

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: GREENWOOD GAMING AND ENTERTAINMENT, INC. -
PETITION FOR APPROVAL AND AUTHORITY TO CONDUCT SPORTS
WAGERING IN THE COMMONWEALTH AND PETITION FOR APPROVAL
TO CONDUCT SPORTS WAGERING AT THE SOUTH PHILADELPHIA
TURF CLUB

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

Reporter: Cynthia Piro Simpson

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HEARING: Wednesday, October 3, 2018

10:00 a.m.

LOCATION: Pennsylvania Gaming Control Board

Strawberry Square

2nd Floor

Harrisburg, PA 17101

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COUNSEL FOR OFFICE OF ENFORCEMENT COUNSEL

ALSO PRESENT:

John Dixon, IT, GGE

Matthew Cullen, Sr. Vice President, Interactive

Gaming and Sports, GGE

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ALSO PRESENT:

Joe Wilson, Chief Operating Officer, Parx Racing,
GGE

Thomas Bonner, Esquire, GGE, Legal and General
Counsel

Bryan Schroeder, Vice President of Regulatory
Affairs & Chief Compliance Officer, GGE

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CHAIRMAN: Next we're going to hear from Greenwood Gaming's request for approval and authority to conduct sports wagering in its primary location, as well as at its South Philadelphia Turf Club. These are two separate petitions before the Board, but we will consolidate the matters for purposes of taking evidence.

Again, I would remind anyone who's going to be speaking today to please state and spell your name for the court reporter prior to presentation. And at this time I would ask all non-attorney witnesses to please stand and be sworn.

WITNESSES SWORN EN MASSE

CHAIRMAN: Thank you.

Mark, you can begin.

ATTORNEY STEWART: Thank you.

May it please the Board? Good morning, Mr. Chairman and members of the Commission. We are pleased to be before you this morning. My name is Mark Stewart, that's, S-T-E-W-A-R-T, with the Law Firm of Eckert Seamans. And with me is John Dixon,

1 Greenwood Gaming and Entertainment's Chief Technology
2 Officer; Matthew Cullen, the Senior Vice President of
3 iGaming and Sports; Joe Wilson, sitting directly
4 behind me, the Chief Operating Officer of Parx Racing.

5 And also present today are Tom Bonner,
6 the Group Vice President for Legal and Chief Counsel;
7 and Brian Schroeder, Greenwood Gaming and
8 Entertainment's Vice President of Regulatory Affairs
9 and Chief Compliance Officer.

10 As the Chairman noted, we are here on
11 two petitions before you today. The first requests
12 approval of a Sports Wagering Certificate. The second
13 is to seek authorization to conduct sports wagering at
14 the South Philadelphia Turf Club.

15 In terms of our Agenda - how do we get
16 the presentation on the TV? Is that something that I
17 do or -?

18 CHAIRMAN: I'll let you know.

19 There we go.

20 ATTORNEY STEWART: Thank you. In
21 terms of our agenda for today, we'd like to touch on
22 our experience and expertise. We have a few topics to
23 cover, various aspects of our planned operations. And
24 finally, we'd like to go over the benefits of our
25 sports wagering program to the Commonwealth and to the

1 public.

2 And with that I will turn it over to
3 Mr. Cullen to address our initial topics.

4 MR. CULLEN: Thank you.

5 My name is Matthew Cullen, Senior Vice
6 President for Interactive Gaming and Sports. Last
7 name Cullen, C-U-L-L-E-N.

8 I'd like to start this morning talking
9 a little bit about our experiences Mark alluded to.
10 Greenwood Racing, Incorporated, which is the parent
11 company of Greenwood Gaming and Entertainment, was
12 established by about five executives that came over
13 from the United Kingdom in the early '90s. They
14 worked for Mecca Bookmakers, which at the time was one
15 of the leading bookmakers in the U.K.

16 Our current sports wagering and
17 iGaming management team which reports to me and up
18 through John to the Board, we're starting to fill that
19 out at the moment, and we're looking for and have
20 brought on several industry veterans, which I'll speak
21 to in just a moment.

22 Parx, since its inception, has
23 operated leading pari-mutuel businesses across the
24 State of Pennsylvania since 1990. We have a - we have
25 a wealth of experience and a combination of retail,

1 telephone and online wagering and have been doing that
2 activity since 1999.

3 Parx Racing, obviously formerly
4 Philadelphia Park, we have OTC tellers and
5 self-service kiosks which are up and running at that
6 facility. We have our Turf Clubs around the
7 Philadelphia market, where we also have tellers and
8 self-service kiosks. And then we have our online and
9 mobile wagering platform and phone - phone platform
10 called Phonebet. We think this experience in racing
11 will serve us well when it comes to sports betting
12 within the Commonwealth.

13 Our team, as I alluded to earlier, has
14 a wealth of experience, and it really starts at the
15 top. Robert Green, our Chairman of the - of our Board
16 of Directors is the former Chairman of William Hill in
17 the U.K. John Dixon, seated to my right, who is our
18 CTO, was a member of the founding team at Greenwood
19 Racing and has over 28 years of experience and is a
20 former William Hill technology executive.

21 I mention myself as Senior Vice
22 President of iGaming and Sports. I was a part of the
23 founding team from Betfair, which is now Betfair Paddy
24 Power, which originally came to the U.S. in 2009. I
25 was also a member of the operational team at TVG,

1 which is the second largest online horseracing betting
2 platform.

3 Also on my team currently is our Vice
4 President of Interactive Marketing, Geoff Bough, who
5 was a member of the founding team at FanDuel and led
6 marketing for a small daily fantasy sports startup
7 called Draft, which is now owned by Paddy Power
8 Betfair.

9 I'd like to talk next a little bit
10 about our plans, which will encompass two venues to
11 start and then ultimately move to online and mobile
12 account-based wagering. The first is at Parx, where
13 we are currently building on a temporary Sports Book
14 in our 360 Lounge on the casino floor. We have a
15 permanent Sports Book.

16 That construction is actually underway
17 as we speak, with an estimated completion date of the
18 second quarter of next year, 2019. Our nonprimary
19 locations will be our Turf Clubs in and around
20 Philadelphia, starting with South Philadelphia, the
21 South Philadelphia Turf Club. And then secondly,
22 pending Board approval, the Valley Forge Turf Club.
23 And then thirdly, graduating hopefully to online and
24 mobile account-based wagering sometime next year.

25 Diving a little bit deeper into our

1 actual launch, we view this happening in two phases,
2 if allowed. Phase one would be our retail launch to
3 start. We are working very hard towards a potential
4 November 2018 opening at the casino and at the Turf
5 Club. We would - we would like to offer retail and
6 mobile application-based sports wagering at both of
7 those locations, which we will go into a little bit
8 deeper detail in just a moment.

9 Phase two would then encompass online
10 and mobile and working extremely hard to meet a
11 potential launch for that in January or February,
12 pending Board approval. And that, of course, would be
13 both online and mobile account-based sports betting
14 and wagering.

15 So phase one around our retail launch.
16 As I mentioned, November 2018 for the - at the casino
17 and Philadelphia - the South Philadelphia Turf Club.
18 We - we aim to offer retail and mobile account-based
19 sports wagering, along with tellers, self-service
20 kiosks and mobile devices.

21 The mobile application that we would
22 be - we would be - like to offer within the casino
23 would be an intranet-based only application. It would
24 be confined to the casino floor, to the building
25 itself, on a closed Wi-Fi system, so that it's not -

1 it would not be able to be used outside of - outside
2 of the casino itself.

3 As far as being able to offer this
4 product, we feel it's very important if we're going to
5 offer in-play wagering that our patrons are able to
6 wager on their mobile devices that they bring with
7 them or mobile devices that we can offer them in the
8 casino because of the amount of volume that we expect
9 from the activity.

10 I don't know if you want to add to any
11 of that, John?

12 MR. DIXON: Only that, you know,
13 in - play - if we look at what's happened in New
14 Jersey in the short space of time that sports
15 betting's been operational in New Jersey, a large
16 percentage of the business is coming from in-play
17 betting. And you can't do in-play betting with
18 tellers or kiosks. It's just not fast enough.

19 So, we want to be able to offer that
20 to our customers. And we think it's very important in
21 order to have a profitable business that would
22 generate money both for us and for the State that we
23 can offer a full range of products. So, that's why we
24 really are looking to get approval for that as well.

25 COURT REPORTER: What's your last

1 name, sir?

2 MR. DIXON: Sorry. Dixon, D-I-X-O-N.

3 MR. CULLEN: Next slide.

4 So, the next slide speaks a little bit
5 about the 360 Lounge and our - and our buildout there,
6 which again is our temporary Sports Book location. It
7 will - it will incorporate - if you go to the next
8 slide, we have some - some visuals, seven teller
9 positions with OTC, or over-the-counter terminals, 12
10 self-service kiosks, which you can see at the - at the
11 top of that image.

12 And then, in addition, we're going to
13 add another 30 kiosks, self-service kiosks, throughout
14 the casino on the gaming floor itself, including
15 Jack's Bar, our poker room, Liberty Gastro Pub and our
16 beer garden.

17 There is a little bit of a typo in the
18 presentation. We have - we have two new not
19 six-by-nine HD television screens that will be - will
20 be fitting into the Sports Book, but 16-by-9
21 high-definition televisions and 20 75-inch HD TVs.

22 The next following slides are some
23 images of the - of the temporary Sports Book location
24 at 360 Lounge.

25 MR. DIXON: Mentioning that, the

1 square footage of the temporary sports bar is about
2 3,000 square feet.

3 MR. CULLEN: So again, as part of
4 phase one, in addition to 360, we're also looking to,
5 pending Board approval, launch sports betting at our
6 South Philadelphia Turf Club location. Currently, the
7 - the facility is going through about a million -
8 approximately a million dollars' worth of renovations.
9 A lot of new technology is being rolled out, HD TVs
10 throughout the facility, new surveillance system,
11 carpet and paint and furnishings.

12 At that location we will have seven
13 OTC terminals for seven tellers. We'll also have 13
14 self-service wagering kiosks. And we will be
15 increasing security personnel and security measures in
16 coordination with the Gaming Board.

17 We also are implementing a new
18 admission policy. Currently today it's 18 and over.
19 We'll be upping that to 21 years and older for patrons
20 to enter the facility.

21 The next slide is a - is an
22 illustration of the layout of the - of the new Turf
23 Club.

24 MR. DIXON: Just to kind of give you
25 some idea, the yellow areas are the areas that we're

1 designating as sports betting areas. The total
2 facility is over 35,000 square feet. The yellow areas
3 add up to just over 8,000 square feet.

4 We're adding 150 new televisions. I
5 think it will be a great place to watch games. We'll
6 also have all of the packages that were mentioned
7 earlier, NFL Sunday Ticket, hockey, all those sort of
8 things. So, people can watch pretty much any game
9 from - that's on in the country.

10 ATTORNEY STEWART: And John, the blue
11 area is?

12 MR. DIXON: The blue area is racing.

13 MR. CULLEN: Next I'd like to speak
14 about our platforms, our chosen platforms. I think
15 it's important to note that the second platform,
16 Kambi, we are in the final stages of - of finalizing
17 our deal with them and trying to get our contract
18 signed. So, I wanted to point that out.

19 Our core iGaming platform, which we'll
20 use for online casino gaming, is with GAN. As we
21 mentioned to you last month, which includes a single
22 player account management system and a singular
23 wallet. It's also capable - the platform is capable
24 of conducting know your customer, or KYC and
25 geolocation of our players.

1 Bolted onto the GAN platform will be
2 Kambi, if we - if we end up signing with them, which
3 we fully expect that we will. It will be - it will be
4 fully integrated into the GAN platform. We'll share
5 that common account and wallet with GAN and provide
6 integrity and risk management services.

7 Our patron options for placing wagers
8 throughout the experience that we expect to offer will
9 be live tellers, as I mentioned, with the OTC
10 terminals at both locations, our self-service kiosks,
11 the mobile applications on tablets and mobile devices,
12 as John and I mentioned, and then ultimately down the
13 line with online gaming, once - once iGaming is - is
14 permitted.

15 The next slide is an overview of the
16 self-service betting terminals that we - we have
17 ordered. They are the Novomatic FV-830s. Novomatic,
18 the parent company who are manufacturing these
19 machines, is currently a PGCB-licensed manufacturer.
20 We've ordered over 60 of these units to use across the
21 casino itself as well as the two Turf Clubs.

22 As far as the content that we - we
23 expect to offer for wagering in the State of
24 Pennsylvania, it's a complete slate, if you will, of
25 professional and collegiate sports markets, mainly

1 focused on North American sports. You can see a full
2 list of them there from NFL to the NCAA, NBA, NCAA
3 Basketball, Major League Baseball and NHL.

4 It is - it is worth noting that this
5 is a temporary list and this is - this is not
6 all-inclusive of everything that we would - we would
7 eventually be offering.

8 As far as the bet types that we - we
9 expect to offer, at launch would be singles, parlays
10 and round robins, but not just limited to those. And
11 then the bet offers are market. Markets would be a
12 full range of markets across all the sports, but not
13 limited to fixed odds, money lines, proposition bets,
14 and most importantly, in-play betting, which we spoke
15 to earlier.

16 We expect through - through offering
17 this activity to our patrons, there are a tremendous
18 amount of benefits to - to the Commonwealth, including
19 over 65 new direct jobs once we launch this business,
20 millions of dollars that we would be paying annually
21 in salaries and benefits for these new employees and
22 local economies supported by the renovation
23 expenditures at the - at these locations, and a
24 significant amount of source of recurring tax revenue
25 for the state.

1 That's our presentation. Happy to
2 answer any questions, if there are any.

3 CHAIRMAN: Thank you very much.

4 Questions or comments from Enforcement
5 Counsel?

6 ATTORNEY PITRE: Thank you, Mr.
7 Chairman.

8 With regard to the application that
9 you want to offer on - within Parx, would you be limit
10 - would you be able to limit anyone accessing that app
11 that's in a non-gaming area or would it be throughout
12 the whole Parx facility that an individual could
13 access the application?

14 MR. DIXON: It's - it would be
15 anywhere on the gaming floor.

16 ATTORNEY PITRE: Okay.

17 So if someone's in a racing area, they
18 would not be able to access the application?

19 MR. DIXON: For sports?

20 ATTORNEY PITRE: For sports.

21 MR. DIXON: Sports betting. We can
22 certainly geofence that area off, if that's a
23 requirement.

24 ATTORNEY PITRE: Well, it's not a
25 requirement. I'm - why don't you walk me through how

1 someone would gain access, I guess, to the
2 application,

3 MR. DIXON: So, first of all, they
4 would have to have downloaded the app to their device.
5 Then when they enter the building, if they open the
6 app, it's going to look for the Wi-Fi network that's
7 only available within the building. And if it finds
8 that Wi-Fi network it would connect and they then
9 would be able to access sports betting.

10 ATTORNEY PITRE: So, it's not
11 necessary for someone to have an account with you in
12 order to gain access to the app?

13 MR. DIXON: Initially the idea is they
14 would fund the account on a daily basis. So, they
15 would have to go to a teller or a kiosk to deposit
16 money to the account.

17 ATTORNEY PITRE: Okay.

18 MR. DIXON: And it would be a one-day
19 account, much the same as we've done in racing for the
20 last 20 years or so. It's the same concept. It's not
21 - it's not account-based until we have online internet
22 wagering, which then there would be the concept of you
23 have a permanent account and you can use that account
24 for casino gaming or sports betting once that is
25 approved, and you know, we're allowed to offer that.

1 ATTORNEY PITRE: From the standpoint
2 of underage individuals accessing that app and being
3 able to engage in sports wagering, I assume that there
4 will be protocols in place to prevent that from
5 happening?

6 MR. DIXON: Yeah. We can - we can KYC
7 the customer once they, you know, download the app and
8 they register the app. Also, of course, because it's
9 only available in the building, you still - you know,
10 someone under 21 is going to be stopped at the door of
11 the building. So, they're not going to be able to get
12 in the building in order to - to access the Wi-Fi
13 network for the app.

14 ATTORNEY PITRE: Well, that's why I
15 was asking about any of the racing areas or any of the
16 non-gaming areas.

17 MR. DIXON: Well, our racing area of
18 the casino is already 21 and over. We don't allow
19 18 - 18 to 21.

20 ATTORNEY PITRE: And with regard to
21 your - your other building -.

22 MR. DIXON: Turf Club?

23 ATTORNEY PITRE: No, no, no. With
24 regard to the building where -.

25 MR. DIXON: The racetrack. We're not

1 - we're not currently planning to offer sports betting
2 in the racetrack building, only in the casino
3 building.

4 ATTORNEY PITRE: All right. That's
5 what I wanted to make sure about.

6 With regard to the Turf Club, you
7 understand that we're going to require you, at least
8 from my standpoint, to have Green - Parx up and
9 running first and go through your test period to
10 ensure everything is on the up and up before you can
11 be authorized to go through a test period for the Turf
12 Club?

13 MR. DIXON: Okay.

14 I wasn't aware of that, but I am now,
15 yeah. It's not a problem.

16 ATTORNEY PITRE: Well, I mean, you
17 have to be a certificate holder in order to be
18 authorized to conduct racing at - I mean, conduct
19 sports wagering in the Turf Club.

20 ATTORNEY STEWART: I mean, Mr.
21 Chairman, if I may, I understand the point that Mr.
22 Pitre is making, but I think it's more of a legal
23 question or a legal position than one for -.

24 CHAIRMAN: Well, that's fair enough.
25 As legal counsel, why don't you try to respond?

1 ATTORNEY STEWART: Certainly we
2 believe that the Board could simultaneously approve
3 the petition to authorize the Sports Wagering
4 Certificate and then approve the petition authorizing
5 us to conduct sports wagering at the South
6 Philadelphia Turf Club today. How that actually rolls
7 out certainly will be dictated by staff and them
8 telling us that, you know, we've been tested and are
9 ready to go.

10 But I don't believe that there's a
11 requirement that one start, be tested, checked out and
12 then the next one be authorized.

13 CHAIRMAN: So, then in short, you
14 don't agree with Mr. Pitre's -

15 ATTORNEY STEWART: Correct.

16 CHAIRMAN: - description of the law?
17 Okay. Fair enough.

18 ATTORNEY PITRE: Well, that's fair.
19 We can agree to disagree.

20 CHAIRMAN: For now.

21 ATTORNEY PITRE: Nevertheless, the
22 Board, by - if the Board approves the petition, it
23 will be authorizing you to move forward and I hope
24 with the conditions that we've put in place, to ensure
25 that Parx can operate sports wagering with integrity.

1 Because there are new technologies that they want to
2 implement, and I think it's important that we have an
3 understanding and that the public is protected and
4 that - to ensure that we have a comprehensive, smooth
5 rollout at one facility before we allow them to roll
6 it out to another facility.

7 And I think that can be done
8 simultaneously in due course to not, you know, slow
9 down the rollout. But I think that can be put - those
10 conditions can be put in place to allow those rollouts
11 to occur within a short time frame of one another if
12 everything goes smoothly at the first rollout.

13 CHAIRMAN: But just - I don't want to
14 jump ahead of the presentations here. Among your
15 conditions that you're going to be requesting here,
16 does that include that?

17 ATTORNEY PITRE: Yes.

18 CHAIRMAN: Okay.

19 Were you aware of that?

20 ATTORNEY STEWART: Honestly, I was
21 not.

22 CHAIRMAN: Okay.

23 ATTORNEY STEWART: So, perhaps that
24 was my error.

25 CHAIRMAN: That's okay.

1 You'll have a few minutes to think
2 about that, because we'll take a break before we come
3 back.

4 I'm sorry. Who was - did you have
5 other -?

6 ATTORNEY PITRE: I have no further
7 questions.

8 CHAIRMAN: Okay.

9 Questions or comments from the Board?

10 MR. JEWELL: More just curiosity.

11 If you look at the handle in industry
12 standards, what percent is - or are - is or are prop
13 bets and in-play bets? Is there an industry - kind of
14 how that breaks out?

15 MR. CULLEN: It depends on the market.
16 I think what we're seeing currently in a mature market
17 like the U.K., for - as an example, it's about 80
18 percent.

19 MR. JEWELL: Say again, sir.

20 MR. CULLEN: Eighty (80) percent of
21 the wagering is in play versus proposition bets.

22 MR. JEWELL: Interesting.

23 MR. CULLEN: And - and some of the
24 data points that we received from New Jersey, correct
25 me if I'm wrong, John, but I think it's around 70/30

1 in-play to - maybe I'm moving up mobile.

2 MR. DIXON: For a couple of the
3 operators who have mobile, it's 70/30. So, in-play
4 betting is clearly very popular in New Jersey, even
5 though it's, you know, only a short period of time
6 it's been available. So, we believe -.

7 MR. CULLEN: And mobile wagering, I
8 think the number that I was confusing myself with, is
9 about 80 percent in New Jersey for those that offer it
10 as opposed to on the computer.

11 CHAIRMAN: Kathy?

12 MS. MANDERINO: Thank you.

13 A couple of questions with regard to
14 the off-track betting facility. And I've never been
15 in an off-track betting facility, thus maybe my
16 questions. I couldn't tell from the floor plan, which
17 was very small - it looked like there were lots of
18 little tables of four, but I didn't know if you serve
19 any food or drink in those facilities or if people
20 just sit and watch and bet.

21 And my real question goes around the
22 food and drink. Is there food and drink available at
23 Turf Clubs?

24 MR. DIXON: Yes, there is. There's a
25 - the top left-hand corner of the slide showed a

1 restaurant area.

2 MS. MANDERINO: Oh, okay.

3 MR. DIXON: There's a fairly large bar
4 in the center. And then we have a deli-type operation
5 there as well, where you can get a sandwich or a
6 burger or something - something like that. So, yes,
7 we do.

8 MS. MANDERINO: Okay.

9 And then with regard to the off-track
10 betting facility, what is your understanding and your
11 plan for that space in terms of compliance with
12 Pennsylvania's Clean Indoor Act?

13 MR. DIXON: The whole facility's
14 already a hundred percent nonsmoking and it will
15 remain that way.

16 MS. MANDERINO: Thank you.

17 CHAIRMAN: Clarify that. Which
18 facility is a hundred percent?

19 MR. DIXON: South Philadelphia Turf
20 Club.

21 CHAIRMAN: Oh, give me one more
22 second. Go ahead.

23 MR. SANTONI: Thank you, Mr. Chairman.
24 Just to follow up on what Cyrus - on
25 the internet. I want to be clear. So, I can come

1 into your facility with my phone, go to a kiosk or a
2 teller and set up an account with limitless dollars to
3 bet that day? Is that - is that what it is?

4 MR. DIXON: Not necessarily limitless.

5 MR. SANTONI: Okay.

6 MR. DIXON: At a kiosk we'd probably
7 put a limit on how much money you could deposit to the
8 kiosk and then transfer to your mobile device. But
9 yeah, that's the idea. You deposit money in the kiosk
10 or with a teller and your device is then enabled to
11 let you wager for that day.

12 MR. SANTONI: Okay.

13 MR. DIXON: And at the end of the day
14 you can go back to the teller and the teller can cash
15 out if you have some winnings or if you have some
16 money left, or you know, as the case may be.

17 MR. SANTONI: Suppose I forget to cash
18 out? If I'm there on a Saturday watching college and
19 I want to come back the next day, can I just come back
20 the next day?

21 MR. DIXON: Yeah. You can't wager
22 again the next day. What happens is any balance
23 you've got left becomes what we call a voucher. So,
24 it's cashable. So, you get -.

25 MR. SANTONI: So you cash out and then

1 you're set up again for the next day?

2 MR. DIXON: Exactly.

3 MR. SANTONI: And just - what's a
4 round robin bet?

5 MR. CULLEN: I don't bet on those.

6 MR. SANTONI: I'm asking for a friend.
7 I just was wondering.

8 CHAIRMAN: Certainly for a friend.

9 MR. SANTONI: Okay.

10 You don't know? All right.

11 I know what a parlay and a straight
12 wager is. I just didn't know what a round robin bet
13 was.

14 Okay. I'm done.

15 MS. LANGAN: Talk to me a little bit
16 about - when you talk about this internet and stuff
17 like that, I know you said you comply with ISO
18 standards. Talk to me a little bit about cyber
19 security. I know you can't protect from everything.

20 How often do you review those
21 standards? Do you have a company that comes in and
22 reviews them? Do you have your own security officer?
23 This is - obviously not that it can't be an issue for
24 you now, probably at Parx, because people have their
25 phones, but it will probably be more of an issue as

1 people are using their phones to bet and things like
2 that.

3 MR. DIXON: Sure. Yes, we do have a
4 dedicated security officer. Yes, we use outside - a
5 couple of outside companies for regular intrusion
6 testing and things of that nature. And we also
7 subscribe to a company that actively monitors our
8 firewalls and actually monitors all of the traffic
9 coming in and out, and will immediately raise a red
10 flag if they see something that is a potential issue.
11 So, we do take that very seriously.

12 MR. LOGAN: So, to follow up on
13 Commissioner Santoni's question, are you going to
14 stick a limit or not? You said probably.

15 MR. DIXON: On a kiosk, we plan to
16 have a limit. It will probably be something like
17 \$500.

18 MR. LOGAN: But you're using probably,
19 which doesn't make sense to me.

20 MR. DIXON: We haven't -.

21 MR. CULLEN: We haven't set our
22 business rules yet.

23 MR. DIXON: We haven't actually set
24 those business rules yet. We're still talking
25 internally about it.

1 MR. LOGAN: Okay.

2 ATTORNEY STEWART: There'll definitely
3 be a limit.

4 MR. LOGAN: You said definitely. I'm
5 just trying to get the - he said probably. You said
6 definitely.

7 MR. DIXON: We haven't decided the
8 exact amount. There would be a limit, because we
9 don't want somebody -.

10 MR. LOGAN: Give me a range.

11 MR. DIXON: Somewhere probably between
12 \$500 and a thousand would be my current thinking.

13 MR. LOGAN: Now you used somewhere.
14 So, I'm just trying to get kind of a little bit more
15 focused here.

16 ATTORNEY STEWART: I mean, those are
17 matters that we've been discussing with staff. We've
18 had - I mean, staff has been tremendous in terms of
19 working with us on these petitions.

20 MR. LOGAN: I mean, the difference
21 between \$500 and a thousand seems big to me.

22 ATTORNEY STEWART: Mitt Romney,
23 probably not, but the rest of us, yes.

24 CHAIRMAN: He's also not in your
25 casino.

1 ATTORNEY STEWART: That's right.

2 MR. LOGAN: Mitt Romney's not voting
3 on this today, so -.

4 ATTORNEY STEWART: I mean, certainly
5 those are issues that a lot of different elements come
6 into play in terms of the, know your customer, and the
7 other regulatory issues that we address.

8 We've discussed them in a meeting with
9 Kevin O'Toole and the rest of the staff. We'll
10 continue to work with them on a daily basis to nail
11 those down. And ultimately, of course, they'll have
12 to approve all of our internal controls prior to, you
13 know, launching, which would include and address this
14 issue, so -.

15 CHAIRMAN: Any questions down here?

16 I need to go way back. There was -
17 part of the presentation talked about age limits. I
18 guess we were talking about this Turf Club, I guess.

19 MR. CULLEN: Yes.

20 CHAIRMAN: No, actually I don't think
21 so because we were talking about the horseracing.

22 I'm a little bit confused. At the
23 racetrack how do we - I'm not even sure how to break
24 this issue down. At your casino nobody under the age
25 of 21 can be in that building?

1 You have restaurants. Parents, I
2 presume, can - under some limitations can bring their
3 teenage kids into the restaurant. If not - I need
4 somebody to clarify this for me.

5 MR. SCHROEDER: Chairman, Brian
6 Schroeder, S-C-H-R-O-E-D-E-R, Vice President of
7 Regulatory Affairs.

8 For our casino building, it's a
9 stand-alone building with three separate entrances,
10 all 24/7 monitored by security officers. No one under
11 the age of 21 is allowed in there, even to use the
12 restaurants or anything like that. There is none of
13 that.

14 So, any sports wagering facility or
15 currently today our simulcast book that is set up in
16 the casino building, everything is automatically
17 already over 21.

18 CHAIRMAN: Okay.

19 That's useful. What was confusing me
20 is often the building is not the same thing as the
21 gaming floor.

22 MR. SCHROEDER: When we had our casino
23 in the grandstand building we had the exact same
24 problem you're discussing. But with a separate stand-
25 alone building now, we're able to do it - with a

1 separate stand-alone building now, we are able to say
2 21 and over only for the entire casino operation,
3 where the grandstand is a separate building.

4 CHAIRMAN: Even for some portion -
5 deal with 12 casinos. Some of them, the building and
6 the casino floor - the gaming floor are one and the
7 same. Sometimes they're not. But you're saying at
8 your facility, one way or the other, no one's in the
9 building who's less than 21?

10 MR. SCHROEDER: Yes. And to follow
11 through with that, Chairman, the South Philadelphia
12 Turf Club, as a racing facility currently, has an age
13 restriction of 18.

14 CHAIRMAN: Yeah. That's where I was
15 heading.

16 MR. SCHROEDER: And rather than try
17 and divvy up inside the building, this is for
18 21-year-olds, this is for 18-year-olds, we've taken
19 the position of just making it over 21 only now,
20 similar to our casino.

21 We'll put a security guard at the
22 entrance with identification swipe and probably a
23 roving security officer in the entire building, but
24 that - we're kind of mimicking our casino building
25 there to maximize the prevention of underage entry and

1 gambling.

2 CHAIRMAN: Very good.

3 I'm not sure who's going to answer
4 this. I want to go back to the clean air questions.
5 As to both casinos - as to both facilities, I want to
6 understand what the plan is about what is smoking and
7 what is not smoking, at both properties.

8 MR. SCHROEDER: I believe, and please
9 correct me if I'm wrong, the South Philadelphia Turf
10 Club today is currently nonsmoking. When sports
11 wagering is implemented, it will continue to be fully
12 nonsmoking.

13 CHAIRMAN: Okay.

14 MR. SCHROEDER: The 360 Lounge, which
15 is our temporary Sports Book area, is currently
16 nonsmoking and will continue to be nonsmoking when the
17 Sports Book is placed there temporarily. The final
18 location, which would be the permanent Sports Book in
19 the top left corner of the casino building, that will
20 be nonsmoking as well when opened.

21 Correct?

22 MR. DIXON: Correct.

23 MR. SCHROEDER: So all locations where
24 the sports wagering will take place in the building
25 will be nonsmoking, in terms of where our books would

1 be.

2 CHAIRMAN: Thank you very much. Nice
3 and clear. We've been chasing that tail for a while
4 now. Thank you.

5 Okay.

6 Any other questions or follow-up
7 questions?

8 MS. REITZEL: I just had - when I go
9 up to a teller or a kiosk to make a deposit in my
10 account, what forms of payment will be accepted?
11 Cash? Can I write a personal check? Can I use my
12 PayPal account?

13 MR. DIXON: Cash.

14 MS. REITZEL: Cash?

15 MR. DIXON: Yeah. If you want to use,
16 you know, a debit card or cash a check, that would be
17 something you would do at the cage as a separate
18 transaction.

19 MS. REITZEL: Okay.

20 MR. DIXON: So it's strictly cash.

21 MS. REITZEL: No credit cards?

22 MR. DIXON: No credit cards.

23 CHAIRMAN: Thank you very much.

24 Okay.

25 Enforcement Counsel, do you have a

1 presentation?

2 ATTORNEY ARMSTRONG: Chairman,
3 Commissioners, James Armstrong for the OEC.

4 CHAIRMAN: Excuse me a second.

5 I did give everybody a chance to ask
6 whatever they needed to ask?

7 Now go ahead. Thank you.

8 ATTORNEY ARMSTRONG: James Armstrong
9 for the OEC. We don't have a presentation, Chairman,
10 but we have a statement and a recommendation that we'd
11 like to put in the record.

12 The OEC, along with the Bureau of
13 Casino Compliance, the Bureau of Gaming Operations,
14 BIE, the Bureau of Gaming Laboratory Operations and
15 the Bureau of Licensing, along with the Office of
16 Diversity and the Office of Compulsive and Problem
17 Gambling, have reviewed and consulted extensively on
18 the petition and appendices filed by Greenwood Gaming
19 and Entertainment, Inc., to conduct sports wagering
20 and for the issuance of a Sports Wagering Certificate.
21 After which the OEC filed an Answer to this matter,
22 requesting that the Board order the implementation of
23 certain listed conditions, if it was so inclined to
24 grant the relief requested in the petition.

25 As a result, the OEC has no objection

1 to the approval of Greenwood Gaming and Entertainment,
2 Inc.'s petitions to conduct sports wagering at Parx
3 Casino and at the South Philadelphia Turf Club or to
4 the issuance of a Sports Wagering Certificate to
5 Greenwood Gaming and Entertainment, Inc.

6 However, we request that the approval
7 to conduct sports wagering at Parx Casino be subject
8 to the proposed conditions outlined in the OEC's
9 Answer filed on September 20th with regard to that
10 specific petition. And that the approval to conduct
11 sports wagering at the South Philadelphia Turf Club be
12 subject to the proposed conditions outlined in OEC's
13 filed - Answer filed in that specific matter on
14 September 20th, as well as any conditions imposed by
15 the Board.

16 The OEC will be glad to answer any
17 questions you may have.

18 CHAIRMAN: Thank you.

19 Mark, do you have any questions for
20 Enforcement Counsel at this time?

21 ATTORNEY STEWART: No questions, Mr.
22 Chairman. But to address the condition issue, -

23 CHAIRMAN: Yes.

24 ATTORNEY STEWART: - I think it was
25 mostly a matter of hearing the way it was phrased at

1 the meeting here as opposed to the way it is stated in
2 the Answer. The Answer proposed a condition that the
3 South Philadelphia Turf Club not be scheduled for
4 testing until the testing has been completed
5 successfully at Parx Casino. That just sounds
6 different to me than what I heard this morning, which
7 seemed to have a larger period of time in between
8 those things.

9 I think we presumed that testing would
10 be - the order of testing and the timing of testing
11 would ultimately be dictated by the Board's staff in
12 any regard. We've certainly requested that we be able
13 to launch simultaneously and we hope that we'll be
14 able to coordinate that with staff as appropriate.
15 But if one building is tested first and then the next
16 one is immediately tested, I don't believe we have any
17 objection to that.

18 ATTORNEY PITRE: You didn't hear me -
19 you didn't hear me incorrectly. I said what was in
20 the condition, and I stand by what I said.

21 CHAIRMAN: Yeah. Help me out here,
22 Cyrus.

23 ATTORNEY PITRE: Uh-huh (yes).

24 CHAIRMAN: His comment does not really
25 directly respond to yours. So, how do you see the

1 limitations that you're imposing in your conditions?

2 ATTORNEY PITRE: I think - I think the
3 conditions are fine, I think, the way they're - the
4 way they're stated and the way I stated here today.

5 What's going to dictate them moving
6 forward is whether or not staff, in going through
7 everything that they want to implement, is
8 comfortable. I think staff has to first feel
9 comfortable with what they want to do at Parx, go
10 through a testing period.

11 If everything is ready to go at the
12 Turf Club and staff feels that everything is ready to
13 go, then staff can then do testing at the Turf Club.
14 That may be within the same day, miraculously, if that
15 occurs. It may be two days. It may be months. It
16 depends on how things stand as we move forward with
17 regard to the testing.

18 CHAIRMAN: That's how you interpret
19 the condition that you wish to impose on the granting
20 of the license?

21 ATTORNEY PITRE: Yes.

22 CHAIRMAN: Thank you.

23 Is that clear to you what the
24 intention is? I'll frame my question that way. Is it
25 clear to you what the - what the interpretation of

1 that condition is that's being proposed for us to vote
2 on it today?

3 ATTORNEY STEWART: Yes, it is. And I
4 don't think we have any objection to it. So, I think
5 we are more optimistic about how it will roll out,
6 but -.

7 CHAIRMAN: That's fine. I just want
8 to make sure we have no confusion here before we vote
9 on something.

10 MR. JEWELL: You may be fiercely
11 agreeing with each other.

12 ATTORNEY STEWART: Yes, I think so.

13 CHAIRMAN: Any other comments at this
14 time? If not, do you have anything you -?

15 ATTORNEY STEWART: Just to move the
16 presentation into evidence, Mr. Chairman.

17 ATTORNEY PITRE: No objection.

18 CHAIRMAN: Okay.

19 So moved.

20 ---

21 (Whereupon, Exhibit 1, PowerPoint Presentation,
22 was marked for identification and admitted.)

23 ---

24 CHAIRMAN: This matter also will be
25 voted on slightly later this morning. Thank you for

1 your presence.

2 ATTORNEY STEWART: Thank you.

3 MR. DIXON: Thank you.

4 * * * * *

5 HEARING CONCLUDED AT 11:30 A.M.

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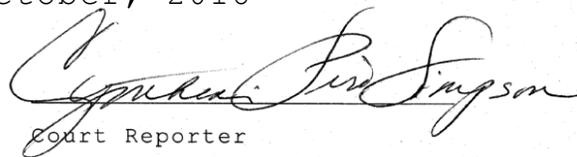
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CERTIFICATE

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