

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

* * * * *

IN RE: MOUNTAINVIEW THOROUGHBRED RACING ASSOCIATION,
LLC - PETITION FOR SPORTS WAGERING CERTIFICATE

* * * * *

BEFORE: MEMBERS OF THE BOARD:

DAVID M. BARASCH, CHAIRMAN

Richard G. Jewell

Kathy M. Manderino

Merritt C. Reitzel

Obra S. Kernodle, IV

Dante Santoni, Jr.

Sean Logan

EX-OFFICIO MEMBERS/DESIGNEES IN ATTENDANCE:

Jennifer Langan, Designee, Department of
Treasury

Suzanne P. Leighton, Designee, Department
of Revenue

Fred Strathmeyer, Jr., Designee, Department
of Agriculture

HEARING: Wednesday, October 3, 2018

10:00 a.m.

Reporter: Cynthia Piro Simpson

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

A P P E A R A N C E S

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3 ADRIAN R. KING, JR., ESQUIRE

4 Ballard Spahr, LLP

5 1735 Market Street

6 51st Floor

7 Philadelphia, PA 19103

8 COUNSEL FOR MOUNTAINVIEW THOROUGHBRED RACING

9 ASSOCIATION, LLC

10

11 CYRUS PITRE, ESQUIRE

12 Chief Enforcement Counsel

13 THOMAS MONAGHAN, ESQUIRE

14 Assistant Enforcement Counsel

15 P.O. Box 69060

16 Harrisburg, PA 17106

17 COUNSEL FOR OFFICE OF ENFORCEMENT COUNSEL

18

19 ALSO PRESENT:

20 Alex Hvizda, Compliance Manager, Hollywood Casino

21 Dan Ihm, Vice President and General Manager,

22 Hollywood Casino

23 John Finamore, Sr. Vice President, Regulatory

24 Operations, Hollywood Casino

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CHAIRMAN: Now we'll hear from Mountainview Thoroughbred's Petition for a Sports Wagering Certificate.

I would note this is the first request for a Sports Wagering Certificate that the Board is considering today. And I would ask that anybody who's going to speak today to state and spell your name for the court reporter and that all non-attorney witnesses would stand at this time to be sworn. Thank you.

WITNESSES SWORN EN MASSE

CHAIRMAN: The Petitioners may begin. Why there you are again.

ATTORNEY KING: Yes, it's been -.

CHAIRMAN: I'm having a déjà vu moment here.

ATTORNEY KING: It's been the subject of much amusement this morning.

Adrian King, again from the Ballard Spahr Firm. And I, by the way, have given the court reporter all my cards, so she can spell everything. And here today on behalf of Mountainview Thoroughbred

1 Racing Association.

2 Here we are appearing before you, as
3 you said, for the first petition that you will hear on
4 a Sports Wagering Certificate. And joining me today
5 is John Finamore, who I know you know from yesterday.
6 John's Senior VP of Regional Operations for Penn
7 National, with responsibility for Mountainview; Dan
8 Ihm, who is the Vice President and General Manager of
9 Mountainview and also Alex Hvizda, who is the Director
10 of Compliance at the Property.

11 And with that, I'm going to turn it
12 right over to John, and we'll jump right into this
13 presentation.

14 COURT REPORTER: Spell your name.

15 MR. FINAMORE: Good morning, Mr.
16 Chairman and Commissioners.

17 CHAIRMAN: Excuse me.

18 MR. FINAMORE: I will. My name is
19 John Finamore, F-I-N-A-M-O-R-E, Senior Vice President,
20 Regional Operations for Penn National. And it's,
21 indeed, a déjà vu moment for me as well this morning.

22 I'm happy to talk about sports betting
23 today. And I thought we'd start out with talking
24 about the leadership team that we have identified for
25 this exciting initiative. Joe - Joe Kirwan, very

1 briefly, will be our sports betting manager. Joe has
2 many years operating off-track facilities for Penn,
3 General Manager of an off-track facility for us
4 currently.

5 Gary Pecorello has been with the
6 company for 21 years. Gary has very diverse
7 experience in racing and casino marketing. He
8 currently is our Director of Casino Marketing at the
9 property. And again, 21 years of experience both on
10 the racing and the gaming side.

11 And then this last gentleman I think
12 needs no introduction. Fred is our current VP of
13 Marketing. He's been with the property or with the
14 company for 44 years, I believe, and very strong on
15 the racing side as well as, as I said, he's currently
16 our VP of Marketing at the property.

17 Our key partner for this initiative
18 will be the William Hill Group. William Hill is a
19 large international company headquartered in - well, a
20 company with presence in the U.S. as well as in the
21 U.K., 16,000 employees, as you can see on the slide.

22 I think most significantly, we
23 currently have partnered with William Hill and are up
24 and running with them in the State of Mississippi,
25 where we have five operations, as well as West

1 Virginia, at Charles Town. We've been open for over a
2 month and working with William Hill at those
3 locations. So, we have - we have partnered with them
4 for Pennsylvania as well. We think there's good
5 continuity, given our relation - our existing
6 relationship with them. And as you can see on the
7 slide, they also have a presence in Nevada, with 107
8 operations. They are also currently in Delaware and
9 New Jersey.

10 Mobile sports betting definitely is
11 something we intend to offer as soon as we can,
12 obviously working - working with staff through all
13 these initiatives, but sports betting - mobile sports
14 betting is a - is a feature that we think is - is very
15 important and one that we will want to offer as soon
16 as possible.

17 We will - the plan is, anyway, to
18 launch with in-person bricks-and-mortar only and then
19 add the mobile - mobile app, mobile technology at a
20 later date. Self-service kiosks will also be
21 available at a later date on the gaming floor. We
22 think that's an important amenity as well.

23 And as far as when - when - when we
24 launch, again, we're working with staff. We realize
25 there's testing that needs to go on, as well as

1 William Hill's licensing that needs to be completed.

2 So we're excited to get ready to offer
3 this new amenity to our customers. There's certainly
4 a lot of awareness at the property, a lot of questions
5 about it from our guests. They see that it's up and
6 running down the road in West Virginia. And it's a
7 product that they are very, very interested in, which
8 is exciting for us.

9 Let me turn the presentation over to
10 Dan.

11 MR. IHM: Dan Ihm, I-H-M, Vice
12 President and General Manager of Hollywood Casino at
13 Penn National Race Course. Good morning, Chairman,
14 Board and staff.

15 So, this morning I'd like to talk a
16 little bit about the operations or the actual sports
17 book itself. So, the - we've identified the location
18 as the Simulcast Theater, which is located on the
19 second level of our casino floor as you - as you come
20 up the escalator.

21 So, we believe - Penn National
22 believes that this is a great location as well as the
23 PA State Horse Racing Association, just because of the
24 synergies. So, we'd like to capitalize on those
25 synergies and utilize that current space.

1 The space consists of approximately
2 5,000 square feet. We will offer six windows with
3 sports betting. We will also have, as John indicated,
4 the kiosk, which would be at a later date. Those
5 would actually be located on the gaming floor. We
6 will have six kiosks, however, in the simulcast area,
7 which is just for simulcast racing only.

8 We will have two sets of odds boards.
9 And just to give you an idea of those odds boards, we
10 will have one behind the tellers and one in the
11 viewing area. Those odds boards represent 24 40-inch
12 TVs. So, they're pretty large in scale. We will also
13 have a 110-inch HD video wall. We will have 55-inch
14 televisions throughout the sports wagering area.
15 There's 36 of those in total.

16 We will have wagers of all
17 professional sports as well as collegiate. And then,
18 obviously, to televise those we have also have Sunday
19 NFL Ticket, MLB Extra Innings, NHL Center Ice and NBA
20 League Pass, as well as other collegiate and
21 international sports packages. And pending regulatory
22 approval, we plan or anticipate of opening the Sports
23 Book in the next few months.

24 On the next slide is just to highlight
25 some of the dining amenities that we have that are -

1 that are in close proximity. So, adjacent to the
2 Sports Book would be the Sky Box, which is currently
3 in that location. We also have 50 HD televisions
4 located in that area. We will be offering the same
5 types of sports programming offered in the sports bar.
6 And obviously there's opportunities for food and
7 drink.

8 And then the Main Event, which is
9 currently in the simulcast area, we're retrofitting
10 that - that location, that space, just to be able to
11 offer more variety of - of drinks and food for our
12 guests that are enjoying watching sports or placing
13 wagers on simulcast.

14 So I will turn it over to Alex.

15 MR. HVIZDA: Thank you.

16 Alex Hvizda, H-V-I-Z-D-A. Good
17 morning, Mr. Chairman, Board members and staff. We
18 wanted to take a moment and speak about responsible
19 gaming, because this is an entirely new form of gaming
20 for the Commonwealth. And we share in the Board's
21 concern about protecting our consumers, just as we
22 have for over ten years in the land-based gaming
23 space.

24 With regard to responsible gaming,
25 everybody who works in the Sports Department will

1 follow the same training regimen that all of our other
2 employees do. That includes full responsible gaming
3 training upon hire, daily preshifts regarding
4 responsible gaming issues, quarterly roundtables,
5 where I select a random sample of employees and sort
6 of give them a pop quiz on our responsible gaming
7 duties, and annual refresher training, which is
8 provided by the Council on Compulsive Gambling of
9 Pennsylvania.

10 I know a major concern is age
11 verification. So, in the Sports Book itself, on the
12 second floor, you will not be able to complete a
13 sports betting transaction without having a human
14 interaction. So, just like getting onto our gaming
15 floor, if you appear to be under the age of 30, you
16 will be carded. We'll use the Veridocs system to card
17 the IDS, and we will check your age that way before
18 you are allowed to complete a sports betting
19 transaction.

20 There also will not be any sports
21 betting self-serve kiosks in the simulcast theater
22 itself. Those kiosks are going to be limited to the
23 gaming floor. So, the - the controls that you would
24 have to get on the gaming floor would apply to the
25 self-serve kiosks on the floor.

1 And then regard - regarding the mobile
2 sports wagering, it works exactly the same as the
3 iGaming presentation we did for you last month.
4 There's a - you'd have to create an account to become
5 a registered player. And there's a background check
6 service which uses LexisNexis to verify the user's
7 background. And then there's geolocation services to
8 identify where the person is located.

9 And of course, with regard to the
10 mobile, the Board will have 24/7 oversight. You'll be
11 able to see everything that we can see as it's
12 happening for your purposes.

13 Also, with regard to self-exclusions,
14 Penn National Gaming currently maintains a program
15 which many other gaming operators do throughout the
16 country, in which if you sign up for a State
17 self-exclusion in any state you are blown out of all
18 of our properties in every state. Because if someone
19 tells Ohio that they have a gambling problem, they
20 don't magically cross the border to Pennsylvania and
21 not have that problem.

22 So, along that same thinking, we are -
23 our Penn policy is going to be that if you are signed
24 up for any type of State self-exclusion program,
25 whether it's a land based or an interactive gaming or

1 a VGT self-exclusion, you will not be able to
2 knowingly gamble at any Penn National Gaming property
3 nationwide.

4 With that, I'd just like to, again,
5 echo what I said yesterday. This is a brand new form
6 of gaming. It's new for us. It's new for the Board.
7 And the staff has been tremendous in working with us
8 to get this up as quickly and responsibly as we can so
9 that we make a good first impression with the consumer
10 in Pennsylvania.

11 And with that, I guess we'll take
12 questions.

13 CHAIRMAN: Questions or comments from
14 Enforcement Counsel?

15 ATTORNEY PITRE: Only a couple.

16 And I'm not going to say specifically
17 because I know it's confidential. But with regard to
18 the sports wagering area, you understand that's part
19 of the gaming floor?

20 ATTORNEY HVIZDA: That's correct.

21 ATTORNEY PITRE: And our regulations
22 call for at least a thousand square feet, okay. And I
23 notice that the plans that were submitted had
24 something less than a thousand square feet. Is that
25 something that you - do you have room to expand?

1 Do you plan on requesting a petition
2 for a waiver of that? What are your plans moving
3 forward in that regard?

4 ATTORNEY KING: Well, a couple things.
5 John, would you like to go?

6 MR. FINAMORE: Why don't you start?

7 ATTORNEY KING: Okay.

8 I do think that we would likely be
9 filing a petition for a waiver.

10 ATTORNEY PITRE: Okay.

11 ATTORNEY KING: I think that one of
12 the things - I'll let John get into some - more of the
13 details that we're trying to do in - in an appropriate
14 fashion is integrate sports wagering into an existing
15 simulcast facility. And we're also trying to achieve
16 a goal of the State Horse Racing Commission with
17 respect to allowing the two offerings to be, as was
18 described in a recent correspondence to us by
19 Secretary Redding, a symbiotic - a symbiotic benefit
20 between the two forms.

21 And so we're trying to also respect
22 the fact that we will have simulcasting and
23 horseracing wagering going on in the same facility.
24 And that's why we're trying to really craft this in a
25 way that balances those two items.

1 I don't know if you want to add
2 anything else.

3 MR. FINAMORE: If I could, the - a lot
4 of the Las Vegas Books have racing and sports either
5 in a shared facility or side by side. And I think
6 there's a lesson to be learned from that setup.
7 Certainly something we've looked at. Those customers
8 will go back and forth. And racing customers, we
9 believe we know, will bet on sports and vice versa.
10 So, we looked at this as a tremendous opportunity to
11 maximize that - that business opportunity to give each
12 of those customers something that we believe they'd
13 want to do.

14 We also know that that is something
15 that the Racing Commission is supportive of, and in
16 fact, encouraged us to go that way, as - as mentioned.
17 So, we just think it makes a lot of sense.

18 It is a little less than a thousand
19 square feet, that's correct, but we do believe it
20 addresses the intent of - of the Board that we make
21 this facility a quality product with the correct
22 amenities. We're investing a lot on televisions,
23 large screens, two sets of odd boards. We think this
24 facility will be a little smaller than - than the
25 requirement, but will be of a very high quality level

1 of finish and product.

2 ATTORNEY PITRE: And I have no problem
3 with the layout. I think it's great that you're
4 including racing. I just want to encourage you to
5 file that petition -

6 MR. FINAMORE: We will.

7 ATTORNEY PITRE: - as soon as
8 possible, because I know that you have an aggressive
9 timeline. And we would like to ensure that everything
10 is - meets the requirements and that there are no
11 unnecessary delays in that regard.

12 MR. FINAMORE: We will do that.

13 I'd add one other thing. The current
14 facility is about 5,000 square feet. It's rarely at
15 capacity, probably just the three major races per year
16 that it gets to capacity or close to it. As you know,
17 we have another simulcast area on the third floor of
18 the facility.

19 So, we look at that as there's
20 opportunity there, there's space there. But we
21 understand we need to file that petition. We'll do
22 that. We'll do that right away.

23 ATTORNEY PITRE: Thank you.

24 Mr. Chairman, I have no further
25 questions.

1 CHAIRMAN: Questions or comments from
2 the Board?

3 MS. MANDERINO: Thank you.

4 Good morning. There was a slide, Mr.
5 Ihm, when you were speaking, right before you talked
6 about the food venues, that I just didn't understand
7 some of the terms that you were using. It was like
8 NHL Center Rink and NFL something. Like you mentioned
9 the major sporting leagues and talked about - yeah,
10 right here (indicating). NFL Ticket Sunday, MLB Extra
11 Innings, NHL Center Ice, NBA League Pass and other
12 sports packages. I guess I don't understand what you
13 mean - what that means.

14 Are those preferred seating
15 arrangements in an arena? Is that some combination
16 betting? Like what is that?

17 MR. IHM: Yeah. It's - it's purely
18 just you can purchase these packages through DIRECTV.
19 So, you can - so it allows you to have all of the
20 games. So, these are games outside of just what are
21 on your general, you know, sports packages or whatever
22 that you get from Comcast or any other -.

23 MS. MANDERINO: Oh.

24 So, you're saying these are items that
25 you will be - enable - prepared to have betting happen

1 on?

2 MR. IHM: Yeah. So, for example - so
3 for example, I would like to give a little shout-out
4 to the Chicago Bears, but - so if you're a Chicago
5 Bear fan, like myself, it's very hard for us to watch
6 a game anywhere in Central PA. But having the Sunday
7 ticket would allow me to be able to watch the Chicago
8 Bears.

9 MS. MANDERINO: So, that's something
10 that you would have at your site that would drive
11 people to your site, because they know that that is
12 there and they would be able to see the Chicago Bears
13 on one of those 36 televisions that day?

14 MR. IHM: That's correct.

15 MS. MANDERINO: Okay.

16 I understand now.

17 CHAIRMAN: Questions?

18 I have one. Just talk me through the
19 inter - the question of air quality and smoking. How
20 is that going to apply to this area?

21 MR. IHM: So - so, currently -
22 currently in our current simulcast theater area, even
23 though it is non-gaming square footage today, we have
24 half of that location of that room, that 5,000 square
25 feet, half of it is designated for smoking and the

1 other half is for non-smoking. So, we would - our
2 plan is to keep - keep it that - that same way.

3 CHAIRMAN: Okay.

4 Thank you.

5 Presentation from Enforcement Counsel.

6 ATTORNEY MONAGHAN: Good morning.

7 Thomas Monaghan, M-O-N-A-G-H-A-N, with the OEC. The
8 OEC, along with the Bureau of Casino Compliance,
9 Bureau of Gaming Operations, Bureau of Investigations
10 and Enforcement (BIE), Bureau of Gaming Laboratory
11 Operations, Bureau of Licensing, Office of Diversity
12 and the Office of Compulsive and Program Gambling,
13 comprehensively reviewed and consulted extensively
14 regarding Mountainview's filed petition to conduct
15 sports wagering and for the issuance of a Sports
16 Wagering Certificate. After which OEC filed an Answer
17 in this matter, requesting that the Board order the
18 implementation of certain listed conditions if it was
19 so inclined to grant the relief requested in the
20 petition.

21 As a result, the OEC has no objection
22 to the approval of Mountainview's Petition to conduct
23 sports wagering and for the issuance of a Sports
24 Wagering Certificate to Mountainview Thoroughbred
25 Racing Association, LLC, subject to the proposed

1 conditions outlined in OEC's Answer, which was filed
2 on September 7th, 2018, and any other conditions the
3 Board may impose.

4 The OEC is available for any questions
5 you may have in this matter.

6 CHAIRMAN: Does the Petitioner have
7 any questions or comments for OEC at this point?

8 ATTORNEY KING: No questions. Just
9 would further emphasize we've been working already in
10 cooperation with OEC and Board staff. Thank them for
11 - for all of their efforts.

12 If approved today, this petition will
13 have, I believe, 21 conditions. We will diligently
14 work through those, achieve them all, so that we get a
15 green light. And we look forward to working with OEC
16 and the team to achieve that.

17 CHAIRMAN: Any further questions or
18 comments from the Board?

19 Thank you also. And we will -.

20 ATTORNEY KING: May I also very
21 quickly move our presentation into the record?

22 ATTORNEY PITRE: No objection.

23 ---

24 (Whereupon, Exhibit 1, PowerPoint Presentation,
25 was marked for identification and admitted.)

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ATTORNEY KING: And we thank you for
your consideration.

CHAIRMAN: So moved. And we'll be
taking this up in the Chief Counsel's section of the
Agenda.

ATTORNEY KING: Thank you.

CHAIRMAN: Thank you very much.

* * * * *

HEARING CONCLUDED AT 10:52 A.M.

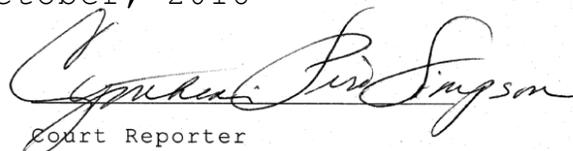
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CERTIFICATE

I hereby certify that the foregoing proceedings,
hearing held before David Barasch, was reported by me
on 10-03-18 and that I, Cynthia Piro Simpson, read
this transcript, and that I attest that this
transcript is a true and accurate record of the
proceeding.

Dated the 27th day of October, 2018



Court Reporter

Cynthia Piro Simpson