

**Mary D. Colins**  
**Chairman**  
**Pennsylvania Gaming Control Board**

**Senate Community, Economic and Recreational Development Committee**  
**8E East Wing**  
**October 22, 2007, 10:30 a.m.**

Good Morning. My name is Mary Colins, Chairman of the Pennsylvania Gaming Control Board. I am pleased to have this opportunity to address this Committee concerning the Gaming Control Board's operation and authority under the Pennsylvania Race Horse Development and Gaming Act. I was appointed as one of the first members of the Gaming Control Board by Governor Rendell in 2004. In August of this year, I was named as the Chairman of the Board.

From day one at the Board, my goal and that of the Board as a whole, has been to create an agency from the ground floor which would fulfill the statutory mandates of the Gaming Act, bringing slot machine gaming to the Commonwealth and thereby creating a new and significant source of tax income for the Commonwealth, creating a new source of employment for Pennsylvanians and generating substantial economic stimulus in many industries and services throughout the State. I am very proud to say that as of today, the gaming industry has already returned approximately one billion dollars to the Commonwealth since the first casino opened in under one year and with only a handful of the authorized casinos open.

While there are undoubtedly many positive affects from gaming in terms of those tax revenues and economic incentives, we are also mindful of the

primary purpose of the Gaming Act: to protect the public through the regulation and policing of all activities involving gaming and practices that continue to be unlawful.

To this end, the Board and its staff have worked hand-in-hand with our partners in this endeavor – the Pennsylvania State Police and the Department of Revenue as provided for in the Gaming Act. We have reached out to sister agencies in other jurisdictions, and other law enforcement agencies, to make sure that the best interests of Pennsylvania were being, and continue to be, represented in the slot machine licensing and enforcement process. In fact, the process we developed and implemented for licensing in Pennsylvania is not inconsistent with that of a number of other gaming jurisdictions.

I have provided to all of you an unsolicited letter I received from an FBI supervisor articulating the FBI procedure, which is a standard practice of the FBI. Everyone in law enforcement is aware of this FBI policy. Mr. Kwait and Mr. Pitre will explain how all state regulatory agencies nonetheless regulate in accordance with this FBI policy. Mr. Donaghue will explain how the Memorandum of Understanding and the Letter Agreement with the State Police address this as well.

As you are aware, the Gaming Act commanded that all slot machine licenses initially applied for had to be acted upon at one time. Based upon this requirement in the Act and the agreements fashioned, protocols established and cooperative efforts engaged in to investigate and share information concerning applicants, former Chairman Decker wrote to Colonel Miller

prior to December 20<sup>th</sup> the date the licensing votes were cast by the Gaming Board, requesting the State Police to notify the Board if it was in possession of any information that would affect an applicant's suitability for licensure and which had not been provided to the Board. In response, Colonel Miller wrote on December 20, 2006, acknowledging that the State Police had provided present relevant information on applicants for a Category 2 license; had provided source and contact information for any information from other law enforcement agencies; and stated, "In view of the level of cooperation provided by the Pennsylvania State Police, the Board should be in a position to properly exercise its statutory duty to determine an applicant's suitability for a gaming license." Having received these assurances and not having been provided with any information that any significant information was withheld, or could not be shared, the Board fulfilled its statutory duties and granted the licenses.

There are three primary points we would like to address this morning. First, the Board, in concert with our partners, and with the assistance of the General Assembly has been provided with the authority and the ability to obtain the information necessary to properly exercise our functions under the Gaming Act. Chief Counsel Frank Donaghue will address the interrelationship between provisions of the Gaming Act, the Pennsylvania CHRIA statute, and the express letter agreement with the State Police to provide information to the Board and the Bureau of Investigations and Enforcement.

Second, the Bureau of Investigation and Enforcement has utilized those information gathering tools to properly and fully investigate all applicants

for licensure and to provide the results of those investigations to the Board. David Kwait is the Director of the Bureau of Investigation and Enforcement. David is retired from the FBI and brings a long history of law enforcement background to the Bureau and will address the thoroughness of the Bureau's investigatory process.

Finally, a slot machine license is a privilege. The issuance of a license is just the initial step in the process of regulating gaming. A slot machine licensee has a never-ending duty to maintain its suitability for the license. The Board has in place procedures to aggressively assure that a licensee complies with all expectations placed upon it by the Gaming Act and stands ready to pursue appropriate action should a licensee transgress those requirements in accordance with the requirements of due process. Chief Enforcement Counsel Cyrus Pitre, who has experience in the New Jersey gaming regulatory functions, will address the enforcement procedures to be utilized should they be warranted by future events or circumstances.

I truly believe that we have assembled a team of outstanding professionals with a broad array of experience and talent to bring gaming to the Commonwealth. Certainly this has been no small task, nor one without controversy. Yet, the Board and its staff have maintained a steadfast course to perform their duties in accordance with the Gaming Act, and in accordance with due process of law. Too often, criticism of the Board and its decisions comes from those who do not fully appreciate the extent and nature of the work done, the partnerships developed, and the process in place to assure the legality of our work – a process which has been upheld in no less than seven direct appeals by the State Supreme Court.

We are proud of our accomplishments and stand ready to answer any questions you may have. I would again like to thank you for this opportunity and now turn to Chief Counsel Frank Donaghue to address this Committee.