House Gaming Oversight Committee
Kevin F. O'Toole, Executive Director
Paul Mauro, Director of the Bureau of Investigations and Enforcement
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Good morning Chairman Payne, Chairman Kotik and members of the House Gaming Oversight Committee. I am Kevin O'Toole and I serve as the Executive Director of the Gaming Control Board. Joining me today is Paul Mauro who serves as the Director of the Bureau of Investigations and Enforcement ("BIE").

Tavern gaming has not performed as expected since the Tavern Gaming Act ("Act") was approved in November 2013. This Committee is now tasked with developing an amendatory agenda to change this. The Act vests the responsibility of background investigations for applicants with the BIE and the approval or denial of these applications with the Liquor Control Board. As the Director of BIE, Paul has been integral in making sure that we fulfilled our responsibilities. Before Paul explains the background investigation process required by the Act, I would offer the following observations.

Prior to accepting applications, the Liquor Control Board coordinated a series of informational sessions to educate potential applicants to the application process and the regulatory oversight which would be involved in offering tavern gaming. At the conclusion of each session, a question and answer period was held and, from the questions being asked and the reaction of the attendees, it was evident that tavern gaming faced a number of obstacles to success.

While the tax rate of 65% was certainly a negative factor as were the fees to apply and to hold a license, the biggest issue appeared to be the potential impact of tavern gaming violations on a licensee's liquor license.

With that in mind I would like turn the presentation over to Paul Mauro.

Paul Mauro, Director of BIE

Good morning and thank you for the opportunity to testify this morning regarding the Tavern Gaming Act. Before beginning, I want to share a little bit of my background. I have been employed by the Board for just over ten years. Prior to that, I was a law enforcement officer with both local and federal experience. I hold an undergraduate degree from Elizabethtown College and a Master's Degree from Kutztown University.

It is no secret that the gaming industry is a highly regulated industry in Pennsylvania as it is in other jurisdictions throughout the United States. However, BIE recognizes that while the gaming industry understands the scope of gaming regulation, applicants for a tavern gaming license may not.

To that end, BIE established an email address specifically to assist tavern owners with the application process. At this point in time, we have received only 15 emails. From my point of view, this would seem to be indicative of bar and tavern owners being averse from even starting the process and not necessarily the background investigatory process of which I will now address.

As I said before, I am the Director of the BIE but my background is in law enforcement. Being thorough and discovering all relevant facts is the backbone of any background investigation.

Having said that, casino gaming is not tavern gaming and a casino gaming application is not a fit for tavern gaming. As such, we entered into discussion with staff from the Liquor Control Board to assist in developing the applications. The applications, from BIE's perspective, were developed pursuant to the provisions under the Act.

The Act provided that each applicant shall provide:

1. Certified consent by the applicant, **including each owner and officer of the restaurant licensee**, to a background investigation.
2. Criminal history record information, including:

a. A description of the circumstances surrounding the arrest or issuance of a citation;
b. The specific offense charged; and
c. The ultimate disposition of the charge, including any dismissal, plea bargain, conviction, sentence, pardon, **expungement** or order of Accelerated Rehabilitative Disposition.

3. Financial background information.
4. Regulatory history before the Board or other Commonwealth agency which specifically included production of a current tax lien certification issued by the Department of Revenue and a certificate from the Department of Labor and Industry of payment of all workers' compensation and unemployment compensation owed.
5. Other information as required by the BIE.

In addition, the Act specifically prohibited the Liquor Control Board from awarding a license to any person convicted of a felony offense or misdemeanor gambling offense **in any jurisdiction** unless 15 years have elapsed from the date of conviction. The Act applied this prohibition to owners, officers or employees of a licensee.

The Act uses language such as "all arrests and citation" and "in any jurisdiction" to mean exactly that, arrests and citations not just in Pennsylvania but nationally. The only effective manner to accomplish this is through the FBI database. This requires an applicant to be fingerprinted which is then sent to the FBI which produces a national report relative to criminal arrests and convictions.

Initially there was some confusion and difficulty with this process. BIE recognized this and worked to alleviate it. We understood that applicants for a tavern gaming license were not necessarily accustomed to the level of scrutiny required by the Act which is why we established a dedicated email address. We worked to quickly respond to any question and to assist applicants through the process.

With the initial unfamiliarity with a new application process, we were able to keep the background investigation process to 15 days on average. This included the production of an investigative report which was then forwarded to the Liquor Control Board.

In closing, the BIE has always attempted to accomplish any task assigned in an effective and efficient manner. However, should the General Assembly remove the responsibilities of BIE under the Tavern Gaming Act we would not object as that is a matter of policy.

Thank you. Kevin and I are available to answer any question you may have.