

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

\* \* \* \* \*

IN RE: MOUNTAINVIEW THOROUGHBRED RACING ASSOCIATION,  
LLC - PETITION FOR AN INTERACTIVE GAMING CERTIFICATE

\* \* \* \* \*

HEARING

\* \* \* \* \*

BEFORE: DAVID M. BARASCH, CHAIRMAN  
Richard G. Jewell, Kathy M. Manderino,  
Merritt C. Reitzel, Obra S.  
Kernodle, IV, Dante Santoni, Jr., Sean  
Logan, (via phone), Members; Jennifer  
Langan, representing Joseph M. Torsella,  
State Treasurer; Sue Layton,  
representing C. Daniel Hassell, Secretary  
of Revenue; Michael Smith, representing  
Russell C. Redding, Secretary of  
Agriculture

HEARING: Wednesday, September 12, 2018  
10:26 a.m.

Reporter: Rhonda K. Thorpe

Any reproduction of this transcript is prohibited  
without authorization by the certifying agency.

LOCATION: Pennsylvania Gaming Control Board  
Strawberry Square  
2nd Floor  
Harrisburg, PA 17101

A P P E A R A N C E S

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

OFFICE OF ENFORCEMENT COUNSEL

DAVID TEPPER,

Assistant Enforcement Counsel

PA Gaming Control Board

P.O. Box 69060

Harrisburg, PA 17106-9060

Counsel for the Pennsylvania Gaming Control Board

ADRIAN R. KING, JR., ESQUIRE

Ballard Spahr, LLP

1735 Market Street, 51st Floor

Philadelphia, PA 19103-7599

Counsel for Penn National Gaming and Mountainview

Thoroughbred Racing Association

## I N D E X

1		
2		
3	PRESENTATION	
4	By Attorney King	6 - 7
5	PRESENTATION	
6	By Attorney Hvizda	7 - 8
7	PRESENTATION	
8	By Attorney King	8 - 10
9	PRESENTATION	
10	By Mr. Worthington	10 - 15
11	STATEMENT	
12	By Attorney Tepper	15 - 16
13	QUESTIONS	
14	By Board	16 - 18
15	DISCUSSION AMONG PARTIES	18 - 19
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

E X H I B I T S

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

<u>Number</u>	<u>Description</u>	<u>Page Offered</u>	<u>Page Admitted</u>
<u>Mountainview Exhibits:</u>			
1	PowerPoint	18	19

P R O C E E D I N G S

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

-----

CHAIRMAN: Petitioner is - it's a request by Mountainview Thoroughbred Interactive.

Again, I would request that anybody who's going to speak today, please spell and state your name for the court reporter prior to presentation.

And if we would have all nonattorney, potential witnesses stand to be sworn at this time.

---

WITNESSES SWORN EN MASSE

---

CHAIRMAN: Thank you. You may proceed.

ATTORNEY KING: Good morning, Mr. Chairman, members of the Board. Adrian King from Ballard Spahr firm, here on behalf of Penn National Gaming and Mountainview Thoroughbred Racing Association.

Here, as you know, in respect to our Petition for Interactive Gaming Certificate is pending before you. Joined here today by Alex Hvizda. That's, H-V-I-Z-D-A, who is our Director of Compliance at Mountainview. And Mr. John Worthington, who was

1 just sworn in. That's, W-O-R-T-H-I-N-G-T-O-N.

2 He's the Vice President of iGaming  
3 Operations. We will keep his brief and succinct.  
4 Alex briefly would just like to say a few words on  
5 behalf of Dan Ihm, who's the General -.

6 CHAIRMAN: Should we have him sworn  
7 then?

8 ATTORNEY KING: Alex is an attorney,  
9 although he acts in a nonlegal capacity as well,  
10 so -.

11 CHAIRMAN: I think he should be sworn,  
12 please.

13

---

14 ALEX HVIZDA, ESQUIRE,  
15 CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND  
16 HAVING FIRST BEEN DULY SWORN, TESTIFIED AND SAID AS  
17 FOLLOWS:

18

---

19 ATTORNEY KING: So, Alex, if you'd  
20 like to -.

21 ATTORNEY HVIZDA: Good morning,  
22 Chairman and Commissioners. Alex Hvizda, H-V-I-Z-D-A.

23 Dan Ihm couldn't be here today. He's  
24 at companywide meetings out - out West, but we'd like  
25 to thank the Board staff for their work with us over

1 the last couple months with Gaming. It's been a busy  
2 summer, to say the least. And it's going to get even  
3 busier for all.

4 And the cooperation we've had and  
5 assistance we've had is - is really remarkable. So, I  
6 just want to say thank you. And we'll turn it over  
7 for our presentation.

8 ATTORNEY KING: Thank you, Alex. I'm  
9 just going to say a few words about our first slide  
10 and then really just turn this all over to John, who  
11 is our subject matter expert, and who you really want  
12 to hear from.

13 But the reason why the first slide -  
14 we just wanted to - to share it is, so you understand  
15 the investment that Penn National, through  
16 Mountainview, is making in this space in Pennsylvania,  
17 and quite frankly, national.

18 As we've explained to the staff in  
19 meetings, we have created an entire separate business  
20 unit. Certainly some of the other applicants have,  
21 which is Penn Interactive Ventures, LLC, which you see  
22 at the top of - of the chart underneath Penn National  
23 Gaming.

24 And the reason that's significant is  
25 we started that unit initially with respect to social

1 gaming, not for money and leading into legalization of  
2 iGaming, not just here in Pennsylvania, but across the  
3 country.

4                   But I think a note for the Board is  
5 Penn Interactive Ventures, PIV, as we call it, has  
6 three locations across the United States. In  
7 Pennsylvania we have a separate office separate from  
8 the Wyomissing headquarters or the casino in  
9 Grantville in Conshohocken.

10                   And already that has more than 20  
11 employees who are working out of the Conshohocken  
12 office. I personally like to go there because they  
13 have nice things and the bean bag chairs and things  
14 you can sit on while you're - while you're coding, I  
15 suppose.

16                   And then there are also offices in Las  
17 Vegas and - and there's also a studio in San  
18 Francisco. So, we are putting a lot of emphasis and  
19 effort into iGaming.

20                   And as you can see and as John will  
21 talk about, we have - will be entering into contracts  
22 with IGT and then Headline Entertainment, which is a  
23 subsidiary for Pennsylvania. We then provided the  
24 iGaming services and expertise over to Mountainview,  
25 as the certificate holder.

1                   So, that's just a quick highlight  
2 overview of - of how we're structured. With that I'm  
3 going to turn it over to John. And he will lead you  
4 through what we're going to be doing specifically.  
5 John.

6                   MR. WORTHINGTON: Thanks, Adrian.  
7 Good morning, Commissioners. My name is John  
8 Worthington, W-O-R-T-H-I-N-G-T-O-N.

9                   I spent the last three years at Penn  
10 mainly leading the operations for our social gaming as  
11 well as our online horseracing product Hollywood  
12 races.

13                   I work for a gentleman, Chris  
14 Sheffield, who was unable to attend have today. He's  
15 our Senior Vice President, Managing Director of  
16 Interactive. He spent over the last four years at  
17 Penn leading our online initiatives and creating the  
18 business that we have today.

19                   I want to talk a little bit about our  
20 key partners. As Adrian mentioned, we're partnering  
21 with IGT for our platform. We're confident in our  
22 abilities as they've got over a thousand digital  
23 employees serving a hundred different customers in  
24 over 30 - in 30 countries.

25                   They're the platform provider for one

1 of the larger Italian online gaming operators called  
2 Lottomatica, which has over \$126 million in GGR. And  
3 they're also a platform provider for several U.S.  
4 online lotteries as well as Canadian lotteries.

5           They also serve content for - for most  
6 of the online casinos in New Jersey.

7           Secondly we're partnering with  
8 GeoComply for our geolocation services, who serves  
9 most of the online casinos in New Jersey and would  
10 expect them to do the same in Pennsylvania.

11           And then finally for our KYC age and  
12 ID verification, we're planning to use Aristotle, who  
13 also has a strong history in New Jersey across the  
14 Board in sports, online casino and horseracing, over  
15 five licensed gaming suppliers in New Jersey.

16           Just to talk a little bit about the  
17 customer experience, what we would intend for our  
18 rollout to look like. We're planning to roll out on  
19 both web mobile and tablet.

20           And our main competitive advantage we  
21 believe is going to be around our customer experience.  
22 We want to share the experience that a customer would  
23 have when they go into one of our properties and bring  
24 that online.

25           And we'll plan to do that through

1 offering a variety of different slot machines, from  
2 known vendors and machines that you would - you would  
3 see on the floor. We'll plan to offer a live dealer.  
4 That's planned in 2019. As well as offer Poker at  
5 some point in 2019.

6           We're also planning on integrating our  
7 player rewards that the players would see at the  
8 property, so that we can complete that - that live  
9 cycle for the player and give them that better  
10 experience that they - that they see on the property  
11 as well.

12           And then also intend to provide 24/7,  
13 365 customer support via our call center. And working  
14 with our property to ensure that there's awareness of  
15 the activities that we have online.

16           Just talk a little bit about the  
17 account creation process. I've included our  
18 registration on the left-hand side of the slide. Once  
19 the user enters all of their information in on the  
20 registration pages and submits the - that information  
21 will be submitted to Aristotle, which will take care  
22 of the age and ID verification process.

23           And then we're also planning on  
24 integrating that with our internal Self-Exclusion  
25 List, so that players will be scrubbed against that to

1 make sure they're not on the list.

2                   Upon a successful registration, on the  
3 right-hand side you'll see one of the first things  
4 that the customer is prompted to do is set limits,  
5 which they're have the ability to do both at  
6 registration and then ongoing at any time.

7                   Here's what that page looks like, if  
8 the customer were to select that when they first log  
9 in or go to it at any time. They'll have the ability  
10 to set the positive wager and section limits also by  
11 any interval, such as daily, weekly and monthly.

12                   They'll also have the option for what  
13 we call the cool-off period, which is a smaller period  
14 of time that a customer can choose not to game as  
15 well.

16                   And then we'll plan to offer - also  
17 have some clarification of how a customer can  
18 self-exclude, if they choose to do so.

19                   In terms of Board oversight, the Board  
20 will have 24/7 access to our back office. Basically  
21 what that looks like on the right-hand side will have  
22 access to all of our players activity monitoring and  
23 creating a number of reports that the Board will  
24 always have access to.

25                   And then finally just to wrap up

1 around site and customer security.

2                   We're - we're working with IGT and  
3 also our internal security to ensure that  
4 organizational and technical measures are put in place  
5 across the board, to protect the customer data and  
6 personal data. Vulnerability scans will be done on a  
7 regular basis to make sure that all the security  
8 passes are current. We're implementing strong  
9 authentication for the regulation that allows a  
10 customer to have a second factor to authenticate  
11 themselves.

12                   And then we'll continuously monitor  
13 the system logs and reports be generated, if any  
14 thresholds are reached. And then finally to protect  
15 against DDoS attacks. IGT has implemented an  
16 Intrusion Protection System to prevent those type of  
17 passes as well as other cyber threats.

18                   ATTORNEY KING: John, just real quick,  
19 if you go back to the Hollywood.com slide. Could you  
20 just briefly explain to the Board - that is going to  
21 be our brand and - and just talk about how that's  
22 directly tied into our land-based facility.

23                   MR. WORTHINGTON: Yeah, certainly.  
24 So, we've operated the HollywoodCasino.com for the  
25 past three years on social. We're working with our -

1 our land based to ensure that the Hollywood brand  
2 carries over it be branded as such and will continue  
3 to go forward to acquire consumers, and also serve the  
4 existing customers that we have at the property.

5 ATTORNEY KING: With that, that's the  
6 conclusion of our - our formal presentation. We're  
7 happy to answer any questions that you may have.

8 CHAIRMAN: Thank you. Enforcement  
9 Counsel?

10 ATTORNEY TEPPER: Good morning,  
11 Chairman Barasch, members of the Board. David Tepper,  
12 T-E-P-P-E-R, on behalf of the OEC. The OEC does not  
13 have any questions in this matter and does not have a  
14 presentation.

15 However, we would request permission  
16 to make a statement and recommendation prior to  
17 opening the matter to questions from the Board and  
18 ex-officio members.

19 The OEC, along with the Bureau of  
20 Gaming Operations; BIE; Bureau of Gaming Laboratory  
21 Operations; Bureau of Licensing; Office of Diversity  
22 and the Office of Compulsive and Problem Gambling have  
23 reviewed and consulted extensively on the petition and  
24 appendices filed by Mountainview Thoroughbred Racing  
25 Association, LLC, doing business as Hollywood Casino

1 at Penn National Race Course to conduct interacting  
2 gaming and for the issuance of an Interactive Gaming  
3 Certificate.

4                   After which OEC filed an Answer in  
5 this matter, requesting that the Board order the  
6 implementation of certain listed conditions if it was  
7 so inclined to grant the relief requested in the  
8 petition.

9                   As a result, the OEC has no objection  
10 to the approval of Mountainview Thoroughbred Racing  
11 Association, LLC's Petition to Conduct Interactive  
12 Gaming and to the issuance of an Interactive Gaming  
13 Certificate to Mountainview Thoroughbred Racing  
14 Association, LLC, subject to the proposed conditions  
15 as outlined in OEC's Answer filed on August 17th, 2018  
16 and any conditions imposed by the Board.

17                   The OEC is available to answer any  
18 questions you may have.

19                   CHAIRMAN: Thank you. Are there any  
20 questions or comments from the Board?

21                   MS. MANDERINO: Thank you. Thank you  
22 for your presentation. It was very informative and I  
23 probably should ask this of everybody who comes before  
24 us, but one of your slides made me think about it.  
25 So, you get the question.

1                   But it was your slide where you talked  
2 about setting account limits and pulling off,  
3 et cetera, that made me think about kind of setting  
4 parameters and then more importantly how easy it is,  
5 from a customer use point of view, to change those  
6 parameters, if I decide at some point later that I  
7 made them too high or I want to extend my cooling off  
8 period after I've had some experience.

9                   So, if you know right now how that's  
10 going to be designed - like what - what will I, as  
11 the -? Well, I won't be a customer.

12                   What would a customer see and how -  
13 how easily will they be able to get to where those  
14 kinds of changes can be made?

15                   MR. WORTHINGTON: Sure. So, this is  
16 the application. It's in the bureau customer - the  
17 top right-hand corner of the slide. There's the - my  
18 account section.

19                   So, a customer would simply click on  
20 that. In here they have the option - you see there  
21 it's to reset or update your limits. So, they can do  
22 that on a regular basis.

23                   MS. MANDERINO: Thank you. I guess  
24 it's just more of a statement for the record.

25                   I think something that is very

1 important. I'm not the most tech-savvy person, but  
2 I'm savvy enough and I find some customers - my  
3 utility bills, for example, make it very easy to kind  
4 of navigate the page to get to those account settings  
5 places. And others make it very difficult to find.

6 And I think for customers here this  
7 kind of account setting across the board ought to be  
8 easy to find.

9 So, that's my comment, Mr. Chairman.  
10 Thank you.

11 CHAIRMAN: Okay.

12 Any other questions?

13 ATTORNEY KING: Mr. Chairman, just  
14 procedurally.

15 CHAIRMAN: Please.

16 ATTORNEY KING: I would like to just  
17 simply move the presentation into the - into the  
18 record.

19 ---

20 (Whereupon Mountainview Exhibit 1, PowerPoint,  
21 was marked for identification.)

22 ---

23 ATTORNEY KING: We did file,  
24 obviously, our petition. We did file a motion for  
25 confidentiality the petition - or our presentation

1 would not be subject to the confidentiality petition,  
2 as it's been disclosed publicly. And that would tie  
3 together our record.

4 CHAIRMAN: Okay.

5 Do you have anything further to  
6 present today?

7 ATTORNEY KING: I do not, sir.

8 CHAIRMAN: Enforcement Counsel,  
9 anything further?

10 ATTORNEY TEPPER: No objections to  
11 their motion.

12 CHAIRMAN: Okay.

13 So moved.

14 ---

15 (Whereupon Mountainview Exhibit 1, PowerPoint,  
16 was admitted.)

17 ---

18 CHAIRMAN: Thank you.

19 ATTORNEY KING: Thank you.

20 CHAIRMAN: Thank you. And we will  
21 have a vote on this matter later this morning.

22 ATTORNEY KING: Thank you.

23 \* \* \* \* \*

24 HEARING CONCLUDED AT 10:39 A.M.

25 \* \* \* \* \*

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CERTIFICATE

I hereby certify that the foregoing proceedings, a hearing held before Chairman Barasch, was reported by me on 9/12/18 and that I, Rhonda K. Thorpe, read this transcript, and that I attest that this transcript is a true and accurate record of the proceeding.

Dated the 4th day of October, 2018

  
**Court Reporter**  
Rhonda K. Thorpe