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Good afternoon, everyone. I'm Mary Collins. I'm the Chairman of the Pennsylvania Gaming Control Board. I want to welcome all of you.

Even though we have been in session all morning in hearings on Category 3, we're now convening a new public meeting.

A quorum of the Board is present. This meetings is called to order. We have Keith Welks with us, who is attending on behalf of State Treasurer Robin Wiessmann.

Thank you.

All right. Now, we will begin with regular housekeeping matters, which the first thing is to turn off your cell phones and blackberries and other electronic devices.

And now, we will have the Pledge the Allegiance.

(Pledge of Allegiance.)

CHAIRMAN DiGIACOMO COLINS: All right.

Thank you. Now, some announcements by way of -- first of all, is there any old business to conduct?

Let's go to the announcements. All right.

The Board held an Executive Session on Tuesday, October 16th, in accordance with the Sunshine Act, to
discuss personnel issues, privileged agency business, and to consult with counsel, and other professional advisors to the Board, concerning current litigation or matters in which complaints are expected to be filed.

As a reminder, I would like to, again, announce that the application period for the last Category 1 license will be open through November 19th.

Moving on to new business. Now, I would like to ask our Executive Director, Anne Neeb, to provide us with new business.

MS. LaCOUR NEEB: Good afternoon, Chairman Colins, members of the Board. I have with me here today our Director of Operations, Kevin Hayes, who is going to give us the update, literally, of Mount Airy Casino to let you know what the pre-opening status is on that facility.

MR. HAYES: Thank you, Anne. Madam Chairman, members of the Board, good afternoon. As Anne said, I would like to provide you with an update of the opening team's pre-opening inspection of the licensed facility owned and operated by Mount Airy, No. 1, LLC.

As you know, the opening team has been
working on-site at Mount Airy since Monday, September 24th. So, this week marks our fourth week at the facility.

With that said, I can say with confidence that neither the detail or quality of our inspection has been sacrificed in any way for speed.

Several months ago, Mount Airy notified the Bureau of Licensing that it would need 322 gaming and 350 non-gaming employees to be licensed by the Board in order to operate the casino on a 24-hour, 7-days-a-week basis.

To their credit, the Bureau of Licensing, in collaboration with the Pennsylvania State Police and the Board's Bureau of Investigation and Enforcement, has completed the background investigations and approved the licensing of 322 gaming and 407 non-gaming employees for Mount Airy.

I would like to thank the Pennsylvania State Police for their hard work and cooperation in helping the Board reach this targeted number.

I am pleased to report that the Board's gaming laboratory staff has completed a thorough inspection of the gaming floor to ensure, No. 1, that all 2,523 slot machines are fully communicating with the Central Control Computer System and the
operator's in-house slot accounting system.

Secondly, that all of the slot machines and associated equipment contain software, which has been tested and approved by our gaming lab.

Lastly, that all slot machines are set at the minimum payout percentage of 85 percent or higher.

The results of these tests are very favorable, with having found that only four slot machines contain rejected software.

These four slots are manufactured by the same company, and we believe this issue should be resolved very shortly as the manufacturer was scheduled to ship the conforming software to Mount Airy today.

The opening team has also determined that no more than 50 percent of the slot machines placed on the gaming floor are produced by one manufacturer, as this is a requirement under the Act.

With regard to Mount Airy surveillance system, all but 4 of the 2,523 machines have complete camera coverage.

Mount Airy is curing this issue, as we speak, with the installation of one additional PTZ camera above the gaming floor.
Additionally, the opening team has determined that Mount Airy has adequate camera coverage over all secured areas including the cashier cage, count room, vault, slot storage area, and Armored Car bay.

With regard to security, the opening team has tested all of the key controls for the slot machines, ticket redemption units, and all secured areas, and determined that the licensees procedures conform to our stringent requirements.

With regard to the internal controls, Mount Airy has proven thus far to our satisfaction that their operations are, in fact, reflective of what was provided in their internal controls that were approved by the Board.

We have interviewed each of the department heads to ensure that they have the requisite experience and knowledge to perform their important duties.

We are more than satisfied with the competency and experience level of Mount Airy department heads.

Over the past three and one half weeks, the opening team has observed the training of each department, which included several mock casinos.
Mount Airy has provided the opening team with documentation, which verifies the receipt of a permanent occupancy permit and a liquor license. Mount Airy has paid all of the necessary fees, including the $50 million licensing fee, the $1 million dollar bond, and the $5 million dollar deposit into their Section 1401 account.

They have also provided documentation which demonstrates their ability and commitment to fulfill the special requirements to their slot machine license, including compliance with the traffic recommendations from PennDOT and Mt. Pocono Borough regarding road improvements, the development agreement between Mount Airy and Paradise Township concerning Woodland Road, the traffic safety agreement with Pocono Mountain School District, the establishment of the Mount Airy Charitable Foundation, and the construction of a new EMS building for Paradise Township.

Lastly, Mount Airy has fulfilled their statutory and regulatory requirements with regard to providing adequate on-site facilities for the Pennsylvania State Police and the Board's casino enforcement agents to perform their important duties at the casino.
From an operational standpoint, the opening team does not foresee Mount Airy having any problem with hosting their first test night later this week. As you know, the test nights provide the opening team with the opportunity to observe all casino operations in a live simulation. Any issues we observe will be immediately reported to the licensee, who must correct those problems prior to the second test period and opening.

Before concluding my presentation, I would like to take this opportunity to recognize the members of the opening team, including Jay Berthelson, Gerry Stoll, Jeanne Ort-Motto, Michael Cruz, Heather Dill, Nimish Pirhouit, Carl Dixon, Chris Karbochic, Jim Mansuetti, Salim Jackson, Karen Duncan and Jack Francis, all of whom, have, once again, performed exemplary in fulfilling our important regulatory duties, and many of whom who have been working around the clock and through the weekends to ensure that no stone is left unturned.

Also, I would like to thank the members of the Pennsylvania State Police and the Department of Revenue, as well as the staff of GTECH, who have taken part in this opening and for their corporation. This has truly been a team effort.
This concludes my presentation and I would be glad to field any questions you may have.

CHAIRMAN DiGIACOMO COLINS: Thank you, Kevin.

Any questions?

COMMISSIONER GINTY: Kevin, how has this pre-inspection gone compared to others that you and your team have done?

MR. HAYES: Commissioner Ginty, I would say this compares very favorably to the four other -- three other casino openings, which I headed. I think the keys to that are having an experienced staff there part of Mount Airy and having a strong system of internal controls. It has moved very smoothly.

With that said, the delay that Mount Airy had in their opening was not in any way the Board's fault or actually Mount Airy's.

It was that a lot of the supplies and vendor-related equipment had not been delivered and it would have been impossible for them to have the first test period last week.

COMMISSIONER GINTY: Okay. I guess one last question. The 600 plus licensees, those are all new jobs?

MR. HAYES: Those are all new jobs. I
think, at this time, Mount Airy is employing
approximately 800 employees. So, there are certain
employees, who obviously don't need to be licensed.

In addition, one figure I heard is that 750
construction workers were working on-site at Mount
Airy. At this time, I think it was roughly 750
employees or construction workers on-site.

COMMISSIONER SOJKA: Can I ask a question?

CHAIRMAN DiGIACOMO COLINS: Commissioner

Sojka.

COMMISSIONER SOJKA: Could I ask the
charities that would benefit from the test night?

MR. HAYES: Sure. Mount Airy has
identified four charities, who will be the recipients
of the proceeds of the test night net tax.

There are two from Monroe County, that
being the United Way of Monroe County and the Villa
of Our Lady, which is a facility immediately adjacent
to the casino.

The two from Lackawanna County are Little
Sisters of the Poor and St. Josephs Center. They
will receive the proceeds from the test night.

COMMISSIONER SOJKA: Thank you.

CHAIRMAN DiGIACOMO COLINS: Commissioner

Rivers?
COMMISSIONER RIVERS: No questions.

CHAIRMAN DIGIACOMO COLINS: Commissioner McCabe?

COMMISSIONER McCabe: I just want to publicly thank you, Kevin, and your team having worked with you now for a while and we have opened six casinos.

The experience that your team has gotten from opening five others have helped make this a lot smoother operation, and is going to help the Commonwealth and the Board open the remaining casinos in the future.

I know how hard you guys work. I know how long hours you and your team worked that are behind the scenes that a lot of people don't realize how hard and the pressure you're under. I just want to thank you on behalf of the Board.

MR. HAYES: Thank you for your kind words. We do appreciate all of the support that we receive from the agency. It is truly a team effort with all divisions of the agency chipping in in some way.

CHAIRMAN DIGIACOMO COLINS: We all send you kudos.

MR. HAYES: Thank you.

CHAIRMAN DIGIACOMO COLINS: Commissioner
1 Coy?

2 COMMISSIONER COY: No questions.

3 CHAIRMAN DiGIACOMO COLINS: Commissioner Angeli?

4 COMMISSIONER ANGELI: No question.

5 CHAIRMAN DiGIACOMO COLINS: Thank you very much, Kevin.

6 MS. LaCOUR NEEB: The next matter on our agenda will be a report from our Chief Financial Officer, Eileen McNulty.

7 MS. McNULTY: Thank you, Anne.

8 Good afternoon, Chairman Colins and members of the Board. My report today will cover both spending and revenue generated by the Pennsylvania Gaming Control Board during the first fiscal quarter.

9 Spending recorded during this period totaled $4,896,995, of which $4,149,501 was recorded for payroll expense. That figure includes payrolls covering the period after July 17th, 2007, the date when the '07-'08 budget was enacted, as well as funds for payrolls covering the period July 1st through July 17th, which were transferred by our comptroller from '06-'07 to be recorded against the current year's appropriation.

We believe that the specific language of
Act 135 requires that only payroll expense occurring after enactment of the budget should be recorded as a fiscal '07-'08 expense.

Thus, we believe that additional payroll of $672,524 that has been transferred to '07-'08 should be reinstated as a fiscal year '06-'07 expense, leaving us with payroll costs of $3,476,977 against our '07-'08 appropriation. Our Chief Counsel has requested a review of this matter from the Office of the Budget.

Operating expenses recorded for the first quarter totaled $747,494. The largest operating expense comprising 49.6 percent of the category was real estate leases, which totaled $370,922.

Telecommunication services of $139,036 accounted for 18.6 percent of the operating expense category.

Services costing $106,326, which included $101,771 in charges for ChoicePoint background checks were the third largest operating expense.

Together, these three categories explained 82.4 percent of the first quarter's operating expense.

Resolution of the year in which the transferred payroll expenses should be reflected will
affect the amount of revenue carried over from '06-'07 to '07-'08.

We had estimated the carry over to be $2.8 million. This amount was incorporated in the $7,409,000 that was appropriated from our restricted revenue account by Act 9A of 2007.

If payroll from July 1st to July 17th is reported as an '06-'07 expense, the carryover amount, which had been estimated at 2.8 million, will be $2,780,025.

If this payroll remains as an '07-'08 expense, the carryover amount will increase to $3,649,974.

Other restricted revenues totaling $1,007,164 have been earned so far this fiscal year. These revenues include $638,369 in investigative costs reimbursements, $239,520 in fees from applicants, and $125,000 in licensed renewal fees. These revenues are in line with budget forecasts.

Thank you.

CHAIRMAN DiGiacomo: Thank you very much.

Now, you have anything further at this point, Anne?

MS. LaCour Neeb: No.
CHAIRMAN DiGIACOMO COLINS: Now, we will hear from Mike Walsh, please, regarding administration.

MR. WALSH: Good afternoon, Madam Chair, members of the Board.

The Bureau of Administration has one item for the Board to consider. That is the hiring Elizabeth Burch as administrative assistant in the Board offices.

As is customary, Elizabeth has gone through a background investigation conducted by the Office of Professional Responsibility, the results of which have been approved, and that background investigation concludes a drug screening.

We would respectfully request a motion by the Board to hire Elizabeth Burch today.

CHAIRMAN DiGIACOMO COLINS: Thank you. May I have a motion to approve the hiring of Elizabeth Burch.

COMMISSIONER RIVERS: Yes. Madam Chairman, I move that the Board approve the candidate as described by the Director of Administration with the knowledge that the applicant has successfully completed the required background investigation and drug screening.
CHAIRMAN DiGIACOMO COLINS: May I have a second?

COMMISSIONER COY: Second.

CHAIRMAN DiGIACOMO COLINS: Any questions or comments?

All of those in favor?

COMMISSIONERS: Aye.

CHAIRMAN DiGIACOMO COLINS: Opposed?

Motion carries.

Thank you very much.

MR. WALSH: Thank you.

CHAIRMAN DiGIACOMO COLINS: Next is Frank Donaghue, Office of Chief Counsel. Frank has two matters for us.

MR. DONAGHUE: Thank you, Chairman Colins.

The Office of Chief Counsel has two matters which will be presented by Deputy Chief Counsel Sherman regarding the possible revocation of non-gaming employee registrations.

MR. SHERMAN: Good afternoon.

The Board has received a request from the Office of Enforcement Counsel to revoke the non-gaming employee registration of Monica Abbate. Abbate had been employed as a waitress at Presque Isle Downs and registered as a non-gaming
employee.

Miss Abbate was arrested by the State Police and charged with seven violations of the Crimes Code resulting from a theft and unauthorized use of a credit card that she obtained from a patron at Presque Isle Downs.

Miss Abbate pled guilty to two charges. I note that she failed to inform the board of her arrest which is a statement of her registration. Presque Isle Downs had terminated Miss Abbate from their employment.

The Office of Enforcement Counsel filed a complaint against Miss Abbate and served that complaint upon her.

She did not respond; and therefore, the facts alleged are deemed admitted as a matter of operation of our regulations.

Given her arrest, and the underlying facts, which have the direct effect of undermining both her character and honesty, as well as the integrity of gaming, the Office of Enforcement Counsel has asked this Board to revoke the non-gaming of registration and provide that they may not reapply for a license, permit, or registration for a period of five years from this date.
Based upon the undisputed facts of record, which have been provided to the Board, it would be appropriate for this Board to entertain a motion to consider and grant the relief requested.

CHAIRMAN DiGIACOMO COLINS: May I have a motion?

COMMISSIONER SOJKA: Yes. Madam Chairman, I move that the Board grant the revocation of the non-gaming employee registration as described by the Office of Chief Counsel.

CHAIRMAN DiGIACOMO COLINS: Second?

COMMISSIONER McCABE: Second.

CHAIRMAN DiGIACOMO COLINS: All right. Any questions or comments?

All those in favor?

COMMISSIONERS: Aye.

CHAIRMAN DiGIACOMO COLINS: Opposed?

Motion carried.

Thank you.

Next matter?

MR. SHERMAN: Yes. We have a second revocation request that is of Christopher Cote. Mr. Cote was a non-gaming employee, again, at Presque Isle Downs. He was arrested by the Pennsylvania State Police and charged with ten violations of the
Pennsylvania Crimes Code, including seven felonies.

Mr. Cote failed to inform the Board of his arrest, which, again, was a statement of the conditions of his registration. He also was terminated by Presque Isle Downs upon his arrest.

The Office of Enforcement counsel filed a complaint against Mr. Cote and served that complaint upon him. He did not respond to the complaint and again, the facts under operation of our regulations are conclusively established.

Given Mr. Cote's arrest and his failure to report the arrest contrary to his obligations of licensure, his actions have the direct effect of undermining his good character and honesty, as well as the integrity, of gaming in the Commonwealth.

The Office of Enforcement counsel requests that this Board revoke the non-gaming employee registration and provide that he not be able to reapply for a period of five years after this date.

Again, based upon the record, which has been provided to the Board, it would be appropriate for this Board to entertain a motion to consider the request of relief.

COMMISSIONER RIVERS: We'll be with you in a moment.
CHAIRMAN DiGIACOMO COLINS: I'm sorry.
Okay. Very good. Excuse me.

COMMISSIONER McCabe: Madam Chair?

CHAIRMAN DiGIACOMO COLINS: If you're going to make the motion, I would appreciate it.

COMMISSIONER McCabe: I move that the Board grant the revocation of the non-gaming employee registration as described by the Office of Chief Counsel.

COMMISSIONER Coy: Second.

CHAIRMAN DiGIACOMO COLINS: Okay. Very good.
Any questions?
All in favor?

COMMISSIONERS: Aye.

CHAIRMAN DiGIACOMO COLINS: Opposed?

Motion carries.

Thank you very much.

All right. Now, I'll ask Lisa McClain, who is the Deputy Chief Counsel for licensing, to come forward.

She'll be presenting these licensing matters. Susan Hensel could not be present today.

CHAIRMAN DiGIACOMO COLINS: Great. Good afternoon, Lisa.
MS. McCLAIN: Good afternoon, Chairman Colins.

CHAIRMAN DiGIACOMO COLINS: How are you?

MS. McCLAIN: Good. Thank you.

CHAIRMAN DiGIACOMO COLINS: All right.

I'll ask you to proceed now.

MS. McCLAIN: On behalf of the Bureau of Licensing, I'm here to discuss the proposed Mount Airy, No. 1, LLC's Independent Audit Committee Charter and the proposed members for the Mount Airy Independent Audit Committee.

As you know, as a condition of licensure, Mount Airy agreed to a number of conditions, including a condition requiring it to form and empower an Independent Audit Committee with the authority and responsibility to monitor and report on the operations and financial control of the facility to the Pennsylvania Gaming Control Board.

On October 2nd, 2007, the Board adopted an Independent Audit Committee Criteria Policy, which sets forth the requirements where any Independent Audit Committee required as a condition of a facility's licensure.

The criteria states that the Board must approve the Charter for the Independent Audit
Committee, and the Board must approve each proposed independent member of the Audit Committee.

The independence of the Audit Committee and each individual member of that committee is a very important aspect of the approval of licensure for an Audit Committee member. I will discuss that in a little bit more detail later.

As previously stated, Mount Airy submitted a Charter for the Independent Audit Committee for the Board's approval.

The Charter has been evaluated in light of the Board's adopted Audit Committee Criteria Policy. The Mount Airy Independent Audit Committee proposed Charter includes the Board's requirements for an Independent Audit Committee including that it must have a financial expert and that it appoint a nationally recognized and respected independent Certified Public Accountant with gaming expertise and oversee internal controls.

The Bureau of Licensing and the Office of Chief Counsel have reviewed the Charter. Mount Airy has made required revisions to the Charter language so that it complies with the Board's criteria set forth in its October 2nd, 2007 order.

The Board has been presented with a
suitability report detailing the Charter. As such, I ask the Board to consider the proposed order for the Mount Airy, No. 1, LLC Independent Audit Committee Charter.

CHAIRMAN DiGIACOMO COLINS: Very good. May I have a motion now to approve the Independent Audit Committee Charter?

COMMISSIONER GINTY: Madam Chairman, I move that the Board adopt an order creating the Independent Audit Committee Charter described by the Office of Chief Counsel and the Office of Licensing.

CHAIRMAN DiGIACOMO COLINS: May I have a second?

COMMISSIONER SOJKA: Second.

CHAIRMAN DiGIACOMO COLINS: Any questions or comments from the Board?

All terms and conditions of this proposed Charter that we are about to vote on have been reviewed with the licensee and they are in complete agreement with all of those terms and conditions; is that correct?

MS. McCLAIN: Yes, it is.

CHAIRMAN DiGIACOMO COLINS: Thank you.

All of those in favor?

COMMISSIONERS: Aye.
CHAIRMAN DiGIACOMO COLINS: All opposed?

Motion carries.

Thank you.

Next matter.

MS. McClAIN: Now, I turn to a discussion about the proposed members of the Mount Airy Independent Audit Committee.

As I said, Independent standards are a part of the Board's adopted Audit Committee member criteria as set forth in the Board's order.

The following are the standards required of each member of the Audit Committee to be considered independent.

An independent member shall be independent in character and judgment. There may be no relationships or circumstances, which could effect or might appear to effect the member's independent judgment.

In addition, no member of the Audit Committee may have a material relationship with a licensee, or any of its principals, beyond his or her membership on the Audit Committee.

A member who has a material relationship with the licensee or a principal if any of the following: The member receives any compensation from
the licensee or any of its principals other than that
received as compensation for serving as a member of
the Audit Committee.

Or if the member has received compensation
from the licensee or any of its principals in an
amount exceeding $100,000 within any 12-month period
during the 3 years prior becoming a member.

Or if the member is, or has been within the
last three years, been employed by the licensee or
any of its principals or any company affiliated with
the licensee or any of the principals.

Or if the member is, or has within the last
three years, served as an executive officer in any
firm or business engaged by the licensee or any of
its principals to perform any external or internal
auditing functions.

Or if the member is, or has within the last
three years, been employed by any company that has
made payments to or received payments from the
licensee or any of its principals exceeding $1
million in any of the last three years.

The Board was given a proposed order for
the individuals applying to be members of Mount
Airy's Audit Committee.

But before I ask the Board to consider the
proposed Audit Committee members, Dave Kwait, the
Director of the Bureau of Investigations and
Enforcement will talk about the background
investigation of the proposed Independent Audit
Committee members.

CHAIRMAN DiGIACOMO COLINS: Thank you.

MR. KWAIT: Good afternoon, Madam Chairman,
and Commissioners. I've been asked to briefly go
through a synopsis of some of the investigative steps
that we have taken in this matter. I want to point
out, again, this is a synopsis and not complete by
any means.

First of all, each member was fingerprinted
by the Pennsylvania State Police; and these
fingerprints were checked through the FBI Criminal
History for wants and warrants. NCIC-CLEAN records
were also checked.

We conducted personal interviews of each of
the applicants. During the interview process, the
investigators reviewed and confirmed all information
on the multi-jurisdictional personal history
disclosure form.

Financial background checks via ChoicePoint
and reviews of the TransUnion Credit Reports were
accomplished.
Local law enforcement checks were made.

Background checks via ChoicePoint, Accurint, and Lexis-Nexis were accomplished.

IRS checks were completed to verify if there were any acts, issues, or audits. References were contacted. Neighbor investigations were contacted.

Out-of-state gaming jurisdictions were contacted in reference to previous or current licensed issues.

The Pennsylvania Department of State was conducted to verify political contributions.

Previous civil litigation involving the applicants was reviewed.

PA tax clearances by the Department of Revenue were reviewed. Applicants were questioned regarding drug habits, alcohol usage, illegal gaming and those sort of personal issues.

As part of the investigation of this particular Audit Committee, agents of the BIE personally interviewed the applicant.

During the interview, BIE agents reviewed each of the individuals or statements using the most current information available.

The documents included most current bank
statements, brokerage account statements, pension and
life insurance statements, real estate assessments,
and all statements and documentation of debt.

These were prepared to credit reports that
were previously obtained. Tax returns for the past
five years were reviewed and a forensic accountant
was used for reasonableness and relationship to the
net worth statements.

The net worth statements were reviewed by
the forensic accountants. All of the applicants were
asked a series of prepared questions, which relate to
their respective independence.

I would like to go through those questions.

These are the questions that the agents asked each of
the Audit Committee applicants.

Number 1, who contacted you about an
appointment to the Audit Committee?

How were you approached? Phone? Letter?

Personal contact?

Did that person of contact you on behalf of
another person?

What is the time frame?

Do you know Louis DeNaples or any of his
relatives? If so, explain the nature of the
relationship.
To the best of your knowledge, have you or any of your companies conducted any business with Louis DeNaples and/or any of these companies? If so, the amount of compensation involved and the time period.

Do you owe money to Louis DeNaples, or any company associated directly or indirectly with Louis DeNaples?

Have you ever been employed in any capacity by any company owned either directly or indirectly by Louis DeNaples including Mount Airy?

Do you have, or have you ever had, a personal or professional relationship with any key employee of Mount Airy?

Have you ever conducted any business either directly or indirectly with any key employees of Mount Airy?

Have you ever been employed in any capacity or received compensation or paid compensation to any vendors of Mount Airy?

Is there anything in your background with respect to relationships or circumstances which could affect or appear to affect your independence as a member of the Audit Committee?

Is there anything in your background with
respect to relationships, circumstances, which could affect your independent judgment with respect to the Audit Committee?

Commissioners, these are the questions and some of the criteria we used in this background investigation.

CHAIRMAN DiGIACOMO COLINS: Just one moment, please.

COMMISSIONER COY: Madam Chair.

CHAIRMAN DiGIACOMO COLINS: Yes. I'm sorry. Pardon me for the disturbance. Are there any questions?

COMMISSIONER COY: Yes.

CHAIRMAN DiGIACOMO COLINS: Thank you.

Sorry, Commissioner Coy.

COMMISSIONER COY: Thank you very much, Madam Chairman.

Mr. Kwait, I just want to ask a couple of general questions so that the Board, and consequently others involved both by observation and participation, can be assured of the independent nature of those folks who have been recommended. You read a long list of questions and tests, which have been put to these applicants for consideration for this Committee.
Is there anything else in your history of investigation and so on, is there anything else that your employees, our employees, could do to assure the independent nature of this Committee?

MR. KWAIT: You know, Commissioner, I think that the standards of independence were established and they are very broad and very thorough.

In addition to the self disclosure part involved in the questioning of the applicant, this information was thoroughly vetted and verified by the investigators.

COMMISSIONER COY: And in your -- again, in your history and in your previous employment, and just general knowledge about this industry, indeed, this industry of background checks and tests for independence, do you believe that your agents, employees of this Board did indeed a complete and thorough job as far as asking questions, asking the right questions, and attempting to get to the bottom line of any possible -- any possible lack of independence of these members?

MR. KWAIT: Commissioner Coy, I think that these agents have done a very thorough -- as thorough as possible job in reviewing the independence of these particular candidates for the Audit Committee.
I want to point out that in all of our background investigations, BIE, and I think some of applicants themselves, either the entities or manufacturers, will tell you that the thoroughness that BIE has in its background investigations exceeds other divisions, other gaming jurisdictions. I think we're quickly developing a reputation in that regard.

COMMISSIONER COY: I think we realize, especially those of us who were here when licenses were issued, that with regard to this license, the appointment and approval of this Independent Committee was and continues to be crucial.

I want -- I just want you to be able to make it clear to all of us, and indeed to the public, that the appropriate amount of scrutiny has taken place and that the individuals that you are asking and the Licensing Bureau is asking the Board to approve today are in your professional opinion and those of the Bureau of Licensing truly independent without any suspect on your part?

MR. KWAIT: In my professional experience going back 40 years in law enforcement, I can assure you that every possible investigative step has been taken in this matter to assure independence.

COMMISSIONER COY: I want to thank you and
your Bureau for an appropriate amount of investigative reports and credentials that you brought to this process.

The Board relies heavily upon your opinion and the opinion of those who work with you. We appreciate your efforts in this regard.

MR. KWAIT: Thank you, Commissioner Coy.

CHAIRMAN DiGIACOMO COLINS: Thank you.

Yes. Commissioner Rivers?

COMMISSIONER RIVERS: Yes, I have a question.

We have outlined the criteria for this Audit Committee. Have we allowed some outside group or independent agency to look at the requirements and the whys and wherefores within this Audit Committee? If so, have they reported back to us?

CHAIRMAN DiGIACOMO COLINS: Well, I can respond to that because I have -- I have asked a national accounting firm, Pricewaterhouse to take a look at the standards that we developed.

And, having had them do that in review, I was very comfortable with having our licensing and counsel's office present those criteria to the Board because they are standard, acceptable, independent standards used by the Securities Exchange Commission
and Stock Exchange and various other agencies.

So, I was very comfortable after informally reviewing these with outside sources to have us go forward. Thank you.

COMMISSIONER RIVERS: Thank you.

CHAIRMAN DIGIACOMO COLINS: Anything further before we continue?

All right. Very good.

Lisa, please.

MS. McCLAIN: Now, I will discuss the individuals proposed for Mount Airy's Independent Audit Committee. I ask that the Board consider each of the motions separately.

The first person I would like to discuss is Bradford Scott Smith. Mr. Smith is an attorney who is currently a partner in the law firm of Smith and Smith in New Jersey.

Mr. Smith was elected and served one term as a New Jersey State Senator from 1992 to 1994. He served as Chairman and CEO of the New Jersey Casino Control Commission from 1994 to 1998.

He is currently CEO of a gaming consultant business, which he founded after his service with the New Jersey Casino Control Commission.

Each member was provided with the
suitability report and it included analysis of this applicant's satisfaction of the Board-adopted criteria. You were also presented with a proposed order.

I ask that you now consider the proposed order for Bradford Scott Smith as a member of Mount Airy's Independent Audit Committee.

CHAIRMAN DiGiacomo Collins: Thank you. May I have a motion, please?

COMMISSIONER Rivers: Yes. Madam Chairman, I move that the Board consider the order to license Bradford Scott Smith as a principal and member of the Mount Airy, No. 1, LLC, Independent Audit Committee.

COMMISSIONER McCabe: Second.

CHAIRMAN DiGiacomo Collins: Any questions or comments?

All of those in favor?

COMMISSIONERS: Aye.

COMMISSIONER DiGiacomo Collins: Opposed?

Motion carries.

Next matter?

Ms. McClain: Next, I want to tell you about Ms. Barbara A. Lang. Miss Lang is a Certified Public Accountant. From 1981 until 1987, Miss Lang was a senior accountant and operations analyst with
Bally's Park Place in Atlantic City, New Jersey.

In 1987, she founded Lang and Associates, CPAs, LLC. Miss Lang also severed as a member of the Audit Committee for Great Bay Holdings, the operator of the Sands Casino in Atlantic City, New Jersey from '98 until 2001.

Miss Lang was licensed in 1983 and 1990 as a casino key employee by the New Jersey Casino Control Commission.

Each Board member was provided with a suitability report and included analysis of Miss Lang's satisfaction of the Board-adopted criteria.

You were also provided with a proposed order. I ask that you consider an order for Miss Lang as a member of the Mount Airy Independent Audit Committee.

CHAIRMAN DiGIACOMO COLINS: May I have a motion to consider the order to license Barbara Lang as a principal and member of the Mount Airy, No. 1, LLC, Independent Audit Committee?

COMMISSIONER SOJKA: Yes, Madam Chairwoman. I move that the Board consider the order to license Barbara Lang as a principal and member of the Mount Airy, No. 1, LLC, Independent Audit Committee.
CHAIRMAN DiGIACOMO COLINS: Is there a second?

COMMISSIONER RIVERS: Second.

CHAIRMAN DiGIACOMO COLINS: Any questions or comments?

All of those in favor?

COMMISSIONERS: Aye.

CHAIRMAN DiGIACOMO COLINS: All opposed?

Motion carries.

Next matter?

MS. McCLAIN: The next proposed member of the Audit Committee is Robert D. Peloquin.

Mr. Peloquin's career started out in 1956 as a Deputy Chief of the Security Education Section for the National Security Agency in Washington, D.C.

In 1958, he became a special trial attorney for the Organized Crime and Racketeering Section for the United States Department of Justice.

In 1962, Mr. Peloquin became the special assistant to the Assistant Attorney General for the Organized Crime Special Strike Force.

Mr. Peloquin then left the Department of Justice in 1970 and formed his own corporation known as Internel. Internel provided security and information to private corporations, including
In 1985, Internel was bought by Pinkerton Government Services. He then became the Executive Vice President for Resorts International and was promoted to Chairman of the Board in 1987 and served in that capacity for two years. He retired in 1990. Mr. Peloquin was issued gaming licenses in New Jersey and in the Bahamas.

Each Board member was provided with a suitability report and included analysis with respect to Mr. Peloquin. I ask that you now consider a motion for Robert D. Peloquin as a member of the Mount Airy, No. 1, LLC Independent Audit Committee.

CHAIRMAN DiGIACOMO COLINS: May I have a motion?

COMMISSIONER ANGELI: Madam Chairman, I move that the Board consider the order to license Robert Peloquin, Sr. as a principal and member of the Mount Airy, No. 1, LLC Independent Audit Committee.

CHAIRMAN DiGIACOMO COLINS: May I have a second?

COMMISSIONER SOJKA: Second.

CHAIRMAN DiGIACOMO COLINS: Any questions
or comments?

All those in favor?

COMMISSIONERS: Aye.

CHAIRMAN DiGIACOMO COLINS: Opposed?

Motion carries.

MR. DONNELLY: Madam Chairperson, may I be heard?

CHAIRMAN DiGIACOMO COLINS: Yes. I understand our counsel, Mr. Donaghue, advised me that Mr. Donnelly, on behalf of Mount Airy, wanted to make a statement regarding the Audit Committee at this time.

MR. DONNELLY: Yes. Madam Chairwoman, we appreciate the Board's action on this and see this as another milestone to getting this facility open.

As you know, we had a fourth person's name we had submitted. The investigation is extremely intense. We needed three members of this Audit Committee, and we needed a fail safe name for the Audit Committee.

These are not highly coveted jobs. It's a lot of work. People have to file applications and open their entire life to examination, as you have heard today.

Now that this Board has voted on three
people, which we greatly appreciate, and we meet the
criteria of the Act and the three persons, I will be
filing on behalf of Mount Airy an application to
withdraw the fourth name shortly, tomorrow
probably. Therefore, I don't think it's necessary to
go forward beyond these three names.

CHAIRMAN DiGIACOMO COLINS: Well, we will
await then the official filing of your motion to
withdraw. Thank you very much.

All right. Before we adjourn, our next
public meeting will be on October 30th. It will be
in the State Museum Auditorium at 1:00 p.m.

May have a motion to adjourn?

COMMISSIONERS RIVERS: So moved.

COMMISSIONER COY: Second?

COMMISSIONER McCabe: Second.

CHAIRMAN DiGIACOMO COLINS: We are
adjourned. Thank you very much.

(The meeting concluded at 2:09 p.m.)
I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me on the within proceedings and that this is a correct transcript of the same.

Hillary M. Hazlett, Reporter
Notary Public