

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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BEFORE: GREGORY C. FAJT, CHAIRMAN
James B. Ginty; Raymond S. Angeli; Jeffrey
W. Coy; Kenneth T. McCabe; Gary A. Sojka;
Kenneth I. Trujillo
David Barasch, Deputy Secretary of the
Department of Revenue, Representative;
Michael Dillon, representing Russell
Redding, Secretary of Agriculture

HEARING: Wednesday, April 7, 2010
1:32 p.m.

LOCATION: Temple University, Harrisburg Campus
Room 246/248 Lecture Hall
Harrisburg, PA 17101

WITNESSES: Sean Sullivan, Marie Jones,

Reporter: Alicia R. Brant

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CHAIRMAN:

We'll get started with our regular scheduled public meeting. Thank you. First order of business is old business and announcements. By way of announcements the Board held an executive session on April 6th, and again just prior to this meeting in accordance with the Sunshine Act. The purpose of the executive session held yesterday was to discuss personnel matters, pending litigation, and to conduct quasi judicial deliberations relating to matters pending before the Board. Today's executive session was held to conduct quasi judicial deliberations relative to the hearings that we held earlier today.

I'd also like to announce that the Pennsylvania Gaming Control Board will continue to hold additional table games-related public hearings. Each casino must petition the Board requesting authorization to conduct table games. And related to those petitions there are public input hearings as well as public hearings held before the Board such as we had earlier today. Our next public input hearing will be held on April 26th, regarding a Petition for Authorization to Conduct Table Games filed by Holdings

1 Acquisitions, Inc., operators of the Rivers Casino.

2 Information pertaining to previous
3 hearings held and any future hearings can be viewed by
4 logging onto the Gaming Control Board website at
5 www.pgcb.state.pa.us or you may contact our Board
6 secretary, Micky King at 717-346-8325.

7 Having made all the announcements, our
8 next item of business is approval of the minutes and
9 transcript of the March 3rd Board meeting. May I have
10 a motion please?

11 MR. ANGELI:

12 Mr. Chairman, I move the Board approve
13 the minutes and the transcript of the March 3rd, 2010
14 meeting.

15 MR. COY:

16 Second.

17 CHAIRMAN:

18 All in favor?

19 ALL SAY AYE

20 CHAIRMAN:

21 Opposed? Motion passes. Moving on to
22 new business, I'd like to have Kevin O'Toole, our
23 executive director please provide his report.
24 Welcome, Kevin.

25 MR. O'TOOLE:

1 Good afternoon, Chairman, members of the
2 Board. I'll be brief this afternoon, but I would like
3 to report that slot machine generated revenue with the
4 nine operating casinos in Pennsylvania increased by
5 over 29 percent during March of 2010 compared to March
6 of 2009. This increase in revenue from March signals
7 a good outlook for the casinos as we approach the
8 spring and the summer months.

9 In addition, the casinos as well as the
10 Staff of the Pennsylvania Gaming Control Board are
11 moving forward toward the implementation of table
12 games. Today's agenda reflects some of those steps
13 with three more Petitions for Table Game Operation
14 Certificates being considered and temporary
15 regulations for table game equipment standards will be
16 presented in a few minutes.

17 Suffice it to say various members of our
18 staff are making regular visits to the casinos to
19 check on the progress that is being made in renovating
20 the casino floor layouts to accommodate table games
21 alongside slot machines. Training of table game
22 dealers have commenced at six of the casinos, and we
23 are continuing our efforts to draft accounting and
24 internal controls for table game operations.

25 I'm looking forward to our meeting in

1 three weeks when I will give further update on table
2 game implementation process. Thank you.

3 CHAIRMAN:

4 Thank you, Kevin. Any questions from the
5 Board? Thank you very much. Next up is Claire
6 Yantis, our human resource director. Claire, I know
7 you and your staff have been busy lately.

8 MS. YANTIS:

9 Yes. Good afternoon, Chairman, Board
10 members. We have before you today a motion to
11 consider the hiring of the following individuals,
12 Billie Jo Matelevih-Hoang as an Assistant Enforcement
13 Counsel in the Office of Enforcement Counsel (OEC),
14 Claudia Williams as a Senior Counsel in the Office of
15 Chief Counsel (OCC), Koneda Jackson as a casino
16 compliance representative at Parks Casino, Jeffrey
17 Kocsis as a casino compliance representative at Mount
18 Airy, Jill Paukovich and Kala Marie Schnur as a casino
19 compliance representative, both at the Rivers, Michael
20 Sando as a casino compliance representative at the
21 Sands, Lane Williamson and Melissa Lucas as casino
22 compliance representatives at the Meadows, and Anthony
23 Caldonetti as a casino compliance representative at
24 Penn National.

25 All ten individuals have completed the

1 PGCB interview process, background investigation, and
2 drug screening, and they're being recommended for hire
3 by their respective Bureau directors for the areas
4 mentioned. As such I ask that you consider a motion
5 to hire these individuals as indicated.

6 CHAIRMAN:

7 Thank you. Any questions from the Board?
8 If not, can I have a motion please?

9 MR. COY:

10 Mr. Chairman, I move the Board approve
11 the applicants as proposed on the condition that all
12 applicants have completed the necessary background
13 investigations and drug testing.

14 MR. GINTY:

15 Second.

16 CHAIRMAN:

17 All in favor?

18 ALL SAY AYE

19 CHAIRMAN:

20 Opposed? Motion passes. Thank you,
21 Claire. Next up we have our Chief Counsel, Doug
22 Sherman, and I believe Richard Sandusky. Welcome.

23 ATTORNEY SHERMAN:

24 Good afternoon, Chairman, members of the
25 Board. Our first agenda matter relates to temporary

1 regulation which director of regulatory review,
2 Richard Sandusky, will address.

3 MR. SANDUSKY:

4 Good afternoon. We have one package for
5 Board consideration today which is temporary
6 Regulation 125-116. This rule-making package contains
7 the equipment standards related to various items that
8 are used for gaming such as gaming chips, which
9 include the value chips, non-gaming or non-value
10 chips, tournament chips, and poker-rate chips,
11 plaques, which are the high denomination instruments
12 that are used in lieu of chips, dice, sic bo shakers,
13 cards, and Pai Gow Tiles.

14 Within these various sections in this
15 chapter we have minimum design specifications and
16 procedures that will be used to approve those designs,
17 provisions governing how these items are to be used,
18 and requirements for the receipt, storage,
19 distribution, inventory and destruction of these
20 items.

21 If the Board members have any questions
22 I'd be happy to try and answer them at this point, and
23 if not we'd ask for a motion for adoption of this
24 temporary rule making.

25 CHAIRMAN:

1 Any questions from the Board? Richard,
2 what's a sic bo shaker?

3 MR. SANDUSKY:

4 The sic bo shaker is the shaker that the
5 dice for the sic bo game are kept in. They come in
6 various models. I've got pictures if you want.

7 CHAIRMAN:

8 I'll wait for the video. Thank you. Can
9 I have a motion from the Board please?

10 MR. GINTY:

11 Mr. Chairman, I move that the Board adopt
12 temporary Regulation Number 125-116, and that the
13 Board establish a public comment period of 30 days for
14 this temporary regulation and that the temporary
15 regulation be posted on the Board's website.

16 CHAIRMAN:

17 Second?

18 MR. MCCABE:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL SAY AYE

23 CHAIRMAN:

24 Opposed? Motion passes. Thank you,
25 Richard.

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MR. SANDUSKY:

Thank you.

MR. SHERMAN:

Chairman, today the Board has six petitions before it for consideration. Three of these matters were heard by the Board earlier this morning during public hearings, and they would be Mount Airy's, Mountainview's and Sands Bethworks' Petition for Approval of Authorization to Conduct Table Games and issuance of a Table Game Operation certificate.

But to be clear, if the Board approves any of these petitions or all of them, it will not be authorizing the Licensees to commence the operation of table games at this time. Nor will it be adopting the specific proposal contained in the appendices to the various Petitions for the Table Game Operation Certificates. Rather, the Board will be approving the issuance of a certificate which is the first step for the Licensee to move toward operation.

Prior to operations being permitted the Licensee must obtain a number of other approvals from the Board including of its internal controls, staffing levels, training programs, and must satisfy all Board regulatory requirements as well as any conditions placed on the Licensee prior to commencing operations.

1 The other three petitions which you will
2 hear are matters that come before the Board in the
3 normal course. Each will be considered primarily
4 based upon the documentary records, and
5 representatives of those parties may be present should
6 the Board have any questions.

7 Briefly summarizing the petitions, the
8 first is that of Mount Airy. The Board earlier heard
9 Mount Airy's Petition to Conduct Table Games and for
10 the Issuance of the Table Game Certificate. The OEC
11 did not oppose the granting of the petition subject to
12 no fewer than 26 conditions as outlined in their
13 Answer being placed upon the approval.

14 Generally those conditions break into two
15 categories and that is items that must be addressed by
16 the Licensee prior to the commencement of table games
17 operations and conditions which must be followed after
18 the initiation of table game operations and must
19 continue throughout that period of operation. The OCC
20 has reviewed those conditions and supports the
21 imposition of the conditions in this case.

22 In addition, Mount Airy has also filed
23 with their petition the Motion to Keep Certain
24 Information Confidential. The OEC has not lodged an
25 objection to that request. And at this point we would

1 recommend that the Board consider a motion to grant
2 Mount Airy's Petition to Conduct Table Games as well
3 as to maintain the confidentiality.

4 CHAIRMAN:

5 Any questions or comments from the Board?
6 If not can I have a motion please?

7 MR. MCCABE:

8 Yes, Mr. Chair. I move that the Board
9 grant the Petition of Mount Airy #1, LLC as described
10 by the OCC.

11 CHAIRMAN:

12 Second?

13 MR. SOJKA:

14 Second.

15 CHAIRMAN:

16 All in favor?

17 ALL SAY AYE

18 CHAIRMAN:

19 Opposed? Motion passes.

20 ATTORNEY SHERMAN:

21 The next matter before the Board is
22 Mountainview Thoroughbred Racing Association's
23 Petition to Conduct Table Games and Seeking Issuance
24 of a Table Game Operation Certificate. This matter
25 also was heard by the Board earlier today during the

1 public hearing, and as with Mount Airy's Table Game
2 Petition just discussed, the OEC does not oppose the
3 granting of the petition provided Mountainview abide
4 by 22 conditions listed in their Answer.

5 These conditions are very similar to
6 those which were recommended for Mount Airy. Again,
7 Mountainview has filed a Motion Requesting
8 Confidentiality of Information contained in certain
9 appendices to its petition as permitted in Section
10 1206 of the Gaming Act. The OEC has not objected to
11 granting that request. That matter is --- both
12 matters are now ready for the Board's consideration.

13 CHAIRMAN:

14 Any questions or comments from the Board
15 on Mountainview? Can I have a motion?

16 MR. SOJKA:

17 Yes, Mr. Chairman, I move that the Board
18 grant the petition of Mountainview Thoroughbred Racing
19 Association as described by the OCC.

20 CHAIRMAN:

21 Second?

22 MR. TRUJILLO:

23 Second.

24 CHAIRMAN:

25 All in favor?

1 ALL SAY AYE

2 CHAIRMAN:

3 Opposed? Motion passes.

4 ATTORNEY SHERMAN:

5 Next are matters related to Sands
6 Bethworks. Sands Bethworks' Petition for Approval of
7 Authorization to Conduct Table Games was the third
8 petition heard this morning by the Board. During the
9 course of that hearing the Board also took up the
10 petition of Bethworks Now, LLC seeking intervention in
11 the matter. Although the intervention request was
12 filed less than 48 hours ago and the OEC and Sands
13 Bethworks had not had the opportunity to file a
14 response, the Board has heard the position of
15 Bethworks Now and it would be appropriate for the
16 Board to consider disposing of that matter prior to
17 consideration of the Sands Petition.

18 CHAIRMAN:

19 Any questions or comments on that issue?

20 If not can I have a motion please?

21 MR. TRUJILLO:

22 Mr. Chairman, I move that the Board deny
23 the petition of Bethworks Now, LLC to intervene in the
24 proceedings related to Sands Bethworks Gaming, LLC's
25 Petition for Authorization to Conduct Table Games.

1 MR. ANGELI:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 ALL SAY AYE

6 CHAIRMAN:

7 Opposed? Motion passes.

8 ATTORNEY SHERMAN:

9 Moving on to the Petition Seeking
10 Approval to Conduct Table Games, again, similar to
11 both Mount Airy and Mountainview, the OEC does not
12 object to the granting of Sands' request provided that
13 the pre-imposed operational conditions listed in the
14 Answer are met. The OCC recommends that the Petition
15 to Conduct Table Games be granted pursuant to those
16 conditions.

17 Again, Sands has filed a Motion to
18 Protect the Confidentiality of certain information
19 contained in the appendices to its petition. This is
20 information which is deemed confidential under Section
21 1206(f) of the Act, and the OCC again would concur
22 with the OEC's position and recommend the Board grant
23 both motions.

24 CHAIRMAN:

25 Questions from the Board? A motion

1 please?

2 MR. TRUJILLO:

3 Mr. Chairman, I move that the Board grant
4 the petition of Sands Bethworks Gaming, LLC as
5 described the OCC.

6 MR. ANGELI:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 ALL SAY AYE

11 CHAIRMAN:

12 Opposed? The motion passes.

13 ATTORNEY SHERMAN:

14 Next to be considered is Greenwood
15 Gaming's Petition for Approval of Expansion of its
16 Existing Gaming Floor. Greenwood is requesting to
17 increase the space on the gaming floor by 8,460 square
18 feet and to increase the number of slot machines by 72
19 to bring the total to 3,366. In its request Greenwood
20 also asks for approval at the commencement of table
21 game operations to transition certain slot machine
22 positions into 23 electronic table games. Greenwood
23 avers that this expansion is necessary to satisfy
24 patron demand and to begin making accommodations for
25 table games.

1 The OEC did not object to the relief
2 provided that 14 conditions are met before they are
3 permitted to begin operations in the modified gaming
4 floor area. The conditions have been provided to the
5 Board prior to today's meeting.

6 Greenwood has also filed a Motion to
7 Protect Exhibit One of its petition which depicts
8 architectural floor plans detailing the secured areas
9 of its revised gaming floor. The OEC has not objected
10 to that request. Based upon those two motions the OCC
11 recommends that the Board grant both petitions.

12 CHAIRMAN:

13 Any questions or comments from the Board?
14 Seeing none, can I have a motion please?

15 MR. ANGELI:

16 Mr. Chairman, I move that the Board grant
17 the petition of Greenwood Gaming Entertainment, Inc.,
18 as described by the OCC.

19 MR. COY:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 ALL SAY AYE

24 CHAIRMAN:

25 Opposed? Motion passes.

1 ATTORNEY SHERMAN:

2 The next matter before the Board is WTA's
3 Petition for Approval of a Revised Gaming Floor Plan.
4 In the petition, WTA is requesting permission to
5 reduce the number of slot machines to 3,505 and reduce
6 its gaming floor to 130,114 square feet. WTA alleges
7 that the request for the reductions is to accommodate
8 its plan to reconfigure its current high-limit slots
9 area to a VIP lounge as a result of patron demand, and
10 that the request is not related to the anticipated
11 addition of table games to their facility.

12 OEC filed an Answer stating that pursuant
13 to the Gaming Act the Licensee is not permitted to
14 reduce the number of machines at their facility in
15 order to accommodate table games. OEC points out that
16 WTA filed the request less than one week prior to
17 their filing for Board approval to conduct table
18 games, and as a result suggest that WTA should answer
19 questions of the Board to demonstrate that, in fact,
20 its proposal is not to make room for table games.

21 Representatives of WTA are present.
22 Marie Jones and Sean Sullivan are here to answer any
23 questions the Board has.

24 CHAIRMAN:

25 Before we begin, Mr. Sullivan, could you

1 please stand and be sworn in?

2 -----

3 SEAN SULLIVAN, HAVING FIRST BEEN DULY SWORN, TESTIFIED
4 AS FOLLOWS:

5 -----

6 MR. SULLIVAN:

7 Sean Sullivan. First name, S-E-A-N.

8 CHAIRMAN:

9 Thank you. Can you briefly give us your
10 position and be subject to some questions? And I see
11 OEC also may have some questions.

12 ATTORNEY JONES:

13 Good afternoon, Mr. Chairman, Board
14 members. Marie Jones from Fox Rothchild here on
15 behalf of WTA. As indicated, with me today is Mr.
16 Sullivan, general manager and vice-president of WTA.
17 As Mr. Sherman so eloquently put it we are here today
18 with another petition before you to reduce slot
19 machines. When I was here in February I indicated
20 that WTA was still looking at efficiencies and looking
21 at different patron requests and what the patrons
22 liked for their casino floor.

23 After reviewing it further they have
24 decided to make changes to the high-limit area and to
25 include a VIP lounge. And Mr. Sullivan will go into

1 detail. But overall this is a reduction of an 1,100
2 --- 111 machines, and we will still have the most slot
3 machines in the Commonwealth at 3,505 if this petition
4 is granted. As Mr. Sullivan will explain in a few
5 minutes, these moves are for efficiency purposes and
6 again, unrelated to anything we're doing with table
7 games. And you'll see the floor plan on that as soon
8 as he's done.

9 I'd ask you to please, you know, go
10 through the moves and where the different areas are.

11 MR. SULLIVAN:

12 Sure. Thank you, Mr. Chairman and Board
13 members. Just quickly, each and every day we're at
14 the Meadows we're worrying about all of our
15 partnerships. We're worried about our racetrack
16 relationship. We're worried about the Commonwealth.
17 We're worried about our owners. We're trying to make
18 decisions that benefit everybody in as equitable
19 manner as possible.

20 And a little teeny bit about a history.
21 We've been in our new building one year. That's it.
22 Our anniversary's coming up in April. The Meadows has
23 faced competition with the Rivers. Those are two
24 milestones, if you will, that have added to this
25 decision and this discussion today. And it is our

1 intention to go as Marie mentioned from 3,616 machines
2 to 3,505, a reduction of 111 machines which would
3 still, as mentioned, put us at the largest casino in
4 the Commonwealth, in the State of Pennsylvania.

5 With those in mind, in addition to our
6 customers telling us that they enjoy the Rivers' new
7 VIP lounge experience, they've got a beautiful
8 experience there that is a bar that has food and other
9 things. Our better --- betters, which are
10 instrumental in our success, have said to us, we
11 prefer, we desire to have that same experience. So
12 we've listened. We've reacted. And we've created a
13 floor plan here that includes that component. And we
14 believe that component will not only allow us to be
15 competitive, but again, will benefit all related
16 parties in increasing slot revenues. Although we
17 won't have as many machines we believe wholeheartedly
18 that our win per unit will go up and we will all
19 benefit that much more from this behavior.

20 The VIP lounge, just a quick one. It's a
21 non-gaming experience. It has sports viewing. It has
22 food. It has a bar. It has private restrooms. It's
23 a place where a customer can get off the field of play
24 --- off the casino floor, relax, enjoy themselves,
25 maybe conduct some minor business transaction, fax

1 machines, those types of things. And they can do that
2 with a peaceful experience, a non-interrupted
3 experience.

4 We also believe a byproduct of creating
5 this room which has been requested by our players and
6 will help us in our competitive positioning, we
7 believe that we're going to further maximize the
8 energy level in our casino with less machines and more
9 bodies playing those machines. It creates a feverish
10 environment. It creates an enjoyable environment.
11 People can be in a different level, a more experience.
12 People sitting next to you playing, lots more energy,
13 lots more hooting and hollering. So we believe that
14 we're going to benefit the overall performance of our
15 floor.

16 At this time we rarely get over 70 to 75
17 percent occupancy. There's always machines available.
18 With this reduction we may start to approach on a busy
19 holiday weekend 80 percent, maybe at an unusually busy
20 weekend 85 percent. So we'll still have plenty of
21 capacity available, plenty of variety available. And
22 as mentioned, we're still the largest in the state.

23 We believe it's beneficial to all
24 partners involved and we request that you allow us to
25 move forward with this improvement to our facility.

1 CHAIRMAN:

2 Mr. Sullivan, before I turn it over to
3 OEC could you just show us on the graphic there? I
4 think the clicker isn't working, but if you'd do it
5 manual.

6 MR. SULLIVAN:

7 Happy to do that. What we've done, this
8 is our current high denom gaming area where we have 62
9 machines. We're going to make this a VIP lounge.
10 We're going to have those amenities I mentioned.
11 We're going to recreate the VIP high denom slot
12 experience just to the right of this area. What
13 happens is we go from 62 to 69 games, but because this
14 is a much more densely populated area, we're taking
15 the space that currently has 141 machines. So we're
16 removing 62 and placing 69 where there's 141.

17 A couple of other minor adjustments here
18 in the category of four games here, five games there.
19 And that net decrease is 111 games. And it's directly
20 related to this, a competitive advantage that we want
21 to create.

22 On the next drawing if asked I could show
23 you table games. They really have nothing to do with
24 table games. As we move to table games, which are
25 indicated here, nothing changes here. We just add

1 some shapes to the ends of the base and make it a
2 little more congested. So, 3,505 today, 3,505 when we
3 add table games.

4 CHAIRMAN:

5 And smoking/nonsmoking I assume is
6 delineated by the tan and the blue. Which is which?

7 MR. SULLIVAN:

8 Blue is nonsmoking and the tan is
9 smoking, 50/50-ish.

10 CHAIRMAN:

11 Okay. Mr. Creany, questions?

12 ATTORNEY CREANY:

13 Barry Creany from the OEC. Mr. Sullivan,
14 when they opened in April of 2009, you were not at the
15 facility; were you?

16 MR. SULLIVAN:

17 That's right.

18 ATTORNEY CREANY:

19 And we opened, I believe, with 3,749
20 games from the temporary into the new facility last
21 April. At that time do you think that WTA had too
22 many games on the floor? Do you have any reference to
23 how things were at that time?

24 MR. SULLIVAN:

25 I do think that. And it's been echoed by

1 our owners and the marketing team and the management
 2 team of the Meadows. They built a large floor
 3 anticipating table games. They filled the floor
 4 because they indeed don't want to have dead spots or
 5 areas that are suspiciously empty. So they populated
 6 the floor actually going too far. 3,750, we've never
 7 needed it. We don't need it today. We haven't needed
 8 it, and this is an adjustment, a correction if you
 9 will to that opening. And a lot of it has to do with
 10 simply the fact that we do have a competitor now, and
 11 we're one years old. We understand our business
 12 trends better if you will.

13 ATTORNEY CREANY:

14 Well, in February of this year, February
 15 17th, the Board allowed a reduction to 3,616 games.
 16 At that point in time, you know, what did you see as
 17 the differences in terms of the crowd on the floor?
 18 You took down about 120-some games I guess. You know,
 19 was it fit at that time?

20 MR. SULLIVAN:

21 You know, it's a constant optimization.
 22 And I have to tell you as you all know, the Rivers has
 23 done an admirable job of improving their business,
 24 increasing their contribution to the state, their
 25 gross terminal revenues. We're adjusting to the

1 playing field if you will. We're adjusting to the
2 trends in the business. And it behooves us all. We
3 want to make sure it's --- you know, we've talked a
4 little bit about the restaurant expansion. You go in
5 and if there's empty tables people say this isn't a
6 great experience. Something might be wrong with the
7 food.

8 We never want that in our business. We
9 want all machines busy. We want energy. We want
10 excitement. So we will continually adjust as needed
11 to business trends, and we believe that benefits
12 everybody, the Commonwealth, our major partner in this
13 endeavor.

14 ATTORNEY CREANY:

15 With that last change, the reduction to
16 3,616, what do you think your peaks were at this point
17 in time? What is the peak usage in terms of
18 percentage?

19 MR. SULLIVAN:

20 Since I've been there and looking in
21 history, in this new building, again, one year old, we
22 haven't exceeded, if I'm not mistaken, 70 percent.
23 Maybe 75 percent on some busy times. And admittedly I
24 don't have the numbers memorized, but we're in that 70
25 to 75 percent. Maybe 4th of July got a little higher

1 than that. But again, we still have an abundance of
2 capacity availability and do not believe that this
3 would adversely affect that.

4 ATTORNEY CREANY:

5 Well, from your experience in the
6 industry and particularly with the Meadows, what do
7 you think the optimal percentage is for the peak?
8 What kind of a zone do you want to be in the range of
9 the usage?

10 MR. SULLIVAN:

11 We believe 70 to 80 percent. And it also
12 correlates to service. It's harder to service more
13 machines, harder to get drinks out there, harder to
14 fix the machine malfunction. So having machines
15 unnecessarily, although many of them may not be
16 played, spreads out our service zones if you will. We
17 have people going into areas where there's one or two
18 players versus more of a consolidated approach. So
19 70, 80 percent is probably the right idea, closer to
20 70 percent.

21 ATTORNEY CREANY:

22 And that's from your standpoint in terms
23 of servicing, but I think you're talking about the
24 energy and exciting atmosphere. At one point maybe
25 not today but we had talked before, you were talking

1 about the buzz of the facility. Can you expand upon
2 that a little bit and explain what it is that you're
3 shooting for from that customer vantage point?

4 MR. SULLIVAN:

5 Yeah. And it indeed is based on energy,
6 excitement. It's other people winning. Not everybody
7 expects to win, but they want to know somebody's
8 winning. They want to see the energy in the air.
9 They want to feel it. It's okay. They're basically
10 buying a ticket to a concert, a ticket to a football
11 game. If you look at the spending patterns it's in
12 that same range. And if there's a full house, people
13 are going away incanted. They're having great times,
14 great memories. They're walking away excited. They
15 may or may not have won, but they've accomplished
16 their entertainment needs. And we believe that this
17 benefits to that matter.

18 ATTORNEY CREANY:

19 And do you believe that a reduction to
20 3,505 is going to, you know, hit that proper range of
21 what you'll see on peak --- the peak times?

22 MR. SULLIVAN:

23 Yes, I do. And we've even increased our
24 slot revenues in the 2010 budget accordingly because
25 we're confident that we'll reach that energy level,

1 that service level and so on, and we'll see an
2 increase in revenues at the end of the day.

3 ATTORNEY CREANY:

4 And one more. With respect to the coming
5 of table games, with the synergy of table games and
6 the slots, if you see an expansion --- do you think
7 down the road that there will be a time when you might
8 want to be adding more games and will you have the
9 capacity in terms of floor space?

10 MR. SULLIVAN:

11 I think there will be a time when we want
12 to add more games. Not sure exactly when that is, but
13 you can see on that drawing some small lounge areas
14 where people can sit and relax. You know, we have the
15 opportunity to put some more machines onto this floor
16 if needed. And of course, if we expand and we get
17 into things like hotel and entertainment venues and
18 those kind of things, it may even require an expansion
19 of the envelope of the building, but that's premature.
20 I have not heard of any specifics on that.

21 ATTORNEY CREANY:

22 At the current rate what do you think
23 your win per unit is now?

24 MR. SULLIVAN:

25 You know, coming into the spring we're

1 doing much better. To be honest with you I'm not 100
2 percent sure, but I'm saying it's 180s, in that range
3 right now just in the last couple of weeks coming out
4 of a horrible everywhere winter.

5 ATTORNEY CREANY:

6 You know, there's a lot of things that go
7 on at the management end of the casino that I don't
8 see. I think maybe the casino representatives are
9 more familiar with it and certainly our gaming lab
10 people, but is this sort of an evolving process of
11 trying to hit that peak and trying to hit the right
12 product out on the floor for the customer? You know,
13 how often are changes occurring in the casino?

14 MR. SULLIVAN:

15 It's interesting. We probably make more
16 changes than most properties and it's because we
17 believe that's part of the entertainment experience.
18 Like a retail, like an entrepreneurial restaurant,
19 anything else you see out there, change is good in a
20 lot of ways. You don't want to confuse them. You
21 don't want to make it difficult. But they do want to
22 see new and exciting experiences. They do want to see
23 new product. And we're committed to that and we
24 believe that everybody benefits from that and that it
25 keeps people coming back again and again and it

1 doesn't become stale or stagnant.

2 ATTORNEY CREANY:

3 Thank you. I have no further questions.

4 CHAIRMAN:

5 Any questions or comments from the Board?

6 MR. MCCABE:

7 I have a couple.

8 CHAIRMAN:

9 Go ahead, Commissioner McCabe.

10 MR. MCCABE:

11 With this remodeling do you plan on
12 hiring any more people for that space back there,
13 bartenders, hostess, hostesses, chef?

14 MR. SULLIVAN:

15 You know, we do have more folks coming on
16 and part of it is the adjustment to spring. But yeah,
17 I think it will become more --- it will become more
18 host centric. There will be a host at the entrance
19 greeting folks. There will be a concierge experience.
20 I don't think it's tons of people, but it's a few
21 people overall. Unrelated to table games, we do see
22 our employment growing to be the number one employment
23 center for Washington County, up towards 1,600, 1,700
24 people here. You know, we're at 1,110 give or take
25 now. We see at least 500 with table games, another 40

1 to backfill some of the positions of in-house
2 transfer. So, we do see a few. But it's not a huge
3 opportunity to grow employment in that particular
4 lounge.

5 MR. MCCABE:

6 And my final question is, I didn't hear,
7 are you going to put TVs in there too?

8 MR. SULLIVAN:

9 There's going to be great viewing
10 opportunities. People can enjoy all the big games and
11 you'll see 100-inch plasma screen up there or whatever
12 comes out between now and when we build it.

13 MR. MCCABE:

14 I see. Thank you.

15 CHAIRMAN:

16 Commissioner Sojka?

17 MR. SOJKA:

18 Just one quickie. I assume some of your
19 table game players will be your VIP gamers. Is having
20 a lounge of that kind critical or at least helpful as
21 you introduce table games?

22 MR. SULLIVAN:

23 Absolutely. And one thing I may not have
24 mentioned is there is a cage in there now in our
25 high-denom area. And this will help facilitate some

1 of those table games-related issues. And absolutely
2 this will benefit every aspect of our business, table
3 games included.

4 MR. SOJKA:

5 Surely.

6 CHAIRMAN:

7 Other questions? Commissioner Ginty?

8 MR. GINTY:

9 I assume the machines you're taking out
10 are leased machines?

11 MR. SULLIVAN:

12 A lot of them will be leased. We're one
13 of the highest leased properties in the state, and as
14 we're dialing in every experience we will reduce our
15 lease games. They're difficult games. They're a
16 fixed fee. So when it's snowing out you're still
17 paying \$100 a day, \$75 a day. So you've got to
18 finesse that into being the right level of lease
19 games. And you'll still have the same amount of ---
20 you'll still have Wizard of Oz, for example. Instead
21 of 12 you'll have 8. So, you will dial that in. And
22 yes, some of those are but it's not the lion's share
23 of it.

24 MR. GINTY:

25 And I think you answered my next

1 question. The range, the price, the lease rate is
2 \$75, \$100?

3 MR. SULLIVAN:

4 It's \$50 with valleys. In a couple of
5 them you get up to \$75 with a lot of the IGT, and
6 Williams' is usually the leader at \$100. And we're
7 continuing to work with them to lower those fees. And
8 then you have a couple of action games now,
9 video-poker related that are only \$15 a day for the
10 software. So they're expensive and you have to be
11 careful by not having too many.

12 CHAIRMAN:

13 Any other questions? Can I have a motion
14 please?

15 MR. COY:

16 Yes, Mr. Chairman. I move that the Board
17 grant the Petition of Washington Trotting Association
18 as described by the OCC.

19 MR. GINTY:

20 Second.

21 CHAIRMAN:

22 All in favor?

23 ALL SAY AYE

24 CHAIRMAN:

25 Opposed? The motion passes.

1 ATTORNEY JONES:

2 Thank you.

3 CHAIRMAN:

4 Thank you.

5 ATTORNEY SHERMAN:

6 The final petition before the Board today
7 is that of Isaac Newborn. It's a Petition, nunc pro
8 tunc seeking Reconsideration of the Board's Order
9 Denying their renewal of his occupational permit. Mr.
10 Newborn was employed as a security officer at Chester
11 Downs in Marina. In August of 2009, he submitted an
12 application for renewal of his gaming employee permit.

13 During the renewal process it was
14 determined that Mr. Newborn had outstanding tax issues
15 with the Department of Revenue. The OEC recommended
16 that he be denied the renewal due to those tax
17 delinquencies. The Board did issue an Order when Mr.
18 Newborn did not respond to the OEC notice and the
19 Board did deny the renewal on the basis of those tax
20 issues.

21 After the issuance of that Order Mr.
22 Newborn corrected the issues, came into compliance
23 with his tax obligations, and filed the current motion
24 which seeks the Board to renew the license. The OEC
25 has withdrawn its objection based upon the correction

1 of his tax issues. The OCC recommends that the Board
2 rescind the January 27th, 2010 Order and order that
3 Mr. Newborn's gaming permit be reissued to him.

4 In addition, attached to his petition
5 were certain tax documents which are confidential in
6 nature and therefore we also recommend that they
7 remain sealed.

8 CHAIRMAN:

9 Thank you. Any questions from the Board?
10 Can I have a motion please?

11 MR. GINTY:

12 Was there a question?

13 CHAIRMAN:

14 No questions.

15 MR. GINTY:

16 Mr. Chairman, I move that the Board grant
17 the request to rescind the Board's Order of January
18 27th, 2010, and renew Mr. Newborn's Gaming Employee
19 Permit as described by the OCC and grant the
20 confidentiality that you mentioned.

21 CHAIRMAN:

22 Second?

23 MR. MCCABE:

24 Second.

25 CHAIRMAN:

1 All in favor?

2 ALL SAY AYE

3 CHAIRMAN:

4 Opposed? The motion passes.

5 ATTORNEY SHERMAN:

6 Deputy Chief Counsel Steve Cook will be
7 presenting the remaining issues.

8 ATTORNEY COOK:

9 Good afternoon. The Board has received
10 two unopposed Petitions To Withdraw Applications which
11 include ten individuals or businesses. The parties
12 subject to these petitions are as follows, the
13 Weeks-Lerman Group, LLC, Victoria Benalloul 1999
14 Family Trust, The Lerman Company, Victoria Benalloul,
15 Judith Connolly, Sidney M. Lerman, Abraham Benalloul,
16 Irene S. Shotland, Joe Lashinger Company, LLC, and
17 Joseph A. Lashinger, Jr.

18 The OEC has no objections to these
19 withdrawals. Therefore if the Board grants them they
20 would be granted without prejudice.

21 CHAIRMAN:

22 Any questions from the Board? Can I have
23 a motion please?

24 MR. MCCABE:

25 Yes, Mr. Chair. I move that the Board

1 issue Orders to approve the withdrawals or surrenders
2 as described by the OCC.

3 MR. SOJKA:

4 Second.

5 CHAIRMAN:

6 All in favor.

7 ALL SAY AYE

8 CHAIRMAN:

9 Opposed? Motion passes.

10 ATTORNEY COOK:

11 Next for the Board's consideration is an
12 Emergency Suspension. Clark Allen Kern was issued a
13 Non-Gaming Employee Registration on April 23rd, 2009,
14 and was employed as a cleaner in the Public Areas
15 Department at Sands Bethworks.

16 On March 24th, 2010, the Bureau of Casino
17 Compliance was notified by the Sands Security
18 Department that Mr. Kern was accused of harassing a
19 female patron on the gaming floor following her to the
20 woman's restroom, inappropriately touching her without
21 her consent, and exposing himself. As a result of
22 these accusations and a subsequent investigation the
23 Pennsylvania State Police charged Mr. Kern with
24 various criminal offenses.

25 As a result of these charges the OEC

1 filed a Request for an Emergency Order of Suspension
2 of Mr. Kern's Non-Gaming Employee Registration. And
3 that Order was signed by the Executive Director on
4 March 31st, 2010.

5 Board regulations require that the
6 temporary Emergency Order be presented to the Board
7 for a full evidentiary hearing or in the alternative
8 that the matter be referred to the Office of Hearings
9 and Appeals to conduct such a hearing. The OCC would
10 recommend that this matter be referred to the Office
11 of Hearings and Appeals for the purposes of conducting
12 a full evidentiary hearing and that the temporary
13 Order of Suspension remain in place pending the
14 outcome of that hearing.

15 CHAIRMAN:

16 Any questions from Enforcement Counsel or
17 comments?

18 ATTORNEY CREANY:

19 No.

20 CHAIRMAN:

21 Any questions from the Board? If not,
22 could I have a motion please?

23 MR. MCCABE:

24 Mr. Chairman, I move that the Board issue
25 an Order to extend the Order of Suspension of Clark

1 Allen Kern's Non-Gaming Employee Registration, and
2 that the matter be referred to the Office of Hearings
3 and Appeals for a hearing to determine the validity of
4 the Emergency Suspension Order.

5 MR. SOJKA:

6 Second.

7 CHAIRMAN:

8 All in favor?

9 ALL SAY AYE

10 CHAIRMAN:

11 Opposed? Motion passes.

12 ATTORNEY COOK:

13 And that concludes the matters of the
14 Office of Chief Counsel.

15 CHAIRMAN:

16 Thank you, Steve. Thank you, Doug. Next
17 up is Susan Hensel, our Director of Licensing.
18 Welcome, Susan.

19 MS. HENSEL:

20 Thank you, Chairman Fajt and members of
21 the Board. The first matter for your consideration is
22 the renewal of the Sands Bethworks Gaming, LLC
23 Category II License. The renewal hearing for this
24 entity has been held and their license renewal is now
25 ready for your consideration. As has been indicated

1 no issues regarding Sands Bethworks Gaming, LLC, have
2 been identified by either the Bureau of Investigations
3 and Enforcement or Licensing that would preclude
4 renewal of the Category II License. I have provided
5 you with a draft order for this entity, and ask that
6 the Board consider the order to renew the Category II
7 License for Sands Bethworks Gaming, LLC.

8 CHAIRMAN:

9 Thank you. Any questions from
10 Enforcement Counsel?

11 ATTORNEY CREANY:

12 No objection.

13 CHAIRMAN:

14 Okay. Questions from the Board? If not
15 can I have a motion please?

16 MR. SOJKA:

17 Yes, Mr. Chairman. I move that the Board
18 approve the renewal of the Category II slot machine
19 license of Sands Bethworks Gaming, LLC, as described
20 by the Bureau of Licensing.

21 CHAIRMAN:

22 Second?

23 MR. TRUJILLO:

24 Second.

25 CHAIRMAN:

1 All in favor?

2 ALL SAY AYE

3 CHAIRMAN:

4 Opposed? Motion passes.

5 MS. HENSEL:

6 The next matter for your consideration is
7 the issuance of a Table Game Manufacturer License to
8 IGT. IGT is currently licensed as a slot machine
9 manufacturer. Under the Gaming Act the Board may use
10 an abbreviated process to consider the application of
11 an already licensed slot machine manufacturer provided
12 the manufacturer was issued a license within 36 months
13 of submitting its table game application and provided
14 that there have been no material changes in
15 circumstances related to the Licensee. As indicated
16 in the report provided to you prior to this meeting,
17 IGT satisfies these conditions. The OEC, the BIE,
18 Gaming Laboratory Operations, and the Bureau of
19 Licensing have indicated that they do not object to
20 Table Game Manufacturer License for this company. I
21 have provided you with a draft order and ask that the
22 Board consider the approval of a Table Game
23 Manufacture License for IGT.

24 CHAIRMAN:

25 Any questions or comments from

1 Enforcement Counsel?

2 ATTORNEY CREANY:

3 Again, we have no objection.

4 CHAIRMAN:

5 Thank you. Questions from the Board?

6 Susan, just a quick question on my part. IGT, do you
7 have any idea of what percentage of slot machines that
8 they provide to the Commonwealth?

9 MS. HENSEL:

10 I don't. We can certainly find out that
11 information for you, but off the top of my head, I
12 don't. They are a major provider of slot machines and
13 I would expect that that percentage would be large.

14 CHAIRMAN:

15 Okay. If you could find that out for me
16 I'd appreciate it.

17 MS. HENSEL:

18 Sure.

19 CHAIRMAN:

20 Can I have a motion please?

21 MR. TRUJILLO:

22 Mr. Chairman, I move that the Board
23 approve the Table Game Manufacturer License of IGT as
24 described by the Bureau of Licensing?

25 MR. ANGELI:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 ALL SAY AYE

5 CHAIRMAN:

6 Opposed? Motion passes.

7 MS. HENSEL:

8 Next is the issuance of a conditional
9 Table Game Manufacturer License to Gemaco, Inc.
10 Pursuant to the Board's regulations the Board may
11 issue a conditional Table Game Device License provided
12 the Applicant satisfies certain criteria including
13 submitting a completed application, being licensed in
14 good standing in a gaming jurisdiction whose
15 manufacturer standards are recognized by the Board,
16 passing a preliminary criminal history investigation,
17 and paying the licensing fee prior to license
18 issuance. The Bureau of Licensing has provided you
19 with a conditional background investigation and
20 suitability report for this Applicant. No issues were
21 identified by either the BIE or Licensing that would
22 preclude approving a conditional Table Game
23 Manufacturer License for Gemaco, Inc. I have provided
24 you with a draft order and ask that the Board consider
25 the approval of this license.

1 CHAIRMAN:

2 Questions from Enforcement Counsel?

3 ATTORNEY CREANY:

4 No objection subject to the conditions.

5 CHAIRMAN:

6 Thank you. Questions from the Board?

7 Can I have a motion please?

8 MR. ANGELI:

9 Mr. Chairman, I move that the Board
10 approve the conditional Table Game Manufacturing
11 License of Gemaco, Inc. as described by the Bureau of
12 Licensing.

13 MR. COY:

14 Second.

15 CHAIRMAN:

16 All in favor?

17 ALL SAY AYE

18 CHAIRMAN:

19 Opposed? Motion passes.

20 MS. HENSEL:

21 In addition we have the approval of Key
22 Employee Licenses. Prior to this meeting the Bureau
23 of Licensing provided you with a proposed order for 24
24 Key Employee Licenses for Chester Downs and Marina,
25 Downs Racing, Washington Trotting Association, Mount

1 Airy, Atlantic City Coin and Slot, Western Money
2 Systems. And I ask that the Board consider the order
3 approving these licenses.

4 CHAIRMAN:
5 Enforcement Counsel?

6 ATTORNEY CREANY:
7 No objection.

8 CHAIRMAN:
9 Thank you. Any questions from the Board?
10 Could I have a motion please?

11 MR. COY:
12 So moved.

13 CHAIRMAN:
14 Second?

15 MR. GINTY:
16 Yes.

17 CHAIRMAN:
18 All in favor?

19 ALL SAY AYE

20 CHAIRMAN:
21 Opposed? Motion passes.

22 MS. HENSEL:
23 We also have for your consideration the
24 issuance of Temporary Principal and Key Employee
25 Licenses. Prior to this meeting the Bureau of

1 Licensing provided you with an order regarding the
2 issuance of Temporary Licenses for five Principals and
3 42 Key Employees. I ask that the Board consider the
4 order approving these licenses.

5 ATTORNEY CREANY:

6 No objection.

7 CHAIRMAN:

8 Thank you. Questions from the Board?

9 Can I have a motion?

10 MR. GINTY:

11 So moved.

12 MR. MCCABE:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 ALL SAY AYE

17 CHAIRMAN:

18 Opposed? Motion passes.

19 MS. HENSEL:

20 Next are Gaming Permits and Non-Gaming
21 Registrations. Prior to this meeting the Bureau of
22 Licensing provided you with a list of 73 individuals
23 including 64 initial and 9 renewals who the Bureau has
24 granted occupation permits to and 141 individuals who
25 the Bureau has granted registrations to under the

1 authority delegated to the Bureau of Licensing. I ask
2 that the Board adopt a motion approving the order.

3 ATTORNEY CREANY:

4 No objection.

5 CHAIRMAN:

6 Thank you. Any questions from the Board?
7 Could I have a motion please?

8 MR. MCCABE:

9 So moved.

10 MR. SOJKA:

11 Second.

12 CHAIRMAN:

13 All in favor?

14 ALL SAY AYE

15 CHAIRMAN:

16 Opposed? Motion passes.

17 MS. HENSEL:

18 We also have withdrawal requests for
19 Gaming and Non-Gaming employees. In each case the
20 occupation permit or registration is no longer
21 required due to such circumstances as the employee
22 failing to report to work or the job offer being
23 rescinded. For today's meeting I have provided the
24 Board with a list of 28 withdrawals for approval. I
25 ask that the Board consider the order approving this

1 list of withdrawals.

2 ATTORNEY CREANY:

3 No objection.

4 CHAIRMAN:

5 Questions from the Board? Can I have a
6 motion?

7 MR. SOJKO:

8 So moved.

9 MR. TRUJILLO:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 ALL SAY AYE

14 CHAIRMAN:

15 Opposed? Motion passes.

16 MS. HENSEL:

17 We also have withdrawal requests for Key
18 Employees. As with the Gaming and Non-Gaming
19 Employees in each case the Key Employee License is no
20 longer required. For today's meeting I have provided
21 the Board with a list of seven withdrawals for
22 approval, and I ask that you consider the order
23 approving these withdrawals.

24 ATTORNEY CREANY:

25 No objection.

1 CHAIRMAN:

2 Questions from the Board? Can I have a
3 motion please?

4 MR. TRUJILLO:

5 So moved.

6 MR. ANGELI:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 ALL SAY AYE

11 CHAIRMAN:

12 Opposed? Motion passes.

13 MS. HENSEL:

14 In addition we have four orders regarding
15 Gaming Service Providers. The first is to certify the
16 following four Gaming Service Providers. AV Lottomus
17 (phonetic) Communications, Inc., Dale Construction
18 Company, Inc., Fountain Guys, LLC, and Greenscape
19 Landscape Contractors, Inc. I ask that the Board
20 consider the order approving the Gaming Service
21 Providers for certification.

22 ATTORNEY CREANY:

23 Certification is recommended for each.

24 CHAIRMAN:

25 Thank you. Questions from the Board?

1 Can I have a motion?

2 MR. ANGELI:

3 So moved.

4 MR. COY:

5 Second.

6 CHAIRMAN:

7 All in favor?

8 ALL SAY AYE

9 CHAIRMAN:

10 Opposed? Motion passes.

11 MS. HENSEL:

12 Next we have an order regarding Gaming
13 Service Provider Registrations. The Bureau of
14 Licensing provided you with an order and an attached
15 list of 17 registered Gaming Service Providers. I ask
16 that the Board adopt a motion approving the order
17 registering these Gaming Service Providers.

18 ATTORNEY CREANY:

19 Registration is recommended for each.

20 CHAIRMAN:

21 Thank you. Questions from the Board?

22 Motion please?

23 MR. COY:

24 So moved.

25 CHAIRMAN:

1 Second?

2 MR. GINTY:

3 Second.

4 CHAIRMAN:

5 All in favor?

6 ALL SAY AYE

7 CHAIRMAN:

8 Opposed? Motion passes.

9 MS. HENSEL:

10 The Bureau of Licensing also provided you
11 with an order, the approval of which would result in
12 Samuel and Sons Seafood Company, Inc. being added to
13 the Prohibited Gaming Service Provider List. This
14 vendor has done business with the slot machine
15 operator licensee or applicant but has failed to
16 submit or complete its application. I ask that the
17 Board consider the order adding Samuel and Sons
18 Seafood Company to the Prohibited Gaming Service
19 Provider List.

20 ATTORNEY CREANY:

21 No objection.

22 CHAIRMAN:

23 Questions from the Board? Do I have a
24 motion please?

25 MR. GINTY:

1 So moved.

2 MR. MCCABE:

3 Second.

4 CHAIRMAN:

5 All in favor

6 ALL SAY AYE

7 CHAIRMAN:

8 Opposed? Motion passes.

9 MS. HENSEL:

10 Finally there are orders to declare the
11 following Gaming Service Provider Applications
12 abandoned. PC Connection Sales Corp and Cuebeka
13 (phonetic) AMF Worldwide, LLC. Records indicate that
14 these Gaming Service Providers filed applications even
15 though they received compensation below the threshold
16 that required them to file. The Gaming Service
17 Providers failed to submit required documentation
18 after being given notice of the deficiencies and an
19 opportunity to correct them. Under our regulations
20 the Board has the authority to declare an application
21 abandoned if the applicant fails to provide
22 information necessary to cure deficiencies. I ask
23 that the Board consider the order abandoning these
24 applications.

25 ATTORNEY CREANY:

1 No objection.

2 CHAIRMAN:

3 Questions from the Board? Can I have a
4 motion please?

5 MR. MCCABE:

6 So moved.

7 MR. SOJKA:

8 Second.

9 CHAIRMAN:

10 All in favor?

11 ALL SAY AYE

12 CHAIRMAN:

13 Opposed? Motion passes.

14 MS. HENSEL:

15 Thank you.

16 CHAIRMAN:

17 Thank you, Susan. Next up is Enforcement
18 Counsel Cyrus Pitre.

19 ATTORNEY PITRE:

20 We have one matter for the Board's
21 consideration today. Melissa Powers will present the
22 matter for OEC and Marie Jones is here for WTA.

23 ATTORNEY POWERS:

24 Good afternoon. Today we have for the
25 Board's consideration a Consent Agreement between OEC

1 and Washington Trotting Association doing business as
2 the Meadows Racetrack and Casino. The Consent
3 Agreement involves two incidents wherein self-excluded
4 patrons placed wagers and cashed checks at Meadows.
5 On November 26th, 2009, a self-excluded patron was
6 paid a jackpot in the amount of \$1,254. On December
7 14th, 2009 a self-excluded patron cashed three checks
8 at Meadows.

9 Following a series of discussions between
10 Meadows, the Bureau of Casino Compliance and OEC
11 regarding both of these incidents, the Meadows has
12 disciplined all of the employees involved in both
13 incidents. They've also reviewed and revised its
14 policies and procedures relating to self-excluded
15 patrons and both parties have agreed that within five
16 days of the Board's order the Meadows shall pay a
17 civil penalty in the amount of \$20,000.

18 The OEC asks that the Board approve this
19 Consent Agreement.

20 CHAIRMAN:

21 Ms. Jones, any comments?

22 ATTORNEY JONES:

23 No, we just urge you to adopt the Consent
24 Agreement. Thank you.

25 CHAIRMAN:

1 Questions from the Board?

2 ATTORNEY MILLER:

3 I have one question. Did you try to get
4 the money back, the jackpot back from the first
5 person?

6 ATTORNEY JONES:

7 In both instances the money was actually
8 never given to them, I believe. They got it back
9 before --- they stopped it before it actually got
10 paid.

11 ATTORNEY MILLER:

12 Okay. So it was really the ---.

13 ATTORNEY JONES:

14 Yes. It was in process.

15 ATTORNEY MILLER:

16 I see. Thank you.

17 CHAIRMAN:

18 Commissioner Sojka.

19 MR. SOJKA:

20 Yes. I have no problem with the Consent
21 Agreement but I am concerned that --- and maybe steps
22 have been taken but we have now several people here
23 that have taken a difficult step of excluding
24 themselves from a casino and now we have clear
25 evidence that they have, in fact, violated their own

1 effort to be excluded. What sort of outreach if any
2 does the Meadows do to those people to really enforce
3 the fact that they not come back? Is there any
4 additional step taken? Do the State Police get
5 involved? What do you do?

6 ATTORNEY JONES:

7 I will let Mr. Pitre answer with respect
8 to the State Police and the Board involvement. But
9 with respect to Meadows once they're on the excluded
10 list we make sure we check it and make sure that
11 they're not paid and not in the facility. But we
12 wouldn't want to outreach to them to say, oh, here,
13 don't come to the Meadows because that again gets
14 information regarding the Meadows to them. So we need
15 to, you know, stop any type of mailing to them. And
16 of course, we do have all of the proper information on
17 problem and compulsive gambling out there to the
18 public.

19 MR. SOJKA:

20 So you stop mailings, but you don't, for
21 example, take a proactive step and send a mailing
22 saying, you know, you better really address your
23 problem or something?

24 ATTORNEY JONES:

25 Not at this time, and that is something

1 we can look into if it's something that the Office of
2 Compulsive Gambling would like to see. We'd be happy
3 to discuss it. But the policy at this point is to
4 stop the problem gamblers, to stop short of a contact.

5 MR. SOJKA:

6 And I'm not finding fault with what
7 you're doing. I think this is just --- I think we
8 need to all reach out to this major problem which is a
9 blight on the industry and one which we have to try
10 everything we can to correct.

11 ATTORNEY JONES:

12 I agree with that.

13 CHAIRMAN:

14 I have one question. What is it that
15 wasn't done that allowed somebody to be paid and what
16 are you doing now to prevent somebody from being paid?
17 In other words, what change did you specifically make?

18 ATTORNEY JONES:

19 Well, they made several changes at the
20 facility. One is actually going back to the nester
21 situation, they had had some changes and training to
22 all of the employees in the different cage and
23 accounting areas, went through all the policies again,
24 described everything, made sure the supervisors knew
25 the steps. What happened here was the employees had

1 been through the training, especially on the second
2 instance, and just did not do their job. And they
3 were immediately terminated upon finding this out.

4 On the first situation it was sort of in
5 an interim time before the remedial training had
6 occurred. And since then they were all suspended.
7 All of the training has occurred. They are very
8 proactive in ensuring that this does not happen again.
9 They've continually talked to the managers and the
10 supervisors, and in fact, the slot department in
11 general and the casino floor in general continues to
12 have ongoing training on I believe it is every quarter
13 at this point.

14 CHAIRMAN:

15 Commissioner McCabe?

16 MR. MCCABE:

17 Were any of the supervisors disciplined?

18 ATTORNEY JONES:

19 Yes. They were. All of the individuals
20 involved were disciplined. The cage supervisor
21 received a written warning. There was various
22 suspensions and on the one instance with the two
23 employees' termination.

24 MR. MCCABE:

25 Thank you.

1 CHAIRMAN:

2 Again, just an, you know, anecdotal
3 comment. In the age of computers, I mean, if you're
4 paying somebody out I assume above a certain level you
5 have to take the name, Social Security number for tax
6 records. You know, I can't understand why it couldn't
7 be a simple cross check to your --- to the
8 self-excluded list when you put in a name or Social
9 Security number that a red screen doesn't appear. I
10 mean, it really sounds pretty simple to me in this age
11 of computers. And this is the kind of thing that, you
12 know, should not happen.

13 ATTORNEY JONES:

14 Agree, it should not happen, and we can
15 look into some type of cross checking. At this point
16 it seemed to be more human error. At one point when
17 they put the one check on deposit it was simply the
18 gentleman didn't say --- didn't have ID. And then
19 when he came back he showed ID and that's when certain
20 items were picked up. But that is a very good point
21 that there should be some type of I guess alert into
22 the computer system when a name or Social Security
23 number is entered.

24 CHAIRMAN:

25 Thank you. Other questions? Can I have

1 a motion please?

2 MR. SOJKA:

3 Yes, Mr. Chairman. I move that the Board
4 issue an order to approve the Consent Agreement
5 between the OEC and Washington Trotting Association as
6 described by the OEC.

7 MR. TRUJILLO:

8 Second.

9 CHAIRMAN:

10 All in favor?

11 ALL SAY AYE

12 CHAIRMAN:

13 Opposed? Motion passes. Thank you.

14 ATTORNEY POWERS:

15 Thank you.

16 CHAIRMAN:

17 Closing down on the I think last item of
18 the day, Cyrus, I recall that pursuant to an Order of
19 the Board Pennsylvania Entertainment and Development
20 Partners also known as Foxwoods was to make certain
21 filings by March 31st. Could you please update us on
22 that situation? Thank you, Melissa.

23 ATTORNEY PITRE:

24 We've received financial documents.

25 We've received renderings. We've received the

1 timeline. Now, I'll preface all of that in terms of
2 we received those documents, but they're all dependent
3 upon several things occurring. So, basically as it
4 stands today PDPR Licensing, I have no confidence that
5 they can deliver a casino by May 2011. I have no
6 confidence that as they stand today they can deliver
7 any type of casino to this Board that the Board
8 licensed.

9 What's going to be --- what all of this
10 is dependent upon is in filing a Petition for Change
11 of Control, Modification of Facility, and an Extension
12 of Time in which to get the casino up and running that
13 it could extend to December 2012. So, we're basically
14 at that stage where they have to file, if they're
15 going to do this, they're going to have to file the
16 petition. And this Board's going to have to make a
17 decision on that, on their petition.

18 The documents that we received are all
19 dependent upon the Board approving that petition. So,
20 basically as they stand today I don't have any
21 confidence that they could deliver anything that they
22 sent to us unless that change of control and
23 everything else, the modification and the extension is
24 approved by the Board.

25 CHAIRMAN:

1 Okay. Thank you. Any comments from the
2 Board?

3 MR. SOJKA:

4 One quick question.

5 CHAIRMAN:

6 Mr. Sojka.

7 MR. SOJKA:

8 I understand that and I certainly can
9 find no fault with anything you said but it does raise
10 the question about what happens to the sanction.
11 They're being sanctioned to the tune of \$2,000 per day
12 if I remember correctly. Even though your judgment is
13 that what they've submitted is not likely to carry
14 them through, does it meet the requirement for having
15 made a submission and therefore bring the sanctions to
16 an end at least temporarily?

17 ATTORNEY PITRE:

18 Yes.

19 MR. SOJKA:

20 And that occurred on what day?

21 ATTORNEY PITRE:

22 We received everything timely as far as
23 the financing documents. We received them before the
24 end of the month. They were executed subsequently and
25 they were resubmitted. And the renderings --- and the

1 timeline I received yesterday, well ahead of schedule.

2 MR. SOJKA:

3 And they've been billed then for however,
4 whatever the accumulated sanction was?

5 ATTORNEY PITRE:

6 We have not billed them for them because
7 that amount was accumulating. So, ---.

8 ATTORNEY MILLER:

9 I think, Commissioner, in the original
10 Order, the last Order that you made in writing, you
11 specifically stated an amount that they should pay and
12 actually bring to the hearing which they did. And the
13 last Order you did not. You just continued the amount
14 per day so it continues until you end it, and then an
15 amount would be fixed.

16 ATTORNEY PITRE:

17 And we can say that as of March 30th or
18 March 31st, they've complied.

19 MR. SOJKA:

20 Okay. Do we need to take that action
21 then, Mr. Miller?

22 ATTORNEY MILLER:

23 You should.

24 MR. SOJKA:

25 All right.

1 ATTORNEY MILLER:

2 When you're satisfied that, in fact, they
3 no longer need to be fined \$2,000 a day.

4 MR. SOJKA:

5 Well, just for the purpose of discussion
6 then I'm going to propose that the sanctions come to
7 an end coincident with the date at which you received
8 those filings. I might even say temporarily or
9 whatever. I mean, it's not forever but they have met
10 that requirement and I'd like to see the sanctions
11 stop.

12 ATTORNEY MILLER:

13 They have, and as Mr. Pitre said, they
14 submitted renderings which were not actually due until
15 April 26th. They, in fact, submitted those I believe
16 yesterday.

17 CHAIRMAN:

18 Yeah, let me do a little housekeeping.
19 Dale, could you introduce yourself for the
20 stenographer?

21 ATTORNEY MILLER:

22 I'm sorry. I'm Dale Miller, M-I-L-L-E-R,
23 the Deputy Chief Enforcement Counsel of the OEC.

24 CHAIRMAN:

25 Now, back to the matter at hand. I asked

1 Doug to come up. I don't want to get too far ahead of
2 ourselves. I mean, we have a sanction that's ongoing.
3 I'm thinking and I'm thinking out loud here that we
4 may want to continue that. We at some point down the
5 road, whether it's the, you know, late April Board
6 meeting, we can stop that sanction retroactively. So
7 I'm just a little concerned if we do it as of today
8 without, you know, a formal hearing.

9 MR. SOJKA:

10 We're both trying to go the same way. I
11 was suggesting stopping the sanction possibly
12 temporarily. You're saying let it go and we can
13 terminate it retroactively. I think we're --- it's
14 two sides and precisely the same issue. I would yield
15 to that.

16 CHAIRMAN:

17 I agree, okay.

18 ATTORNEY MILLER:

19 And a hearing's actually scheduled for
20 April 29th on the whole matter. Am I right?

21 UNIDENTIFIED SPEAKER:

22 Right.

23 ATTORNEY PITRE:

24 Commissioner, the prior Order was that
25 the sanction would continue to accumulate until

1 further order of the Board and the compliance with the
2 requirements meeting those various conditions. I
3 think Enforcement Counsel has said that, in fact, that
4 date has occurred. I would suggest it would probably
5 be appropriate to address it in a more formal setting
6 when the PEDP Counsel is also present in the event
7 that there's anything for them to answer.

8 MR. SOJKA:

9 That would be fine with me. My only
10 concern was that this could have possibly slipped by
11 and that we, you know, may have been inappropriately
12 accumulating a sanction. I'm certainly for the
13 sanction at the time.

14 ATTORNEY PITRE:

15 I don't have any reason to think that
16 Foxwoods Counsel would let it slip back.

17 MR. SOJKA:

18 I'm sure you're right. But we've looked
19 at it.

20 CHAIRMAN:

21 Thank you, Commissioner Sojka. Thank
22 you, Cyrus, Dale. That concludes today's business.
23 In closing, our next scheduled public meeting will be
24 held on Thursday, April 29th, at the North Office
25 Building Hearing Room One here in Harrisburg. Any

1 final comments from the Board? Can I have a motion to
2 adjourn?

3 MR. TRUJILLO:

4 So moved.

5 CHAIRMAN:

6 Second?

7 MR. ANGELI:

8 Second.

9 CHAIRMAN:

10 Thank you. Meeting is adjourned.

11
12 * * * * *

13 MEETING CONCLUDED AT 2:32 P.M.

14 * * * * *

15
16 CERTIFICATE

17 I hereby certify that the foregoing
18 proceedings, meeting held before the Pennsylvania
19 Gaming Control Board, was reported by me on 04/07/2010
20 and that I Alicia R. Brant read this transcript and
21 that I attest that this transcript is a true and
22 accurate record of the proceeding.

23 Alicia Brant
24 Court Reporter
25