

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

PUBLIC MEETING

BEFORE: Gregory C. Fajt, Chairman
Raymond S. Angeli, Jeffrey W. Coy,
James B. Ginty, Kenneth T. McCabe,
Gary A. Sojka, Kenneth Trujillo,
Ex-Officio Members
David Barasch, Deputy Secretary of the
Department of Revenue, Representative;
Daniel Tufano, representing Russell
Redding, Secretary of Agriculture;
Aviv Bliwas, Esquire, representing the
Honorable Robert McCord, State Treasurer

HEARING: November 18, 2010
1:00 p.m.

LOCATION: Temple University
234 Strawberry Square
Walnut Street & North 4th Street
Harrisburg, PA 17101

Reporter: Cynthia Piro Simpson

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A P P E A R A N C E S

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A P P E A R A N C E S

(Continued)

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I N D E X

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23
24
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OPENING REMARKS

By Chairperson Fajt 5

PRESENTATION

By Attorney Downey 8 - 10

PRESENTATION

By Attorney Jacoby 11 - 12

By Mr. Rhen 13

By Ms. Knavel 14

By Attorney Yocum 15 - 18

By Attorney Sherman 18 - 25

By Attorney Jacoby 27

QUESTIONS FROM THE BOARD 27 - 54

PRESENTATION

By Attorney Cook 66 - 81

By Ms. Hensel 82 - 91

P R O C E E D I N G S

1
2
3
4
5
6
7
8
9
10
11
12
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CHAIRMAN:

Good afternoon, everybody. I'm Greg Fajt, Chairman of the Gaming Control Board. And as is our normal practice, I'd just like to ask everybody to turn off their PDAs. They tend to interfere with our communication system here.

Joining us today is David Barasch, ex-officio designee representing Revenue Secretary Dan Hassell. Dan Tufano is joining us. He is representing Secretary of Agriculture Russell Redding. And Aviv Bliwas is here in the audience, representing State Treasurer Rob McCord. Thank you all for being here today.

All members being present, I'd like to call this meeting to order. And as the first order of business, please join me in the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE RECITED.

CHAIRMAN:

Before we get into the official agenda today and the official order of business, it's my understanding that PEDP Foxwoods has made a filing, I believe, with our Office of Hearing and Appeals late yesterday or today, and we would appreciate an update

1 on that filing.

2 ATTORNEY JACOBY:

3 Thank you, Mr. Chairman. My name is Fred
4 Jacoby. I'm with Cozen O'Connor. I have with me Mr.
5 Graci from Eckert Seamans and Bill Downey from Fox
6 Rothschild, who's Counsel for Harris. I'll make this
7 quick. I know our time is limited. Hopefully, just
8 being here is limited. At the conclusion of the last
9 hearing, the Board said it would take under advisement
10 ruling on the motions for summary judgment, and we
11 know that's the reason we're here today. We took your
12 instructions seriously. We have been working 24/7
13 through the weekends in trying to get this deal
14 papered with five law firms, and it's just a work in
15 progress. This is just an example of the documents
16 that we're having to deal with. We have every
17 expectation to have it done sooner rather than later.
18 It's just taking more time than we envisioned.

19 At the hearing also, we were directed to
20 pay \$362,000 in sanctions. They were paid on time.
21 And I want to report that so far we have paid \$662,000
22 in sanctions to date, which I hope is some evidence of
23 our ability to raise money when we have to.

24 Following the meeting, we conferred with
25 the Board and Staff and with BIE and we discussed

1 various issues with them, and we tried to have a
2 commitment to get everything to you by today --- or
3 before today. I'm sorry to say we can't. This deal
4 is a complicated deal. It involves restructuring
5 financing. It involves multiple partnership levels.
6 It involves capital structures that require tax
7 issues, which have been challenging. I think we've
8 solved all of these at this point. We're just having
9 to pay for them and substantial due diligence by
10 Harrah's, obviously. At the end of the day, we're
11 trying to raise \$75 million in equity and \$200 million
12 in project debt to build the casino, and we believe
13 that we're there. We had hoped to have everything
14 signed by this morning, but we can't. We do expect,
15 however, to have the papers into the Board, including
16 applications for change of control, an application for
17 an extension of time, to the extent necessary, an
18 application for a change in design. I can't tell you
19 how many thousands of hours have been spent since the
20 27th. I know you're not here to hear that from us
21 today, but that's the truth.

22 With me today is Bill Downey, who is a
23 regulatory counselor for Harrah's, who will provide
24 you with our present status and future plans. We had
25 sent to the Board, and I believe you have copies in

1 front of you, up some renderings and plans, and Mr.
2 Downey will speak to them and answer your questions
3 about them to the extent you have them. Bill?

4 ATTORNEY DOWNEY:

5 Thanks, Fred. Good afternoon, Mr.
6 Chairman, members of the Board. For the record, I'm
7 Bill Downey. I represent Bally's Casino --- Bally's
8 Midwest Casino, Inc. and a series of subsidiaries that
9 have been formed by Harrah's operating company for the
10 purposes hopefully of engaging in the transaction that
11 I know you were updated on at the last meeting.

12 As Fred indicated, we have moved heaven
13 and earth to try to get this deal papered and in front
14 of you for today's meeting, and unfortunately we were
15 just not able to hit the deadline. But I thought what
16 might be helpful is if I give you a quick flavor of
17 what we have either ready to go or very close to ready
18 to go just to give you some sense of the effort that
19 we've been engaged in over the last three weeks.

20 In final form or in close to final form
21 we have the following materials, a Notice of Intent to
22 Transfer, which we know we owe to the Bureau of
23 Licensing. We have four petitions prepared. They
24 are --- they seek to change control, modify the
25 facility, extend the time within which to make slots

1 available to December of 2012 and for approval of a
2 management agreement and the addition of Harrah's as a
3 manager of the project. We have License Applications
4 sitting in boxes in my office and the offices of Duane
5 Morris for 13 Harrah's, Apollo or TPG entities that
6 are implied for licensure by these transactions and 31
7 individuals from Harrah's, Apollo and TPG who were
8 implied for licensure.

9 In addition, before you today, you have a
10 series of renderings and site plans for what we will
11 propose to you as Phase 1A and 1B of the project. And
12 I want to point out that these represent not a
13 rectangle on a piece of paper but a process that is
14 quite far down the line in our development and
15 construction consideration. We have construction
16 timelines ready to go for Phase 1A and 1B. 1A has a
17 high degree of granularity. 1B is a sliding timeline,
18 which would be based upon our go date.

19 And finally, we have in our possession
20 two highly confident letters from well-known and
21 respected lending institutions speaking to the
22 financability of the construction financing, the
23 construction obligations. In addition to all of that,
24 which is there, we have a series of approximately 30
25 agreements. Fred has, for dramatic effect, provided a

1 pile for us. Most of these agreements, frankly, in
2 all respects, are ready to go. What we have remaining
3 in process, we've got to finish up before we're
4 prepared to submit our full package to you. Those
5 agreements that we must include include a Partnership
6 Purchase Agreement, a Limited Partnership Agreement
7 and a Management Agreement. They are the --- I guess,
8 effectively, the Holy Trinity of this deal, and we
9 remain --- we remain convinced that we can get this
10 done.

11 Just to reiterate what Fred pointed out,
12 we've got an awful lot of businesspeople and an awful
13 lot of lawyers exerting significant effort and --- to
14 address the remaining issues. And for Harrah's part,
15 I want to represent the following to you, that we have
16 come an awfully far way down the road that was set for
17 us both by the term sheet that we established on the
18 22nd, but frankly, by your willingness on the 27th of
19 September --- or October rather, to provide time to
20 get this deal done. We need more time to get to the
21 finish line. What we can promise you is that if you
22 determine to give us that time, we will continue over
23 the next 30 days to commit the resources that are
24 necessary to give the transaction its best chances of
25 happening. With that, I hand it back over to Fred.

1 ATTORNEY JACOBY:

2 Just briefly, then I'll conclude, what
3 we're asking for today is for the Board to continue to
4 defer ruling on the motions. We believe that that's
5 Armageddon. All that does is throw this whole thing
6 in two or three years of litigation. We're very close
7 to having what we think is an exciting and attractive
8 casino, as outlined in those plans that you're looking
9 at in the drawings. We have been working 24/7 through
10 weekends, and we'll continue to do so until this thing
11 is papered. Obviously, if before the 16th, we have
12 everything finalized, we'll submit it to the Board and
13 BIE at that time and meet with the Board and BIE,
14 whatever we have to do. We've been in constant
15 contact with Cyrus and his team.

16 All I can tell you is that I know you've
17 been patient. I know I've heard the word frustrated a
18 great deal. I know you, Mr. Chairman, have said we
19 need to get your attention. We don't have your
20 attention. I think certainly our conduct, at least
21 with respect to the term sheet and Harrah's, has shown
22 that you have our attention. We responded immediately
23 and paid a substantial assessment. We've always done
24 that. And we ask you to recognize our efforts, albeit
25 later than you would have liked to have seen them. We

1 think that the citizens of the state and the city and
2 the people who work in Philadelphia will reap
3 substantial bounty by the jobs to construct and
4 operate the casino, and we ask you to give us that
5 time to get this done. We are just about there.
6 Thank you for your consideration and patience.

7 CHAIRMAN:

8 Thank you. Office of Enforcement
9 Counsel, Mr. Pitre, Mr. Miller, any comments?

10 ATTORNEY PITRE:

11 Nothing, other than we stand by our
12 request regarding the summary judgment motion.

13 CHAIRMAN:

14 Thank you. Thank you both.

15 ATTORNEY MILLER:

16 Thank you.

17 CHAIRMAN:

18 By way of announcements, the Board held
19 an executive session today, just prior to this
20 meeting. The purpose of today's executive session was
21 to discuss personnel matters and to discuss pending
22 litigation with its Counsel, as well as to conduct
23 quasi judicial deliberations relating to matters
24 coming before the Board today.

25 Our first order of business is an agency

1 financial report by our budget manager, Dave Rhen.
2 Dave?

3 MR. RHEN:

4 Good afternoon. My report today focuses
5 on the results through the end of October. Spending
6 to date this fiscal year totaled \$10.5 million. By
7 category, expenses break down of \$8.5 million, or 81
8 percent, for personnel, and \$2 million, or 19 percent,
9 for operations.

10 During the first third of the fiscal
11 year, the Board has expended 29 percent of its
12 appropriation. For the month of October, spending
13 totaled \$4.1 million, including \$3.3 million for three
14 payrolls recorded during the month and \$790,000 for
15 operations. The Board's largest operating
16 expenditures for the year include \$776,000 for rentals
17 and leases, \$426,000 for professionals, specialized
18 and legal services, \$305,000 for investigative
19 database searches and other operating expenses,
20 \$213,000 for telecommunications and \$157,000 for
21 travel.

22 CHAIRMAN:

23 Thank you, Dave. Any questions from the
24 Board? Thank you very much.

25 MR. RHEN:

1 Thanks.

2 CHAIRMAN:

3 Next is Stacey Knavel to present our
4 Local Law Enforcement Grants. Welcome, Stacey.

5 MS. KNAVEL:

6 Thank you. Good afternoon, Mr. Chairman
7 and members of the Board. I have two applications for
8 Local Law Enforcement Grants totaling \$177,488 to
9 present to you today. They are the Armstrong County
10 District Attorney for \$33,488 and the Washington
11 County District Attorney for \$144,000. These
12 applications have been reviewed by the appropriate
13 staff, have been determined to be in compliance with
14 the grant program, and are recommended for your
15 approval.

16 CHAIRMAN:

17 Thank you. Any questions or comments
18 from the Board? Seeing none, could I have a motion,
19 please?

20 MR. ANGELI:

21 Mr. Chairman, I move that the Board
22 approve the Local Law Enforcement Grants as described
23 by our Budget Manager, Stacey Knavel.

24 CHAIRMAN:

25 Second?

1 MR. COY:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 AYES RESPOND

6 CHAIRMAN:

7 Opposed? The motion passes. Thank you,
8 Stacey. Next up is our Chief Counsel, Doug Sherman.

9 ATTORNEY SHERMAN:

10 Good afternoon, Chairman and members of
11 the Board. Our first two agenda matters relate to a
12 temporary regulation and a proposed final regulation,
13 which Assistant Counsel Susan Yocum will present.

14 ATTORNEY YOCUM:

15 Chairman Fajt, Commissioners, you have
16 before you today Temporary Regulation 125-136. This
17 rulemaking amends the chapters on Mini-Baccarat and
18 Midi-Baccarat, adding the Dragon Bonus wager. Also
19 added is the six-card bonus wager and three-card
20 poker. These side bets were requested by the
21 operators and are currently offered in other gaming
22 jurisdictions. I'd be happy to answer any questions
23 you have.

24 CHAIRMAN:

25 Any questions or comments from the Board?

1 Could I have a motion, please?

2 MR. COY:

3 Mr. Chairman, I move the Board adopt
4 Temporary Regulation Number 125-136, that the Board
5 establish a public comment period of 30 days for this
6 temporary regulation and that the regulation be posted
7 on the Board's website.

8 MR. GINTY:

9 Second.

10 CHAIRMAN:

11 All in favor?

12 AYES RESPOND

13 CHAIRMAN:

14 Opposed? Motion passes.

15 ATTORNEY YOCUM:

16 The next rulemaking is 125-137. With the
17 passage of table game legislation in January, the
18 Board, as you know, was given authority to promulgate
19 temporary regulations. However, those regulations
20 expire two years from the date they're published in
21 the Pennsylvania Bulletin. We've, therefore, begun
22 the process of transitioning our temporary table games
23 into proposed and final-form rulemakings. This is the
24 first regulation package to go proposed. It addresses
25 the design, storage and inventory requirements for all

1 cards, dice, gaming chips, shufflers, shakers and
2 tiles utilized in the licensed facility. Upon
3 publication as a final-form rulemaking, this
4 regulation will supersede the temporary regulation on
5 table game equipment found in Chapter 523. I'd be
6 happy to answer any questions.

7 CHAIRMAN:

8 Thank you, Susan. Any questions from the
9 Board?

10 MR. GINTY:

11 A quick question, Susan. These are
12 proposed regulations, so they go off to comment?

13 ATTORNEY YOCUM:

14 That's right.

15 MR. GINTY:

16 We get them back again, and then we issue
17 final-form regulations?

18 ATTORNEY YOCUM:

19 Yeah. We make any changes that we feel
20 are necessary to the proposed, and then it goes into
21 final-form.

22 MR. GINTY:

23 Final-form, okay. Mr. Chairman, I move
24 that the Board adopt Proposed Regulation Number
25 125-137, that the Board establish a public comment

1 period of 30 days for the proposed regulation and that
2 this regulation be posted on the Board's website.

3 CHAIRMAN:

4 Second?

5 MR. MCCABE:

6 Second.

7 CHAIRMAN:

8 All in favor?

9 AYES RESPOND

10 CHAIRMAN:

11 Opposed? Motion passes. Thank you,
12 Susan.

13 ATTORNEY SHERMAN:

14 Today there are three petitions or
15 motions before the Board for its consideration. The
16 two motions are the motions for summary judgment,
17 which have been pending related to the Philadelphia
18 Entertainment and Development Partners' project and
19 the OEC Motion for Summary Judgment, seeking
20 revocation of that license, as well as the PEDP Motion
21 for Summary Judgment to deny the complaint and
22 revocation. In addition, the Board has before it a
23 petition by Mount Airy seeking approval of Anthony
24 Ceddia to serve on Mount Airy's Independent Audit
25 Committee. All of these matters are considered upon

1 the documentary records, as well as the argument and
2 materials previously considered by the Board with
3 respect to the PEDP issues.

4 First, as to the pending petition, Mount
5 Airy has filed a petition to approve Anthony Ceddia to
6 serve on the Independent Audit Committee. By way of
7 background, on October 2nd, 2007, the Board adopted
8 criteria to be followed by licensees required to have
9 an Audit Committee. Among other things, it
10 established certain requirements necessary to be met
11 in order for a person to serve on an Independent Audit
12 Committee of a licensed facility. In this matter,
13 Mount Airy petitioned to appoint Doctor Ceddia as a
14 member of that committee. Doctor Ceddia was formerly
15 appointed back in February of 2008 to serve as the
16 Board's appointed trustee to safeguard the
17 Commonwealth's interest in overseeing the operation of
18 Mount Airy during a period of suspension of the
19 principal.

20 The Office of Enforcement Counsel has
21 responded and raised three issues for the Board's
22 consideration relative to this appointment, first,
23 whether or not Doctor Ceddia has a material
24 relationship with Mount Airy, as that term is defined
25 in the Board's criteria. Second, whether the

1 appointment of Doctor Ceddia would be construed as
2 impacting his ability to be independent in the
3 function. And third, whether or not the
4 post-employment restrictions which were formulated as
5 a two-year post employment restriction under the
6 current version of the Act would apply to bar Doctor
7 Ceddia from this position. Again, there are no
8 factual issues in dispute. It's a matter of
9 interpretation for this Board, and it's appropriate
10 for your consideration.

11 CHAIRMAN:

12 Thank you. Any questions or comments
13 from the Board? Commissioner Sojka?

14 MR. SOJKA:

15 Yes. Just to touch that last point, when
16 precisely did Doctor Ceddia cease to be our trustee?

17 ATTORNEY SHERMAN:

18 His final report to the Board was
19 November 3rd, 2009, so over a year ago.

20 MR. SOJKA:

21 Thank you.

22 CHAIRMAN:

23 Any other questions or comments?
24 Commissioner Trujillo?

25 MR. TRUJILLO:

1 Thank you. My understanding, the Audit
2 Committee members are not --- do they owe a fiduciary
3 duty to Mount Airy or are they providing purely an
4 audit function?

5 ATTORNEY SHERMAN:

6 They are independent auditors to assure
7 that Mount Airy is performing its functions in
8 accordance with the standards and guidelines set up by
9 this Board and by law.

10 MR. TRUJILLO:

11 They're not acting, as I understand it,
12 as the typical Board of Director might be with respect
13 to a company.

14 ATTORNEY SHERMAN:

15 I don't think that would make them
16 independent, as we require, so you're correct.

17 MR. TRUJILLO:

18 Exactly. The other question I had with
19 respect to the role, are there other audit committee
20 members other than the one proposed here, Doctor
21 Ceddia?

22 ATTORNEY SHERMAN:

23 The Audit Committee of Mount Airy is
24 formed and it's chartered at three members. So, there
25 are two other individuals as well.

1 MR. TRUJILLO:

2 So, if for any reason one Audit Committee
3 member could not act on a particular matter, there are
4 two others to act on it?

5 ATTORNEY SHERMAN:

6 There are two other individuals
7 determined to be also independent.

8 MR. TRUJILLO:

9 That's all I have, Mr. Chairman. Thank
10 you.

11 MR. GINTY:

12 I have a question.

13 CHAIRMAN:

14 Yes, Commissioner Ginty?

15 MR. GINTY:

16 Cyrus, I don't want to put words in your
17 mouth, but these objections really, as I understand
18 them, emanate from your reading of the --- the strict
19 reading of the statute, as you interpret it?

20 ATTORNEY PITRE:

21 That's correct. The Board has to
22 interpret the statute, and it's up to the Board to
23 waive parts of the Board Order with regard to the
24 Audit Committee. And so what my argument does is put
25 all the facts before the Board so they can make an

1 educated decision on the matter.

2 MR. GINTY:

3 It does not and you're not suggesting any
4 issues with respect to suitability?

5 ATTORNEY PITRE:

6 Absolutely not.

7 MR. GINTY:

8 Okay. When the Board appointed --- this
9 is directed to Doug or Steve. When the Board
10 appointed Doctor Ceddia as our trustee, my
11 recollection is he was thoroughly vetted by the State
12 Police?

13 ATTORNEY SHERMAN:

14 That's correct. He was vetted and
15 licensed as a principle.

16 MR. GINTY:

17 And I will just --- from my point of view
18 just mention that I think we were very fortunate to
19 have Doctor Ceddia during that period of time in that
20 I know him myself and relied very heavily on him. And
21 quite frankly, I can't think of a better person to be
22 putting on the Audit Committee. That's my question, I
23 guess, or statement.

24 CHAIRMAN:

25 Thank you. Any other questions or

1 comments? Could I have a motion, please?

2 MR. MCCABE:

3 Yes, Mr. Chair. I move that the Board
4 grant Mount Airy's petition as described by the Office
5 of Chief Counsel.

6 MR. SOJKA:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 AYES RESPOND

11 CHAIRMAN:

12 Opposed? The motion passes.

13 ATTORNEY SHERMAN:

14 The next item would be the Philadelphia
15 Entertainment and Development Partners' Motion for
16 Summary Judgment on the complaint and revocation,
17 which had been filed by the Office of Enforcement
18 Counsel. Again, this matter was heard by the Board on
19 October 27th, 2010. If the Board were to grant the
20 PEDP Motion for Summary Judgment, it would effectively
21 dismiss the complaint and revocation that is currently
22 pending. A motion to deny the PEDP Motion for Summary
23 Judgment would have the --- yeah, to deny --- to grant
24 the PEDP motion would dismiss the complaint and
25 revocation. To deny it would allow the complaint to

1 continue.

2 CHAIRMAN:

3 Thank you. Any questions or comments
4 from the Board? Seeing none, could I have a motion,
5 please?

6 MR. TRUJILLO:

7 Mr. Chairman, I move that the Board deny
8 the Motion for Summary Judgment filed by Philadelphia
9 Entertainment and Development Partners, as described
10 by the Office of Chief Counsel.

11 MR. ANGELI:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 AYES RESPOND

16 CHAIRMAN:

17 Opposed? Motion passes.

18 ATTORNEY SHERMAN:

19 And the corollary motion would be the
20 Motion for Summary Judgment of the Office of
21 Enforcement Counsel. A motion to grant --- or a
22 decision to grant the Enforcement Counsel motion would
23 have the effect of revoking the license. A motion to
24 deny the Enforcement Counsel's motion would have the
25 effect of sending the entire matter to an evidentiary

1 hearing.

2 CHAIRMAN:

3 May I have a motion, please?

4 MR. SOJKA:

5 Yes, Mr. Chairman. I move that the Board
6 deny --- I'm sorry. I move that the Board grant the
7 Office of Enforcement Counsel's Motion for Summary
8 Judgment regarding the revocation of Philadelphia
9 Entertainment & Development Partners, LP a Category 2
10 License, as described by the Office of Chief Counsel.

11 CHAIRMAN:

12 Second?

13 MR. ANGELI:

14 Second.

15 CHAIRMAN:

16 Could we have discussion on the motion?

17 MR. MCCABE:

18 I'd like to know how many jobs, potential
19 jobs, if we pull this license are we affecting? I
20 don't remember, a thousand construction jobs, casino
21 jobs?

22 CHAIRMAN:

23 Hold on one second. We'll have Mr.
24 Jacoby come up.

25 ATTORNEY JACOBY:

1 Thank you.

2 CHAIRMAN:

3 Mr. Jacoby, could you sit over here and
4 take the microphone, please, so everybody can hear
5 you?

6 ATTORNEY JACOBY:

7 Thank you. Fred Jacoby. We believe that
8 it will create thousands of construction jobs to do
9 this project. It's estimated to be a project of
10 approximately 145,000 to 160,000 square feet in
11 addition to substantial foundation work. I don't have
12 all the numbers right now, but it will create
13 substantial jobs on par with what SugarHouse has
14 regarding operating the casino, plus the potentiality
15 for expansion, as discussed by Mr. Downey previously.
16 We think we could be in the ground pretty quickly if
17 we could submit our applications and have the Board
18 rule on them.

19 MR. MCCABE:

20 Do you know how much revenue will be lost
21 if we pull your license?

22 ATTORNEY JACOBY:

23 I don't have that data. I don't know if
24 Mr. Downey has that data. It will be substantial.
25 With the concurrent delay, I would suspect that, given

1 the appeal structure, as Mr. Pitre said a while ago, I
2 think it's going to be a number of years where this
3 license will be tied up. Meanwhile, nothing will
4 advance on it. We understand the Board's frustration.
5 I don't have that number in front of me as something I
6 can provide to you. I think it's been provided in
7 prior documentation with the Motion for Summary
8 Judgment.

9 MR. GINTY:

10 I have one.

11 CHAIRMAN:

12 Yes. Commissioner Ginty?

13 MR. GINTY:

14 Mr. Downey, could you join us, please?

15 You know, I think we're all frustrated here, but you
16 know, you have evidence and testified to a substantial
17 amount of work that has been done over the last few
18 weeks, and yet, Mr. Downey, I was disappointed to hear
19 that the Holy Trinity is still apparently in
20 negotiation. Can you give us any timeline on when
21 those documents can be executed?

22 ATTORNEY DOWNEY:

23 Commissioner, I'm going to be very
24 careful here because I don't want to over promise and
25 under deliver. But I can tell you this. If the

1 measure of the effort and expense gives us any
2 indication, the parties to this transaction have every
3 indication, and frankly, every incentive to get this
4 done and get it done quickly.

5 Everybody is going full tilt, and it is
6 the belief of all the parties, and in particular, my
7 clients, that this deal can be put together before
8 we're talking about a December 16 meeting, or frankly,
9 I think that they may have taken another course at
10 this point. That's as close as I'd like to come to
11 giving you a date certain, if that's acceptable?

12 ATTORNEY JACOBY:

13 May I respond, Commissioner?
14 Regretfully, I've been actively involved in the
15 negotiation of all these documents. While the core
16 documents are the Purchase Agreement, the Partnership
17 Agreement and the Management Agreement, as an example
18 we had a call last night for three hours with
19 Harrah's, and I think we've refined most of the issues
20 on the management agreement. Many of the issues with
21 respect to the other two documents or nuances, it's a
22 complicated document. And every time somebody ---
23 it's like the Dutch boy, they remove something,
24 there's a ripple effect, and we have to get all the
25 lawyers and everybody else involved, including

1 Harrah's in-house staff. I would be foolhardy at this
2 point since I've made so many assurances to the Board
3 of our commitment. And I know we have that
4 commitment. We just haven't been able to deliver. I
5 believe that the message I got last night and the
6 message I got this morning on the way up here is,
7 Fred, will you come back, assuming their license
8 hasn't been revoked, plan on starting up again. For
9 those of you who are familiar with transaction
10 negotiations, we intend Monday, Tuesday and Wednesday
11 to do what's called a page turn, which is basically to
12 have all the lawyers and all the business people in
13 the room with all the documents just go through every
14 document and get it done, because it's a ripple
15 effect. It takes too much time.

16 In response again to the question about
17 revenues, I apologize, I don't have the number handy.
18 I think it's in their filings. And I guess another
19 example might be to look and get an idea what
20 SugarHouse is doing on a current basis both from slots
21 and table games. And we're contemplating
22 approximately 1,500 slots and about 80 table games.
23 And I think it's on par with what SugarHouse has, too,
24 at this stage.

25 MR. GINTY:

1 I don't have any more questions, but I
2 will have a motion.

3 CHAIRMAN:

4 Okay. Yes, Commissioner Coy?

5 MR. COY:

6 Thank you, Mr. Chairman. Good afternoon.
7 As you know, the Board's had a couple long days, and
8 so we may not be at our sharpest level, but we think
9 we're still under some degree of composure. Did that
10 sound right?

11 ATTORNEY DOWNEY:

12 From the Board it's welcome.

13 MR. COY:

14 I guess I feel like déjà vu all over
15 again. And I'm concerned about further delay because
16 it seems like it's almost delaying the inevitable.
17 I'm intrigued, especially by the drawings and by the
18 association with the company as strong as Harrah's,
19 but I'm wondering, Mr. Jacoby, what's different this
20 time? What are we experiencing that's different than
21 what we've heard many times before?

22 ATTORNEY JACOBY:

23 I think the only parallel would be the
24 Wynn transaction, where we also had signed definitive
25 documents. I could only tell you that this is a

1 recognized industry leader, Harrah's, who's already
2 licensed with you, who is highly incented to do
3 business in this area, who's highly incented because
4 of its Rewards Program, to have this program as well
5 as part of their network. And I think as opposed to
6 possibly the more detached approach by the Wynn folks,
7 I can't speak for them, these folks have rolled up
8 their sleeves and are in the middle of the whole
9 process with us. And we certainly have learned --- we
10 didn't learn a lot of lessons from Wynn other than to
11 be careful about escape clauses. But I can only
12 assure you, Commissioner, and I appreciate your
13 cynicism, this is different. The proposed partner is
14 different. These people are very much committed. And
15 I think your folks have indicated your acknowledgment
16 of that by having them run the Chester Casino. And I
17 assume only you know how they've run that and the
18 quality they've run that and whether they've done what
19 they promised to do. They've been very active in this
20 process. We're not leading this process. Harrah's is
21 leading the process with us.

22 MR. COY:

23 Well, I apologize if you mistook my
24 sincerity for cynicism, but I guess I have to ask Mr.
25 Downey, how will this --- how can the Board expect

1 that takeover of this operation will affect the
2 operation in Chester?

3 ATTORNEY DOWNEY:

4 Mr. Commissioner, I'm not sure that I
5 could quantify in any sense what the relationship
6 would be like, but Harrah's has determined through
7 their own processes that this makes sense and, in
8 fact, would lead to a cumulative plus, as opposed to
9 cannibalizing. You know, we've heard the
10 over-the-river discussions in '05 and '06 and we've
11 had all those considerations. We've heard the same
12 type of discussion with respect to their project in
13 Chester and the notion that they've got to be aware of
14 the product there. You know, I can't quantify that
15 for you. I can tell you it's been in the calculus and
16 that they've come out on the end of the tunnel and
17 said, let's do this deal.

18 MR. COY:

19 Let me ask you this way. Are you saying
20 that they have determined that this project at this
21 location --- a casino at this location is what makes
22 sense or another operation in Pennsylvania anywhere
23 makes sense for them? I mean, what are we talking
24 about here?

25 ATTORNEY DOWNEY:

1 I can't tell you that they considered the
2 second at all. What I can tell you is that they
3 considered becoming a part of this project and, in
4 fact, becoming a controlling part of this project and
5 have determined that it makes sense.

6 ATTORNEY JACOBY:

7 May I supplement his answer?

8 MR. COY:

9 Certainly.

10 ATTORNEY JACOBY:

11 By the way, my apologies. I didn't want
12 to suggest you were cynical.

13 MR. COY:

14 I didn't think you did.

15 ATTORNEY JACOBY:

16 I appreciate the Board's frustration is
17 maybe a more appropriate word. Harrah's --- I don't
18 know if Bill Downey can speak to it. Harrah's has
19 always been interested, even before and during Wynn,
20 in partnering with us. It just never --- it never
21 came to pass. Fortuitously, the Wynn blowup led us to
22 really look into the situation and realize that they
23 were the best partner at the end of the day anyway. I
24 can tell you that. I was involved with that.

25 MR. COY:

1 Two more major points, the first being
2 --- I believe I'm correct on this, and you correct me
3 if I'm wrong, that most of the drive-time analysis,
4 the potential for business at this location was done
5 probably a year ago or so. Since then, SugarHouse has
6 opened. Now, how does that change things? Has
7 Harrah's looked at that?

8 ATTORNEY DOWNEY:

9 We have, Commissioner. In fact, what I
10 can tell you is that if --- should we live to fight
11 another day, we will be bringing to you a new impact
12 study that will take into consideration the
13 developments that have occurred. And we'll also
14 assess what everybody who has looked at this with
15 boots on the ground acknowledges is a change in
16 traffic and a change in the whole dynamic even ---.

17 MR. COY:

18 For the better or for the worse?

19 ATTORNEY DOWNEY:

20 I think they would argue for the better
21 in some sense. And I think that with a sort of a
22 cleaner look at the traffic, and I have the pleasure
23 of the memory of the wrestle over the traffic issues
24 and, in fact, the traffic studies at the time of the
25 licensing. I think we're going to clean some of that

1 up for you.

2 MR. COY:

3 I guess, Mr. Jacoby, one last one from me
4 to you, and we may even have to take a good guess
5 here, but assuming you live to fight another day or
6 petition another day or argue another day, under the
7 best set of circumstances, if there was an approval
8 from this Board to have Harrah's proceed with this
9 project, and maybe Mr. Downey needs to help answer it
10 or you can both answer it, how soon --- what is the
11 absolute quickest time that you think you could get
12 all the approvals, build a casino, even if it's a
13 temporary situation, and have revenues flowing to
14 reduce taxes in Pennsylvania? What would that date
15 be? How long are we talking?

16 ATTORNEY JACOBY:

17 Do you want to take the first stab or do
18 you want me to?

19 ATTORNEY DOWNEY:

20 I can tell you what our timeline reflects
21 right now as --- with the following understanding that
22 this is your request, was for our absolute best case.
23 Our timeline right now reflects that we could be open
24 as early as June or July of 2011. I think what we
25 would probably say in the safety range is that ---.

1 ATTORNEY JACOBY:

2 '12?

3 ATTORNEY DOWNEY:

4 Of '12, sorry.

5 ATTORNEY JACOBY:

6 I'd like the mic back, please.

7 ATTORNEY DOWNEY:

8 2012.

9 MR. COY:

10 So, it's not six months?

11 ATTORNEY DOWNEY:

12 Correct. Correct.

13 MR. COY:

14 Okay.

15 ATTORNEY DOWNEY:

16 But we'd probably say third quarter is
17 what we're looking at.

18 MR. COY:

19 Of '12?

20 ATTORNEY DOWNEY:

21 Correct.

22 ATTORNEY JACOBY:

23 '12, yes.

24 MR. COY:

25 So you're talking almost two years?

1 ATTORNEY DOWNEY:

2 Twenty (20) to 22 I think is exactly what
3 we've got on it.

4 ATTORNEY JACOBY:

5 Twenty (20) to 22 months, yes.

6 MR. COY:

7 Thank you, Mr. Chairman. I probably have
8 some more, but those are the ones I could come up with
9 at this point that I thought were important for
10 everybody to hear and to be on the record about.
11 Thank you.

12 CHAIRMAN:

13 Commissioner McCabe, why don't you just
14 state that --- your question again that you just
15 asked.

16 MR. MCCABE:

17 My question was who is going to be doing
18 the building, who's the construction company, and it's
19 Dan Keating, ---

20 ATTORNEY JACOBY:

21 Keating Building Corporation.

22 MR. MCCABE:

23 --- who's built five or six casinos
24 within Pennsylvania and has delivered on time as
25 promised.

1 ATTORNEY JACOBY:

2 He has been very actively involved since
3 May.

4 MR. MCCABE:

5 We're very familiar with Mr. Keating.
6 He's an excellent company.

7 CHAIRMAN:

8 Commissioner Sojka?

9 MR. SOJKA:

10 Yeah, I just want to make it clear that I
11 have a motion in front of this Board that's been duly
12 seconded that, if it passes, this becomes moot
13 essentially. But there are never any forgone
14 conclusions, and I know that, so I have additional
15 concerns that I --- should that motion not pass today,
16 and they have to do with what was just handed out.

17 Interestingly, I'm more concerned about
18 the less fine-grained part of the proposal than I am
19 the more fleshed-out part, namely Phase 1B. And my
20 question there would be, in your opinion, probably Mr.
21 Jacoby, how closely would that structure and that
22 operation be to the proposal that appeared originally
23 in the application that this Board granted some many
24 years ago? Would it look like that? Would it perform
25 like that? Would it be of that size? Would it

1 essentially be that project?

2 ATTORNEY JACOBY:

3 That's a fair and regular question that I
4 get from this Board, and I anticipated it. Hopefully,
5 I can answer it. Just because --- without being
6 impertinent, just because there's a 1A and a 1B
7 doesn't mean there isn't a 2. 1A is basically an
8 initial interim facility which is a construct of
9 approximately 1,500 slots and 80 table games and
10 onsite parking. Two envisions --- not much dissimilar
11 to what HSP is doing. But as soon as commercially
12 practicable, given the industry and financing, they
13 would then have a parking structure, increase the
14 slots, as you see here, to 25. I think it's 2,500
15 slots, was it, or 2,000 slots or whatever it is in
16 that other space, but it's not to suggest --- and as
17 we've talked to the staff and we understand that at
18 the end of the day you folks expect, you know, if and
19 when commercially practicable, that we end up with
20 something that's substantially similar to that for
21 which you issued our license, subject to if we come
22 back to you with reasonable requests for design
23 changes that make sense to you and/or dictated by
24 financial conditions. We understand that fully.

25 MR. SOJKA:

1 With all things being favorable, every
2 imaginable break going the right way, I know it was
3 difficult to take a guess at when you might have a
4 functional 1A, could you give me just a --- I know
5 there are business considerations and everything else
6 in here, but do you have any idea how long it might be
7 before we would see that structure that substantially
8 fulfills the initial promise?

9 ATTORNEY JACOBY:

10 You're asking me to play with Harrah's
11 chips at this point.

12 MR. SOJKA:

13 Then I will ask Mr. Downey.

14 ATTORNEY DOWNEY:

15 What I can tell you is that the timeline
16 that we have for Phase 2 is a floating timeline. We
17 don't have a start date on Phase 2. And I can tell
18 you that that reflects far less granularity than we
19 have on 1A. With Keating we've worked a real live
20 construction schematic and we understand sort of ---
21 we're able to do start and stop dates. On Phase 1B,
22 we are reflecting currently a 21 to 24-month start to
23 finish period.

24 MR. SOJKA:

25 Once you start; correct?

1 ATTORNEY DOWNEY:

2 Yeah, that's ---.

3 MR. SOJKA:

4 And that's what's floating?

5 ATTORNEY DOWNEY:

6 Exactly. Exactly.

7 MR. SOJKA:

8 And that would depend primarily on the
9 business environment, how well 1A would be performing?

10 ATTORNEY DOWNEY:

11 I think that's a fair --- that and the
12 markets, yeah. I think that's a fair assessment.

13 CHAIRMAN:

14 Commissioner Trujillo?

15 MR. TRUJILLO:

16 First, Mr. Downey, I welcome your
17 participation. I think that you have a great deal of
18 credibility, so I'm happy to see you here, and I've
19 got a few questions for you. But before I ask Mr.
20 Downey any questions, just in follow up to
21 Commissioner Sojka, Mr. Jacoby, you're aware that Mr.
22 Armentrout, from Foxwoods, testified that, A, there
23 was no intention to build any temporary facility, and
24 secondly, that a temporary facility would not work.
25 Are you familiar with that testimony?

1 ATTORNEY JACOBY:

2 Yes. And I don't think that anything
3 I've said today is in difference with that. We're
4 talking about interim facility versus a temporary
5 facility, whether it's a freestanding building. This
6 is something that's --- in my definition of interim,
7 and I'm not trying to be fast and loose with this
8 Commission, it's something to build upon as a
9 foundation. It's a permanent structure that
10 contemplates permanent expansion. Temporary would be
11 a spun building or something like that, or God help
12 us, a boat or something like that, and so I'm not
13 playing fast and loose with you, Commissioner. I
14 understood what Mr. Armentrout said, and I think
15 that's true. We're not contemplating a temporary
16 facility. And we know we need permission to do a
17 temporary facility.

18 MR. TRUJILLO:

19 Mr. Downey, beyond the physical
20 structure, the fundamental concern that I have is, in
21 fact, being true to the original adjudication, both
22 with respect to the structure, the financials, and the
23 other characteristics of the original proposal, and so
24 I would be interested in hearing from you on how the
25 proposed Holy Triumvirate foresees dealing with the

1 --- and very specifically, with the charitable
2 contributions component and minority ownership
3 component of the original transaction.

4 ATTORNEY DOWNEY:

5 You hit on, in the first instance, a
6 subject of what I will call extensive negotiation.
7 And I'll just sort of come to the punch. The initial
8 setup provided for a share of profits, as defined in
9 the constituent documents, that would ultimately run
10 to the benefit of charities to be designated. And the
11 short story is that we've revised that concept in the
12 deal as we've contemplated it. And at this point,
13 without getting into the numbers, because we're not
14 fully baked at this point, but the concept has changed
15 so that the charitable contribution number is going to
16 flow from what amounts to our gross revenue. It's
17 gross less --- basically it's the same way you guys
18 calculate the tax.

19 MR. TRUJILLO:

20 Off the top.

21 ATTORNEY DOWNEY:

22 Exactly. It will come from the top. So
23 on a rate basis, it will be a lower rate. But
24 bluntly, we think it is better reflective of our
25 commitment to make the contribution in the first

1 instance and also does not allow the vagaries of
2 profit and all the games that we can play in defining
3 profit to play a role in coming to those dollars.

4 MR. TRUJILLO:

5 Mr. Jacoby, it looks like you had --- did
6 you want to ---?

7 ATTORNEY JACOBY:

8 If I could expand on something near and
9 dear to my heart. Paragraph 57 of the Statement of
10 Conditions contemplates that the owners of WPCG, which
11 are the Rubin Trust, the Silver Trust and Ed Snider,
12 commit all the proceeds from this venture to charity,
13 as set forth in the case of the two trusts and the
14 trust documents. Those partners, to the extent they
15 continue, still have that commitment. That hasn't
16 changed for them. What has changed, however, is what
17 Bill Downey has said, is that we've added an up-front
18 payment, first of all, that's very substantial to
19 charity at the time of --- beginning of operations,
20 and then we've added this percentage of --- I guess
21 net operating revenues on an annual basis. So not
22 only will the amount be more substantial, frankly,
23 given the timing of where these things play out, but
24 it will be immediate. So, on a net present value
25 basis, the charities will realize the proceeds more

1 immediately than they would have in waiting for there
2 to be equity distributions to the trust. I just want
3 to amplify that because there's been a lot of time on
4 that.

5 MR. TRUJILLO:

6 And with respect to one of the other
7 elements that was included in there, it was the
8 participation by Foxwoods was part of your minority
9 ownership component. And if what was described to us
10 at an earlier transaction is anywhere close to what
11 happens, it appears that Foxwoods may end up exiting
12 the transaction at some point, and so I'd be
13 interested in hearing what, if any, we're going to
14 hear with respect to future participation by any
15 minority groups and the ownership of any revised
16 proposal that you may submit.

17 ATTORNEY DOWNEY:

18 I think at this juncture what we can
19 fairly say is that while Foxwoods is going to be
20 significantly diminished, they will still be involved
21 in the partnership as it's currently contemplated.
22 However, there is a component of the transaction that
23 we have in process here that envisions an equity
24 raise, and I think it is fair to suggest --- actually,
25 as many members of the Board may recall, I was

1 involved with another potential Licensee in the city.
2 We are aware that there are parties out there who
3 would be interested potentially in getting involved in
4 the Philadelphia market. At this point, given where
5 we are in the equity raise and the development of
6 documents related to the equity raise, I'd be hard
7 pressed to give you a level of commitment about what
8 we can and can't do. I'm not a securities guy, and I
9 know that there are all kinds of issues that arise out
10 of those types of things, but ---.

11 MR. TRUJILLO:

12 I understand. And I guess my question is
13 simply --- is whether that issue is being contemplated
14 and looked at by the parties?

15 ATTORNEY DOWNEY:

16 It's an issue that is --- yes is the
17 short answer, it is.

18 MR. TRUJILLO:

19 And I think, almost finally, with respect
20 to the Holy Triumvirate, I would like to hear, Mr.
21 Downey, from you --- I believe Mr. Jacoby
22 characterized it as --- that those documents were
23 simply needing to be papered. What that suggests to
24 me is that the material terms of the transaction have
25 been agreed on. And I would like to hear from you,

1 Mr. Downey, whether that, in fact, is an accurate
2 description of where the transaction --- the proposed
3 transaction stands.

4 ATTORNEY DOWNEY:

5 We have issues that remain open.

6 MR. TRUJILLO:

7 That's all I have, Mr. Chairman.

8 CHAIRMAN:

9 Thank you. OEC, any comments from you
10 guys?

11 ATTORNEY PITRE:

12 None other than we have met with Mr.
13 Downey and Mr. Jacoby, and I believe Counsel from
14 Dechert Rhoads, who --- it was Dechert who was present
15 also, and discussed the terms of the whole deal.
16 However, we have not received any petitions, any
17 definitive documents. We received some renderings
18 earlier. These appeared to be a little bit more added
19 on to. It shows a Phase 1B and a rear side of the
20 casino. Outside of that, we haven't received anything
21 else. We're basically --- I think renderings were due
22 almost a year ago, December 1, if I remember
23 correctly, when the first extension was requested.
24 So, we're at a point now where our motion is being
25 taken up by the Board. And without influencing the

1 Board one way or another on this, I'll leave it up to
2 you.

3 CHAIRMAN:

4 Thank you.

5 ATTORNEY JACOBY:

6 Mr. Chairman, just one more second, ---

7 CHAIRMAN:

8 Sure.

9 ATTORNEY JACOBY:

10 --- only because I had the benefit of
11 spending so much time inside the deal itself,
12 Commissioner Trujillo. The material terms are set
13 forth in the term sheet that the parties signed.
14 What's happening is not about material terms. It's
15 about, as tends to happen when you're negotiating
16 complex documents, all the various vagaries of the
17 collateral issues. That would be my answer to the
18 question if you posed it to me.

19 ATTORNEY DOWNEY:

20 I'm sorry. And let me just elaborate for
21 a minute. I didn't mean to be abrupt in my response.
22 The fact is that we've got a term sheet that goes into
23 great detail. This is not a five-page transactional
24 term sheet. This is a 20-page detailed term sheet.
25 As we progressed through the documents and as we went

1 through these issues, there are significant tax issues
2 that, while we had contemplated, bluntly, we had not
3 contemplated the complexity of what had to happen to
4 address those issues. We're getting through that.

5 Similarly, regulatory matters relating to
6 some of our parties, who are prepared, but not as we
7 sit here, to get through the process. We're working
8 on a way to get their elements of the transaction
9 closed and get them in a position where they can do
10 what they need to do with respect to this body.

11 There are a series of issues in the push
12 and pull of a --- effectively, a transfer of control
13 from one constituency to another that you encounter in
14 the ordinary course. We are --- we're getting through
15 them. I don't want to leave the impression that we're
16 at a stonewall at some point.

17 MR. TRUJILLO:

18 I understand, Mr. Downey. I guess the
19 point of fact is, and I have been involved in lots of
20 transactions and in litigations involving a lot bigger
21 sums of money, and frankly, the financial bailout took
22 much less time than this has taken. General Motors
23 today, I think, has gone public at \$30 a share, after
24 having been bailed out. So multi-trillion-dollar
25 complex transactions have taken place and companies

1 have already been resuscitated in the time that this
2 deal has been out there. So, while I appreciate
3 complex deals, I also appreciate that if there is a
4 willingness to get them done, they get done. So, I'm
5 mindful of those, and I think the Board is mindful of
6 our context, but I appreciate your comments. Thank
7 you.

8 CHAIRMAN:

9 Commissioner Coy?

10 MR. COY:

11 Thank you, Mr. Chairman. Just two more.
12 In this artist rendering, where it shows --- I guess
13 it's the Delaware River is the water that we see?

14 ATTORNEY DOWNEY:

15 It is.

16 MR. COY:

17 Well, what's the actual distance between
18 the river and the building? Because it looks, to me,
19 like during periods of ebb tide, it might be a little
20 soggy.

21 ATTORNEY DOWNEY:

22 I don't know.

23 MR. COY:

24 I mean, it just looks pretty close.

25 ATTORNEY JACOBY:

1 Mr. Friedmutter obviously hasn't been
2 down the river at high tide, Mr. Coy.

3 MR. COY:

4 All right. Let me say one other thing.
5 There's two of us here at this table --- for better or
6 for worse, there are two of us here at this table that
7 voted for this project in the beginning. Three?
8 Three of us. I told you we've had a couple long days.
9 I will tell you that the charitable component of this
10 application and the inclusion of those charitable
11 contributions were a key to the approval of this
12 project. And if I were serious about this project, as
13 I take it Harrah's is, I'd be thinking in terms of
14 either through contributions of ownership equity or
15 whatever it is, to start making charitable
16 contributions now and not wait for two years until you
17 finally commence operations. The community groups
18 have been waiting a long time, too, and I just think
19 that you ought to think seriously about, as serious as
20 the Board felt at the time of licensure, about these
21 charitable contributions, because they were key to it.
22 And I'd be looking for ways, if you have more time,
23 I'm not sure, to find elements to effectuate some of
24 these contributions as soon as possible.

25 ATTORNEY JACOBY:

1 We're sensitive to the issues of special
2 services and community outreach, and it's something
3 that we intend to deal with. We realize --- I can
4 speak, even though I'm a late comer, that it's
5 something that wasn't paid attention to a long time
6 ago and should have been. And for that we apologize,
7 but we hear you loud and clear. We're sensitive to
8 it.

9 MR. COY:

10 If there's another time, I'd sure like to
11 hear more about it.

12 CHAIRMAN:

13 Commissioner McCabe --- or Commissioner
14 Sojka?

15 MR. SOJKA:

16 I'd like to call the question.

17 MR. COY:

18 I'd object to that.

19 MR. MCCABE:

20 Mr. Chair, after listening to Mr.
21 Downey's, especially, testimony, because of his
22 outstanding reputation and track record with us and
23 who he represents, I would like to make a motion to
24 table Commissioner Sojka's motion to grant the OEC
25 Motion for Summary Judgment regarding revocation of

1 Philadelphia Entertainment. I'd also like to move
2 that they are required, by December 10th, to submit
3 all signed documents to OEC and that this matter reach
4 a final decision on December 16th.

5 CHAIRMAN:

6 Could I ask a question? And maybe I'll
7 reach out to our Chief Counsel and Enforcement
8 Counsel. What documents would we be talking about,
9 just so we're as specific, if this motion is granted,
10 as we can be? Do we have a second?

11 MR. TRUJILLO:

12 Second.

13 CHAIRMAN:

14 Second. Thank you.

15 ATTORNEY SHERMAN:

16 The OEC has been dealing with the
17 document process and would probably be in the best
18 position to answer this.

19 CHAIRMAN:

20 Thank you. Cyrus?

21 ATTORNEY PITRE:

22 One of the first things we would need
23 were applications submitted to Licensing, with Notice
24 of Intent to transfer the Petition for Change of
25 Control, all the documents that would support that

1 petition. Those would be the tentative financing
2 documents. Those would be any structural changes
3 within the organization, a totally --- Mr. Downey is
4 well familiar with what we need because we've met
5 several times on this. We also need a petition to
6 modify the facility. There would have to be a public
7 input hearing before the Board can consider that.
8 They have to have all their agreements signed and
9 delivered, their management agreements and any other
10 agreements that they have. Based on the testimony
11 today and the timeline that's been set up previously,
12 we'd need a Petition for Extension of Time. But that
13 would have to come later, after the Board approves the
14 Petition for Modifying the Facility and the Petition
15 for Change of Control. And these are very
16 time-consuming things, and it's not going to take ---
17 you know, we're not going to be able to get through
18 this in 30 days. It may be 60, 90 days to go through
19 all these documents and to see how this all comes
20 together. I mean, we went through the same thing with
21 other licensees in Pittsburgh, as the Board well
22 knows. It didn't happen overnight. We started in May
23 and finished up sometime in August. So it's going to
24 be time consuming for staff. And so if we go in that
25 direction, we need those things filed right away so

1 that we can start reviewing in order to put them all
2 before the Board for Board consideration.

3 CHAIRMAN:

4 Hold on one second. Commissioner Coy?

5 MR. COY:

6 Point of parliamentary inquiry, does the
7 vote on the motion to table require a qualified
8 majority?

9 ATTORNEY SHERMAN:

10 Yes.

11 CHAIRMAN:

12 Commissioner Trujillo?

13 MR. TRUJILLO:

14 I understand all of the documentation
15 that you're saying that would ultimately be needed.
16 What documents would Enforcement Counsel need to reach
17 a level of comfort that there's actually a viable
18 transaction?

19 ATTORNEY PITRE:

20 Signed agreements between the parties and
21 definitive financing documents laid out and executed,
22 or at least final draft documents that we could review
23 and ask questions about prior to closing.

24 MR. TRUJILLO:

25 Thank you.

1 MR. SOJKA:

2 Just a point of clarification.

3 CHAIRMAN:

4 Yes, you may. Commissioner Sojka?

5 MR. SOJKA:

6 Yes. If a qualified majority is
7 required, it would be necessary for me to vote to
8 table my own motion in order for this extension to
9 December 12th to occur; is that correct?

10 CHAIRMAN:

11 That is correct.

12 MR. SOJKA:

13 Thank you.

14 CHAIRMAN:

15 Commissioner Angeli?

16 MR. ANGELI:

17 Mr. Jacoby, you know --- and you've heard
18 it from this Board, and we've been taken to the 11th
19 hour many, many times now. And I really don't get a
20 warm sense of --- when you talk about listening to
21 what Mr. Pitre had to say, when you're talking about
22 in a couple days we can pull all this stuff together,
23 and then listening to what he has to say, you can pull
24 it together, but it's going to take three, six --- or
25 three to six months or something possibly to pull all

1 this together. In the short time period of the date,
2 I heard December 10th, I heard that date, is this a
3 possibility to be able to do what you think you have
4 to do to bring the comfort level to their division
5 that would make this viable? And then are you
6 prepared, if that doesn't work by December 10th, is
7 Harrah's prepared to say, okay, the deal is dead, I'm
8 out of here?

9 ATTORNEY JACOBY:

10 I'll let Harrah's answer the last
11 question. I'll answer the first one. The documents
12 are primarily a Purchase Agreement, which basically
13 incorporate all the other documents. The Purchase
14 Agreement is among all the current partners of ---
15 PEDP, WPI and FDC are the partners. Also, Citizens
16 Bank, as well as Harrah's and their nominees. I have
17 every expectation --- I've been reading the chart for
18 PEDP and the negotiations, and I really have every
19 expectation that the issues that we're dealing with
20 can be resolved. There was a call set up for this
21 morning that had to be canceled because of this
22 hearing to deal with the issues involving our advisor,
23 Blackstone and Apollo and other people involved. So I
24 have every expectation --- the Purchase Agreement
25 includes a restructured, unlimited partnership

1 agreement. They're all attached as exhibits. The
2 Trademark License Agreement and Management Agreement.
3 I can give Cyrus a list of whatever those documents
4 are. But those are the documents that we will have.
5 And if your question is do I have an expectation, I
6 have a very real expectation that that will be done.
7 We're highly incented. We were highly incented,
8 frankly, and I'm glad that Bill is here because he
9 apparently has a huge amount of credibility, and I
10 hope to build to that one day, but we were highly
11 incented on October 27th, when you folks gave us a
12 little more breathing room. And we worked --- we
13 thought we would get this done by the 15th,
14 Commissioner, and I personally apologize. There was
15 no more hours in the day to get this done. We tried.
16 And it wasn't that we disagreed. It just --- it's
17 just getting it done. And I know what Commissioner
18 Trujillo says about the government lending and
19 everything. I can't explain it. It's just taken a
20 lot of time. There's a lot of people. There's a lot
21 of lawyers. And you know what Shakespeare said about
22 the lawyers, the first thing you do is kill the
23 lawyers. And regretfully --- and Commissioner, that's
24 the setup for you, and hopefully you won't take it.

25

CHAIRMAN:

1 Go ahead. Commissioner Angeli?

2 ATTORNEY DOWNEY

3 Commissioner Angeli, you asked is it
4 possible. The answer is it's absolutely possible.
5 Every document that Cyrus just listed --- and I want
6 to remind Cyrus on one point. The application package
7 that I listed when we spoke earlier, every individual
8 but one in the pile of 31 applications that we have is
9 presently qualified by this Board. So we've got one
10 person coming in with a new application. Five ---
11 four entities that have been created for this purpose
12 are brand-spanking new, with no history. Okay.
13 There's no --- there's nothing there other than
14 organizational documents and an initiation of their
15 structure. And the balance of those entities are also
16 qualified by this Board. So effectively, the new
17 material we have coming in on the application side,
18 which I recognize is painstaking, is either entities
19 or persons that are currently qualified by this Board,
20 brand-spanking new, with no history, or in the case of
21 one individual, a new guy in the Harrah's mix who I'm
22 not --- we're not at all concerned, given who he is
23 and where he is. That, I hope, allays a lot of the
24 concern about the time that's going to be involved
25 grinding through. Now, I do not give short shrift to

1 the notion that somebody is going to be chewing
2 through these transaction documents. And having done
3 so, as has Mr. Jacoby, it's dense stuff. But as Mr.
4 Trujillo correctly points out, it's happened before,
5 and you know, we're going to get through it.

6 Every other document indicated by Cyrus
7 as being required of us is in very close to final form
8 awaiting any tweaks in the transaction that come. But
9 the Change of Control Petition, the Change of Facility
10 Petition, the Petition for Extension of Time, the
11 Notice of Intent, are all in the can. They're waiting
12 for some blanks to be filled in. And you know, the
13 baseline has to be wrapped up. Once that's done, this
14 stuff comes into you not in the form. In fact, Mr.
15 Jacoby and I were talking about this earlier this
16 morning. This is not going to be the case where we
17 drop transaction documents on Cyrus and say, see you
18 in a couple weeks with our petition package. When the
19 transaction docs are done, they're coming in under
20 cover of petitions. So this whole thing is going to
21 move simultaneously. And frankly, our vision of this
22 process is that it's all coming in, including the
23 Extension of Time Petition right behind the other
24 petition package.

25 CHAIRMAN:

1 Cyrus? I'm sorry.

2 MR. ANGELI:

3 Just a question to the Board. The motion
4 that's on the table to table this to December 10th
5 ---.

6 CHAIRMAN:

7 Submission of the documents to December
8 10th and then to take it up at the December 16th
9 meeting.

10 MR. ANGELI:

11 And in the event that the documents and
12 that timeline is not met, do we automatically defer to
13 the previous motion for revocation?

14 CHAIRMAN:

15 That motion would be ripe for
16 consideration at the December 16th meeting. So we
17 would take it up again.

18 MR. COY:

19 Or said another way, the motion to table
20 is ended on that date.

21 CHAIRMAN:

22 Correct.

23 MR. COY:

24 We would require either a new motion or
25 action on that one, but I think ---.

1 MR. SOJKA:

2 No, the motion stands.

3 CHAIRMAN:

4 Yeah, the motion would stand until the
5 December 16th, but we could then take up the Motion to
6 Revoke.

7 MR. COY:

8 But I meant expires.

9 CHAIRMAN:

10 Yes. Cyrus? I'm sorry, Commissioner
11 Angeli?

12 MR. ANGELI:

13 I'm looking.

14 CHAIRMAN:

15 Okay. Cyrus?

16 ATTORNEY PITRE:

17 To the extent that, depending on where
18 Citizens Bank fits into this whole transaction, if
19 they have to be licensed, there would be a background
20 investigation that needs to occur also, and that may
21 or may not take up some time. So, I don't want
22 anybody to think that ---.

23 MR. ANGELI:

24 Prior to the 10th?

25 ATTORNEY PITRE:

1 No. There's no way that could be done
2 prior to the 10th. I'm just saying after all the
3 filings were done, just because everything that's
4 filed, it might not be ripe for Board consideration
5 for some time with regard to these petitions that they
6 anticipate filing.

7 MR. MCCABE:

8 I think we just want to determine can
9 they build a casino? Can they finance and build a
10 casino? That other stuff I think we realize comes
11 afterwards.

12 ATTORNEY PITRE:

13 I've seen the term sheet. I'm waiting to
14 see --- I mean, the devil is in the details.

15 CHAIRMAN:

16 Okay. Any other questions? Commissioner
17 McCabe, do you want to restate your motion?

18 MR. MCCABE:

19 I hope I can remember it. Yes, Mr.
20 Chair. And I'll try to do the whole thing. Based on
21 hearing Mr. Downey's testimony and his reputation and
22 track record before us and the company that he
23 represents, I move that we table Commissioner Sojka's
24 motion to grant the OEC Motion for Summary Judgment
25 regarding revocation of Philadelphia Entertainment and

1 Development Partners and that we require them to turn
2 in by December 10th --- to submit all documents to OEC
3 and that this matter be then heard on December 16th.

4 CHAIRMAN:

5 Is there a second to that motion?

6 MR. TRUJILLO:

7 Second.

8 CHAIRMAN:

9 All in favor?

10 AYES RESPOND

11 CHAIRMAN:

12 Opposed? That motion to table passes.

13 Counselor?

14 ATTORNEY SHERMAN:

15 That concludes the matter of Philadelphia
16 Entertainment and Development Partners. The Motion to
17 Revoke is tabled, and they have the obligation, by
18 December 10th, to file the pertinent documents.

19 CHAIRMAN:

20 Okay.

21 ATTORNEY SHERMAN:

22 Next, presenting Withdrawals and Reports
23 and Recommendations is Deputy Chief Counsel Steve
24 Cook.

25 UNIDENTIFIED SPEAKER:

1 That's what this is about.

2 CHAIRMAN:

3 Ma'am, I'm going to ask if anybody wants
4 to leave the room, they can leave the room, but there
5 will be order in this room. And we will not tolerate
6 outbursts. You will be removed from the building and
7 the room. Go ahead, please. Counselor?

8 ATTORNEY COOK:

9 Good afternoon. The Board has three
10 unopposed Petitions to Withdraw Applications of nine
11 individuals or businesses. The persons or entities
12 subject to these petitions are as follows, NRT
13 Technology Corp, Universal Entertainment Corporation,
14 Kazuo Okada, Tomohiroi Okada, Hajime Tokuda, Mitsuhiro
15 Kitabatake, Hiroyuki Sawada, Yoshiyuki Shoji and
16 Whitebriar Financial Corp.

17 CHAIRMAN:

18 We will provide the stenographer with the
19 correct spelling of those names.

20 ATTORNEY COOK:

21 I would like the record to reflect that
22 was Mr. Sherman's duty today, and he asked me to do it
23 instead, so ---. The OEC has no objections to these
24 withdrawals. As such, the OCC submits these
25 withdrawals to the Board for consideration of a motion

1 that each withdrawal be granted without prejudice.

2 CHAIRMAN:

3 Any questions or comments from the Board?

4 Could I have a motion, please?

5 MR. ANGELI:

6 Mr. Chairman, I move that the Board issue
7 Orders to approve the Withdrawals and Surrenders as
8 described by the OCC.

9 CHAIRMAN:

10 Second?

11 MR. COY:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 AYES RESPOND

16 CHAIRMAN:

17 Opposed? Motion passes.

18 ATTORNEY COOK:

19 Next before the Board for consideration
20 are four Reports and Recommendations received from the
21 Office of Hearings and Appeals (OHA) relative to two
22 Non-Gaming Employee Registrations, one Gaming Employee
23 Permit and one Request to be Removed from the
24 Prohibited Vendors List. In each case, the Report and
25 Recommendation, along with the evidentiary record, has

1 been supplied to the Board in advance of this meeting.
2 Additionally, the person who is the subject of the
3 Report and Recommendation has been notified that the
4 matter was being heard by the Board today and that
5 they have the right to come before the Board and
6 briefly address the Board.

7 The first Report and Recommendation
8 before the Board today is Jimmie Brown. On May 24th,
9 2010, Mr. Brown submitted a Non-Gaming Employee
10 Application to work as an Operations Attendant at the
11 Parx Casino. The OEC issued a Notice of
12 Recommendation of Denial based upon the failure of Mr.
13 Brown to disclose his entire criminal history,
14 including felony convictions and the nature --- as
15 well as the nature of that history. Specifically, in
16 his application Mr. Brown did not report --- he did
17 report that he had been arrested for a variety of
18 traffic offenses. However, he failed to disclose ten
19 other arrests, eight of which resulted in convictions.
20 Mr. Brown requested a hearing, which was held on
21 September 15th, 2010. Both the OEC and Mr. Brown, who
22 is present today, appeared and offered testimony and
23 documentary evidence. Mr. Brown testified that he did
24 not disclose the entirety of his criminal history
25 because he wasn't able to remember all of it and did

1 not want to make a mistake and be accused of being
2 dishonest. Subsequent to the hearing, a Report and
3 Recommendation was issued by the OHA recommending the
4 denial of Mr. Brown's Non-Gaming Registration
5 Application. This Report and Recommendation is
6 presently before the Board. And as I indicated, Mr.
7 Brown is also present.

8 CHAIRMAN:

9 Thank you. Counselor, Mr. Cook, do you
10 have the non-disclosed infractions in front of you?
11 And take your time, just so we can read those into the
12 record.

13 ATTORNEY COOK:

14 The non-disclosed infractions include a
15 February 10th, 1984 arrest in Trenton, New Jersey,
16 resulting in a charge of larceny, which was a felony
17 and a conviction; a March 30th, 1985 arrest, which
18 resulted in dismissal of certain charges; a June 23rd,
19 1986 arrest in Trenton for various drug offenses,
20 which resulted in a guilty conviction as to one drug
21 offense and a fine of \$225; an April 21st, 1989 arrest
22 in Trenton, New Jersey for possession of marijuana,
23 which resulted in a conviction and a sentencing of 60
24 days confinement and one-year probation; an October
25 11th, 1989 conviction --- or arrest in Trenton, New

1 Jersey for possession of cocaine, again, a conviction,
2 60 days confinement, one-year probation; a February
3 7th, 1990 arrest by the New York City Port Authority
4 for burglary and unauthorized use of a vehicle. A
5 Bench Warrant for that offense was issued on April
6 6th, 1990, but no further information was found. A
7 March 27th, 1990 arrest by the Trenton, New Jersey
8 Police for obstruction of justice and possession of
9 cocaine, a guilty plea to possession of cocaine and a
10 sentence of 30 days confinement and one-year
11 probation; a March 12th, 1994 arrest in Myrtle Beach,
12 South Carolina for disorderly conduct, which resulted
13 in a conviction and a fine of \$95; a July 6th, 2001
14 arrest by the New Jersey State Police for possession
15 of a controlled substance, which resulted in six
16 months suspension of a driver's license and payment of
17 a \$955 fine. There was subsequently a re-sentencing
18 relative to that, which resulted in 15 days of
19 confinement; and then finally, a May 24th, 2002
20 Trenton, New Jersey Police Department arrest for
21 simple assault and threatening to kill, with a
22 conviction for simple assault and a one-year probation
23 sentence.

24 CHAIRMAN:

25 Thank you. Mr. Brown, if you want to

1 make a statement before the --- could you please stand
2 to be sworn?

3 -----
4 JIMMIE BROWN, HAVING FIRST BEEN DULY SWORN, TESTIFIED
5 AS FOLLOWS:

6 -----
7 CHAIRMAN:

8 Thank you very much. If you want to make
9 a brief statement before the Board, please begin.

10 ATTORNEY PITRE:

11 I think he needs to be re-sworn.

12 CHAIRMAN:

13 Oh, okay. I'm sorry.

14 -----
15 JIMMIE BROWN, HAVING FIRST BEEN DULY SWORN, TESTIFIED
16 AS FOLLOWS:

17 -----
18 CHAIRMAN:

19 Thank you. Okay. Now, if you want to
20 make a brief statement before the Board, please
21 proceed to do so.

22 A. The only thing I can say is like all that is
23 behind me now, and I'm trying to move forward.

24 CHAIRMAN:

25 What do you do now? Are you employed

1 now?

2 A. Yeah. I work part time here and there doing
3 handyman work.

4 CHAIRMAN:

5 And when's the last time you had a
6 full-time job?

7 A. It's been like close to a year.

8 CHAIRMAN:

9 A year?

10 A. Yes.

11 CHAIRMAN:

12 Okay. Commissioner Coy?

13 MR. COY:

14 And when's the last time you abused drugs
15 or alcohol?

16 A. It's been approximately a year now, about six
17 months.

18 CHAIRMAN:

19 Any further questions from the Board.

20 Okay. Seeing none, could I have a motion, please?

21 MR. COY:

22 I just want to make sure we're clear.

23 The Recommendation of the OHA was ---?

24 ATTORNEY COOK:

25 The Report and Recommendation is to deny

1 the application. So, a vote to adopt the Report and
2 Recommendation will deny the application or reject the
3 application.

4 MR. COY:

5 I'm ready, Mr. Chairman.

6 CHAIRMAN:

7 Go ahead, Commissioner Coy.

8 MR. COY:

9 Chairman, I move that the Board issue an
10 Order to adopt the Report and Recommendation of the
11 OHA regarding the Non-Gaming Employee Registration of
12 Jimmie Brown, as described by the OCC.

13 MR. GINTY:

14 Second.

15 CHAIRMAN:

16 All in favor?

17 AYES RESPOND

18 CHAIRMAN:

19 Opposed? Motion passes.

20 ATTORNEY COOK:

21 Next for the Board's consideration is a
22 Report and Recommendation relating to Lisa Kastle.
23 Ms. Kastle submitted a Non-Gaming Employee Application
24 seeking work as a bartender at Presque Isle Downs.
25 The OEC issued a Notice of Recommendation of Denial

1 based on the fact that Ms. Kastle had previously been
2 convicted of conspiracy to deliver a controlled
3 substance, a felony. Ms. Kastle requested a hearing
4 on the recommended denial, and despite receiving
5 proper notice, she failed to attend the August 11,
6 2010 hearing. At the conclusion of that hearing, the
7 Hearing Officer issued a Report and Recommendation,
8 recommending that Ms. Kastle's application be denied.
9 This Report and Recommendation is presently before the
10 Board.

11 CHAIRMAN:

12 Is Ms. Kastle present? Any questions
13 from the Board? Could I have a motion, please?

14 MR. GINTY:

15 Mr. Chairman, I move that the Board issue
16 an Order to adopt the Report and Recommendation of the
17 OHA regarding the Non-Gaming Employee Registration of
18 Lisa Kastle, as described by the OCC.

19 CHAIRMAN:

20 Second?

21 MR. MCCABE:

22 Second.

23 CHAIRMAN:

24 All in favor?

25 AYES RESPOND

1 CHAIRMAN:

2 Opposed? Motion passes.

3 ATTORNEY COOK:

4 The next Report and Recommendation before
5 the Board today pertains to Tyler Lepley. Mr. Lepley
6 submitted an application for a Gaming Employee Permit
7 on May 13th, 2010 seeking work as a Table Games
8 Dealer. In his application Mr. Lepley disclosed an
9 October 2007 arrest for simple assault. However,
10 during BIE'S investigation, it was found that Mr.
11 Lepley was also charged in May 2009 with robbery,
12 criminal conspiracy, simple assault, receiving stolen
13 property, theft and misdemeanor conspiracy. The
14 result of these charges was a guilty plea for simple
15 assault, receiving stolen property and theft. Based
16 upon his failure to disclose his May 2009 charges, as
17 well as the nature of those charges, the OEC issued a
18 Notice of Recommendation of Denial. Mr. Lepley
19 requested a hearing, which was held on September 14th,
20 2010. Both the OEC and Mr. Lepley were present at the
21 hearing and offered testimony and exhibits. At the
22 hearing Mr. Lepley testified that he entered his
23 complete criminal history on the SLOTSlink computer
24 application. But because he was fatigued from the
25 lengthy application process, he failed to click the

1 save button for the page outlining his more recent
2 offense, which resulted in that information not being
3 included. Additionally, by way of character evidence,
4 Mr. Lepley also testified that after serving 53 days
5 incarceration for his 2009 conviction, he returned to
6 college and graduated in May 2010. He also provided
7 the Hearing Officer with Letters of Recommendation
8 from a former roommate, a strength coach at Kutztown
9 University, as well as one of his professors, who I
10 believe was also from Kutztown. Presently, Mr. Lepley
11 is on parole, and his parole --- actually, his parole
12 has ended. I guess it ended on August 11th. The
13 Report --- Recommendation issued by the Hearing
14 Officer ultimately recommended that Mr. Lepley's
15 application be denied for the nondisclosure, as well
16 as the nature of the underlying offenses. And that
17 Recommendation and Report is before the Board.

18 CHAIRMAN:

19 Thank you. Is Mr. Lepley here. Any
20 questions or comments from the Board? If there are
21 none, could I have a motion, please?

22 MR. MCCABE:

23 Yes, Mr. Chair. I move that the Board
24 issue an Order to adopt the Report and Recommendation
25 of the OHA regarding the Gaming Employee Permit of

1 Tyler Lepley, as described by the OCC.

2 MR. SOJKA:

3 Second.

4 CHAIRMAN:

5 All in favor?

6 AYES RESPOND

7 CHAIRMAN:

8 Opposed? Motion passes.

9 ATTORNEY COOK:

10 The final Report and Recommendation
11 before the Board today is a request to be removed from
12 the Voluntary Self-Exclusion List. On June 29th, 2008
13 an individual with the initials JJR entered the
14 Mohegan Sun Casino and requested that he be placed on
15 the Voluntary Self-Exclusion List, specifically
16 requesting that he be placed on the Self-Exclusion
17 List for life. On that date, the Casino Compliance
18 Representative on duty met with JJR and conducted an
19 interview with him to determine if he was sober and
20 coherent and aware of what he was requesting. That
21 determination was made that, in fact, the individual
22 was sober and coherent. During the interview, the
23 Casino Compliance Representative reviewed each
24 provision of the self-exclusion checklist and asked
25 JJR if he needed an interpreter to fully understand

1 the self-exclusion program. The need for an
2 interpreter was denied or declined. At that time, JJR
3 was advised that once he chose to be on the list for
4 life, he was prohibited from requesting removal for
5 some period of time. I believe it's a five-year
6 period at the very least. However, approximately two
7 years later, on August 3rd, 2010, JJR sent a letter to
8 the Board requesting he be removed from the
9 Self-Exclusion List, stating that he was in diminished
10 capacity after having several alcoholic drinks and was
11 unclear what entry on the list actually meant. The
12 Office of Enforcement Counsel filed an Answer to the
13 Petition and a hearing was scheduled for September
14 23rd, 2010. Despite receiving notice, JJR failed to
15 attend that hearing. The outcome of the hearing was a
16 Report and Recommendation recommending that the
17 Petition to be removed from the list be denied, and
18 that is presently before the Board for consideration.

19 CHAIRMAN:

20 Thank you. Any questions or comments
21 from the Board. Could I have a motion, please?

22 MR. SOJKA:

23 Yes. Mr. Chairman, I move that the Board
24 issue an Order to adopt the Report and Recommendation
25 of the OHA regarding the petition of JRR, as described

1 by the OCC.

2 CHAIRMAN:

3 Second?

4 MR. TRUJILLO:

5 Second.

6 CHAIRMAN:

7 All in favor?

8 AYES RESPOND

9 CHAIRMAN:

10 Opposed? Motion passes.

11 ATTORNEY COOK:

12 Next for the Board's consideration is an
13 Emergency Suspension. Scott Ferguson was issued a
14 Non-Gaming Employee Registration on June 10th, 2009
15 and was employed as a bartender at the Rivers Casino.
16 On Memorial Day 2010, Mr. Ferguson was charged with
17 three criminal offenses stemming from an alleged
18 burglary. As a result of these charges, the OEC filed
19 a request for an Emergency Order of Suspension of Mr.
20 Ferguson's Non-Gaming Employee Registration. That
21 Order was signed by the Executive Director on November
22 2nd, 2010. Board Regulations require that a Temporary
23 Emergency Order be presented to the Board for a full
24 evidentiary hearing, or in the alternative, be
25 referred to the OHA to conduct that hearing. In this

1 case, the OCC recommends that the matter be referred
2 to OHA for the full evidentiary hearing and that in
3 the interim, the Emergency Suspension Order remain in
4 place.

5 CHAIRMAN:

6 Thank you. Any questions or comments?
7 Could I have a motion, please?

8 MR. TRUJILLO:

9 Mr. Chairman, I move that the Board issue
10 an Order to extend the Emergency Suspension of Scott
11 Ferguson's Non-Gaming Employee Registration and that
12 the matter be referred to the OHA for a hearing to
13 determine the validity of the Emergency Suspension
14 Order.

15 MR. ANGELI:

16 Second.

17 CHAIRMAN:

18 All in favor?

19 AYES RESPOND

20 CHAIRMAN:

21 Opposed? The motion passes.

22 ATTORNEY COOK:

23 The last OCC matter before the Board
24 today is another Emergency Suspension relative to Mark
25 Wherley, who was issued a Gaming Employee Permit on

1 March 2nd, 2010 and was employed with the GTECH
2 Corporation. On October 20th, 2010, Mr. Wherley was
3 charged with criminal attempt to possess with intent
4 to deliver a controlled substance, possession with
5 intent to deliver a controlled substance and
6 conspiracy to commit possession with intent to deliver
7 a controlled substance, each of which were felony
8 charges. As a result of these charges, the OEC filed
9 a request for Emergency Order of Suspension of Mr.
10 Wherley's Gaming Employee Permit. The Order was
11 signed by the Executive Director on November 8th,
12 2010. And on that date, representatives of GTECH were
13 also notified of this Emergency Suspension. As with
14 the last matter, Board Regulations require that a full
15 evidentiary hearing be held. We would recommend that
16 the matter be referred to OHA to conduct that hearing
17 and that, in the interim, the Emergency Suspension
18 Order remain in place.

19 CHAIRMAN:

20 Any questions or comments from the Board?
21 Could I have a motion, please?

22 MR. TRUJILLO:

23 Mr. Chairman, I move that the Board issue
24 an Order to extend the Emergency Suspension of Mark
25 Wherley's Gaming Employee Permit and that the matter

1 be referred to the OHA for a hearing to determine the
2 validity of the Emergency Suspension Order.

3 MR. ANGELI:

4 Second.

5 CHAIRMAN:

6 All in favor?

7 AYES RESPOND

8 CHAIRMAN:

9 Opposed? Motion passes.

10 ATTORNEY SHERMAN:

11 And that concludes the matters of the
12 OCC.

13 CHAIRMAN:

14 Thank you very much, Doug. Thank you,
15 Steve.

16 Next up is our Director of Licensing,
17 Susan Hensel. Welcome, Susan.

18 MS. HENSEL:

19 Thank you, Chairman Fajt and members of
20 the Board. The first matter for your consideration is
21 the renewal of a Slot Machine Manufacturer License for
22 IGT. The BIE has completed its investigation and the
23 Bureau of Licensing has provided you with the renewal
24 background investigation and suitability report for
25 this Licensee. I have provided you with the draft

1 order approving the renewal of IGT's license, and I
2 ask that the Board consider the Order.

3 ATTORNEY PITRE:

4 No objection.

5 CHAIRMAN:

6 Thank you. Any questions or comments
7 from the Board?

8 MR. GINTY:

9 I have a question. I noticed in reading
10 the report that IGT has had a high number of
11 violations, relatively small violations, over the past
12 year or so. And I also recognize that IGT is a very
13 big organization. But they all seem to kind of have a
14 common theme to them, and they're sending things out
15 improperly or without, you know, safeguards or they're
16 sending the wrong things out. Did we get anything in
17 terms of --- have they reviewed their processes or
18 procedures to tighten up their practices?

19 ATTORNEY PITRE:

20 The internal control process sometimes
21 breaks down, as with a lot of big companies. With
22 regard to IGT, we have not had any specific issues in
23 our jurisdiction, so no, we did not get anything from
24 any of the other jurisdictions relating to what IGT
25 did to correct that matter. We do know that IGT has

1 thus far followed the protocols with dealing with our
2 lab. We've only had one manufacturer that did
3 something by mistake, and the Board fined that
4 manufacturer. So we haven't had a breakdown of our
5 internal controls during this jurisdiction.

6 MR. GINTY:

7 And I also notice it's had a pretty
8 substantial changeover in their management as well.
9 Mr. Chairman, I don't know quite what the right
10 process would be, but I would be a lot more
11 comfortable if we deferred this, and I would ask Cyrus
12 if he could just simply get a letter from IGT
13 detailing what measures they've taken in response to
14 these violations.

15 ATTORNEY PITRE:

16 I'd like to check with Susan to make sure
17 deferment would not cause expiration of the actual
18 license.

19 MS. HENSEL:

20 The license is set to expire December
21 2nd. However, if there is further investigation
22 required, we do have the ability to toll that
23 expiration, pending the outcome of the further
24 investigation.

25 ATTORNEY PITRE:

1 And I can document that as an
2 investigation that can be conducted, if that's what
3 this Board chooses to do.

4 MR. GINTY:

5 I don't know if you need anything formal
6 or just ---.

7 CHAIRMAN:

8 No. I think that if we defer the motion,
9 we defer the motion. And I think, Cyrus, if you want
10 to reach out to them and tell them that the Commission
11 does have --- or the Board does have concerns about
12 their apparent lack of attention to detail on some of
13 these issues and we would like a letter from them or a
14 personal appearance, I'll leave that up to you, at our
15 next Board meeting.

16 ATTORNEY PITRE:

17 Okay. Thank you.

18 CHAIRMAN:

19 Thank you. Next matter, Susan?

20 MS. HENSEL:

21 Okay. The next matter for your
22 consideration is the approval of a Principal License
23 for Edson Robert Arneault. Prior to this meeting, the
24 Bureau of Licensing provided you with a proposed order
25 for this principal license for Presque Isle Downs,

1 Inc. I ask that the Board consider the Order
2 approving this license.

3 CHAIRMAN:

4 Any questions or comments from
5 Enforcement Counsel?

6 ATTORNEY PITRE:

7 No, we have no objections.

8 CHAIRMAN:

9 Any questions or comments from the Board?
10 Seeing none, could I have a motion, please?

11 MR. COY:

12 Mr. Chairman, I move the Board approve
13 the issuance of the Principle License, as described by
14 the Bureau of Licensing.

15 MR. GINTY:

16 Second.

17 CHAIRMAN:

18 All in favor?

19 AYES RESPOND

20 CHAIRMAN:

21 Opposed? Motion passes. Next?

22 MS. HENSEL:

23 We also have for your consideration the
24 issuance of Temporary Key Employee Licenses. Prior to
25 this meeting, the Bureau of Licensing provided you

1 with an Order regarding the issuance of Temporary
2 Licenses for seven Key Employees. I ask that the
3 Board consider the Order approving these licenses.

4 ATTORNEY PITRE:

5 No objection.

6 CHAIRMAN:

7 Thank you. Questions or comments from
8 the Board? Seeing none, could I have a motion,
9 please?

10 MR. GINTY:

11 Mr. Chairman, I move that the Board
12 approve the issuance of Temporary Principle and Key
13 Employee credentials, as described by the Bureau of
14 Licensing.

15 CHAIRMAN:

16 Second?

17 MR. MCCABE:

18 Second.

19 CHAIRMAN:

20 All in favor?

21 AYES RESPOND

22 CHAIRMAN:

23 Opposed? The motion passes.

24 MS. HENSEL:

25 Next are Gaming Permits and Non-Gaming

1 Registrations. Prior to this meeting, the Bureau of
2 Licensing provided you with a list of 393 individuals,
3 including 281 initial and 112 G2 Temporary Permits who
4 the Bureau has granted Occupation Permits to, and 117
5 individuals who the Bureau has granted Registrations
6 to under the authority delegated to the Bureau of
7 Licensing. I ask that the Board adopt a motion
8 approving this Order.

9 CHAIRMAN:

10 Any questions from Enforcement Counsel?

11 ATTORNEY PITRE:

12 We have no objection.

13 CHAIRMAN:

14 Thank you. Questions from the Board?
15 Could I have a motion?

16 MR. MCCABE:

17 So moved.

18 MR. SOJKA:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 AYES RESPOND

23 CHAIRMAN:

24 Opposed? Motion passes.

25 MS. HENSEL:

1 We also have withdrawal requests for Key
2 Employees and G2 Employees. In each case, the license
3 is no longer required due to --- the license or permit
4 are no longer required due to such circumstances as
5 the employee failing to report to work or the job
6 offer being rescinded. For today's meeting, I have
7 provided the Board with a list of 69 Key and G2
8 Employee Withdrawals for approval. I ask that the
9 Board consider the Order approving this list of
10 withdrawals.

11 ATTORNEY PITRE:

12 No objection.

13 CHAIRMAN:

14 Questions from the Board? Could I have a
15 motion, please?

16 MR. SOJKA:

17 So moved.

18 CHAIRMAN:

19 Second?

20 MR. TRUJILLO:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 AYES RESPOND

25 CHAIRMAN:

1 Opposed? Motion passes.

2 MS. HENSEL:

3 Finally, we have an Order regarding
4 Gaming Service Provider Registrations. The Bureau of
5 Licensing provided you with an Order and an attached
6 list of ten Registered Gaming Service Providers. I
7 ask that the Board adopt a motion approving the Order
8 registering these gaming service providers.

9 ATTORNEY PITRE:

10 No objection.

11 CHAIRMAN:

12 Questions from the Board? Could I have a
13 motion?

14 MR. TRUJILLO:

15 So moved.

16 MR. SOJKA:

17 Second.

18 CHAIRMAN:

19 All in favor?

20 AYES RESPOND

21 CHAIRMAN:

22 Opposed? Motion passes.

23 MS. HENSEL:

24 That concludes the Bureau of Licensing's
25 presentation.

1 CHAIRMAN:

2 Thank you very much, Susan. That will
3 conclude today's meeting. Just in closing, our next
4 scheduled public meeting will be held on Thursday,
5 December 16th, 2010, in the State Museum Auditorium.
6 That meeting will begin at 10:00 a.m. Any final
7 comments from the Board? Could I have a motion to
8 adjourn?

9 MR. ANGELI:

10 So moved.

11 MR. MCCABE:

12 Second.

13 CHAIRMAN:

14 The meeting is adjourned. Thank you.

15 * * * * *


16 MEETING CONCLUDED AT 2:30 P.M.

17 * * * * *

18 CERTIFICATE

19 I hereby certify that the foregoing
20 proceedings, meeting held before the Pennsylvania
21 Gaming Control Board, was reported by me on 11/18/2010
22 and that I Cynthia Piro Simpson read this transcript
23 and that I attest that this transcript is a true and
24 accurate record of the proceeding.

25


Cynthia Piro Simpson
Court Reporter