

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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BEFORE: WILLIAM H. RYAN, JR., CHAIRMAN
Gregory C. Fajt, James B. Ginty,
Keith R. McCall, Anthony C. Moscato,
Gary A. Sojka, Kenneth I. Trujillo; Members
Robert Coyne, Representing Daniel P.
Meuser, Secretary of Revenue
Christopher Craig, Representing Robert
McCord, State Treasurer

MEETING: September 14, 2011,

LOCATION: PUC Keystone Building
Hearing Room #1
Harrisburg, PA

Reporter: Kenneth Dominic O'Hearn

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CHAIRMAN:

The Board is now going into Executive Session for, we hope, not longer than 15, 20 minutes, max. So, I would ask everyone else to please leave the room. Thank you.

SHORT BREAK TAKEN

Okay. Thank you all for your cooperation. I would now like to call our regularly scheduled meeting to order. By way of announcements, the Board held an Executive Session yesterday for the purpose of discussing personnel matters pending litigation and to conduct quasi-judicial deliberations relating to matters being considered by the Board today.

Additionally, a second Executive Session was held just prior to our reconvening here. The purpose of that Executive Session was to deliberate on the hearings held earlier today and to take confidential evidence regarding the Harrah's Chester petition. First order business would be Kevin O'Toole, Executive Director of the Board. Kevin?

MR. O'TOOLE:

Good afternoon, Chairman Ryan and members

1 of the Board. I will be brief. But on behalf of the
2 entire staff of the Pennsylvania Gaming Control Board,
3 congratulations, Chairman Ryan, on your appointment,
4 and welcome to the Board. We all look forward to
5 working with you.

6 CHAIRMAN:

7 Thank you.

8 MR. O'TOOLE:

9 We promise that the next public meeting
10 will have a few less hearings on the agenda. Despite
11 the fact that there were major challenges last week
12 from rain, flooding, road and office closings, a small
13 group of staff came into the office safely last
14 Thursday and Friday to assure that all materials were
15 completed for the public meeting and that the Board
16 members would receive their meeting materials on time
17 and in the usual manner. Mickey Kane, Doreen Appel,
18 Barbara Taylor and Shaun Kovach went above and beyond,
19 and we appreciate their effort.

20 The weather also caused difficulties for
21 the casinos, mostly in the eastern and northeastern
22 sections of the Commonwealth, as well as in the
23 central region at Hollywood Casino. I would like to
24 also publicly acknowledge my appreciation to our
25 Casino Compliance staff, who made a tremendous effort

1 to get to their assigned casino to ensure that
2 regulatory oversight was not interrupted. That
3 concludes my brief remarks today. Thank you.

4 CHAIRMAN:

5 Thank you very much. Next, financial
6 report from David Rhen, CFO.

7 MR. RHEN:

8 Good afternoon. My report today will
9 provide an overview of expenditures through August.
10 Spending during the first two months of the fiscal
11 year totaled \$4.3 million. This total includes \$3.4
12 million or 79 percent of overall expenses for payroll
13 and \$903,000 or 21 percent of expenses for operations.
14 With the month of August, expenditures totaled \$2.7
15 million, including \$2.2 million for the last two
16 payrolls and \$505,000 for operating expenditures.

17 The Board's largest operating
18 expenditures for August include \$184,000 for services,
19 including legal counsel, computer IT consultants and
20 annual gaming costs for our in-house electronic
21 document repository, \$166,000 for rentals and leases,
22 \$81,000 for other operating expenses, which is
23 primarily database searches utilized in background
24 investigations and employee liability insurance
25 coverage through the Department of General Services,

1 including \$9,000 for travel. The Board's largest
2 operating expenditure --- expenses for the first two
3 months would be \$453,000 or 50 percent of overall
4 operating expenses for rentals and leases, \$186,000 or
5 21 percent of operating expenses for services, \$86,000
6 or 10 percent for other operating expenses and \$66,000
7 or 7 percent for IT purposes. That concludes my
8 report.

9 CHAIRMAN:

10 Any questions from the Board? Thank you,
11 David.

12 MR. RHEN:

13 Thank you.

14 CHAIRMAN:

15 Next, Claire Yantis, Director of Human
16 Resources. Claire?

17 MS. YANTIS:

18 Good afternoon, Chairman, Board members.
19 The Office of Human Resources has before you today a
20 motion to hire two individuals.

21 First, Bret McFarland has been selected
22 for hire as an investigator/supervisor in the Bureau
23 of Investigations and Enforcement (BIE), Central
24 Regional Office. Mr. McFarland is being recommended
25 for hire by Deputy Director of BIE Paul Mauro.

1 Second, Jay Lantzy has been selected for hire as a
2 Hearing Officer in the Office of Hearings and Appeals
3 (OHA) and is being recommended for hire by Director of
4 Hearings and Appeals Linda Lloyd.

5 Both Mr. McFarland and Mr. Lantzy have
6 completed the PGCB interview process, background
7 investigation and drug screening, and are being
8 presented for Board approval at this time. Unless
9 there are any questions, I ask that the Board consider
10 a motion to hire Mr. McFarland and Mr. Lantzy as
11 indicated.

12 CHAIRMAN:

13 Any questions or comments from the Board?
14 May I have a motion?

15 MR. SOJKA:

16 Yes, you may. Mr. Chairman, I'll move
17 that the Board approve the applicants that's proposed
18 on the condition that the necessary background
19 investigations and drug testing are complete.

20 MR. GINTY:

21 Second.

22 CHAIRMAN:

23 All in favor?

24 ALL SAY AYE

25 CHAIRMAN:

1 Opposed? The motion carries. Thank you.
2 Next up, Steve Cook from the Office of Chief Counsel
3 (OCC).

4 ATTORNEY COOK:

5 Good afternoon. First order of business
6 under the OCC is the presentation of two proposed
7 regulations, which Assistant Chief Counsel Susan Yocum
8 will present.

9 ATTORNEY YOCUM:

10 Good afternoon, Chairman, members of the
11 Board. I do have two rulemakings for your
12 consideration today. The first is 125-159. This is a
13 proposed rulemaking that would transition the last of
14 our current temporary table games chapters into
15 proposed form. This covers the Spanish 21 Poker,
16 Crazy 4 Poker and Mississippi Stud. I'll be happy to
17 answer any questions you may have.

18 CHAIRMAN:

19 Any questions? May I have a motion?

20 MR. FAJT:

21 Mr. Chairman, I move that the Board adopt
22 Proposed Regulation 125-159 as described by the OCC
23 and that the Board establish a public comment period
24 of 30 days for this regulation, and additionally, this
25 regulation, the proposed regulation, be posted on the

1 Board's website.

2 MR. MCCALL:

3 Second.

4 CHAIRMAN:

5 All in favor?

6 ALL SAY AYE

7 CHAIRMAN:

8 Opposed? The motion carries.

9 ATTORNEY YOCUM:

10 Next is a temporary rulemaking, 125-160.

11 This covers the game of Asia Poker. It's a brand new
12 chapter. This game was specifically contemplated in
13 the Gaming Act. Included in this rulemaking are the
14 rules of play, payout odds, dealing procedures and the
15 regularity requirements.

16 CHAIRMAN:

17 Questions? May I have a motion?

18 MR. MCCALL:

19 Mr. Chairman, I move that the Board adopt
20 Temporary Regulation Number 125-160 as described by
21 the OCC and that the Board establish a public comment
22 period of 30 days for this regulation and that the
23 temporary regulation be posted on the Board's website.

24 CHAIRMAN:

25 Second?

1 MR. MOSCATO:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 ALL SAY AYE

6 CHAIRMAN:

7 Opposed? The motion carries. Thank you,
8 Susan.

9 ATTORNEY COOK:

10 Commissioners, today the Board has two
11 petitions before it for consideration. One of these
12 matters was heard by the Board just earlier today.
13 The remaining petition will be considered based upon
14 the documentary record before the Board today. I'll
15 let the court reporter know that I'll provide him with
16 a list of names during my presentation so we can get
17 through this quickly. He doesn't have to worry about
18 spelling.

19 As to each of the petitions before the
20 Board for consideration, the Board has in advance of
21 the meeting been provided with all the petitions and
22 responsive pleadings and all the evidentiary
23 materials. And I'll briefly call these two petitions
24 for the vote.

25 The first petition before the Board

1 pertains to Chester Downs Marina's request for a Board
2 Order permitting the offering of Senior Secured Notes.
3 Essentially, Chester Downs is requesting that the
4 Board give it permission to refinance its debt and
5 take on some additional debt obligations.

6 This matter was heard by the Board
7 earlier today, as well as at the Board's August 18th,
8 2011 meeting. I would note that if the Board is
9 inclined to vote to approve this transaction, that the
10 approval would also include the licensure of Chester
11 Downs Finance Corp, which is an entity created to
12 consummate the proposed transaction.

13 Additionally, Chester's filed the motion
14 seeking confidential treatment of its Memorandum of
15 Law that it filed in support of its petition on
16 September 7th, 2011. At the request of the OCC and as
17 indicated earlier today, Counsel for Chester did
18 supplementally file a redacted version of that
19 memorandum.

20 Nevertheless, we think it would be
21 appropriate to issue an Order granting their request
22 for confidentiality in part and the Board receiving
23 and making public that redacted motion --- or
24 petition. So, the matter is now closed and is ripe
25 for the Board's consideration.

1 CHAIRMAN:

2 Any questions or comments from the Board?
3 May I have a motion?

4 MR. MOSCATO:

5 Mr. Chairman, I move that ---. Sorry
6 about that. Mr. Chairman, I move that the Board grant
7 the petition of Chester Downs and Marina, LLC as
8 described by the OCC. I further move that Chester
9 Downs' request for confidentiality be granted in part,
10 Chester Downs submitting a redacted version of
11 Memorandum of Law that was filed for the petition on
12 September 7th, 2011 to the Board's Office of Chief
13 Counsel at close of business tomorrow.

14 CHAIRMAN:

15 Is there a second?

16 MR. SOJKA:

17 Second.

18 CHAIRMAN:

19 All in favor?

20 ALL SAY AYE

21 CHAIRMAN:

22 Opposed? Please note the Chair will
23 abstain, and the motion passes. Next?

24 ATTORNEY COOK:

25 The second matter, final petition before

1 the Board today pertains to Christopher Yeagley. Mr.
2 Yeagley filed a Gaming Employee Permit Application on
3 February 9th, 2010, seeking to work as a Security
4 Officer at Hollywood Casino.

5 Thereafter, the Office of Enforcement
6 Counsel (OEC) issued a Notice of Recommendation of
7 Denial on March 30th, 2010. Mr. Yeagley did not
8 respond to the notice and ultimately, the Board
9 entered a default judgment against him, denying his
10 application, which had the effect of barring him from
11 reapplying for a five-year period.

12 Mr. Yeagley's now requesting that the
13 Board rescind its May 14th, 2010 Order to the degree
14 that it barred him from making the reapplication since
15 he was --- or he is now seeking to reapply to get a
16 Gaming Employee Permit at Penn National. The facts
17 and circumstances in support of Mr. Yeagley's petition
18 is that he was --- or is a member of the Pennsylvania
19 National Guard and was deployed to Kuwait when all of
20 this transpired and, obviously, did not have an
21 opportunity to respond to the request of default
22 judgment.

23 Given the circumstances, I believe the
24 OEC, as well as the OCC both believe that it would be
25 appropriate that the Board grant this petition and

1 allow him to reapply. It will not approve his
2 licensure. It'll simply allow him to reapply and
3 begin the process.

4 CHAIRMAN:

5 Any questions or comments from the Board?
6 May I have a motion?

7 MR. SOJKA:

8 Yes, Mr. Chairman. I move that the Board
9 grant Christopher Yeagley's petition to reapply for
10 Gaming Employee Permit, as described by the OCC.

11 CHAIRMAN:

12 Second?

13 MR. TRUJILLO:

14 Second.

15 CHAIRMAN:

16 All in favor?

17 ALL SAY AYE

18 CHAIRMAN:

19 Opposed? Motion carries.

20 ATTORNEY COOK:

21 The Board has received 14 unopposed
22 petitions to withdraw applications or surrender
23 credentials for 20 individuals and businesses. The
24 persons or entities subject to these petitions are as
25 follows: 1 Mulberry Street Corp.; Dominica DeNaples;

1 Thomas Potero; Steelite International USA, Inc.;
2 Delaware Valley Real Estate Investment Fund; VFCC
3 Merger Sub, LP; Margaret Mary Glodzik; Bruce Corby;
4 Jun Fujimoto; Sandra Placak; Paul Lacy, Jr.; Guy
5 Sealey; Joshua Arcus; Robert Daniele; William Thomas
6 Kennedy, III; Impakt Media Group, LLP; Brian Koegel;
7 Mark Juliaino; William Madel; Connected Office
8 Products, Inc. doing business as Card Data Systems.

9 The Office of Enforcement Counsel has no
10 objections to these withdrawals. As such, if the
11 Board were inclined to grant them, they would be
12 granted without prejudice.

13 CHAIRMAN:

14 Any questions or comments from the Board?

15 MR. TRUJILLO:

16 Mr. Chairman, just with respect to
17 Delaware Valley Real Estate Investment Fund, I would
18 recuse myself from voting on that but will vote on the
19 others.

20 CHAIRMAN:

21 Record will note that. May I have a
22 motion?

23 MR. TRUJILLO:

24 Mr. Chairman, I move that the Board issue
25 Order to approve the withdrawal and surrender as

1 described by the OCC.

2 MR. FAJT:

3 Second.

4 CHAIRMAN:

5 All in favor?

6 ALL SAY AYE

7 CHAIRMAN:

8 Opposed? The motion passes.

9 ATTORNEY COOK:

10 Next for consideration by the Board are
11 Reports and Recommendations received from the OHA. In
12 each of these cases the person to which the Report and
13 Recommendation applies --- or business --- was
14 notified that the matter was going to be heard by the
15 Board today and that they have the right to briefly
16 address the Board. Additionally, in each case the
17 Board has been provided in advance of the meeting a
18 copy of the Report and Recommendations, along with all
19 of the evidentiary material.

20 If any of these persons are present, I
21 will ask them to come forward when their name is
22 announced. The first Report and Recommendation today
23 pertains to Stephanie Campbell.

24 Ms. Campbell was issued a Non-Gaming
25 Registration on November 4th, 2009 to work as a server

1 at the Rivers Casino. Ms. Campbell was employed at
2 the casino until her resignation on January 4th, 2010.
3 The OEC filed an enforcement action against Ms.
4 Campbell in that during March 2010 she was charged
5 with fraudulently obtaining food stamps. Ultimately,
6 this woman admitted --- or was admitted to the Beaver
7 County ARD Program, and she's currently on ARD
8 probation to be completed in November of 2012.

9 Ms. Campbell requested a hearing relative
10 to OEC's enforcement action, which was held on June
11 23rd, 2011. At the conclusion of that hearing, the
12 Hearing Officer issued a Report and Recommendation,
13 recommending that the Board dismiss the OEC's
14 enforcement action, given that it was based entirely
15 on Ms. Campbell's criminal conduct, which resulted in
16 an ARD, and under the Pennsylvania Criminal History
17 Records Information Act, this administrative body
18 cannot take action --- derogatory action based upon an
19 ARD. This matter is now ripe for the Board's
20 consideration.

21 CHAIRMAN:

22 Is Stephanie Campbell in the room? Any
23 questions or comments from the Board? May I have a
24 motion?

25 MR. FAJT:

1 Mr. Chairman, I move that the Board issue
2 an Order to adopt the Report and Recommendation of the
3 OHA regarding the Non-Gaming Employee Registration of
4 Stephanie Campbell as described by the OCC.

5 MR. GINTY:

6 Second

7 CHAIRMAN:

8 All in favor?

9 ALL SAY AYE

10 CHAIRMAN:

11 Opposed? The motion passes.

12 ATTORNEY COOK:

13 The next Report and Recommendation on the
14 agenda is Cyrus Condran. As I understand, Mr. Condran
15 wanted to address the Board but had to leave, given
16 the duration of the meeting, and we agreed to postpone
17 this until the next meeting.

18 CHAIRMAN:

19 Fine.

20 ATTORNEY COOK:

21 So we'll put it on the agenda and relist
22 it. That brings us to Margaret Dougherty. Ms.
23 Dougherty submitted her application for a Gaming
24 Employee Permit on November 3rd, 2010, seeking
25 employment as a table games dealer at Harrah's Chester

1 Casino and Racetrack. The OEC issued a Notice of
2 Recommendation of Denial on January 5th, 2011 based
3 upon the nature and recency of criminal charges lodged
4 against Ms. Dougherty.

5 Specifically, she'd been charged with ---
6 at that point in time she'd been charged with
7 prostitution-related offenses. Thereafter, on March
8 4th, 2011 Ms. Dougherty pleaded guilty to one
9 misdemeanor charge of promoting prostitution and was
10 sentenced to two years on probation.

11 Hearings were then held, and the Hearing
12 Officer issued a Report and Recommendation, and after
13 the conviction, a Supplemental Report and
14 Recommendation recommending the denial of Ms.
15 Dougherty's application for a gaming permit based upon
16 the criminal conviction. This Report and
17 Recommendation is now before the Board.

18 CHAIRMAN:

19 Any questions or comments? May I have a
20 motion?

21 MR. MCCALL:

22 Mr. Chairman, I move that the Board issue
23 an Order to adopt the Report and Recommendation of the
24 OHA regarding the Gaming Employee Permit of Margaret
25 Dougherty, as described by the OCC.

1 CHAIRMAN:

2 Second?

3 MR. MOSCATO:

4 Second.

5 CHAIRMAN:

6 All in favor?

7 ALL SAY AYE

8 CHAIRMAN:

9 Opposed? Motion carries.

10 ATTORNEY COOK:

11 Geoffrey Kocis is the next matter before
12 the Board. Mr. Kocis submitted his Gaming --- or
13 Permit Application February 15th, 2011, seeking work
14 as a table games dealer at the Rivers Casino.

15 During the Bureau investigation and
16 Enforcement's investigation, it was determined that
17 Mr. Kocis had undisclosed tax liabilities with the
18 Pennsylvania Department of Revenue. As a result of
19 that --- those delinquencies and his nondisclosure of
20 same, the OEC recommended his application for denial.

21 The OHA did receive a hearing request.
22 Mr. Kocis failed to attend and a hearing was held in
23 his absence. The only evidence being put in the
24 record at that point was the tax liability and his
25 nondisclosure. The Report and Recommendation is that

1 his application be denied, and this Report and
2 Recommendation is before the Board.

3 CHAIRMAN:

4 Any questions or comments from the Board?
5 May I have a motion?

6 MR. MOSCATO:

7 Mr. Chairman, I move that the Board issue
8 an Order to adopt the Report and Recommendation of the
9 Office of Hearings and Appeals regarding the Gaming
10 Employee Permit of Geoffrey Kocis as described by the
11 OCC.

12 MR. SOJKA:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 ALL SAY AYE

17 CHAIRMAN:

18 Opposed? The motion passes.

19 ATTORNEY COOK:

20 The next Report and Recommendation before
21 the Board today pertains to Thelma Moore. Ms. Moore
22 was issued a Non-Gaming Registration on May 6th, 2009
23 and was employed as a housekeeper at Presque Isle
24 Downs and Casino.

25 On October 23rd, 2010 the Bureau of

1 Casino Compliance was notified that a patron of
2 Presque Isle had lost their wallet containing
3 approximately \$600. A review of surveillance footage
4 showed that during the patron's move from one slot
5 machine to another, she dropped her wallet on the
6 casino floor.

7 The surveillance further showed Ms. Moore
8 approaching the wallet, dropping a cleaning rag on it
9 and picking it up and then taking it into the
10 restroom. Subsequent, the wallet was found in the
11 trash in the restroom. Ms. Moore was confronted and
12 admitted taking the \$600.

13 As a result of that conduct and
14 admission, she was terminated from Presque Isle and
15 the OEC began an enforcement action to revoke her Non-
16 Gaming Registration. A hearing was held before the
17 OHA and Ms. Moore failed to attend the hearing,
18 despite receiving proper notice. And ultimately, a
19 Report and Recommendation was issued, recommending her
20 registration be revoked. And that matter is before
21 the Board.

22 CHAIRMAN:

23 Any questions or comments from the Board?
24 May I have a motion?

25 MR. SOJKA:

1 Yes, Mr. Chairman. I move that the Board
2 issue an Order to adopt the Report and Recommendation
3 of the OHA regarding the Non-Gaming Employee
4 Registration of Thelma Moore, as described by the OCC.

5 CHAIRMAN:

6 Second?

7 MR. TRUJILLO:

8 Second.

9 CHAIRMAN:

10 All in favor?

11 ALL SAY AYE

12 CHAIRMAN:

13 Opposed? Motion carries. Next?

14 ATTORNEY COOK:

15 Jerome Newsome is the next matter before
16 the Board. Mr. Newsome submitted a Gaming Employee
17 Application to work as a table games dealer at Sands
18 Bethworks. On his application, Mr. Newsome disclosed
19 that he was convicted on March 20th, 2001 in New
20 Jersey for eluding police, a third degree crime in
21 that jurisdiction, for which he was required to pay a
22 fine.

23 On June 21st, 2010, the OEC issued a
24 Notice of Recommendation of Denial to Mr. Newsome,
25 stating that he was not eligible under the Gaming Act

1 to receive a permit because of his conviction. OEC
2 also alleged on the notice that Mr. Newsome had
3 certain financial issues that were problematic.

4 Mr. Newsome requested a hearing, which
5 was held after several continuances requested by him
6 on July 26th, 2011. During the hearing, both the OEC
7 and Mr. Newsome offered evidence. Among the evidence
8 offered by Mr. Newsome was a United States Bankruptcy
9 Court (sic) Chapter 13 Plan, which he offered to be
10 put into the record, that he was addressing many of
11 the financial concerns that --- if not all of the
12 financial concerns that were raised.

13 After hearing all of the evidence, the
14 Hearing Officer issued a Report and Recommendation
15 recommending that Mr. Newsome be approved for a Gaming
16 Employee Permit due to the amount of time that had
17 passed since the New Jersey conviction, which was his
18 lone conviction and the equivalent of a misdemeanor in
19 Pennsylvania, that being ten years. The conviction
20 was ten years old --- as well as evidence presented
21 which indicated that Mr. Newsome was in fact getting
22 his financial affairs in order through the bankruptcy
23 process.

24 The Hearing Officer thereafter
25 recommended that the license --- or that the

1 application be approved and that he be granted a
2 Gaming Employee License, subject, however, to a
3 condition that he make quarterly reports showing he
4 was keeping current in his payment to the bankruptcy
5 trustee. This Report and Recommendation is before the
6 Board for consideration.

7 CHAIRMAN:

8 Any questions or comments from the Board?
9 May I have a motion?

10 MR. TRUJILLO:

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

15 MR. FAJT:

16 Second.

17 CHAIRMAN:

18 All in favor?

19 ALL SAY AYE

20 CHAIRMAN:

21 Opposed? Motion carries.

22 ATTORNEY COOK:

23 Thankfully, the final Report and
24 Recommendation before the Board is FJM Electrical
25 Construction, who submitted its application for

1 certification as a Gaming Service Provider on August
2 26, 2009. The OEC issued a Notice of Recommendation
3 of Denial based on FJM's failure to respond to
4 numerous requests for information made by the BIE
5 during the course of their investigation.

6 FJM requested a hearing, which was held
7 on June 29th, 2011, and despite receiving notice,
8 failed to have anyone attend that hearing that,
9 thereafter, was held in their absence. As a result of
10 the hearing, a Report and Recommendation was issued,
11 recommending that FJM's Certified Gaming Service
12 Provider Application be denied due to FJM's failure to
13 cooperate with the Bureau of Investigation's
14 suitability investigation. This Report and
15 Recommendation is before the Board and is ripe for
16 consideration.

17 CHAIRMAN:

18 Any questions or comments from the Board?
19 May I have a motion?

20 MR. FAJT:

21 Mr. Chairman, I move that the Board issue
22 an Order to adopt the Report and Recommendation of the
23 OHA regarding the Gaming Service Provider Application
24 of FJM Electrical Construction as described by the
25 OCC.

1 MR. GINTY:

2 Second.

3 CHAIRMAN:

4 All in favor?

5 ALL SAY AYE

6 CHAIRMAN:

7 Opposed? The motion carries.

8 ATTORNEY COOK:

9 This concludes the OCC presentation.

10 CHAIRMAN:

11 Thank you, Steve. Now we have Susan
12 Hensel, Director of Licensing.

13 MS. HENSEL:

14 Thank you, Chairman Ryan and members of
15 the Board. The first matter for your consideration is
16 the renewal of the Holdings Acquisition Co., LP's
17 Category 2 License. The license renewal hearing for
18 Holdings Acquisition Co., which operates as Rivers
19 Casino in Pittsburgh, has been held and the record is
20 now closed. As a result, the license renewal is now
21 ready for your consideration.

22 No issues regarding Holdings Acquisition
23 Co., LP have been identified by the Bureau of
24 Licensing that would preclude renewal of the Category
25 2 License. I have provided you with a draft Order for

1 this entity and ask that the Board consider the Order
2 to renew the Category 2 License for Holdings
3 Acquisition Co., LP.

4 CHAIRMAN:

5 Thank you very much. Any questions from
6 Enforcement Counsel or comments?

7 ATTORNEY PITRE:

8 Enforcement Counsel has no objection to
9 the renewal.

10 CHAIRMAN:

11 Any questions or comments from the Board?
12 May I have a motion?

13 MR. GINTY:

14 Mr. Chairman, I move that the Board
15 approve the renewal of Holding Acquisition Company,
16 LP's Category 2 Slot Machine License as described by
17 the Bureau of Licensing.

18 MR. MCCALL:

19 Second.

20 CHAIRMAN:

21 All in favor?

22 ALL SAY AYE

23 CHAIRMAN:

24 Opposed? The motion carries.

25 MS. HENSEL:

1 The second matter for your consideration
2 is approval of Principal and Key Employee Licenses.
3 Prior to this meeting, the Bureau of Licensing
4 provided you with a proposed Order that three
5 Principal and ten Key Employee Licenses for Category 1
6 and Category 2 Licensees. I ask that the Board
7 consider the Order approving these licenses.

8 ATTORNEY PITRE:

9 Enforcement Counsel has no objection.

10 CHAIRMAN:

11 Any questions or comments from the Board?

12 May I have a motion?

13 MR. MCCALL:

14 So moved.

15 CHAIRMAN:

16 Second?

17 MR. MOSCATO:

18 Second.

19 CHAIRMAN:

20 All in favor?

21 ALL SAY AYE

22 CHAIRMAN:

23 Opposed? The motion carries.

24 MS. HENSEL:

25 Next are Temporary Principal and Key

1 Employee Licenses. Prior to this meeting the Bureau
2 of Licensing provided you with an Order regarding an
3 issuance of Temporary Licenses of three Principal and
4 42 Key Employees. I ask that the Board consider the
5 Order approving these licenses.

6 ATTORNEY PITRE:

7 Enforcement Counsel has no objection.

8 CHAIRMAN:

9 Any questions or comments from the Board?

10 May I have a motion?

11 MR. MOSCATO:

12 So moved.

13 MR. SOJKA:

14 Second.

15 CHAIRMAN:

16 All in favor?

17 ALL SAY AYE

18 CHAIRMAN:

19 Opposed? The motion carries.

20 MS. HENSEL:

21 We also have Gaming Permits and Non-
22 Gaming Registrations. Prior to this meeting, the
23 Bureau of Licensing provided you with a list of 475
24 individuals who the Bureau has granted temporary or
25 full occupation permits to, and 112 individuals who

1 the Bureau has granted registrations to through the
2 authority delegated to the Bureau of Licensing. I ask
3 that the Board adopt a motion approving the Order.

4 ATTORNEY PITRE:

5 Enforcement Counsel has no objection.

6 CHAIRMAN:

7 Any questions or comments from the Board?

8 May I have a motion?

9 MR. SOJKA:

10 So moved.

11 MR. TRUJILLO:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 Opposed? Motion carries.

18 MS. HENSEL:

19 In addition, we have Recommendations of
20 Denial for four Gaming Employees, one Non-Gaming
21 Employee and one Gaming Service Provider Applications.
22 Prior to this meeting, the Bureau of Licensing
23 provided you with Orders addressing these applicants
24 who the BIE has recommended for denial.

25 In each case, the applicant failed to

1 request a hearing within the specified time period. I
2 ask that the Board consider the Orders denying the
3 Gaming and Gaming Service Provider Applicants.

4 ATTORNEY PITRE:

5 Enforcement Counsel requests denial in
6 each instance.

7 CHAIRMAN:

8 Any questions or comments from the Board?
9 May I have a motion?

10 MR. TRUJILLO:

11 So moved.

12 MR. FAJT:

13 Second.

14 CHAIRMAN:

15 All in favor?

16 ALL SAY AYE

17 CHAIRMAN:

18 Opposed? The motion carries.

19 MS. HENSEL:

20 Next we have Withdrawal requests of
21 Gaming and Non-Gaming Employees. In each case the
22 permit or registration is no longer required, due to
23 such circumstances as an employee failing to report to
24 work or the job offer being rescinded. For today's
25 meeting I have provided the Board with a list of 54

1 Gaming, 3 tournament dealer, and 3 Non-Gaming
2 withdrawals for approval. I ask that the Board
3 consider the Order upholding the list of withdrawals.

4 ATTORNEY PITRE:

5 Enforcement Counsel has no objection.

6 CHAIRMAN:

7 Any questions or comments from the Board?

8 Can I have a motion?

9 MR. FAJT:

10 So moved.

11 MR. GINTY:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 Opposed? The motion carries.

18 MS. HENSEL:

19 We also have an Order regarding the
20 abandonment of Gaming and Non-Gaming Employee
21 Applications. The Bureau of Licensing provided you
22 with an Order and an attached list of 22 Gaming and 23
23 Non-Gaming Employee Applications.

24 The applicants filed applications but
25 failed to be fingerprinted as required by the Act and

1 the Board's regulations. It has been six months or
2 more since there has been any activity on these
3 applications. Periodically, the Bureau of Licensing
4 reviews its files to identify incomplete and inactive
5 applications such as these and recommends the
6 applicants for abandonment.

7 Under our regulations, the Board has the
8 authority to declare an application abandoned if an
9 applicant fails to provide information necessary to
10 cure application deficiencies, such as fingerprint
11 results. An abandoned applicant is free to reapply at
12 anytime. I ask that the Board consider the Order,
13 declaring these applications abandoned.

14 ATTORNEY PITRE:

15 Enforcement Counsel has no objection.

16 CHAIRMAN:

17 Any questions or comments from the Board?

18 May I have a motion?

19 MR. GINTY:

20 So moved.

21 MR. MCCALL:

22 Second.

23 CHAIRMAN:

24 All in favor?

25 ALL SAY AYE

1 CHAIRMAN:

2 Opposed? The motion carries.

3 MS. HENSEL:

4 In addition, we have an Order to certify
5 the following 23 Gaming Service Providers: Burgess
6 Steel Erectors of New Jersey, LLC; Carson Concrete
7 Corporation; Champion Ford Sales, Inc.; Emeril
8 Bethlehem Management Company, LLC; IEP, Limited; LAN
9 Connect, Inc.; Lusive Décor; M. Schnoll and Sons,
10 Inc.; Majestic Industries, Inc.; Mancan, Inc.;
11 Midhattan Woodworking Corporation; Mosites
12 Construction Company, National Glass and Metal
13 Company, Inc.; Otis Elevator Company; Real Winter,
14 Inc.; Ruthrauff Sauer, LLC; Sport View Television
15 Corporation; StonCor Group, Inc.; The Marshall Retail
16 Group, LLC; the Wegmann Corporation; TR-Biz, LLC;
17 Villa Pizza of Pennsylvania, Inc.; and Wright Office
18 Furniture. I ask that the Board consider the Order
19 approving these Gaming Service Providers with
20 certification.

21 ATTORNEY PITRE:

22 Enforcement Counsel has no objection.

23 CHAIRMAN:

24 Any questions from the Board? May I have
25 a motion?

1 MR. MCCALL:

2 So moved.

3 MR. MOSCATO:

4 Second.

5 CHAIRMAN:

6 All in favor?

7 ALL SAY AYE

8 CHAIRMAN:

9 Opposed? Motion carries.

10 MS. HENSEL:

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

17 ATTORNEY PITRE:

18 Enforcement Counsel has no objection.

19 CHAIRMAN:

20 Any questions or comments from the Board?

21 May I have a motion?

22 MR. MOSCATO:

23 So moved.

24 MR. SOJKA:

25 Second.

1 CHAIRMAN:

2 All in favor?

3 ALL SAY AYE

4 CHAIRMAN:

5 Opposed? The motion carries.

6 MS. HENSEL:

7 In addition the Bureau of Licensing
8 provided you with Orders regarding Gaming Service
9 Providers that are recommended for the Prohibited
10 Gaming Service Provider List. These companies
11 conducted business as slot machine Licensees but
12 failed to complete the application process. Once
13 added to the Prohibited Gaming Service Provider List,
14 no slot machine Licensee can conduct business with the
15 companies.

16 I ask that the Board consider the Orders,
17 adding the following Gaming Service Providers to the
18 Prohibited Gaming Service Provider List: N. Zaidens
19 Company, Inc. d/b/a Lauren K; Omnilift, Inc.; Cromedy
20 Doyle Advantage, Inc.; Greenscape Landscape
21 Contractors, Inc.; James J. Gory Mechanical
22 Contracting, Inc.; and Pac-Van, Inc. I ask that the
23 Board adopt a motion adding those Gaming Service
24 Providers to that prohibited list.

25 ATTORNEY PITRE:

1 Enforcement Counsel has no objection.

2 CHAIRMAN:

3 Any questions or comments from the Board?

4 May I have a motion?

5 MR. SOJKA:

6 So moved.

7 CHAIRMAN:

8 Second?

9 MR. TRUJILLO:

10 Second.

11 CHAIRMAN:

12 All in favor?

13 ALL SAY AYE

14 CHAIRMAN:

15 Opposed? Motion carries.

16 MS. HENSEL:

17 Finally, there are Gaming Service
18 Provider Applications that are being recommended for
19 abandonment. These companies filed applications with
20 the Board but did not complete them. In each case,
21 the company either did not conduct a sufficient level
22 of business with the facility to require that an
23 application be filed, or are, to the best of the
24 Bureau of Licensing's knowledge, out of business.

25 Under our regulations, the Board has the

1 authority to declare an application abandoned if he
2 applicant fails to provide the information necessary
3 to cure application deficiencies. And as with the
4 gaming and non-gaming applicants, a company whose
5 application is abandoned is free to reapply at any
6 time. I ask that the Board consider the Orders
7 declaring the following applications abandoned:
8 Monarch Supply Solutions; Casillas, Inc.; and Zana
9 Cakes, Inc.

10 ATTORNEY PITRE:

11 Enforcement Counsel has no objection.

12 CHAIRMAN:

13 Any questions or comments from the Board?

14 May I have a motion?

15 MR. TRUJILLO:

16 So moved.

17 MR. FAJT:

18 Second.

19 CHAIRMAN:

20 All in favor?

21 ALL SAY AYE

22 CHAIRMAN:

23 Opposed? The motion carries.

24 MS. HENSEL:

25 That concludes the Bureau of Licensing's

1 presentation.

2 CHAIRMAN:

3 Thank you, Susan. I think Cyrus Pitre,
4 our Chief Enforcement Counsel, is next. Mr. Pitre?

5 ATTORNEY PITRE:

6 We have two Consent Agreements for the
7 Board's consideration today, and two petitions to
8 place individuals on the Exclusion List. Mr. Michael
9 Sklar is here representing Holdings Acquisition and
10 SugarHouse in the Consent Agreements; Dale Miller,
11 representing OEC and presenting the Consent Agreements
12 to the Board.

13 ATTORNEY MILLER:

14 Good afternoon, again, Mr. Chairman and
15 members of the Board.

16 CHAIRMAN:

17 Good morning. Good afternoon. Just
18 feels like tomorrow.

19 ATTORNEY MILLER:

20 We have before you two Consent Agreements
21 involving HSP SugarHouse and Rivers Casino, both
22 involving an entity called Rush Street Gaming. Rush
23 Street Gaming, LLC and Rush Street Gaming Partners,
24 LLC were formed in October 2009 to provide oversight
25 and administrative support for gaming companies

1 affiliated with the Bloom Family, including,
2 eventually, Rivers Casino in Pittsburgh and SugarHouse
3 Casino in Philadelphia.

4 Rush Street Gaming Partners owns 100
5 percent of Rush Street Gaming, LLC. Since both
6 agreements involve Rush Street, I shall discuss them
7 together, even though they are two separate Consent
8 Agreements.

9 On April 13th, 2010 these entities, and
10 that's Rush Street Gaming and Rush Street Gaming
11 Partners, LLC filed applications for licensure as
12 Principals of Holdings. And on January 31st, 2011,
13 these entities filed applications for licensure as
14 Principals of SugarHouse, HSP, that is SugarHouse
15 Casino.

16 Through the oversight and administrative
17 services provided by Rush Street, Rivers Casino was
18 obligated to reimburse for the services of each
19 employee individually and a 50 percent expense charge
20 for overhead. That arrangement is the same for
21 SugarHouse, except the expense charge of 16.86
22 percent.

23 While the relationship between Rush
24 Street and the two casinos has been ongoing since
25 October 2009, the Rush Street entities have not been

1 and are not now licensed by the Board. They were
2 applicants, but since 2009 Rivers Casino has paid Rush
3 Street a total of \$2,123,543.30, and that is over a
4 three-year period. SugarHouse has paid a total of
5 \$97,888.11. And again, that is over a two-year period
6 of 2009 and 2010.

7 Since neither of the Rush Street entities
8 is licensed by the Gaming Board, paying and receiving
9 these payments is improper under the Gaming Act, the
10 Gaming Board's regulations pursuant to 4 Pennsylvania
11 Consolidated Statute, Section 1311(a) and 1311.1(1)
12 --- (a) and 58 Pennsylvania Code Section 441a.20 and
13 433a.4(a)(3). Making these payments is also a
14 violation of the Statement of Conditions signed by
15 both casinos.

16 Because of these violations, both
17 casinos, that is Rivers and SugarHouse, have agreed to
18 enter into Consent Agreements prior to and without the
19 filing of a complaint. The Consent Agreements call
20 for a fine to be paid by SugarHouse of \$2,000 and a
21 fine to be paid by Rivers Casino of \$40,000. Both
22 casinos and the OEC have executed these agreements,
23 and we ask that the Board approve the Consent
24 Agreements and the Stipulations of Settlement entered
25 into by all parties.

1 ATTORNEY PITRE:

2 I'd also like to add that the Rush Street
3 entities were licensed today by the Board in this
4 meeting.

5 CHAIRMAN:

6 Any comments from Holdings?

7 ATTORNEY SKLAR:

8 The only thing I just want to point out
9 is that the Rush Street entities were not licensed
10 until today. As Dale said, the owners have been
11 licensed since, I believe, 2007, and each of the Rush
12 Street employees had been issued temporary licenses
13 prior to the time providing any services to other
14 casinos.

15 ATTORNEY PITRE:

16 That's correct.

17 CHAIRMAN:

18 Okay. Give me one second here. May I
19 have a motion? Well, before ---. Any comments or
20 questions from the Board? Excuse me.

21 MR. SOJKA:

22 A quicky or two. One is, is there any
23 suggestion that there was any nefarious intent here?

24 ATTORNEY PITRE:

25 No, I think that someone just dropped the

1 ball.

2 MR. SOJKA:

3 Right. Did any citizens of the
4 Commonwealth lose anything as a result of this
5 mistake?

6 ATTORNEY PITRE:

7 No.

8 MR. SOJKA:

9 Thank you.

10 CHAIRMAN:

11 Anyone else? May I have a motion?

12 MR. FAJT:

13 Mr. Chairman, I move that the Board issue
14 an Order to approve the Consent Agreement between the
15 OEC and Holdings Acquisition Co., LP as described by
16 the OEC.

17 MR. GINTY:

18 Second.

19 CHAIRMAN:

20 All in favor?

21 ALL SAY AYE

22 CHAIRMAN:

23 Opposed? The motion passed.

24 ATTORNEY PITRE:

25 And I think it's appropriate to take up

1 the next Consent Agreement which was just described.

2 CHAIRMAN:

3 Okay. Almost. Okay. Any comments from
4 the Board with respect to HSP Gaming? May I have a
5 motion?

6 MR. GINTY:

7 Mr. Chairman, I move that the Board issue
8 an Order to approve the Consent Agreement between the
9 OEC and HSP Gaming, LP, as described by the OEC.

10 MR. MCCALL:

11 Second.

12 CHAIRMAN:

13 All in favor?

14 ALL SAY AYE

15 CHAIRMAN:

16 Opposed? The motion carries. Thank you.

17 ATTORNEY PITRE:

18 The next matter will be presented by
19 Assistant Enforcement Counsel Cassandra Fenstermaker.

20 ATTORNEY FENSTERMAKER:

21 Thank you. Good afternoon, Chairman
22 Ryan, members of the Board. My name is Cassandra
23 Fenstermaker, F-E-N-S-T-E-R-M-A-K-E-R, Assistant
24 Enforcement Counsel.

25 On June 6th, 2011, the OEC filed a

1 petition to place Hyong Paek on the Board's Exclusion
2 List as a result of capping bets while playing
3 Blackjack at Harrah's Chester Racetrack and Casino.
4 The enforcement complaint was properly served upon Mr.
5 Paek by both Certified and First Class Mail.

6 Mr. Paek did not respond to the complaint
7 within 30 days. Therefore, pursuant to Board
8 regulations, all facts alleged in the complaint are
9 deemed admitted. The OEC filed a request for default
10 judgment on August 15th, 2011, and at this time the
11 OEC asks that Hyong Paek be placed on the Board's
12 Exclusion List.

13 CHAIRMAN:

14 Any questions or comments from the Board?
15 May I have a motion?

16 MR. MCCALL:

17 Mr. Chairman, I move that the Board issue
18 an Order to approve the addition of Hyong Moo Paek to
19 the Pennsylvania Gaming Control Board's Exclusion
20 List, as described by the OEC.

21 CHAIRMAN:

22 Second?

23 MR. MOSCATO:

24 Second.

25 CHAIRMAN:

1 All in favor?

2 ALL SAY AYE

3 CHAIRMAN:

4 Opposed? Motion carries.

5 ATTORNEY FENSTERMAKER:

6 Thank you.

7 ATTORNEY PITRE:

8 Final matter for consideration will be
9 handled by Assistant Enforcement Counsel Dustin
10 Miller.

11 ATTORNEY DUSTIN MILLER:

12 Good afternoon, Chairman Ryan, members of
13 the Board. Dustin Miller on behalf of the OEC. The
14 next matter's a request for placement on the Board's
15 Excluded Persons List today involving Kip M. Patton,
16 Sr.

17 The OEC filed a petition to place Mr.
18 Patton on the Exclusion List for cheating at Three-
19 Card Poker at the Parx Casino on March 3rd, 2011.
20 Petition was filed on May 13th, 2011. The petition
21 was properly served upon Mr. Patton to the address
22 listed on the criminal complaint filed against him by
23 both Certified and First Class Mail.

24 Mr. Patton did not respond to the filing
25 in any way. Due to Mr. Patton's failure to respond,

1 the averments in the petition are deemed to be
2 admitted as fact, and his right to a hearing has been
3 waived. One August 5th, 2011 the OEC filed a request
4 to enter judgment upon default. The matter is now
5 before the Board to consider the placement of Kip M.
6 Patton, Sr. on the Board's Excluded Persons List.

7 CHAIRMAN:

8 Any questions or comments from the Board?
9 May I have a motion?

10 MR. MOSCATO:

11 Mr. Chairman, I move that the Board issue
12 an Order to approve the addition of Kip M. Patton, Sr.
13 to the Pennsylvania Gaming Control Board Exclusion
14 List as described by the OEC.

15 MR. SOJKA:

16 Second.

17 CHAIRMAN:

18 All in favor?

19 ALL SAY AYE

20 CHAIRMAN:

21 Opposed? The motion carries.

22 ATTORNEY PITRE:

23 That concludes our business. Thank you.

24 CHAIRMAN:

25 Thank you. Okay. Finally, with the

1 cancellation of the September 28 meeting, which has
2 been advertised and changed on our website, we have
3 also moved up the quarterly public comment period to
4 this meeting. As I understand it, we do not have
5 anyone registered to speak today. However, I'll ask.
6 Is there anyone in the audience wishing to make public
7 comment? Okay. At this time there are no speakers,
8 so I believe that concludes our normal business.

9 As I just mentioned, September 28 meeting
10 previously scheduled has been cancelled. Our next
11 scheduled public meeting will be held on Thursday,
12 October 13th at the North Office Building, Hearing
13 Room Number One. Any final comments from the Board?

14 MR. SOJKA:

15 Mr. Chairman, it is my distinct honor and
16 pleasure to move adjournment of this, what I believe
17 to be the longest regularly scheduled meeting of this
18 Board here to-date.

19 MR. TRUJILLO:

20 Second.

21 CHAIRMAN:

22 I hope this is not a habit. Do I have a
23 second?

24 COMMISSIONER TRUJILLO:

25 Second.

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CHAIRMAN:

All in favor?

ALL SAY AYE

CHAIRMAN:

Meeting's adjourned.

* * * * *

MEETING CONCLUDED AT 5:17 P.M.

* * * * *

CERTIFICATE

I hereby certify that the foregoing proceedings, meeting held before Chairman Ryan, was reported by me on 09/14/2011 and that I Kenneth Dominic O'Hearn read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.



Court Reporter