

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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BEFORE: GREGORY C. FAJT, CHAIRMAN
Raymond S. Angeli, Keith R. McCall,
Anthony C. Moscato, Gary A. Sojka,
Kenneth I. Trujillo; Members
Christopher Craig, Representing Robert M.
McCord, State Treasurer
Robert P. Coyne, Representing Dan Meuser,
Secretary of Revenue
George Greig, Acting Secretary of
Agriculture
MEETING: Thursday, February 24, 2011, 10:48 a.m.
LOCATION: North Office Building
Hearing Room 1
401 North Front Street
Harrisburg, PA 17120
WITNESSES: NONE

Reporter: Jolynn C. Prunoske

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CHAIRMAN:

Our regular meeting. By way of announcements --- since our last meeting the Board held Executive Sessions yesterday, February 23, and again just prior to this meeting. The purpose of yesterday's Executive Session was to discuss personnel matters pending litigation and conduct offsite judicial deliberations relating to matters being considered by the Board and including each of the matters coming before the Board today. Deputy Secretary Coyne attended yesterdays Executive Session.

The Executive Session which was just ended was held in quasi-judicial deliberation relative to the Sands Bethworks Hearing held earlier today. Again, Deputy Secretary Coyne, and Christopher Craig from the Treasurer's Office and also Secretary Greig from the Department of Agriculture attended that session.

Having made all the announcements, our next line of business is the Executive Director's report. If I could ask our Executive Director, Kevin O'Toole, to come forth. Welcome, Kevin.

MR. O'TOOLE:

1 Good morning, Chairman. Good morning,
2 members of the Board. After my presentation, we'll
3 call Ms. Lanza up for the second part of the Executive
4 Director's report.

5 For the record, I'm Kevin O'Toole.
6 That's O, apostrophe, T-O-O-L-E. Today I would like
7 to take a few moments to publicly express the Staff's
8 and the Board's sympathy's and condolences to the
9 family of Glenn Scott Peyton, our colleague, our
10 coworker and our friend who unexpectedly passed away
11 last week.

12 Glenn was a very proud alumnus of
13 Shippensburg University class of 1974. Soon after
14 graduating from Shippensburg, Glenn chose a career of
15 service to his country as a special agent for the
16 Federal Bureau of Investigation. He dedicated 30
17 years of service to the FBI to protect and uphold the
18 laws of our country. We were very fortunate in 2006
19 when Glenn decided to bring his law enforcement
20 expertise to the Pennsylvania Gaming Control Board as
21 a BIE Investigator.

22 He most recently served the Board as its
23 Director of the Office of Professional Responsibility.
24 Glenn did not seek the limelight, but he was a true
25 leader in many ways. His most enduring trait, in my

1 view as an employee of the Board, was his willingness
2 to go out of his way to mentor and counsel the younger
3 members of our staff. Our thoughts and our prayers
4 are with his wife, Paula, and his four children,
5 Justin, Brandon, Amber and Jennifer. Thank you,
6 Chairman.

7 So our second part of the ED report will
8 pass to Ms. Lanza, our Director of the Office of
9 Compulsive and Problem Gambling.

10 CHAIRMAN:

11 Thank you. And again, on behalf of the
12 Board, we also would like to issue our condolences to
13 our Staff who were friends of Glenn and to his family.
14 He was a great guy, and we will miss him dearly. So
15 thank you very much Kevin. And with that, Liz, you
16 may begin.

17 MS. LANZA:

18 Thank you. My name is Liz Lanza,
19 L-A-N-Z-A. Good morning, Chairman and members of the
20 Board. Before you today is a resolution for claiming
21 March 6th through March 12th as Problem Gambling
22 Awareness Week. The goal of this campaign is to bring
23 awareness to problem gambling and to educate the
24 public of the signs and symptoms of the addiction, as
25 well as to publicize the treatment options that are

1 available for problem gamblers.

2 For information on problem gambling and
3 problem gambling treatment options, the Office of
4 Compulsive and Problem Gambling urges citizens to
5 contact the Council on Compulsive Gambling in
6 Pennsylvania by calling 1-800-GAMBLER. or
7 1-800-848-1880. I ask the Board to adopt a resolution
8 that's before you today. And Chairman, if you'd like
9 I can read the resolution into the record.

10 CHAIRMAN:

11 Sure.

12 MS. LANZA:

13 It's a long one. So, bear with me.

14 Whereas the legislative intent of the
15 Pennsylvania Resource Development and Gaming Act,
16 recognizing in part that the public interest of the
17 citizens of this Commonwealth and social effects of
18 gaming shall be taken into consideration in any
19 decision or order made pursuant to the Gaming Act and
20 whereas the Gaming Control Board recognized the social
21 effects of gaming when it tasked its Office of
22 Compulsive and Problem Gambling to conduct research,
23 develop public outreach efforts, work with the
24 Pennsylvania slot machine Licensees, to develop and
25 implement proper gambling programs at licensed

1 facilities and administer the OCPG's self-exclusion
2 program and promote problem gambling education
3 programs in this Commonwealth and whereas the Gaming
4 Act establish a special fund to be known as the
5 Compulsive and Problem Gambling Treatment Fund and
6 require that all money in the fund should be expended
7 for programs for public awareness, prevention,
8 research, assistance and treatment of gambling
9 addictions.

10 And whereas problem gambling is a public
11 health issue affecting Pennsylvanians of all ages,
12 races, gender and ethnic backgrounds in all
13 communities and whereas problem gambling treatment ---
14 or problem gambling is treatable and treatment is
15 effective in minimizing the harm to individuals,
16 families and society as a whole, and whereas numerous
17 individuals professionals, agencies and organizations
18 in Pennsylvania have dedicated their efforts to the
19 education of the public about problem gambling and the
20 availability and effectiveness of treatments and
21 whereas promoting various problem gambling is an
22 opportunity to educate the public and policymakers
23 about the social and financial issues related to
24 problem gambling.

25 And therefore, the Pennsylvania Gaming

1 Control Board hereby recognizes March 6th through
2 12th, 2011, as Problem Gambling Awareness Week. We
3 encourage all citizens to learn more about the signs
4 of problem gambling and to help spread the message
5 about the availability of treatments.

6 CHAIRMAN:

7 Thank you, Liz.

8 MS. LANZA:

9 Thank you.

10 CHAIRMAN:

11 Any questions or comments from the Board?

12 Mr. Sojka?

13 MR. SOJKA:

14 One quick comment. That was fairly long.
15 But I'm glad that it contained in several places the
16 word research. I think there's no question that the
17 focus here has been, as it should be, on identifying
18 and trying to provide some aid in support to people
19 who identify as having the gaming problem --- to make
20 sure that they can find their way to help. There was
21 need, and we have to do that.

22 But the word research is critical because
23 I think though everyone recognizes that this is a
24 major problem with the gaming industry, I think the
25 actual data on which people base some of the broad

1 statements that they make is missing. And I would
2 love to see Pennsylvania and this Board take a strong
3 position in collecting data that people can count on
4 and look at and make decisions based upon. So, I'm
5 glad research is in there.

6 CHAIRMAN:

7 Thank you. Any other questions or
8 comments? Seeing none, can I have a motion, please?

9 MR. ANGELI:

10 Mr. Chairman, I move the Board approve
11 the resolution in 2011-3 CPG as presented by the
12 Office of Compulsive and Problem Gambling.

13 CHAIRMAN:

14 Second?

15 MR. SOJKA:

16 Second.

17 CHAIRMAN:

18 All in favor?

19 ALL SAY AYE

20 CHAIRMAN:

21 Opposed? The motion passes. Thank you,
22 very much, Kevin. Thank you, Liz. Next up is our
23 Chief Counsel Doug Sherman, and I believe Allison
24 Cassel is joining him. And I see Susan Yocum is
25 joining him. This must be a tough one. You brought

1 serious help with you.

2 ATTORNEY SHERMAN:

3 Good morning, Chairman and members of the
4 Board. For the Office of Chief Counsel's (OCC) first
5 agenda item, we'd like to provide the Board with a
6 brief overview of recent efforts undertaken on behalf
7 of both the Gaming Control Board and the Pennsylvania
8 casino industry to address the issue of repayment of
9 the casino \$63.8 million, which has been borrowed over
10 a three year period from the Property Tax Relief
11 Reserve Fund to cover the regulatory cost of this
12 agency. Assistant Chief Counsel, that's Allison
13 Cassel, will be making a presentation today.

14 ATTORNEY CASSEL:

15 Good morning, Chairman and members of the
16 Board. That's Allison Cassel, C-A-S-S-E-L. For the
17 fiscal years 2007 through 2010, the General assembly
18 appropriated funding for PGCB operations by loans from
19 the Property Tax Relief Reserve Fund. The loans total
20 \$63.8 million which must be repaid by licensed slot
21 operators. The loan repayment is to commence on a
22 date when these 11 slot machine operators have been
23 issued licenses and have begun operations. Amendments
24 to the fiscal code in the summer of 2010 mandated that
25 the Board establish a repayment schedule for the loans

1 after consultation with licensed slot operators.

2 The repayment schedule must address
3 several terms. The Board must determine the frequency
4 of the payments --- either quarterly, semi-annually,
5 or annually. The Board must also determine the term
6 of repayment which must be no less than five years,
7 but no more than ten years. Further the Board must
8 determine the method of calculating the amount to be
9 repaid by each facility in proportion to the
10 facility's first term of revenue.

11 At a December 7th, 2010 industry meeting
12 attended by Board staff and representatives of each
13 licensee, it was requested that the facility provide
14 any input and suggestions on the repayment schedule
15 terms. We received letters from eight Licensees ---
16 Mohegan Sun at Pocono Downs, The Parx Casino, Harrah's
17 Chester, Hollywood Casino at Penn National, Sands
18 Bethlehem, the Rivers, Sugar House and Valley Forge
19 Convention Center. No responses were received from
20 Presque Isle Downs, The Meadows or Mount Airy.

21 We provided you with the Licensees input
22 letters along with a brief summary in advance of this
23 meeting, and we'll be placing those letters with a
24 brief --- with a short introduction on our website.

25 We're not requesting any Board action at

1 this time, rather this overview is the first step in
2 introducing the subject to the Board.

3 At a subsequent time, the OCC will be
4 providing you with a more detailed analysis of the
5 proposals. We will be happy to try to answer any
6 questions you may have. Thank you.

7 CHAIRMAN:

8 Thank you, Allison. Any questions from
9 Board members? Anybody else have any questions?
10 I would just like to say that from a --- kind of a
11 housekeeping or logistical matter --- I know there's a
12 lot of interest out there in both the legislature and
13 the industry. We have had an Executive Session
14 presentation on this, obviously a public session
15 presentation here. We will put the letters that we
16 received from the industry on our website as Allison
17 mentioned, hopefully later today or tomorrow.

18 We will then have a more in depth
19 analysis after Chief Counsel has had the chance to
20 fully, you know, look at all those letters. They will
21 come to the Board in Executive Session and then again
22 in public session, I'm thinking, in the April time
23 frame. We will then --- after that second
24 presentation by Chief Counsel, we will then allow the
25 industry and the legislature to weigh in again on the

1 presentations of Chief Counsel. It's my hope that
2 sometime in the late May time frame we'll be able to
3 come out with a final decision on the payback terms.

4 So, just as a housekeeping matter, that's
5 kind of what we're looking at. Another presentation
6 by the OCC in April. Another chance for the
7 legislature and the industry weighing in, and then any
8 final --- another public meeting. A final decision by
9 the Board sometime in the late May time frame. Okay.
10 Thank you very much, Allison.

11 ATTORNEY SHERMAN:

12 Chairman, the next matter relates to the
13 Temporary ---.

14 CHAIRMAN:

15 Can you make sure your mic's on?

16 ATTORNEY SHERMAN:

17 The next matter relates to a temporary
18 regulation which Assistant Chief Counsel Susan Yocum
19 will present.

20 ATTORNEY YOCUM:

21 Good morning, Chairman Fajt,
22 Commissioners. For the record, it's Susan Yocum,
23 Y-O-C-U-M. I have before you today Temporary
24 Regulation 125-143. This is an amendments package
25 which will add five producing number wagers to the

1 game roulette. This allows patrons to collect five
2 adjacent numbers on the roulette wheel placing one
3 wager instead of five separate wagers on the way out.
4 Some of the facilities have asked to have this option.
5 It's for the game of roulette.

6 Additionally to the game of Pai Gow
7 Poker, we are adding the 14 Pai Gow Poker Progressive.
8 We previously --- you as the Board had previously
9 approved the fortune Pai Gow Poker wager. This is the
10 progressive compliment to that wager. The other
11 changes that were made were made for consistency
12 between other chapters in the rulemaking and also to -
13 -- for consistency between how the games are
14 traditionally played.

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

17 CHAIRMAN:

18 Any questions from the Board members?
19 Mr. Sojka?

20 MR. SOJKA:

21 Just a quick question on the Pai Gow
22 Poker Progressive. That will be a progressive that's
23 only onsite; right?

24 ATTORNEY YOCUM:

25 Yes. You don't play between other

1 facilities, no. It's just --- it's a metered play,
2 and it's only within that facility.

3 MR. SOJKA:

4 The thing that --- it's just a technical
5 issue, but you know, when we have progressive
6 situations on things like slot machines --- which are
7 wired directly to G-Tech and go right to revenue ---
8 what kind of connectivity is there from the
9 progressive component of that to any of those things?

10 ATTORNEY YOCUM:

11 There is a connectivity between the table
12 and the central control computer system, but there are
13 meters on that wager.

14 MR. SOJKA:

15 And those meters are recoverable? I
16 mean, they keep data that could be examined if a
17 question arose or something?

18 ATTORNEY YOCUM:

19 Yes.

20 MR. SOJKA:

21 Okay. Thank you.

22 CHAIRMAN:

23 Any other questions? Could I have a
24 motion, please?

25 MR. TRUJILLO:

1 Mr. Chairman, I move that the Board adopt
2 Temporary Regulation 125-143 as described by the OCC
3 and that the Board establish a public comment period
4 of 30 days for this regulation, and that the Temporary
5 Regulation be posted on the Board's website.

6 CHAIRMAN:

7 Second?

8 MR. MCCALL:

9 Second.

10 CHAIRMAN:

11 All in favor?

12 ALL SAY AYE

13 CHAIRMAN:

14 Opposed? Motion passes. Thank you,
15 Susan. Thank you, Allison.

16 ATTORNEY SHERMAN:

17 Next for the Board's consideration is
18 ratification of the contract for legal services which
19 I, as the Agency's Chief Counsel and Contracting
20 Officer for legal services, entered into with the
21 Philadelphia based law firm of Schnader, Harrison,
22 Segal & Lewis.

23 As the Board is aware, Philadelphia
24 Entertainment and Development Partners recently
25 appealed the Board's Decision to revoke its Category 2

1 Slot Machine License which was one of the two in the
2 City of Philadelphia. Defending the appeal would
3 involve a substantial amount of work in a relatively
4 compressed period of time. Relying solely on the
5 Board's limited resources in terms of Counsel will
6 undoubtedly sacrifice from the normal duties of
7 regulating gaming which we undertake on a daily basis.

8 As a result, I determined it was
9 appropriate to retain the Schnader firm to become
10 involved as lead Counsel in the project. With that
11 being said, I want to make it very clear that our
12 agreement with Schnader is that our Counsel will
13 provide a substantial amount of work on the appeal to
14 minimize the cost and conserve resources. We
15 anticipate that myself, Steve, along with another
16 attorney and paralegal will be working extensively in
17 addition to our other duties.

18 It was simply that the amount of work
19 over probably a two month period would undermine our
20 ability to fully effectuate all the gaming
21 responsibilities. I believe the Board has been
22 presented with that information in the overview of the
23 contract, and I ask for a motion to ratify.

24 CHAIRMAN:

25 Thank you. Any questions or comments

1 from the Board? Seeing none, can I have a motion,
2 please?

3 MR. ANGELI:

4 Mr. Chairman, I move the Board ratify the
5 contract entered into by the Chief Counsel as
6 Contracting Officer in the procurement of legal
7 services for the Board.

8 CHAIRMAN:

9 Second?

10 MR. MOSCATO:

11 Second.

12 CHAIRMAN:

13 All in favor?

14 ALL SAY AYE

15 CHAIRMAN:

16 Opposed? Motion passes.

17 ATTORNEY SHERMAN:

18 Next, for the Board's ratification is a
19 Settlement Agreement in a matter which just came to
20 closure this week. Specifically, within the last few
21 days and following extensive discussions and negotiations
22 between the parties, State Treasurer McCord signed a
23 Joint Settlement Agreement bringing to conclusion the
24 litigation commenced by the Treasurer against the
25 Board, relating to his or his designee's role as a

1 nonvoting Ex-Officio member of the Board.

2 Chairman Fajt also signed that agreement
3 following the Treasurer's signature. The matter is
4 being brought to the Board today for the Board's
5 ratification at this public meeting. Upon
6 ratification, the agreement will be filed in the
7 Commonwealth Court. And thereafter pursuant to the
8 terms of the agreement, the underlying litigation
9 would be discontinued without prejudice. As a result,
10 I would ask the Board to consider a motion to ratify
11 that agreement entered into and signed by the Chairman
12 and Treasurer on February 22nd.

13 CHAIRMAN:

14 Thank you. Any questions or comments
15 from the Board?

16 MR. TRUJILLO:

17 I have questions.

18 CHAIRMAN:

19 Go ahead, Mr. Trujillo.

20 MR. TRUJILLO:

21 Mr. Sherman I guess, I'd like to start
22 with a little bit about understanding what the
23 Settlement Agreement actually does. And I guess to
24 understand that, I need to understand what the lawsuit
25 is purported to do. So, as I understand it, the

1 lawsuit was filed as a Petition for Review in May of
2 2010; is that correct?

3 ATTORNEY SHERMAN:

4 That is correct.

5 MR. TRUJILLO:

6 And the Settlement Agreement, as I
7 understand it, does a couple of things. Number one,
8 as I read it, it says that the parties agree that the
9 Treasurer is an Ex-Officio nonvoting member of the
10 Board. Am I accurate?

11 ATTORNEY SHERMAN:

12 That is accurate, yes.

13 MR. TRUJILLO:

14 And as I read the Gaming Act, the
15 Treasurer is an Ex-Officio member of the Board; is
16 that accurate?

17 ATTORNEY SHERMAN:

18 That's accurate, yes.

19 MR. TRUJILLO:

20 So, there's nothing in the Settlement
21 Agreement that creates any rights that the Treasurer
22 did not previously have by operation of the statute;
23 am I correct?

24 ATTORNEY SHERMAN:

25 I would agree that the Settlement

1 Agreement is consistent, I believe, with the language
2 of the Act.

3 MR. TRUJILLO:

4 And the language of the Act has specific
5 requirements for Board members, be they either
6 Ex-Officio or members that are appointed either by
7 Appointing Authorities --- whether they be legislative
8 or gubernatorial authorities. Am I correct there?

9 ATTORNEY SHERMAN:

10 The restrictions in the Act recite to the
11 word member and that was really part of the
12 uncertainty early on was whether to use the term
13 member only referred to the appointed members or
14 whether it also referred to the Ex-Officio members. I
15 think this Settlement Agreement affirms that those
16 same restrictions on the appointed members also apply
17 to the Ex-Officio members and their designee.

18 MR. TRUJILLO:

19 So, under the Settlement Agreement ---
20 and I understand that the Treasurer has signed the
21 Code of Conduct that every other Board member has
22 signed. Am I correct there?

23 ATTORNEY SHERMAN:

24 Yes, he has.

25 MR. TRUJILLO:

1 And the Code of Conduct, as I understand
2 it, is required by the Gaming Act. It requires the
3 Gaming Control Board to enact and have in place a Code
4 of Conduct. Am I correct?

5 ATTORNEY SHERMAN:

6 Yes, it does and in addition to the
7 resurgence of the Code of Conduct revisions in the Act
8 itself.

9 MR. TRUJILLO:

10 And as I understand the provisions of the
11 Act and the Code of Conduct, each of the two require
12 that Board members are to examine themselves in their
13 own financial affairs and determine whether or not
14 they have a disqualifying interest or potential
15 conflict of interest.

16 ATTORNEY SHERMAN:

17 That would be correct. Whether it be
18 financial affairs, associations, or relationships.
19 Yes.

20 MR. TRUJILLO:

21 And relationships --- meaning it could be
22 family relationships, it could be professional
23 relationships, it could be any host of relationships.
24 Am I correct?

25 ATTORNEY SHERMAN:

1 Any aspect of the individual's life would
2 have to be examined by every individual on the Board
3 to determine whether or not a factor could cause a
4 reasonable person to question that individual's
5 fairness and partiality or independence in judgment.

6 MR. TRUJILLO:

7 And if a member does not disclose or
8 participates in a quasi-judicial proceeding without
9 recusing himself, herself --- what are the
10 implications of such a proceeding in that way?

11 ATTORNEY SHERMAN:

12 I think the primary implication would be
13 there's a --- potentially you create an issue for
14 appeal to reverse the Board's actions if, in fact,
15 there should have been or there was a reasonable
16 question that an individual who participated was not
17 objective or impartial.

18 MR. TRUJILLO:

19 Now, and would it also potentially create
20 personal liability on the part of the Board members?

21 ATTORNEY SHERMAN:

22 It's a possibility depending on the facts
23 and circumstances of the matter. It could be, yes.

24 MR. TRUJILLO:

25 And as I understand the Gaming Act --- I

1 certainly understand it as it applies to me. I and
2 other appointees are prohibited from making political
3 contributions; am I correct?

4 ATTORNEY SHERMAN:

5 That's correct.

6 MR. TRUJILLO:

7 I and other appointed Board Members are
8 prohibited from soliciting political contributions; am
9 I correct?

10 ATTORNEY SHERMAN:

11 Yes.

12 MR. TRUJILLO:

13 I and other Board members are prohibited
14 from actively supporting a political candidate; am I
15 correct?

16 ATTORNEY SHERMAN:

17 That's correct.

18 MR. TRUJILLO:

19 However, those prohibitions under the
20 statute do not apply to the Treasurer; am I correct?

21 ATTORNEY SHERMAN:

22 Well, the Treasurer or any Ex-Officio or
23 their designee are exempted from those two
24 prohibitions.

25 MR. TRUJILLO:

1 But what about the Code of Conduct then?
2 Under the Code of Conduct, can the State Treasurer
3 engage in political fundraising?

4 ATTORNEY SHERMAN:

5 It's difficult to answer it, because the
6 Code of Conduct was drafted with the understanding
7 initially that the Ex-Officios that were not covered
8 by that because of the definition of a member. The
9 Treasurer, as have other Ex-Officios, signed the Code
10 of Conduct I believe, with the understanding that
11 provisions apply except as they are specifically
12 exempted under the statute.

13 MR. TRUJILLO:

14 Is there a specific exemption in the
15 statute that exempts the Treasurer from complying with
16 the Code of Conduct which he had signed?

17 ATTORNEY SHERMAN:

18 The statute does not address that
19 situation.

20 MR. TRUJILLO:

21 It's quiet on that fact, is it not?

22 ATTORNEY SHERMAN:

23 Yes.

24 MR. TRUJILLO:

25 And in fact, as I read the Code of

1 Conduct --- and I spent a little time on it. Anyone
2 who signs this Code of Conduct not only has the duty
3 to disclose, but also, as I read it, there is a
4 prohibition from seeking gifts of items of all sorts
5 of types from people who might have been in
6 relationship with the Board, namely for example,
7 lobbyists who represent a gaming entity or the like;
8 am I right?

9 ATTORNEY SHERMAN:

10 From a gaming entity or their
11 representatives.

12 MR. TRUJILLO:

13 Or their representatives, okay. I
14 understand that. And in addition there is a
15 prohibition on soliciting, requesting or suggesting or
16 recommending the employment by the Board of any
17 individuals that are anywhere within the second degree
18 of consanguinity --- I love that word --- as found by
19 the statute; am I not correct?

20 ATTORNEY SHERMAN:

21 That is a provision in the statute. Yes.

22 MR. TRUJILLO:

23 There's also a requirement under the Code
24 of Conduct, is there not, that the Board members may
25 only use confidential information received to the

1 extent that they have access by virtue of their
2 official duties for the purpose of carrying out those
3 official duties and for no other purpose; am I
4 correct?

5 ATTORNEY SHERMAN:

6 As a portion of the Code of Conduct and
7 it's also in the statute as well as body in 1206.7 of
8 the statute on confidentiality of information.

9 MR. TRUJILLO:

10 Now, the Code of Conduct, as I recall,
11 was a Code of Conduct that was drafted and has been
12 modified at least once during the time frame that I've
13 been a Board member. But that's been the Code of
14 Conduct that I believe we signed a year ago, and
15 signed again this year; am I correct?

16 ATTORNEY SHERMAN:

17 The initial Code of Conduct was passed by
18 the Board in 2006 pursuant to the statutory
19 requirements. The amendments largely since that time
20 have been simply to reflect any changes that have
21 occurred in the statute here in the House Bill 62
22 which was in November 2006. More recently there are
23 some amendments to reflect changes from Act 1 of 2010
24 --- in January, 2010.

25 MR. TRUJILLO:

1 By the way, to your knowledge has the
2 Treasurer ever been refused the ability to participate
3 in a public hearing --- rather, a public meeting by
4 the Board?

5 ATTORNEY SHERMAN:

6 Not to which I'm aware of.

7 MR. TRUJILLO:

8 And in fact, prior to, I guess, the last
9 couple of meetings prior to January of 2011, had the
10 Treasurer ever attended a public meeting that you're
11 aware of?

12 ATTORNEY SHERMAN:

13 Not that I'm aware of.

14 MR. TRUJILLO:

15 With respect to political contributions,
16 ---?

17 ATTORNEY SHERMAN:

18 Sir, when you say the Treasurer ---?

19 MR. TRUJILLO:

20 The Treasurer, not a designee.

21 ATTORNEY SHERMAN:

22 You mean the current Treasurer? Not that
23 I'm aware of. Treasurer Casey previously had attended
24 public meetings. I don't know that your question was
25 --- I think it was broad enough it could go back in

1 time.

2 MR. TRUJILLO:

3 I can be very inarticulate, thank you.
4 So, Treasurer Casey, when he was Treasurer not Senator
5 --- when he was an Ex-Officio member, he attended
6 public meetings?

7 ATTORNEY SHERMAN:

8 I do recall him being present, yes.

9 MR. TRUJILLO:

10 But you do not recall prior to January of
11 2011, Treasurer McCord attending a public meeting?

12 ATTORNEY SHERMAN:

13 That's correct.

14 MR. TRUJILLO:

15 As part of this lawsuit, my recollection
16 was that there were briefs filed by our outside
17 Counsel which described, as I recall, approximately
18 \$80,000 of contributions made by law firms
19 representing gaming entities. Do you recall that?

20 ATTORNEY SHERMAN:

21 I recall the --- yes, a recitation in
22 brief.

23 MR. TRUJILLO:

24 And in fact, as I saw the list of
25 contributors that were referred to by Counsel in this

1 lawsuit, the law firms members or the lawyers from the
2 various law firms --- including law firms that
3 regularly appeared before us --- made approximately,
4 as I read this, about \$84,000 worth of contributions
5 to Treasurer McCord's campaign; am I correct?

6 ATTORNEY SHERMAN:

7 That is my understanding, yes.

8 MR. TRUJILLO:

9 What would be, by the way, the
10 implication if I were to accept or if I were to
11 solicit \$84,000 worth of political contribution in
12 support of the local candidate?

13 ATTORNEY SHERMAN:

14 By the terms of the statute, you cannot
15 do that.

16 MR. TRUJILLO:

17 And what would happen if I did do it?

18 ATTORNEY SHERMAN:

19 I believe the obligation would be on the
20 other Board members to report that to your Appointing
21 Authority for determination as to whether any action
22 was required.

23 MR. TRUJILLO:

24 And incidentally, is it not up to the
25 Board at the end of the day, under the Code of

1 Conduct, if the Board determines even though a Board
2 member may not have disclosed a potentially
3 disqualifying conflict, the Board is free, is it not,
4 to act in order to enforce its own Code of Conduct?

5 ATTORNEY SHERMAN:

6 I believe that would be correct.

7 MR. TRUJILLO:

8 As I read the Code the Conduct it says,
9 if a Board is alleged to have committed a violation of
10 its Code of Ethics, the remaining Board members shall
11 discuss the alleged violation and refer the matter to
12 the individual Appointing Authority. The Appointing
13 Authority may withdraw the appointment and move the
14 member out of office. So, that refers to an appointed
15 member. However, there are, I believe, other aspects
16 here under the Code of Conduct which would allow the
17 Board to act appropriately to a conflict of interest;
18 am I accurate?

19 ATTORNEY SHERMAN:

20 With respect to the provision that you've
21 read, that obviously, by its terms, talks to referring
22 to the Appointing Authority. I'm not sure that I can
23 name the abstract answer beyond that.

24 MR. TRUJILLO:

25 In other words, there is not a specific

1 provision in the Code of Conduct that allows because,
2 the Ex-Officio members don't have an Appointing
3 Authority. So, there is nothing that would ---
4 there's no Appointing Authority then they could
5 withdraw that appointment or appropriate act with
6 respect to the Treasurer; am I correct?

7 ATTORNEY SHERMAN:

8 Hence the uncertainty and ambiguity that
9 I think gave rise to this controversy.

10 MR. TRUJILLO:

11 And finally --- I'm not quite done with
12 it. With respect to the Settlement Agreement itself,
13 the Board and the Treasurer can agree to whatever they
14 want. However, they cannot create authority that is
15 not authorized by its statute or rights that are not
16 authorized by a statute or expand beyond that which
17 the Gaming Act provides, can it?

18 ATTORNEY SHERMAN:

19 The Board only has the authority by its
20 gaming-enabling legislation. And I mean, obviously
21 you can create regulations in areas of the gaming. To
22 expand beyond that, you really have to look at what
23 specific authorities are given to the Board --- and
24 whether the action fell within the realm of that
25 authority.

1 MR. TRUJILLO:

2 And incidentally to the extent that this
3 Settlement Agreement is ratified by the Board, as I
4 understand it then, the Treasurer would be required to
5 dismiss his lawsuit with a petition that was filed by
6 him at the Commonwealth Court; am I correct?

7 ATTORNEY SHERMAN:

8 The agreement is that the suit will be
9 withdrawn without prejudice.

10 MR. TRUJILLO:

11 And if it is withdrawn, what happens to
12 the preliminary injunction that was entered by the
13 Commonwealth Court?

14 ATTORNEY SHERMAN:

15 The terms of the preliminary injunction
16 essentially are encased within the Settlement
17 Agreement, that is that the Treasurer or his designee
18 will participate in proceedings the same as other
19 appointing Board members, but they must sign the Code
20 of Conduct and the Disclosure Agreement much like the
21 other Board members did.

22 MR. TRUJILLO:

23 And but the injunction itself was
24 resolved by operation of the dismissal of the
25 petition; am I correct?

1 ATTORNEY SHERMAN:

2 Correct. By the agreement of the
3 parties, in the Settlement Agreement the parties have
4 agreed that matters will proceed under those terms.
5 The injunction itself would no longer exist once the
6 suit is withdrawn.

7 MR. TRUJILLO:

8 Mr. Chairman, I recall the nattering
9 nabobs of negativity of Vice President Spiro Agnew ---
10 and can only surmise that this hysterical hissyfit of
11 hypocrisy is a thing that had absolutely nothing to do
12 with the Gaming Board. It has absolutely nothing to
13 do with what the purpose of this lawsuit was.

14 So, I will not vote in favor of ratifying
15 this --- what I think is a Settlement Agreement. I
16 appreciate your efforts, Mr. Chairman, at resolving
17 this and I also appreciate the wisdom of moving past
18 it. But I'm not going to be a party to something that
19 I view as being the height of hypocrisy. Thank you.

20 CHAIRMAN:

21 Thank you. Any other questions or
22 comments from the Board?

23 MR. ANGELI:

24 Just one. The issue of the member you
25 said --- has that been clarified in the Act as to what

1 member is referenced?

2 ATTORNEY SHERMAN:

3 The question still remains under the
4 terms of the Act. The Commonwealth Court's Decision
5 certainly concludes that the Ex-Officio members and
6 the appointed members are afforded --- should be
7 afforded the same rights and privileges. And that
8 would be in terms of the ruling on preliminary
9 objections early on and in the Decision on the
10 preliminary injunction, which relied upon the Decision
11 of the Court on the preliminary objections.

12 MR. ANGELI:

13 Because when you read the Act, a couple
14 of revisions speak to a member. They don't speak to
15 anyone else?

16 ATTORNEY SHERMAN:

17 Well, and I think maybe something for the
18 Board to consider is the Board amending the Code of
19 Conduct to remove any ambiguity there.

20 MR. ANGELI:

21 Thank you. No further questions.

22 CHAIRMAN:

23 Thank you. Other questions or comments?
24 Mr. Craig?

25 MR. CRAIG:

1 Mr. Chairman, thank you. I appreciate
2 the opportunity to be recognized. I want to make it
3 clear it was not my intention to speak as to this
4 issue. I feel compelled to because there were
5 references that were recently made that I find
6 personally offensive.

7 Treasurer McCord is a man of high
8 integrity. He's a man that is not seeking to
9 improperly influence the proceedings. Any suggestions
10 to the contrary are simply without basis of fact and
11 are unnecessary.

12 I would ask for some brief indulgence so
13 that I can ask similar questions to Counsel so that we
14 can have maybe a balanced reflection. The fear that I
15 have is that somebody that is a casual observer to
16 these proceedings may get the wrong impression based
17 on the prior questions.

18 CHAIRMAN:

19 You may proceed, Mr. Craig.

20 MR. CRAIG:

21 A series of questions were asked to you
22 concerning Treasurer McCord's attendance?

23 ATTORNEY SHERMAN:

24 Yes.

25 MR. CRAIG:

1 Treasurer McCord is an Ex-Officio member
2 of the Board; is that accurate?

3 ATTORNEY SHERMAN:

4 That's correct under the statute, yes.

5 MR. CRAIG:

6 What is the role of Treasurer McCord?

7 I'm asking the ultimate stupid question, does
8 Treasurer McCord have another job?

9 ATTORNEY SHERMAN:

10 He is the Treasurer, I believe.

11 MR. CRAIG:

12 Of the Commonwealth?

13 ATTORNEY SHERMAN:

14 Yes.

15 MR. CRAIG:

16 Would you be surprised that normally he
17 sits on approximately 16 different Boards and
18 Commission?

19 ATTORNEY SHERMAN:

20 I have no reason to doubt that.

21 MR. CRAIG:

22 I have to test you with these questions
23 because I won't have the luxury of asking anyone else.
24 Does Treasurer McCord or his designees receive a
25 salary for their service on the Board?

1 ATTORNEY SHERMAN:

2 No, he does not.

3 MR. CRAIG:

4 By contrast, how about Mr. Trujillo?

5 Does he receive a salary for his service on the Board?

6 CHAIRMAN:

7 Let me just --- Mr. Craig, you can ask
8 general questions. I'm not going to make this
9 personal.

10 MR. CRAIG:

11 The Board ---.

12 CHAIRMAN:

13 Mr. Craig, wait a minute. I will cut this
14 off. Okay. You can ask questions. I'm going to be
15 reasonable here. Don't make it personal, or I will
16 shut it off.

17 MR. CRAIG:

18 Our Board members ---.

19 CHAIRMAN:

20 Am I understood? Am I understood?

21 MR. CRAIG:

22 You were understood.

23 CHAIRMAN:

24 Thank you.

25 MR. CRAIG:

1 Are Board members --- do Board members
2 receive a salary? Do voting Board members receive a
3 salary?

4 ATTORNEY SHERMAN:

5 All appointed Board members are afforded
6 a salary as determined by the Commonwealth's Executive
7 Committee.

8 MR. CRAIG:

9 Are you aware that Treasurer McCord has
10 had individuals of his staff attend every meeting of
11 the Board in the audience since he was sworn in as
12 Treasurer?

13 ATTORNEY SHERMAN:

14 I am aware that there have been quite a
15 few, and I can't say everyone, but the majority.

16 MR. CRAIG:

17 The assertion was made that Treasurer
18 McCord was never refused an opportunity to sit as a
19 member of the Board in public sessions. Was Treasurer
20 McCord ever given the same level of information as a
21 appointed member of the Board until the issuance of
22 the injunction and the execution of the nondisclosure
23 agreements?

24 ATTORNEY SHERMAN:

25 Prior to the execution of those

1 agreements?

2 MR. CRAIG:

3 Right.

4 ATTORNEY SHERMAN:

5 No, because the condition of giving those
6 is the execution of the agreements.

7 MR. CRAIG:

8 Understood. So, accordingly, regardless
9 of the fact that they were not signed or that was a
10 condition, Treasurer McCord was not given the same
11 informational basis upon which to participate as a
12 Board member prior to the issuance of the injunction?
13 In other words, was he privy to executive sessions?
14 Was he privy to confidential information, internal
15 reports, et cetera?

16 ATTORNEY SHERMAN:

17 He was treated like every other Board
18 member who had not signed the documents, Mr. Craig.

19 MR. CRAIG:

20 And I appreciate that. I'm asking a
21 fairly direct question. I will stipulate to you that
22 he could have in theory signed the documents. It
23 remains the question as to whether or not he would
24 have been permitted entrance to participate in any
25 executive session of the Board. But the fact that he

1 did not receive that information --- that he didn't
2 have the same informational basis as any other member
3 of the Board?

4 ATTORNEY SHERMAN:

5 No, for the reasons we stated.

6 MR. CRAIG:

7 From your understanding was the --- the
8 Settlement Agreement that's currently before the Board
9 --- how was that initiated?

10 ATTORNEY SHERMAN:

11 There have been multiple discussions
12 between the parties. Sometimes they've been initiated
13 by either side and eventually I think, through that
14 process. And as you're aware, through extensive
15 negotiation and discussion of the issues, the facts,
16 and desire to resolve it, it was arrived at.

17 MR. CRAIG:

18 Let me approach the question this way.
19 Is there currently, as we speak today, an injunction
20 applicable to the Board?

21 ATTORNEY SHERMAN:

22 The injunction, preliminary injunction,
23 still remains in effect, yes.

24 MR. CRAIG:

25 If this settlement were not agreed to, as

1 it stands today, would that injunction remain in
2 place?

3 ATTORNEY SHERMAN:

4 Currently it would. Obviously, the
5 litigation would then continue and ---.

6 MR. CRAIG:

7 Until such time as the Supreme Court or
8 maybe Commonwealth Court changed their mind? That
9 injunction would remain a legal force that would
10 remain in affect; is that a fair statement?

11 ATTORNEY SHERMAN:

12 I think that's fair.

13 MR. CRAIG:

14 And that is conjunction was pursuant to a
15 public hearing; is that correct?

16 ATTORNEY SHERMAN:

17 A public hearing or ---?

18 MR. CRAIG:

19 I think it was a --- they're motion
20 hearings.

21 ATTORNEY SHERMAN:

22 I just didn't understand hearings, the
23 hearing. There was a hearing in Commonwealth Court,
24 yes, after several days after which the Judge issued
25 the injunction.

1 MR. CRAIG:

2 Was the Board represented at that
3 hearing?

4 ATTORNEY SHERMAN:

5 Yes.

6 MR. CRAIG:

7 Were the legal arguments and --- the
8 legal arguments or averments that you heard recently
9 today by a Board member, were they aired at that
10 hearing?

11 ATTORNEY SHERMAN:

12 The legal arguments were largely raised
13 both brief in opposition --- or in support of
14 preliminary objections. Some of them were advanced at
15 the injunction stage. Others were committed to
16 briefing.

17 MR. CRAIG:

18 But those arguments were raised before
19 the Commonwealth Court?

20 ATTORNEY SHERMAN:

21 I believe the arguments have been raised
22 before the Commonwealth Court, yes.

23 MR. CRAIG:

24 Was that before just a panel of
25 Commonwealth Court or just one Judge or ---?

1 ATTORNEY SHERMAN:

2 As you're aware of, it's a Commonwealth
3 Board.

4 MR. CRAIG:

5 And again, I apologize. I know these
6 questions, as you and I know, they're really made to
7 create a public record. And did the Commonwealth
8 Court agree with those arguments?

9 ATTORNEY SHERMAN:

10 Yeah. And I mean, with no offense, Mr.
11 Craig, the issue before the Board is whether to ratify
12 the Settlement Agreement. I don't know that there's a
13 need for public record on that. Those matters are of
14 public record.

15 MR. CRAIG:

16 Just as matter of public record, did the
17 entire Commonwealth Court agree with the Board's
18 arguments?

19 ATTORNEY SHERMAN:

20 It was unanimous in its rejection of the
21 preliminary objections.

22 MR. CRAIG:

23 Was the issue raised before the United
24 States Third Circuit Court of Appeal concerning
25 whether or not a Ex-Officio member --- who is a

1 participant the public process --- may improperly
2 influence and thereby create undue political influence
3 in Board deliberations?

4 ATTORNEY SHERMAN:

5 Not in that context.

6 MR. CRAIG:

7 Then describe for me the context?

8 ATTORNEY SHERMAN:

9 In the course of the Third Circuit
10 briefing on the --- you're referring to the Keystone
11 Redevelopment Partners' appeal. One of the factors we
12 look at were the quasi-judicial immunity under the
13 Butz case and that is interpreted by the Detzel case
14 was the --- whether or not a Board is performing what
15 we --- and what ultimately were found to be quasi-
16 judicial functions are doing so free of political
17 interference or influence.

18 And in that context, the argument made by
19 our Counsel to the Third Circuit in brief was that the
20 seven appointing Board members who vote, as of that
21 time were the members, are prohibited from ex-parte
22 communications from receiving political contributions,
23 from campaigning, from supporting other political
24 candidates.

25 And in response to that, Counsel for

1 Keystone Redevelopment Partners, which was the Trump
2 Group, simply raised the threshold issue and said,
3 yeah, but there's three Ex-Officio members and they're
4 not subject to the same restrictions. I think the
5 question here and maybe some of the disconnect on this
6 issue is the Court was never --- the Keystone Counsel
7 never kind of peeled away the layers and went down to
8 state, because it didn't have them then, those
9 Ex-Officio members who take political contributions,
10 who are politically elected, who engage in campaign
11 activities that they actually participate in the
12 deliberate process where they attempt to influence the
13 Board members.

14 And that I think is our disconnect on
15 what the Court upheld. The Court was --- the only
16 issue presented was at a superficial level of whether
17 or not the presence of a Ex-Officio member on the
18 Board itself created undue political influence. The
19 question resolved and presented to the Third Circuit
20 was not the underlying issue of do they participate in
21 the deliberative process. So yeah, I think that's
22 where we may have a little different interpretation.

23 MR. CRAIG:

24 I'm not interested in an interpretation.
25 My question is simple. Even if we were to accept the

1 characterization it was a mere superficial assessment
2 as to the argument, what was the Judge's determination
3 as to that particular superficial argument?

4 ATTORNEY SHERMAN:

5 It is hard to separate and simply say
6 what the determination was without getting in to the
7 context of what the question was presented. The Court
8 did uphold that on that issue that because the
9 Ex-Officio member doesn't have a vote, they didn't see
10 that it would undermine the Board's authority on that
11 one docile factor. But again, in the context in which
12 it was presented.

13 MR. CRAIG:

14 A series of questions were raised
15 specifically personally directed about Treasurer
16 McCord, a member of the Board and his receipt of
17 campaign contributions. Do you have any evidence to
18 believe that Treasurer McCord is seeking to improperly
19 influence the Board on any particular decision?

20 ATTORNEY SHERMAN:

21 I don't know. I don't think that was
22 ever really suggested.

23 MR. CRAIG:

24 I'm asking you if you have any evidence.
25 I apologize. The intent of my question is not to

1 suggest that you have made any accusations. I'm
2 asking you simply do you have any evidence, based on
3 the receipt of campaign contributions as an elected
4 official, whether or not Treasurer McCord sought to
5 improperly influence any proceeding before the Board?

6 ATTORNEY SHERMAN:

7 I couldn't know what his subjective
8 intent was. I had no reason to think that he ---.

9 MR. CRAIG:

10 I didn't ask that. Do you have any
11 evidence?

12 ATTORNEY SHERMAN:

13 You asked me if I had any reason to
14 believe.

15 MR. CRAIG:

16 I apologize. I will withdraw the
17 question. Do you have any evidence?

18 ATTORNEY SHERMAN:

19 I have nothing one way or the other,
20 other than the simple fact that those contributions
21 existed.

22 MR. CRAIG:

23 As a matter of State law, are those
24 contributions legal?

25 ATTORNEY SHERMAN:

1 They're legal, yes.

2 MR. CRAIG:

3 As a matter of State law?

4 ATTORNEY SHERMAN:

5 Under State law, yes.

6 MR. CRAIG:

7 Prior to any member being appointed to
8 the Board, would they be permitted to make campaign
9 contributions?

10 ATTORNEY SHERMAN:

11 Prior to their appointment?

12 MR. CRAIG:

13 Correct.

14 ATTORNEY SHERMAN:

15 Yes.

16 MR. CRAIG:

17 Campaign contributions to individuals
18 that appoint members to the Board, be that a Governor,
19 or a House Member or Senator --- do Senators, House
20 Members and Governors receive campaign contributions?

21 ATTORNEY SHERMAN:

22 I think that is the system. However,
23 once the member is here, they can't be influenced by
24 that Appointing Authority.

25 MR. CRAIG:

1 I'm not suggesting otherwise, but
2 Appointing Authorities may receive campaign
3 contributions, is that a fair statement?

4 ATTORNEY SHERMAN:

5 That is the political system in
6 Pennsylvania, yes.

7 MR. CRAIG:

8 Do House and Senate members vote on
9 gaming-related matters?

10 ATTORNEY SHERMAN:

11 That's how they get put into law, yes.

12 MR. CRAIG:

13 Do you have any reason to believe that
14 because they received campaign contributions, they are
15 seeking to improperly influence gaming?

16 ATTORNEY SHERMAN:

17 The ex-parte restrictions prohibits them
18 from doing so.

19 MR. CRAIG:

20 Not House and Senate members.

21 ATTORNEY SHERMAN:

22 They don't regulate gaming. The Board
23 members make the decisions as to the regulation of
24 gaming.

25 MR. CRAIG:

1 They don't approve regulations that are
2 issued by the Board?

3 ATTORNEY SHERMAN:

4 You're talking regulation of gaming. I'm
5 talking about acting upon petitions, other matters
6 brought before the Board on Licensees on a quasi
7 deliberations. They do obviously establish overall in
8 our over-arching policy.

9 MR. CRAIG:

10 Can they expand gaming?

11 ATTORNEY SHERMAN:

12 They have.

13 MR. CRAIG:

14 Can they tax gaming?

15 ATTORNEY SHERMAN:

16 The certainly have done that.

17 MR. CRAIG:

18 Can they vote on regulations that impact
19 gaming?

20 ATTORNEY SHERMAN:

21 There is a process where they had input
22 into the regulatory ---.

23 MR. CRAIG:

24 Do they approve your budgets?

25 ATTORNEY SHERMAN:

1 Oh, they absolutely approve the budget.

2 MR. CRAIG:

3 Do we elect members of the judiciary in
4 the Commonwealth?

5 ATTORNEY SHERMAN:

6 Currently, yes.

7 MR. CRAIG:

8 Including members of the judiciary that
9 have voted on, let's say, a gaming appeal?

10 ATTORNEY SHERMAN:

11 Yep.

12 MR. CRAIG:

13 Okay. Mr. Chairman, I don't think its
14 terribly productive to continue to go down the road
15 with similar questions. I wish to make a statement,
16 however, that the arguments that were raised today ---
17 I don't question the motives behind them or the
18 feeling behind them --- but they were heard and they
19 were rejected by Commonwealth Court. We can disagree
20 as to what the Third Circuit Court of Appeal says, but
21 the language in that Decision is very clear as well.

22 Treasurer McCord entered in good faith
23 negotiations with the Board in an attempt to seek to
24 put this issue behind him, to be able to focus forward
25 in moving the business of the Board. And again, I

1 stress it wasn't my intention to make any comment
2 today, but the even minute suggestions repeatedly that
3 somehow Treasurer McCord is seeking to improperly
4 influence the Board, that his motives may be called
5 into question are personally offensive.

6 While you may not or other members of the
7 Board may not agree with it, that clearly is the
8 impact. The Board cannot override statute. They
9 could not then in policy, but the statute is what
10 determines the law of the Commonwealth and that
11 includes exemptions from whether or not the Treasurer
12 may or may not accept campaign contributions.

13 The salient fact is often overlooked here
14 --- is he has no vote. There is no vote for him to
15 cast. And unless it's somehow believed that the
16 Treasurer can somehow move the majority of the Board
17 at his will, a lot of these issues tend to be fairly
18 red herrings.

19 At this time, you know, I don't know to
20 be honest with you whether or not to ask the Board for
21 approval of the Settlement. It was our understanding
22 that by entering into this agreement, an agreement
23 that doesn't call for the keeping of the injunction in
24 place, nor does it call for an Adjudicatory Consent
25 Decree, that these were arguments to compromise and to

1 try to address the concerns of the Board in an attempt
2 to move forward.

3 If the Board seeks to reject this, that's
4 a decision that the Treasurer can live with. The
5 injunction would remain in place. We would continue
6 to litigate this and waste public money. But to be
7 able to go forward and move it and have this
8 settlement somehow represented to the public as if
9 it's somehow a massive gift to the Treasurer is
10 inaccurate.

11 This was a case that was won. It can be
12 appealed, and it's the Board's right to do so.
13 But again, I don't know how it can be appropriately
14 concluded, other than to say that remarks attacking
15 the motivation of the Treasurer in this matter are
16 simply out of place. And I hope that you would at
17 least consider that moving forward. Thank you.

18 CHAIRMAN:

19 Thank you. Mr. Sojka?

20 MR. SOJKA:

21 Yes. I would like to change direction a
22 little bit. I found this fascinating --- this method
23 of trying to elicit information. Please, understand
24 that there's absolutely nothing personal or derogatory
25 in the comment that I'm --- or the question I'm going

1 to ask. I hope you can answer it. You may or may not
2 have the information that you need. But I'm tempted
3 to go in the same style as has been used.

4 Let me ask if in all of the jurisdictions
5 in the United States of America where gaming takes
6 place, is there some sort of regulatory body similar
7 to this Gaming Control Board?

8 ATTORNEY SHERMAN:

9 Every jurisdiction has a regulatory Board
10 --- either a Board, a Commission, other body to act on
11 regulatory matters. I'm not aware --- and I can't say
12 that there aren't. I'm not aware of others that are
13 structured in any way this Board has in terms of the
14 Ex-Officio's. That's not saying there aren't.

15 MR. SOJKA:

16 That's right. And I come at this with a
17 very limited understanding. I have read only one
18 article in the press from the gaming industry that
19 suggested that this would be a unique arrangement if
20 an Ex-Officio member was present in these deliberating
21 situations. Do we know if that's true? Would
22 Pennsylvania then be an outlier in the industry given
23 this structure that's being proposed?

24 ATTORNEY SHERMAN:

25 Again, I'm not aware of other

1 jurisdictions that do it quite like we do. I haven't
2 seen that, again, there's a lot of jurisdictions that
3 we don't look to. So, I really can't answer it
4 perfectly.

5 MR. SOJKA:

6 Okay. I have a feeling then that we just
7 don't have all the research that would be necessary,
8 and that's including all the ---.

9 ATTORNEY SHERMAN:

10 And it may be a legislative matter for
11 the various sides to address them here, to clarify
12 them.

13 CHAIRMAN:

14 Thank you. Any other questions or
15 comments?

16 MR. CRAIG:

17 I apologize. Just for point of
18 information.

19 CHAIRMAN:

20 Yes, Mr. Craig?

21 MR. CRAIG:

22 The State Harness Racing Commission has
23 nonvoting Ex-Officio members. The Pennsylvania
24 Thoroughbred Racing Commission has nonvoting
25 Ex-Officio members. The Pennsylvania Convention

1 Authority has nonvoting Ex-Officio members, and
2 Washington State Lottery Commission has a couple --- I
3 can't be certain of this --- one or two nonvoting
4 elected Ex-Officio members.

5 I'd be the first to concede that it is
6 absolutely unique and it was unique --- and that
7 somebody that was --- had the privilege of being part
8 of it was unique in an attempt to address two public
9 policy objectives.

10 Public policy objective one has I think
11 been acknowledged by many people is that this involves
12 a tremendous amount of complex, coordinated effort
13 among state agencies. You have the Department of
14 Agriculture that handles all Category 1 Licenses. You
15 have the Department of Revenue that controls the
16 central controlled computer, your key monitoring and
17 enforcement tool. And you have the Treasurer that
18 handles the investments and allocation of all the
19 accounts.

20 While it's often a managerial process, it
21 also is important that because of that level of
22 coordination needed, it is reasonable to have them as
23 part of the decision-making process so that they
24 understand and they're appreciative and don't have to
25 just read the papers of the perspective of the Board

1 in order to execute the Board's intentions.

2 They also serve a second public office
3 function. And that is to present perspectives and
4 confidence that the Board may not have on its own,
5 that the Board who has the choice of voting can reject
6 those perspectives --- they can reject those
7 confidences. But there was an attempt by the
8 legislature to ensure that all good practices of
9 information were presented to the Board, both in
10 executive and in public sessions, but it still
11 fundamentally empowers the voting members. It's not
12 an attempt to empower Ex-Officio members other than to
13 give them an avenue of participation in a process of
14 which they have a tremendous amount of responsibility.

15 ATTORNEY SHERMAN:

16 All right. Mr. Chairman, if I may? On
17 the first point --- that there other agencies out
18 there, Boards or Commissions, they're limited in
19 number obviously --- that they have some nonvoting
20 Ex-Officio members. I don't know and I haven't heard
21 that they actually participate in quasi-judicial
22 deliberations. And that may be the difference at
23 least, with some of them because I really don't know
24 that, for instance, the Convention Center ever
25 performs quasi-judicial function as that determination

1 or that term is used.

2 I think there's no doubt that there are
3 areas of expertise that the Secretary of Revenue or
4 his designee or the Secretary of Agriculture or his
5 designee or the Treasurer or his designee can
6 certainly have input with this Board. The question
7 all along has been trying to preserve that.

8 But the record that the Board is acting
9 on is that which is coming in --- in its quasi-
10 judicial function --- is that which comes in through
11 the evidentiary record. That's one of the underlying
12 concepts. I think it's always been an issue for the
13 Board so as not to give disappointed applicants or
14 disappointed licensees an opportunity to appeal
15 through an allegation that information came into the
16 Board's deliberative processes by some means from
17 outside the evidentiary record.

18 And it's really been the sanctity of that
19 record, in that that process which has, I think,
20 driven a lot of the debate here. Now, again no doubt
21 when talking about noncontested matters between the
22 Board and a Licensee, the input of all three of those
23 public officials can be critical to the Board's
24 understanding on issues of regulations, setting policy
25 regarding matters involving the receipt, the retention

1 or the distribution of funds.

2 The impact on Agriculture, policies which
3 the Board may want to consider regarding what could
4 make the relationship between the tracks and the
5 casinos work a little bit better. And those are --- I
6 think everybody can agree from one end of the guys to
7 the other, those are great things for everybody to
8 work on together.

9 The only issue here has been in terms of
10 --- from the Board's perspective, the quasi-judicial
11 deliberations contested on the record matters, and
12 what influence or impact that could have on the
13 Board's decisions. Again, I don't know that those
14 issues will ever be satisfactorily resolved to
15 everybody's delight. It would be great if they could
16 be, but lingering questions are always going to be
17 there as to the process given the statutory system
18 that we have been given.

19 CHAIRMAN:

20 Thank you. May I have a motion, please?

21 MR. ANGELI:

22 Mr. Chairman, having heard all this ---
23 and I wish that term new member was better clarified
24 in the section where it talked about. It needs a lot
25 to be --- you know, for the purpose of moving forward,

1 both parties have a lot of special comments. And I
2 think at this time maybe we move forward. So, I would
3 move that the Board ratify the Settlement Agreement
4 between the Board and State Treasurer Robert McCord as
5 described by the OCC.

6 CHAIRMAN:

7 May I have a second?

8 MR. MOSCATO:

9 Second.

10 MR. SOJKA:

11 Does this require a qualified majority?

12 CHAIRMAN:

13 It does require a qualified majority.

14 All those in favor aye?

15 KENNETH TRUJILLO ABSTAINS. ALL OTHER MEMBERS SAY AYE

16 CHAIRMAN:

17 Opposed? Let the record reflect that
18 Commissioner Trujillo was the no vote. And with that,
19 the motion passes. Next?

20 ATTORNEY SHERMAN:

21 Next, the Board has two petitions before
22 it for consideration. Sands Bethworks' Petition
23 Requesting Approval of the Reconfiguration of its
24 gaming floor plan was heard by the Board earlier today
25 during a public hearing.

1 The second Petition which is a Joint
2 Petition filed by Crown Limited and Washington
3 Trotting Association in which it seeks approval to
4 transfer a 24.5 percent interest in WTA's parent
5 company to Crown was heard by the Board on January
6 6th, 2011. After that hearing, the matter was tabled
7 so that the Board could further evaluate both the
8 transaction and Crown's application for Licensure, as
9 well as to provide the Bureau of Investigations and
10 Enforcement with time to update certain aspects of its
11 investigation.

12 In each of the Petitions being considered
13 today, the Board has, in advance of this meeting, been
14 provided with all of the petitions, any responsive
15 pleadings, as well as all supporting evidentiary
16 materials, including a copy of the January 6, 2011
17 hearing on the WTA-Crown Petition.

18 The first Petition before you to consider
19 is that of Sands Bethworks for the approval of the
20 reconfiguration of the gaming floor. As you heard
21 earlier today during the public hearing, Sands has
22 requested to increase the number of table games by 29,
23 which will bring it's complement to 129. The
24 additional games will be all bank games and will
25 retain a number of operating slot machines at 3,024.

1 If the Board is inclined to grant the
2 relief, the OEC has requested 11 conditions in their
3 answer to the petition to be imposed. During the
4 hearing today, we heard of two additional conditions,
5 which OEC has requested and to which Sands concurred.

6 Based on those requests, we would ask the
7 Board to entertain a motion to approve the
8 reconfiguration, the addition of the 29 table games,
9 and a little over 5,000 square feet of floor space
10 subject to what are now 13 conditions.

11 CHAIRMAN:

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

15 MR. ANGELI:

16 Mr. Chairman, I move that the Board grant
17 Sands Bethworks' Petition as described by the OCC.

18 CHAIRMAN:

19 Second?

20 MR. MCCALL:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 ALL SAY AYE

25 CHAIRMAN:

1 Opposed? The motion passes.

2 ATTORNEY SHERMAN:

3 In connection with the Sands' Petition,
4 they also have requested that certain documents be
5 maintained as confidential. Those are the ones
6 showing the security features, the backhouse areas,
7 which have traditionally been confidential from public
8 disclosure. I probably should have included that in
9 the first motion, but I request the Board also
10 entertain a motion to maintain those as confidential
11 as well.

12 CHAIRMAN:

13 We will entertain that.

14 Mr. ANGELI:

15 So moved.

16 MR. MOSCATO:

17 Second.

18 CHAIRMAN:

19 All in favor?

20 ALL SAY AYE

21 CHAIRMAN:

22 Opposed? Those documents will be
23 maintained confidential. Hold on a second. The
24 stenographer has to flip out the paper.

25 OFF RECORD DISCUSSION

1 ATTORNEY SHERMAN:

2 The next matter before the Board is
3 Washington Trotting Association's Joint Application
4 with Crown Limited for Approval of a Change of Control
5 of WTA. The Gaming Act defines a change of control as
6 any change of ownership of greater than 20 percent.
7 In this case, Crown seeks to acquire a 24.5 percent
8 interest in Cannery Casino Resorts, which is WTA's
9 parent company.

10 The Board initially heard this matter on
11 January 6th prior to a public meeting. At that time,
12 the Board because of some questions about the ---
13 requesting some follow up from the BIE and OEC on a
14 couple matters, they tabled the matter pending further
15 review and investigation. Specifically, the Board
16 believed it prudent to further review the pleadings,
17 evidence presented at the hearing, suitability reports
18 as well as to obtain a update of the investigation
19 report prior to today's meeting.

20 I note that Counsel from OEC, Mr. Creany,
21 is present and I believe would like to address the
22 Board. I hand him to you at this time.

23 CHAIRMAN:

24 Thank you. Mr. Creany? And again could
25 you say your name and spell it, please?

1 ATTORNEY CREANY:

2 Good morning Mr. Chairman, Commissioners.
3 My name is Barry Creany C-R-E-A-N-Y, OEC. As
4 requested, the OEC filed an updated fact and
5 investigation report that addressed a number of the
6 issues that were raised in the hearing that was
7 conducted on January 6th, 2011. In addition, after
8 submitting that report, we received one more
9 regulatory update.

10 We've received now regulatory updates
11 from all of the jurisdictions in which Crown does
12 business. And this last one came from the Tasmanian
13 Gaming Commission. I had copies of the report that
14 was received on February 17th, 2011 from the Board
15 just to supplement our background investigation
16 report.

17 CHAIRMAN:

18 Thank you, Mr. Creany. Could you just
19 summarize for the Board the findings of that report?

20 ATTORNEY CREANY:

21 The Tasmanian Gaming Commission indicates
22 that they approved the following persons: John Henry
23 Alexander, Ashok Peter Jacob, Michael Roy Johnston,
24 James Douglas Packer, Rowena Danziger, Rowen Bruce
25 Craigie, Michael James Neilson. And the additional

1 members be made requests on --- or the additional
2 applicants that we made requests on Gretel V. Packer,
3 Richard Wallace Turner, and Kenneth M. Barton have
4 been --- let me back up a bit.

5 The first individuals that I listed, all
6 of these individuals are Principal applications in the
7 current application. The first seven that I listed
8 have been applicants in Tasmania and have been
9 approved. The last three Gretel Packer, Richard
10 Turner and Kenneth Barton were not required to file
11 applications, therefore there's no record of any
12 information with that commission and that there was no
13 derogatory information received on either the Crown
14 Limited or any of its Principals by the Tasmanian
15 authorities.

16 CHAIRMAN:

17 Thank you. Anything more from Chief
18 Counsel?

19 ATTORNEY SHERMAN:

20 Yes. Should the Board grant the Petition
21 and the licensure of Crown and certain persons
22 associated with Crown, based upon the updated
23 information, the OEC has requested that certain
24 conditions be placed upon Crown. Those have been
25 provided in the OEC Investigative Reports which were

1 in the Board's binder. The OCC would concur, and I
2 request that those conditions be placed on Crown.

3 In addition, under Section 1328 of the
4 Act, the Board is required to impose the change of
5 control fee to be set at an amount of the Board's
6 discretion. The matter has been assessed by the Board
7 in their judicial deliberations of this matter in
8 executive session, and it's now appropriate for the
9 Board's entertaining of a motion.

10 CHAIRMAN:

11 Thank you. Questions or comments from
12 the Board? Commissioner Angeli?

13 MR. ANGELI:

14 I just have one. Mr. Creany, did you
15 have to send someone to Tasmania?

16 ATTORNEY CREANY:

17 No, we didn't. We communicated with
18 them, and we received this by ---.

19 MR. ANGELI:

20 Thank you.

21 CHAIRMAN:

22 Commissioner McCall?

23 MR. MCCALL:

24 Mr. Chairman, I move that the Board
25 grant ---.

1 CHAIRMAN:

2 Hold on. I want to make sure that we
3 don't have any other questions. Are there any
4 questions. Thank you. Sorry about that.

5 MR. MCCALL:

6 Thank you, Mr. Chairman. Mr. Chairman, I
7 move that the Board grant the Joint Application of
8 Crown Limited and The Washington Trotting Association
9 as described by the OCC as well the conditions and
10 that a \$2.5 million charge or Change Control Fee be
11 assessed.

12 CHAIRMAN:

13 May I have a second on that?

14 MR. MOSCATO:

15 Second.

16 CHAIRMAN:

17 All in favor say aye?

18 ALL SAY AYE

19 CHAIRMAN:

20 Opposed? Motion passes.

21 ATTORNEY SHERMAN:

22 Next, presenting Reports and
23 Recommendations will be Deputy Chief Counsel Steve
24 Cook.

25 ATTORNEY COOK:

1 Steve Cook, C-O-O-K. Next before the
2 Board for consideration are two Reports and
3 Recommendations received from the Office of Hearings
4 and Appeals relative to two gaming employee permit
5 applications. These Reports and Recommendations,
6 along with the evidentiary record in each matter have
7 been presented to the Board in advance of this
8 meeting.

9 Additionally, each of these individuals
10 has been notified that their Report and Recommendation
11 has been given to the Board today, and that they have
12 the right to be present and briefly address the Board.
13 If either of these individuals are present, I'd ask
14 that they come forward as their name's announced.

15 The first Report and Recommendation
16 before the Board pertains to James Ellingsworth.

17 CHAIRMAN:

18 Mr. Ellingsworth present?

19 ATTORNEY COOK:

20 Mr. Ellingsworth submitted an application
21 for Gaming Employee Permit on September 8th, 2010,
22 seeking work as a Table Games Dealer at the Parx
23 Casino. The OEC issued a Notice of Recommendation of
24 Denial on November 18th, 2010 based on their belief
25 that Mr. Ellingsworth was ineligible and unsuitable to

1 hold a Gaming Employee Permit. Mr. Ellingsworth had
2 indicated on his application that he had never been
3 arrested. However, a subsequent Pennsylvania State
4 Police background investigation indicated that he had
5 been, in fact, arrested eight times resulting in four
6 convictions between 2002 and 2004.

7 After receiving the Notice of
8 Recommendation of Denial, Mr. Ellingsworth requested a
9 hearing which was held before the OHA on January 11th,
10 2011. Both the OEC and Mr. Ellingsworth appeared and
11 offered testimony at the hearing. Mr. Ellingsworth's
12 testimony indicated that it was his belief that his
13 criminal convictions --- which all occurred in the
14 State of Delaware --- were expunged subsequent to his
15 completing his criminal sentence. That in fact was
16 not the case.

17 After the January 11th hearing, a Report
18 and Recommendation was issued recommending that Mr.
19 Ellingsworth's Gaming application--- Gaming Permit
20 application be denied based upon his failure to show
21 the requisite good character, honesty and integrity
22 required to receive such a permit. This Report and
23 Recommendation is before the Board for consideration.

24 CHAIRMAN:

25 Thank you. Any questions or comments

1 from the Board? Can I have a motion, please?

2 MR. MOSCATO:

3 Mr. Chairman, I move that the Board issue
4 an Order to adopt the Report and Recommendation from
5 the OHA regarding the Gaming Employee Permit of James
6 Ellingsworth as described by the OCC.

7 CHAIRMAN:

8 Can I have a second?

9 MR. MCCALL:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 ALL SAY AYE

14 CHAIRMAN:

15 Opposed? Motion passes.

16 ATTORNEY COOK:

17 The next matter before the Board's
18 consideration is a Report and Recommendation
19 pertaining to Scott Liang. On May 7th, 2010, Mr.
20 Liang submitted a Gaming Employee Permit application
21 to work as a Table Games Dealer at Sands. On May
22 27th, 2010, Mr. Liang submitted a second application
23 seeking work as a Table Games Dealer at Harrah's
24 Chester. On July 19th, 2010, the OEC issued a Notice
25 of Recommendation of Denial of the Harrah's

1 application. Mr. Liang did not request a hearing
2 regarding that recommendation of denial.

3 The hearing --- or I'm sorry, the
4 recommendation was based upon Mr. Liang's revocation
5 --- or revocation of Mr. Liang's Gaming Permit along
6 with the tribal authorities in Connecticut based upon
7 some allegations of cheating, as well as his failure
8 to cooperate with the regulators there.

9 As a result of these allegations and his
10 failure to object to those or defend against the
11 allegations, the Harrah's application was subsequently
12 denied by the Board. This triggered a five year
13 prohibition making another application to the Board.
14 And therefore, precluded the second application, the
15 Sands application, from being approved.

16 And as a result of that, Sands filed a
17 Petition to Withdraw that application. The Sands was
18 given notice that the OEC objected to the withdraw
19 being anything but with prejudice. A hearing was
20 scheduled. Sands did not contest it. Mr. Liang did
21 appear --- contested the withdraw with prejudice. And
22 not withstanding that fact, given the statutory
23 prohibition --- or I'm sorry, the regulatory
24 prohibition on making the second application within
25 five years of the first denial, the Report and

1 Recommendation was issued recommending the denial.

2 And that is before the Board. The OCC
3 would recommend adoption for the Board's
4 recommendation.

5 CHAIRMAN:

6 Thank you. Is Mr. Liang here?

7 Any questions from the Board? Seeing none, can I have
8 a motion, please?

9 MR. TRUJILLO:

10 Mr. Chairman, I move that the Board issue
11 an Order to adopt the Report and Recommendation of the
12 OHA regarding the Gaming Employee Permit of Scott
13 Liang as described by the OCC.

14 CHAIRMAN:

15 Second?

16 MR. ANGELI:

17 Second.

18 CHAIRMAN:

19 All in favor?

20 ALL SAY AYE

21 CHAIRMAN:

22 Opposed? Motion passes.

23 ATTORNEY COOK:

24 And with that, that concludes --- the
25 matters of the OCC are concluded.

1 CHAIRMAN:

2 Thank you, Doug. Thank you, Steve.
3 Next up we have our Director of Licensing, Susan
4 Hensel. And Mr. Hannon is with you as well?

5 MS. HENSEL:

6 Yes. Thank you, Chairman Fajt and
7 members of the Board. Joining me today, as you noted,
8 is Sean Hannon. He's the manager of the Enterprise
9 Licensing Unit. During the February 10th Board
10 meeting, Sean and I discussed with you a proposed
11 Bureau of Licensing policy that would assist us in
12 making recommendations for reduced licensing fees for
13 table games manufacturers and suppliers.

14 As you know, the Gaming Act provides for
15 a modification in the licensing fees for table games
16 manufacturers and suppliers if the Board determines
17 that the fees will unreasonably limit the availability
18 of table games devices or associated equipment in the
19 Commonwealth.

20 The proposed policy would take into
21 account both the number of applicants or licensees
22 that provide a particular product as well as the gross
23 revenue projected to be earned from the sale of the
24 product.

25 At the last Board meeting, we indicated

1 that we would seek public comment on the proposed
2 policy. The public comment period closes today, and
3 Sean is here today to give you an update on the
4 process we used to solicit comments and the comments
5 we received.

6 MR. HANNON:

7 Good afternoon Chairman Fajt and members
8 of the Board. Sean Hannon, H-A-N-N-O-N, from the
9 Bureau of Licensing. As Susan noted, the Board
10 invited comments regarding this proposed policy and
11 then opened a two week public comment. After the
12 meeting on February 10th, the Bureau sent notification
13 of this policy to Table Games Manufacturers and
14 Suppliers, as well as to casino operators seeking
15 comment on the proposed policy.

16 In addition, I expressed this policy with
17 great potential of Table Games Manufacturer items.
18 The two week window for comment closes today, and
19 today the Bureau of Licensing received comments from
20 three Table Games Manufacturers and one potential
21 manufacturer.

22 Two, for example, Table Games
23 Manufacturers have pending Reduced Fee Petitions
24 before the Board, and both commented that they are in
25 support of the adoption of this policy as to determine

1 the fee based on the number of manufacturers and the
2 amount of revenue.

3 Another Table Games Manufacturer which is
4 licensed in Pennsylvania also supported the concepts.
5 With respect to the potential manufacturer, the
6 company has made inquiries to the Bureau of Licensing
7 concerning the substantial cost of licensing and how
8 it prevents the smaller company from entering the
9 Pennsylvania market.

10 This manufacturer indicated that the
11 proposed policy would make it possible for them to
12 consider doing business in Pennsylvania. That and any
13 additional comments received by the end of the day ---
14 and if there is no objection by the Board, the Bureau
15 of Licensing will be implementing this policy.

16 MS. HENSEL:

17 And once implemented, we would begin
18 making recommendations for the Board's consideration
19 as to reduced licensing fees. We're not asking for
20 any Board action today, but if you have any questions
21 or concerns we're happy to address those.

22 CHAIRMAN:

23 Thank you, Susan. Thank you, Sean. Any
24 questions or comments from the Board? Okay. Thank
25 you very much.

1 MS. HENSEL:

2 Okay. Thank you. We'll move on to other
3 Licensing matters. The next matter for your
4 consideration is the renewal of a Slot Machine
5 Manufacturer License for Western Money Systems.
6 The BIE has completed its investigation, and the
7 Bureau of Licensing has provided you with the renewal
8 background investigation and suitability report for
9 this Licensee.

10 No issues were identified by either the
11 BIE or Licensing that would preclude the renewal of
12 this license. I have provided you with a draft Order
13 and ask that the Board consider the renewal of Western
14 Money Systems.

15 CHAIRMAN:

16 Any questions from the OEC?

17 ATTORNEY PITRE:

18 The Enforcement Counsel has no objection
19 to the renewal.

20 CHAIRMAN:

21 Thank you. Any questions from the Board?
22 Can I have a motion, please?

23 MR. ANGELI:

24 So moved.

25 CHAIRMAN:

1 Second?

2 MR. MCCALL:

3 Second.

4 CHAIRMAN:

5 All in favor?

6 ALL SAY AYE

7 CHAIRMAN:

8 Opposed? Motion passes.

9 MS. HENSEL:

10 Also for your consideration is the
11 renewal of a Slot Machine Supplier License for Modern
12 Gaming Pennsylvania, LLC. The BIE has completed its
13 investigation and the Bureau of Licensing has provided
14 you with a renewal background investigation and
15 suitability report for this Licensee.

16 No issues were identified that would
17 preclude renewal of Modern Gaming Pennsylvania, LLC's
18 license. I have provided you with a draft Order and
19 ask that the Board consider the renewal of this
20 license.

21 CHAIRMAN:

22 Any questions or comments from OEC?

23 ATTORNEY PITRE:

24 OEC has no objection to the renewal.

25 CHAIRMAN:

1 Thank you. Comments from the Board?
2 Can I have a motion, please?

3 MR. MCCALL:

4 Mr. Chairman, I move that the Board
5 approve the renewal of Modern Gaming PA, LLC's Slot
6 Machine Supplier License.

7 CHAIRMAN:

8 Second?

9 MR. MOSCATO:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 ALL SAY AYE

14 CHAIRMAN:

15 Opposed? Motion passes.

16 MS. HENSEL:

17 Next is the approval of Principal and Key
18 Employee Licenses and a Gaming Service Provider
19 Qualification. Prior to this meeting, the Bureau of
20 Licensing provided you with proposed Orders for 27
21 Principals related to the Crown Limited acquisition of
22 Washington Trotting Association and one Principal and
23 four Key Employee Licenses for Chester Downs
24 Mountainview Thoroughbred Racing and Washington
25 Trotting Association, as well as one Gaming Service

1 Provider Qualifier for Commercial Flooring Systems of
2 Pennsylvania, Inc. I ask that the Board consider the
3 Orders approving these licenses and qualification.

4 CHAIRMAN:

5 Any questions or comments from OEC?

6 ATTORNEY PITRE::

7 OEC has no objection.

8 CHAIRMAN:

9 Thank you. Questions from the Board?
10 Can I have a motion, please?

11 MR. TRUJILLO:

12 Mr. Chairman, I move the Board approve
13 the issuance of Principal, Key and Qualifier Licenses
14 as described by the Bureau of Licensing.

15 CHAIRMAN:

16 Second?

17 MR. SOJKA:

18 Second.

19 CHAIRMAN:

20 All in favor?

21 ALL SAY AYE

22 CHAIRMAN:

23 Opposed? Motion passes.

24 MS. HENSEL:

25 In addition, for your consideration is

1 the issuance of Temporary Key Employee Licenses.
2 Prior to this meeting, the Bureau of Licensing
3 provided you with an Order regarding the issuance of
4 temporary licenses for four Key Employees. I ask that
5 the Board consider the Order approving these
6 credentials.

7 CHAIRMAN:

8 Comments from the OEC?

9 ATTORNEY PITRE:

10 OEC has no objection.

11 CHAIRMAN:

12 Any questions from the Board? Can I have
13 a motion, please?

14 MR. SOJKA:

15 So moved.

16 CHAIRMAN:

17 Second?

18 MR. TRUJILLO:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL SAY AYE

23 CHAIRMAN:

24 Opposed? Motion passes.

25 MS. HENSEL:

1 We also have Gaming Permits and
2 Non-Gaming Registrations. Prior to this meeting, the
3 Bureau of Licensing provided you with a list of 217
4 individuals whom the Bureau has granted occupation
5 permits to and 73 individuals whom the Bureau has
6 granted registration to under the authority delegated
7 to the Bureau of Licensing. I ask that the Board
8 adopt a motion approving the Order.

9 CHAIRMAN:

10 Questions from the OEC?

11 ATTORNEY PITRE:

12 The OEC has reviewed each, and we have no
13 objection.

14 CHAIRMAN:

15 Thank you. Questions from the Board?
16 Can I have a motion please?

17 MR. TRUJILLO:

18 So moved.

19 CHAIRMAN:

20 Second?

21 MR. ANGELI:

22 Second.

23 CHAIRMAN:

24 All in favor?

25 ALL SAY AYE

1 CHAIRMAN:

2 Opposed? Motion passes.

3 MS. HENSEL:

4 In addition, we have withdrawal requests
5 for Key Employees, Gaming and Non-Gaming Employees.
6 In each case, the license, permit or registration is
7 no longer required due to such circumstances as the
8 employee failing to report to work or the job offer
9 being rescinded. For today's meeting, I have provided
10 the Board with a list of 11 Key Employees, 38 Gaming
11 and 20 Non-Gaming Withdrawals for approval. I ask
12 that the Board consider the Orders approving the lists
13 of Withdrawals.

14 CHAIRMAN:

15 Any comments from the OEC?

16 ATTORNEY PITRE:

17 OEC has no objection to the Withdrawals.

18 CHAIRMAN:

19 Questions from the Board? Can I have a
20 motion, please?

21 MR. ANGELI:

22 So moved.

23 CHAIRMAN:

24 Second?

25 MR. SOJKA:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 ALL SAY AYE

5 CHAIRMAN:

6 Opposed? The motion passes.

7 MS. HENSEL:

8 We also have four Orders regarding Gaming
9 Service Providers. The first is to certify the
10 following Gaming Service Providers, Allen Brothers
11 Inc., Beletz Brothers Glass Company, Inc. and Global
12 Sign & Design, Inc. I ask that the Board consider the
13 Order approving these Gaming Service Providers for
14 certification.

15 CHAIRMAN:

16 OEC any comments or questions?

17 ATTORNEY PITRE:

18 OEC recommends certification.

19 CHAIRMAN:

20 Thank you. Questions from the Board?

21 Can I have a motion, please?

22 MR. ANGELI:

23 So moved.

24 CHAIRMAN:

25 Second?

1 MR. MCCALL:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 ALL SAY AYE

6 CHAIRMAN:

7 Opposed? Motion passes.

8 MS. HENSEL:

9 Next, are Gaming Service Provider
10 Registrations. The Bureau of Licensing provided you
11 with an Order and an attached list of 13 Registered
12 Gaming Service Providers. I ask that the Board adopt
13 a motion registering these Gaming Service Providers.

14 CHAIRMAN:

15 OEC comments or questions?

16 ATTORNEY PITRE:

17 OEC has no objection.

18 CHAIRMAN:

19 Thank you. Questions from the Board?

20 Can I have a motion, please?

21 MR. MOSCATO:

22 So moved.

23 CHAIRMAN:

24 Second?

25 MR. SOJKA:

1 Second.

2 CHAIRMAN:

3 All in favor?

4 ALL SAY AYE

5 CHAIRMAN:

6 Opposed? The motion passes.

7 MS. HENSEL:

8 In addition, the Bureau of Licensing
9 provided you with an Order, the approval of which
10 would result in the Gaming Service Provider,
11 Solutions4SURE, Inc. doing business as Tech Depot,
12 being added to the Prohibited Gaming Service Provider
13 list. This Gaming Service Provider has done business
14 with a Slot Machine Operator Licensee or applicant,
15 but has failed to complete its application. I ask
16 that the Board consider the Order adding Solutions4SURE
17 to the Prohibited Gaming Service Provider list.

18 CHAIRMAN:

19 Any comments from the OEC?

20 ATTORNEY PITRE:

21 The OEC joins in the request.

22 CHAIRMAN:

23 Thank you. Questions from the Board?

24 Can I have a motion, please?

25 MR. SOJKA:

1 Yes, Mr. Chairman, I move that the Board
2 issue the Order to approve the addition to the
3 Prohibited Gaming Service Provider List as described
4 by the Bureau of Licensing.

5 CHAIRMAN:

6 Second?

7 MR. TRUJILLO:

8 Second.

9 CHAIRMAN:

10 All in favor?

11 ALL SAY AYE

12 CHAIRMAN:

13 Opposed? The motion passes.

14 MS. HENSEL:

15 Finally, we have proposed Orders denying
16 the Gaming Service Provider Registration applications
17 of Legacy Information Systems and Union Roofing
18 Contractors, Inc. These Gaming Service Providers
19 failed to request hearings despite being advised by
20 the OEC that their applications were being recommended
21 for denial. I ask that the Board consider the Order
22 denying the applications for Legacy Information
23 Systems and Union Roofing Contractors, Inc.

24 CHAIRMAN:

25 Any questions from the OEC?

1 ATTORNEY PITRE:

2 We would recommend the Board deny each
3 one of these applications.

4 CHAIRMAN:

5 Any questions from the Board? Can I have
6 a motion, please?

7 MR. TRUJILLO:

8 Mr. Chairman, I move that the Board issue
9 the Orders to deny the Gaming Service Provider
10 applications as described by the Bureau of Licensing.

11 MR. ANGELI:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 Opposed? The motion passes.

18 MS. HENSEL:

19 That concludes the Bureau of Licensing's
20 presentation.

21 CHAIRMAN:

22 Thank you, Susan. Thank you, Sean. Next
23 up is our Enforcement Counsel Cyrus Pitre. Cyrus?

24 ATTORNEY PITRE:

25 We have three revocations for the Board's

1 consideration today. Cassandra Fenstermaker will
2 present each matter to the Board.

3 CHAIRMAN:

4 Thank you. Welcome Cassandra.

5 ATTORNEY FENSTERMAKER:

6 Thank you. Good afternoon, Chairman
7 Fajt, members of the Board. My name is Cassandra
8 Fenstermaker, that'd be F-E-N-S-T-E-R-M-A-K-E-R. This
9 matter involves a request to revoke Mr. Bibza's Gaming
10 Employee Application Permit. On December 2nd, 2012
11 --- or 2010, the OEC filed a Complaint for Revocation
12 of Mr. Bibza's Gaming Permit due to his wagering at a
13 Rivers blackjack table while employed by Rivers as a
14 cage cashier.

15 The Enforcement Complaint was properly
16 served on Mr. Bibza by both certified and first class
17 mail. Mr. Bibza did not respond to the complaint
18 within 30 days. Therefore, pursuant to Board
19 regulations, all facts alleged in the complaint are
20 deemed admitted. The OEC filed a Request for a
21 Default Judgement on February 3rd, 2011. At this
22 time, the OEC asks that Mr. Bibza's Gaming Permit be
23 revoked.

24 CHAIRMAN:

25 Thank you. Is Mr. Bibza here today? Any

1 questions or comments from the Board? Seeing none,
2 can I have a motion please?

3 MR. MCCALL:

4 Mr. Chairman, I move that the Board issue
5 an Order to approve the Revocation of Patrick Bibza's
6 Gaming Employee Permit as described by the OEC.

7 CHAIRMAN:

8 Second?

9 MR. MOSCATO:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 ALL SAY AYE

14 CHAIRMAN:

15 Opposed? The motion passes.

16 ATTORNEY FENSTERMAKER:

17 The next item involves a request to
18 revoke Mr. Voto's Gaming Employee Application Permit.
19 On November, 22nd, 2010, the OEC filed a Complaint for
20 Revocation on Mr. Voto's Gaming Permit. The
21 Revocation Complaint was filed as a result of Mr. Voto
22 pleading guilty to a felony.

23 The Enforcement Complaint was properly
24 served upon Mr. Voto by both certified and first class
25 mail. Mr. Voto did not respond to the complaint

1 within 30 days. Therefore, pursuant to the Board
2 regulations, all facts alleged in the complaint are
3 deemed admitted. The OEC filed a Request for Default
4 Judgement on February 4th, 2011. At this time, the
5 OEC asks that Mr. Voto's Gaming Permit be revoked.

6 CHAIRMAN:

7 Is Mr. Anthony Voto here today? Any
8 questions or comments from the Board? Can I have a
9 motion, please?

10 MR. MOSCATO:

11 Mr. Chairman, I move that the Board issue
12 an Order to approve the Revocation of Mr. Anthony
13 Voto's Gaming Employee Permit as described by the OEC.

14 CHAIRMAN:

15 Second?

16 MR. SOJKA:

17 Second.

18 CHAIRMAN:

19 All in favor?

20 ALL SAY AYE

21 CHAIRMAN:

22 Opposed? Motion passes.

23 ATTORNEY FENSTERMAKER:

24 This final matter involves a request to
25 revoke Ms. Jessica M. Wasson's Gaming Employee

1 Application Permit. On December 2nd, 2010, the OEC
2 filed a Complaint for the Revocation of Ms. Wasson's
3 Gaming Permit. The Revocation Complaint was filed as
4 a result of Ms. Wasson alleged cheating while gaming
5 at a Rivers Casino roulette table. She was still
6 employed as a Table Games Dealer at Presque Isle Downs
7 at the time of the incident.

8 The Enforcement Complaint was properly
9 served upon Ms. Wasson by both certified and first
10 class mail. Jessica Wasson had not responded to the
11 complaint within 30 days. Therefore, pursuant to the
12 Board regulations, all facts alleged in the complaint
13 are deemed admitted. The OEC filed a Request for
14 Default Judgement on February 3rd, 2011. At this
15 time, the OEC asks that Jessica Wasson's Gaming Permit
16 be revoked.

17 CHAIRMAN:

18 Is Jessica Wasson here today? Seeing
19 that she is not, can I have a motion on --- are there
20 any questions first of all from the Board? Seeing
21 none, can I have a motion, please?

22 MR. SOJKA:

23 Yes, Mr. Chairman, I move that the Board
24 issue an Order to approve the Revocation of Jessica
25 Wasson's Gaming Employee Permit as described by the

1 OEC.

2 CHAIRMAN:

3 Second?

4 MR. ANGELI:

5 Second.

6 CHAIRMAN:

7 All in favor?

8 ALL SAY AYE

9 CHAIRMAN:

10 Opposed? The motion passes.

11 ATTORNEY PITRE:

12 Thank you, that concludes our business.

13 CHAIRMAN:

14 Thank you both very much. Now, that
15 includes today's business. In closing, our next
16 scheduled public meeting will be held Wednesday, March
17 9th in the State Museum auditorium. I know that any
18 time we move to the State Museum that creates
19 observation in the public as to whether we're going to
20 make a decision on a Category 3 License.

21 We have not reached a qualified majority
22 decision yet, and we will notify the public and the
23 press well in advance if that happens. And I see some
24 friends from the press here and members of the public
25 who have an interest in that. So again, we will make

1 sure that you're notified well in advance.

2 But as of today there is no qualified
3 majority decision on that issue. That meeting will be
4 held at 10:00 a.m. Any final questions or comments
5 from the Board? Seeing none, can I have a motion to
6 adjourn?

7 MR. TRUJILLO:

8 So moved.

9 MR. ANGELI:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 ALL SAY AYE

14 CHAIRMAN:

15 The motion passes. The meeting is
16 adjourned. Thank you.

17 * * * * *

18 MEETING CONCLUDED AT 12:20 P.M.

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CERTIFICATE

I hereby certify that the foregoing proceedings, meeting held before the Pennsylvania Gaming Control Board, was reported by me on 02/24/2011 and that I Jolynn C. Prunoske read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.

Jolynn C. Prunoske