

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: GTECH USA, LLC; GTECH CANADA, LLC; GTECH CORP.
and IGT CONCERNING PROPOSED CHANGE OF CONTROL

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PUBLIC HEARING

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BEFORE: WILLIAM H. RYAN, JR., CHAIRMAN
Gregory C. Fajt; Annmarie Kaiser; Keith R.
McCall; John J. McNally, III; Anthony C.
Moscato; David W. Woods, Members, Jennifer
Langan Representing State Treasurer Robert
McCord; Robert Coyne representing
Secretary of the Department of Revenue
Daniel Meuser

HEARING: Wednesday, December 10, 2014
10:05 a.m.

LOCATION: Pennsylvania Gaming Control Board
Strawberry Square Complex, Second Floor
Harrisburg, PA 17101

Reporter: Cynthia Piro-Simpson

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CHAIRMAN:

Thank you very much. Before we get into our regular agenda we will have one public hearing. The public hearing involves the Joint Petition of GTECH USA, LLC; GTECH Canada ULC; GTECH Corp and IGT concerning a merger of IGT into the GTECH companies. I will note at the outset the Board's primary concern with this proposed transaction is that once consummated the market leading provider of slot machines to Pennsylvania casinos, IGT, will be affiliated with GTECH, which is the company that operates the Commonwealth's central control computer system, the system charged with monitoring slot machines in Pennsylvania. As a result I would ask the parties to not only explain the proposed transaction, but also to please provide the Board with any and all measures put into place to preserve the integrity of the central control computer system. I see all representatives of GTECH and IGT and OEC are also present.

I would ask anyone who is a non-attorney and who is going to speak or testify to please be sworn before we begin. Are there any, Counsel? All

1 those who are not attorneys please rise.

2 -----

3 WITNESSES SWORN EN MASSE:

4 -----

5 CHAIRMAN:

6 Thank you. Okay. Gentlemen, lady, you
7 may begin.

8 ATTORNEY JONES:

9 Good morning, Chairman and Board
10 members, Marie Jones from Fox Rothschild here on
11 behalf of GTECH. I'd ask that IGT's counsel also
12 enter their appearance.

13 ATTORNEY MICHAEL:

14 Guy Michael of Michael and Carroll on
15 behalf of IGT and Tim Engler, Pennsylvania counsel on
16 behalf of IGT.

17 ATTORNEY JONES:

18 With me today from GTECH is Luke
19 Orchard, Vice President.

20 CHAIRMAN:

21 Excuse me. Why don't we just hold it
22 for a minute here, see if we can get rid of the
23 background music. Okay. I would ask you, ma'am, to
24 try to keep your voice up, acoustics here are good but
25 not great.

1 ATTORNEY JONES:

2 Understood, will do. Luke Orchard, Vice
3 President and Chief Compliance Office of GTECH,
4 Matthew Cedor, Regional Vice President, U.S.
5 Operations for GTECH. Gary Cherwinski, the Account
6 Development manager in Pennsylvania and Jeff Barbin,
7 he's an attorney with Phelps Dunbar and is counsel for
8 DeAgostini who is the shareholder in GTECH.

9 We'd like to thank the Board and its
10 Staff for the hard work they've done in getting us
11 here and letting us present to you this wonderful
12 transaction that we're all excited about. Both
13 companies are looking forward to the combination.
14 With that I then turn it over to Mr. Orchard to go
15 through a little bit of the history of GTECH.

16 MR. ORCHARD:

17 Thanks, Marie.

18 MR. ORCHARD:

19 Mr. Chairman, members of the Board,
20 again for the record my name is Luke Orchard.

21 CHAIRMAN:

22 Keep your voice up, sir.

23 MR. ORCHARD:

24 I'm Chief Compliance Officer for GTECH.
25 Again, I'll just reiterate Marie's thanks for being

1 here and for being here today and the Staff's efforts
2 to get us here today. It's been tremendous. Just
3 very quickly I understand that Pennsylvania and this
4 Board is no stranger to GTECH or GTECH's operations,
5 but I will summarize very quickly about some of the
6 things we do and where we are.

7 We are a company, group of companies
8 really, of about 8,500 employees. We have some sort
9 of infrastructure and some sort of business in
10 approximately 114 countries around the world. From a
11 regulatory perspective we hold slightly over 400
12 licenses, or suitabilities or registrations in some
13 way, shape or form that allows us to conduct various
14 gaming operations around the world. We have those
15 licenses attached to approximately 18 legal entities
16 within our group.

17 We have a parent company of GTECH, SPI,
18 which is publicly traded on the Milan Stock Exchange.
19 Our head office --- our corporate head office is in
20 Rome, Italy. Our U.S. headquarters is in Providence,
21 Rhode Island, which I'm sure everybody is familiar
22 with. We have a major shareholder DeAgostini and
23 DeAgostini is a company that traditionally invests in
24 regulated industries and the regulated businesses.

25 As a group the way we face the market as

1 a group of companies, we regionalize rather than
2 operating by divisions. In other words, we face the
3 market with three separate regions. We have the
4 Italian region operating as Italian Concession
5 operator, lottery operator. We have what we consider
6 the Americas region, which is North and South America
7 and we have the international region, which is pretty
8 much the rest of the world.

9 We have a product and services
10 organization that supports those regions in supplying
11 whatever gaming content, whatever gaming technology in
12 various aspects of our business that we do, whether
13 that be lottery operation, lottery technology, central
14 system support and technology, commercial casino
15 gaming of the LTs and instant tickets. We also have
16 several departments obviously at a corporate services
17 group level function that we consider, for consistency
18 reasons we operate across all regions.

19 Obviously, areas like treasury, internal
20 order and compliance. We operate at a group level.
21 We support all regions. We do not report into the
22 commercial aspects or business aspects of those
23 regions. We simply support and make sure that we
24 operate at a consistent manner across all regions. I
25 think that's it from my summary. I'm certainly ---

1 we're obviously going to be here to answer any
2 questions as we go through the presentation. And I'll
3 pass it back to Marie.

4 CHAIRMAN:

5 Thank you.

6 ATTORNEY JONES:

7 So, why we are here today is the
8 transaction with IGT. So, here's some of the
9 highlights. GTECH is going to pay a total
10 consideration of \$18.25 per share for the acquisition
11 for a total of \$6.4 billion. IGT shareholders are to
12 receive 75 percent in cash and 25 percent in stock.
13 The new combined company will have operating
14 headquarters in Rome, Providence and Las Vegas, so
15 they'll be throughout the world.

16 And the new holding company will be
17 listed on the New York Stock Exchange as the current
18 company, GTECH SPA will be listed from Milan. So,
19 they are expected to close in the first quarter of
20 2015 and we're on track for that closing. And
21 everything seems to be in order for that. This is an
22 overview charts, with lines like this always make fun
23 for everybody. This is sort of overview.

24 There has been a new company form. That
25 is called Georgia Worldwide Limited. That will be the

1 publically traded company in the U.S. That name will
2 change either at or slightly before closing and we
3 don't know what the new name of the company is at this
4 point. We're willing to take suggestions. Luke's
5 been running a bunch of them. So, there is going to
6 be a lot of corporate maneuvering, but NewCo will be
7 listed in the U.S. Under that will be the current
8 Licensees IGT and then the GTECH entities.

9 So, the result is a new global leader in
10 end-to-end gaming. They will be the number one gaming
11 lottery business, the number one gaming equipment
12 supplier and the top tier on interactive and social
13 gaming. So, there'll be a number of synergies that
14 will occur and the combined company will grow in
15 revenue based on the combination. Again, it's an
16 exciting time for both companies with the value that
17 will be added.

18 The next chart is a picture of the
19 parent offerings and then where they'll be growing and
20 combining as well. So, you can see some of the
21 different divisions that they have. As the Chairman
22 indicated in the beginning we are a Central System
23 Provider, GTECH, and have been since the commencement
24 of gaming in the Commonwealth.

25 We have a proven track record for

1 compliance. There's been no issues either from a
2 compliance standpoint either with the DOR or with the
3 Board. Access to the Central System is restricted by
4 the Department of Revenue, so there's actually one
5 person at GTECH, the system administrator, who has
6 day-to-day access to all reports. And that
7 individual's access is monitored and DOR can prepare
8 reports at any time as to what that individual did and
9 did not look at it.

10 There are other individuals that have
11 access, but that access is created by DOR and it is
12 modified and shut off at different times by DOR. So,
13 for instance, they're software developers. They may
14 need to access the central system for a set fix and
15 set period of time. DOR provides that access and then
16 terminates it.

17 There's also the reports that I
18 mentioned before, they're run on a regular basis by
19 DOR to show the activity on the system. DOR reviews
20 them with GTECH to make sure that the access is
21 appropriate and they can also run those reports at any
22 time without GTECH's knowledge. So, DOR can come in
23 and say, okay, we need to see who looked at this.
24 They go in and they pull that report and if there's an
25 issue they would contact GTECH.

1 This is the way they audit and it's to
2 keep everything in line. And, again, there's been no
3 issues with access throughout the time that they've
4 been running the system. Any individual that has
5 access to the system is licensed by the Board, so
6 there's that extra layer of protection there. So,
7 we're not only responsible to DOR under the contract,
8 but we're responsible to --- and compliant with the
9 Board's requirement from that end. And those
10 individuals are located in the Commonwealth, so,
11 again, there's control features there.

12 But most important the only authorized
13 access has been allowed to date and it will continue
14 that way. There's been no reports generated that
15 we're not authorized by DOR. And so in conclusion the
16 merger is anticipated to create the largest end-to-end
17 gaming company. We will continue to be compliant with
18 all the requirements throughout the world and all of
19 the licensure restrictions and with all of the
20 regulators whether it's DOR or this Board.

21 They're going to be uniquely positioned
22 to capitalize on opportunities and grow the business,
23 and we feel that it's going to be a win/win situation
24 for both our customers and the different gaming
25 authorities.

1 CHAIRMAN:

2 Thank you very much. Cyrus, does the
3 Office of Enforcement Counsel (OEC) have any questions
4 or issues to raise at this time?

5 ATTORNEY PITRE:

6 Assistant Enforcement Counsel, Michael
7 Roland, will ask our questions and I'll follow up, if
8 need be.

9 ATTORNEY ROLAND:

10 Good morning, Mr. Chairman, members of
11 the Board. Michael Roland, R-O-L-A-N-D, Assistant
12 Enforcement Counsel of the OEC. First I want to look
13 at slide five and this is I guess going more towards
14 the financial component of the merger. You have
15 listed that you hope or the expectation is that you'll
16 close some time by the end of the first quarter.

17 Just so we're all on the same page,
18 that's March 31st of 2015. My question is about the
19 \$18.25 per share price you have listed and the 75, 25
20 split for cash stock. Is that currently set in stone
21 or is that subject to some flex before the March 31st
22 --- anticipated March 31st deadline?

23 ATTORNEY JONES:

24 I'm going to ask Jeff Barbin to answer
25 that.

1 CHAIRMAN:

2 Sir, if you will, just for the court
3 reporter's benefit, could you just state your name,
4 your position?

5 ATTORNEY BARBIN:

6 Jeff Barbin, I'm a lawyer and I
7 represent GTECH and DeAgostini. I think the question
8 was what consideration being paid at the onset of the
9 merger, the original merger agreement allowed IGT
10 members to select a mixed consideration. In other
11 words, if you held a hundred shares you could choose
12 all cash, all stock or some mixed consideration.

13 An amendment was done about a month ago,
14 maybe six weeks or so ago that eliminated that ability
15 to have a mixed consideration. And so all
16 shareholders of IGT will get the same amount in cash
17 and the same amount in shares. I hope I answered
18 your ---.

19 ATTORNEY ROLAND:

20 It does, but because there was that
21 amendment at this point you don't really anticipate
22 another amendment taking place before that deadline?

23 ATTORNEY BARBIN:

24 No, I do not.

25 ATTORNEY ROLAND:

1 Okay. And so we're clear, when we look
2 at the PowerPoint presentation you guys have here
3 today it references NewCo. That's actually Georgia
4 Worldwide Limited. They're the same?

5 ATTORNEY BARBIN:

6 Yes.

7 ATTORNEY JONES:

8 Correct.

9 ATTORNEY BARBIN:

10 That's correct.

11 ATTORNEY ROLAND:

12 Okay. This is a little bit again on the
13 financial component. This is about the Stock
14 Exchange. You took the time in your presentation to
15 say that you're going to be delisting from the Milan
16 Stock Exchange. At some point in time you're going to
17 be going up on the New York Stock Exchange. How does
18 that take place in conjunction with the actual merger?
19 Does it happen before, after, simultaneously? Does it
20 not matter?

21 ATTORNEY BARBIN:

22 I'm sure it matters. It's my
23 understanding that the Milan delisting will happen a
24 couple of days before closing and then, obviously,
25 there will not be any public trading on the new shares

1 until the closing occurs. That's how I understand it
2 to be. I can get some more clarification if needed.

3 ATTORNEY ROLAND:

4 Okay. And then I think the concern that
5 is really what everybody has has to do with this
6 firewall, this block between GTECH and the new entity
7 that you're going to be merging with and the flow of
8 information. It's so important that way back when the
9 very first Board meeting that the Gaming Control Board
10 ever had back in December of 2004 the actual criteria
11 were laid out of what the expectations of the central
12 control computer system would be.

13 And I'm sure if you don't remember them
14 as you sit here now at some point in time one of you
15 or some of you saw what those expectations were. Is
16 it your understanding as you sit here today none of
17 those requirements that were set forth are going to be
18 changed, or tampered with or altered in any way?

19 MR. ORCHARD:

20 Yes, that's our understanding.

21 ATTORNEY ROLAND:

22 And the maintenance of the actual system
23 will not change in any way?

24 MR. CEDOR:

25 Matthew Cedor, GTECH Regional Vice

1 President of U.S. operations. No, the current
2 maintenance and running of the system on a day-to-day
3 basis will not change at all. It's not affected by
4 the transaction.

5 ATTORNEY ROLAND:

6 Okay. And do you anticipate any
7 interruption of service or coverage time at all?

8 MR. CEDOR:

9 No, none.

10 ATTORNEY ROLAND:

11 Okay. Ms. Jones, at some point in time
12 during our correspondence you provided a list of
13 individuals that actually have access to the central
14 computer system who have the ability to log in and
15 out. You said today that there's actually an
16 administrator who has constant access. That person
17 can be monitored, but I believe in the list that you
18 provided there were approximately 20 individuals.
19 Does that sound right to you?

20 ATTORNEY JONES:

21 Correct.

22 ATTORNEY ROLAND:

23 Your representation today is every one
24 of those 20 individuals is licensed by the Gaming
25 Control Board?

1 ATTORNEY JONES:

2 Correct.

3 ATTORNEY ROLAND:

4 If one of those individuals were to
5 leave, or be replaced or a new person were added who
6 ultimately makes that decision if they have access to
7 the system?

8 ATTORNEY JONES:

9 The DOR would. The DOR through their
10 job descriptions approves who has access to the system
11 and that person would appropriately be licensed.

12 ATTORNEY ROLAND:

13 And I would assume that GTECH or
14 whatever new companies they are under it at that time
15 would have no problem making sure that that new
16 individual was properly licensed to continue as the 20
17 are right now?

18 ATTORNEY JONES:

19 Absolutely.

20 ATTORNEY ROLAND:

21 This may be too simple, but I'm going to
22 try it anyhow. Obviously in the merger, you have a
23 large company coming in and we talked about this a
24 little bit beforehand, but what do you have in place
25 --- and I think this is probably what the concern of a

1 lot of the people in the room are.

2 What do you have in place that stops
3 person A under the current GTECH umbrella from
4 contacting person B on the other side of that
5 firewall, so to speak, to either give information, ask
6 for information, exchange information? What is in
7 place? Can you put into words what's in place, what
8 kind of protections are there?

9 MR. CEDOR:

10 We have procedures in place today.
11 First of all, the physical protection is that nobody
12 outside of the Pennsylvania operation or those support
13 individuals who have been licensed by the Gaming Board
14 can have access to the system. So, no one from GTECH
15 not involved in Pennsylvania has the ability to come
16 into Pennsylvania and access the system in any way,
17 shape or form.

18 Secondly, if anyone does request
19 information from the system we have a procedure in
20 place and a policy established with the Department of
21 Revenue that that request is passed on to the
22 Department of Revenue for approval. And if they
23 approve it, then it's okay to move forward. If they
24 don't approve it then the request is denied regardless
25 of who the request may be from.

1 ATTORNEY ROLAND:

2 Maybe I'm leaning a little bit more
3 towards what --- we've used the term internal controls
4 and I realize saying internal controls is different
5 for a company like yours because of the way DOR has
6 control of the actual system. But I'm asking
7 internally if someone were to contact Mr. Orchard and
8 ask him to reach out to somebody else or ask him for
9 information on the other side of the wall what have
10 you guys put in house or is it something that's still
11 a work in progress to say, these are the people that
12 need to be made aware that someone tried to gain
13 information or ---? Is that question clear? I don't
14 know if I'm ---.

15 MR. ORCHARD:

16 I think it is clear and we have our ---
17 and Gary Cherwinski is here as well today. Obviously,
18 from a local standpoint he's the one locally
19 responsible for the operation here. If he were to
20 hypothetically receive a call to that request for a
21 start, he would know --- you know, anything like that
22 or any request that would go to directly to the system
23 administrator or to somebody else that may have that
24 access, they would go to him.

25 He would then take that to Matt. He

1 would know this is an unusual request and we would
2 look into that request. The answer would simply be
3 no, but we would --- you know, we would obviously have
4 a record of that request and we would simply deny that
5 request. We had discussion about whether or not we
6 have that extra layer from a compliance perspective
7 and have the local operation simply inform me as the
8 Chief Compliance Officer that that request was even
9 made. That's probably the one step that we don't have
10 that we're quite happy to put into the policy, but
11 that was an ongoing discussion.

12 ATTORNEY ROLAND:

13 Okay. So, you guys would be --- and one
14 of the conditions you saw in OEC's Answer is that
15 these certain policies and procedures. And I believe
16 we may have referenced them as internal controls are
17 put in place.

18 MR. ORCHARD:

19 Yes.

20 ATTORNEY ROLAND:

21 There's something reduced to writing.
22 You're comfortable doing that, putting that forth for
23 the Board approval for OEC, BIE, everyone to look at
24 it and ---

25 MR. ORCHARD:

1 Absolutely.

2 ATTORNEY ROLAND:

3 --- and see what's going on?

4 MR. ORCHARD:

5 Absolutely. Yes.

6 ATTORNEY ROLAND:

7 Okay. Lastly, I assume this is the
8 case, but I'm going to ask anyhow so we have it on the
9 record. You guys made representation that as far as
10 financial backing you have letters of commitment that
11 are all in place from multiple entities. As you sit
12 here today I assume those are all still in place and
13 in good standing?

14 MR. ORCHARD:

15 They are, yes.

16 ATTORNEY PITRE:

17 No objections.

18 ATTORNEY ROLAND:

19 Mr. Chairman, that's all the questions
20 we have. We actually don't have a presentation, a
21 full presentation. We'd just like to put some
22 comments on the record at the appropriate time either
23 now or after the Board asks its questions regarding
24 the conditions that were in place.

25 CHAIRMAN:

1 Michael, why don't you put them on now?

2 ATTORNEY ROLAND:

3 That'd be fantastic.

4 CHAIRMAN:

5 We may as well do that and then we can
6 turn the matter over to the Board for any questions.

7 ATTORNEY ROLAND:

8 Great.

9 CHAIRMAN:

10 We may as well have all the information
11 both sides have in front of us. Go ahead.

12 ATTORNEY ROLAND:

13 Thank you. And just to summarize, on
14 July the 15th, 2014 GTECH and International Gaming
15 Technology, IGT as we refer to them today, entered
16 into a merger agreement in which GTECH will acquire
17 IGT in the future. That proposed merger was presented
18 to this Board via a Joint Petition on September the
19 12th, 2014. The OEC has communicated with each of the
20 involved Boards, Bureaus and the Pennsylvania
21 Department of Revenue regarding the merger.

22 No concerns beyond the necessity of a
23 secured firewall shielding data information provided
24 to GTECH through the central control computer system
25 from IGT have been raised. GTECH and IGT have been

1 cooperative and have addressed the inquiries made by
2 OEC and BIE and have provided written documentation
3 when appropriate.

4 In consideration of the materials
5 previously provided combined with the additional
6 clarification of today's presentation the OEC no
7 longer objects to the proposed merger, however, OEC
8 asks that any approval of the Joint Petition made by
9 the Board be subject to the five conditions set forth
10 in OEC's October 14th, 2014 Answer. Although, again,
11 we don't have a presentation today or witnesses, we
12 have Mr. Andrew Gutshall. He's with us from BIE's
13 financial investigations unit in case his services are
14 needed and we'd be happy to take any questions the
15 Board might have.

16 CHAIRMAN:

17 And again, we assume that GTECH has
18 agreed to the five conditions; is that correct?

19 ATTORNEY JONES:

20 Yes.

21 CHAIRMAN:

22 Any questions from the Board? Greg?

23 MR. FAJT:

24 Thank you, Mr. Chairman. A couple of
25 questions and actually one question and a couple of

1 comments. We are in a unique position today.
2 Pennsylvania, as we all know, is one of the very few
3 states in the nation that has a central computer
4 system and now that same company will be the largest
5 supplier of slot machines to the casino industry in
6 Pennsylvania. Having said that, I have never in my
7 long involvement with gaming in Pennsylvania, which is
8 now over ten years, have ever heard of a complaint
9 about GTECH.

10 And so as you appear here today I want
11 to congratulate you on that. People complain about a
12 lot of different things as you well --- are well
13 aware. And the fact that at least at my level I have
14 never heard of a complaint about GTECH from any
15 operator or anybody else involved in gaming in
16 Pennsylvania is a testament to your professionalism.

17 Having said that, Mike, are you aware
18 --- I raised this issue yesterday in the Executive
19 Session. We were not aware that comments, but are you
20 aware of any concerns from the casinos themselves
21 about this potential wearing of two hats by GTECH now?

22 ATTORNEY ROLAND:

23 There have been no concerns that have
24 been expressed. I mean, obviously once the petition
25 first came in the OEC reached out to all different

1 individuals looking for feedback and comments. And we
2 received none as far as concerns. Nobody in any of
3 the casinos have stepped forward and expressed a
4 concern. At this point I would have to say no. It's
5 just not there.

6 MR. FAJT:

7 Thank you, Mr. Chairman.

8 CHAIRMAN:

9 Okay. Anyone else?

10 MR. MCCALL:

11 Just one.

12 CHAIRMAN:

13 Keith?

14 MR. MCCALL:

15 Thank you, Mr. Chairman. My question is
16 going to be to revenue. I don't know, Bob, if you can
17 answer this or not on the record, but there's been
18 many assertions that the Department of Revenue
19 adequately monitors and audits regularly. Is that all
20 as a matter of fact that you do regularly audit? You
21 do know who accesses that computer? Do you have that
22 type of knowledge, is that in fact what goes on?

23 MR. MCCALL:

24 Yes. We have --- in the Department of
25 Revenue we have an IT group that communicates directly

1 with the GTECH folks. We do have reports and as
2 stated, we monitor them. I get to look at those
3 reports with our IT folks. They're very boring, but
4 that's because it shows --- there is a check and
5 balance going on. We do have auditors that happen to
6 work for the Department of Revenue who are a little
7 more focused.

8 They look at information like that. We
9 have no --- I have no personal knowledge of any audit
10 that was conducted with regard to their operations.
11 It hasn't been anything but, as Commissioner Fajt
12 said, a very good relationship with the Department of
13 Revenue. Indeed, before the meeting I met with their
14 counsel and said, thank you very much. We're going
15 through a large central computer system change out of
16 equipment and they were the winning bidder.

17 And that is going very well from our
18 perspective and from the Executive Director, Mr.
19 O'Toole. We've met and talked about scheduling that,
20 so we're convinced that the precautions are there and
21 they are very good partners with us with the central
22 computer system.

23 CHAIRMAN:

24 John.

25 MR. MCNALLY:

1 Just some follow up on Commissioner
2 Fajt's question. With regard to the questions that
3 you asked of casinos, did you also question any
4 suppliers who compete with the applicants to determine
5 whether there were any concerns cited about creating
6 some sort of monopoly or unfair competition here in
7 Pennsylvania?

8 ATTORNEY PITRE:

9 We didn't reach out to any suppliers.
10 We did consult the history of the Act, which --- I
11 don't know if you guys recall, but initially there was
12 a portion of the Act that restricted a certain slot
13 manufacturer --- it was 1210, thanks, Mike ---
14 restricted a slot manufacturer from having too big of
15 a concentration or a monopoly in the Commonwealth.
16 That never came close to being in fruition.

17 It was removed from the Act. Presently
18 IGT has about 9,663 slot machines. Speed Low has
19 about 171. The merger would give GTECH 37.22 percent
20 of the overall slot industry in the Commonwealth.
21 However, I don't see that being any type of major
22 pitfall. The slot casino --- the casinos and the
23 suppliers, everybody wants the best machine, the
24 hottest machine.

25 I think we are always overly suspicious

1 in our review of things and that's to ensure that
2 everything is up to snuff. We basically want to
3 ensure that if there is a will or a way to do
4 something that we try to make it hard in that respect.
5 I think that the company's willingness to reduce those
6 policies to writing and submit those to us for
7 approval shows that they're serious about it so that
8 if something does go wrong we can hold them
9 accountable for it.

10 So, I don't --- to answer your question,
11 Commissioner McNally, I don't think that anybody's
12 against this merger. I think OEC is probably the most
13 suspicious group of people in the Commonwealth when it
14 comes to gaming, so, you know, we always go above and
15 beyond. And we look for the Board to reign us in when
16 necessary, but we don't really have a problem with
17 this merger. We just want to ensure that the proper
18 controls are in place.

19 MR. MCNALLY:

20 Thank you.

21 ATTORNEY ROLAND:

22 Commissioner, if I could just add one
23 thing Cyrus said about the percentage. When looking
24 at Section 1210 he and I both sat down and discussed
25 --- I believe it was actually referred generically as

1 the 50 percent rule. And Cyrus said today they would
2 approximately have 38 percent of the machines in the
3 Commonwealth.

4 And we actually even took the time to
5 look at each individual facility and said, well, what
6 if this section were still in place would there be
7 that large of a percentage of hold in any given
8 facility in the Commonwealth and every one of those we
9 looked at it was nowhere close as well. Just a little
10 bit, you know, additional information based upon what
11 Cyrus has already presented.

12 MR. MCNALLY:

13 Appreciate that. In your presentation
14 you report that you regularly report access to DOR.
15 What triggers that report?

16 ATTORNEY JONES:

17 The report's generated on a bi-weekly
18 basis by DOR and they can actually prepare it at any
19 time if they have a concern that someone was accessing
20 the system.

21 MR. MCNALLY:

22 Do you self-report if there's any
23 particular access or request for access made?

24 ATTORNEY JONES:

25 We do not self-report, so to speak.

1 There has been one request for information that was a
2 worldwide request where we wanted to have data from
3 all of the central systems in which GTECH operates for
4 a different scope and we went to DOR at that time and
5 said is this something you would permit and they said
6 no and we said, thank you, and did not do it.

7 MR. MCNALLY:

8 Thank you.

9 CHAIRMAN:

10 Anyone else? Any of the --- either of
11 the Ex-Officio members have any questions? Okay.

12 MR. WOODS:

13 Mr. Chairman, is the presentation being
14 put on the record?

15 CHAIRMAN:

16 Yes, it will be, yes. I assume the
17 PowerPoint is moved ---.

18 ATTORNEY JONES:

19 Yes, I'd like to move it into evidence.

20 CHAIRMAN:

21 No objection?

22 ATTORNEY ROLAND:

23 No objection.

24 CHAIRMAN:

25 All right. It's admitted. Anything

1 else from either side?

2 MR. ORCHARD:

3 No. I'd just like to take the
4 opportunity again to thank this Board and thank you
5 for your kind words and again the Board for their ---
6 Pennsylvania Gaming Control Board Staff, it's been
7 very professional and very helpful. Thank you.

8 CHAIRMAN:

9 Okay. Thank you, ladies and gentlemen.

10 ATTORNEY MICHAEL:

11 I'd like to express my gratitude from
12 IGT for the record.

13 ATTORNEY JONES:

14 Thank you.

15 CHAIRMAN:

16 You're welcome. Thanks very much. All
17 right. Ladies and gentleman, this concludes the
18 public hearing. At this time the Board will take a
19 ten minute recess and meet in Executive Session. And
20 we will return at about quarter of 11:00. Thank you.
21 We are in recess.

22 * * * * *

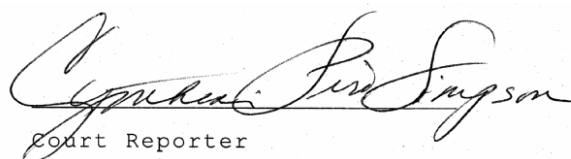
23 HEARING CONCLUDED

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CERTIFICATE

I hereby certify that the foregoing proceedings,
hearing held before Chairman Ryan was reported by me
on 12/10/2014 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.



Cynthia Piro Simpson
Court Reporter