

MAY 24 2011



HARRISBURG, PA

CO-SPONSORSHIP MEMO # 29

TO: All Senators

FROM: Senator Jane C. Ori
Senator John C. Rafferty, Jr.

DATE: May 24, 2011

SUBJECT: Grand Jury Report and Recommended Changes to the Gaming Act.

Today the Attorney General's office released the report from the Thirty-First Statewide Grand Jury, which makes numerous recommended changes to the Gaming Act. This investigation focused on the establishment and issuance of gaming licenses by the Pennsylvania Gaming Control Board. The report is over 100 pages and includes detailed information from current and former board members and employees of the Gaming Control Board.

Overall the report makes 21 recommendations – attached is the list of recommendations. As of this point it is our intention to introduce legislation encompassing all of the recommended changes to the Gaming Act, including recommendations regarding regulatory changes. A few of these recommendations are not new to the General Assembly. We think it is important that all the recommended changes to the Gaming Act and how the Gaming Control Board functions be included in the proposal so that everything is properly reviewed and considered.

Should you wish to co-sponsor this legislation please contact Monica Armstrong at 787-6538 or by email at marmstrong@pasen.gov.

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RECOMMENDATIONS

We the members of the Thirty-First Statewide Investigating Grand Jury, having heard testimony and reviewed evidence pursuant to submission of Notice No. 5, make the following recommendations:

1. To ensure diversity and competency among the membership of the Gaming Control Board, require that at least one Gubernatorial appointee to the Board possess at least 10 years of state or federal law enforcement employment experience; and at least one Gubernatorial appointee to the Board possess at least 10 years of private business or finance employment experience.
2. Create specific statutory authority vesting an independent state agency, such as the Department of the Auditor General, with the responsibility for annual auditing and inspecting of the P.G.C.B. to help insure adherence to the obligations of the Gaming Act.
3. Physically separate the Office of Enforcement Counsel and the Bureau of Investigations and Enforcement from the Board and establish BIE as an independent law enforcement agency.
4. The Grand Jury finds that the Pennsylvania Crimes Code and related criminal statutes are inadequate to the job of combatting public corruption. A new chapter of the Crimes Code, specifically focused on the need to eliminate fraud and corruption, perpetrated against the taxpayers of Pennsylvania by public officials and employees, should be established. Additionally, provisions should be added to the Gaming Act to criminalize material and intentional violations of the Act.
5. Amend Section 1201 of the Act to explicitly prohibit any person from serving as a member of the Board who was an applicant for or holder of a Pennsylvania slot machine license.
6. Amend Section 1202 to explicitly prohibit any member of the Board from being an applicant for, or holder of, and Pennsylvania slot machine license.
7. Require that the Board post on their website all contracts, including contracts for legal work. This would include all aspects of the process including initial RFP, the contract applicants, and the final awardee of the contract.
8. Create regulatory clarity about the role and function of BIE. Special attention should be placed on making clear that all information uncovered by BIE about a vendor or applicant must be contained in their report to the board.
9. Require the Board to submit an annual report listing the number of executive sessions conducted by the Board, including an agenda for each executive session.

10. Prohibit members of the Board from meeting in executive session for the purpose of conducting quasi-judicial deliberations involving slot machine license applications, except for the limited circumstance to consider actual confidential information. With amendments to the statute clarifying what qualifies as "confidential information" as narrowly as possible.
11. Require the Board to seek a voluntary waiver of any claim of confidentiality prior to rejecting any request under the Right-to-Know Law for any public record.
12. Require the Board to list on its website a description of all Right-to-Know requests, the number approved, the number rejected, the number of appeals filed as a result of the Board's rejection, and the outcome of each appeal.
13. Require each executive meeting of the Board to be transcribed in detail.
14. Prohibit any PGCB employee from obtaining employment with a gaming entity or any firm that represents or conducts business with any gaming entity for four years from the termination of employment.
15. Prohibit any vendor or licensee from obtaining a contract or commencing work at a casino without the completion of a background investigation.
16. Create a uniform practice for the review of suitability reports by applicants.
17. Create uniform and transparent hiring practices based upon merit alone.
18. Create a uniform policy for referral to outside agencies upon the discovery of potentially criminal conduct.
19. Eliminate through either regulation or legislation, whichever is determined to be necessary, any doubt regarding the waiver of due process rights of an applicant or license holder. A gaming license in Pennsylvania should never be a right. It should be clearly understood by the applicant, and the law, as a privilege subject to complete inquiry and oversight by the representatives of the people.
20. Significantly overhaul the current employees of the Board. The Board should be staffed with experienced and notable individuals in the fields of Gaming and administration. This is especially crucial of the attorneys employed by the board.
21. Establish and make public the budgetary guidelines for the Gaming Control Board, including the establishment of a salary matrix for all employees to include Board members.