

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: MOUNTAINVIEW THOROUGHBRED RACING ASSOCIATION  
D/B/A HOLLYWOOD CASINO AT PENN NATIONAL RACE COURSE TO  
CONDUCT TABLE GAMES

\* \* \* \* \*

PUBLIC INPUT HEARING

\* \* \* \* \*

BEFORE: LINDA LLOYD, Presiding Officer  
Raymond Angeli, Commissioner  
Gary Sojka, Commissioner

HEARING: Wednesday, March 24, 2010  
10:03 a.m.

LOCATION: East Hanover Township Building  
8848 Jonestown Road  
Grantville, PA 17028

WITNESSES: John Finamore, Frank Quigley

Reporter: Rhonda K. Thorpe

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PRESIDING OFFICER:

My name is Linda Lloyd, and I am the Presiding Officer assigned by the Board today to conduct this public input hearing regarding the petition filed by Mountainview Thoroughbred Racing Association doing business as Hollywood Casino at Penn National Race Course, which I'll probably end up calling Penn National throughout this hearing. It's just a little bit shorter. To conduct table games at their casino. Before we begin, if you can turn off or to vibrate your cell phones, BlackBerries, that kind of stuff so we aren't interrupted.

As the Presiding Officer I call to order this public input hearing regarding this petition, which was deemed complete and filed on March 5, 2010 at docket number 1329-2010. The date is Wednesday, March 24th, 2010. The time is about 10:03, and the location is the East Hanover Township Municipal Building at 8848 Jonestown Road, Grantville, PA, 17028.

The public input hearing is convened by the Pennsylvania Gaming Control Board pursuant to the authority found in Sections 1205(b) and 1314A(b) from

1 the Gaming Act. This public hearing was advertised on  
2 the Board's website, announced at a previous Board  
3 meeting and advertised in local newspapers. The Board  
4 members present for the hearing today on my left are  
5 Ray Angeli and Gary Sojka. The Board and its staff  
6 would like to thank East Hanover Township for making  
7 this space available to the Board for the hearing  
8 today. The staff's cooperation has been essential in  
9 the organization and holding of this public input  
10 hearing.

11                   The purpose of the hearing is to allow  
12 Penn National to present to the public its plans to  
13 operate table games at the casino and allow individual  
14 members of the public, community groups and elected in  
15 local government officials and representatives to  
16 express their thoughts and share their concerns about  
17 the proposed project with the Board. The hearing will  
18 continue until the last scheduled speaker registered  
19 has had the opportunity to speak. The order of  
20 speakers today is as follows. Penn National will make  
21 their presentation first. We will then hear from any  
22 legislators, local government representatives,  
23 community representatives and individual members of  
24 the public who are registered to speak in that order.  
25 Penn National will have approximately 20 minutes to

1 make their presentation. Each government official  
 2 will have ten minutes to speak. Community group  
 3 representatives may have five minutes to speak and  
 4 individual members of the public, three minutes each.  
 5 Each speaker should begin their remarks by stating his  
 6 or her name, the municipality where he or she resides  
 7 and if speaking on behalf of an entity, the name of  
 8 that entity. And if you could please spell your first  
 9 and last name when you first speak for the court  
 10 stenographer. If you are speaking today and you have  
 11 written notes or testimony which you will read from  
 12 during the hearing, when you are finished if you would  
 13 give a copy to our court stenographer, that will be  
 14 helpful for her.

15                   This is an official administrative  
 16 hearing, so please treat this as if you were attending  
 17 a court proceeding. Again, all speakers please speak  
 18 loudly and clearly and into the microphone so that we  
 19 and the court reporter can hear you.

20                   Let's begin today by having each of you  
 21 that have registered to speak or provide testimony on  
 22 behalf of Penn National please stand and raise your  
 23 right hand to be sworn by the court reporter.

24 -----

25 WITNESSES SWORN EN MASSE



1 -----

2 PRESIDING OFFICER:

3 Before we begin the testimony, I have a  
4 couple of hearing exhibits to enter into the record.  
5 Hearing Exhibit Number One is the Notice of Public  
6 Hearing sent to Penn National. Hearing Exhibit Number  
7 Two is the one written comment we have received before  
8 the deadline which is from Sheryl Williams,  
9 S-H-E-R-Y-L, Williams, and it is opposed to the table  
10 games plan. Does Penn National have any objection to  
11 the entrance of these exhibits into the record?

12 (Hearing Exhibits One and Two marked for  
13 identification.)

14 ATTORNEY QUAGLIA:

15 No objection.

16 PRESIDING OFFICER:

17 And we are ready for Penn National's  
18 presentation.

19 ATTORNEY QUAGLIA:

20 Thank you, Ms. Lloyd. I'm Ray Quaglia,  
21 that's Q-U-A-G-L-I-A, from the Ballard Spahr Firm in  
22 Philadelphia, Counsel for the Petitioner to whom we  
23 will be referring this morning as Penn National or  
24 Hollywood Casino interchangeably. We'd like to thank  
25 you and the Board members and of course the Board

1 staff for consideration during this process. We will  
2 endeavor to finish our presentation as expeditiously  
3 as possible. We beg your indulgence in advance if we  
4 should go beyond 20 minutes. But without further ado,  
5 we'll begin.

6           We have four speakers who are slated to  
7 testify today. Those speakers are John Finamore, the  
8 Senior Vice President of Regional Operations for Penn  
9 National Gaming, Inc., Frank Quigley, Vice President  
10 and General Manager of Hollywood Casino and Penn  
11 National Race Course, Chy Stewart, Diversity Officer  
12 of Hollywood Casino and Penn National Race Course and  
13 Christopher McErlean, the Vice President of Racing for  
14 Penn National Gaming. We also have a number of other  
15 company representatives here who are available to  
16 respond to any inquiries that the Board members or you  
17 may have.

18           Our first speaker to provide an overview  
19 of Penn National Race Course in the envisioned table  
20 game addition is Mr. Finamore, Senior Vice President  
21 of Regional Operations for Penn National Gaming. Mr.  
22 Finamore has nearly 30 years hospitality in casino  
23 experience including eight years with Station Casino.  
24 He's been with Penn National Gaming since 2002, and he  
25 has responsibility for seven casino properties

1 including table games operations and multiple  
2 racetracks and off-track wagering facilities for Penn  
3 National. Mr. Finamore.

4 -----  
5 JOHN FINAMORE, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED  
6 AS FOLLOWS:

7 -----  
8 MR. FINAMORE:

9 Good morning. If I may just start with a  
10 brief timeline as to how we ended up here this  
11 morning. I think a lot of you know the story. The  
12 track, Penn National Race Course, was opened in 1972  
13 and purchased by the Carlino family in 1982. Of  
14 course the property is also the name of our corporate  
15 entity, Penn National. Hollywood Casino the  
16 integrated facility that we're very proud of opened in  
17 2008. When I say integrated, integrated racing and  
18 slot facility. We've recently received renewal for  
19 our slot license in January 2010.

20 And as you all know, the Pennsylvania  
21 Race Course Development and Gaming Act was amended on  
22 January 7th, 2010 allowing table games at the  
23 Pennsylvania casinos. Penn National's petition to add  
24 table games at Hollywood Casino was subsequently  
25 deemed complete by the Pennsylvania Gaming Control

1 Board on March 5th, 2010.

2           As Ray mentioned, I oversee a lot of  
3 operations in our portfolio with table games. At this  
4 point in time, 12 of our gaming facilities operate  
5 table games around the country. Three in Illinois,  
6 our Iowa facility, three in Mississippi, Louisiana,  
7 Indiana, Missouri, Colorado and Casino Rama in Canada.  
8 All tolled, that's about 400 tables companywide. We  
9 are also currently implementing table games at our  
10 Charlestown, West Virginia facility. That facility  
11 will have about 85 tables and 27 poker tables as well  
12 as early planning stages for our casinos in Kansas and  
13 two in Iowa. So as you can see, we have extensive  
14 experience as a company in the operation and  
15 management of table games.

16           Back to Penn National. The estimated  
17 costs if successful of implementing table games, the  
18 authorization fee, the license fee upfront \$16.5  
19 million, of course. We estimate the construction and  
20 FFD costs for the work needed to put tables in the  
21 facility at approximately \$8.5 million. And that  
22 total of \$25 million will be financed by Penn National  
23 Gaming. And we also have potential, although it's not  
24 contemplated at this time, but we do have the  
25 potential to expand the building. As you will recall,

1 the building was always designed to be master planned  
2 for expansions. And we certainly have that ability to  
3 expand if business is there, but that is not our  
4 intent. Our intent in this first phase is to  
5 incorporate all of the table games into the existing  
6 footprint.

7 ATTORNEY QUAGLIA:

8 Thank you, Mr. Finamore. Our next  
9 witness this morning will be Frank Quigley, the Vice  
10 President and General Manager of Hollywood Casino with  
11 Penn National Race Course. Mr. Quigley will address  
12 the petitioned plans for the operation and staffing of  
13 table games. He has 30 years experience in the gaming  
14 industry, having progressed from dealer to the general  
15 manager. He was with Harris and Showboat for 23  
16 years, then with Argosy and Penn National Gaming since  
17 2003. He was a general manager at Sioux City and  
18 Juliette, and has been the general manager at  
19 Hollywood Casinos since August 2009. Mr. Quigley.

20 -----

21 FRANK QUIGLEY, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED  
22 AS FOLLOWS:

23 -----

24 MR. QUIGLEY:

25 Thank you. Good morning. First we would

1 just like to talk to you about or tell you about our  
2 plan. Our plan is to add 52 table games to the  
3 current facility. What you see in front of you here  
4 is a chart that displays our current slot count, right  
5 now at approximately 2,377. The reason that we show  
6 this chart is to show that there will be no reduction  
7 in our slot count when we add tables to the property.  
8 In fact, our plan is to add tables to the property,  
9 and when the project is all said and done, we'll have  
10 just shy of 2,500 slot machines on the floor which is  
11 actually an increase once we add tables to the  
12 property.

13                   We have put together a significant amount  
14 of experience with --- excuse me. A significant  
15 amount of experience with folks that we recently hired  
16 to help us implement table games. We hired a  
17 gentleman named Anthony Ciallella. He is in the  
18 audience today. He is our new Director of Table  
19 Games. He will spearhead the program. We've also  
20 hired about four to five, actually five shift managers  
21 that are on duty now for working through and helping  
22 us with the administrative aspects of implementing  
23 table games and starting our training program, and  
24 they're all working as trainers at the time.  
25 Combined, they have well over in excess of 100 years

1 of experience in the industry.

2                   And then there's our existing staff on-  
3 property that has a significant amount of experience  
4 in table games. As Ray said, myself I have over 29  
5 years of experience in table games itself. Laura  
6 Palazzo our CFO has 29 years of experience. John  
7 Newman, 30 years of experience. Right on down the  
8 line there with Luann Fetcho in marketing, 21. Joanne  
9 Rogers, our casino controller has 30 years of  
10 experience. And Jay White our Director of Security  
11 has 26 years of experience on the security side in  
12 table games. And I say without looking at it, that's  
13 kind of scary. I've been doing this that long and I  
14 don't feel that old.

15                   As I said, there are going to be 52  
16 tables. Forty (40) of those will be for additional  
17 bank games. The difference between a bank game and a  
18 non-bank game is very simple. Banked games are the  
19 best way to explain that is when the house pays the  
20 winners and takes the losers. A non-bank game is  
21 poker where the customers play against themselves and  
22 the house takes a vigorish if you will for the  
23 opportunity to play those games.

24                   So we will have four crap tables. Start  
25 out with four crap tables, 20 blackjack tables, four

1 roulette, two mini Baccarat games and ten what we call  
2 carnival games in the industry, which is the poker-  
3 driven such as three card poker, Caribbean stud, those  
4 sorts of games and then 12 poker tables. And we will  
5 have --- all the popular poker games will be offered.

6 However, in the industry today Texas Hold 'em is  
7 pretty much 95 percent of the demand that's out there.  
8 And of course we will put these games on the floor,  
9 and then we will adjust as we see where the demand is  
10 for each individual game.

11           The employment opportunities are  
12 significant as it's related to table games in this  
13 project. We've spoken many times that table games is  
14 a very labor-intensive business. We have  
15 approximately 1,000 employees on our property to run  
16 the entire operation. We are going to hire close to  
17 --- well, we estimate 439 incremental employees to  
18 operate table games, so to give you some perspective  
19 on the labor necessary to operate these. All these  
20 positions will be benefit eligible under the company  
21 plan, such as health insurance, 401(k), paid time off,  
22 et cetera. We will also have approximately 84  
23 managerial positions that come along with table games,  
24 and we're thinking about 80 plus incremental jobs in  
25 support services such as marketing, surveillance,



1 housekeeping, maintenance, et cetera.

2           We are proud to say that we just recently  
3 opened up our training school. We've actually built a  
4 school on property and developed our own training  
5 curriculum. That was approved on March 12th by the  
6 Board. We have over 1,300 people apply for positions  
7 in table games and the ancillary positions that come  
8 along with that.

9           As I said, we started our first training  
10 program Monday. We have approximately 140 people  
11 currently in training. As we speak, they are in  
12 training. We are also having dialogue with Harrisburg  
13 Community College, and as that progresses, we will  
14 look to get out of the training business so to speak  
15 once we get opened, and we will assist Harrisburg  
16 Community College in developing a program to continue  
17 training, going forward once we get up and opened.

18           John spoke a little bit about this, but  
19 the projected economic is the license fee of \$16.5  
20 million, a capital investment of \$8.5, estimated  
21 construction-related wages are \$2 million, estimated  
22 annual table games taxes are approximately \$4.3  
23 million, \$.6 million in the annual local share and we  
24 estimate approximately \$8.4 million in incremental  
25 wages and benefits associated with the implementation

1 of table games to the local community.

2           We are significantly beefing up our  
3 security and surveillance aspects of our business. We  
4 will be hiring additional table game security and  
5 security in general to monitor the table games'  
6 activities. We have a training program slated for all  
7 of our surveillance folks, and to get an intense  
8 training program with regard to our surveillance to  
9 make sure that we have our surveillance people  
10 positioned for all the typical issues that come along  
11 with table games like cheating, collusion and theft at  
12 table games. We will be well prepared for that.

13           Do you have any questions for me?

14           MR. SOJKA:

15           Should we wait on the questions?

16           PRESIDING OFFICER:

17           You can do whatever you like.

18           MR. ANGELI:

19           Just a couple. Throughout the hearing,  
20 we've had the discussion about the ratio of  
21 supervisors to table games to deal with this. And one  
22 thing we discovered, there is no standard. How close  
23 to what we think is a national standard --- or what is  
24 the ratio of your supervisors to the games?

25           MR. QUIGLEY:

1 Well we believe that in blackjack-like  
2 games --- when I say blackjack-like, that's the  
3 typical blackjack game where you have --- which would  
4 be all of the carnival games that I spoke of.  
5 Blackjack and mini Bac. We believe a six-to-one ratio  
6 is standard in the industry these days. Now as those  
7 games get higher in value, we would want to step in  
8 with a smaller ratio. In other words, your high end  
9 games, we would get to four-to-one and possibly two-  
10 to-one. Craps games we believe that there should be  
11 one box person on each game and a floor person for  
12 every two games.

13 MR. ANGELI:

14 When you talked about table game  
15 security, is this in addition to the supervisor for  
16 those?

17 MR. QUIGLEY:

18 Yes, it would be in addition to the  
19 supervisor. However, they would not be observing the  
20 games. They would support the games with transporting  
21 bills and credits and doing accounts and those sorts  
22 of duties.

23 MR. ANGELI:

24 You're training right now. To do your  
25 initial training, where are your trainers from?

1                   MR. QUIGLEY:

2                   Excuse me?

3                   MR. ANGELI:

4                   Where are your trainers coming from?

5                   MR. QUIGLEY:

6                   Our trainers have come from the industry.  
7 The majority of the trainers that we have right now  
8 are from Atlantic City. As a matter of fact, they're  
9 folks that I have worked with over the years and  
10 worked together with, and I have a high level of  
11 confidence in their ability. As I said, each one of  
12 them has the average of over 25 years of experience  
13 specifically in table games. A very strong training  
14 program right now.

15                   MR. ANGELI:

16                   We think that's important because I mean  
17 I'm not really sure what's going to happen when you  
18 open up these table games, but probably every person  
19 who thinks they can beat the casino will show up.

20                   MR. QUIGLEY:

21                   I'm sure, absolutely. I've been here  
22 before, and I've seen this movie before and it is  
23 interesting. It's a hard one. The first couple of  
24 months are very stressful, but we've got a team here  
25 that is second to none with regard to their experience

1 and their ability to mitigate any of those issues.

2 MR. ANGELI:

3 What's your current turnover ratio of  
4 employees, and do you expect that --- is there  
5 pressure that says that's going to change when you get  
6 to ---?

7 MR. QUIGLEY:

8 Well typically, our turnover ratio right  
9 now is around 40 percent. Turnover in the industry is  
10 traditionally high. Table games will bring that  
11 number down. I mean we're talking about good jobs  
12 here. We're not talking about entry-level positions.  
13 It's very difficult right now to say what the exact  
14 wages these folks will make. However, my educated  
15 guess is they will be somewhere between at a low of  
16 \$35,000 a year. Depending on the tip environment in  
17 the local community, they could be as high as \$45,000  
18 to maybe even \$50,000 a year. In an economy like this  
19 or in any economy, those sorts of entry-level  
20 positions do not turn over. I mean those folks get in  
21 there, and they will definitely reduce the overall  
22 turnover of our property.

23 MR. ANGELI:

24 Thank you.

25 MR. SOJKA:

1           Just a couple quickies. You mentioned  
2 that there's significant construction planned in order  
3 to incorporate the table games. What about the  
4 construction companies? Have you already begun to  
5 negotiate with them?

6           MR. QUIGLEY:

7           No, not yet. We have not put any bids  
8 out yet, but we will go through our purchasing process  
9 in the time just as we did when we opened the  
10 facility.

11          MR. SOJKA:

12          When you did open the facility as I  
13 recall, a significant portion of the construction  
14 personnel came from Pennsylvania; is that correct?

15          MR. QUIGLEY:

16          Correct.

17          MR. SOJKA:

18          Now you do know something about the  
19 places of origin of the people who are in training at  
20 the moment. Are most of those persons Pennsylvanians  
21 as well?

22          MR. QUIGLEY:

23          Absolutely. One of the promises actually  
24 that I've made and I've been speaking to you all along  
25 is the first priority to these jobs, particularly to

1 these jobs that are dealer jobs that are in fact  
 2 promotions for a lot of people, we're offering them to  
 3 our folks in-house first. In other words, we offer  
 4 them to our immediate family. And then after that, we  
 5 went out to the local labor pool and staff. The  
 6 overwhelming majority of it, if not all, quite  
 7 honestly, within the local labor pool, with the  
 8 exception of supervision. Supervision to get open, we  
 9 absolutely, to your point, need experience in this,  
 10 which is a very specialized discipline in our  
 11 industry. We need experience from a supervision  
 12 standpoint. However, once we open the property, this  
 13 experience comes very quickly. When you're a deal and  
 14 you're dealing 40 hours a week, you get good fast.  
 15 And so going forward, we will make sure that we  
 16 promote all of our supervision inside the operation  
 17 from residents of Pennsylvania.

18 MR. SOJKA:

19 In your presentation today, do you intend  
 20 to have your diversity person also speak to it?

21 MR. QUIGLEY:

22 Next.

23 MR. SOJKA:

24 Good. Okay. So I'll hold my questions  
 25 on that. Can I ask a question or two about the games

1 themselves?

2 MR. QUIGLEY:

3 Sure.

4 MR. SOJKA:

5 The 52 games that are going in, you have  
6 some what we call shared experience slot machines now;  
7 right? Things that look like blackjack, but in fact  
8 are slot machines?

9 MR. QUIGLEY:

10 Correct.

11 MR. SOJKA:

12 What will happen to those?

13 MR. QUIGLEY:

14 They will be minimized, but I believe  
15 they will still stay. There will still be a market  
16 for those machines. The best way for me to explain  
17 that is table games will clearly be live, and so we  
18 won't have the need that we have right now for the  
19 electronic table games that you're talking about.  
20 However, table games by nature are very intimidating  
21 business. You have to be a pretty aggressive person  
22 to pony up to a table game your very first time. We  
23 believe that the electronic table games will serve as  
24 a farm system so to speak for table games, because  
25 there is no intimidation on these electronic table



1 games. You don't get hollered at by the guy next to  
2 you if you make the wrong move. So we think there  
3 will be a place for those where people can come and  
4 learn table games on an electronic version with no  
5 intimidation, and move to the real thing at some point  
6 in time.

7 MR. SOJKA:

8 Let me clarify though. On those games  
9 that you're looking at as potentially training games,  
10 if you will, will their software still make them slot  
11 machines, or are you going to convert them to true  
12 electronic table games?

13 MR. QUIGLEY:

14 Those machines that we're talking about  
15 will stay as slot machines.

16 MR. SOJKA:

17 Okay. So they can get their training,  
18 but it's still a slot machine?

19 MR. QUIGLEY:

20 Correct.

21 MR. SOJKA:

22 It still has a wire running to the ---.

23 MR. QUIGLEY:

24 Still rambling on.

25 MR. SOJKA:

1                   It will still take our full slot machine  
2 test?

3                   MR. QUIGLEY:

4                   Correct.

5                   MR. SOJKA:

6                   All right. Now to the live games  
7 themselves, do you intend to have any I-games?

8                   MR. QUIGLEY:

9                   We don't intend to start with I-games.  
10 Conceptually, I like the idea. Quite honestly, I want  
11 to see how they work.

12                  MR. SOJKA:

13                  Okay.

14                  MR. QUIGLEY:

15                  So we will see how they work in other  
16 markets and take a look if they make economic sense  
17 for us to add.

18                  MR. SOJKA:

19                  Okay.

20                  MR. QUIGLEY:

21                  But we're not going to open with any.

22                  MR. SOJKA:

23                  And no true electronic table games, no  
24 electronic craps table or electronic ---.

25                  MR. QUIGLEY:

1 No.

2 MR. SOJKA:

3 What about roulette?

4 MR. QUIGLEY:

5 Well we have roulette on the floor today.

6 MR. SOJKA:

7 Which plays like a slot machine?

8 MR. QUIGLEY:

9 Correct. We will eliminate that game and  
10 go to live roulette.

11 MR. SOJKA:

12 Okay. Basically the same game.

13 MR. QUIGLEY:

14 Correct.

15 MR. SOJKA:

16 I mean the roulette wheel is very  
17 intensive ---.

18 MR. QUIGLEY:

19 It's random generated, yes it is.

20 MR. SOJKA:

21 But your tax rate will change.

22 MR. QUIGLEY:

23 Correct.

24 MR. SOJKA:

25 Okay. So we want to be aware of that.

1 And then the rest of the games will all be live games?

2 MR. QUIGLEY:

3 Correct.

4 MR. SOJKA:

5 Will you have any computer capacity on  
6 any of the dealing chutes so that for example, in  
7 blackjack there are these things that will tell  
8 whether the dealer gets a blackjack?

9 MR. QUIGLEY:

10 Like the I-game?

11 MR. SOJKA:

12 Yeah. If you have any of those things,  
13 will they have a memory?

14 MR. QUIGLEY:

15 No.

16 MR. SOJKA:

17 No memory, so we could not go back if  
18 there's a dispute and say no, I had a six and the  
19 dealer said I had a seven?

20 MR. QUIGLEY:

21 Well we'll have dedicated surveillance on  
22 each game.

23 MR. SOJKA:

24 Okay.

25 MR. QUIGLEY:

1           So we will be able to go back and run  
2 tape on each game to see if three hands ago there was  
3 a mistake made.

4           MR. SOJKA:

5           So we'll have to rely on the surveillance  
6 cameras?

7           MR. QUIGLEY:

8           Correct.

9           MR. SOJKA:

10          That's fine for now. Thank you.

11          MR. QUIGLEY:

12          Thank you.

13          ATTORNEY QUAGLIA:

14          Thank you, Frank. Our next witness this  
15 morning will be Chy Stewart, the manager of slot  
16 services and diversity officer for Hollywood Casino at  
17 Penn National Race Course. Mr. Stewart was initially  
18 hired as a slot shift manager at Hollywood, and was  
19 recently promoted to the manager of slot services. As  
20 I said, she also serves as diversity officer. She is  
21 an executive committee member of the Harrisburg branch  
22 of the NAACP. She was previously employed before  
23 Hollywood as a training specialist with the  
24 Pennsylvania Higher Education Assistance Agency. Ms.  
25 Stewart.

1 -----  
2 CHY STEWART, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED  
3 AS FOLLOWS:  
4 -----

5 MS. STEWART:

6 Good morning. We're going to talk this  
7 morning about our employment opportunities, contract  
8 and purchasing, some diversity training and our  
9 participation in diversity events. At our Hollywood  
10 property, we currently have 1,037 employees, and we  
11 are proud to say that 1,028 of those employees are  
12 residents of Pennsylvania. 12.1 percent do represent  
13 various minority groups. Currently, almost half of  
14 our staff are female employees. There are going to be  
15 various opportunities for entry-level positions in the  
16 table games. We are and we have actually already  
17 begun to make those offers available to current team  
18 members first. That is a priority for us. As far as  
19 Frank touched earlier on our table games management  
20 positions. Due to the need for experience  
21 requirements, we have had to seek outside our  
22 jurisdiction for management positions. However,  
23 future promotions, we will definitely look within our  
24 company for current employees to offer those positions  
25 available for promotion.

1                   Currently, we have approximately \$20.2  
2 million of our construction expenditures for awarded  
3 to MBEs/WBEs related to the construction of our gaming  
4 facility. Over 21 percent of our construction  
5 expenditures in 2008 were at M/WBE's businesses out  
6 spacing the state average of 19 percent. We are also  
7 proud to say that we are a member of the Minority  
8 Supplier Diversity Council for Pennsylvania, New  
9 Jersey and Delaware. We have had more than \$2.8  
10 million, that's 11 percent total in our operating  
11 disbursements during 2009 were made to the W/MBEs.

12                   As far as responsible gaming --- excuse  
13 me. As far as our community involvement, we have  
14 various outreach and dedication and commitment to our  
15 community. Just to touch on a few of the donations  
16 and sponsorships that we've had since 2008, the  
17 Grantville Volunteer Fire Company. They have received  
18 proceeds from our test night, and ongoing monetary  
19 donations and support will continue to the Grantville  
20 Volunteer Fire Company. As far as the Harrisburg  
21 Regional Chamber of Commerce, we do support them  
22 through membership. Our East Hanover park day, we  
23 have employee volunteer. We also donate food, and the  
24 proceeds from those food sales are given to East  
25 Hanover Township.

1           Our commitment to responsible gaming, we  
2 work with representatives of Council on Compulsive  
3 Gambling of Pennsylvania, and that is to establish  
4 comprehensive compulsion and problem gambling  
5 training. We have a requirement, each year our  
6 employees do undergo the training program for  
7 responsible gaming. We are currently a member to  
8 CCGP. This is used to assist with retraining and it  
9 will also be used when the time comes to train our  
10 new dealers. We have made an amendment to the  
11 responsible gaming plan, which was approved November  
12 6, 2009.

13                   ATTORNEY QUAGLIA:

14           If you have any questions for Ms. Stewart  
15 at this time or you're free to hold them until we  
16 finish. It's up to you.

17                   MR. SOJKA:

18           We're in that pattern. Let's do that.

19                   MR. ANGELI:

20           The female and the minorities, do you  
21 know what percentages you have in management  
22 positions?

23                   MS. STEWART:

24           I do have currently 42.9 percent.

25                   MR. ANGELI:



1           As you move forward in your training  
2 programs, do you have something designed for  
3 minorities and women especially in those supervisory  
4 positions?

5           MS. STEWART:

6           I'm sorry, can you repeat that?

7           MR. ANGELI:

8           And as you're moving forward the training  
9 programs for supervisors in the table games, are you  
10 targeting minorities for any particular part of that  
11 training?

12          MS. STEWART:

13          We don't currently have anything targeted  
14 specifically for them.

15          MR. ANGELI:

16          Thank you. That's all.

17          MR. SOJKA:

18          Have you been able to track actual  
19 movement or promotion of minority persons within the  
20 organization to see if people come in at different  
21 positions and end up in management, which is always a  
22 number that we're interested in?

23          MS. STEWART:

24          Yes, we currently have ---.

25          MR. FINAMORE:

1                   Mr. Commissioner, I know when we appeared  
2 for our license re-hearing, I know that these same  
3 questions were asked and I believe we provided  
4 documentation. I see the report here, a lot of little  
5 numbers.

6                   MR. SOJKA:

7                   If there is a report, we'll dig through  
8 it.

9                   MR. FINAMORE:

10                  We'll be happy to do that. I think ---.

11                  MR. SOJKA:

12                  That's fine. You can even do it  
13 verbally.

14                  MR. FINAMORE:

15                  All right. Thank you. We'll get that  
16 submitted to you.

17                  MR. SOJKA:

18                  You're through? Questions about the  
19 problem gaming situation. Do you have a precluded  
20 participants list of your own, people that are  
21 precluded from coming into the facility because of  
22 situations that's arised because of their behavior or  
23 something of that sort?

24                  MR. FINAMORE:

25                  Let me grab this. I know we have our

1 Director of Security with us today who can speak to  
2 that. You know, certainly responsible gaming  
3 companywide is a significant issue for us. We look at  
4 not only responsible gaming, but alcohol awareness and  
5 of course underage gambling is a significant priority  
6 for us.

7 MR. WHITE:

8 Let me take that.

9 MR. FINAMORE:

10 Sure.

11 -----  
12 JAY WHITE, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AS  
13 FOLLOWS:

14 -----  
15 MR. WHITE:

16 Thank you. I can take that, gentlemen.  
17 We absolutely have that list. As a matter of fact, it  
18 is a process that we work on. We have a compliance  
19 meeting in our property weekly where we review  
20 potential folks with problem gaming. And just as  
21 recent as last week, I actually approached a person on  
22 the floor and spoke to that person about our concerns  
23 about their gaming history, and encouraged them  
24 strongly to sign up with the State program. However,  
25 if they decline, we would ban them from participating

1 on our own. So we do have a list of folks that are  
2 banned from our property from a gaming standpoint, or  
3 any standpoint for that matter, that have not signed  
4 up on their own for an exclusion.

5 MR. SOJKA:

6 There are also these folks that do put  
7 themselves on the self-exclusion list, and the number  
8 in Pennsylvania has grown rather substantially. It's  
9 a big number, there are several zeros after it.

10 MR. WHITE:

11 Correct.

12 MR. SOJKA:

13 What is your mechanism for identifying  
14 these persons when they might come on your property?  
15 Do you have to rely on photographs and your  
16 surveillance people? I know that you have mechanisms  
17 if a person would get a jackpot because you'd have to  
18 identify them ---

19 MR. WHITE:

20 Correct.

21 MR. SOJKA:

22 --- to pay out to someone.

23 MR. WHITE:

24 Truthfully, the reality is that that's  
25 the best way to identify folks is --- you know, if

1 they hit a jackpot over \$1,200 and if they truly have  
2 an issue and frequent the property, now that will  
3 happen eventually, and that is the best way quite  
4 honestly to filter those folks out of our operation.  
5 However, that said, we have a list we talked about.  
6 We train extensively, and we do visualize folks all  
7 the time and we identify them and go through the  
8 process once they are identified.

9 MR. SOJKA:

10 Well if you do get this certificate and  
11 move forward and install these table games, you will  
12 also have human being sitting at tables looking across  
13 at these people. These are the people that you're  
14 getting the training, not just security people, but  
15 also dealers?

16 MR. WHITE:

17 Uh-huh (yes).

18 MR. SOJKA:

19 Will they be in power in your operation  
20 to challenge someone, or do they simply call a floor  
21 supervisor and ---?

22 MR. WHITE:

23 They call a floor supervisor. It needs  
24 to be centralized in those decision making processes.  
25 We can't put, you know, 1,000 employees out there

1 making decisions on who may or may not have a gaming  
2 issue. However, they know. And I speak at every one  
3 of these training programs that we fiercely take this  
4 issue very seriously and do not want anyone on our  
5 property that has an issue with gaming. I personally  
6 take responsibility on our property and have personal  
7 conversations with customers myself.

8 MR. SOJKA:

9 Thank you.

10 ATTORNEY QUAGLIA:

11 Thank you. Our next and final scheduled  
12 speaker for this morning is Chris McErlean, our Vice  
13 President of Racing for Penn National Gaming, who is  
14 here today to reaffirm petitioners his start and  
15 continued commitment to horse racing in the  
16 Commonwealth. Mr. McErlean has more than 20 years  
17 experience in racing management. He's a former vice  
18 president of racing for the New Jersey Sports and  
19 Exposition Authority Race Tracks, Meadowlands and  
20 Monmouth Park. He oversees operations for Penn  
21 National's seven pari-mutual facilities nationwide,  
22 and is Penn National's representative for national  
23 racing issues and initiatives, the Vice President of  
24 Thoroughbred Racing Associations, former President and  
25 Chairman of the Harness Tracks of America, a board

1 member of the Thoroughbred Racing Protective Bureau,  
2 United States Trotting Association. Mr. McErlean.

3 -----

4 CHRISTOPHER MCERLEAN, HAVING BEEN PREVIOUSLY SWORN,  
5 TESTIFIED AS FOLLOWS:

6 -----

7 MR. MCERLEAN:

8 Thank you, Ray. Good morning. It's hard  
9 to believe that a tiny racetrack in Grantville,  
10 Pennsylvania is now part of a company that is the  
11 largest racetrack operator in North America. Penn  
12 National Gaming owns and operates six racetracks in  
13 North America, including a joint venture in the State  
14 of New Jersey. We're adding our seventh racetrack  
15 later this year. We just recently announced the  
16 acquisition of a thoroughbred racetrack in Columbus,  
17 Ohio by the name of Beulah Park. We also operate five  
18 off-track wagering facilities, four in Pennsylvania,  
19 one in New Jersey. We do have a regional internet and  
20 telephone wagering operation based here in the  
21 Hollywood Casino. We operate over 1,200 live racing  
22 dates at all our properties, which is the most of any  
23 gaming and racing operator. And last year, \$750  
24 million in wagers on live racing and simulcast were  
25 processed through our properties.

1                   To give you a scope of Penn National's  
2 gaming involvement with integrated racing and gaming  
3 facilities, we have --- four of our racetrack  
4 facilities have gaming operations right now. That's  
5 the second most of any of the operators in the United  
6 States. We have over 9,000 slot machines at those  
7 facilities, which is the most of any other racetrack  
8 operator. \$100 million in funding for horsemen's  
9 purses have been generated at those facilities last  
10 year, and almost \$400 million in State tax revenues  
11 were generated through those gaming facilities in  
12 2009. I will add that Penn National Race Course in  
13 Charles Town will be the first of our racetrack  
14 properties that have gaming to add table games, and  
15 both of those we'll be doing it obviously this year.

16                   Again as John mentioned, the history of  
17 Penn National Race Course, we opened in 1972. We  
18 operate a year-round thoroughbred race meeting. We  
19 allowed 200 days of racing this year. We race  
20 traditionally a four day a week schedule 50 weeks a  
21 year. We do have a year-round simulcasting, and as  
22 mentioned before, we have four off-track wagering  
23 facilities and internet and telephone vending  
24 operation here in the State of Pennsylvania.

25                   Part of Act 71 is that everyone knows



1 what is a financial commitment for backstretch  
2 improvements. There were minimum requirements in that  
3 Act. Penn National in agreement with our local  
4 horsemen's group, the HBDA, went over and above that  
5 commitment by over 60 percent with a \$10 million  
6 tenure agreement for backstretch improvements focused  
7 a lot on new barns and site improvements on the  
8 backstretch. Within the first few years since the  
9 casino's been opened, we've spent almost 50 percent of  
10 that funding on these improvements. This is one  
11 correction here. We'll have our fifth new barn  
12 completed probably in early April. We were a little  
13 bit delayed because of weather this winter, but we do  
14 have five brand new barns up and operating, and we  
15 have approximately \$2 million in continued backstretch  
16 improvements planned for this year, including three  
17 new barns on the project plan.

18           In addition to the mandated requirement  
19 of Act 71 in capital improvements, we've made over \$3  
20 million in additional capital improvements over and  
21 above that statutory requirement since 2008, and you  
22 can see there what has been included. There's capital  
23 improvements with our racing services, our  
24 construction in the backstretch, track equipment and  
25 vehicles. Again, a lot of those were sorely needed,

1 and we have certainly made the commitment there and  
2 continue to do so.

3           As you've seen statewide, the impact of  
4 Act 71 and slot machines at the racetracks and the  
5 non-racing facilities which help fund purses as well  
6 has been dramatic. This chart shows you pre-slot  
7 purse levels and our post-slot purse levels and the  
8 amount of funding that comes from the slot machines,  
9 which is close to 70 percent or more of the funding  
10 for the purses comes from the slot machines.

11           What's been the impact in addition to the  
12 purses are field size here at Penn National is the  
13 highest of any racetrack in the mid-Atlantic region  
14 over nine horses race. And quite simply, the more  
15 horses you have in the race, the more betting  
16 opportunities that in theory should help with that  
17 handle. That has been shown in our wagering last  
18 year. Our ability export our handle to other  
19 racetracks, casinos, off-track wagering locations  
20 around the United States was up over 17 percent from  
21 the prior year. So there's certainly been a positive  
22 impact on the improvement in field size and quality of  
23 racing due to that fueling of the purses by the slot  
24 machines.

25           Our Governor's Cup, which is our

1 signature event had a record purse last year of  
2 \$200,000 and as you saw in the previous slide, our  
3 purse average last year ended up about \$180,000 a day,  
4 up almost 220 percent from pre-slot numbers.

5           In terms of marketing initiatives, one  
6 thing that the horse racing industry is really  
7 focusing on, and we share the same philosophy, is  
8 really to concentrate on big events. There's limited  
9 points on the calendar where you can really make an  
10 impact because of all the competition, and we have had  
11 the feature event, the Governor's Cup, for well over  
12 25 years at the track, and we really wanted to focus  
13 on the Governor's Cup. We think it's a very good  
14 niche for us. We turned it into a two-day racing  
15 festival with stakes on both days, the Friday and  
16 Saturday. The Saturday Governor's Cup, we had a  
17 promotional giveaway on-track to our customers. We  
18 were able to get the local ABC affiliate Channel 27 to  
19 do a live broadcast of the race, which was great to  
20 see. We had a record handle for the race and we are  
21 going to continue to focus on the Governor's Cup  
22 weekend this year to really try to move the needle  
23 upward on those numbers.

24           Ongoing in terms of marketing  
25 initiatives, we have a rewards program that

1 distributed over \$2.3 million to our wagering  
2 customers in terms of incentives for wagering. So  
3 there has been reinvestment back in the racing  
4 customers as well in addition to what you see on the  
5 slots side.

6           For 2010, the number of items from a  
7 marketing standpoint are being initiated or are  
8 already in the works. The Pennsylvania Racing  
9 Commission and Department of Agriculture have  
10 initiated an inner-track pack program which we have  
11 been participating with, and we'll continue to support  
12 that in any way possible. We had a number of meetings  
13 on it and supplying them with materials, and we fully  
14 supported that program. We have The Patriot News, a  
15 twice a week advertisement which is dedicated solely  
16 for horse racing. We're able to focus on any live or  
17 simulcasting or special events in there. You see a  
18 copy of one of the ads in there. That's something to  
19 our leverage with The Patriot News and the amount of  
20 advertising that we're doing in the newspaper on an  
21 annual basis. We were able to get that done, and I  
22 think that will be a nice thing that will allow us to  
23 really focus on racing-oriented information as the  
24 year goes on.

25           Our marketing department is also working

1 on other creative ways to get the racing message out  
2 there. In addition, we're having essentially once a  
3 month promotions focused on racing that we can  
4 concentrate on and promote. We have, through feedback  
5 that we've gotten, have added for a multimedia on the  
6 casino floor in our sports area adding the video of  
7 our live racing in those areas for the customers to  
8 watch. Through our casino direct mail and other  
9 collateral, we are integrating our racing information  
10 into those pieces to get information on horse racing  
11 out to the casino customers.

12                   And I know one of the initiatives of the  
13 Pennsylvania breeders and the Racing Commission has  
14 been to approve the Pennsylvania Breeding Program. I  
15 am happy to say the horsemen and Penn National Race  
16 Course have been able to work with the breeders in  
17 offering dedicated races for Pennsylvania-bred horses.  
18 I will update the common in here is actually going to  
19 be two races per day that are going to be offered.  
20 Whether those races fill or not depends on the horse  
21 supply, but that is an over and above commitment from  
22 what's already in here, and hopefully we'll be seeing  
23 a sign of progress in that respect.

24                   If you have any questions, I'd be more  
25 than happy to answer them.

1                   MR. SOJKA:

2                   It's great that you're doing that. Go  
3 ahead.

4                   MR. ANGELI:

5                   I'm okay.

6                   MR. SOJKA:

7                   You're okay. If you don't mind, I have a  
8 few ---

9                   MR. MCERLEAN:

10                  Please.

11                  MR. SOJKA:

12                  --- things I want to clarify. You  
13 mentioned the simulcast rooms or room. You have one  
14 on the racing side; right?

15                  MR. MCERLEAN:

16                  We have a teletheatre or like a sports  
17 barroom, also our third floor is used for simulcasting  
18 as well.

19                  MR. SOJKA:

20                  Do you have any direct access to a  
21 simulcast room off the gaming floor?

22                  MR. MCERLEAN:

23                  Off the gaming floor, no. The access is  
24 to the racetrack apron area, so if you exiting, which  
25 is I guess the back part of the casino. You would

1 enter the racetrack area, the apron, where the finish  
2 line is right there. I take that back, actually.  
3 There is, I'm sorry. We do have on the first floor  
4 our padded cafe which is adjacent up to the --- yes.  
5 So that is adjacent, and you can make wagers on the  
6 races in that area, and that also has access to the  
7 outside area. So I stand corrected in that respect.

8 MR. SOJKA:

9 Okay. That's fine. This next question  
10 really doesn't fare directly on the issue of your  
11 application for the table games certificate, but you  
12 also have a sports bar in which there's some 15, 18  
13 television screens. Do you ever show your own live  
14 races while they're happening?

15 MR. MCERLEAN:

16 That's right, it was indicated in here.

17 MR. SOJKA:

18 You are doing to do that?

19 MR. MCERLEAN:

20 We are doing that now on some of those  
21 screens, yes.

22 MR. SOJKA:

23 That fits in the marketing question  
24 doesn't it?

25 MR. MCERLEAN:

1 Yes.

2 MR. SOJKA:

3 Okay. You talked about backside  
4 improvements. Certainly that's good for the equine  
5 athletes. Do you house human beings back there as  
6 well?

7 MR. MCERLEAN:

8 There are grooms boarders back there,  
9 yes, sir.

10 MR. SOJKA:

11 And they're dormitory-like quarters?

12 MR. MCERLEAN:

13 Yes, they are.

14 MR. SOJKA:

15 Are they new?

16 MR. MCERLEAN:

17 They are not.

18 MR. SOJKA:

19 They are not. We probably will hear more  
20 about that, and we'd like to reserve the right to ask  
21 questions again after we hear testimony. Field size,  
22 you stated the obvious benefits to expand the field  
23 size. Do you think there are any issues about the  
24 safety of equine athletes in expanding? Not only more  
25 feet pounding, but what about the quality of the



1 horses to fill the card?

2 MR. MCERLEAN:

3 Well right now, the field size is really  
4 being driven by the purse availabilities. Obviously  
5 equine safety in general, it is an issue for the  
6 entire horse racing industry. So I mean I think one  
7 of our concerns would be the total amount of racing  
8 for the horses in terms of the season that they're  
9 racing in, the length of the season. Those are all  
10 issues. The methods of training. Again, going back  
11 to the breeding, it cannot be --- if there's not one  
12 sole issue, it's a combination of issues.

13 MR. SOJKA:

14 And I just wanted to limit it to the  
15 field size.

16 MR. MCERLEAN:

17 Sure, sure.

18 MR. SOJKA:

19 Because I realize it's enormously  
20 complex.

21 MR. MCERLEAN:

22 Yeah.

23 MR. SOJKA:

24 You don't see any immediate connection?

25 MR. MCERLEAN:

1                   Not necessarily, no. I would say field  
2 --- other than the potential that people might be,  
3 because of the availability of the purses, may race  
4 their horses more often to take advantage of their  
5 situations to earn more money more frequently. That  
6 would be the only.

7                   MR. SOJKA:

8                   I don't know that you can have this  
9 number, but do you have any guestimate as to the  
10 actual impact on breeders? We may hear about this  
11 later. Because of the expanded purses and their  
12 ability to remain functional in this state and by so  
13 doing maintain open space and preserve farmland. Do  
14 you keep any numbers or do you just have a guess?

15                   MR. MCERLEAN:

16                   We do not, but I think there are a couple  
17 speakers here who could probably ---

18                   MR. SOJKA:

19                   We'll probably hear about that.

20                   MR. MCERLEAN:

21                   --- be more literate on that topic. They  
22 can certainly give you better information that I  
23 could.

24                   MR. SOJKA:

25                   And another in the realm of speculation,

1 we heard testimony earlier from various sources about  
2 what is the presumed impact of table games on the  
3 racing handle. Do you folks have any --- since you're  
4 a national operator with horse races in other places,  
5 do you have data that would impact that question?

6 MR. MCERLEAN:

7 It's hard to say. You know there are  
8 other racing properties as I said have table games  
9 included with them. Table games customers and racing  
10 customers might be similar because it's different from  
11 the slot machine where I guess more strategy is  
12 involved, much like in capping races. I only know a  
13 couple locations that have table games and racing. I  
14 think Prairie Meadows is one of them. Prairie Meadows  
15 did have an increase in their overall racing handle I  
16 believe even after the introduction of table games  
17 there. So I don't think --- we do not have any  
18 specific quantities on that, but I know there was some  
19 concern about impact on slot machines, which --- you  
20 know, we feel very strongly there won't be a negative  
21 impact.

22 MR. SOJKA:

23 You're on record as saying you don't  
24 think it will be a negative impact on slot machines?

25 MR. MCERLEAN:

1                   On slot machines, yes. We feel that that  
2 will not be the case.

3                   MR. SOJKA:

4                   One last question. Mr. Quigley brought  
5 up two issues. One, intimidation at live table games  
6 and the benefit of learning on some kind of automated  
7 system. Do you folks have any specific training or  
8 educational devices for potential customers on the  
9 racing side to learn about the intricacies of pari-  
10 mutuel gaming?

11                   MR. MCERLEAN:

12                   The short answer to that is no. We do  
13 have information, I guess brochures, things like that.  
14 But racing, I'm still learning. After being in the  
15 business over 30 years, I'm still learning myself. It  
16 is a very complicated game, and is one of the  
17 potential drawbacks for the growth of the business in  
18 terms of people learning. There's no doubt much like  
19 table games, racing does have a similar intimidation  
20 factor. But the short answer is no, and I don't know  
21 of too many other places that have racing that have  
22 anything like that out as well.

23                   MR. SOJKA:

24                   Thank you.

25                   MR. ANGELI:

1                   Just a couple general questions. When  
2 you talked about the capital investment of \$8.5  
3 million, is your construction within the current  
4 casino or are you expanding outside the building?

5                   MR. FINAMORE:

6                   No, the \$8.5 million is on the existing  
7 casino floor. I mentioned we have plans if business  
8 continues to grow to add an expansion to the facility.  
9 The \$8.5 million is for work on the existing floor,  
10 and a lot of that will be for surveillance equipment,  
11 changes in lighting, table games equipment and so on.  
12 But it is all contained in the existing footprint.

13                   MR. ANGELI:

14                   Is there a procedure for having  
15 discussions with the horse racing side of the house  
16 for the construction changes you're making that don't  
17 interfere with the other side of the building?

18                   MR. FINAMORE:

19                   Well to answer your question yes, we have  
20 to submit to the Commission our plans, and we are in  
21 the process of carrying on a dialogue with the  
22 Commission. But I can tell you that the work that is  
23 contemplated in order to get table games on the floor  
24 will have absolutely no business interruption on the  
25 racing side, and certainly we don't believe there will

1 be much --- there will be minimal disruption on the  
2 slot side simply because we're going to have to move  
3 some slot equipment around to make room for tables.  
4 But on the racing side, there will be no disruption at  
5 all to the racing program, to the race track, to the  
6 racing facility at all.

7 MR. ANGELI:

8 But in the event that you put that  
9 expansion on the building?

10 MR. FINAMORE:

11 Different story, although I can tell you  
12 again the way we master planned the facility, we  
13 contemplated this expansion four years ago when we  
14 designed the building. Again, there will be no  
15 disruption, but we will of course include the Game  
16 Commission and the Racing Commission with all of our  
17 plans.

18 MR. ANGELI:

19 Thank you. I don't have any further  
20 questions.

21 MR. FINAMORE:

22 If I can just offer a brief conclusion,  
23 and I know we have a lot of other speakers before us.  
24 I think this morning we presented a very compelling  
25 and good story to you about jobs. First and foremost,

1 over 400 well paying jobs that include benefits.  
2 Frank touched on the average salary of what a dealer  
3 will make, and we believe it's between that \$35,000 to  
4 \$50,000 range with benefits. We mentioned a lot of  
5 these jobs, the vast majority will be Pennsylvania  
6 residents as is our current breakdown as you saw. We  
7 touched on the source of revenue that will be  
8 generated by table games for the State and for the  
9 local government of approximately \$5 million we  
10 project in the first year.

11 I think we demonstrated today that we are  
12 a company that has a plan in order to implement table  
13 games successfully. We have a proven track record at  
14 a number of our facilities where we offer the table  
15 games product. We have the experience, and we  
16 certainly have the financial resources to get this  
17 product up and running as quickly as you will allow us  
18 to do so. And we very much look forward to doing  
19 that, and look forward to working with you to see that  
20 day come soon. So I thank you this morning. If you  
21 have any other questions for me or for the team, we're  
22 here. I know you certainly asked a lot as we went  
23 along, but if there are any others, I'd be happy to  
24 take them.

25 ATTORNEY QUAGLIA:

1 I'm sorry. Just one housekeeping matter,  
2 and I apologize if I touched on this earlier. We had  
3 a Petitioner had two early exhibits. Exhibit One was  
4 the hardcopy of the PowerPoint. And we had extra  
5 copies up here for anyone in attendance, if you care  
6 come up at a break and get one. And Petitioner's  
7 Hearing Exhibit Two would be the PowerPoint on a disc,  
8 which we have previously given to the staff, and we  
9 would respectfully request that they be admitted into  
10 evidence.

11 (Petitioner's Exhibits One and Two marked  
12 for identification.)

13 PRESIDING OFFICER:

14 And they will be. Thank you.

15 ATTORNEY QUAGLIA:

16 Thank you.

17 PRESIDING OFFICER:

18 We will now move to the public comment  
19 portion in the hearing. As I stated at the beginning  
20 of the hearing, I'd like to remind each speaker that  
21 each government official will have approximately ten  
22 minutes to speak, the community group representative  
23 may have five minutes to speak and individual members  
24 each have three minutes to speak. And again, if you  
25 could state your name and spell it for the record and



1 the court reporter before you begin your comments, and  
2 if you have any written comments, please give them to  
3 me and the court reporter. Thank you. Our first  
4 speaker today is Corrine Sweeney.

5 -----

6 CORINNE SWEENEY, HAVING BEEN PREVIOUSLY SWORN,  
7 TESTIFIED AS FOLLOWS:

8 -----

9 MS. SWEENEY:

10 Good morning, my name is Corinne Sweeney.  
11 That's C-O-R-I-N-N-E, Sweeney, S-W-E-E-N-E-Y. I am  
12 the Chairman of the Pennsylvania State Horse Racing  
13 Commission. I'm here today representing the entire  
14 Commission which consists of Commissioner Ray Hamm,  
15 Commissioner Jeb Hannum and myself.

16 We, along with the Secretary of  
17 Agriculture, Russell Redding, are very pleased with  
18 the recent table games legislation. We're  
19 particularly pleased with what is referred to as  
20 Section 1211. Section 1211 provides for annual  
21 reports by the Category One license holders, such as  
22 Hollywood Casino located Penn National Race Course.  
23 Section 1211 gives the Category One facilities the  
24 opportunity to indicate what measures will be taken to  
25 enhance live racing and breeding in Pennsylvania.

1           We expect the Category Ones to put their  
2 best foot forward to demonstrate in concrete ways  
3 their commitment to live racing and breeding in  
4 Pennsylvania. We expect the Category One license  
5 holders to provide to us what steps they plan to  
6 employ to increase the handle and attendance at their  
7 respective racetracks in the ensuing year.

8           The breeding and racing of horses in  
9 Pennsylvania are the keystones as to why Act 71, The  
10 Pennsylvania Race Horse Development and Gaming Act,  
11 was passed by the General Assembly and signed into law  
12 by Governor Ed Rendell. With the enactment of the  
13 Section 1211, there will be closer scrutiny of what  
14 the Category Ones are doing to promote and enhance  
15 live racing and breeding in Pennsylvania. There  
16 should and will be a closer connection between live  
17 racing, slots and table games. One should be  
18 recognized as part and parcel with the other.

19           Expectations will be the Category One  
20 license holders to be creative and innovative.  
21 Specifically, we fully expect the Category One license  
22 holders to promote live racing in a robust and  
23 sustained manner. For example, we will fully expect  
24 that when one enters a bar or restaurant at the  
25 Hollywood Casino, which features sports on TV that

1 some of the TVs would feature Penn National's live  
2 racing while those races are in progress and other  
3 racing around the country, and we are pleased to hear  
4 of the system in the works.

5           Specifically, we fully expect Hollywood  
6 Casino to provide good housing for the grooms living  
7 on the backside. Specifically, we fully expect  
8 Hollywood Casino to maintain a clean and safe backside  
9 for the wellbeing of the horses and the humans who  
10 work and live on the backside. Specifically, we fully  
11 expect the Category One license holders to support the  
12 offering a significant number of races restricting  
13 entry to the Pennsylvania-bred horse, recommending two  
14 such races on every racing card. We understand that  
15 the Hollywood Casino at Penn National Race Course with  
16 the cooperation of the breeders, the horsemen's  
17 organization and the track management have made  
18 serious progress along these lines. We're very  
19 pleased to hear that again today.

20           Cooperation between the Pennsylvania  
21 Gaming Control Board and the State Horse Racing  
22 Commission will be the hallmark going forward. The  
23 Category One license holders have a duty by law to  
24 enhance live racing and breeding in the Commonwealth  
25 of Pennsylvania. There should be closer links between

1 the Category One license holders and featured live  
2 racing in something as fundamental as signage. When  
3 you enter the Hollywood Casino, you should immediately  
4 be aware that live racing is being conducted at Penn  
5 National.

6           As a result of 1211, the respective  
7 commissions will have an active role in both the  
8 Category One facilities and the respective racetracks  
9 to monitor the progress regarding enhancement of live  
10 racing at all six racetracks, the three thoroughbred  
11 tracks and the three harness tracks.

12           We shall look forward to a bright future  
13 for live racing and horse breeding in Pennsylvania and  
14 the promotion and enhancement of agriculture in the  
15 Commonwealth. Commissioner Hamm, Commission Hannum  
16 and I thank you for your strong consideration of these  
17 remarks, and I would ask that you file these remarks  
18 for the record. Thank you.

19           PRESIDING OFFICER:

20           Do the Commissioners have any questions  
21 for Ms. Sweeney? Our next speaker is Todd Mostoller.  
22 Mr. Mostoller has given me some written comments  
23 before the start of the hearing. Mr. Quaglia, did  
24 Penn National get a copy of these?

25           ATTORNEY QUAGLIA:

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No, I don't believe so.

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TODD MOSTOLLER, HAVING BEEN PREVIOUSLY SWORN,  
TESTIFIED AS FOLLOWS:

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MR. MOSTOLLER:

Good morning. Members of the Gaming  
Control Board ---.

PRESIDING OFFICER:

One second. It's my understanding that  
these comments are over and above what you're going to  
speak about today. Is that ---?

MR. MOSTOLLER:

Yeah. Basically I'm just going to  
summarize what is there for the most part. Being the  
table games hearing, obviously horse racing issues,  
it's becoming an important part as far as the  
questions. I'd like to just make some suggestions or  
recommendations from a horseman's perspective on the  
table games and summarize what's in the submission.

PRESIDING OFFICER:

Okay. We'll enter your exhibit as  
Hearing Exhibit Number Three, and you can begin.

(Hearing Exhibit Three marked for  
identification.)

1                   MR. MOSTOLLER:

2                   Thank you. On behalf of the Pennsylvania  
3 HBPA Board of Directors and the general membership, I  
4 thank you for the opportunity to testify today. My  
5 name is Todd Mostoller. That's M-O-S-T-O-L-L-E-R.  
6 I'm the Executive Director of the Pennsylvania  
7 Horsemen's Benevolent Protective Association. The  
8 Pennsylvania HBPA as it's known represents the owners  
9 and trainers at Hollywood Casino at Penn National Race  
10 Course as well as those at the Presque Isle Downs in  
11 Erie.

12                   While the passage of table games will  
13 have no direct benefit to the racing industry within  
14 the Commonwealth, the potential exists for an indirect  
15 benefit. The mathematical skill set utilized in the  
16 strategic play of poker and many table games is the  
17 same as those used to handicap races. Poker players,  
18 table game players and handicappers develop an opinion  
19 or logical outcome and place wagers on their opinion  
20 and the calculated odds of a certain outcome. Due to  
21 these similarities, there will be a large amount of  
22 crossover wagers on horse racing if poker and table  
23 game players are afforded the convenience of wagering  
24 on horse racing.

25                   We need to facilitate that, or we would

1 request from a horseman's standpoint to facilitate  
2 that wagering in the poker room and to a lesser extent  
3 the table games, wherever they are located. We can do  
4 that by showing racing in the poker room. I believe  
5 though Mr. Quigley testified there will be 12 poker  
6 tables. We can do that by showing live racing on our  
7 live racing product through portable pari-mutuel  
8 tellers. There's a lot of downtime for poker players.  
9 They participate in a very small amount of hands for  
10 the most part. And with that, I've been to many  
11 facilities where poker players will handicap races,  
12 they will watch the races live and they'll place wagers  
13 in their downtime from the poker playing.

14                   In addition to that, self-service  
15 wagering machines in this area would certainly be  
16 helpful to facilitate those crossover wagers. The  
17 table games legislation does include important  
18 language to the horse industry, and I believe Chairman  
19 Sweeney has already spoken to that effect, regarding  
20 the accountability for the commitment to racing being  
21 on an annual report that must be submitted by the  
22 Category One licensees. Act 71, while it was the  
23 economic drive to move our equine industry from a \$1.5  
24 billion economic industry to last year over \$3  
25 billion, that was the economic driver, but there were

1 some accountability issues that were left out of that  
2 Act unfortunately. As horsemen, we are delighted to  
3 see this language included in the table games that  
4 will correct that issue.

5           Since the inception of slots, we've been  
6 working with management on a number of horse racing  
7 related issues. We continue to work on those issues  
8 in a monthly management meeting that we hold with Penn  
9 National Gaming. We solved a lot of those problems.  
10 There are still a lot of problems that exist, and we  
11 look forward to working with Hollywood Casino  
12 management to correct those problems as we move  
13 forward into the new venture of full blown casino  
14 gaming at the facility. I thank you for your time.

15           PRESIDING OFFICER:

16           Do the Commissioners have any questions?

17           MR. ANGELI:

18           I do not.

19           PRESIDING OFFICER:

20           Thank you. Our next speaker is Carl  
21 Jarboe. Mr. Jarboe. And before you begin, I don't  
22 believe you were sworn in by the court reporter when  
23 we swore everyone in at the beginning of the hearing.

24           MR. JARBOE:

25           I got here late.



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PRESIDING OFFICER:

So if you could raise your right hand to be sworn in by our court reporter.

MR. JARBOE:

I don't raise my right hand, and I affirm that that was okay with the President Judge of Lebanon County.

PRESIDING OFFICER:

She can give you the affirmment oath.

MR. JARBOE:

Okay. Do you want to do that? Go ahead.

-----  
CARL JARBOE, HAVING AFFIRMED, TESTIFIED AS FOLLOWS:

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PRESIDING OFFICER:

You may begin.

MR. JARBOE:

Okay. First of all, I want to thank the Gaming Control Board for allowing citizens to come in ---.

ATTORNEY QUAGLIA:

Excuse me. The copies being distributed, we didn't get one.

PRESIDING OFFICER:

Would you please give a copy to the

1 Counsel for Penn National? Thank you.

2 MR. JARBOE:

3 Do they just have one Counsel here?

4 PRESIDING OFFICER:

5 Yes.

6 MR. JARBOE:

7 Okay. Did you give out the rest of the  
8 copies? You have one left, okay. Okay. Can we  
9 commence with the testimony now?

10 PRESIDING OFFICER:

11 Yes.

12 MR. JARBOE:

13 Okay. First of all, I'd like to thank  
14 the Gaming Control Board for giving us the opportunity  
15 to come in on the institution of table games at Penn  
16 National Gaming. This document I distributed to the  
17 Board and Counsel for the Applicants, I would like to  
18 ask to submit into the record as an exhibit. I'd like  
19 to request this be put in as an exhibit. But what I'm  
20 going to do is I'm going to comment from my notes over  
21 here on the various issues, and I will go as far as I  
22 can. And if I have time, I will have a few additional  
23 issues.

24 First of all, the slots casinos that  
25 Pennsylvania originally proposed to prop up the horse

1 racing industry and then it was expanded to other  
2 things as indicated. This was in an editorial in The  
3 Patriot News May 25th, 2004 page 10.2. The horse  
4 racing operation at Penn National has been an abuser  
5 of horses. This according to an internet article on  
6 May 23rd, 2006. Mr. Jerry Pack, a State Horse Racing  
7 Commission veterinarian at Penn National prepared data  
8 on catastrophic breakdowns which he defined as when a  
9 horse either breaks a leg or something, and then they  
10 are put down I believe in 24 hours, meaning they are  
11 killed. And according to his study, there have been  
12 262 catastrophic breakdowns, an average of 1.8 per  
13 every 1,000 starters. This data was from Penn  
14 National. And according to him, it's also reported 26  
15 horses per year suffer that fate at Penn National.  
16 Now I can't, you know, vouch for this.

17 I just got this from --- this information  
18 one for every racing days over the last ten years.  
19 You never see this in the local media and I don't  
20 think it's in The Patriot either, but I don't follow  
21 that as much. And I have here a comment from Jackie  
22 Vergerio of PETA, that's People for the Ethical  
23 Treatment of Animals, she thinks that they would like  
24 to see a ban on horse racing and the industry which is  
25 rife with cruelty. I believe that's true because I

1 have some information from other sources where the  
2 breeders, they breed these horses for speed, and that  
3 produces a light horse with relatively weak legs.  
4 That's just a quick thing.

5           Point number three, this legislation was  
6 passed according to my recollection on a July 4th  
7 weekend when we were all out there enjoying the July  
8 4th, and the Pennsylvania Family Institute and other  
9 plaintiffs filed a suit against this legislation if  
10 you'll remember, according to my information. And  
11 this was turned down by the Pennsylvania Supreme  
12 Court, and there was a lot of information that there  
13 was a back room deal where they did this in return for  
14 a pay raise. And you know the big flap that that  
15 produced. We lost two legislators in Lebanon County  
16 due to this, Rep. Zug and Senator Brightbill. And I  
17 think we lost a Pennsylvania Supreme Court Justice in  
18 election. This is according to my recollection.

19           The table games legislations which you  
20 are currently considering according to my memory was  
21 passed to make up the deficit in this year's budget,  
22 which was just passed early in 2010. And I vehemently  
23 oppose using this illegal gambling money. I contend  
24 that the suit filed by the Pennsylvania Family  
25 Institute was legitimate and it should have won.

1 That's why I'm saying this. And I don't want this  
2 kind of stuff being used to fund our Pennsylvania  
3 budget. I want it done by reducing spending.

4 I also believe this will increase more  
5 crime, more family problems, more loss of money into  
6 the small business economy, money losses of milk and  
7 bread money for low income families. And a lot of  
8 these low income people, they bus them here. Cold.  
9 Our bus system buses them here, they go around to the  
10 low income families and then they bus these low income  
11 people out here to the casino.

12 PRESIDING OFFICER:

13 Mr. Jarboe, I'm going to have to ask you  
14 to wrap up your comments.

15 MR. JARBOE:

16 Okay. I'll give one final example of how  
17 this is taking money from our local economy. There  
18 was an article in the May 16th, 2006 edition of The  
19 Lebanon Daily News and that was only a couple months  
20 after it opened here in February of '08 where a fire  
21 company claimed that they had already lost \$25,000 in  
22 their local operations and they went to the township  
23 supervisors to get more money. Now when you go to  
24 your supervisors or County commissioners, that's  
25 taxpayer money. So then you want our money. Now I'm

1 not in this township, but I'm from the City of  
2 Lebanon. And I'm going to call it quits now, you've  
3 asked me. And just for the record here, my name is Dr.  
4 Carl Jarboe. I didn't say this. And I am a resident  
5 of the City of Lebanon, and I thank you for your  
6 testimony and I again ask you to put this in the  
7 record as an exhibit. Thank you very much.

8 PRESIDING OFFICER:

9 It will be marked as Hearing Exhibit  
10 Number Four. Your comments will be marked as Hearing  
11 Exhibit Number Four.

12 (Hearing Exhibit Four marked for  
13 identification.)

14 MR. JARBOE:

15 Number Four. Thank you very much.

16 PRESIDING OFFICER:

17 Thank you. That is the list I have today  
18 of speakers that was given to me.

19 MR. JARBOE:

20 Ma'am, my wife was also included in that  
21 letter I sent. And Mickey Kane, is that who you are?

22 PRESIDING OFFICER:

23 No, my name is Linda Lloyd.

24 MR. JARBOE:

25 Well they said that we could testify

1 according to my record.

2 ATTORNEY QUAGLIA:

3 I have no problem.

4 PRESIDING OFFICER:

5 I don't have your name.

6 MR. JARBOE:

7 She'll give it when she comes up. But I  
8 have requested both of us in that letter submitted on  
9 Monday.

10 PRESIDING OFFICER:

11 Okay. I'm sorry. I didn't see the  
12 letter.

13 MR. ANGELI:

14 Make sure it's relating to the issue.

15 -----  
16 ABIGAL JARBOE, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED  
17 AS FOLLOWS:

18 -----  
19 PRESIDING OFFICER:

20 And if you could address the table games  
21 certificate, is why we're here today, you could direct  
22 your comments to the issue for the table games  
23 certificate. Go ahead, would you please state your  
24 name for the record?

25 MRS. JARBOE:

1 My name is Abigail Jarboe, I'm his wife.  
2 I'm a resident of Lebanon City, and I am opposed to  
3 granting this certificate for table games. Now other  
4 people were talking about horse racing and apparently  
5 that's involved in the table game thing. So is it all  
6 right if I address that also?

7 PRESIDING OFFICER:

8 Horse racing is not really part of what  
9 we're here for.

10 MRS. JARBOE:

11 But they were talking about it and they  
12 had it up on the screen.

13 MR. SOJKA:

14 Again, this is a Category One racino and  
15 part of the way that these people would get a  
16 certificate would be that the Horse Racing Commission  
17 would sign off on it. So it's relevant to that  
18 extent.

19 MRS. JARBOE:

20 Yes, thank you. All right. Now I am  
21 very, very much opposed to expanding gambling. I  
22 actually would like to have it all stopped. I don't  
23 believe it's at all appropriate for our community, our  
24 state to have gambling going on. It's based by  
25 covetousness and God has forbidden people to covet



1 what belongs to other people. I have a friend who  
2 inherited \$60,000. She lost it all gambling. Now  
3 she's on a government assistance program. I have  
4 another acquaintance that grew up in our neighborhood  
5 who is a State policeman employed at the Hollywood  
6 Casino. Now you don't have State policemen employed  
7 at bowling alleys. You don't have State policemen  
8 employed at churches.

9           And when you bring into an area something  
10 that has to have a State policeman there to keep down  
11 crime, then there's something seriously wrong with it.  
12 Now God has forbidden wanting what belongs to somebody  
13 else, and all this advertising to get people to come  
14 in and spend their money on horse racing or table  
15 games or whatever is an attempt to take money that is  
16 needed for other things to be used for the deficit of  
17 the people that are promoting gambling. This is  
18 wrong. This is a sin. Our Commonwealth has as its  
19 basis for law the word of God, and God has forbidden  
20 this kind of behavior.

21           And I am extremely opposed to having  
22 children's bread money, children's milk money,  
23 children's other things being taken and blown on  
24 something that is not to the benefit of the community,  
25 it is not to the benefit of the family and I am asking

1 that you refuse this request for a table game  
2 certificate. We've already got way too much gambling  
3 going on. And if it's a good thing, why do you have  
4 to advertise it? Why can't people just come and do  
5 it? It's not a good thing. And where is all this  
6 promise of tax relief? There isn't any that I see.  
7 It appears to me that gambling has greatly increased  
8 the crime in Pennsylvania, has greatly increased  
9 people's lack of ability to pay their own bills. We  
10 are now in a recession, and President Obama apparently  
11 has in mind to bankrupt the country, and you want to  
12 approve something that's going to make it harder for  
13 people to pay bills.

14                   This is not right, this is not good and  
15 I'm asking you to refuse it. People need to repent.  
16 They need to turn from their sins, and gambling is a  
17 sin, and they need to put their trust in Jesus Christ  
18 who died that we could be born again if we truly  
19 believe he died for our sins the way the Bible says,  
20 that he was buried, that he rose the third day, that  
21 more than 500 people saw him. I'm asking you to say  
22 no. This is not in the benefit of the Commonwealth,  
23 and it should not be approved. Thank you.

24                   PRESIDING OFFICER:

25                   Thank you. Again as I said, that was the

1 list of speakers I had. Is there anyone else in the  
2 audience who believes they registered and their name  
3 was not called? Okay. The record created here today  
4 including the transcript of these proceedings, any  
5 exhibits entered into the record and all the written  
6 comments received by the deadline for the submission  
7 will be forwarded to the entire Board for its  
8 consideration. The Gaming Act requires that the Board  
9 act on Penn National's Petition within 60 days of the  
10 date it was being complete so that the Board will be  
11 taking up and considering the Petition at a public  
12 Board meeting in the very near future.

13 I want to thank you all for coming today,  
14 for your cooperation. This public input hearing is  
15 now concluded and adjourned. Thank you.

16

17 \* \* \* \* \*

18 HEARING CONCLUDED AT 11:23 A.M.

19 \* \* \* \* \*

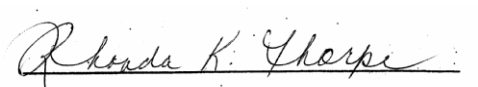
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21 CERTIFICATE

22 I hereby certify that the foregoing  
23 proceedings, hearing held before Presiding Officer  
24 Lloyd, was reported by me on 03/24/2010 and that I  
25 Rhonda K. Thorpe read this transcript and that I

1 attest that this transcript is a true and accurate  
2 record of the proceeding.

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**Court Reporter**