

**Senate Community, Economic and Recreational Development
Committee
January 30, 2007**

**Remarks of
Tad Decker, Chairman
PA Gaming Control Board**

Good morning Senator Earll, Senator LaValle and members of the Committee. I appreciate the opportunity to appear before you and engage in a dialogue regarding the Board's funding.

As you know, the Gaming Act required my fellow Board members and me to create a governmental agency from scratch. While we are all highly successful in our individual fields, none of us, except for Commissioner Coy, have a background in government affairs, how government operates or again, creating a government agency. It should be noted that the Gaming Control Board is the first new state agency to be created since the Department of Aging in 1978 and no one in Pennsylvania had gaming regulatory experience.

We did this with the recognition that the gaming industry would be the vehicle to fund local tax relief which did not require additional personal or business tax increases or shift tax burdens from one tax to another.

Prior to starting this historic endeavor, the Board, at our first official meeting, received notice that Act 71's Constitutionality was being challenged. While we attempted to start hiring staff many of the individuals we spoke with were extremely reticent about leaving their existing jobs to work with an agency that may or may not remain in existence. As you can understand the lawsuit effectively shut our efforts down for approximately six months.

When the Constitutional challenge was dismissed by the PA Supreme Court, we started in earnest to secure office space and hire staff. To assist us in this endeavor the Board retained two nationally recognized executive recruiting firms. These firms, which are based in Pennsylvania, identified dozens of candidates for the key positions of Executive Director, Chief Counsel and Director of Investigations and Enforcement.

The firms developed a list of individuals, who in our view were very qualified applicants, as well as potential salary levels needed to attract these individuals, and we selected the best individuals to be interviewed.

Seated beside me are two of the individuals we hired, Anne LaCouer Neeb as Executive Director and Frank Donague as Chief

Counsel. Anne previously served as the Executive Director of the Louisiana Gaming Control Commission and Frank previously served as Chief Deputy Attorney General and Director of the Bureau of Consumer Protection in the Office of the Pennsylvania Attorney General.

Last but certainly not least is Eileen McNulty, our CFO. We found Eileen on our own and she has a wealth of experience which we are fortunate to draw upon.

In addition, I would be remiss if I did not introduce David Kwait, our Director of the Bureau of Investigations and Enforcement. David has forty years of law enforcement experience with over thirty years employed by the FBI and most recently as Chief of Criminal Investigations for the Pennsylvania Office of Attorney General. David will join me in a few minutes for a short discussion of his efforts on our behalf.

In conjunction with hiring staff, we also launched a major effort, which was led by Commissioner Colins, to develop and implement regulations as required by the Act. To that end our initial staff engaged a group of legislative staffers who proved to an invaluable resource in this regard. At this time I would like to recognize the

efforts of Fran Cleaver, Kathy Eakin and Christopher Craig from the Senate and George Bedwick, Audrey Powell and Steve Tuckey from the House of Representatives. And it is my understanding that, at least on the Senate side, the work group has formed again to review the submission of our permanent regulations. Richard Sandusky, a former long time staffer for IRRC, is coordinating our efforts in this regard.

At this time, we have regulations that are voluminous in nature and satisfy the Act's intent that the gaming industry be strictly regulated. The regulations cover general Board operations and procedures; licensing requirements for all categories of gaming facility operators; manufacturers of slot machines and associated gaming equipment; vendors; investigations and enforcement; hearings and appeals; accounting and internal controls; and slot machine movement and ownership.

While part of our staff focused on regulations, other staff, led by Susan Hensel, focused on creating the forms upon which the gaming industry, as well as manufacturers and suppliers, would submit information to prove to us that they are worthy of being licensed by the Commonwealth. I believe your staff was provided with Internet web addresses in which to review these applications.

The effort required attention to detail and the review and the selection of the best practices of other gaming jurisdictions. This effort culminated in the receipt of twenty-five slot operator applications, twenty-five manufacturer license applications, twenty-five supplier license applications and 434 vendor applications with numerous additional applications arriving every day.

In addition, as the facilities come on-line our staff, in conjunction with the PSP, are processing literally thousands of gaming employee applications. To date, 3,697 individuals have applied for gaming licenses at Pocono Downs, Philadelphia Park, Chester Downs and Presque Isle and 2,495 of these individuals have passed the background checks.

We also developed and implemented a tough ethics policy for Board members as well as staff. The policy contains seventeen major provisions, including one that requires Board members to avoid ex parte communications with any interested party and another that removes Board members and staff from partisan politics and fund-raising. We also strongly believe that our ethics policy is one of the best of any gaming jurisdiction.

Within a scope of one year, we established an agency charged with the creation and oversight of an industry that is estimated to produce \$3 billion in revenue, produce \$1 billion in taxes for local property tax reform, employ thousands of Pennsylvanians and save the Commonwealth's horse racing industry.

Having accomplished all of this, we faced the most difficult period of time because the second year of our existence centered on the investigation and review of the manufacturer, supplier and operator applications. These were not your run-of-the-mill applications but applications filled with detailed and mostly confidential financial information and complex corporate organizational structures submitted by major league gaming coming companies, such as the Sands, the Mohegan Tribal Gaming Authority, Trump, Aztar and Pinnacle.

At this point in time I would ask that David Kwait, Director of BIE, join me to provide an overview of the process used to investigate these applications. I believe this is important because the Act places such an important mandate on protecting the public as well as ensuring that the gaming industry will be strictly regulated.