

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: MOHEGAN SUN AT POCONO DOWNS

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PUBLIC HEARING

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BEFORE: LINDA LLOYD, Presiding Officer
John J. McNally, III, Commissioner
Anthony C. Moscato, Commissioner
Keith R. McCall, Commissioner

HEARING: Thursday, April 25, 2013
9:54 a.m.

LOCATION: Fox Hill Fire House
50 Second Street
Plains, PA 18702

WITNESSES: Mitchell Etess, Michael Bean, Tony McGowan,
Kara Fox La-Rose, Michael McTavish,
Jay Martin Berthelsen, Matthew Loughney,
Ronald Filippini, Bill Jones, Lori Nocito

Reporter: Amber M. Paulton

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PRESIDING OFFICER:

Good morning, everyone. My name is Linda Lloyd, and I'm the Presiding Officer assigned by the Board today to conduct this portion of the Category 1 License renewal hearing for Downs Racing, LP, doing business as Mohegan Sun at Pocono Downs. Before we begin, if you could turn off your phones or turn them to vibrate or whatever, so we don't hear those during the course of the hearing.

Today the date is Thursday, April 25th. The time is 9:57, and the location is the Plains Township Municipal Building, Number 2, 50 Second Street, Plains, PA, 18702. Pennsylvania Race Horse Development and Gaming Act requires at Section 1326 that an operator's license shall be subject to renewal by the Board every three years. This license renewal hearing is convened by the Board pursuant to the mandate found at Section 1205(b)(1)(i) of the Gaming Act, which requires that the Board conduct a public hearing for any license renewal application. This public hearing was advertised on the Board's website and advertised in local newspapers.

Board members present for today's hearing

1 are, to my immediate left, Commissioner Tony Moscato
2 and to his left, Commissioner Keith McCall and to my
3 immediate right, Commissioner John McNally.

4 The hearing will begin with a
5 presentation by Downs Racing. And after that is
6 concluded, the Office of Enforcement Counsel (OEC)
7 will have an opportunity to cross examine witnesses
8 and back and forth until all the parties are happy
9 that all the testimony has gotten out there. And
10 after Downs has concluded its presentation, the OEC
11 will make a presentation, and Downs Racing will have
12 the opportunity to cross examine their witnesses.

13 After the close of testimony and evidence
14 from those parties, the individuals, who have
15 registered to speak today, and I think we have three,
16 will have their chance to make their comments.
17 Elected officials will have ten minutes to speak.
18 Representatives from community groups have five
19 minutes, and then individuals have three minutes, and
20 I don't believe we have any individuals.

21 Following the close of the public comment
22 period, Downs Racing and OEC will have the opportunity
23 to provide a closing statement, if they desire to do
24 that. If anybody has any questions, there is Board
25 staff roaming around the hearing room. Although I

1 think almost everybody here is from Downs Racing or
2 the Board. You can ask any of us questions, if you
3 have those.

4 So, let's begin by having all the
5 witnesses from Downs Racing and the OEC stand to be
6 sworn by our court reporter.

7 -----

8 WITNESSES SWORN EN MASSE

9 -----

10 PRESIDING OFFICER:

11 And as usual, the first time you speak,
12 if you could state your name and spell it for the
13 court reporter, she would be appreciative of that.
14 So, Downs Racing, if you are ready to begin, go ahead.

15 ATTORNEY KOHLER:

16 Good morning, Director Lloyd,
17 Commissioner McCall, Commissioner Moscato,
18 Commissioner McNally. Welcome to Plains Township. We
19 certainly appreciate your attendance here today for
20 our hearing. My name is Alan Kohler, K-O-H-L-E-R.
21 I'm with Eckert, Seamans, and I'll be representing
22 Downs Racing this morning.

23 As the record will indicate and as you're
24 fully aware, we come before you this morning to seek
25 our tri-annual renewal. I believe this is our second

1 or third renewal. And we have in attendance today the
2 leadership of Mohegan Sun at Pocono Downs, which, as
3 you know, is right down the road. And I'll do a quick
4 introduction, and then we have a PowerPoint
5 presentation for you this morning.

6 First, to my direct right is Mitchell
7 Etes. He's the Chief Executive Officer of the
8 Mohegan Tribal Gaming Authority, which is essentially
9 the parent company of Downs Racing. To his immediate
10 right is Mike Bean, who I believe you all know. He's
11 President and General Manager of MSPD. To his
12 immediate right is Kara Fox-LaRose, who's the
13 Assistant General Manager at MSPD. And to her
14 immediate right is Anthony McGowan, who's the Chief
15 Financial Officer at MSPD. With that, I will turn it
16 over to Mike or to Mitch for additional comments.

17 MR. ETESS:

18 Thank you very much. I'm glad to be here
19 today. My name is Mitchell Etes. That's E-T-E-S-S.
20 And I am the Chief Executive Officer of the Mohegan
21 Tribal Gaming Authority, which oversees all the gaming
22 ventures for the Mohegan Tribe, including the one here
23 right up the road, Mohegan Sun at Pocono Downs. I'm
24 very pleased to be here today in support of the team
25 and do anything I possibly can to assist with the

1 licensing process.

2 This morning we introduced you to the
3 team here. This morning Mike, Kara and Tony are going
4 to walk you through the many accomplishments of
5 Mohegan Sun at Pocono Downs, which we believe will
6 show why Mohegan Sun at Pocono Downs is worthy of
7 renewal of its license. Mike's going to start off
8 with a summary of our current operations. Tony's
9 going to discuss tax revenues that Mohegan Sun at
10 Pocono Downs has generated for the Commonwealth as
11 well as the jobs that we created and our employment
12 achievements. Kara's going to review our success in
13 diversity, our efforts associated with compulsive and
14 problem gambling and our extensive community
15 involvement. Mike will then speak about commitment to
16 harness racing and summarize the promises that Mohegan
17 Sun at Pocono Downs has delivered upon. So, with
18 that, I will turn it over to Mike and the rest of the
19 team to take you through their presentation.

20 MR. BEAN:

21 Good morning, Director Lloyd,
22 Commissioners Moscato, McCall and McNally. Thanks,
23 Mitchell. I appreciate the opportunity to speak at a
24 public hearing today. And the first thing I want to
25 do today is provide a summary of our current

1 operations. And this is a shot of our casino, so this
2 is going to be an overview. This shows the layout of
3 our current facility including our Phase I facility
4 where our racetrack operation is located, which is on
5 the right. And our Phase 1 facility opened in
6 November of 2006. This slide also shows Sunburst that
7 opened in July 2008, which is a larger portion of the
8 overview on the left with the gaming operation.

9 You can see the integration of our casino
10 operation with the racing operation in a circular
11 layout that is designed to be guest friendly and easy
12 to navigate. For the most part, we have our amenities
13 such as dining, shopping and entertaining on the
14 exterior of the circle with gaming on the interior of
15 the circle. This makes for a more inviting
16 environment for all types of guests.

17 This slide shows a summary of our slot
18 operation, this is statistics. Our slot machines
19 consist of 2,332 slot machines of which 61 percent are
20 1-cent machines and 23 percent of them are 25-cent
21 machines. And that's a reflection of basic supply and
22 demand, you know, as we see from a customer
23 standpoint. We use machines produced by a number of
24 manufacturers led by IGT, Bally, WMS and Aristocrat.

25 Our table games operation consists of 84

1 total table games comprised of 66 banking games and 18
2 poker tables. We have a variety of 12 different types
3 of banking games including Blackjack, Craps, Roulette,
4 Three Card Poker, Spanish 21, Let it Ride, Texas Hold
5 'Em, Mini Baccarat, Midi Baccarat, Pai Gow Tiles, Pai
6 Gow Poker and we have 1 Big Six Wheel.

7 Our racing operation season lasts from
8 generally March to November. This year we're proud to
9 say it's going to hold --- this is the second Breeders
10 Crown. In addition to our on-site ---. In addition
11 to our live racing operation, we have on-site
12 simulcast operation that runs year round from 11:00 in
13 the morning until about midnight or so.

14 This slide depicts the many brands that
15 we offer and a summary of our non-gaming amenities.
16 I'll talk about these through the course of the next
17 several slides. Mohegan Sun at Pocono Downs is much
18 more than a gaming operation. We have 14 dining
19 options. These include high-end Ruth's Chris
20 Steakhouse; Rustic Kitchen, which is a Tuscan Italian
21 dining experience that has a full kitchen, television
22 studio; Bar Louie; Pearl, sushi bar; Johnny Rockets;
23 Wolfgang Puck Express; Timbers Buffet; Wok 8; Ben and
24 Jerry's; Wetzel's Pretzels; Pacer's Clubhouse; Betty
25 and Joe's; Winner's Circle and snack and go.

1 Mohegan Sun at Pocono Downs also has five
2 shopping options. We have Apple retailer, Grove
3 Media. Ruby Blue and Marshall Rousso offer women's
4 clothing and accessories. Crossing Vineyards Wine and
5 Cheese Shop. MOGO, which is our Mohegan Sun local
6 outlet.

7 We offer live entertainment at Breakers
8 and Bar Louie. Throughout the summer we have free
9 outdoor weekend concerts at our Party Patio. Our
10 Sunburst Bar shows the most popular sporting events on
11 high definition televisions. Our partner, 105, The
12 River, broadcasts live from Mohegan Sun at Pocono
13 Downs.

14 In addition to these amenities, we
15 operate the Seasons Ballroom where we host all types
16 of events from wedding receptions to trade shows to
17 job fairs to non-profit fundraisers.

18 Part of our current operation we're under
19 construction of our newest project, a 238-room hotel,
20 convention and event center. We just recently had our
21 topping off ceremony marking the official completion
22 of the steel construction. We're now in the process
23 of closing the building, and I'll provide some further
24 details on the hotel at the end of our presentation.
25 Now, I'd like to turn it over to Tony McGowan, our

1 CFO, who will talk about the tax revenue that Mohegan
2 Sun at Pocono Downs has generated for the
3 Commonwealth, jobs we've created and our employment
4 achievements.

5 MR. MCGOWMAN:

6 Thank you, Mike. My name is Tony
7 McGowan, M-C-G-O-W-A-N. And I'd like to thank you for
8 the opportunity to present today at this public
9 hearing. The following is a listing of the gaming tax
10 contributions generated by Mohegan Sun at Pocono
11 Downs. For the fiscal year ending June 30, 2010,
12 Mohegan Sun at Pocono Downs generated tax dollars in
13 the amount of \$122.4 million from our slot machine
14 operations. For the fiscal year ending June 30th,
15 2011, Mohegan Sun generated \$123.5 million from our
16 slot operations and an additional \$5.4 million from
17 our table games, which began operations in July of
18 2010. For the fiscal year ending June 30, 2012,
19 Mohegan Sun generated \$129.7 million from our slot
20 operations and an additional \$6 million from table
21 games. Also, please note that through March 31st this
22 current fiscal year, Mohegan Sun has generated tax
23 dollars in the amount of \$90.4 million from our slot
24 operations and additional \$5 million from table games.
25 Next, I'd like to take time to talk about

1 job creation as well as some of the employment
2 achievements at Mohegan Sun at Pocono Downs. Mohegan
3 Sun has continually created additional jobs for the
4 local community. Beginning prior to the property's
5 opening of our Phase I facility in November 2006, the
6 employee base was 194 employees. At the post opening
7 of our Phase I, our employee base grew to 488
8 employees.

9 The next milestone for Mohegan Sun at
10 Pocono Downs was the opening of our Phase II facility
11 in July 2008, which took the total number of employees
12 on the property to 1,049. It's important to note that
13 the --- this number does not include all of our ---
14 all of the additional jobs created at the properties.

15 With the opening of table games in July
16 2010, the total number of employees working at Mohegan
17 Sun at Pocono Downs grew to 1,634. Currently today,
18 the property is employing 1,750 individuals. And it
19 doesn't stop there, as we anticipate growing our
20 employee base to around 2,000 employees with the hotel
21 expansion.

22 More than 90 percent of all employment
23 opportunities --- of all advancement opportunities are
24 filled internally, which has positively impacted more
25 than 600 individuals in the past six and a half years.

1 Many new casino professions have been created in areas
2 such as finance, information technology, warehouse
3 operations, wardrobe, table games operations, slot
4 operations and human resources to name just a few.
5 And of all the existing employees, 99.6 percent are
6 Pennsylvania residents.

7 The leadership team at Mohegan Sun at
8 Pocono Downs currently serves on more than 20 local
9 community boards. Mohegan Sun at Pocono Downs also
10 serves local schools and colleges in the following
11 ways; by providing internships, by creating co-ops for
12 local schools, by allowing career shadowing
13 opportunities for local students, by attending career
14 fairs and talking to interested students, by providing
15 interviewing practice and feedback at colleges. Going
16 to a recently completed employee survey, 94.1 percent
17 of all team members state that they enjoy their job at
18 Mohegan Sun.

19 As far as employment achievements,
20 Mohegan Sun at Pocono Downs has been selected as a
21 finalist for the Scranton Award for Growth and
22 Excellence for Human Resources and Guest Service.
23 We're a three-time nominee for Human Resources
24 Department of the Year Award, as selected by the
25 Delaware Valley Human Resources Department of the Year

1 Committee. NEPA's Reader's Choice for first runner-up
2 as the best place to work through The Weekender
3 publication. We received an award from
4 Luzerne/Wyoming Counties Employment Coalition for
5 Outstanding Support of Employees with Disabilities.
6 And most recently on April 20th, 2013, MSPD received
7 the Outstanding LGBT Supportive Corporation Award.

8 Now, I will turn it over to Kara
9 Fox-LaRose, Mohegan Sun at Pocono Downs Assistant
10 General Manager, who will review our success in
11 diversity, our efforts associated with compulsive and
12 problem gambling and our community involvement.

13 MS. FOX-LAROSE:

14 Thank you, Tony. My name is Kara
15 Fox-LaRose, F-O-X-L-A-R-O-S-E. Mohegan Sun at Pocono
16 Downs is a minority owned and operated business. All
17 members of the governing body are tribal members. And
18 various key executive positions and its business
19 operations are occupied by tribal members. As you can
20 see here, Mohegan Sun at Pocono Downs has well
21 exceeded its minority employment goals achieving
22 nearly triple the benchmark for the local MSA. 9.2
23 percent of Mohegan Sun at Pocono Downs total
24 expenditures over three years have been allocated to
25 minority and women owned businesses. We have active

1 memberships with the Minority Supplier Development and
2 Women's Business Enterprise Councils of Pennsylvania,
3 Delaware and New Jersey.

4 Our diversity highlights include a
5 lifetime gold membership with the NAACP of
6 Wilkes-Barre, membership on the Diversity Committee of
7 the Wilkes-Barre Chamber of Commerce, membership on
8 the Board of Diversity Institute at the Misericordia
9 University and membership on the Board of the
10 Northeastern Pennsylvania Diversity Educational
11 Consortium. We hold quarterly diversity meetings to
12 assure we meet requirements and our diversity goals.

13 Next, I would like to go over compulsive
14 and problem gambling highlights. We work with the
15 Council on Compulsive Gambling of Pennsylvania to
16 establish comprehensive training for all of our team
17 members. We participate in compulsive and problem
18 gambling awareness each year. And we contribute
19 annually to the Council of Compulsive Gambling of
20 Pennsylvania with their contributions since inception
21 totaling \$225,000 to date.

22 Next, I would like to go over our
23 community involvement. The next six slides illustrate
24 a number of organizations we have supported. I'm not
25 going to read through each page of our donations and

1 sponsorships it's important to note that we have
2 donated to approximately 545 different organizations
3 since 2009. And as Tony stated earlier, our
4 commitment to the community is not simply monetary,
5 but includes involvement in community events. We
6 attend dinners and golf tournaments of all sorts and
7 serve on over 20 local community boards of directors.
8 At this point, I'm going to turn it back over to Mike,
9 who will finish up with our commitment to harness
10 racing and a summary of the promises that we Mohegan
11 Sun at Pocono Downs has delivered.

12 MR. BEAN:

13 Thanks, Kara. Mohegan Sun at Pocono
14 Downs has been committed to harness racing since the
15 Mohegan organization arrived in Northeastern
16 Pennsylvania in 2005. The very first improvement we
17 did in opening even before we opened our Phase I
18 casino is a brand new racing simulcast facility.
19 Other improvements include jumbo screen in the
20 infield, substantial landscaping, which was to improve
21 the addition of a pond water feature. We've installed
22 a brand new apron, and we're in the process of
23 completing construction on the new concession area.
24 We just recently completed the renovation of our
25 racing VIP lounge. And we constructed a brand new,

1 state-of-the-art paddock several years ago.

2 We were voted one of the top ten
3 racetracks in North America. We're host to the
4 renowned Breeders Crown two of the last five years.
5 We increased purses from \$63,000 per day to \$187,000
6 per day. We will host the 2013 Battle of the
7 Brandywine and the Colonial. And we will host \$2
8 million in stakes races this year including the Max
9 Hempt, Earl Beal Memorial and James Lynch Memorial.

10 And for the final segment of our
11 presentation, I'd like to go through where we've been,
12 where we are today and where we're going. It's
13 something we're very proud of, and we hope the Board
14 and the public also view it in a very positive light.
15 In 2005, and I was here at the time, we started with
16 an existing 40-year-old track facility built on
17 approximately 420 acres of land. We began
18 construction of our Phase I facility starting with the
19 removal of the grandstand rood that is shown there in
20 the pictures. We also began the renovation of the
21 racetrack and simulcast facility, which as I
22 mentioned, were required for our initial casino in
23 March of 2006. In November 2006, we opened
24 Pennsylvania's first casino. Twenty (20) months later
25 in July of 2008 we opened Project Sunrise, our current

1 casino facility that I described earlier.

2 And we are now in the process of building
3 a \$50 million hotel and convention center with 238
4 rooms, including 20 suites, 20,000 square feet of
5 convention/event space, additional dedicated valet, a
6 spa, a bistro, a fitness center and a pool. And very
7 importantly, the creation of 250 new permanent jobs.
8 The hotel will help us bring in new revenue to the
9 area by reaching guests at further distances while at
10 the same time providing a great new market for our
11 wonderful local guests, who we have been serving since
12 2005.

13 We believe we deliver on our promises
14 and, at times, over deliver. We have created over
15 1,700 jobs. We spend locally to stimulate the local
16 economy. We have been and continue to be committed to
17 racing. We are an employer of choice in the area. We
18 are involved in the community financially and
19 personally. We meet our commitments to diversity and
20 problem gambling prevention. And we have an open and
21 cooperative relationship with local authorities,
22 agencies, businesses and residents.

23 And finally, I'd like to point out that
24 it's recently been reported that the years of history
25 for most casinos, the 2012 revenues show that six

1 racetrack casinos came within six percent of hitting
2 their projections and one, Mohegan Sun at Pocono
3 Downs, over delivered by 38 percent. Again, I'd like
4 to thank you very much for the opportunity to speak
5 today. And this concludes our presentation.

6 PRESIDING OFFICER:

7 Okay. Well, I'll turn it over to the OEC
8 if they have any questions for the witnesses from
9 MSPD.

10 ATTORNEY POWERS:

11 We do have a few questions. Thank you.
12 My name is Melissa Powers, P-O-W-E-R-S. I'm with the
13 OEC. You noted that you have approximately 1,750
14 current employees. Can you tell us approximately how
15 many are full time and how many are part-time
16 employees?

17 MR. MCGOWAN:

18 Yes. Currently there are roughly ---
19 right now we have about 1,200 full-time employees and
20 about 500, 600 part time.

21 ATTORNEY POWERS:

22 And do the full-time positions include
23 benefits like health care?

24 MR. MCGOWAN:

25 Yes, they do.

1 ATTORNEY POWERS:

2 And I believe you noted that there will
3 be approximately 250 new positions after the hotel
4 opens. Can you tell us how many of those will be
5 full-time positions?

6 MR. BEAN:

7 Right now we're working on it. And so we
8 estimate about 250 or so full-time employees, so maybe
9 more or less. Part time and full time, but we haven't
10 ironed that out. It depends upon the type of specific
11 job, but I estimate that at least, you know, 60
12 percent or so.

13 ATTORNEY POWERS:

14 Can you tell us about the different age
15 restrictions on the property and how you regulate the
16 flow of minors under 18, under 21?

17 MR. BEAN:

18 Sure. There are various age
19 restrictions. Clearly on the gaming floor, the age
20 restriction is that the guest has to be at least 21
21 years of age. However, in the racing area, the guest
22 needs to be at least 18 years of age to wager in the
23 racing area. We have security posted at all entrances
24 to the casino gaming floor in order to prevent
25 underage gambling. However, we've also got a layout

1 that allows families or people who are --- parents,
2 rather, walk their children to circulate and to
3 facilitate around the exterior of the gaming portion
4 of our facilities, so they can enjoy all the amenities
5 such as Ruth's Chris, Rustic Kitchen, Johnny Rockets,
6 Ben and Jerry's and et cetera.

7 ATTORNEY POWERS:

8 Do your security officers use any type of
9 scanning technology when they check IDs?

10 MR. BEAN:

11 Yes. Our security officers are equipped
12 with scanning technology, and they scan individuals
13 who appear to be under the age of 30. And the
14 scanning is to obtain that information.

15 ATTORNEY POWERS:

16 I wanted to ask about the ballroom,
17 because I noticed on the layout that there is a slots
18 area that you can you pass through the slots area into
19 the ballroom. What kind of events do you have in the
20 ballroom? Are minors allowed access to the ballroom
21 for certain events?

22 MR. BEAN:

23 My understanding of the access ---.
24 There is a casino in front of the ballroom. And my
25 understanding of how we have this laid out is that we

1 have a non-gaming --- the path from the lobby to the
2 ballroom is a non-gaming area. And if we have an
3 event where minors may attend, they are escorted by
4 our security officers.

5 ATTORNEY POWERS:

6 Okay. Has Downs Racing been cited during
7 this renewal period by the Pennsylvania State Police
8 Bureau of Liquor Control Enforcement for any
9 violations of the Liquor Code?

10 ATTORNEY KOHLER:

11 Let me answer your question in a slightly
12 different way. The way the LCB keeps track of liquor
13 violations is --- in what period they fall is not by
14 citation date, but by date of adjudication. And
15 that's a significant difference, because oftentimes
16 there can be a long period of time between the actual
17 citation by the State Police and the LCB adjudication.
18 But under Pennsylvania court decisions, it doesn't
19 count, if you will, until the adjudication occurs.

20 As to the --- our adjudication record,
21 we've had a situation, which largely due to
22 coincidence as to when the adjudication's are related
23 to the citation ---. And a couple of the
24 adjudications during the most recent LCB renewal
25 period, which would have been a two-year period, which

1 ran from September of 2010 through September of 2012.
2 That has created some issues with the LCB, and we're
3 working through those. We have an agreement in
4 principle with the LCB as to how to address those
5 issues. And that agreement will be finalized shortly.

6 I'm not remembering the exact citation
7 dates off the top of my head, because they aren't
8 really important. But there's been two adjudications
9 in the most recent two-year period ending on September
10 of 2012, which is their LCB renewal date.

11 ATTORNEY POWERS:

12 Okay. Has Downs Racing provided any
13 additional training to its staff as a result of these
14 incidents? Have they been required to, or have they
15 chosen to?

16 ATTORNEY KOHLER:

17 I'll let Mike answer the first portion of
18 the question. But as part of reaching peace with the
19 LCB, if you will, we've agreed to a significant number
20 of steps, you know, related to underage, related to
21 educating our employees, related to RAMP training for
22 our employees. And, you know, I believe some of that
23 training actually has already occurred, but Mike can
24 speak for that. In any case, we're going to, you
25 know, when all this is resolved, which will be in the

1 very near future, we'll be taking a significant number
2 of steps in a number of different areas in order to
3 make sure our record improves.

4 MR. BEAN:

5 I'd like to just make clear that Mohegan
6 Sun Pocono Downs meets the requirements, is RAMP
7 certified. And part of the RAMP certification
8 includes a high level of alcohol awareness training.
9 And to place this in context in the current renewal
10 period that we are with the Control Board, the prior
11 two-year period, we see about 13 million guests. And
12 so while, if you were a --- are a bar, it may seem
13 like you've got, you know, a record that ---. The
14 current state of the law is that a casino isn't the
15 same as a bar. So you probably see 12 in three
16 quarter million people more than current bars do.

17 ATTORNEY KOHLER:

18 Maybe I should add that there was never
19 an issue of not meeting the applicable requirements.
20 We've always been way beyond the applicable
21 requirements. We've always RAMP trained more than we
22 had to RAMP train. That's never been an issue.

23 Really the most recent issues are ---
24 were nothing more than related to when adjudications
25 fell within a particular LCB renewal period. And I

1 don't know if they would characterize it this way, but
2 from my perspective, it was, you know, coincidental
3 more than anything else. But if you look at our
4 record over the long haul going back to 2005, you
5 know, we did have some initial issues with LCB
6 compliance enforcing underage. You know, it's a real
7 challenge for racinos generally, and our facility is
8 no exception, but that record has dramatically
9 improved. And, you know, as you get to the recent
10 period, we've had literally no issues from a citation
11 perspective with the LCB for I believe close to two
12 years now. And so, you know, if you look at it from
13 any logical perspective, it's dramatic improvement.

14 Nevertheless, because of where the
15 adjudications fell, we've had to, you know, go through
16 a process to assure the LCB that our performance will
17 continue to improve. But, you know, from my
18 perspective, the performance was always outstanding.
19 It's improved and will continue to improve. And we've
20 agreed to a number of steps to go beyond a standard
21 that was already well beyond the legal form.

22 ATTORNEY POWERS:

23 You mentioned RAMP training and RAMP
24 certification. For those who may not know what that
25 is, can you explain?

1 MR. BEAN:

2 Yes. RAMP certification is an option
3 under the liquor --- Pennsylvania Liquor Control law.
4 And in order to become RAMP certified, a certain
5 percentage of employees, who serve alcohol, have to be
6 trained in the proper service of alcohol and
7 understand how to go about identifying, checking, the
8 identifications of an individual who they're serving,
9 understanding what an intoxicated person would appear
10 to be and the steps to take in terms of that. And
11 also, you know, to be aware that you're not allowed to
12 serve intoxicated --- visibly intoxicated people. So
13 there's a whole set of standards and training that go
14 into place to become RAMP certified, which we have
15 been for some time now.

16 ATTORNEY POWERS:

17 Are there any actions currently pending,
18 or has everything been adjudicated?

19 ATTORNEY KOHLER:

20 Only to the extent that some of the ---
21 two or three of the citations early on dating back to
22 the 2006 time frame were appealed by MSPD through ---
23 with the court. Those appeals don't move very
24 quickly. And there are still some pending cases that
25 we get that don't have final appeal orders, if you

1 will. If your question is, is there any pending
2 citation before the LCB, the answer is no.

3 ATTORNEY POWERS:

4 Okay. Has the liquor license ever been
5 in jeopardy of being suspended or revoked?

6 ATTORNEY KOHLER:

7 I guess that all depends on your
8 definitions. Our renewal period for our LCB wasn't
9 license was scheduled to run in September of 2012, but
10 the LCB, because of what --- the situation I explained
11 previously with where these adjudications fell and how
12 they count these things, we have gone through our
13 renewal. Our license was extended. We have no
14 problem with the license being active, but we're
15 required to go through a process to address concerns
16 related to these adjudications.

17 And from my perspective, it was never in
18 jeopardy. It was always going to be resolved. But to
19 be fair and to answer truthfully, if we had thumbed
20 our noses at the LCB or failed to reach a resolution,
21 there would have been problems, you know. I'm
22 directly involved in that matter, and I can assure you
23 it's been resolved in principle, and it will be
24 papered in the near future.

25 ATTORNEY POWERS:

1 Just a couple of --- few extra questions.
2 Table games were permitted in 2010. Can you summarize
3 how that's affected your slot operations?

4 MR. BEAN:

5 Someone can correct me if I'm wrong, but
6 it has helped our slot operations in that whenever
7 like many instances whenever you add additional
8 offering a part of your services, you tend to get more
9 people to come in who otherwise wouldn't come. You
10 have someone who's going to the casino to table games,
11 play table games, and they grab their spouse who's a
12 slot player and say, hey, why don't you come on too.
13 Generally tend to improve on overall visitation in
14 both areas.

15 ATTORNEY POWERS:

16 Do you have any plans in the foreseeable
17 future to increase or decrease your number of slot
18 machines or your number of table games?

19 MR. BEAN:

20 No, not at this time.

21 ATTORNEY POWERS:

22 What about after the hotel is open?

23 MR. BEAN:

24 We don't have plans to increase or
25 decrease slots or table games.

1 ATTORNEY POWERS:

2 And my last question is, do you have any
3 plans to add any other amenities after the hotel's
4 complete?

5 MR. BEAN:

6 I think the best way to answer that is we
7 have ---. We tend to be master planners, and so we
8 look out to the very, very distant future. We
9 generally talk about, you know, how much land you
10 have, what's available that we might want to do, you
11 know. It's been publicized locally that a local
12 sports group is planning on putting up a very large
13 indoor and outdoor sports complex on our facility.
14 That's something that we continue to work on with
15 Ultimate Sports. Beyond that, we have lots of ideas
16 we're not allowed to talk about.

17 ATTORNEY POWERS:

18 I have no further questions. Thank you.

19 PRESIDING OFFICER:

20 I have one follow up before I turn it
21 over to the Commissioners. We've been talking about
22 RAMP certification, and I know that's an acronym.
23 What does RAMP stand for; do you know?

24 ATTORNEY KOHLER:

25 The A stands for alcohol I'm pretty sure.

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PRESIDING OFFICER:

I think the R might be responsible.

ATTORNEY KOHLER:

Responsible Alcohol ---.

PRESIDING OFFICER:

The M and P.

ATTORNEY KOHLER:

I can certainly provide that.

PRESIDING OFFICER:

I will turn it over to the Commissioners.
I'll start at the end. Mr. McCall, do you have any
questions?

MR. MCCALL:

Just a couple questions. I think
oftentimes we tend to lose sight of the fact why
gaming was created in the Commonwealth. And certainly
you know better, because you're a Category 1 License,
and you run live racing at your facility. I want to
delve into that a little bit. My understanding is
that you've met all your backtrack requirements under
the law as far as investing at the facility. That's
correct?

MR. BEAN:

Yes, it is.

MR. MCCALL:

1 Can you tell us a little bit about live
2 racing at the track as far as, you know ---? One of
3 the concerns that I have is that we do tend to not
4 dive into the horse racing side of this issue.
5 Everybody talks about slot machines and table games,
6 but we do lose sight of the fact that this was to
7 protect not only that industry but also agriculture as
8 well to grow our agricultural community. Tell us a
9 little bit about the opportunities, what you're doing
10 to market and bring more people into the horse racing
11 side of the equation.

12 MR. BEAN:

13 Sure. In addition to the improvements to
14 the physical plan that I presented on earlier, there
15 are a lot of behind-the-scenes things that occur in
16 our racing operation itself that we believe are
17 evidence to our commitment to racing. I'll give you
18 several examples. One is that we now have, you know,
19 fully dedicated in our racing organization that came
20 out of the casino operation. We've made some efforts
21 to marry what we view as a casino marketing machine
22 into receiving ---, meaning we're very good at
23 partners. So we are now applying that expertise to
24 racing operation, so that we can increase the racing
25 business.

1 We've improved the studio. Racing is
2 dynamic in that there's live racing, and then you
3 export your signal to other racetracks and simulcast
4 facilities throughout the country. And then you also
5 import your racing signal to your facility from other
6 places in the country. And so part of that includes
7 improving your show, meaning what you broadcast out
8 there. So we've improved the studio that we broadcast
9 from. We believe we've improved the personnel and the
10 personality we broadcast. And we have a great deal of
11 experience in that area. And we also have improved
12 the experience on the track. The apron improvement
13 creates an elevated experience to watch the races.
14 Jumbotron shows races. If you're standing outside,
15 you can see replays of what's going on. And so we are
16 committed to improving not only the physical aspects
17 of it, but the experience it drives for horse racing.

18 MR. MCCALL:

19 And how is Pocono Downs doing as far as
20 your numbers?

21 MR. BEAN:

22 We're doing well. We ebb and flow, but,
23 Tony, I don't know if you have any specifics on that.

24 MR. MCGOWAN:

25 I think that, Mike, you had mentioned it

1 well earlier our ability to raise our purses from
2 where they were initially to where they currently are
3 through the increased volumes. There is definitely a
4 positive impact associated with the racing industry.
5 And then also, you know, as you had mentioned, just
6 the increase volumes. And also to note that we ---
7 Pocono Downs is starting to be recognized within the
8 State of Pennsylvania. And we are getting many of the
9 larger stake races that may have previously been
10 passed on to other places, you know, to come here
11 because of the excitement and the energy that is being
12 driven by our facility.

13 MR. MCCALL:

14 And not to belabor it, I'm just --- I'm
15 curious about the demographic of the individual coming
16 to the track. We all know that it tends to be
17 somebody with the racing form underneath their armpit
18 that tends to be a little bit older. How do you get
19 the younger guy to the track involved?

20 MR. BEAN:

21 We recognize that, and that definitely is
22 an industry-wide challenge. And we try to make it,
23 you know, a fun and exciting experience, you know.
24 One thing that we do is on our Thursday evenings, we
25 have, you know, our tribute bands outdoor events. And

1 we will have kind of mock races, you know. Some
2 people are out there. They're on the track. They see
3 the track. Generally the younger demographic, and
4 they kind of show the excitement of the mock races
5 going on at that moment. We try to make the
6 environment friendly out there. So being out there on
7 racing it begins between horses and ---.

8 MR. MCCALL:

9 And lastly is going to be more of a
10 comment than a question. I just wanted to tell you I
11 live in your media market, and I can tell you it's
12 enviable to see what you do in the community. I know
13 that the law requires you to make investments in
14 economic development and community development as well
15 as a tax relief. But you do, in fact, go above and
16 beyond the call of duty. And that's recognized I
17 think in the community and the press as well, at least
18 it comes across that way when I see all that.

19 And I want to congratulate you for the
20 investment that you're making and the continuing
21 investment you're making in the community. 2,000 jobs
22 is something to be very, very proud of creating to
23 give people, families sustaining jobs that puts food
24 on people's tables and allows kids to go to school and
25 college. And I think you've done a commendable job in

1 that regard, and I just want to tip my hat to you and
2 your management for really a job well done. Thank
3 you.

4 MR. MOSCATO:

5 I'm not sure which ---. There we go.
6 Push the red button. To echo what Commissioner McCall
7 said, I am a huge enthusiast of giving back to
8 communities. And I'm always impressed by how
9 Pennsylvania casinos give back to their communities.
10 And you guys are certainly a great example to all
11 those organizations. I'd actually like to see a list
12 of those, so I can read through them, if you wouldn't
13 mind providing that. I'm very impressed by that. Ms.
14 Powers actually stole some of my thunder here. I was
15 going to ask some underage gaming questions. But with
16 the new amenities that you're building, do you
17 envision perhaps an increased problem with underage
18 gaming?

19 MR. BEAN:

20 We are not going to be adding a gaming
21 amenity to the hotel structure itself, so we are not
22 going to have new challenges associated with
23 additional gaming in that area. So right now we
24 believe we have the controls that are in place will be
25 appropriate for the hotel and convention space

1 addition. However, we're always willing to make
2 adjustments as we need it, if we're not happy about
3 it.

4 MR. MOSCATO:

5 Now, certainly the Board does sympathize
6 with all of our casinos when it comes to underage
7 gaming. Young people are always going to find a way
8 to push the envelope. So to that extent, we do
9 sympathize with you. My last question it appears,
10 while reading through some of this information, that
11 there's a potential new problem on the forefront here
12 with self-excluded people coming in. We've seen
13 incidents where self-excluded ---. What steps have
14 you taken to preclude those people from gaining access
15 to the floor?

16 MR. BEAN:

17 For those who don't --- aren't aware of
18 the process, we file with the Gaming Control Board
19 compulsive or problem gambling plan, that plan at the
20 time becomes approved by the Pennsylvania Gaming Board
21 and it's a plan that we look to try to be sure that
22 we're making our best efforts to help people who want
23 to be excluded in that process with making sure that
24 our team members are trained to recognize those who
25 may have a problem, refer them to the appropriate

1 person, which is an agent of the Pennsylvania Gaming
2 Control Board. And then the Pennsylvania Gaming
3 Control Board maintains a master list of those who
4 have requested to be self-excluded and distributes
5 those names and identifications on a detailed basis to
6 the casinos.

7 With that information, we have a number
8 of steps in place; it's provided to our cage team
9 members, security team members, provided to our
10 marketing team members. So that, first, they're not
11 marketed to. Secondly, if they choose to come on the
12 premises, that we try to be as alert as we are. There
13 are a large number of individuals who have self-
14 excluded in the State of Pennsylvania. Therefore,
15 it's nearly impossible for a single individual, a
16 security officer to memorize several thousand faces
17 and names. But when we become aware, you know, we
18 take action like for someone who attempts to make a
19 transaction at a cage, we take action. Now, with that
20 being said, we have team members and we are fallible.
21 And when we are fallible, you know, to step up and try
22 and take that action.

23 MR. MOSCATO:

24 Thank you.

25 MR. MCNALLY:

1 Is this one working? Okay. Again, thank
2 you for your community involvement. I think that's
3 pretty impressive 500 organizations that are
4 benefiting. That's wonderful. I'm also very
5 impressed with your 90 percent advancement. I think
6 that's great. That goes to what Commissioner McCall
7 said about people getting good sustaining jobs. Of
8 those 1,700 folks, how many are union? Do you have a
9 union presence in your facility?

10 MR. BEAN:

11 Yes, we have two unions in both our, you
12 know, facilities department. We have the operating
13 engineers, and we have the teamsters. And it's an
14 extension being the team members who operate the
15 larger machinery are operating. And facilities team
16 members are --- the remaining team members are
17 downstairs.

18 MR. MCNALLY:

19 Now, with regard to the RAMP training you
20 said you over and out perform, do you provide that
21 RAMP training to persons other than the servers, to
22 your security, to your dealers?

23 MR. BEAN:

24 Yes. We extend to our security officers.
25 I can provide you with more detail of a summary of the

1 positions. But it's my understanding, and this is a
2 while back, that we go beyond what is required by the
3 letter of regulation or RAMP certification
4 requirement.

5 ATTORNEY KOHLER:

6 Part of what we'll be agreeing to do with
7 the LCB is expanding that even further to include
8 almost anybody that touches the liquor, the liquor
9 side of the business.

10 MR. MCNALLY:

11 Wonderful. Thank you.

12 PRESIDING OFFICER:

13 Do you have any follow up based on
14 questions that have been asked? Would you like to
15 follow up? No. OEC, do you have any follow-up
16 questions? Okay. We'll take five minutes to ---.

17 ATTORNEY KOHLER:

18 Just as housekeeping, I don't know
19 whether you want to mark the presentation, but we'd
20 like to mark it Downs Racing One.

21 PRESIDING OFFICER:

22 Exhibit One. Do you have a paper copy as
23 well?

24 ATTORNEY KOHLER:

25 We have copies either here or on the way.

1 And I know the Commissioners wanted copies, so ---.

2 PRESIDING OFFICER:

3 Okay. We'll mark the PowerPoint as Downs
4 Racing Number One. Does OEC, do you have any
5 objections? Does OEC have any objections to entering
6 that in the record?

7 (Downs Racing's Exhibit One marked for
8 identification.)

9 ATTORNEY POWERS:

10 No objection.

11 PRESIDING OFFICER:

12 Okay. With that in the record, we'll
13 take five minutes to switch out the PowerPoint and
14 people.

15 SHORT BREAK TAKEN

16 PRESIDING OFFICER:

17 I have one housekeeping before we begin
18 with OEC's presentation. The Board Secretary received
19 one written comment from the public before the
20 deadline. Unfortunately there is no signature or
21 other indentifying information of the individual who
22 sent in the public comment. But for what it's worth
23 it will be included in the record so that the record
24 is complete. If either party would like to see the
25 public comment, there it is. So if OEC is ready, we

1 will start with your presentation.

2 ATTORNEY POWERS:

3 Thank you, Director Lloyd and
4 Commissioners.

5 PRESIDING OFFICER:

6 I think it's the red button.

7 ATTORNEY POWERS:

8 Push the red button. Is it on now?

9 PRESIDING OFFICER:

10 There you go.

11 ATTORNEY POWERS:

12 Okay. All right. Thank you, Director
13 Lloyd and Commissioners. Good morning. The OEC was
14 established by the Pennsylvania Race Horse Development
15 and Gaming Act within the Board's Bureau of
16 Investigations and Enforcement (BIE) to advise the
17 Bureau on all matters including background
18 investigations, audits, inspections, violations of the
19 Gaming Act, the Board's regulations and facilities
20 internal controls. OEC also files recommendations and
21 objections relating to the issuance of licenses,
22 permits and registrations on behalf of BIE including
23 the renewal of slot machine licenses.

24 Pursuant to Section 1302 of the Gaming
25 Act, the Board may issue a Category 1 Slot Machine

1 License to a licensed racetrack facility that has been
2 issued a license from either the State Horse Racing
3 Commission or the State Harness Racing Commission. On
4 December 20th, 2006, the Board issued Downs Racing a
5 permit Category 1 Slot Machine License. The Board
6 renewed that license on September 23rd, 2009 and
7 granted a table games operation to Downs Racing on
8 March 16th, 2010.

9 OEC intends to call several witnesses
10 today to testify about Downs Racing's suitability for
11 renewal of the license, including representatives from
12 the Pennsylvania State Police, Board's BIE and the
13 Board's Bureau of Casino Compliance. First, we'd like
14 to start with Sergeant Michael McTavish of the
15 Pennsylvania State Police. And I believe he needs
16 sworn in.

17 -----

18 MICHAEL MCTAVISH, HAVING FIRST BEEN DULY SWORN,
19 TESTIFIED AS FOLLOWS:

20 -----

21 PRESIDING OFFICER:

22 And if you could, state and spell your
23 name for the court reporter before you begin.

24 A. Yes. Michael McTavish, M-C-T-A-V, as in Victor,
25 I-S-H.

1 DIRECT EXAMINATION

2 BY ATTORNEY POWERS:

3 Q. Can you tell us how you're employed?

4 A. I'm a Sergeant of the Pennsylvania State Police.

5 Q. And where exactly are you employed?

6 A. I'm the Station Commander at the Mohegan Sun
7 Casino. We have a detachment there and I'm the
8 station commander.

9 Q. And how long have you been in that position?

10 A. I served as a station commander for the casinos
11 for the past five and a half years. The first three
12 of which were at Mount Airy Casino and the remaining
13 two and a half I've been here at the Mohegan Sun.
14 I've been with the State Police 21 years.

15 Q. And what are your responsibilities as the station
16 commander at Downs Racing?

17 A. My primary responsibility is overall office
18 management. Again, it is a substation of troopers.
19 And my primary responsibility is to overall ensure the
20 troopers are doing their jobs, providing schedules for
21 them, overall welfare for their wellbeing, ensure
22 training responsibilities. In addition, maintaining
23 the office at casino, ensuring that, you know, any
24 type of criminal investigations are reported and
25 conducted properly.

1 Q. And how many troopers are assigned to Downs
2 Racing?

3 A. The staff has 11 total. There are eight troopers,
4 two corporals and the supervisors and myself, so a
5 total staff of 11 in each of the offices.

6 Q. And do you know if the same number of troopers are
7 assigned to each facility?

8 A. That's correct. There are 11 at each facility.

9 Q. Okay. And can you tell us more about the role
10 that the Pennsylvania State Police plays at the
11 licensed facility?

12 A. The primary purpose of us there is to enforce the
13 Crimes Code. Any crimes that were committed within
14 the casino or surrounding areas are our primary
15 responsibility overall to --- as well by our presence
16 and by monitoring on the surveillance systems and also
17 our presence on the gaming floor itself.

18 Q. Can you describe the relationship between the
19 Pennsylvania State Police assigned to Downs Racing and
20 the local police department?

21 A. Yes. The local police department is Plains
22 Township P.D. Our primary responsibility is actually
23 on the gaming floor itself. The casino layout.
24 Basically you're surrounded by a walkway fenced in and
25 gated and manned by security guards. Generally, the

1 offenses that occur there are our responsibility.
2 Anything outside of the gaming floor itself primarily
3 would fall upon Plains Township to respond. We
4 provide assistance with them in conducting our
5 operations and investigations.

6 Q. Could you describe the relationship between PSP
7 and the Board's Bureau of Casino Compliance?

8 A. Yes. We're very fortunate at being the first
9 casino that was opened, again, you know, growing
10 together with the PGCB. We foster a very good
11 relationship with them. We work hand in hand. A lot
12 of the regulatory stuff we do works in conjunction
13 with the crimes we investigate, so we have a very good
14 working relationship with them.

15 Q. Can you describe your relationship between PSP and
16 Downs Racing's staff?

17 A. Yes. Again, we have an outstanding relationship
18 with them. They're very supportive to what our needs
19 are. They provide us with the office facilities and
20 amenities that we have. Any issues that ever arise
21 are addressed very quickly. And we have, again, an
22 outstanding relationship with them as well.

23 Q. Have they been cooperative in any investigations
24 conducted by the State Police?

25 A. Yes. In all aspects of it, they follow the

1 reporting procedures and also support us both with
2 their security staff and also with their surveillance
3 department, which is many times instrumental in
4 conducting our investigations.

5 Q. Are you familiar with the uniform crime reporting
6 system?

7 A. Yes.

8 Q. And can you tell us about it?

9 A. Yes. The uniform crime reporting system, or it's
10 referred to as UCR, is basically a database with
11 different types of crimes and offenses that occur
12 within the Commonwealth and throughout the country.
13 Basically, it's reported on a monthly basis by each of
14 the municipality police departments. Again, just as I
15 said, ours is a substation of the State Police, so we
16 also do a reporting of that as well as the offenses
17 that occur on our property.

18 Q. How exactly is the information collected?

19 A. The reports that are submitted by the troopers
20 doing their investigations, the supervisors correct
21 them, they maintain the database itself, and they
22 print that out on a monthly basis.

23 Q. Is the information subject to editing and
24 updating?

25 A. Yes. We have one officer supervisor that is

1 responsible primarily for making the entries. So he
2 has the ability to go in and update that if needed or
3 make corrections if there was any kind of error with
4 that. But other than him, no one else can access
5 that.

6 Q. And how often does he go into the system to enter
7 information or to update the information?

8 A. He does that on a monthly basis.

9 Q. Is this information made available to the public?

10 A. Yes, it is. Actually we have a website that is
11 available for the public, and it's www.paucrs.pa.gov.
12 And again, all the statistical information that is
13 collected is available. Reports that we discuss here
14 are available to the general public.

15 Q. Okay. So can the information be reduced to a
16 written report?

17 A. Yes, it can.

18 ATTORNEY POWERS:

19 I'd like to direct everyone's attention
20 to what's been marked as the OEC's Exhibit One. It's
21 up there on the screen.

22 (OEC's Exhibit One marked for
23 identification.)

24 BY ATTORNEY POWERS:

25 Q. Sergeant McTavish, can you please tell us what

1 this document is?

2 A. What you're looking at is one of the report
3 functions that we have available with the UCR system
4 itself. This particular document is listing the
5 reported offenses and the actual arrests for those
6 offenses. Within the UCR system itself, there would
7 be an overall report for offenses that have taken
8 place, but again a lot of those things sometimes
9 become unfounded or exceptionally cleared. What we're
10 looking at here are the actual arrests where charges
11 were filed against the individual person.

12 BY ATTORNEY POWERS:

13 Q. Can you tell us where this document came from?

14 A. Yes. I produced that. Basically I went in, I did
15 a query for the reports and printed it out. But again
16 the same report that we're looking at, the general
17 public can also access the website. And they can send
18 queries and see statistical data that's there.

19 Q. What time frame does this report cover?

20 A. The report that we submitted here is --- covers
21 from the period of September of 2009 until March of
22 2013.

23 Q. And for everyone in the room, can you explain this
24 report? How do we read this report?

25 A. Sure. On the left side of the report, we have

1 listed offenses. And there's a whole series of
2 offenses that can be reported with specific codes, and
3 that's where you see the numbers under where it says
4 total part one and total part two. Where you don't
5 see ---. Well, in this case, here we see three as an
6 example. They were the ones that were reported for
7 the period. Although there are other types of crimes
8 that could be reported, they didn't occur on our
9 property.

10 If you were to look at a different political
11 subdivision, you may see a whole series of different
12 types of offenses that take place. But, again, this
13 report is specific just to the incidents that occur at
14 Mohegan Sun. So again, it's just a reminder of what
15 we see there. Going across there it is a comparison.
16 This particular part that we have on the screen is for
17 the month of September. The other documents that are
18 --- will be presented here show the statistical data
19 for the year itself running from January to December
20 of 2010, 2011 and 2012. So when we look across there,
21 we see the totals for this particular month, as an
22 example, largely are theft, which is typically a
23 voucher theft or a theft of credits that are on the
24 machines itself. We see the totals there for them.
25 Q. Okay. I believe you stated this is September of

1 2009?

2 A. That's correct.

3 Q. We could turn the page, if you will.

4 A. What we're looking at here --- this is actually
5 October of 2009. And it looks different, because
6 there were no reported offenses that occurred there in
7 that particular time frame. Then, as I said, these
8 are examples again. This is on a month basis here
9 only for 2009 to 2013 partial years. If you go to the
10 next one, you'll see the actual tabulations for the
11 years of 2010, '11 and '12. And as we look at that
12 again, we see the classifications on the left side.
13 And we can actually see a percentage change that
14 occurs, you know, on a yearly basis. If we look at
15 the first column, it shows a comparison of offenses
16 that occurred in 2010 and again in 2009. It shows a
17 percentage of either increase or decrease from those
18 type of offenses that occurred.

19 Q. Does this report indicate whether charges were
20 actually filed?

21 A. Yes. The report that we're actually looking at
22 right now is the actual arrests that were made,
23 citations that were actually issued or criminal
24 charges that were filed at a magistrate. There is
25 another report or query that can do that will show the

1 total of reported offenses. But as I explained
2 earlier, the difference between reporting something
3 and becoming an actual full investigation where
4 charges are filed are two separate entities. So we
5 may have a lot of reports that become unfounded or
6 exceptionally cleared.

7 Q. Okay. Can you tell us what's the most common
8 criminal offense if we look at this report in front of
9 us?

10 A. The most common offense that we are called to
11 investigate are the voucher thefts, either people
12 taking vouchers that were paid from machines, dropped
13 on the ground. Or at times, people will actually
14 abandon credits on the machine, and someone will come
15 along and punch out a voucher. One of the typical
16 instances that occur with that is that as the players
17 play from --- and typically this is at the slot
18 machines, as they play from different monetary
19 denominations ---. I mean, for example, a penny
20 machine, and they take out their credits in the form
21 of a voucher, and they go to another machine that may
22 be a dollar machine. When they first put their
23 voucher in, it automatically spits out ---. As an
24 example, if it was a \$100.17, the voucher would come
25 out with 17 cents, and that hangs in the machine. As

1 the player plays, when they then redeem their credits,
2 they take that voucher thinking that it's their full
3 amount, and they walk away. That's a typical
4 occurrence.

5 Then at that point, as they walk away, the other
6 voucher is ejected from the machine. And then there
7 are the criminals that we refer to as fleas. They
8 actually walk around looking for those tickets hanging
9 from the machines. They'll take them. And more often
10 than not, they'll actually go right to a terminal
11 redemption unit, cash out the money and leave the
12 casino. So that's the main type of crime that we
13 have.

14 The other type of theft is, you know, people that
15 leave their wallets or purses. And, you know, players
16 will actually pick them up. And again a typical thing
17 there is they'll pick them up. They'll walk past
18 security podiums that are on all the exits on the
19 gaming floor. They'll go into the restroom, and
20 they'll take out, you know, the currency or any
21 valuables that are in there. And they'll either put
22 it in the garbage can, which mostly occurs, or they'll
23 come out and then they'll turn it in to security at
24 that point.

25 Q. Can you say how many thefts are reported in any

1 given month? Give an approximate number.

2 A. Yes. On average again by reports that we have, we
3 run anywhere from seven to ten per month.

4 Q. Is there a significant number of violent crimes
5 that occur at Downs Racing?

6 A. No, not at all. It's actually a very good
7 establishment. The security staff does a wonderful
8 job and it's geared for the family environment. So we
9 have very minor incidences there. Typically if there
10 are any type of significant issues, you know, on the
11 weekends obviously, you know, with the adults and
12 stuff.

13 Q. Are there a significant number of crimes involving
14 individuals under the age of 21 reported at Downs
15 Racing?

16 A. No. Again, I give credit to the design and
17 planning of the actual casino itself. The layout of
18 the gaming floor, again, is surrounded by fencing.
19 And the means of ingress, egress is guarded by
20 security guards who have scanners. So they do a very
21 thorough job of actually ensuring that the patrons who
22 are going on the gaming floor are not under the age of
23 21.

24 Q. Can you say there's been a noticeable increase in
25 any specific crimes during this three-year renewal

1 period?

2 A. No. Again, the nice feature of having a database
3 like the UCR system shows an average consistency that
4 they've been the same throughout the three-year
5 period.

6 Q. Was there any change with the implementation of
7 table games?

8 A. No. The only change that would have occurred is
9 the types of crimes like I said the thefts with the
10 slot machines compared to table games. Typical crimes
11 that would occur there in the form of cheating is
12 obviously going to be capping their bets or placing
13 more chips, increasing their wagers or taking them off
14 the table. And some of the other type of thefts that
15 occur are with the roulette wheel where they have non-
16 value chips that they'll buy in for a lesser amount.
17 They'll pocket the chips. And again, the typical
18 operation there is they'll go into the restroom,
19 exchange them with another player. They'll come back
20 out and then purchase them at a higher value and then
21 reintroduce those chips.

22 So there hasn't really been much an increase, and
23 that doesn't happen all that often. Again, giving
24 credit to the casino, they have a wonderful
25 surveillance system that monitors everything for that.

1 And the staff does a very good job as well when that
2 does occur.

3 Q. As the station commander of Downs Racing, are
4 there any issues or concerns that you think would
5 negatively impact the ---?

6 A. No, not at all. Again, being five years with the
7 Gaming Enforcement itself and having worked closely
8 with the prior station commander as well, no. They do
9 a very good job. They have a good security staff
10 that's managed very well. It makes our job very easy.
11 They work in conjunction with us, you know. Many
12 times, you know, that we're there we only have two
13 troopers at a minimum, and it's nice to have that
14 reinforcement from them as well.

15 ATTORNEY POWERS:

16 I have no further questions for this
17 witness.

18 PRESIDING OFFICER:

19 Attorney Kohler, do you have any Cross
20 Exam?

21 ATTORNEY KOHLER:

22 I'll be very brief.

23 CROSS EXAMINATION

24 BY ATTORNEY KOHLER:

25 Q. Good morning, Sergeant McTavish.

1 A. Good morning.

2 Q. Just in trying to interpret this data properly you
3 went through, you have in three years --- in four
4 years, 2009 to 2012. As I read it, just focusing on
5 the number of incidents, MSPD has actually reduced
6 incidents in recent years despite the introduction of
7 table games; is that right?

8 A. That is correct, yes.

9 Q. And, in fact, for the most recent year, there was
10 a reduction in the number of incidents of almost 50
11 percent?

12 A. That is also correct, yes.

13 Q. And you talked about voucher theft and some of the
14 other things you encounter. None of these things are
15 what you would consider unusual occurring at a casino,
16 are they?

17 A. No. That occurs at all the casinos.

18 Q. And you've spoken very highly of security and MSPD
19 management. I take it your view is that some of this
20 type of activity like voucher theft, et cetera, it
21 simply goes with the territory, and it's unavoidable
22 to some extent?

23 A. That is absolutely correct, yes.

24 ATTORNEY KOHLER:

25 Nothing further.

1 PRESIDING OFFICER:

2 Do you have any follow up from that?

3 ATTORNEY POWERS:

4 No. Thank you.

5 MR. MCCALL:

6 Just one quick question just for
7 clarification for myself. You know, I think the
8 offenses we see are typical, and I think all of us
9 would expect to see, but I noticed this non-aggravated
10 assault. Just give me some examples of that, because
11 you have disorderly, drunkenness and all these other
12 things. Just maybe some examples of what you would
13 classify or arrest as a non-aggravated assault.

14 A. Well, an aggravated assault, obviously, if they
15 inflict some type of injury, if you're struck in the
16 face or punched in the face and you have a black eye
17 or you're bleeding or something like that, some type
18 of injury. Where just a slap in the face, something
19 like that, pushing or shoving, that's going to be a
20 non-aggravated type of situation. It's a lesser
21 grading of the crime.

22 MR. MCCALL:

23 That's fine.

24 ATTORNEY POWERS:

25 May he be excused?

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PRESIDING OFFICER:

Yes. If Mr. Kohler has no objections to him being excused.

ATTORNEY KOHLER:

No.

ATTORNEY POWERS:

Next, OEC will call Jay Berthelsen. I believe he was sworn in.

PRESIDING OFFICER:

Yes.

JAY BERTHELSEN, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AS FOLLOWS:

DIRECT EXAMINATION

BY ATTORNEY POWERS:

Q. For the record, can you please state your full name and spell your last name?

A. Jay Martin Berthelsen, B-E-R-T-H-E-L-S-E-N.

Q. And how are you employed?

A. I'm employed as a Senior Supervisor for the Pennsylvania Gaming Board, Bureau of Casino Compliance. And the senior has no reference to age.

Q. How long have you been in that position?

A. Three and a half years.

1 Q. And can you tell us about your responsibilities as
2 a Senior Supervisor?

3 A. As a Senior Supervisor, we have nine casino
4 representatives at every casino and a supervisor at
5 every casino, notwithstanding the Category 3s, which
6 have six and one. And myself and John Sentillo's
7 (phonetic) job is to do the best we can, oversee 114
8 employees at casinos.

9 Q. Okay. Can you describe the role that your staff
10 plays at each licensed facility?

11 A. We are charged with the 24 by 7 by 365 regulatory
12 compliance at each casino, which is multi-layer
13 faceted.

14 Q. Can you tell us more about the types of things
15 that your staff does at the facility?

16 A. On any given day, the representative will come in,
17 and what's available to him are six or seven different
18 casino software programs that can be reviewed. And
19 one would be surveillance reports. Another would be
20 security reports, table game reports, master gaming
21 reports, slot machine reports, player game reports,
22 cage variances. We also are charged with making sure
23 that there's a minimum staffing at each department
24 level, surveillance, security and table games. And we
25 oversee that. Primarily, we're interested in

1 receiving patron complaints. We mediate them. We see
2 them to their ending or turn them over to your office.

3 Q. What kind of access does your staff have with the
4 facility?

5 A. We have unfettered access to the entire facility.

6 Q. Does your staff ensure that all the employees of
7 Downs Racing are properly licensed in terms of
8 displaying their license?

9 A. Displaying the license, access control. Again, I
10 can go on and on and on about our responsibility, but
11 every department has its certain access authority to
12 whatever department they work in. We commonly refer
13 to restricted areas such as the cage, the count room.
14 And, you know, so, yes, we make sure that whoever's in
15 the count room has the access level they require and
16 the license they require.

17 Q. You said that your staff handles patron
18 complaints. Does your staff interact with patrons in
19 any other capacity?

20 A. We're always on the floor. Personally I can
21 attest to people asking me where the ashtrays are, so
22 on and so forth. We do a multitude of patron public
23 relations and any complaint, any request, any self-
24 exclusions, for example, we've had ---. Every
25 facility has a certain station that we can take people

1 in privately and facilitate those self-exclusions.

2 Q. Okay. Can you describe the relationship between
3 the Bureau of Casino Compliance and the Pennsylvania
4 State Police?

5 A. I'd like to say as former law enforcement, Brother
6 in Arms, we are liaisons to the Pennsylvania State
7 Police, and they are law enforcement.

8 Q. Can you describe the relationship between Casino
9 Compliance and Downs Racing's staff?

10 A. I don't know of any incident where Mohegan Sun has
11 not acquiesced to any requests that we've had. So
12 they are 100 percent, as far as I know, cooperative in
13 every investigation we've done, every request we've
14 had including our office.

15 Q. Okay. What would you say are the biggest and most
16 common regulatory issues that you've seen at Downs
17 Racing?

18 A. I think to echo what the State Police have about
19 the vouchers, I think they are statewide, industry are
20 wide. There's every day --- and not so much
21 intentional as they are accidental, whether somebody
22 didn't show up for work. If it's a security officer,
23 you have to fill that, making sure that the minimum
24 staffing is there. We get involved in all kinds of
25 voucher thefts. We help the State Police identify the

1 player involved, if the voucher's found, if they're
2 registered in the player system. Patron complaints
3 have amounted to patrons thinking that they've won on
4 a slot machine, and, in fact, they haven't. So it's a
5 misread, so we go back, review surveillance, and we
6 help the patron understand.

7 Q. Are there any issues or concerns that would
8 negatively impact Downs Racing's suitability for
9 renewal of the license?

10 A. None known to me.

11 ATTORNEY POWERS:

12 I have no further questions.

13 PRESIDING OFFICER:

14 Mr. Kohler, do you have any questions for
15 this witness?

16 ATTORNEY KOHLER:

17 No questions.

18 ATTORNEY POWERS:

19 May he be excused?

20 PRESIDING OFFICER:

21 Yes.

22 ATTORNEY POWERS:

23 Thank you. Our last witness is Matthew
24 Loughney.

25 -----

1 MATTHEW LOUGHNEY, HAVING BEEN PREVIOUSLY SWORN,
2 TESTIFIED AS FOLLOWS:

3 -----

4 DIRECT EXAMINATION

5 BY ATTORNEY POWERS:

6 Q. Can you please state your name and spell your last
7 name for the record?

8 A. Certainly. Agent Matthew P. Loughney. Loughney
9 L-O-U-G-H-N-E-Y.

10 Q. And how are you employed?

11 A. I'm an investigator with the BIE.

12 Q. How long have you been employed in that capacity?

13 A. I've been an agent with BIE for approximately five
14 and a half years.

15 Q. What are your responsibilities as an agent with
16 the BIE?

17 A. My responsibilities vary; but, for the most part,
18 I conduct financial and criminal background
19 investigations on not only the individual personnel of
20 the casinos ranging from non-gaming and gaming up to
21 the Principal Employees. We also conduct
22 investigations on the facilities and entities
23 themselves. As related to Downs Racing, for instance,
24 Northeast Concessions or Mohegan Tribal Gaming
25 Authority, all those entities that are related to

1 Downs Racing, LP.

2 Q. So you have been involved in the investigation of
3 Downs Racing's renewal application?

4 A. That is correct.

5 Q. And can you tell us if the application was filed
6 in a timely manner?

7 A. Yes, it was.

8 Q. Can you tell us when BIE's investigation began?

9 A. BIE's investigation began on Downs Racing, LP's
10 renewal in the fall of 2012, approximately August into
11 September of 2012.

12 Q. And can you tell us a little bit more about the
13 scope of that investigation?

14 A. Certainly. With the renewal investigation of a
15 facility for Downs Racing, LP, there were two
16 different types of investigation. One, were the
17 principals involved here at the facility and in
18 Connecticut. There were the tribal members that were
19 due to be renewed as well as the entities related to
20 Downs Racing, LP, such as Mill Creek Land, Northeast
21 Concessions, the Mohegan Tribal Gaming Authority and
22 the Mohegan Tribe of Indians of Connecticut.

23 Q. Has Downs Racing and its affiliates, its
24 Principals been cooperative during the course of BIE's
25 investigation?

1 A. Yes, they've always been cooperative. I've never
2 once had to ask more than once for any sort of
3 information. Usually on the first request, they've
4 always been there and cooperated with me throughout
5 the entire investigation. It's really the individuals
6 themselves and the entities.

7 Q. Is your investigation complete?

8 A. Yes, it is.

9 Q. Did BIE discover any areas of interest during the
10 course of the investigation?

11 A. No, there were no areas of interest or concern
12 related to Downs Racing, LP, or their associated
13 personnel.

14 Q. Did BIE discover anything during the course of the
15 investigation of any of the associated applications
16 that would preclude a finding of suitability?

17 A. No, there was nothing found.

18 Q. Are BIE's findings contained in a report of
19 investigation?

20 A. Yes.

21 Q. And is it standard procedure for BIE to submit
22 that report of investigation to the OEC, so that OEC
23 can file a recommendation or objection to the license
24 renewal?

25 A. Yes, it has been.

1 Q. It has been submitted?

2 A. Yes.

3 Q. That's my next question. Has that report been
4 submitted?

5 A. Yes, it has been.

6 ATTORNEY POWERS:

7 Okay. Thank you. I have no further
8 questions.

9 PRESIDING OFFICER:

10 Mr. Kohler, do you have any questions for
11 this witness?

12 ATTORNEY KOHLER:

13 No questions.

14 PRESIDING OFFICER:

15 Okay.

16 ATTORNEY POWERS:

17 At this time, OEC would like to introduce
18 eight exhibits. I believe you have them all in front
19 of you. Exhibit One is the Pennsylvania State Police
20 Uniform Crime Report that we saw on the screen
21 earlier. Exhibit Two is a letter from the
22 Pennsylvania Racing Commission dated December 5th,
23 2012. Exhibit Three is a letter from the Department
24 of Revenue dated ---. I think it's December 5th, 2012.
25 April 5th, 2013 is the letter from the Department of

1 Revenue. Exhibit Four is a memo from the Board's
2 Office of Compulsive and Problem Gambling dated April
3 18th, 2013. Exhibit Five contains three citations and
4 corresponding adjudications issued by the Pennsylvania
5 State Police, Bureau of Liquor Control Enforcement.

6 Exhibit Six contains three consent
7 agreements entered into between the OEC and Downs
8 Racing that have also been approved by the Board.
9 Exhibit Seven is a memorandum by the OEC memorializing
10 a compliance conference that took place at the
11 facility, and the memo is dated January 17th, 2013.
12 And Exhibit Eight contains 18 warning letters issued
13 by the OEC, eight response letters sent back by Downs
14 Racing and one follow-up letter sent by the OEC. And
15 at this time, I'd ask to move Exhibits One through
16 Eight, which have been previously marked and have been
17 provided to the Board and to opposing Counsel and ask
18 to be moved into evidence.

19 (OEC's Exhibits Two, Three, Four, Five,
20 Six, Seven and Eight marked for
21 identification.)

22 PRESIDING OFFICER:

23 Mr. Kohler, ---

24 ATTORNEY KOHLER:

25 No objection.

1 PRESIDING OFFICER:

2 --- do you have any objection? Are any
3 of these eight exhibits to be kept confidential?

4 ATTORNEY POWERS:

5 Yes.

6 PRESIDING OFFICER:

7 And what would you like to be kept
8 confidential? Which exhibit numbers?

9 ATTORNEY POWERS:

10 Definitely Six, Seven and Eight.

11 PRESIDING OFFICER:

12 Well Six are Consent Agreements that are
13 already in the public domain as being Board Orders.
14 Consent Agreements.

15 ATTORNEY KOHLER:

16 Exhibit Four you have marked
17 confidential.

18 ATTORNEY POWERS:

19 Exhibits Four, Seven and Eight.

20 PRESIDING OFFICER:

21 I believe Four is public. It's Liz
22 Lanza's memo I think that would be compulsive and
23 problem gaming review. Why don't we do this?

24 ATTORNEY KOHLER:

25 I have Exhibit Four as a memo from ---.

1 PRESIDING OFFICER:

2 Director Lanza.

3 ATTORNEY KOHLER:

4 It's marked confidential.

5 PRESIDING OFFICER:

6 I do see confidential at the top, but I
7 don't believe it does contain confidential information
8 under the law. If you disagree with that, let me know
9 later, and we will mark it as confidential, but I
10 don't believe that it is under the current law. I
11 think that leaves us to Seven and Eight, which are the
12 compliance conference memos and warning letters, which
13 I think, in the past, we have routinely kept as
14 confidential because they have not resulted in formal,
15 official action. Is that acceptable, Mr. Kohler?

16 ATTORNEY KOHLER:

17 Yes. As I review Four, there's
18 nothing ---.

19 PRESIDING OFFICER:

20 Okay. I'll mark Seven and Eight as
21 confidential. And I don't think Mr. Kohler had any
22 objections so we'll enter your eight exhibits into the
23 record as OEC Counsel exhibits. Okay.

24 ATTORNEY POWERS:

25 Thank you.

1 PRESIDING OFFICER:

2 Any further testimony?

3 ATTORNEY POWERS:

4 No further testimony. We don't have a
5 closing remark either. Just that we ask that the
6 record remain open, because we do anticipate
7 additional documentation being provided including the
8 suitability report, which will contain OEC's
9 recommendation for the licensure.

10 PRESIDING OFFICER:

11 And the record will remain open, because
12 the Board will hear this at a future Board meeting as
13 an entire Board at their convenience. Okay. We'll
14 move on to the public comment portion. I said I
15 believe we have three individuals who have signed up
16 to speak, and we will hear first from Ronald
17 Filippini, the Chairman of Plains Township Board of
18 Commissioners. And I think the microphone at the
19 podium is on if you want to go speak from the podium.
20 And, Mr. Filippini, were you here earlier to be sworn
21 by the court reporter?

22 MR. FILIPPINI:

23 No.

24 -----

25 RONALD FILIPPINI, HAVING FIRST BEEN DULY SWORN,

1 TESTIFIED AS FOLLOWS:

2 -----

3 MR. FILIPPINI:

4 My name is Ronald Filippini. It's
5 F-I-L-I-P-P-I-N-I. Gaming Board members, members of
6 the state and local officials and all others in
7 attendance here today, welcome to Plains Township.
8 I'm Ronald Filippini, the Chairperson of Plains
9 Township Board of Commissioners. We are the host
10 municipality for Mohegan Sun at Pocono Downs. The
11 residents and Board of Commissioners of Plains
12 Township thank you once again for giving us the
13 opportunity to speak at your public hearing.

14 The relationship between Mohegan Sun and
15 Plains Township remains good throughout the six years
16 plus of their operations. Since the initial opening
17 of Mohegan Sun at Pocono Downs, the township has
18 experienced growth, especially along the State Route
19 315 and the East Mountain Drive areas. This growth
20 has caused an increase in demand for township
21 emergency services. Fortunately, we have been able to
22 keep up with these additional demands and have
23 enhanced and improved our abilities to deliver these
24 services with no additional costs to our taxpayers.

25 As an example, as you were pulling here,

1 you may have noticed the new 100-foot aerial truck we
2 recently purchased that's staged in front of this
3 building, which took the place of a 20-year-old ladder
4 truck, which we had at the time of the inception of
5 the casino. Our Plains Township Police Department has
6 also recently initiated a newly formed special
7 operations unit. And we recently held training
8 exercise at the Plains Solomon Elementary and High
9 School.

10 Once again, the township has been able to
11 purchase necessary special equipment to ensure rapid
12 and positive response to the special police
13 emergencies. We have now initiated corroborative
14 training with police and in other municipalities to
15 work together in extreme emergency situations.

16 Also, I noticed as my first-time
17 experience as the Treasurer of the Plains Lions Club
18 Mohegan Sun has supported community projects not only
19 Plains Township, but throughout Luzerne County. The
20 support of community projects is not only financial,
21 but also with their employees getting involved in some
22 of these projects. Whether it's emergency services,
23 recreation, infrastructure improvements or other
24 community projects, taxpayers and communities
25 throughout Luzerne County have benefited from the

1 operations of Mohegan Sun at Pocono Downs. On behalf
2 of the Plains Township Board of Commissioners and our
3 residents I urge that members of the Pennsylvania
4 Gaming Control Board to give their approval to the
5 gaming license renewal at Mohegan Sun at Pocono Downs.
6 Thank you.

7 PRESIDING OFFICER:

8 And before you leave, do the
9 Commissioners have questions for Mr. Filippini? Okay.
10 Thank you.

11 MR. FILIPPINI:

12 Thank you.

13 PRESIDING OFFICER:

14 Next speaker that registered, Bill Jones
15 from the United Way of Wyoming Valley.

16 MR. JONES:

17 Good morning. Do I need to be sworn in?

18 PRESIDING OFFICER:

19 Yes.

20 -----
21 BILL JONES, HAVING FIRST BEEN DULY SWORN, TESTIFIED AS
22 FOLLOWS:
23 -----

24 MR. JONES:

25 My name is Bill Jones, J-O-N-E-S. And I

1 am the President and CEO of the United Way of Wyoming
2 Valley. When I was asked if I would consider offering
3 testimony at today's hearing, I immediately without
4 hesitation said yes. It is an honor for me to speak
5 on behalf of Mohegan Sun, one of the most
6 community-minded corporate citizens in Northeast
7 Pennsylvania. I was thrilled to hear the
8 Commissioners already recognize Mohegan Sun's value to
9 the community this morning.

10 Mohegan Sun takes a corporate social
11 responsibility very seriously. The strong sense of
12 community is a huge part of their culture. It just
13 seems to be in their DNA. They're quite generous with
14 their time, count, charitable dollars, and they're
15 very much concerned with the economic well-being of
16 the entire region. In just the six and half years
17 Mohegan Sun has been operating in Northeastern
18 Pennsylvania, they've truly become a significant part
19 of the fabric of our community. During this time,
20 they have sponsored over 500 different organizations,
21 causes and events and have donated roughly two and a
22 half million dollars to make our community stronger
23 and support programs that serve individuals and
24 families in need.

25 For them it's not just about giving money

1 away. Mohegan Sun empowers its team members and
2 encourages them to participate as board members and
3 leaders in dozens of different organizations including
4 the United Way, Area Chambers of Commerce, local
5 colleges and universities, community health clinics,
6 programs for at-risk children and so much more.
7 Employees have volunteered in a number of different
8 initiatives that have benefited victims of national
9 disasters, our troops in the Middle East,
10 disadvantaged children, Big Brothers, Big Sisters, our
11 local soup kitchen, children and individuals with
12 disabilities, homeless shelters and so many others.

13 From the United Way's perspective,
14 Mohegan Sun has been incredibly generous, assisting in
15 everything from our corporate campaign, to offering
16 incentives to encourage community giving, to
17 sponsorships of our closing events and our annual
18 rewards reception. They seem to never say no, and not
19 only we, but hundreds of charitable organizations in
20 our region recognize and appreciate their efforts.

21 Mohegan Sun has enhanced the cultural
22 life and economic growth of the area. In addition to
23 the casino, they've been a major sponsor of our local
24 arena that is home to the Pittsburgh Penguins minor
25 league hockey team. And that facility hosts numerous

1 shows and concerts throughout the year. The arena is
2 a very important venue in our community, and Mohegan
3 Sun supports, encourages or ensures that it will
4 remain vibrant and successful.

5 Mohegan Sun has significantly contributed
6 to the local economy in a number of ways. With over
7 1,700 employees, Mohegan Sun is now the fifth largest
8 employer of Luzerne County residents. That's an
9 enormous contribution to an area that has a higher
10 than average poverty rate and the highest unemployment
11 rate in the state.

12 As noted earlier, Mohegan Sun has already
13 been recognized multiple times for its excellence in
14 the human resource efforts and are currently building
15 a hotel that will create additional jobs, economic
16 activity and tax revenue. Their development has not
17 only generated business for its casino, but has
18 spurred further development of new business and growth
19 of existing businesses in the area. It would be
20 difficult to imagine what the economic climate of our
21 region would look like if Mohegan Sun hadn't located
22 here, created so many employment opportunities and
23 have been so generous with their charitable giving.

24 To wrap up, I've included in my testimony
25 several articles that were written by area newspapers

1 when the former CEO of Mohegan Sun at Pocono Downs,
2 Bobby Soper, left the position in Wilkes-Barre to
3 become the CEO of the casino in Connecticut. These
4 articles speak to how much the area has appreciated
5 the leadership of Mr. Soper and all he did in the
6 community. What we are all coming to find out is that
7 while Bobby Soper is indeed an outstanding and dynamic
8 leader, what we appreciate most is the culture that
9 was created, a culture that transcends an individual
10 leader and is a hallmark of their corporation. It is
11 just how they do business. Community is in their DNA.

12 I have no doubt that Mohegan Sun will
13 continue to be an excellent community partner, a
14 generous and caring neighbor and an outstanding
15 corporate friend to all of us in Northeast
16 Pennsylvania. Thank you for the opportunity to
17 present my testimony.

18 PRESIDING OFFICER:

19 Thank you. Any questions? Okay. Thank
20 you. And Lori Nocito, and I apologize if I
21 mispronounced your last name.

22 MS. NOCITO:

23 No. That's perfect.

24 PRESIDING OFFICER:

25 Okay. And I don't believe you've been

1 sworn either.

2 MS. NOCITO:

3 I have not.

4 -----

5 LORI NOCITO, HAVING BEEN FIRST DULY SWORN, TESTIFIED

6 AS FOLLOWS:

7 -----

8 MS. NOCITO:

9 It is a pleasure and honor to be invited
10 to speak on behalf of Mohegan Sun, who has been a true
11 friend to our community and our Commonwealth. Many of
12 you know we have two newspapers in our town. And many
13 of you know that if it bleeds, it leads. But when
14 Mohegan Sun gets top of the fold, wonderful, positive
15 headlines in our community, that's something to really
16 be proud of. Around the time I was asked to speak,
17 there were actually two headlines above the fold.
18 Very positive articles on our community, so we're
19 doing something right here. We're making positive
20 news. And the ripple effect in our community is
21 amazing.

22 I'm Lori Nocito, the Executive Director
23 of Leadership Wilkes-Barre. Leadership Wilkes-Barre
24 is a non-profit community leadership development
25 organization. It's been around for 32 years. And we

1 have five different programs, which serve ages from
2 high school juniors, college students, mid-level,
3 mid-career professionals, senior level executives and,
4 of course, senior citizens. So we cover the whole
5 gamut. Probably about 200 people a year go through
6 our program, and we have over 2,000 proud graduates.

7 John Quincy Adams once said if your
8 actions inspire others to dream more, to learn more,
9 to do more and become more, then you are a leader.
10 Mohegan Sun at Pocono Downs has exemplified the
11 characteristics of leadership, and they benefited our
12 community by embracing it, financially contributing it
13 and setting a fine example of servant leadership.

14 It's one thing to write a check and to
15 approve a donation to a charity, but it's another
16 thing, as we say in Leadership Wilkes-Barre, is to be
17 a servant leader, to roll up your sleeves and get
18 involved in the community. And if I may, I'd like to
19 talk a little bit about that.

20 Several members of the team at Mohegan
21 Sun at Pocono Downs have gone through our leadership
22 programs. They've learned leadership skills. They
23 learned about our community, and they made friends
24 through their community network. Leadership
25 Wilkes-Barre provides the skills in community

1 awareness and encourages people to be involved in our
2 community on all levels. Again, the ripple effect.
3 Over the years, in addition to the financial support
4 we've received to help continue our mission of
5 creating leaders and getting involved in the
6 community, we have seen members of the team at Mohegan
7 Sun at Pocono Downs roll up their sleeves and
8 volunteer to help countless non-profit and civic
9 organizations. And you saw a whole list of them on
10 the board.

11 I'd like to give you three examples of
12 members of the team getting involved in the community
13 and how that has impacted our community. And I'll
14 start with our junior leadership program, which hosts
15 60 high school students every year. We have one
16 class, and we work with 14 different schools in our
17 community. So again, our outreach is Northeastern
18 Pennsylvania. And tonight we have our graduation for
19 our junior leadership program.

20 But one of the team members at Mohegan
21 Sun got involved in our Core Program, went through the
22 Core Program, embraced it and wanted to give back to
23 the community. So she decided to volunteer to help
24 the junior leadership project group where they do
25 community service projects. And she was their project

1 advisor. She helped guide their program, guide their
2 project. She helped address leadership skills and
3 facilitate them to use their leadership skills and
4 recognize that we need to collaborate. We need to
5 come to consensus and so forth. And so far two years
6 in a row, the teams that she's worked with have spoken
7 very highly of her and invited her to come back. And
8 when I saw her recently, she said I'm in. I'm going
9 to continue to do that because I get so much out of
10 it. I get more out of it than the kids. So working
11 with our youth is very important and setting a fine
12 example of that is critical.

13 The second example goes to another
14 generation, which we all call the greatest generation.
15 One of our Core Program, which is the adult mid-career
16 professionals, our Core Program project groups ---.
17 We have five project groups, and one of the project
18 groups in 2008 --- they decided that it would be a
19 great idea to take World War II veterans to the World
20 War II memorial in Washington, D.C. And, you know, of
21 course, they're few and far between anymore, but in
22 2008, we were able to get 65 World War II veterans and
23 their guests on buses to drive down to Washington,
24 D.C., and experience the memorial. We were met by our
25 congressman and so forth.

1 What does Mohegan Sun have to do with
2 this? Well, they helped sponsor our trip. They
3 encouraged it from the beginning, and they were very
4 excited about it. And not only did they financially
5 contribute to it, but the buses all convened on the
6 grounds of Mohegan Sun. Mohegan Sun provided
7 breakfast for all the veterans, and we went on our way
8 to Washington, D.C.

9 There wasn't a dry eye in the place. We
10 had a very memorable time, and we were able to thank
11 the veterans for what they did for us. However, the
12 veterans kept thanking us. And we're like no. We
13 need to thank you.

14 The third example is we need teenage
15 youth again. A Mohegan Sun at Pocono Downs project
16 member of our Core Program was very passionate about
17 children with special needs. And in this area,
18 there's an organization called Challenger Baseball.
19 And a team member at Mohegan Sun said wouldn't it be a
20 great idea if we created awareness for this Challenger
21 Baseball league. I don't think a lot of people know
22 about that and how they serve these children with
23 special needs. So he decided to get his group on
24 board, and they did.

25 And they not only created awareness for

1 Challenger Baseball, but they actually had an event
2 about two weeks ago at PNC Field where all the kids
3 with the special needs were on the actual baseball
4 field. They ran around the bases. They announced
5 their names, and Mohegan Sun was instrumental in
6 sponsoring that. And there wasn't a dry eye in the
7 place. And the kids were hugging and giving hive
8 fives when they reached home plate.

9 So I could go on. Those are just three.
10 And I know seeing the list on the board is one thing,
11 but to hear the stories and the ripple effect is truly
12 heartwarming. There are many more stories. But in
13 the interest of time, I will conclude by saying that
14 the depth and generosity of Mohegan Sun in our
15 community economically and, of course, community
16 oriented, creating leaders and setting a fine example
17 to help our community in many different ways is
18 admirable. As Michael Bean stated, commitment's
19 accomplished. But I'd like to add that they're
20 accomplished, and as Commissioner McCall said, they
21 went above and beyond. It's true that they have gone
22 above and beyond. They didn't have to, but they do.
23 And as Bill said, it is in their DNA to continue to
24 give back. And we have no doubt that they will
25 continue, and our community's better for it, so thank

1 you.

2 PRESIDING OFFICER:

3 Thank you. Okay. That is the list of
4 speakers I've been given. Is there anyone here who
5 believe they registered to speak, and I have not
6 called your name? If so, raise your hand.

7 Okay. No. For the parties, if you have
8 the desire to file any written brief or memorandum,
9 anything that came out of the hearing today, that
10 would need to be filed on or before the close of
11 business next Thursday, May 2nd.

12 As I said before, the record will remain
13 open until the Board hears the matter at a later
14 public meeting. I'll prepare a report for all the
15 Board members based upon the testimony and evidence
16 entered into the record today and the suitability
17 report, when it is filed with the Office of Hearings
18 and Appeals (OHA). That report will be sent to all
19 Board members along with the transcript and any
20 exhibits, et cetera, the application. And the Board,
21 at its convenience, will schedule the matter to be
22 heard at a further --- at a future public Board
23 meeting.

24 I want to thank Plains Township
25 Commissioners for allowing us to use the room and for

1 their staff for welcoming us today. Thank you all for
2 coming today and your cooperation. And unless anyone
3 has anything for the good of the order, this hearing
4 is adjourned. Thank you.

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HEARING CONCLUDED AT 11:45 A.M.


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CERTIFICATE

I hereby certify that the foregoing proceedings,
hearing held before Hearing Officer Lloyd was reported
by me on 4/25/2013 and that I Amber Paulton read this
transcript and that I attest that this transcript is a
true and accurate record of the proceeding.


Court Reporter