

Maryland Lottery and Gaming Control Commission

Martin O'Malley, Governor



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MARYLAND LOTTERY AND GAMING CONTROL COMMISSION MINUTES OF SPECIAL COMMISSION MEETING

DATE: October 10, 2013

TIME: 10 a.m.

PLACE: Maryland Lottery and Gaming Control Agency Headquarters

PRESENT: Chair Kimberly Robertson Pannell
Vice Chair Diane L. McGraw
Commissioner F. Vernon Boozer
Commissioner Bert J. Hash, Jr.
Commissioner E. Randolph Marriner
Commissioner James Stakem

Stephen Martino, Director
Robert Fontaine, Principal Counsel
Charles LaBoy, Assistant Director for Gaming
John Mooney, Assistant Director for Enforcement
Jaclyn Vincent, Director of Gaming Research
Holly Citko, Deputy Counsel
Philip Metz, VLT Licensing Manager
Michael Pfisterer, VLT Licensing Assistant Manager
Marie Torosino, Executive Associate

OTHERS: Representatives from Bally Gaming, Inc.
Representatives from Prince George's Racing Ventures, LLC
Representatives from Maryland Casino, LLC
Representatives from MGM National Harbor, LLC
Members of the Public

CALL TO ORDER

There being a quorum present, Chair Robertson Pannell called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:04 a.m. Commissioners present were: Diane L. McGraw, F. Vernon Boozer, Bert J. Hash, Jr., E. Randolph Marriner, and James Stakem. Commissioner John Morton was absent.

APPROVAL OF THE AGENDA

Chair Robertson Pannell said she would entertain a motion to approve the Agenda. Motion to approve the Agenda was made by Vice Chair McGraw, seconded by Commissioner Boozer, and the motion carried by unanimous vote of the Commission.

COMMISSION ACTION ITEMS

Proposed Merger Agreement Between Bally Gaming, Inc./Bally Technologies, Inc. and SHFL Entertainment, Inc.

Staff of the Agency's Licensing Division reviewed and investigated the proposed merger agreement, and prepared an Executive Summary of its review. A copy of the Executive Summary was provided to the Commission and entered into the record. Capt. John Mooney, Assistant Director for Enforcement, presented the Executive Summary, which included an introduction, merger process, phase one (before closing) and phase 2 (closing mechanics).

Capt. Mooney stated that Staff has determined that the proposed merger, and its transfer of SHFL's interests, meets and is consistent with the Gaming Law, and that Staff therefore recommends the Commission's approval of the proposed merger.

Chairman Robertson Pannell asked if there were any questions. Hearing none, she said she would entertain a motion to find that proposed merger, and its transfer of SHFL's interests, meets and is consistent with the Gaming Law. Motion made by Commissioner Stakem, seconded by Commissioner Marriner, and motion carried by unanimous vote of Commission.

Video Lottery Terminal Operation License Qualification Hearings

Mr. Martino gave a brief introduction. He said there are three applicants for the video lottery operation license in Prince George's County, and that Staff conducted the background investigations for all three applicants. Mr. Martino introduced Phil Metz, VLT Licensing Manager and Michael Pfisterer, Assistant VLT Licensing Manager, who were seated with Capt. Mooney. He stated that there were also 21 Staff investigators present, all of whom worked on the three background investigation. Mr. Martino stated that what the Commission will see from Staff is a culmination of nearly five months of investigative work that included travel to Pennsylvania, Nevada, Missouri, Michigan, New Jersey and California, and overseas to Hong Kong and Macau. Staff will be available to address any questions and make presentation. Chair Robertson Pannell asked if there were any questions for Mr. Martino. There were none.

Next, Chair Robertson Pannell explained that the Commission will be conducting separate hearings for each applicant for the Prince George's County video lottery operation license. The purpose of the hearings is for the Commission to decide whether each applicant has established, by clear and convincing evidence, that it is qualified for an operation license according to the qualification criteria in the Gaming Law, which include such things as financial stability, good character and business ability. Chair Robertson Pannell explained that this Commission must separately consider the qualifications of each applicant, and does not rank or compare the applicants. Also, the Commission does not evaluate or compare the merits of the applicants' proposals, because that is the exclusive function of the Location Commission.

Chair Robertson Pannell explained that Staff will explain its role and the results of the background investigation, the Applicants will be given an opportunity to address the Commission, the Commission will then have an opportunity to ask any questions, and the Commission will accept comments from the public.

Chair Robertson Pannell pointed out that the Commission members had already received from Capt. Mooney an Executive Summary of each background investigation, and that they have available the complete write-up of each applicant's investigation, each of which is hundreds of pages.

Chair Robertson Pennell collectively placed all potential witnesses under oath.

Prince George's Racing Ventures, LLC (Hollywood Casino Resort at Rosecroft Raceway)

Capt. John Mooney, Assistant Director for Enforcement, entered into the record a copy of the Executive Summary of the background investigation of Prince George's Racing Ventures, LLC. The Summary included an introduction, findings, applicants and principal entities, principal qualifiers, and Staff's conclusions.

Capt. Mooney summarized the findings of the background investigation, and stated that the investigation confirmed that the Applicant has the financial resources to execute its business plan, and that it revealed no derogatory information regarding the Applicant's qualifications. Based on the criteria in State Govt. §§ 9-1A-07(c)(7) and 9-1A-08(d), Staff concluded that the Applicant and its principal entity and individual principals have established, by clear and convincing evidence, their qualifications for an operation license.

Capt. Mooney was questioned by the Commission. Representatives from Prince George's Racing Ventures then addressed the Commission.

There being no further discussion, Chair Robertson Pannell said she would entertain a motion to find that Prince George's Racing Ventures, LLC, its principal entity and its individual principals have established, by clear and convincing evidence, sufficient qualifications for a video lottery facility operation license under the Gaming Law. Motion made by Commissioner Marriner, seconded by Commissioner Boozer, and motion carried by unanimous vote of the Commission.

Chair Robertson Pannell said she would entertain a motion to delegate to the Chair the authority to draft the Commission's written Decision and transmit it to the Applicant. Motion made by Vice Chair

McGraw, seconded by Commissioner Hash, and motion carried by unanimous vote of the Commission.

Maryland Casino, LLC (Parx Casino Hotel & Spa)

Capt. Mooney entered into the record a copy of the Executive Summary of the background investigation of Maryland Casino, LLC. The Summary included an introduction, findings, applicants and principal entities, principal qualifiers, and Staff's conclusions.

Capt. Mooney summarized the findings of the background investigation, and stated that the investigation confirmed that the Applicant has the financial resources to execute its business plan, and that it revealed no derogatory information regarding the Applicant's qualifications. Based on the criteria in State Govt. §§ 9-1A-07(c)(7) and 9-1A-08(d), Staff concluded that the Applicant and its principal entities and individual principals have established, by clear and convincing evidence, their qualifications for an operation license.

Capt. Mooney was questioned by the Commission. Representatives from Maryland Casino, LLC then addressed the Commission. The Commission asked questions of Robert Green from Maryland Casino, LLC regarding his relationship with Robert Brennan.

There being no further discussion, Chair Robertson Pannell said she would entertain a motion to find that Maryland Casino, LLC, its principal entities and its individual principals have established, by clear and convincing evidence, sufficient qualifications for a video lottery facility operation license under the Gaming Law, subject to the condition that Robert Green shall refrain from any business or personal contact with Robert Brennan. Motion made by Commissioner Hash, seconded by Commissioner Marriner, and motion carried by unanimous vote of the Commission.

Chair Robertson Pannell said she would entertain a motion to delegate to the Chair the authority to draft the Commission's written Decision and transmit it to the Applicant. Motion made by Commissioner Marriner, seconded by Vice Chair McGraw, and motion carried by unanimous vote of the Commission.

MGM National Harbor, LLC

Capt. Mooney entered into the record a copy of the Executive Summary of the background investigation of MGM National Harbor, LLC. Michael Pfisterer, VLT Licensing Assistant Manager, gave an overview regarding the Macau Gaming Industry and Ms. Pansy Ho's association with MGM's Macau operations. Phil Metz, VLT Licensing Manager, gave an overview regarding Terry Christensen, outside counsel for MGM and Tracinda Corporation, and Mr. Christensen's federal indictment, as well as the Macau VIP Rooms. Capt. Mooney continued with the overview of the Applicant's business ability and experience, labor peace agreement status, and potential disqualifying factors.

Capt. Mooney stated that the background investigation confirmed that the Applicant has the financial resources to execute its business plan, and revealed no derogatory information regarding the Applicant's qualifications. Based on the criteria in State Govt. §§ 9-1A-07(c)(7) and 9-1A-08(d), it was concluded that the Applicant and its principal entities and principals have established, by clear and convincing evidence, their qualifications for an operation license.

Capt. Mooney was questioned by the Commission. Representatives from MGM National Harbor, LLC then addressed the Commission. The Commission asked further questions of the representatives from MGM National Harbor, LLC.

There being no further questions or discussion, Chair Robertson Pannell said she would entertain a motion to find that MGM National Harbor, LLC, its principal entities and its individual principals have established, by clear and convincing evidence, sufficient qualifications for a video lottery facility operation license under the Gaming Law, subject to the conditions that:

- (1) MGM's individual principals and principal entities refrain from any personal or business contact with Terry Christensen;
- (2) MGM maintain funds on deposit for the MLGCA's continued oversight of MGM's Macau operations; and
- (3) MGM shall provide the MLGCA with regular status reports of its Macau operations.

Motion made by Commissioner Marriner, seconded by Commissioner Stakem, and motion carried by unanimous vote of the Commission.

Chair Robertson Pannell said she would entertain a motion to delegate to the Chair the authority to draft the Commission's written Decision and transmit it to the Applicant. Motion made by Vice Chair McGraw, seconded by Commissioner Hash, and motion carried by unanimous vote of the Commission.

The Commission expressed their thanks to the MLGCA staff for an amazing job.

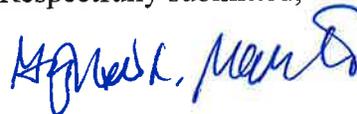
PUBLIC COMMENTS

A representative from MGM commented on the professionalism of the MLGCA Staff.

ADJOURNMENT

There being no further business for discussion, Chair Robertson Pannell adjourned the meeting at 11:43 a.m.

Respectfully submitted,



Stephen L. Martino