

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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MEETING

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BEFORE: MEMBERS OF THE BOARD:

DAVID M. BARASCH, CHAIRMAN

Richard G. Jewell

Obra S. Kernodle, IV

Sean Logan

Kathy M. Manderino

Merritt C. Reitzel

Dante Santoni, Jr.

EX-OFFICIO MEMBERS/DESIGNEES IN ATTENDANCE:

Jennifer Langan, Designee, Pennsylvania
Treasury

Suzanne P. Leighton, Designee, Department
of Revenue

Fred Strathmeyer, Jr., Designee, Department
of Agriculture

HEARING: Wednesday, October 3, 2018

10:00 a.m.

Reporter: Cynthia Piro Simpson

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LOCATION: Pennsylvania Gaming Control Board
Strawberry Square
2nd Floor
Harrisburg, PA 17101

A P P E A R A N C E S

PA GAMING CONTROL BOARD EXECUTIVE STAFF WHO APPEARED
BEFORE THE BOARD:

Kevin O'Toole, Executive Director - Annual Report
and Gaming Diversity Report

R. Douglas Sherman, Chief Counsel - Petitions,
Surrenders

Susan Hensel, Director, Bureau of Licensing -
Licensing Matters

Cyrus Pitre, Chief Enforcement Counsel -
Enforcement Actions

Office of Enforcement Counsel - Also presenting:

James Armstrong, John Crohe, Tamara Haken,
Beth Manifesto, Dustin Miller and David
Tepper. Thomas Monaghan and Michael Roland
(public hearings only)

ALSO PRESENT WERE:

Mr. John Donnelly Jr., Esquire, representing
SugarHouse HSP Gaming, LP

Mr. Dean McBride, Vice President of Gaming,
SugarHouse HSP Gaming, LP

A P P E A R A N C E S (cont.)

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PUBLIC HEARING ATTENDANCE:

Sands Bethworks Gaming, LLC - Petition for an
Interactive Gaming Certificate

Brian Carr, President and Chief Operating Officer,
Sands Bethworks Gaming, LLC

Michael Magazzu, Vice President and General Counsel,
Sands Bethworks Gaming, LLC

Lynne Kaufman, Esquire, Cooper Levenson,
representing PCI Gaming

Valley Forge Convention Center Partners, LP -
Petition for an Interactive Gaming Certificate

Adrian King, Jr., Esquire, Ballard Spahr
representing Valley Forge Convention Center
Partners, LP

Dave Zerfing, Chief Financial Officer, Valley Forge
Convention Center Partners, LP

Bill Wright, Sr. Vice President, Operations, Boyd
Corporation

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Mountainview Thoroughbred Racing Association, LLC
(Hollywood Casino) - Petition for Sports Wagering
Certificate

Adrian King, Jr., Esquire, Ballard Spahr,
representing Mountainview Thoroughbred Racing
Association, LLC (Hollywood Casino

Alex Hvizda, Director of Compliance, Hollywood
Casino

Dan Ihm, Vice President and General Manager,
Hollywood Casino

John Finamore, Sr. Vice President, Regulatory
Operations, Penn national Gaming, Inc.

Joseph Kirwin, Sports Betting Manager

Gary Pecorello, Director of Casino Marketing

Fred Lipkin, Vice President of Marketing

Greenwood Gaming and Entertainment, Inc. - Petition
for Approval and Authority to Conduct Sports
Wagering in the Commonwealth and Petition for
Approval to Conduct Sports Wagering at the South
Philadelphia Turf Club (Consolidated Hearing)

Mark Stewart, Esquire, Eckert Seamans, representing
Greenwood Gaming and Entertainment, Inc. (GGE)

John Dixon, IT, GGE

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Greenwood Gaming and Entertainment, Inc. - Petition
for Approval and Authority to Conduct Sports
Wagering in the Commonwealth and Petition for
Approval to Conduct Sports Wagering at the South
Philadelphia Turf Club (Consolidated Hearing)

Matthew Cullen, Sr. Vice President, Interactive
Gaming and Sports, GGE

Joe Wilson, Chief Operating Officer, Parx Racing,
GGE

Thomas Bonner, Esquire, GGE, Legal and General
Counsel

Bryan Schroeder, Vice President of Regulatory
Affairs & Chief Compliance Officer, GGE

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NONE OFFERED

P R O C E E D I N G S

CHAIRMAN: Good morning, everyone.

I'm David Barasch, Chairman of the Pennsylvania Gaming Control Board. If you haven't already, please put your cell phones and electronic devices on silent.

With us today we have Fred Strathmeyer, representing Russell Redding, the Secretary of Agriculture; Jennifer Langan, representing Joe Torsella, State Treasurer; and Sue Leighton, representing Revenue Secretary, Dan Hassell. Thank you all for being here and for your participation.

With a quorum being present, I will call the proceedings to order. The first order of business, Pledge of Allegiance.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN: By way of announcements, the Board held an executive session yesterday, Tuesday, October 2nd, to discuss personnel matters and to conduct quasi judicial deliberations related to matters that will be considered by the Board today.

We'll also announce the Board will hold a Public Input Hearing on Thursday, November 1st, at 10:00 a.m., in Springettsbury Township Municipal

1 Administration Building at 1501 Mount Zion Road, York,
2 Pennsylvania. At that time the Board will collect
3 testimony on a Category 4 Casino Application that has
4 been submitted by Mountainview Thoroughbred Racing
5 Association, LLC. The names of all citizens, public
6 officials and community groups who wish to provide
7 oral or written testimony regarding the proposed
8 casino are now being accepted.

9 Anybody wishing to provide testimony
10 at the Public Input Hearing must register prior to the
11 hearing by visiting the Board's website at
12 www.gamingcontrolboard.pa.gov and click on
13 Pennsylvania National Casino, York Public Input
14 Hearing, the link under the quicklinks section of the
15 home page. The deadline for registration to speak is
16 noon, October 30th, 2018.

17 The list of those registered to speak
18 will be posted on the Board's website one week prior
19 to the hearing and updated daily thereafter.

20 Those who wish to place written
21 comments on the record can do so prior to the hearing
22 date through the website, by e-mail to
23 boardclerk@pa.gov or by fax (717) 265-7416. Mailed
24 comments must be postmarked no later than October 30th
25 and mailed to the Pennsylvania Gaming Control Board,

1 Post Office - excuse me, Post Office Box 69060,
2 Harrisburg, PA, 17106, to the attention of the Board
3 Clerk.

4 HEARINGS WERE HELD

5 CHAIRMAN: Next, we have consideration
6 for a motion to approve the minutes and transcripts
7 from our August 15th meeting. May I have such a
8 motion?

9 MR. SANTONI: Mr. Chairman, I move
10 that the Board approve the August 15th, 2018 meeting
11 minutes and transcript.

12 MR. JEWELL: Second.

13 CHAIRMAN: All in favor?

14 AYES RESPOND

15 CHAIRMAN: All opposed? The motion's
16 adopted.

17 Kevin O'Toole.

18 ATTORNEY O'TOOLE: Good morning,
19 Chairman. Good morning, members of the Board. For my
20 Executive Director's report this morning, I'm pleased
21 to inform you that Board staff has completed and
22 posted on our website the Fiscal Year 2017-2018 Annual
23 Report and the Gaming Diversity Report.

24 The Board's Annual Report is a project
25 coordinated by our Office of Communications and is a

1 collaboration of effort by each unit within our
2 agency. The report includes statistical summaries and
3 charts, a statement of revenue and expenditures and
4 information on each casino regarding revenue earned
5 and taxes paid during fiscal year 2017-2018.

6 Additionally, the Annual Report
7 includes, as part of the statistical summary, the
8 funds paid by each Pennsylvania casino as Local Share
9 assessments along with the name of the municipality,
10 county and school district that receive Local Share
11 funds.

12 I'd like to express my appreciation to
13 Doug Harbach, Richard McGarvey and Doreen Edwards for
14 their outstanding work, once again, in producing our
15 Annual Report. In a way, it's probably the last one
16 that's going to look exactly like this. Because as
17 you could gather from our presentations in the last
18 couple of public meetings, including this morning's,
19 we have a lot of new material that we anticipate
20 putting in next year.

21 The Board has also issued this week
22 the 11th Annual Gaming Diversity Report. The
23 Diversity Report presents a summary for each casino in
24 Pennsylvania that depicts employment by race,
25 employment by gender, minority, women and local

1 business-owned enterprise participation in both
2 construction and nonconstruction projects, along with
3 information regarding charitable and community
4 outreach expenditures. Our Director of Diversity,
5 Mozelle Daniels, prepares the Annual Diversity Report.

6 Our casino licensees engage in
7 good-faith efforts throughout the year to promote and
8 ensure diversity and inclusiveness in all aspects of
9 their casino operations.

10 I would also like to express my
11 appreciation to Mozelle, Sharon Reisinger and Evelyn
12 Early for their work on the Diversity Report.

13 Next year I expect the Diversity
14 Report to pretty much be the same, but express a
15 positive - a positive outcome on diversity with
16 respect to personnel assigned to the new gaming-
17 expanded initiatives.

18 To conclude, I would also like to
19 inform the Board that our current complement of
20 employees at the Gaming Board is 295, of which 41.7
21 percent are female, 58.3 percent are male and 17.6
22 percent are minorities. We, as an agency, exceed the
23 averages for Commonwealth salaried employment for
24 female and minority participation.

25 Thank you. If you have any questions,

1 I'd be glad to answer them.

2 CHAIRMAN: Thank you.

3 Any questions or comments for Kevin?

4 I just have one. I just want to
5 publicly acknowledge on behalf of the Board the
6 excellent work that Mozelle has been doing in this
7 area. She is very helpful and very clear when she
8 meets with us to keep us up-to-date with what's going
9 on.

10 And I have to say, from the time I've
11 been here, I've been quite honestly pleasantly
12 surprised by where we stand. I know you, Mozelle,
13 have seen me express that surprise, and I just want
14 you - you know, shout out to you for good work and
15 keep it up.

16 Any other comments? If not, we're
17 going to take a short break at this time to consider
18 some of the matters we're going to be voting on.

19 SHORT BREAK WAS TAKEN

20 CHAIRMAN: Okay.

21 Then we have finished our
22 deliberations at this point. The stage is yours, Mr.
23 Sherman, Office of Chief Counsel (OCC).

24 ATTORNEY SHERMAN: Good morning,
25 Chairman, members of the Board. Today we have six

1 petitions before you for consideration. Five of the
2 matters were heard earlier today during the public
3 hearings. The remaining petition will be decided on
4 the record, as there's no objection to the relief
5 requested. In each of these matters the Board has, in
6 advance of the meeting, been provided with all
7 documents filed of record.

8 The first two matters which I will
9 present are matters seeking to approve Interactive
10 Gaming Certificates. To be clear, should the Board
11 approve the petitions, it will not be authorizing the
12 Licensee to commence the operation of interactive
13 gaming at this time, but rather in each case, as the
14 OEC has requested a number of conditions, the casinos
15 and their operators will need to fulfill those
16 conditions as set forth in the Board's Order in these
17 matters prior to being able to commence operations.

18 Following those two matters, we will
19 have three petitions seeking approval for sports
20 wagering, also subject to hearings today. And once
21 again, if the Board approves those matters, the Board
22 will not be approving the Go Live, but rather will be
23 approving the facilities to continue - to progress
24 toward the fulfillment of the conditions.

25 With that, by background, the first

1 Interactive Gaming Petition before the Board is that
2 of Sands Bethworks Gaming, and it's their petition for
3 an Interactive Gaming Certificate. I just wanted to
4 comment that, as we acknowledged, it's a little bit of
5 a unique situation for Sands, because of the pending
6 transaction and sale of the property to another gaming
7 entity.

8 The reason that it's here is because
9 in April of this year the Board announced that it
10 would start accepting applications for Interactive
11 Gaming Certificates. Under the statute, if an entity
12 wanted all three certificates, that is for slots,
13 tables and poker, they had to do so within - file the
14 application within 90 days of that April date in order
15 to get the reduced price.

16 The statute also provides a 90-day
17 period from the filing of the petition for the Board
18 to act, to either approve or deny the petition. And
19 that is why, in a seemingly awkward procedural stance
20 with the transaction, we nonetheless have to proceed
21 with the Board acting to grant the certificates, even
22 though they will then be transferred to the new
23 acquiring entity.

24 And just with that, by way of
25 background explanation as to why we're doing it now,

1 because it's mandated by statute, I'd ask for a motion
2 to consider the granting of the Interactive Gaming
3 Certificates to Sands.

4 CHAIRMAN: Is there a motion?

5 MR. JEWELL: Mr. Chairman, I move that
6 the Board approve Sands Bethworks' Gaming, LLC's
7 Petition for an Interactive Gaming Certificate and
8 Confidentiality Motion, as described by the OCC and
9 with the conditions to be outlined in the Board's
10 Order.

11 MR. KERNODLE: Second.

12 CHAIRMAN: All in favor?

13 AYES RESPOND

14 CHAIRMAN: All opposed? The motion's
15 adopted.

16 ATTORNEY SHERMAN: The Valley Forge
17 Convention Center Partners is the second request for
18 the - before the Board today, seeking the issuance of
19 an Interactive Gaming Certificate and making a request
20 for confidential treatment of certain documents filed
21 of record.

22 Obviously this matter was also heard
23 and it's ready for the Board's consideration.

24 CHAIRMAN: May I have a motion?

25 MR. LOGAN: Mr. Chairman, I move that

1 the Board approve Valley Forge Convention Center
2 Partners, LP's Petition for an Interactive Gaming
3 Certificate and Confidentiality Motion, as described
4 by the OCC and with the conditions to be outlined in
5 the Board's Order.

6 MS. MANDERINO: Second.

7 CHAIRMAN: All in favor?

8 AYES RESPOND

9 CHAIRMAN: All opposed? The motion's
10 adopted.

11 ATTORNEY SHERMAN: The next matter
12 before the Board is the request for a Sports Wagering
13 Certificate filed by Mountainview Thoroughbred Racing
14 Association. Again, this was discussed with the Board
15 during a hearing.

16 I want to make clear, however, despite
17 the reference to a petition for a waiver regarding the
18 size of the sports wagering area being filed at some
19 point in the future, we do not contemplate that such a
20 petition is necessary. But rather the Board's Order
21 to be issued in this matter will set forth a series of
22 conditions, which will include for the approval of the
23 precise sports wagering area through delegated
24 authority.

25 With that, the Mountainview

1 petition -.

2 CHAIRMAN: Can I just ask a question
3 about that -

4 ATTORNEY SHERMAN: Yes.

5 CHAIRMAN: - last sentence?

6 ATTORNEY SHERMAN: Yes.

7 CHAIRMAN: Basically the exact shape
8 and size of that floor is going to be delegated for
9 final approval to our Executive Director.

10 Is that correct?

11 ATTORNEY SHERMAN: Exactly. As with
12 all testing periods or any other reviews, for
13 instance, security, surveillance measures, those -
14 those matters are all reviewed by staff and then the
15 Executive Director will give the authorization that
16 it's sufficient.

17 CHAIRMAN: Thank you.

18 Are there any other questions or
19 comments from the Board in this matter?

20 Hearing none, may I have a motion?

21 MS. MANDERINO: Mr. Chairman, I move
22 the Board approve Mountainview Thoroughbred Racing
23 Association, LLC's Petition for a Sports Wagering
24 Certificate and Confidentiality Motion as described by
25 the OCC and with the conditions to be outlined in the

1 Board's Order.

2 MS. REITZEL: Second.

3 CHAIRMAN: All in favor?

4 AYES RESPOND

5 CHAIRMAN: All opposed? The motion's
6 adopted.

7 ATTORNEY SHERMAN: The next two
8 matters were heard today in a consolidated hearing and
9 they relate to the Greenwood request for approval for
10 a Sports Wagering Certificate at both its Parx Casino
11 location and at the South Philadelphia Turf Club,
12 which is an off-track betting facility.

13 As they are two separate petitions,
14 I'd ask that the Board take them up separately. First
15 is the Greenwood Gaming petition regarding the
16 approval of a Sports Wagering Certificate to occur at
17 Parx Casino, as well as the - the attached request for
18 confidentiality of certain information. We would
19 agree that the information should be kept confidential
20 and the motion is appropriate for the Board's
21 consideration.

22 CHAIRMAN: Questions or comments from
23 the Board?

24 Hearing none, may I have a motion?

25 MS. REITZEL: Mr. Chairman, I move

1 that the Board approve Greenwood Gaming and
2 Entertainment Inc.'s Petition for Approval and
3 Authority to Conduct Sports Wagering in the
4 Commonwealth and Confidentiality Motion as described
5 by the OCC and with the conditions to be outlined in
6 the Board's order.

7 MR. SANTONI: Second.

8 CHAIRMAN: All in favor?

9 AYES RESPOND

10 CHAIRMAN: All opposed? The motion's
11 adopted.

12 ATTORNEY SHERMAN: And the second
13 matter for your consideration would be the Petition to
14 Conduct Sports Wagering at a non-primary location or
15 off-track betting facility known as the South
16 Philadelphia Turf Club. And that matter is ready for
17 the Board's consideration.

18 CHAIRMAN: Questions or comments from
19 the Board?

20 Hearing none, may I have a motion?

21 MR. SANTONI: Mr. Chairman, I move
22 that the Board approve Greenwood Gaming and
23 Entertainment, Inc.'s Petition for Approval and
24 Authority to Conduct Sports Wagering at its South
25 Philadelphia Turf Club and Confidentiality Motion as

1 described by the OCC and with the conditions to be
2 outlined in the Board's order.

3 MR. JEWELL: Second.

4 CHAIRMAN: All in favor?

5 AYES RESPOND

6 CHAIRMAN: All opposed? The motion's
7 adopted.

8 ATTORNEY SHERMAN: The final petition
9 before you is Mohammed Aljaafari's Petition for
10 Removal from the Involuntary Exclusion List. In
11 January 2017 Mr. Aljaafari, who was 20 years of age at
12 the time, attempted to enter Rivers Casino by
13 providing a false identification to the security
14 staff.

15 As a result of his actions, the OEC at
16 that time had moved to place him on the Board's
17 Involuntary Exclusion List. And the Board, in fact,
18 in July of 2017, did place him on the list until at
19 least his 22nd birthday.

20 Mr. Aljaafari is now 22 years of age,
21 and is requesting removal from the list. OEC has no
22 objection and the matter is now ready for the Board's
23 disposition.

24 CHAIRMAN: Questions or comments from
25 the Board?

1 May I have a motion?

2 MR. JEWELL: Mr. Chairman, I move that
3 the Board grant Mohammed Aljaafari's Petition for
4 Removal from the PGCB Involuntary Exclusion List as
5 described by the OCC.

6 MR. KERNODLE: Second.

7 CHAIRMAN: All in favor?

8 AYES RESPOND

9 CHAIRMAN: All opposed? The motion's
10 adopted.

11 ATTORNEY SHERMAN: And the final
12 matters of the OCC today relate to four unopposed
13 petitions to surrender the credentials of the
14 following individuals: Gregg Russell Carano, Mark
15 Stephen Tarchetti, Michael Borofsky and Andrew Howard.

16 The OEC has no objection to these
17 surrenders. And if the Board grants them, it would be
18 doing so without prejudice to each request.

19 Those matters are now ripe for the
20 Board's consideration.

21 CHAIRMAN: Questions or comments from
22 the Board?

23 May I have a motion?

24 MR. KERNODLE: Mr. Chairman, I move
25 that the Board issue the Order to approve the

1 Surrenders as described by the OCC.

2 MR. LOGAN: Second.

3 CHAIRMAN: All in favor?

4 AYES RESPOND

5 CHAIRMAN: All opposed? Motion's
6 adopted.

7 ATTORNEY SHERMAN: And that concludes
8 the matters of the OCC.

9 CHAIRMAN: Thank you very much.
10 Sue Hensel, Bureau of Licensing.

11 MS. HENSEL: Thank you, Chairman
12 Barasch and members of the Board.

13 Before the Board today will be one
14 Table Game and Slot Machine Manufacturer Applicant,
15 one Conditional Interactive Gaming Manufacturer
16 Applicant, one Conditional Video Gaming Terminal
17 Procurement Agent Applicant, two Conditional Video
18 Gaming Terminal Operator Applicants, and 664 Principal
19 Key, Gaming and Non-Gaming Employee Applicants. In
20 addition, there will be the consideration of one
21 Certified Gaming Service Provider Applicant.

22 First for your consideration is the
23 approval of the Slot Machine and Table Game
24 Manufacturer Licenses for AGS, LLC, known as American
25 Gaming Systems. AGS is headquartered in Las Vegas and

1 manufactures slot machines and table game products,
2 including shufflers.

3 The Bureau of Investigations and
4 Enforcement (BIE) has completed its investigation and
5 the Bureau of Licensing has provided you with a
6 background investigation and suitability report. I
7 have provided you with a Draft Order and ask that the
8 Board consider the Order to approve the initial Slot
9 Machine and Table Game Manufacturer Licenses.

10 ATTORNEY PITRE: Enforcement Counsel
11 has no objection.

12 CHAIRMAN: Questions or comments from
13 the Board?

14 Hearing none, may I have a motion?

15 MR. LOGAN: Mr. Chairman, I move that
16 the Board grant AGS, LLC, also known as American
17 Gaming Systems, Slot Machine and Table Game
18 Manufacturer Licenses as described by the Bureau of
19 Licensing.

20 MS. MANDERINO: Second.

21 CHAIRMAN: All in favor?

22 AYES RESPOND

23 CHAIRMAN: All opposed? The motion's
24 adopted.

25 MS. HENSEL: Next for your

1 consideration is a Conditional Interactive Gaming
2 Manufacturer License for Everi Interactive, LLC.
3 Everi Interactive is a Las Vegas-based company that
4 plans to offer interactive related gaming products,
5 such as game content, to Interactive Certificate
6 holders.

7 Under the Board's temporary
8 regulations, an Interactive Manufacturer Applicant is
9 eligible for conditional licensure if the Applicant
10 has submitted a completed licensing application,
11 including fees, and the BIE does not object to the
12 issuance of a Conditional License. Everi Interactive
13 satisfies these criteria.

14 I have provided the Board with a Draft
15 Order and ask that the Board consider the Order to
16 approve Everi Interactive, LLC for conditional
17 licensure.

18 ATTORNEY PITRE: Enforcement Counsel
19 has no objection.

20 CHAIRMAN: Questions or comments from
21 the Board?

22 May I have a motion?

23 MS. MANDERINO: Mr. Chairman, I move
24 the Board grant Everi Interactive, LLC's Conditional
25 Interactive Gaming Manufacturer License as described

1 by the Bureau of Licensing.

2 MS. REITZEL: Second.

3 CHAIRMAN: All in favor?

4 AYES RESPOND

5 CHAIRMAN: All opposed? Motion's
6 adopted.

7 MS. HENSEL: In addition, there was a
8 Conditional License for the VGT Procurement Agent
9 Applicant Bell Gaming, LLC. Bell Gaming, LLC is an
10 Akron, Ohio entity. A procurement agent negotiates
11 Terminal Placement Agreements for placement of VGTs at
12 truck stop establishments.

13 In order to be eligible for
14 conditional licensure the Procurement Agent Applicant
15 must meet criteria, including filing a completed
16 application, having never had a similar license denied
17 or revoked, having never been convicted of a felony or
18 a gaming law violation and being current on state
19 taxes. A preliminary review of the Applicant
20 indicates that it does satisfy these criteria.

21 I have provided you with a Draft Order
22 and ask that you consider the Order to approve a
23 Conditional License for Bell Gaming, LLC.

24 ATTORNEY PITRE: Enforcement Counsel
25 has no objection.

1 CHAIRMAN: Questions or comments from
2 the Board?

3 May I have a motion?

4 MS. REITZEL: Mr. Chairman, I move
5 that the Board grant Bell Gaming, LLC's Conditional
6 Video Gaming Terminal Procurement Agent License as
7 described by the Bureau of Licensing.

8 MR. SANTONI: Second.

9 CHAIRMAN: All in favor?

10 AYES RESPOND

11 CHAIRMAN: Opposed? The motion's
12 adopted.

13 MS. HENSEL: The next item for your
14 consideration today is Conditional Video Gaming
15 Terminal Operator Licenses, a VGT Operator owns,
16 services or maintains VGTs for placement and operation
17 at truck stop establishments. The VGT Operator
18 Applicants are Lucky Day Gaming Pennsylvania, LLC, and
19 Second State Gaming, LLC.

20 Under the Gaming Act, the Board may
21 issue a Conditional VGT Terminal Operator License
22 provided certain criteria are met, including that the
23 Applicant has submitted a completed application, has
24 never been convicted of a felony or a gambling law
25 violation, is current on state taxes and has not had a

1 similar license denied or revoked. A preliminary
2 review of these applicants indicates that they meet
3 these criteria.

4 I ask that the Board consider a motion
5 to approve the Conditional VGT Terminal Operator
6 licenses.

7 ATTORNEY PITRE: Enforcement Counsel
8 has no objection.

9 CHAIRMAN: Questions or comments from
10 the Board?

11 May I have a motion?

12 MR. SANTONI: Mr. Chairman, I move
13 that the Board grant the Conditional Video Gaming
14 Terminal Operator Licenses as described by the Bureau
15 of Licensing.

16 MR. JEWELL: Second.

17 CHAIRMAN: All in favor?

18 AYES RESPOND

19 CHAIRMAN: All opposed? The motion's
20 adopted.

21 MS. HENSEL: Also, there are Principal
22 and Key Employee Licenses. Prior to this meeting, the
23 Bureau of Licensing provided you with a Proposed Order
24 for one Principal and one Key Employee. I ask that
25 the Board consider the Order approving these licenses.

1 ATTORNEY PITRE: Enforcement Counsel
2 has no objection.

3 CHAIRMAN: Questions or comments from
4 the Board?

5 May I have a motion?

6 MR. JEWELL: Mr. Chairman, I move that
7 the Board grant the Principal and Key Employee
8 Licenses as described by the Bureau of Licensing.

9 MR. KERNODLE: Second.

10 CHAIRMAN: All in favor?

11 AYES RESPOND

12 CHAIRMAN: All opposed? The motion's
13 adopted.

14 MS. HENSEL: There are also Temporary
15 Principal and Key Employee Licenses. Prior to this
16 meeting the Bureau of Licensing provided you with an
17 Order regarding the issuance of Temporary Licenses for
18 11 Principals and 16 Key Employees. I ask that the
19 Board consider the Order approving these licenses.

20 ATTORNEY PITRE: Enforcement Counsel
21 has no objection.

22 CHAIRMAN: Questions or comments from
23 the Board?

24 May I have a motion?

25 MR. KERNODLE: Mr. Chairman, I move

1 that the Board grant the Temporary Principal and Key
2 Employee Credentials as described by the Bureau of
3 Licensing.

4 MR. LOGAN: Second.

5 CHAIRMAN: All in favor?

6 AYES RESPOND

7 CHAIRMAN: All opposed? The motion's
8 adopted.

9 MS. HENSEL: In addition, there are
10 Gaming Permits and Non-Gaming Registrations. Prior to
11 this meeting, the Bureau of Licensing provided you
12 with a list of 413 individuals to whom the Bureau has
13 granted temporary or full Occupation Permits and 162
14 individuals to whom the Bureau has granted
15 registrations under the authority delegated to the
16 Bureau of Licensing. I ask that the Board consider a
17 motion approving the Order.

18 ATTORNEY PITRE: Enforcement Counsel
19 has no objection.

20 CHAIRMAN: Questions or comments from
21 the Board?

22 May I have a motion?

23 MR. LOGAN: Mr. Chairman, I move that
24 the Board grant the Gaming Employee Occupation Permits
25 and Non-Gaming Employee Registrations as described by

1 the Bureau of Licensing.

2 MS. MANDERINO: Second.

3 CHAIRMAN: All in favor?

4 AYES RESPOND

5 CHAIRMAN: All opposed? The motion's
6 adopted.

7 MS. HENSEL: Next there is a
8 recommendation of denial for five Gaming Employee
9 Applicants and one Non-Gaming Employee Applicant. In
10 each case the Applicants were notified that he or she
11 was being recommended for denial and failed to request
12 a hearing within the specified time period.

13 The Bureau of Licensing has provided
14 you with Orders addressing these Applicants who the
15 OEC has recommended for denial. I ask that the Board
16 consider a motion approving the denials.

17 ATTORNEY PITRE: Enforcement Counsel
18 continues to request denial in each instance.

19 CHAIRMAN: Questions or comments from
20 the Board?

21 May I have a motion?

22 MS. MANDERINO: Mr. Chairman, I move
23 the Board deny the Gaming and Non-Gaming Employee
24 Applications as described by the Bureau of Licensing.

25 MS. REITZEL: Second.

1 CHAIRMAN: All in favor?

2 AYES RESPOND

3 CHAIRMAN: All opposed? Motion's
4 adopted.

5 MS. HENSEL: Also for your
6 consideration are Withdrawal requests for Gaming and
7 Non-Gaming Employee - Employee Applicants. In each
8 case the licensed permit or registration is no longer
9 required.

10 For today's meeting I have provided
11 the Board with a list of one Key, 41 Gaming and 12
12 Non-Gaming Employee Withdrawals for approval. I ask
13 that the Board consider the Orders approving the list
14 of Withdrawals.

15 ATTORNEY PITRE: Enforcement Counsel
16 has no objection.

17 CHAIRMAN: Questions or comments from
18 the Board?

19 May I have a motion?

20 MS. REITZEL: Mr. Chairman, I move
21 that the Board grant the withdrawal of Key, Gaming and
22 Non-Gaming Employee Applications as described by the
23 Bureau of Licensing.

24 MR. SANTONI: Second.

25 CHAIRMAN: All in favor?

1 AYES RESPOND

2 CHAIRMAN: All opposed? Motion's
3 adopted.

4 MS. HENSEL: Additionally, we have an
5 Applicant for Gaming Service Provider Certification.
6 The company is Bonfire, LLC. I ask that the Board
7 consider the Order approving this Gaming Service
8 Provider Applicant for Certification.

9 ATTORNEY PITRE: Enforcement Counsel
10 has no objection.

11 CHAIRMAN: Questions or comments from
12 the Board?

13 May I have a motion?

14 MR. SANTONI: Mr. Chairman, I move
15 that the Board grant Bonfire, LLC's Application for
16 Gaming Service Provider Certification as described by
17 the Bureau of Licensing.

18 MR. JEWELL: Second.

19 CHAIRMAN: All in favor?

20 AYES RESPOND

21 CHAIRMAN: All opposed? Motion's
22 adopted.

23 MS. HENSEL: That concludes the Bureau
24 of Licensing's matters.

25 CHAIRMAN: Thank you, Susan.

1 Next, OEC.

2 ATTORNEY PITRE: The OEC will present
3 11 matters today for the Board's consideration in
4 which we will request the Board's approval of two
5 Consent Agreements, four Revocations, two Suspensions
6 and three Involuntary Exclusions.

7 The first matter on the Board's agenda
8 on the OEC's section is a - well, the first two
9 matters are Consent Agreements between the OEC and
10 SugarHouse HSP Gaming, LP, doing business as
11 SugarHouse Casino, our Category 2 Licensee.

12 The Consent Agreements will be
13 presented by Senior Enforcement Counsel James
14 Armstrong. Representatives for SugarHouse are
15 present. And at this time I'd request that those
16 individuals introduce themselves for the record and
17 that anyone not here as an attorney please stand and
18 be sworn.

19 ATTORNEY DONNELLY: Good morning,
20 Commission. John Donnelly on behalf of the
21 SugarHouse. And with me is Dean McBride, who's Vice
22 President of Gaming. I ask that he be sworn.

23 ---

24 DEAN MCBRIDE,
25 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND

1 HAVING FIRST BEEN DULY SWORN, TESTIFIED AND SAID AS
2 FOLLOWS:

3

4 ATTORNEY ARMSTRONG: Chairman and
5 Commissioners, the Bureau of Casino Compliance
6 referred to a regulatory violation that occurred when
7 SugarHouse personnel self-reported that they did not
8 follow proper procedure at a Spanish 21 Table Game.
9 All ten cards are removed from decks of cards utilized
10 in the play of Spanish 21.

11 On August 28th of 2017 a SugarHouse
12 Casino Table Games Shift Manager observed a ten-card
13 during the play of a Spanish 21 game and immediately
14 shut down all play at the table. Subsequent
15 surveillance review revealed that SugarHouse personnel
16 failed to remove the tens from the eight decks of
17 cards that were being utilized. As a result, 32
18 ten-cards remained erroneously in play. In total, the
19 eight erroneous decks remained in play for 24 minutes.

20 During that time 27 hands were dealt,
21 18 of which involved ten-cards, thereby affecting the
22 integrity of the game.

23 Three patrons during this time - there
24 were three patrons during this time. Two of the
25 patrons won amounts less than \$100 and the third

1 patron lost approximately \$115 and was not reimbursed
2 by SugarHouse.

3 SugarHouse took disciplinary action
4 against the employees involved in the incident. One
5 Supervisor received a verbal warning. One Dealer was
6 issued a written warning. And all of the employees
7 received coaching on the proper procedure for 21 -
8 Spanish 21.

9 The OEC and SugarHouse request that
10 the Board approve the Consent Agreement and
11 stipulation of settlement between the parties. The
12 terms of the settlement include a provision that
13 SugarHouse shall reinforce its policies and provide
14 training and guidance to its Table Game Department
15 employees, which will minimize the potential for these
16 violations to occur again. SugarHouse shall pay a
17 civil penalty of \$10,000 for the violation. And
18 SugarHouse will pay administrative costs of \$2,500 for
19 costs incurred in this matter.

20 Mr. Donnelly is here on behalf of
21 SugarHouse. We'll be glad to answer any questions you
22 may have.

23 ATTORNEY DONNELLY: If I may, Mr.
24 Chairman, I'd just like to ask Mr. McBride to explain
25 to the Board what actions in mitigation of this

1 element on Spanish 21 you've instituted.

2 MR. MCBRIDE: So I'd just like to say,
3 is there any questions on the game of Spanish 21 and
4 exactly what it is? Just briefly, it's basically 21
5 with slight rule changes with the tens removed from a
6 normal deck of cards. So, if you know how to play 21,
7 you would know how to play Spanish 21.

8 So, in addition to the discipline that
9 was outlined earlier, progressive discipline with the
10 people involved, we also reached out and found a
11 manufacturer that would pre-create packs of Spanish 21
12 cards separate from all other cards. We contracted
13 with this company, U.S. Playing Cards, they're a
14 vendor here in Pennsylvania, that will make us cards
15 with the tens already removed prior to coming to the
16 casino and packaged separately than all other.

17 We believe we're the first to do this.
18 And though it wasn't required, the recommendation was
19 that we retrain our employees. We wanted to take a
20 little bit extra step and make sure that it's really
21 hard to put tens back into the game.

22 CHAIRMAN: Quick question.

23 In addition to having cards that will
24 have 48 instead of 52, on the face of the card or
25 someplace, does it say Spanish 21? Is there another

1 clue to your Dealers, other than the fact that the
2 tens are gone? Because I don't want to be here in a
3 couple months talking about other games where a
4 Spanish 21 deck was used when it should have been a
5 52-card deck.

6 MR. MCBRIDE: Your point is well
7 taken. We have so many games now and so many hybrid
8 games. We refer to them as parlor games. They're all
9 based - several of them are based on poker or
10 blackjack.

11 And so a Dealer in any one day would
12 go through many variations of different games. Some
13 of them require different amounts of cards. Spanish
14 21's unique in that it does deal with a pack of cards
15 without the tens. So, besides the sign on the table,
16 besides the layout of the game itself is much like a
17 blackjack game. The - that's one of the reasons why
18 we decided to take the extra step to go to the
19 manufacturer.

20 CHAIRMAN: I understand. But other
21 than the fact that the decks have 48 cards, is there
22 any other visual clue to the Dealer or the players
23 that they're -?

24 MR. MCBRIDE: Aside from the table
25 game signage, the answer is no.

1 CHAIRMAN: I see.

2 I'm sorry, continue.

3 ATTORNEY DONNELLY: That's all I have.

4 I will say what occurred here is that
5 the - inexplicably, the Dealer fanned out the cards,
6 but fanned them out face down. And presumably, if -
7 and did it several times and never put them face up,
8 as they're supposed to. And they were disciplined for
9 that.

10 CHAIRMAN: I see.

11 Any other questions or comments from
12 the Board?

13 Hearing none, may I have a motion?

14 MR. JEWELL: Mr. Chairman, I move that
15 the Board approve the Consent Agreement between the
16 OEC and SugarHouse HSP Gaming, LP, as described by the
17 OEC.

18 MR. KERNODLE: Second.

19 CHAIRMAN: All in favor?

20 AYES RESPOND

21 CHAIRMAN: All opposed? The motion's
22 adopted.

23 ATTORNEY ARMSTRONG: Thank you.

24 The next matter for the Board's
25 consideration is a Consent Agreement reached between

1 the OEC and SugarHouse Casino in regard to seven
2 incidents of a breach of table game integrity.

3 Commissioners, the Bureau of Casino
4 Compliance referred seven regulatory violations that
5 occurred regarding card shufflers that malfunctioned
6 and were not properly addressed by SugarHouse
7 personnel on various games, which affected the games'
8 integrity.

9 In the first incident, SugarHouse
10 reported that a Shuffle Master Technician discovered
11 16 purple playing cards in a shuffler that the
12 technician was servicing. The Bureau of Casino
13 Compliance conducted a surveillance review of the
14 incident and discovered that the six decks that were
15 short 16 cards were put back in play after the
16 shuffler malfunctioned and was removed from the
17 blackjack game with the 16 cards inside.

18 As a result, a total of 46 rounds of
19 blackjack were dealt to seven patrons, resulting in
20 122 individual hands from the illegitimate decks that
21 were short 16 cards. The blackjack game was never
22 shutdown while SugarHouse supervisory personnel were
23 attempting to resolve the problem with the automatic
24 shufflers.

25 In the second incident, SugarHouse

1 personnel failed to properly address a warning light
2 on a shuffler and conducted the play of a blackjack
3 game with a deck of cards missing one card and a deck
4 of cards containing an extra card. The first set of
5 decks missing a card were in play for 15 minutes and
6 the second set of decks was in play for 50 minutes
7 with one extra card.

8 During this time, 60 hands were dealt
9 to six patrons on the game. SugarHouse won \$255 over
10 the patrons who were dealt the 60 hands with the
11 illegitimate decks. The blackjack game was never
12 shutdown while SugarHouse supervisory personnel were
13 looking for the missing card.

14 In the third incident, SugarHouse
15 reported that a shuffler malfunctioned in the poker
16 room during a tournament. Surveillance coverage
17 showed that the Dealer continued to deal 16 hands
18 while the shuffler was set in sort mode. And as a
19 result, the cards dealt during these 16 hands were in
20 sequential order and in the same suit. A supervisor
21 corrected the setting on the shuffler to the proper
22 mode shuffle.

23 In the fourth incident, SugarHouse
24 reported that a review of a shuffler malfunction
25 determined that eight decks in the game on one of two

1 mini baccarat games were four cards short and the
2 eight decks in play on another mini baccarat game had
3 four extra cards.

4 There were 77 hands dealt by Dealers
5 on the mini baccarat game with the four extra cards
6 and there were 78 hands dealt on the mini baccarat
7 game with the missing four cards.

8 In the fifth incident, there was an
9 issue with a shuffler in the poker room, resulting in
10 seven hands of poker being dealt with two decks that
11 were one card short. The surveillance coverage showed
12 the poker room supervisors eventually examined the
13 shuffler machine and closed the game. Subsequently, a
14 supervisor conducted a hand check to both sets of
15 decks and discovered the missing card.

16 In the sixth incident, SugarHouse
17 reported that a shuffler malfunctioned at a blackjack
18 game. It was discovered that a card was missing from
19 a set of six decks that had been in play for 14
20 minutes. The blackjack game was never shutdown while
21 supervisory personnel were attempting to resolve the
22 problem with the shuffler.

23 SugarHouse personnel did not advise
24 the four patrons on the blackjack game of the error on
25 the 17 hands dealt with the short decks. The

1 surveillance review of the 17 hands dealt with the
2 short decks indicated that all four patrons lost more
3 than they won, for a collective loss of \$840.

4 And in the seventh incident,
5 SugarHouse reported that a violation occurred
6 involving an extra card at a blackjack game. Because
7 of a card being left behind in dealing, a blackjack
8 game was conducted with an extra card in play for 34
9 minutes.

10 The blackjack game was never shutdown
11 while supervisory personnel were attempting to resolve
12 the issue. SugarHouse personnel did not advise the
13 three patrons of the black jack game of the error
14 regarding the 42 hands dealt with the extra card.

15 Commissioners, if approved, this will
16 be the second penalty assessed against SugarHouse for
17 violating provisions of the Act and the Board
18 regulations regarding table game integrity.

19 The OEC and SugarHouse request that
20 the Board approve the Consent Agreement and
21 stipulations - stipulations of settlement entered
22 between the parties. The terms of the settlement
23 include a provision that SugarHouse shall reinforce
24 its policies and provide training and guidance to its
25 Table Game Department employees, which will minimize

1 the potential for these violations to occur again.

2 SugarHouse shall pay a civil penalty
3 of \$85,000 for the violations. And SugarHouse will
4 pay an administrative fee of \$2,500 for costs incurred
5 in this matter.

6 I'll be glad to answer any questions
7 you may have.

8 CHAIRMAN: Comments from SugarHouse?

9 ATTORNEY DONNELLY: I wanted to
10 emphasize a number of things and very briefly put Mr.
11 McBride on and answer a few questions. This is - we
12 take this very seriously because even though there are
13 tiny amounts involved in thousands and thousands of
14 hands, it goes to the game. And the game should be
15 exactly as the regulation says. We have no dispute
16 with that at all and always should be.

17 We - some of these are quite old.
18 They've been bundled into this - into this Consent.
19 We've taken a number of steps to resolve this. I
20 heard Mr. Armstrong say over many times that the game
21 continued.

22 I want to say that that was not in
23 order to keep the game going to make money for the
24 house. What happened in many of these cases is that
25 when the red light would go on and under the

1 A. Yes, they were all disciplined.

2 Q. And what were the levels of discipline
3 meted out?

4 A. So, as - as it progressed through, like
5 you said, the earliest one is in May of '17, all the
6 way through. And the seventh or the sixth one was in
7 January of '18. So, these were bundled together. So,
8 they started out with what you would normally do to an
9 employee that makes a mistake. You would remind them,
10 retrain them on the process and the correct procedure.

11 But as it progressed, so did the
12 discipline, from escalated discipline - and
13 unfortunately, at the end, we don't like to do this,
14 but people lost their jobs over it. So, the final -
15 they were terminated.

16 Q. How many people were terminated?

17 A. So, a total of two that were involved in
18 these cases. And one was subsequently brought back
19 through an appeal process that was held through the
20 General Manager.

21 Q. All right.

22 And were those supervisors who were
23 terminated?

24 A. Yeah, they were supervisors.

25 Q. Now, the second thing you heard was that

1 Mr. Armstrong, I think, accurately emphasized is that,
2 although - that the game did go on.

3 Have you done anything to address that
4 issue?

5 A. Yes. The regulations talk about if a
6 machine jams you should correct the malfunction. In
7 the meantime you should manually shuffle the cards.
8 So, that's what we were following.

9 You said it correctly, that the
10 supervisors would focus on the jammed machine, whether
11 it's resetting it, whether it's switching it out with
12 a spare that we have in the back room.

13 However, this - when we realized they
14 weren't making the connection between - sometimes the
15 machine does malfunction because of cards are stuck
16 together due to humidity or makeup from a player's
17 hand or grease from a player's hand.

18 The answer is sometimes it's because
19 they've left a card in the shoe or they've
20 accidentally left a card in the discard rack, which
21 would foul the second pack of cards.

22 What we've done is, frankly, we - even
23 though it's very uncomfortable for a - for a player,
24 we've just stopped all gaming throughout poker,
25 throughout table games and baccarat. If there's a

1 malfunction that's designated by a red light on a
2 shuffler, all gaming stops. Both packs of cards - no
3 more cards are dealt, no more betting continues until
4 all cards are verified.

5 Q. All right.

6 Do you have a program to substitute new -
7 new machines or - not new machines but machines in
8 supply?

9 A. We have a common program that you would
10 find in all casinos. Most of us lease our shuffle
11 machines. And that includes an onsite repairman that
12 does nothing but recalibrate, clean and repair
13 shufflers.

14 That also comes with spare shuffling
15 machines. They're easily slid in and out of a holder
16 on the table. So, that would become a spare program.

17 Q. All right.

18 Now, you heard Mr. Armstrong reference
19 training.

20 Did you retrain and did you change any of
21 your training protocols?

22 A. Yeah. We did. So, like I mentioned
23 before, we started with refresher trainings and group
24 meetings, pre - premeet - preshift meetings. And as
25 it progressed, it turned into read-and-signs. And

1 these read-and-signs progressed to second level, where
2 it became - not only was it a read-and-sign but you
3 knew the rule that you had to verify the cards. When
4 we realized they didn't make the connection between
5 the second pack of cards, we reissued it with it very
6 clear that both - both packs of cards must be
7 verified. All gaming must stop.

8 We added that to not only the
9 orientation program that - when you're hired into
10 SugarHouse. But then if you are ever promoted once
11 you are hired, you're retrained again through that
12 same program.

13 Q. Did you check to see if there could have
14 been any collusion between Dealers and players related
15 to these incidents?

16 A. We did. So, the Surveillance Department
17 ran an investigation. Table games leadership ran an
18 investigation. And the games and the incidents spread
19 over all three shifts at different times, multiple
20 different games, multiple different Dealers and
21 supervisor combinations and different customers. So,
22 we found no patterns in any of those areas.

23 Q. Last question. When was the last one of
24 these incidents that you experienced after these - or
25 when was the last time you had one of these problems?

1 A. I believe the last one was January of
2 2018.

3 Q. 2018?

4 A. Uh-huh (yes).

5 ATTORNEY DONNELLY: That's all I have.
6 Thank you.

7 CHAIRMAN: Thank you.

8 Any questions or comments from the
9 Board on this matter?

10 MR. JEWELL: I have a comment.

11 First of all, that colloquy was very
12 helpful. Post-action colloquy is very enlightening
13 and very insightful, helpful to me.

14 Secondly, there are two words that I
15 would use for what did go on and that's careless
16 disregard. And I think you've acknowledged that.

17 From what I hear in the colloquy, we
18 shouldn't see you all back here again certainly for
19 the same reason. But if it - you were back here
20 again, it would be a careless disregard once again.

21 And I assure you, at least from this
22 Commissioner's viewpoint, that number would be much
23 higher, because it goes, as you said, Mr. Donnelly, to
24 the integrity of the game.

25 And from suitability to integrity,

1 those two words are incredibly operable and important
2 in the statute and to the work that we do here at the
3 Commission. And so we, too, take this very seriously.
4 Thank you.

5 CHAIRMAN: Other comments or
6 questions?

7 I have a couple of questions and then
8 a comment. I guess I'll ask Enforcement Counsel. So,
9 we had seven incidents -

10 ATTORNEY ARMSTRONG: Yes.

11 CHAIRMAN: - spread out over a six,
12 seven-month period.

13 Correct?

14 ATTORNEY ARMSTRONG: It went from May
15 '17 through January.

16 CHAIRMAN: Okay.

17 Given all the work you all do, to me
18 it seems - whether it's combined or not combined, it
19 seems like a large number of separate incidents in a
20 relatively short period of time, in terms of what I've
21 seen over the last couple years.

22 From your experience, Cyrus, would
23 that be accurate?

24 ATTORNEY PITRE: That would be
25 accurate. We did have a previous - and I don't - I

1 think this was before your tenure. We had previous
2 incidents like this at Rivers.

3 CHAIRMAN: Uh-huh (yes).

4 ATTORNEY PITRE: And I'm glad to see
5 that Mr. Donnelly finally got the message to implement
6 the same type of procedures that they've implemented
7 at Rivers, now they've implemented at SugarHouse. And
8 we haven't seen those types of issues pop up at Rivers
9 again to the extent we see them - we've seen them in
10 the past.

11 What Rivers does is much what
12 SugarHouse is now going to do. And so we have seen
13 incidents where this has occurred, but the game has
14 stopped at Rivers. The patrons, if they've lost
15 money, they're reimbursed, and everything is fixed.

16 They usually get a warning letter from
17 us in that regard. No patrons are harmed.

18 In this case, you had harm to the
19 integrity of the game, you had harm to patrons. I
20 think with the corrective action that they've taken,
21 that if we - if we do see any matters like this in the
22 future, it's because somebody did not follow the
23 protocol that they have now put in place.

24 CHAIRMAN: I guess I have a question.
25 It's for both of you.

1 I'll let you respond first, Cyrus.
2 Having gone through this whole investigation, what
3 explanation, if any, do you have for why we had this
4 rash of incidents at SugarHouse? If it doesn't - if
5 we don't have - if it's abnormal and the previous six
6 months we don't have this and then, since then,
7 obviously, corrective measures, what was going on in
8 SugarHouse, in your view, that caused this amount of
9 mess-ups in a relatively short period of time?

10 ATTORNEY PITRE: I think as
11 Commissioner Jewell pointed out, carelessness. You
12 have - you have Dealers - Dealers turning over. You
13 have new people coming on. You have - you have people
14 not accustomed to certain problems. You have, you
15 know, turnover in table games personnel consistently.
16 And from that regard, we didn't see any collusion. I
17 think -.

18 CHAIRMAN: No, I understand that.

19 What I'm trying to understand is, if
20 I'm sneezing, it's probably because I have a cold.
21 So, we have a whole bunch of sneezing here, but I
22 don't quite understand what was going - what happened
23 that in a six-month period your system's -?

24 ATTORNEY DONNELLY: May I address
25 that?

1 CHAIRMAN: Please.

2 ATTORNEY DONNELLY: Because I asked
3 the same exact question.

4 First of all, it's a long period of
5 time, but I don't want anybody to think that Cyrus or
6 Jim were laying on their - sleeping. They were saying
7 to Donnelly what the hell's going on there, too.

8 So, we looked into it immediately and
9 we - I looked for motive. I said, what is the motive
10 for some supervisor who's got a highly-compensated job
11 to do this? And that's why we started looking at
12 collusion, is there any collusion?

13 No motive. We could not find any
14 motive. In fact, we looked at whether certain Dealers
15 were with certain players during certain shifts. No
16 correlation.

17 So the only - and I'll let Dean speak
18 for himself, but Dean told me what - a combination of
19 boredom, the game sometimes gets boring. A lot of it
20 was the red light's going off and let's look at the
21 red light. Meanwhile, something's going on over here,
22 and just didn't make that connection. And
23 carelessness.

24 CHAIRMAN: I guess what I don't
25 understand is, nothing happened in that six-month

1 period to make a bunch of random employees suddenly
2 all get bored at the same time.

3 ATTORNEY DONNELLY: No.

4 CHAIRMAN: I'm trying to understand.
5 Cyrus made a suggestion. I don't know what the facts
6 are. Was there an exceptionally high level of
7 turnover? Were these people new employees? I mean -.

8 ATTORNEY PITRE: What you'll see - I
9 mean, every casino has a problem, the shufflers, the
10 red light goes off consistently. And when I say
11 consistently, it may go off a few times and they
12 become complacent. Oh, something's wrong with the
13 shuffler. Let's remove the shuffler. It's the
14 shuffler that has a problem.

15 And sometimes there is a disconnect
16 that, oh, I don't think there's anything wrong with
17 what we did. I checked the cards and everything to my
18 satisfaction, so it's the shuffler.

19 So, it's complacency in that regard
20 with regard to the red light going off on the
21 shuffler. And we have seen that occur at other
22 casinos, but not to this length of time over -
23 consistently, month after month after month. So,
24 outside of that, I don't know what else we could offer
25 in that regard.

1 CHAIRMAN: I guess - well, there's one
2 thing that you did say - I want to - I'm sorry to take
3 everybody's time, but I just really want to understand
4 this. You said it's not like these guys were sleeping
5 on the job. You were in contact immediately.

6 I'm going to guess the contact didn't
7 start with the seventh incident. It must have started
8 considerably before the seventh incident.

9 Is that fair to say?

10 ATTORNEY DONNELLY: It's - I can't
11 tell you exactly when it happened, but one of the
12 things that we did do or react to, we kept escalating
13 the discipline. And one would think if there's no
14 motive and you're making it your job and your living,
15 that it would make sense.

16 When that didn't work, we went to the
17 ultimate discipline and started firing people. That
18 woke people up. And it's unfortunate. I mean, nobody
19 wants to fire somebody for just being careless, but -.

20 CHAIRMAN: It woke them up, but
21 they're not here anymore, so - but in this process I'm
22 gathering that some of the participants in incident
23 one, two, three or four show up again in subsequent
24 incidents? Or was this all different people for seven
25 different events?

1 MR. MCBRIDE: We looked at that.
2 There were no repeat employees.

3 CHAIRMAN: So a supervisor in case
4 number one was not in case two, three, four, five, six
5 or seven?

6 MR. MCBRIDE: That's correct.

7 CHAIRMAN: So, we have seven different
8 supervisors potentially that are not doing their job
9 or are bored or whatever the heck is going on?

10 MR. MCBRIDE: Well, I want to point
11 out that they were doing their job. We trained them
12 to focus on fixing the problem.

13 CHAIRMAN: I understand.

14 MR. MCBRIDE: They were focusing on
15 fixing the shuffler.

16 CHAIRMAN: I understand.

17 MR. MCBRIDE: What they made a mistake
18 - they failed to realize what the -.

19 CHAIRMAN: I understand all that. I'm
20 trying to understand - so it's not a matter of a
21 couple of people.

22 MR. MCBRIDE: So, they were absolutely
23 responding to it.

24 CHAIRMAN: It's not a matter of a
25 couple people repeatedly messing up. It's different

1 player - different of your employees messing up in
2 seven different situations?

3 ATTORNEY DONNELLY: That's right.
4 That's why we did the comprehensive thing.

5 CHAIRMAN: Okay. Okay.

6 Any other questions or comments from
7 the Board?

8 Hearing none, may I have a motion?

9 MR. KERNODLE: Mr. Chairman, I move
10 that the Board approve the Consent Agreement between
11 the OEC and SugarHouse HSP Gaming, LP, as described by
12 the OEC.

13 MR. LOGAN: Second.

14 CHAIRMAN: All in favor?

15 AYES RESPOND

16 CHAIRMAN: All opposed? The Chair
17 votes no.

18 The motion is adopted.

19 ATTORNEY DONNELLY: Thank you.

20 ATTORNEY PITRE: The next six matters
21 on the Agenda consist of enforcement actions in which
22 the OEC filed complaints seeking the revocation of
23 three Non-Gaming Employee Registrations and one Gaming
24 Level 2 Employee Occupation Permit, as well as a
25 suspension of one Non-Gaming Employee Registration and

1 one Gaming Employee Occupation Permit, which were all
2 issued by the Board.

3 Each complaint has been filed with the
4 Board's Office of Hearings and Appeals (OHA) and
5 properly served upon the person named in each
6 complaint. The person named in each complaint failed
7 to respond within 30 days, as required by Board
8 regulation. As a result, the OEC filed a request for
9 default judgment and properly served the same upon
10 each named person.

11 Therefore, the facts in each complaint
12 are deemed admitted. All filed documents have been
13 provided to the Board and the matters are presently
14 ripe for the Board's consideration.

15 In each instance we will provide a brief summary of
16 the facts and request the appropriate Board action.

17 ATTORNEY ARMSTRONG: Thank you.

18 James Armstrong for the OEC.

19 Next on the Agenda for the Board's
20 consideration is a complaint to revoke Heidy
21 Calderon's Non-Gaming Employee Registration for
22 engaging in unsuitable conduct by not ringing up all
23 sales and taking money that belonged to SugarHouse
24 Casino while employed there as a server/cashier.

25 Ms. Calderon was terminated from

1 SugarHouse. She is not presently employed in
2 Pennsylvania's gaming industry.

3 Accordingly, the OEC requests that the
4 Board revoke Ms. Calderon's Non-Gaming Employee
5 Registration.

6 CHAIRMAN: Questions or comments from
7 the Board?

8 May I have a motion?

9 MR. LOGAN: Mr. Chairman, I move that
10 the Board approve the revocation of Heidy Calderon's
11 Non-Gaming Employee Registration, as described by the
12 OEC.

13 MS. MANDERINO: Second.

14 CHAIRMAN: All in favor?

15 AYES RESPOND

16 CHAIRMAN: All opposed? Motion's
17 adopted.

18 ATTORNEY ARMSTRONG: Thank you.

19 Next on the agenda for the Board's
20 consideration is a complaint to revoke Larry Mayo's
21 Non-Gaming Employee Registration for stealing \$700
22 from an ATM that was accidentally left behind by a
23 patron at SugarHouse Casino. Mr. Mayo is not
24 presently employed in Pennsylvania's gaming industry.

25 Accordingly, the OEC requests that the

1 Board revoke the Non-Gaming Employee Registration of
2 Mr. Mayo.

3 CHAIRMAN: Questions or comments from
4 the Board?

5 May I have a motion?

6 MS. MANDERINO: Mr. Chairman, I move
7 the Board approve the revocation of Larry Mayo's
8 Non-Gaming Employee Registration as described by the
9 OEC.

10 MS. REITZEL: Second.

11 CHAIRMAN: All in favor?

12 AYES RESPOND

13 CHAIRMAN: All opposed? Motion's
14 adopted.

15 ATTORNEY TEPPER: Good afternoon,
16 Chairman Barasch, members of the Board. David Tepper,
17 T-E-P-P-E-R, on behalf of the OEC.

18 Next on the agenda is a request to
19 suspend Chance Harr's Gaming Employee Occupation
20 Permit. Mr. Harr was charged with one count of
21 statutory sexual assault, 8 to 11 years older, a
22 second-degree felony. The matter is currently pending
23 before the Court of Common Pleas of Bucks County. Mr.
24 Harr is not currently employed by any Licensee in
25 Pennsylvania.

1 At this time the OEC requests that the
2 Board suspend the Gaming Employee Occupation Permit
3 issued to Chance Harr.

4 CHAIRMAN: Questions or comments from
5 the Board?

6 May I have a motion?

7 MS. REITZEL: Mr. Chairman, I move
8 that the Board approve the suspension of Chance Harr's
9 Gaming Employee Occupation Permit as described by the
10 OEC.

11 MR. SANTONI: Second.

12 CHAIRMAN: All in favor?

13 AYES RESPOND

14 CHAIRMAN: All opposed? The motion's
15 adopted.

16 MR. LOGAN: Mr. Chairman, can you -?

17 CHAIRMAN: I'm sorry.

18 MR. LOGAN: I didn't vote yet.

19 CHAIRMAN: I'm sorry.

20 MR. LOGAN: All right.

21 I vote aye, yeah.

22 CHAIRMAN: Just to - just to do that
23 over again, motion, all in favor?

24 AYES RESPOND

25 CHAIRMAN: All opposed? The motion's

1 adopted.

2 ATTORNEY CROHE: Chairman and members
3 of the Board, John Crohe, C-R-O-H-E, again for the
4 OEC.

5 The next matter for the Board's
6 consideration is the suspension of the Non-Gaming
7 Employee Registration issued to Patrick Lehman.
8 Patrick Lehman was charged with five felonies and two
9 misdemeanors related to allegedly selling one pound of
10 marijuana to a confidential informant.

11 The OEC now requests that the Board
12 suspend the Non-Gaming Employee Registration issued to
13 Patrick Lehman.

14 CHAIRMAN: Questions or comments from
15 the Board?

16 May I have a motion?

17 MR. SANTONI: Mr. Chairman, I move
18 that the Board approve the suspension of Patrick
19 Lehman's Non-Gaming Employee Registration as described
20 by the OEC.

21 MR. JEWELL: Second.

22 CHAIRMAN: All in favor?

23 AYES RESPOND

24 CHAIRMAN: All opposed? Motion's
25 adopted.

1 ATTORNEY CROHE: The next matter for
2 the Board's consideration is the revocation of the
3 Non-Gaming Employee Registration issued to Rosemary
4 Morrone. Rosemary Morrone pleaded guilty to burglary,
5 a felony one, and criminal trespass, a felony three,
6 relating to a home invasion.

7 The OEC now requests that the Board
8 revoke the Non-Gaming Employee Registration issued to
9 Rosemary Morrone.

10 CHAIRMAN: Questions or comments from
11 the Board?

12 May I have a motion?

13 MR. JEWELL: Mr. Chairman, I move that
14 the Board approve the revocation of Rosemary Morrone's
15 Non-Gaming Employee Registration as described by the
16 OEC.

17 MR. KERNODLE: Second.

18 CHAIRMAN: All in favor?

19 AYES RESPOND

20 CHAIRMAN: All opposed? The motion's
21 adopted.

22 ATTORNEY CROHE: And the next matter
23 for the Board's consideration is the revocation of the
24 G2 Employee Occupation Permit issued to Jason
25 Singleman for fraudulently increasing two patrons'

1 player's ratings, thereby fraudulently increasing each
2 player's - each patron's player rewards.

3 The OEC now requests that the Board
4 revoke the G2 Employee Occupation Permit issued to
5 Jason Singleman.

6 CHAIRMAN: Questions or comments from
7 the Board?

8 May I have a motion?

9 MR. KERNODLE: Mr. Chairman, I move
10 that the Board approve the revocation of Jason
11 Singleton (sic) Gaming Level 2 Employee Occupation
12 permit as described by the OEC.

13 MR. LOGAN: Second.

14 CHAIRMAN: All in favor?

15 AYES RESPOND

16 CHAIRMAN: All opposed? The motion's
17 adopted.

18 ATTORNEY PITRE: The remaining matters
19 on the agenda consist of enforcement actions in which
20 the OEC filed petitions seeking the involuntary
21 exclusion of individuals whose presence in a licensed
22 facility are inimical to the interests of the
23 Commonwealth and/or licensed gaming therein. In each
24 instance the petition for exclusion has been filed
25 with the Board's OHA and properly served upon the

1 individual named in the petition. The individual
2 named in the petition failed to respond within 30
3 days, as required by Board regulation. As a result,
4 the OEC filed a request for default judgment in each
5 instance and properly served the same upon each named
6 individual.

7 Therefore, all the facts in each
8 petition are deemed admitted. All filed documents
9 have been provided to the Board and the matters are
10 presently ripe for the Board's consideration.

11 In each instance, if the Board orders
12 a proposed exclusion, each individual's photo,
13 personal identifiers and a summary of their inimical
14 conduct will be placed on the Board's public website.

15 ATTORNEY MILLER: Good afternoon,
16 Chairman Barasch, members of the Board. Dustin
17 Miller, on behalf of the OEC.

18 The next two matters on the Board's
19 Agenda are related. With the Board's permission, I'll
20 read one set of facts for both individuals. On March
21 14th, 2018, Shelby Brown and Oscar Carter, III, came
22 to Rivers Casino with a 17-year-old female. The
23 17-year-old female used false identification to get on
24 the gaming floor at Rivers, where she engaged in
25 gaming activity for over two-and-a-half hours.

1 Subsequent investigation revealed that
2 Ms. Brown had unsuccessfully attempted to enter the
3 gaming floor at Rivers Casino with the 17-year-old
4 female a week earlier, on March 7th, 2018, as well.

5 Later, on March 14th, 2018, the
6 17-year-old female was arrested in a prostitution
7 sting operation conducted by Pittsburgh Police and
8 federal authorities. The 17-year-old female indicated
9 to police that she was working for Ms. Brown and Mr.
10 Carter.

11 Ms. Brown and Mr. Carter have been
12 arrested and criminally charged with human trafficking
13 and related charges. Those charges currently remain
14 pending in Federal Court.

15 At this time, the OEC requests the
16 Board place Shelby Brown on the Board's Excluded
17 Persons List.

18 CHAIRMAN: Questions or comments from
19 the Board?

20 May I have a motion?

21 MR. LOGAN: Mr. Chairman, I move that
22 the Board approve the addition of Shelby Brown to the
23 PGCB Involuntary Exclusion List as described by the
24 OEC.

25 MS. MANDERINO: Second.

1 CHAIRMAN: All in favor?

2 AYES RESPOND

3 CHAIRMAN: All opposed? The motion's
4 adopted.

5 ATTORNEY MILLER: The EOC also
6 requests that the Board place Oscar Carter, III, on
7 the Board's Excluded Persons List.

8 CHAIRMAN: Questions or comments from
9 the Board?

10 May I have a motion?

11 MS. MANDERINO: Mr. Chairman, I move
12 the Board approve the addition of Oscar Carter, III,
13 to the PGCB Involuntary Exclusion List as described by
14 the OEC.

15 MS. REITZEL: Second.

16 CHAIRMAN: All in favor?

17 AYES RESPOND

18 CHAIRMAN: All opposed? The motion's
19 adopted.

20 ATTORNEY HAKEN: Good afternoon,
21 Chairman, members of the Board. Tamara Haken,
22 H-A-K-E-N, with the OEC.

23 The next matter on the Agenda for the
24 Board's consideration is the involuntary exclusion of
25 Douglas Yaple. On February 21st, 2018, Mr. Yaple

1 illegally entered another patron's vehicle at Presque
2 Isle's valet and drove it off the property. Mr. Yaple
3 entered a guilty plea to the resulting criminal
4 charges, and was permanently ejected from the casino.

5 As a result, OEC requests that the
6 Board issue an order placing Douglas Yaple on the
7 Involuntary Exclusion List.

8 CHAIRMAN: Questions or comments from
9 the Board?

10 May I have a motion?

11 MS. REITZEL: Mr. Chairman, I move
12 that the Board approve the addition of Douglas Yaple
13 to the PGCB Involuntary Exclusion List, as described
14 by the OEC.

15 MR. SANTONI: Second.

16 CHAIRMAN: All in favor?

17 AYES RESPOND

18

19 CHAIRMAN: All opposed? The motion's
20 adopted.

21 ATTORNEY PITRE: Thank you. That
22 concludes our business.

23 CHAIRMAN: Thank you.

24 Okay.

25 That concludes today's meeting. Our

1 next public session will be held on Wednesday,
2 October 31st, at 10:00 a.m. in this room.

3 Do I have a motion to adjourn?

4 MR. SANTONI: Mr. Chairman, I move we
5 adjourn.

6 MR. JEWELL: Second.

7 CHAIRMAN: All in favor?

8 AYES RESPOND

9 CHAIRMAN: All opposed? The motion's
10 adopted, and we are adjourned. Thank you all for your
11 cooperation.

12 * * * * *

13 MEETING IS CONCLUDED AT 12:45 P.M.

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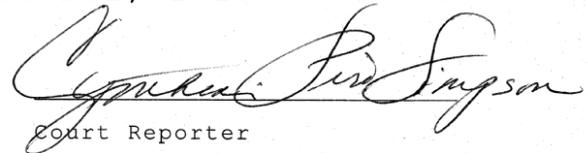
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CERTIFICATE

I hereby certify that the foregoing proceedings,
hearing held before David Barasch, was reported by me
on 10-03-18 and that I, Cynthia Piro Simpson, read
this transcript, and that I attest that this
transcript is a true and accurate record of the
proceeding.

Dated the 27th day of October, 2018



Court Reporter

Cynthia Piro Simpson

