jean Woolf, Pierre Jean  
17 Louis Maurice Beney, Charles Todd Elsasser.

18           The four Principal Entity Applications  
19 are Lehman Brothers International, Societe Generale  
20 Asset Management UK Limited, Finley Family Trust, PDS  
21 Holding Company, Inc. --- I'm sorry, and PDS Holding  
22 Company, Inc.

23           The Principal Renewal Applications are  
24 Louis Nicastro, Paul Oneile, Alan Steelman. The four  
25 Key Employee Applications are John Dombrowski, Jon

1 Wade, relative to his position with IGT, and Jon Wade  
2 relative to his position with DigiDeal, and Richard  
3 John Laman, Sr.

4                   The two Key Employee Renewal Applications  
5 will be Wendy Kasche and Stephanie Sammons. The  
6 Manufacturer Application is Cyberview Technology, Inc.  
7 The Supplier Application is PDS Gaming Corp. And the  
8 two Affiliate Applications are affiliates of Cyberview  
9 Technology, Inc., and they're Northam Investments, LLC  
10 and Yanchep Investments, LLC.

11                   CHAIRMAN COLINS:

12                   Very good. May I have a motion?

13                   COMMISSIONER RIVERS:

14                   Yes. Madam Chairman, I move that the  
15 Board issues the Order to approve the withdrawal of  
16 applications without prejudice, as described by the  
17 OCC.

18                   COMMISSIONER SOJKA:

19                   Second.

20                   CHAIRMAN COLINS:

21                   All in favor?

22 AYES RESPOND

23                   CHAIRMAN COLINS:

24                   Opposed?

25 NO RESPONSE

1                   CHAIRMAN COLINS:

2                   Motion carries.

3                   ATTORNEY COOK:

4                   Next before the Board for consideration  
5 are four Reports and Recommendations received from the  
6 OHA relative to applications for one Gaming Permit and  
7 three Non-Gaming Registrations. These Reports and  
8 Recommendations, along with the evidentiary record for  
9 each hearing have been provided to the Board in  
10 advance of this meeting.

11                   Additionally, in each case, the Applicant  
12 has been notified that the Board is considering his or  
13 her Report and Recommendation today and that he or she  
14 has the right to be present to address the Board. If  
15 any of the individuals are present today, they should  
16 come forward when their name is announced. The first  
17 individual is Joseph Petry. It's my understanding  
18 that Mr. Kevin Hayes is here on behalf of Mr. Petry,  
19 and Dustin Miller is here on behalf of the OEC, and  
20 both would like to address the Board in this matter.

21                   Before that, however, just by way of  
22 background, Mr. Petry submitted an application to work  
23 as a Slots Attendant at the Mount Airy Casino Resort  
24 on September 6, 2007. Subsequent thereto, the BIE  
25 sent Mr. Petry a Notice of Recommendation of Denial

1 alleging he failed to disclose his complete criminal  
2 history, and therefore, did not satisfy the  
3 suitability requirements based both upon those non-  
4 disclosures and the fact that he entered a No Contest  
5 plea, or several No Contest pleas in 2006 to the  
6 crimes of Simple Assault, Unlawful Restraint and  
7 Indecent Assault.

8           With respect to the allegedly unreported  
9 crimes, while Mr. Petry disclosed the aforementioned  
10 2006 charges, BIE indicated that he did not disclose  
11 all of the charges stemming from that arrest as found  
12 on his State Police rap sheet.

13           After a hearing on the matter, the OHA  
14 issued a Report and Recommendation, finding that Mr.  
15 Petry was not, in fact, charged with the allegedly  
16 undisclosed offenses; rather, those offenses were  
17 incorrectly noted on the rap sheet. The Hearing  
18 Officer further found Mr. Petry to be eligible and  
19 suitable for issuance of a Gaming Employee Permit.

20           The OEC disagreed with the Report and  
21 Recommendation of the OHA and filed Exceptions,  
22 arguing that Mr. Petry did not show by a clear and  
23 convincing evidence standard that he was suitable to  
24 hold a Gaming Permit.

25           The Report and Recommendation for Mr.

1 Petry, and the exceptions thereto, are now before the  
2 Board for consideration. With that being said,  
3 Counsel, as I indicated, is present to address the  
4 Board.

5 CHAIRMAN COLINS:

6 Okay. Mr. Hayes?

7 ATTORNEY HAYES:

8 Madam Chairwoman, members of the Board,  
9 my name is Kevin Hayes, and I'm here representing  
10 Joseph Petry in his Application for a Gaming Employee  
11 Permit. As Attorney Cook had set forth, this matter  
12 was heard before the senior Hearing Officer. And at  
13 that time, Joseph Petry and his father were able to  
14 give their side of the story.

15 Initially, the violation that he was  
16 informed of as a reason for denial was non-disclosure.  
17 He did disclose all of his previous crimes. And I  
18 think that all parties would agree that that was a  
19 mistake on the Pennsylvania State Police rap sheet.

20 The issue, I guess, which the OEC and the  
21 Board may have trepidation with, is the underlying  
22 crimes, and the nature and the timeliness of them.  
23 And if I may speak to those, they could --- in April  
24 of 2006, during a time when Mr. Petry was not taking  
25 his prescribed medication for a disorder he has called

1 Bipolar Disorder, and as a result of not taking his  
2 medicine, an episode ensued which resulted in the acts  
3 and the underlying charges.

4           Since that time, Mr. Petry has followed a  
5 meticulous regimen with regard to his illness. He  
6 treats it very serious. In addition, as you can see  
7 within the record, both his treating physician, or his  
8 treating psychiatrist, social worker, as well as his  
9 probation officer, have attested to his following  
10 their orders, and all stated that he is neither a  
11 threat to himself and to others.

12           I think when we have the issue of  
13 non-disclosure off the table, the issue really comes  
14 to is he --- does he have the requisite, honesty,  
15 integrity and good character. And I'm here to tell  
16 you today that he does. Mr. Petry is a 2002 graduate  
17 of University of Pittsburgh. He was drawn to the job  
18 at Mount Airy because of his background, a computer  
19 scientist, computer science. He fully disclosed  
20 everything with regard to his prior crimes and is  
21 really looking to move on with his life. He's a good  
22 person who has a serious illness and who is taking it  
23 very serious.

24           Just to say someone cannot have a license  
25 based on the fact that he may --- his disorder may

1 cause him to act unsuitable again is really  
2 discriminatory. He has a mental illness which he  
3 takes serious, and he is --- he's trying to move on  
4 with his life. And I would ask the Board to consider  
5 that. We understand a license --- a permit is a  
6 privilege, not a right. And we're asking you for an  
7 opportunity for this gentleman to move on with his  
8 life and to have this employment opportunity. Thank  
9 you, Madam Chairman.

10 CHAIRMAN COLINS:

11 Thank you. You're welcome. Mr. Miller?

12 ATTORNEY MILLER:

13 Sure. Madam Chairman, members of the  
14 Board, Dustin Miller on behalf of the OEC. Our office  
15 maintains its objection to the Gaming Employee  
16 Occupation Permit Application of Mr. Petry, and asks  
17 this Board to reject the Report of Recommendation of  
18 the OHA for the following reasons, as we have  
19 maintained from the outset of this case.

20 First and foremost, the OEC objects to  
21 Mr. Petry's application due to the nature of Mr.  
22 Petry's convictions. Mr. Petry pled nolo contendere  
23 to indecent assault, unlawful restraint and simple  
24 assault. The crimes for which Mr. Petry pled nolo  
25 contendere to, are crimes of violence against a

1 person. They are recent, as they were in 2006, and  
2 they were serious in nature. Indecent assault,  
3 unlawful restraint are both first-degree misdemeanor  
4 charges, and simple assault is a second-degree  
5 misdemeanor charge.

6           The position Mr. Petry is seeking as a  
7 Gaming Employee position, Slots Attendant position,  
8 which would put him on the gaming floor and in  
9 constant contact with patrons. The OEC's position,  
10 the Applicants with a recent and serious criminal  
11 history should not be on the gaming floor, to pose a  
12 threat to the public safety.

13           Mr. Petry was only convicted in 2006 and  
14 is scheduled to be under Criminal Court supervision  
15 for the next four years. At this point, he has not  
16 even served half of his sentence.

17           Counsel's argument that he was not on his  
18 medication that day poses a problem for our office,  
19 because he knew he had this disorder at the time the  
20 incident occurred, what's to prevent him from  
21 forgetting or not --- or purposely not taking his  
22 medication again? Our office asks the Board to keep  
23 in mind that it takes only one relapse at the wrong  
24 time for a similar incident to take place on the  
25 gaming floor of one of our facilities.

1                    Secondly, the OEC maintains its objection  
2 that Mr. Petry did not properly disclose all the  
3 charges that were levied against him regarding this  
4 incident. There were charges on Mr. Petry's rap sheet  
5 that were incorrect. However, during his disclosure,  
6 Mr. Petry was charged with criminal conspiracy  
7 engaging rape, forcible compulsion. However, in his  
8 application, Mr. Petry only disclosed that he was  
9 charged with criminal conspiracy engaging. The OEC  
10 views this submission as an attempt to make the true  
11 nature of this charge levied against the Applicant to  
12 mask it.

13                    In conclusion, based upon the nature and  
14 seriousness of the offenses that Mr. Petry pled nolo  
15 contendere to, and the improper non-disclosure of the  
16 true nature of this charge related to the incident in  
17 question, the OEC asks that you reject the Report and  
18 Recommendation of the OHA and that you deny the  
19 application of Joseph Petry for a Gaming Employee  
20 Permit. Thank you.

21                    CHAIRMAN COLINS:

22                    All right. Thank you. Any questions?

23                    COMMISSIONER RIVERS:

24                    Yes, Madam Chairman, I'd like to address  
25 this question to Mr. Hayes. Mr. Hayes, correct me if

1 I'm wrong, did I hear you say you felt that we were  
2 discriminating against this young man?

3 ATTORNEY HAYES:

4 No, I did not. I said one of the  
5 arguments that was made during the hearing before the  
6 Senior Hearing Officer was that the Agent had  
7 experience with people with Bipolar and people with  
8 Bipolar who don't take their medications can pose a  
9 threat. And that sort of language --- and I'm not  
10 saying that the Board or anyone else has committed  
11 discrimination, but to use that as an underlying  
12 reason would be discriminatory for someone who has a  
13 mental illness. That was my statement. I'm sorry if  
14 it came across as anything else in that.

15 COMMISSIONER RIVERS:

16 Well, I guess my biggest concern, and it  
17 deals with something I --- Enforcement Office talked  
18 about, and that is for us to protect the integrity of  
19 our process, and more importantly, protect the  
20 individuals of the Commonwealth, and here we're  
21 talking about a situation that just happened two years  
22 ago with an individual who was still on probation, and  
23 I guess I wouldn't feel that comfortable at this  
24 particular juncture, with just a two-year track record  
25 saying that this individual is moving down the right

1 path.

2           If, in fact, the things that you say are  
3 true and he is doing the right things, I personally  
4 feel that once a track record is established, would  
5 give you a stronger position, at least in my eyes, to  
6 come before this Board and ask for some leniency or  
7 some consideration. So it's my --- my biggest concern  
8 is I just don't think enough time has elapsed for us  
9 to all of a sudden look beyond what has happened.

10           ATTORNEY HAYES:

11           I understand, Commissioner Rivers. And  
12 all I can say is that for two years, it doesn't seem  
13 like a long time to you, but for Mr. Petry, it has  
14 seemed like a long time to be without opportunities,  
15 and for him to wait longer is obviously something  
16 that's upsetting to him and to his family. But I  
17 understand where you're coming from.

18           COMMISSIONER RIVERS:

19           And I hope you'll convey my particular  
20 feelings to him and his family, the fact that we wish  
21 him the best of luck. I wish him the best of luck and  
22 to continue to stay the course that he's traveling at  
23 this juncture.

24           CHAIRMAN COLINS:

25           Any other questions?

1                   COMMISSIONER GINTY:

2                   Yeah. Kevin, as you may recall, we have  
3 a number of these cases that come before us. I'm not  
4 going to go over that, some of the details that are  
5 included in the record here, at least the record  
6 that's before us, but it was a pretty heinous incident  
7 that occurred two years ago. And you know, I agree  
8 with my colleague that, you know, not a lot of time  
9 has gone by.

10                   But we see cases here, and I'd like to  
11 believe Mr. Petry is fine and so forth, but you know,  
12 there's nothing in the record that --- you got the  
13 Hearing Examiner's opinion, you offered your opinion  
14 in your opening statement, but, you know, that's not  
15 character testimony. And when you have a situation  
16 like this where character is the issue and the burden  
17 is on the Applicant to prove that his character is  
18 appropriate, it takes a lot more than what's in this  
19 record to at least convince me to do it.

20                   ATTORNEY HAYES:

21                   Commissioner Ginty, Mr. Petry is here  
22 with me today, and he did testify and took any  
23 questions that was asked of him during the hearing  
24 process with regard to his personal character.

25                   COMMISSIONER GINTY:

1 That's still not character testimony.

2 ATTORNEY HAYES:

3 Okay.

4 COMMISSIONER GINTY:

5 I mean, that's a simple fact. That is  
6 not character testimony. Are you ready for ---?

7 CHAIRMAN COLINS:

8 All right. If there are no other  
9 comments, can we have a motion regarding this?

10 COMMISSIONER GINTY:

11 Madam Chairman, I'll move that the Board  
12 issue an Order to reject the Report and Recommendation  
13 of the OHA and deny the Gaming Employee Permit of Joe  
14 Petry, as described by the OCC.

15 COMMISSIONER MCCABE:

16 Second.

17 CHAIRMAN COLINS:

18 All in favor?

19 AYES RESPOND

20 CHAIRMAN COLINS:

21 Opposed?

22 NO RESPONSE

23 CHAIRMAN COLINS:

24 Motion carries. Thank you.

25 ATTORNEY HAYES:

1 Thank you.

2 ATTORNEY COOK:

3 The next Report and Recommendation before  
4 the Board is that of Nicole Basic, who was employed as  
5 a Cocktail Server at the Hollywood Casino. Ms. Basic  
6 was issued a Non-Gaming Employee Registration on  
7 December 14th, 2007.

8 Subsequently, on September 8th, 2008, the  
9 BIE was notified by the Pennsylvania State Police that  
10 Ms. Basic was charged with the criminal offense,  
11 specifically Theft by Deception, a felony of the third  
12 degree. The Police Criminal Complaint alleges that  
13 Ms. Basic stole approximately \$178,000 from her former  
14 employer.

15 As a result of these charges, Ms. Basic's  
16 resignation was suspended on September 15, 2008, by an  
17 Emergency Order signed by PGCB's Acting Executive  
18 Director.

19 On September 30th, 2008 the Board  
20 continued the emergency suspension and referred the  
21 matter to the OHA to conduct a hearing and submit a  
22 report on the validity of the Emergency Suspension  
23 Order. The OHA held the hearing ordered by the Board  
24 on October 6th, 2008. At that hearing, Ms. Basic did  
25 not dispute that she --- did not dispute her

1 outstanding felony criminal charge.

2           Before the Board today for consideration  
3 is the Report and Recommendation of the OHA. The  
4 report recommends that the Board issue an Order  
5 continuing the emergency suspension of Ms. Basic until  
6 disposition of the criminal charges pending against  
7 her. The OCC suggests it would be appropriate for the  
8 Board to consider a motion to adopt this Report and  
9 Recommendation.

10           CHAIRMAN COLINS:

11           May I have a motion?

12           COMMISSIONER MCCABE:

13           Madam Chair, I move that the Board issue  
14 an Order to adopt the Report and Recommendation of the  
15 OHA, to extend the emergency suspension of a Non-  
16 Gaming Employee Registration held by Nicole Basic, as  
17 described by the OCC.

18           COMMISSIONER RIVERS:

19           Second.

20           CHAIRMAN COLINS:

21           OEC, do you have any comments on that?

22           ATTORNEY HIGGINS:

23           The OEC would agree with the Report and  
24 Recommendation and ask that it be adopted.

25           CHAIRMAN COLINS:

1 All in favor?

2 AYES RESPOND

3 CHAIRMAN COLINS:

4 Opposed?

5 NO RESPONSE

6 CHAIRMAN COLINS:

7 Motion carried.

8 ATTORNEY COOK:

9 The third Report and Recommendation  
10 before the Board today pertains to Douglas Traynham,  
11 who, on July 15th, 2008, applied for a non-gaming  
12 registration as a bar porter at Philadelphia Park.

13 During BIE's background investigation, it  
14 was discovered that Mr. Traynham did not disclose his  
15 entire criminal record. Specifically, that he had  
16 been arrested and charged with various crimes during  
17 the time period between May 1997 through May 2004.

18 Mr. Traynham requested a hearing before  
19 the OHA but failed to attend the hearing, which was  
20 held on September 3rd, 2008, in absentia. After the  
21 hearing, the Hearing Officer issued a Report and  
22 Recommendation recommending that Mr. Traynham be  
23 denied a Non-Gaming Employee Registration.

24 It would be appropriate now for the Board  
25 to consider a motion to adopt the Report and

1 Recommendation of the Hearing Officer.

2 CHAIRMAN COLINS:

3 Office of Enforcement Counsel?

4 ATTORNEY MILLER:

5 Madam Chairman, we have no objection to  
6 the Report and Recommendation of the OHA.

7 CHAIRMAN COLINS:

8 May I have a motion?

9 COMMISSIONER SOJKA:

10 Yes, Madam Chairman. I move the Board  
11 issue an Order to adopt the Report and Recommendation  
12 of the OHA, to deny the Non-Gaming Employee  
13 Registration of Douglas Traynham, as described by the  
14 OCC.

15 COMMISSIONER ANGELI:

16 Second.

17 CHAIRMAN COLINS:

18 All in favor?

19 AYES RESPOND

20 CHAIRMAN COLINS:

21 Opposed?

22 NO RESPONSE

23 CHAIRMAN COLINS:

24 Motion carries.

25 ATTORNEY COOK:

1           The last Report and Recommendation before  
2 the Board today is that of Jermaine Walker. On June  
3 4th, 2008, Mr. Walker submitted a non-gaming employee  
4 application to work at the Grab & Go Restaurant in  
5 Philadelphia Park.

6           During BIE's background  
7 investigation ---.

8           CHAIRMAN COLINS:

9           Mr. Walker --- excuse me. Are you Mr.  
10 Walker?

11          MR. WALKER:

12          Yes, ma'am.

13          CHAIRMAN COLINS:

14          All right. Come up, sir. Have a seat  
15 right there. Okay. We'll get to you in a minute; all  
16 right, sir? Continue.

17          ATTORNEY COOK:

18          During BIE's background investigation, it  
19 was discovered that although Mr. Walker did disclose  
20 one arrest on his application, he failed to disclose  
21 several other arrests, including an August 8th, 2006  
22 felony conviction for passing counterfeit notes.

23          Upon receipt of this information, the OEC  
24 issued Mr. Walker a Notice of Recommendation of Denial  
25 and informed him of his right to a hearing. Mr.

1 Walker requested a hearing but failed to appear. As a  
2 result, the hearing held on September 25th, 2008, was  
3 held in absentia. Subsequent thereto, the Hearing  
4 Officer issued a Report and Recommendation  
5 recommending that Mr. Walker's Non-Gaming Employee  
6 Registration be denied.

7 It's that Report and Recommendation  
8 that's before the Board for consideration today.

9 CHAIRMAN COLINS:

10 All right. Mr. Walker, do you want to  
11 speak to us?

12 MR. WALKER:

13 I guess. Yes, ma'am.

14 CHAIRMAN COLINS:

15 I'm going to ask you to take an oath.  
16 Would the court reporter place him under oath?

17 -----

18 JERMAINE WALKER, HAVING BEEN FIRST DULY SWORN,  
19 TESTIFIED AS FOLLOWS:

20 -----

21 CHAIRMAN COLINS:

22 What would you like to say, sir?

23 MR. WALKER:

24 Well, let's see. The part that I was  
25 filling out the application, it asked me if I did any

1 kind of felony, like felony behavior, and I put it  
2 down, but I figured I didn't have to write it, because  
3 the record was closed, because they said it was  
4 withheld, the adjudication, so I didn't figure I had  
5 to put it on the application.

6 CHAIRMAN COLINS:

7 What happened to the adjudication?

8 MR. WALKER:

9 Withheld the adjudication.

10 CHAIRMAN COLINS:

11 Who told you that?

12 MR. WALKER:

13 That's what they told me in Florida, that  
14 I didn't have to write it, because it would be closed.

15 CHAIRMAN COLINS:

16 Okay. All right.

17 COMMISSIONER MCCABE:

18 Can I ask, why didn't you appear when you  
19 were notified to appear for your initial hearing with  
20 the OHA?

21 MR. WALKER:

22 Because I didn't know how to get out  
23 here.

24 COMMISSIONER RIVERS:

25 And how old were you when this incident

1 that you didn't report happened?

2 MR. WALKER:

3 Twenty-seven (27).

4 COMMISSIONER RIVERS:

5 And how old are you now?

6 MR. WALKER:

7 Twenty-eight (28).

8 COMMISSIONER MCCABE:

9 Can I go back to --- you said you didn't  
10 know how to get to the office where the hearing was  
11 going to be held?

12 MR. WALKER:

13 Yes.

14 COMMISSIONER MCCABE:

15 And what do we do to notify them, where  
16 to go, and what does the letter show?

17 ATTORNEY MILLER:

18 Commissioner McCabe, in this case,  
19 applicants in the eastern region are directed --- that  
20 they have the option to appear at the Conshohocken  
21 office to appear before Hearings and Appeals in a  
22 video conference.

23 Mr. Walker did not choose that option, he  
24 chose to appear in person at the OHA in Harrisburg.  
25 At that point, actually a staff member at the OHA and

1 myself actually contacted Mr. Walker to affirm that,  
2 to make sure that that's really what he wanted to do.  
3 At that time, he indicated to me on the phone that is  
4 --- he really did want to appear in person and state  
5 his case in person, however, when the hearing was  
6 scheduled, there was no appearance.

7 COMMISSIONER MCCABE:

8 Did you give him directions or the  
9 address or where the hearing ---?

10 ATTORNEY MILLER:

11 The address to the facility, to all  
12 facilities are on the Hearing Notice. I didn't  
13 personally give him directions to the Hearing Office,  
14 no, I didn't.

15 CHAIRMAN COLINS:

16 Any other questions for Mr. Walker from  
17 the Board? OEC, do you have any questions of him?

18 ATTORNEY MILLER:

19 I don't have any questions of the  
20 Applicant.

21 CHAIRMAN COLINS:

22 All right. Do you want to make any  
23 statement?

24 ATTORNEY MILLER:

25 Just that we concur with the

1 recommendation, the Report and Recommendation of the  
2 OHA.

3 CHAIRMAN COLINS:

4 All right. Very good. May I have a  
5 motion, please?

6 COMMISSIONER ANGELI:

7 Madam Chairman, I move that the Board  
8 issue an Order to adopt the Report and Recommendation  
9 of the OHA to deny the Non-Gaming Employee  
10 Registration of Jermaine Walker, as described by the  
11 OEC.

12 COMMISSIONER COY:

13 Second.

14 CHAIRMAN COLINS:

15 All in favor?

16 AYES RESPOND

17 CHAIRMAN COLINS:

18 Opposed?

19 NO RESPONSE

20 CHAIRMAN COLINS:

21 Motion carries. Mr. Walker, your  
22 application is denied, sir. Thank you.

23 MR. WALKER:

24 Thank you.

25 ATTORNEY SHERMAN:

1 That concludes the report of OCC.

2 CHAIRMAN COLINS:

3 Very good. And now Director of  
4 Licensing, Susan Hensel.

5 MS. HENSEL:

6 Thank you, Chairman Colins and members of  
7 the Board. I have several licensing matters to bring  
8 before you today. The first licensing matter before  
9 the Board is a proposed Order approving the issuance  
10 of a manufacturer's license to Paltronics, Inc.

11 Prior to today's meeting you were  
12 provided with a background investigation and Executive  
13 Summary Suitability Report for this company. The  
14 application was put through our standard licensing  
15 procedure, including investigation by the BIE.

16 Neither the Chief Enforcement Counsel nor  
17 the Bureau of Licensing have identified any issues  
18 that would preclude licensure of this company. I ask  
19 that you consider the Order granting this license.

20 CHAIRMAN COLINS:

21 Thank you. May I have a motion?

22 COMMISSIONER COY:

23 Madam Chair, I move that the Board issue  
24 an Order to approve the issuance of the manufacturer  
25 license to Paltronics, Incorporated, as described by

1 the Bureau of Licensing.

2 COMMISSIONER GINTY:

3 Second.

4 CHAIRMAN COLINS:

5 All in favor?

6 AYES RESPOND

7 CHAIRMAN COLINS:

8 Opposed?

9 NO RESPONSE

10 CHAIRMAN COLINS:

11 Motion carries.

12 MS. HENSEL:

13 The next item for your consideration is  
14 Key Employee licenses. Prior to this meeting, the  
15 Bureau of Licensing provided you with a proposed Order  
16 for 16 Key Employee licenses. I ask that the Board  
17 consider the Order granting these licenses.

18 CHAIRMAN COLINS:

19 May I have a motion?

20 COMMISSIONER GINTY:

21 Madam Chairman, I move the Board issue an  
22 Order to approve the issuance of Principal and Key  
23 Employee licenses, as described and provided to us by  
24 the Bureau of Licensing.

25 COMMISSIONER MCCABE:

1 Second.

2 CHAIRMAN COLINS:

3 All in favor?

4 AYES RESPOND

5 CHAIRMAN COLINS:

6 Opposed?

7 NO RESPONSE

8 CHAIRMAN COLINS:

9 Motion carries.

10 MS. HENSEL:

11 Next are Gaming and Non-Gaming Permits  
12 and Registrations. Prior to this meeting, the Bureau  
13 of Licensing provided you with a list of 229  
14 individuals who the Bureau has granted Occupation  
15 Permits to and 300 individuals who the Bureau has  
16 granted Registrations under the authority delegated to  
17 the Director of Licensing. I ask that you consider a  
18 motion approving the Order.

19 CHAIRMAN COLINS:

20 May I have a motion?

21 COMMISSIONER MCCABE:

22 Yes, Madam Chair. I move that the Board  
23 issue an Order to approve the issuance of Gaming and  
24 Non-Gaming Permits and Registrations, as described by  
25 the Bureau of Licensing.

1                   COMMISSIONER RIVERS:

2                   Second.

3                   CHAIRMAN COLINS:

4                   All in favor?

5 AYES RESPOND

6                   CHAIRMAN COLINS:

7                   Opposed?

8 NO RESPONSE

9                   CHAIRMAN COLINS:

10                  Motion carries.

11                  MS. HENSEL:

12                  In addition, we have Recommendations of  
13 Denials for two Gaming and six Non-Gaming Employee  
14 Applications. Prior to this meeting, the Bureau of  
15 Licensing provided you with Orders addressing each of  
16 the individual Gaming and Non-Gaming Applicants who  
17 the BIE has recommended for denial.

18                  In each case, the applicant failed to  
19 request a hearing within the specified time period. I  
20 ask that the Board consider the Order denying the  
21 Gaming and Non-Gaming Applicants.

22                  CHAIRMAN COLINS:

23                  May I have a motion, please?

24                  COMMISSIONER RIVERS:

25                  Yes. Madam Chair, I move that the Board

1 issue an Order to approve the denial of Gaming and  
2 Non-Gaming Employee permits and registrations, as  
3 described by the Bureau of Licensing.

4 COMMISSIONER SOJKA:

5 Second.

6 CHAIRMAN COLINS:

7 All in favor?

8 AYES RESPOND

9 CHAIRMAN COLINS:

10 Opposed?

11 NO RESPONSE

12 CHAIRMAN COLINS:

13 Motion carries.

14 MS. HENSEL:

15 We also have withdrawal requests for  
16 Gaming and Non-Gaming Employees. Earlier this year,  
17 the Board delegated authority to the Director of  
18 Licensing to approve routine Gaming and Non-Gaming  
19 Employee withdrawal requests provided the Director  
20 regularly present a list of the withdrawals to the  
21 Board for approval. Typically, these withdrawal  
22 requests concern circumstances where a job offer was  
23 rescinded, the employee failed to report to work, or  
24 the employee accepted a job with another employer.

25 In each case, the Occupation Permit or

1 Registration is no longer required. For today's  
2 meeting, I have provided the Board with a list of 281  
3 withdrawals for your approval. There are so many  
4 names on the list, because this is the first time that  
5 I'm bringing these withdrawal requests to you, and  
6 this accounts for several months of requests that we  
7 have been accumulating. I ask that ---.

8 CHAIRMAN COLINS:

9 Would you state each name and spell it  
10 for the record?

11 MS. HENSEL:

12 No. I ask that the Board consider the  
13 Order approving the list of withdrawals.

14 CHAIRMAN COLINS:

15 Motion, please?

16 COMMISSIONER SOJKA:

17 Even in the absence of the individual  
18 names, Madam Chairman, I move that the Board issue an  
19 Order to approve the withdrawal of applications for  
20 Non-Gaming and Gaming Employee Permits and  
21 Registrations, as just described by the Bureau of  
22 Licensing.

23 COMMISSIONER ANGELI:

24 Second.

25 CHAIRMAN COLINS:

1 All in favor?

2 AYES RESPOND

3 CHAIRMAN COLINS:

4 Opposed?

5 NO RESPONSE

6 CHAIRMAN COLINS:

7 Motion carries.

8 MS. HENSEL:

9 Finally, we have three Orders regarding  
10 vendors. The first is to certify the following  
11 vendors. KHS&S Contractors of New Jersey, Inc.,  
12 Philip Rossano Company, Inc., Purchasing Management  
13 International, LP, Resource New Jersey, Inc., So  
14 Special, Inc., and Stewart-Amos Steel, Inc. I ask the  
15 Board to approve the Orders certifying these vendors.

16 COMMISSIONER ANGELI:

17 Madam Chair, I move that the Board issue  
18 an Order to approve the applications for vendor  
19 certification, as described by the Bureau of  
20 Licensing.

21 COMMISSIONER COY:

22 Second.

23 CHAIRMAN COLINS:

24 All in favor?

25 AYES RESPOND

1                   CHAIRMAN COLINS:

2                   Opposed?

3 NO RESPONSE

4                   CHAIRMAN COLINS:

5                   Motion carries.

6                   MS. HENSEL:

7                   Next the Bureau of Licensing provided you  
8 with an Order and an attached list of 52 Registered  
9 Vendors. I ask that the Board adopt a motion  
10 approving the Order registering these vendors.

11                   COMMISSIONER COY:

12                   Madam Chair, I move that the Board issue  
13 an Order approving the applications for vendor  
14 registration, as described by the Bureau of Licensing.

15                   COMMISSIONER GINTY:

16                   Second.

17                   CHAIRMAN COLINS:

18                   All in favor?

19 AYES RESPOND

20                   CHAIRMAN COLINS:

21                   Opposed?

22 NO RESPONSE

23                   CHAIRMAN COLINS:

24                   Motion carries.

25                   MS. HENSEL:

1           Finally, the Bureau of Licensing provided  
2 you with five Orders, the approval of which would  
3 result in the following vendors being added to the  
4 Prohibited Vendors List. Elite Audio, LLC, Fire Farm,  
5 Incorporated, Ganz USA, LLC, NetVersant Philadelphia,  
6 Inc., and Slab Corporation. These vendors have done  
7 business with Slot Machine Operator Licensees but have  
8 failed to complete their applications. Once on the  
9 prohibited vendors list, no Slot Machine Licensee or  
10 Applicant may do business with the vendor. I ask that  
11 the Board consider the Orders, adding the five named  
12 vendors to the prohibited vendors list.

13                   COMMISSIONER GINTY:

14                   So moved.

15                   CHAIRMAN COLINS:

16                   I have a quick question.

17                   MS. HENSEL:

18                   Sure.

19                   CHAIRMAN COLINS:

20                   Were payments made to those vendors by  
21 the licensees?

22                   MS. HENSEL:

23                   It is possible that some payments were  
24 made to these vendors. We do have a process whereby  
25 the filing of an application allows a vendor to do

1 business within a six-month period with a licensee.  
2 However, once we get to a point where that vendor is  
3 not cooperating with us, or curing its application, we  
4 will not allow them to work anymore and we will bring  
5 them to you for this recommendation.

6 COMMISSIONER SOJKA:

7 So it's clearly different from Sprung  
8 Systems, Inc. then?

9 MS. HENSEL:

10 I'm sorry?

11 COMMISSIONER SOJKA:

12 It's clearly different from the case we  
13 discussed earlier today of Sprung Systems, Inc.

14 MS. HENSEL:

15 Well, I would say the duration of the  
16 relationships are different, yes.

17 COMMISSIONER RIVERS:

18 My question is, do we notify the  
19 individual licensees about who is on this list,  
20 prohibited vendors list?

21 MS. HENSEL:

22 Yes. We notify the licensees and  
23 applicants when someone is added to this list. We  
24 also post the list on our website.

25 COMMISSIONER RIVERS:

1                   And how often do we send this information  
2 to the licensee?

3                   MS. HENSEL:

4                   Whenever we add additional companies to  
5 the list.

6                   COMMISSIONER RIVERS:

7                   Okay. And do we expect them to go to the  
8 list or go to the website when they're sitting there  
9 and negotiating with a potential vendor?

10                  MS. HENSEL:

11                  Well, I should add that once we have a  
12 situation where we are not getting cooperation from  
13 the vendor, we speak, at that point, to the licensee,  
14 and tell them that we have an issue with the vendor  
15 where we are not receiving cooperation, and at that  
16 point we no longer allow them to work with that  
17 vendor. So we really are taking care of that on the  
18 front end of the process, and then we're adding them  
19 to the prohibited vendors list on the backend of the  
20 process.

21                  COMMISSIONER RIVERS:

22                  Thank you.

23                  COMMISSIONER GINTY:

24                  And the casinos report to you who they  
25 pay, their vendors?

1                   MS. HENSEL:

2                   Absolutely. We receive monthly  
3 disbursement reports from our casino licensees. We  
4 review those disbursement reports to identify any  
5 vendor that may be being paid that we aren't aware of,  
6 or any vendor that may be going over the \$200,000  
7 threshold, whereby we would require a Certification  
8 Application.

9                   COMMISSIONER GINTY:

10                   If they're paying a prohibited vendor?

11                   COMMISSIONER RIVERS:

12                   And what is the size of that list,  
13 Prohibited Vendors List right now?

14                   MS. HENSEL:

15                   Right now, we have, I'd say, several  
16 companies on it. We are adding five more today, and I  
17 anticipate that I will be bringing prohibited vendors  
18 before you on a regular basis going forward.

19                   COMMISSIONER RIVERS:

20                   So you don't have any idea of the total  
21 number?

22                   MS. HENSEL:

23                   I believe it is in the area of five or  
24 six vendors at this point.

25                   COMMISSIONER RIVERS:

1 Okay. Thank you.

2 COMMISSIONER MCCABE:

3 Second.

4 CHAIRMAN COLINS:

5 All in favor?

6 AYES RESPOND

7 CHAIRMAN COLINS:

8 Opposed?

9 NO RESPONSE

10 CHAIRMAN COLINS:

11 Motion carries. Thank you.

12 MS. HENSEL:

13 That concludes my presentation.

14 CHAIRMAN COLINS:

15 Thank you very much. Okay.

16 ATTORNEY PITRE:

17 We have two Consent Agreements for the  
18 Board's consideration today. Dustin Miller will be  
19 presenting each one of those Consent Agreements to the  
20 Board. And I believe Marie Jones is here. Okay.  
21 She's here also.

22 ATTORNEY JONES:

23 Good afternoon.

24 ATTORNEY MILLER:

25 At this time the OEC has two Consent

1 Agreements prepared for the Board's approval pursuant  
2 to Title 58 Pennsylvania Code Section 493(a)(1)(a).  
3 The first Consent Agreement is between the OEC and WMS  
4 Gaming, Inc., National Amusements, Inc. and Sumner  
5 Redstone.

6                   This is the case of first impression for  
7 the Board. WMS Gaming, Inc. was granted a  
8 Manufacturer License on August 7th, 2007. National  
9 Amusements, Inc. and Sumner Redstone were licensed on  
10 this date as well, because they are principals of WMS  
11 Gaming, Inc.

12                   Pursuant to Title 58 Pennsylvania Code  
13 Section 427(a) 24, every principal of a Slot Machine  
14 Manufacturer Licensee must file an application to the  
15 Board for approval by the BIE and the Board. Pursuant  
16 to Title 58 Pennsylvania Code Section 443(a) and (b),  
17 Principal Licenses are valid for one year, and a  
18 Principal Licensee is required to submit its  
19 application for renewal at least two months prior to  
20 the expiration of its current license.

21                   In the instant matter, National  
22 Amusements, Inc. and Sumner Redstone are required to  
23 submit their renewal applications by June 7th, 2008 at  
24 the latest. However, National Amusements, Inc. and  
25 Sumner Redstone did not submit their renewal

1 applications until July 15th, 2008, thus their renewal  
2 applications were 39 days late and National Amusement,  
3 Inc. and Sumner Redstone were in violation of the Act  
4 by filing their renewal applications late.

5           On October 7th, 2008, the parties entered  
6 into a Consent Agreement to settle the matter. The  
7 terms of the agreement include a provision that WMS  
8 Gaming, Inc., National Amusements, Inc. and Sumner  
9 Redstone shall institute policies and provide training  
10 to employees to prevent future late filings. And also  
11 National Amusement, Inc. and Sumner Redstone shall pay  
12 a total fine of \$7,800 for the late filing of their  
13 renewal application, which represents a \$200 per day  
14 fine penalty for each day that the application was  
15 late.

16           Marie Jones, Counsel for WMS Gaming is in  
17 attendance today to answer any questions you may have,  
18 otherwise it would be appropriate for the Board to  
19 entertain a motion to approve this Consent Agreement.

20           CHAIRMAN COLINS:

21           Are those terms and conditions accurate?

22           ATTORNEY JONES:

23           Yes.

24           CHAIRMAN COLINS:

25           Okay. Do we have any questions? May I

1 have a motion?

2 COMMISSIONER MCCABE:

3 Yes, Madam Chair. I move that the Board  
4 approve the Consent Agreement between the BIE and WMS  
5 Gaming, Inc., as described by the OEC.

6 COMMISSIONER RIVERS:

7 Second.

8 CHAIRMAN COLINS:

9 All in favor?

10 AYES RESPOND

11 CHAIRMAN COLINS:

12 Opposed?

13 NO RESPONSE

14 CHAIRMAN COLINS:

15 Motion carries.

16 ATTORNEY JONES:

17 Thank you.

18 ATTORNEY MILLER:

19 The second Consent Agreement is between  
20 the OEC and Bally Gaming, Inc. Bally Gaming, Inc. was  
21 granted a manufacturer license on December 18th, 2007.

22 Pursuant to Title 4 Pennsylvania Consolidated  
23 Statutes Section 1317.1(a), a holder of a manufacturer  
24 license shall apply for renewal six months before  
25 expiration of the current license.

1                   Bally Gaming, Inc. did not file its  
2 renewal application until July 28th, 2008. The  
3 renewal application was due on June 17th, 2008. Thus  
4 its renewal application was 41 days late, and Bally  
5 Gaming, Inc. was in violation of the Act by filing its  
6 renewal application late.

7                   On September 29th, 2008, the parties  
8 entered into a Consent Agreement to settle the matter.  
9 The terms of the settlement include a provision that  
10 Bally Gaming, Inc. shall institute policies and  
11 provide training to its employees to prevent future  
12 late filings. And also Bally Gaming, Inc. shall pay a  
13 fine of \$8,200 for the late filing of its renewal  
14 application, which represents a \$200 per day penalty  
15 for each day that the application was late.

16                   Mark Stewart, Counsel for Bally Gaming,  
17 Inc. is in attendance today to answer any questions  
18 you may have, otherwise, it would be appropriate for  
19 the Board to entertain a motion to approve this  
20 Consent Agreement.

21                   CHAIRMAN COLINS:

22                   Sir, do you agree with those terms and  
23 conditions?

24                   ATTORNEY STEWART:

25                   Yes, Madam Chairman.

1                   CHAIRMAN COLINS:

2                   Any questions?

3                   COMMISSIONER GINTY:

4                   I have a question. Do we send out  
5 notices? I realize the ultimate responsibility is on  
6 the licensee, but you know, when it comes time for my  
7 driver's license to be renewed, the Motor Vehicle  
8 people send me a notice, and --- that's pretty common  
9 on those types of licenses. Do we, as a Board, send  
10 notices out to the licensees that it's time for them  
11 to renew?

12                   ATTORNEY JONES:

13                   In this particular matter, I'm not  
14 positive.

15                   CHAIRMAN COLINS:

16                   Susan can answer that.

17                   MS. HENSEL:

18                   Our Licensing Analyst is in constant  
19 communication with our licensees. On a company-wide  
20 basis there should be no misunderstanding in terms of  
21 when that license is due. I mean, it's very clear  
22 their annual licenses, they're due two months prior.  
23 We also do post on our website the expiration of each  
24 individual and corporate license. So there are  
25 multiple ways that the applicant should --- or the

1 licensee should be aware that they need to file their  
2 renewal application.

3 COMMISSIONER GINTY:

4 But the answer is, we don't send them a  
5 notice?

6 CHAIRMAN COLINS:

7 A letter, a renewal letter or anything?

8 MS. HENSEL:

9 I do not know the answer to that  
10 question. I confess, I have to go back to my manager  
11 and see what his routine is in terms of notifying  
12 individuals on their actual renewals. I know each  
13 analyst is assigned to a company and that they are in  
14 constant communication with that licensee.

15 COMMISSIONER GINTY:

16 Well, I mean, I'm just looking at  
17 something programmatic that we might be --- I mean,  
18 the ultimate responsibility is still on the licensee.  
19 You know, I didn't get my letter from Motor Vehicle  
20 and my license was expired, I don't think I'd have  
21 much of a case. So the ultimate responsibility is on  
22 the licensee. I'm just wondering whether we should  
23 take a look at, you know, generating something  
24 like ---.

25 MS. HENSEL:

1                   And Commissioner, we may well do that, I  
2 just do not know that answer off the top of my head.

3                   ATTORNEY STEWART:

4                   If I may make one comment. This is a  
5 slightly unique situation in that as the Director just  
6 said, everybody should know that you have to file 60  
7 days before the license is due. Along with  
8 manufacturers, because of a provision in the statute,  
9 that's not the case, it's actually six months.

10                  MS. HENSEL:

11                  That's right.

12                  ATTORNEY STEWART:

13                  And this was an inadvertent omission when  
14 Bally had its first renewal, the Board was in the  
15 process of getting the renewal of manufacturers up and  
16 running, its processes up and running. And the  
17 six-month pre-filing requirement was not enforced.  
18 The folks at Bally's, in their internal systems input  
19 the amount of time that they filed that initial  
20 license, which was later than six months into their  
21 --- you know, for lack of a better of word, tickler  
22 system and it was missed.

23                  That said, we have entered into the  
24 Consent Agreement, because as the Commissioner noted,  
25 it is ultimately the licensee's responsibility. But

1 this is a little --- this manufacturer thing with the  
2 six-month requirement in this particular instance we  
3 do believe is somewhat unique.

4 CHAIRMAN COLINS:

5 Okay. Thank you. May I have a motion?

6 COMMISSIONER RIVERS:

7 Yes, Madam Chairman, I move that the  
8 Board approve the Consent Agreement between the Bureau  
9 of Investigations and Bally Gaming, as described by  
10 the OEC.

11 COMMISSIONER SOJKA:

12 Second.

13 CHAIRMAN COLINS:

14 All in favor?

15 AYES RESPOND

16 CHAIRMAN COLINS:

17 Opposed?

18 NO RESPONSE

19 CHAIRMAN COLINS:

20 Motion carries. Thank you.

21 ATTORNEY HIGGINS:

22 Madam Chair, members of the Board. Katie  
23 Higgins on behalf of the OEC. There are two Employee  
24 Enforcement Actions for the Board to consider today.  
25 In both cases, the registration holder has been

1 notified that the Board is considering their  
2 revocation today and that they have the right to  
3 present to the Board if they wish.

4           If either individual is present today,  
5 they should come forward when their name is announced.  
6 The first matter is a request for the revocation of  
7 the Non-Gaming Registration of Margaret Formica. On  
8 September 9th, 2008 the OEC filed an Enforcement  
9 Action Complaint regarding Ms. Formica pursuant to a  
10 May 31st, 2008 incident in which Ms. Formica, who,  
11 during the course of her duties as an Environmental  
12 Services Attendant at Mohegan Sun Casino spotted a \$20  
13 bill that was lying on the gaming floor and proceeded  
14 to pick the bill up with a napkin.

15           Ms. Formica did not turn the money in  
16 upon finding it, but when later questioned about the  
17 incident, she turned the bill over to Mohegan Sun's  
18 Director of Security.

19           Based on this incident, Ms. Formica was  
20 terminated from her position at the casino. The  
21 Enforcement Action was served on Ms. Formica on  
22 September 11th, 2008 by certified mail, and she was  
23 advised that she had 20 days to respond. Ms. Formica  
24 did not respond to the enforcement action, and  
25 therefore, pursuant to Board regulations, all facts

1 alleged in the complaint are deemed admitted.

2           The OEC would ask that Ms. Formica's  
3 non-gaming registration be revoked at this time.

4           CHAIRMAN COLINS:

5           May I have a motion?

6           COMMISSIONER SOJKA:

7           Yes. Can I ask a quick question first?

8           CHAIRMAN COLINS:

9           Sure.

10          COMMISSIONER SOJKA:

11          The issue of the napkin, was it assumed  
12 that was some effort to conceal the dropped currency  
13 from the ---?

14          ATTORNEY HIGGINS:

15          That's the OEC's belief upon reviewing  
16 surveillance.

17          COMMISSIONER SOJKA:

18          Okay. I'm willing to offer the following  
19 motion, Madam Chairman. I move that the Board issue  
20 an Order to approve the Revocation of the Non-Gaming  
21 Employee Registration of Margaret Formica, as  
22 described by the OEC.

23          COMMISSIONER ANGELI:

24          Second.

25          CHAIRMAN COLINS:

1 All in favor?

2 AYES RESPOND

3 CHAIRMAN COLINS:

4 Opposed?

5 NO RESPONSE

6 CHAIRMAN COLINS:

7 Motion carries.

8 ATTORNEY MILLER:

9 The next matter involves Lesly  
10 Malebranche. Mr. Malebranche had been employed as an  
11 Operations Attendant at Philadelphia Park Casino and  
12 registered as a non-gaming employee. On November  
13 13th, 2007, Mr. Malebranche was arrested by the  
14 Philadelphia Police Department, who was charged with  
15 theft by unlawful taking, theft by deception,  
16 receiving stolen property, 22 counts of identity  
17 theft, 22 counts of forgery, criminal use of a  
18 communication facility, 22 counts of access device  
19 fraud and 22 counts of securing execution documents by  
20 fraud.

21 These charges include 70 third-degree  
22 felonies and 22 second-degree misdemeanor charges.  
23 It's alleged that Mr. Malebranche used his father's  
24 identification to commit fraudulent transactions  
25 without his father's permission.

1                   Mr. Malebranche was terminated by  
2 Philadelphia Park in October of 2007. Mr. Malebranche  
3 failed to disclose this arrest to his employer or to  
4 Pennsylvania Gaming Control Board staff. On August  
5 8th, 2008, the OEC filed an Enforcement Complaint in  
6 the instant matter. Mr. Malebranche was served by  
7 both First-Class mail and certified mail. Return  
8 receipt was received by the OEC on August 20th, 2008,  
9 showing that Mr. Malebranche had received the  
10 Enforcement Complaint. He did not respond to the  
11 complaint and therefore the facts alleged are  
12 conclusively established.

13                   Given Malebranche's clear violation of  
14 the Act and the regulations, OEC asks this Board to  
15 revoke his Non-Gaming Employee Registration. Based  
16 upon the undisputed facts of record, it would be  
17 appropriate for this Board to entertain a motion to  
18 consider and grant the requested relief.

19                   CHAIRMAN COLINS:

20                   May I have a motion, please?

21                   COMMISSIONER ANGELI:

22                   Madam Chairman, I move that the Board  
23 issue an Order to approve the revocation of Non-Gaming  
24 Employee Registration for a Lesly Malenbranche, as  
25 described by the OEC.

1                   COMMISSIONER COY:

2                   Second.

3                   CHAIRMAN COLINS:

4                   All in favor?

5 AYES RESPOND

6                   CHAIRMAN COLINS:

7                   Opposed?

8 NO RESPONSE

9                   CHAIRMAN COLINS:

10                  Motion carries.

11                  ATTORNEY PITRE:

12                  That concludes our business.

13                  CHAIRMAN COLINS:

14                  Thank you very much. That also concludes  
15 the public meeting today. We'll have our next meeting  
16 Tuesday, December 2nd, 11:00 a.m., North Office  
17 Building. May I have a motion to adjourn?

18                  COMMISSIONER ANGELI:

19                  So moved.

20                  CHAIRMAN COLINS:

21                  Second? All in favor?

22 AYES RESPOND

23                  CHAIRMAN COLINS:

24                  Motion carries.

25                  \* \* \* MEETING CONCLUDED AT 2:47 P.M.\* \* \*