

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

\* \* \* \* \*

IN RE: SUGARHOUSE, HSP GAMING, LP - PETITION FOR  
SPORTS WAGERING CERTIFICATE

\* \* \* \* \*

HEARING

\* \* \* \* \*

BEFORE: MEMBERS OF THE BOARD:

DAVID M. BARASCH, CHAIRMAN

Richard G. Jewell

Kathy M. Manderino (via telephone)

Merritt C. Reitzel

Obra S. Kernodle, IV

Dante Santoni, Jr.

Sean Logan

EX-OFFICIO MEMBERS/DESIGNEES IN ATTENDANCE:

Jennifer Langan, Designee, Department of  
Treasury

Fred Strathmeyer, Designee,  
Department of Agriculture

Christin Heidingsfelder, Designee,  
Department of Revenue

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HEARING: Wednesday, October 31, 2018

LOCATION: Pennsylvania Gaming Control Board

Strawberry Square

2nd Floor

Harrisburg, PA 17101

Reporter: Bernadette M. Black

## A P P E A R A N C E S

OFFICE OF ENFORCEMENT COUNSEL

CYRUS PITRE, ESQUIRE

Chief Enforcement Counsel

SARAH KOLESAR, ESQUIRE

Assistant Enforcement Counsel

PA Gaming Control Board

P.O. Box 69060

Harrisburg, PA 17106-9060

Counsel for the Pennsylvania Gaming Control Board

LAURA MCALLISTER COX, ESQUIRE

Rush Street Gaming

900 Michigan Avenue, Suite 1600

Chicago, IL 60611

Counsel for SugarHouse Casino and Rush Street  
Gaming

ALSO PRESENT:

Cheryl Duhon, General Manager, SugarHouse Casino

Joe Scibetta, Vice President of Development and  
Operations, Rush Street Gaming

Dean McBride, Vice President of Gaming, SugarHouse  
Casino

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CHAIRMAN: Next, we have SugarHouse,  
HSP Gaming, LP, Petition for Sports Wagering.

Should have got up and turned around.  
Okay.

Do you have a different hat to wear  
today?

Once again, I would ask you, have  
everybody that's going to be possibly speaking today,  
identify themselves. I know it's a bit repetitive,  
but let's do it right for the record.

ATTORNEY COX: Certainly.

Good morning, Mr. Chairman, Members of  
the Board. I'm Laura McAllister Cox, Vice President  
of Regulatory Compliance and Legal Counsel for Rush  
Street Gaming.

I have with me today, to my right,  
Cheryl Duhon, General Manager of SugarHouse Casino.  
To my left Joe Scibetta, Vice President of Development  
and Operations for Rush Street Gaming. And to my far  
left, Dean McBride, Vice President of Gaming for  
SugarHouse Casino.

CHAIRMAN: Okay.

At this point I'd have anybody that's

1 going to speak stand and be sworn again, please.

2 ---

3 (WITNESSES WERE SWORN EN MASSE)

4 ---

5 CHAIRMAN: Thank you.

6 You can proceed.

7 ATTORNEY COX: Thank you.

8 We are here on behalf of SugarHouse  
9 HSP Gaming, doing business as SugarHouse Casino, to do  
10 a brief presentation for you on the sportsbook  
11 operations that are contemplated in Philadelphia.

12 So I'd like to turn it over to Cheryl  
13 to give the introductory comments for the operation.

14 MS. DUHON: Being a newcomer to the  
15 Philadelphia area, one thing I've learned very  
16 quickly, Philadelphia has a very strong and rich  
17 culture of sports and fandom, pandemonium, so what  
18 allows SugarHouse a very unique opportunity to  
19 leverage SugarHouse itself, Philadelphia, the city and  
20 sports world.

21 We just recently celebrated our eighth  
22 anniversary just last month, so congratulations to us.

23 SugarHouse has been a proud sponsor of  
24 the Phillies for seven years. Also the 76ers we have  
25 relations with, hosting post-game shows on property.

1 And also with the Eagles we do a show on a weekly  
2 basis within our facility.

3 Our longstanding Flyers' partnership  
4 has taken many forms, including hosting Flyers golden  
5 anniversary alumni gala - and actually other  
6 on-property events have spawned from that.

7 When he's not making regular  
8 appearances on the Ellen Show, legendary Eagle Jon  
9 Dorenbos has been performing magic to sold-out crowds  
10 at SugarHouse. And actually he'll be performing this  
11 weekend.

12 Our tagline brand messaging platform  
13 was actually built around the sports fandom. It  
14 states Philly Loves a Winner, which after the Super  
15 Bowl win was just a wonderful tie - and again, tying  
16 Philadelphia in the sports world.

17 Currently New Jersey's  
18 PlaySugarHouse.com currently operates one of the  
19 Garden State's most successful sportsbooks. In fact,  
20 doubling its month-over-month revenues in one month,  
21 from August to September. So, that's a good sign.

22 We have at SugarHouse a two-form plan.  
23 We have both - a temporary location we're working on  
24 and a permanent one.

25 Our temporary location will be in the



1 north entrance across from our poker room area, which  
2 will have some nice tie. Both demographics seem to be  
3 similar.

4                   We'll have an onsite sportsbook,  
5 land-based, sports cashiers, and we'll also have  
6 self-service kiosks in the temporary location.

7                   Construction and activation  
8 development is in progress with, hopefully, a target  
9 launch date of December 1, subject to your approval.  
10 And also, we have our proposed permanent location.  
11 I'm still mapping out drawings.

12                   We'll be located in the central gaming  
13 floor, right in the center of the casino, surrounding  
14 our Lucky Red Lounge. It's one of our liveliest  
15 areas. So, we hope that we'll be able to leverage the  
16 excitement on both sides, with just - not just for  
17 Lucky Red Lounge, the bar, but we have our Asian area  
18 and we'll have the sports betting all in one.

19                   In this location we'll also have  
20 land-based onsite sportsbook, sports cashiers and  
21 self-service kiosks also, with hopes to potentially  
22 launch iGaming and online sportsbooks simultaneously.  
23 We'll use one platform to feed the other.

24                   Construction and activation for it,  
25 development and progress with hopefully a Q1 spring

1 2019 launch for that as well.

2 I will now give the floor to Joe  
3 Scibetta, who's over our construction project.

4 MR. SCIBETTA: Good morning, and thank  
5 you for allowing us the time here.

6 As we showed in this - this slide,  
7 this is the proposed permit location, which is where  
8 the current Lucky Red bar sits. And as you can see,  
9 we're expanding the bar, expanding video poker, adding  
10 some VIP seating, along with restaurant seating and  
11 private booths, as well as the betting counter and  
12 some kiosk - self-service kiosks.

13 And this is just a preview, we're  
14 still in the development stage as well, but we're  
15 hoping that this - that in the spring of 2019 we can  
16 get the permanent location launched.

17 This slide shows the temporary  
18 location, which is at our north entrance. And it sits  
19 in between the poker room and the current cage. It's  
20 still under development as well, but it's about 3,000  
21 square feet. And will also feature video walls, LED  
22 TVs, a betting counter and the lounge seating and  
23 table seating that we hope to use in the permanent  
24 location.

25 Here are some renderings. As you can

1 see, the large video wall sits on the east wall, and  
2 the south wall holds the odds boards, the betting  
3 counter and any additional TV monitors, along with the  
4 soft seating and the table for restaurant seating as  
5 well.

6 I apologize, it's 1,800 square feet,  
7 and we, again, will utilize that luxury sports lounge  
8 design with the club chairs and the table seating. We  
9 have that 14 foot by 7 foot wall that's going to be  
10 our feature wall for all the feature games and have  
11 multiple games to be able to be shown on there.

12 And the 12 flat screen high definition  
13 monitors and food and beverage offerings as well.

14 Our types of bets that will be offered  
15 will be powered by Kambi. And it will feature  
16 everything from the NFL to Premier League Soccer, UFC  
17 and Rugby. And we will have straight bets, round  
18 robins and parlays available for our customers, as  
19 well as fixed odds, point spreads, run lines, money  
20 lines and the very popular in-game betting, which we  
21 believe will be very popular with our customers.

22 ATTORNEY COX: Okay.

23 Next turning to our partners. As  
24 Cheryl mentioned, PlaySugarHouse.com is the Rush  
25 Street interactive site in New Jersey that offers both

1 interactive gaming and sports wagering, all on one  
2 platform.

3                   We are pleased to be able to bring  
4 that technology and that partnership across the river  
5 to Philadelphia. And we'll be offering sports  
6 wagering as part of the iGaming experience for our  
7 customers.

8                   And the sports wagering partners,  
9 Kambi, will be providing the third-party integrity  
10 services for that product. And we will be working  
11 with GeoComply on GeoLocation requirements for these  
12 offerings.

13                   Okay.

14                   I'll turn it to Dean.

15                   MR. MCBRIDE: Good morning. My name  
16 is Dean McBride, Vice President of Gaming.  
17 M-C-B-R-I-D-E.

18                   Happy to be here this morning. We  
19 wanted to ensure that - that we take responsible  
20 gaming very seriously at SugarHouse. As demonstrated  
21 by our past practices, we're going to continue those  
22 and roll that - and put the Sportsbook under that same  
23 umbrella. The training, the age verification and the  
24 Self-Exclusion List will all apply.

25                   Like the rest of our casino floor, the

1 racing sportsbook will be limited to 21 years and  
2 older. And then we'll also utilize the 1-800 Gambling  
3 Hotline to continue supporting that.

4 Thank you.

5 ATTORNEY COX: And that concludes our  
6 presentation. We're happy to take any questions you  
7 may have.

8 CHAIRMAN: Thank you.

9 Enforcement Counsel?

10 ATTORNEY PITRE: Same question again,  
11 with regard to slot and table moves on the temporary  
12 and permanent basis.

13 Can you guys give me some figures on  
14 that?

15 MR. SCIBETTA: Yes.

16 Well, the permanent location is still  
17 under - under design, but the temporary location would  
18 require 35 slot machines be temporarily removed, 15  
19 relocated. And the petition for that is with Mr.  
20 O'Toole currently.

21 ATTORNEY PITRE: Okay.

22 How about on a permanent basis, you  
23 don't have any numbers on that yet?

24 MR. SCIBETTA: We don't.

25 ATTORNEY PITRE: Okay.

1                   MR. SCIBETTA: We'll get to that  
2 shortly -

3                   ATTORNEY PITRE: Okay. Thank you.

4                   MR. SCIBETTA: - as we finalize the  
5 design.

6                   ATTORNEY KOLESAR: Good morning, Mr.  
7 Chairman, Members of the Board. Sarah Kolesar,  
8 K-O-L-E-S-A-R, Assistant Enforcement Counsel with the  
9 Office of Enforcement Counsel (OEC).

10                   The OEC, along with the Bureau of  
11 Casino Compliance, the Bureau of Gaming Operations,  
12 the Bureau of Investigations and Enforcement (BIE),  
13 the Bureau of Gaming Laboratory Operations, the Bureau  
14 of Licensing, the Office of Diversity and the Office  
15 of Compulsive and Problem Gambling have reviewed and  
16 consulted extensively on the petition and appendices  
17 filed by SugarHouse HSP Gaming, LP to conduct sports  
18 wagering and for the issuance of a Sports Wagering  
19 Certificate.

20                   OEC filed an Answer in this matter  
21 requesting that the Board order the implementation of  
22 certain listed conditions, if it was so inclined to  
23 grant the relief requested in the petition.

24                   The OEC has no objection to the  
25 approval of SugarHouse's Petition to Conduct Sports

1 Wagering and the issuance of a Sports Wagering  
2 Certificate to SugarHouse HSP Gaming, LP, subject to  
3 the proposed conditions outlined in OEC's Answer,  
4 which was filed on October 19, 2018 and any additional  
5 conditions posed by the Board.

6           The OEC has no formal presentation,  
7 however, we're available to answer any questions you  
8 may have.

9           CHAIRMAN: Thank you.

10           Any follow-up from Counsel?

11           ATTORNEY COX: Yes. SugarHouse has no  
12 objections to the conditions that have been listed by  
13 OEC.

14           We would like to move our presentation  
15 into evidence.

16           CHAIRMAN: So moved.

17           ATTORNEY COX: And we'd ask that our  
18 Motion for Confidentiality with regard to our petition  
19 be addressed at the appropriate time in the meeting.

20           CHAIRMAN: Yeah. We'll be doing that  
21 during the Office of General Counsel's presentation.

22           Thank you very much for coming.

23           Oh, I guess I didn't ask. Were there  
24 any questions or comments from the Board?

25           Perfect presentation. Thank you very

1 much.

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3 HEARING CONCLUDED

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CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before the Pennsylvanian Gaming Control Board, was reported by me on 10-31-18 and that I, Bernadette M. Black, read this transcript, and that I attest that this transcript is a true and accurate record of the proceeding.

Dated the 27th day of November, 2018

*Bernadette M. Black*

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Bernadette M. Black,  
Court Reporter