

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: MOUNT AIRY #1, LLC - PETITION FOR THE
ISSUANCE OF A SPORTS WAGERING CERTIFICATE

* * * * *

BEFORE: MEMBERS OF THE BOARD:

DAVID M. BARASCH, CHAIRMAN

Dante Santoni, Jr.

Kathy M. Manderino

T. Mark Mustio

Sean Logan

Merritt C. Reitzel

Obra S. Kernodle, IV

EX-OFFICIO MEMBERS/DESIGNEES IN ATTENDANCE:

Jennifer Langan, Designee, Department of
Treasury

Christin Heidingsfelder, Designee,
Department of Revenue

Fred Strathmeyer, Jr., Designee,
Department of Agriculture

HEARING: Wednesday, June 12, 2019, 11:43 a.m.

Reporter: Candace R. Pratt

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1 LOCATION: Pennsylvania Gaming Control Board
2 Strawberry Square
3 2nd Floor
4 Harrisburg, PA 17101

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A P P E A R A N C E S

MICHAEL D. SKLAR, ESQUIRE

Levine, Staller, Sklar, Chan & Brown, P.A.

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Atlantic City, NJ 08401

Counsel for Mount Airy

OFFICE OF ENFORCEMENT COUNSEL

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Assistant Enforcement Counsel

PA Gaming Control Board

P.O. Box, 69060

Harrisburg, PA 17106-9060

Counsel for the Pennsylvania Gaming Control
Board

ALSO PRESENT:

TODD GREENBURG, GENERAL MANAGER, CHIEF OPERATING
OFFICER, Mount Airy

BRADLEY FISHER, ESQUIRE, REGULATORY COUNSEL, Stars
Group

BILL DOWNEY, ESQUIRE, GAMING COUNSEL, Stars Group

A P P E A R A N C E S (cont.)

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ALSO PRESENT (cont.):

RICHARD WHIPP, EXECUTIVE DIRECTOR OF SLOT OPERATIONS

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P R O C E E D I N G S

CHAIRMAN: Okay.

Next up we have Mount Airy, Petition for Certificate to Conduct Sports Wagering. And the Petitioners can come forward, please.

Again, I would ask everyone that's going to speak today to please state and spell your name for the court reporter. And any nonattorney witnesses that might be testifying today should now be - stand up to be sworn in.

WITNESSES SWORN EN MASSE

CHAIRMAN: Mr. Sklar, you can begin.

ATTORNEY SKLAR: Good morning, Mr. Chairman, Commissioners. Michael Sklar, S-K-L-A-R, Gaming Counsel for Mount Airy Casino.

First, let me introduce the individuals who are here with me. To my right is Todd Greenburg, the General Manager and Chief Operating Officer at Mount Airy. Next to him is Brad Fisher, who's Regulatory Counsel for the Stars Group. And next to him, you all know, Bill Downey, who's Gaming Counsel for the Stars Group.

1 Also here is Richard Whipp, who is the
2 Executive Director of Slot Operations who will be
3 available if there's any questions.

4 CHAIRMAN: Okay.

5 ATTORNEY SKLAR: So, we're going to be
6 very brief. Todd is going to start and give you an
7 overview of the plans for the retail Sportsbook at
8 Mount Airy. And then he's going to turn it over to
9 Bill Downey, who's going to give you a brief
10 overview of the Stars Group, who is Mount Airy's
11 partner in interactive gaming and sports wagering.
12 And Bill's also going to describe the new
13 partnership between the Stars Group and Fox Sports.

14 And with that, I'm going to turn it
15 over to Todd.

16 MR. GREENBURG: Okay.

17 Good morning, Commissioners. Thank
18 you for taking the time -. You gave me no idea that
19 I was going to have to do this, but I'm assuming
20 this means it goes forward.

21 ATTORNEY SKLAR: Right.

22 MR. GREENBURG: I apologize. This has
23 no Traffic Studies, it has no red lights. But if
24 you'd like us to put one up, I'm sure we can.

25 The first slide is just an external

1 view of our property with our new expansion that
2 we're very proud of. It added 20,000 square feet of
3 first-class convention and meeting space, along with
4 96 hotel rooms. It's been open for approximately a
5 month and is off to a good start.

6 Here are some pictures of the new
7 Convention Center. I think they're a little
8 squeezed. The ceilings are a little bit higher than
9 you're seeing in here. And then - then we get to
10 the Sportsbook location.

11 Let me give you some orientation.
12 Within the red box you'll see the proposed Poker and
13 Sportsbook, which is approximately 7,000 square
14 feet. This used to be our nightclub, which we're no
15 longer using, because we've got concert and
16 entertainment venue in the new Convention Center.
17 The Poker room, which is in the front is facing out
18 onto the existing casino floor.

19 Right now there's just a little -
20 there's just a couple of double doors that we're
21 going to cut out a space, approximately 20 feet
22 wide, to introduce people into the space, along with
23 five 85-inch screens that will also have signage on
24 top of them.

25 The Poker room will have 12 tables.

1 Right now we run nine Poker tables and two Blackjack
2 tables on the upstairs third room. The two
3 Blackjack tables have not been open in quite a bit.
4 So, we're doing away with those tables and adding to
5 Poker.

6 We do believe that moving Poker to the
7 third floor definitely caused our business to
8 decrease. Poker doesn't always have to be in a
9 prime location, but this is a particularly difficult
10 location to get to, because you have to take
11 elevators up to it.

12 I notice sometimes we have guests in
13 the third floor of the hotel or trapped in the
14 elevator, because they don't have a card, because
15 they're looking to go on the wrong floor. So, we
16 believe that this will increase our Poker business.
17 And we also believe that the Poker and the
18 Sportsbook are complementary to each other and draw
19 on many of the same customers.

20 We've already started demo work on it.
21 We're quite excited about the designs for it. The
22 space will be completely nonsmoking. And currently,
23 the Poker room is nonsmoking. Most Poker rooms are.

24 And we just feel that it's more
25 conducive to everybody to -. You know, it's hard -

1 I remember when I was a kid and I would fly on a
2 plane and the first three rows would say smoking,
3 and then the next three rows would be nonsmoking,
4 never made any sense to me. So, we want this space
5 to be completely nonsmoking.

6 The Sportsbook portion of it will be
7 approximately 3,800 square feet. We're going to
8 have - in addition to three live teller windows,
9 we're going to have four self-service kiosks as soon
10 as they're approved, in the actual Sportsbook. And
11 we will be putting four additional kiosks on the
12 existing gaming floor.

13 They will take the place of - I think
14 it's called four units. It's actually kind of one
15 of the table games, slot machine hybrids, but it
16 won't be a substantial change. Basically we're
17 adding to the floor, not subtracting, but we will
18 have four less slot units where this goes.

19 You know, of course, we're going to
20 have all of the normal stuff you have, flat screen,
21 HD televisions, tickers, live tellers.

22 During hours that were not open, we're
23 going to have a - a committed cage window at the
24 cage that will be open 24/7. So, if you come in at
25 3:00 in the morning and you're going to be leaving

1 soon and you want to cash a ticket, you'll be able
2 to do that 24/7.

3 And then we come to a Sportsbook
4 rendering. You'll see in between the columns is
5 where the majority of the televisions will be.
6 Although there will be televisions all over the
7 area, they'll be sprinkled throughout the Poker and
8 Sportsbook area.

9 And then if you look to the right of
10 the televisions, you'll see where the live teller
11 area is going to be. And you know, we have all the
12 requirements, you know, separate door to get into
13 it, adequate barrier.

14 So, that is the view from there. And
15 then this is the view from the lower level Poker
16 area. So, when you first walk in the - there's the
17 floor where the Poker area is, and then the floor
18 for where the Sportsbook is, is elevated a couple of
19 feet.

20 You'll see the four stairs there, but
21 we also have ADA access on the other side of the
22 area there. So, we're - we're actually quite
23 excited about the room. We think it's going to be
24 very attractive. We think it's going to be a great
25 upgrade.

1 These are just a couple more of the
2 Poker area renderings, and I'm going to turn it over
3 to Bill now.

4 Bill, I -.

5 ATTORNEY DOWNEY: Good morning, Mr.
6 Chairman, Members of the Board. Bill Downey,
7 D-O-W-N-E-Y, with the law firm of Brownstein, Hyatt,
8 Farber & Schreck for - for the Stars Group. With me
9 is - as Michael mentioned earlier is Bradley Fisher,
10 who is Regulatory Legal Counsel for the Stars Group.

11 I know that you were introduced to the
12 Stars Group in August of 2018, so I'm not going to
13 beat you over the head with that introduction.
14 Just hit a couple of high points, if I could.

15 The Stars Group is a - is the world's
16 largest publicly traded online gaming company with
17 both iGaming and sports-wagering operations. Their
18 sports-wagering operation is a growing business for
19 them.

20 They employ approximately 4,200 people
21 across their global offices. They're listed on the
22 Nasdaq, in the U.S. and on the Toronto Stock
23 Exchange in Ontario, Canada.

24 From a technical operations
25 perspective, they employ a proprietary platform.

1 That single platform allows them to operate and
2 integrate their - all verticals that they operate,
3 as you'll see in the slide. It offers some - some
4 customer-friendly opportunities, in terms of
5 treatment of their customer.

6 From a regulatory and compliance
7 perspective, they are, one, if not the world's most
8 licensed online gaming brand operating under
9 licenses, approvals and - under licenses and
10 approvals in 21 jurisdictions around the world. And
11 they're pretty proud of their Compliance Program,
12 and in 2017 receive gambling compliance - a gambling
13 compliance award for the most significant
14 contribution to responsible gaming during that
15 cycle.

16 On May 8th, the Stars Group was
17 excited to announce that the Stars Group and Fox
18 Sports had formed a national media and
19 sports-wagering partnership for use in the United
20 States. And included in that - in that partnership
21 was announcement of their plans to launch Fox Bet.

22 Fox Bet represents their platform for
23 providing real money wagering in jurisdictions in
24 the U.S. that are regulated. In terms of the
25 background for Fox Sports and the basis for that

1 partnership, anyone familiar with - any sports fan,
2 anyone who's watching sports on TV can appreciate
3 the incredible platform that branding with Fox
4 affords.

5 Some of the highlights of the Fox
6 program are included in the slide. You know, they
7 are, as you can see, both in their distribution
8 platforms, many of which I'm sure you'll recognize
9 and their key properties, which you'll recognize
10 just by logo, they provide an amazing platform and
11 an amazing connectivity to the sports customer.

12 One data point I would make here that
13 I would think that is particularly interesting is
14 the fact that they - that they've identified that
15 about 300-plus billion live event viewership minutes
16 are available through the Fox and FS1 networks on an
17 annual basis every year.

18 As I mentioned, the - the real money
19 wagering will occur through the Fox Bet platform.
20 We turn over - you've seen this slide, or something
21 like it in virtually all of the Sports Certificate -
22 all the Sports Wagering Certificates that you've
23 seen. It is the intent of Mount Airy and the Stars
24 Group that they would be offering a full menu of
25 games in all of the - all of major leagues and

1 beyond NFL, NBA, MLB, NHL, NCAA. And also specific
2 one-off items, Olympics, Viva World Cup, things of
3 that nature.

4 Wager types, you'll see down bottom
5 include those that you've seen and reviewed in the
6 past. I would be remiss if I didn't acknowledge, in
7 light of the last presentation, we were not aware of
8 the Pennsylvania burgeoning ostrich market, but we
9 will - we'll seriously consider that if that seems
10 to be the place to go.

11 Finally, this slide provides a lot of
12 data points in connection with some of their
13 operations. I'd just point out the following as
14 high points here. Between customer support,
15 security, gaming integrity, responsible gaming and
16 compliance their - this group of their staff
17 comprises approximately 20 percent of the entirety
18 of their organization.

19 And I would want to flag for you that
20 in the responsible gaming basket, they are quite
21 proud of their role in - as a leader in the area.
22 They will have and implement - in fact, have in
23 front of your staff now all of the typical stop
24 limits, self-exclusion, time-outs, all of those
25 items you've heard in the context of other hearings

1 on this subject.

2 They have partnered with over a dozen
3 responsible gaming organizations worldwide and make
4 those resources available to players who they
5 determine to be at risk. And they are accredited in
6 the - by the leading gambling responsibility
7 organizations in Canada, UK and the U.S.

8 With that, I will turn it back to
9 Todd.

10 MR. GREENBURG: Okay. Thank you.
11 Thank you very much.

12 As I said, we're - we're quite
13 excited. We're hopeful that we can get the facility
14 open by the first NFL game, which I believe is
15 September 5th. As always, when you're doing
16 projects like this, you have certain issues you're
17 waiting for, such as licensing of kiosk.

18 In addition to that, long lead items
19 like carpets and things like that. We're trying our
20 very best to get it open as soon as possible, to be
21 able to offer it to our guests. At this time,
22 please let us know if you have any questions.

23 CHAIRMANI: Thank you.

24 I think - we'll start with the
25 questions or comments from Enforcement Counsel.

1 ATTORNEY KOLESAR: Good morning,
2 Chairman and Members of the Board. Sarah Kolesar,
3 K-O-L-E-S-A-R, Assistant Enforcement with the Office
4 of Enforcement Counsel (OEC). We do just have a
5 couple questions.

6 Based on your presentation, I just
7 wanted to confirm that you weren't moving any other
8 table games or slot machines other than what was
9 stated in your presentation?

10 MR. GREENBURG: No. No, we will not
11 be. And this is kind of new greenfield space.

12 ATTORNEY KOLESAR: And as far as your
13 Poker room, when do you anticipate that the new
14 Poker room will be finished?

15 MR. GREENBURG: We would hope to open
16 it up the same time as the Sportsbook. So,
17 hopefully in the start of September, but we'd
18 certainly want to have as small a downtime as
19 possible when we move it.

20 So, everything, you know, including
21 the electrical hookups for shufflers and all of the
22 cameras will be up before we actually move the
23 tables from - from upstairs to downstairs.

24 ATTORNEY KOLESAR: No further
25 questions.

1 CHAIRMAN: Thank you. Questions or
2 comments from the Board? No one?

3 Does Enforcement Counsel have a
4 presentation?

5 ATTORNEY KOLESAR: We do not have a
6 formal presentation, however, we do request to put
7 the following statement and recommendation into the
8 record.

9 The OEC, along with the Bureau of
10 Casino Compliance, the Bureau of Gaming Operations,
11 the Bureau of Investigation and Enforcement (BIE),
12 the Bureau of Gaming Laboratory Operations and the
13 Bureau of Licensing, along with the Office of
14 Diversity, the Office of Compulsive and Problem
15 Gambling and the Office of Sports Wagering
16 Operations have reviewed and consulted extensively
17 on the Petitions and appendices filed by Mount Airy
18 #1, LLC for a Sports Wagering Certificate.

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

24 As a result, the OEC has no objection
25 to the approval of Mount Airy #1, LLC Petition for a

1 Sports Wagering Certificate. However, we request
2 that the issuance of a Sports Wagering Certificate
3 to Mount Airy #1, LLC be subject to the proposed
4 conditions outlined in OEC's Answer filed on
5 May 1st, 2019 in response to that Petition, as well
6 as any conditions imposed by the Board.

7 CHAIRMAN: Thank you.

8 Any reaction, comments from
9 Petitioner?

10 ATTORNEY SKLAR: No, we've read the
11 conditions. And if the Board grants the Petition,
12 the conditions are acceptable.

13 CHAIRMAN: Okay. Very good.

14 Any other additional questions or
15 comments from the Board?

16 Hearing none - I want to thank you all
17 for coming in and we'll move on.

18 ATTORNEY SKLAR: Mr. Chairman, just
19 one housekeeping -. If we could move the PowerPoint
20 Presentation into the record, please?

21 ---

22 (Whereupon, Exhibit 1, PowerPoint, was marked for
23 identification.)

24 ---

25 CHAIRMAN: That's so moved. Without

1 objection?

2 ATTORNEY KOLESAR: No objection.

3 ---

4 (Whereupon, Exhibit 1, PowerPoint, was admitted.)

5 ---

6 CHAIRMAN: Okay.

7 We're going to take this up for a vote
8 under the Office of Chief Counsel's (OCC) portion of
9 the agenda. Right now, we're going into Executive
10 Session to consider what we've heard this morning
11 and then we'll return and move on with the rest of
12 the Agenda.

13 Thank you very much.

14 * * * * *

15 HEARING CONCLUDED AT 12:03 P.M.

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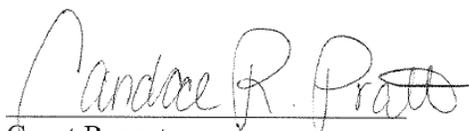
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CERTIFICATE

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I hereby certify that the foregoing proceedings, hearing held before David M. Barasch, was reported by me on 06/12/19 and that I, Candace R. Pratt, read this transcript, and that I attest that this transcript is a true and accurate record of the proceeding.

Dated the 11th day of July, 2019


Court Reporter
Candace R. Pratt