

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: CROWN GAMING PA, INC. AND TFCF SPORTS

ENTERPRISES, LLC

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ORAL ARGUMENT

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BEFORE: MEMBERS OF THE BOARD:

DAVID M. BARASCH, CHAIRMAN

Obra S. Kernodle, IV

Sean Logan

T. Mark Mustio

Merritt C. Reitzel (Via Telephone)

Dante Santoni, Jr.

Denise J. Smyler

EX-OFFICIO MEMBERS/DESIGNEES IN ATTENDANCE:

Jennifer Langan, Esquire, Designee,

Department of Treasury

Christin Heidingsfelder, Designee,

Department of Revenue

HEARING: Wednesday, February 12, 2020

Reporter: Amy Distefano

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Strawberry Square Complex
2nd Floor
Harrisburg, PA 17101

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NONE OFFERED

P R O C E E D I N G S

CHAIRMAN: Next we'll have oral argument in the matter of the Joint Petition for Waiver of Qualification Requirements from Crown Gaming PA and TFCF Sports Enterprises, LLC.

Good morning.

ATTORNEY HAYES: Good morning, Mr. Chairman.

CHAIRMAN: I'd ask Counsel to state and spell your name for the court reporter. I guess you don't have a witness here today?

ATTORNEY HAYES: No, we don't.

CHAIRMAN: Fine. Thank you. Okay. You may begin.

ATTORNEY HAYES: Chairman Barasch, members of the Board, good morning. I am Kevin Hayes, that's, H-A-Y-E-S, of the Law Firm of Doherty Hayes.

I appear before you today on behalf of Crown PA Gaming, Inc. Seated next to me is Frank DiGiacomo of -.

ATTORNEY DIGIACOMO: That's, D-I-G-I-A-C-O-M-O, from Duane Morris, on behalf of co-Petitioner TFCF Sports Enterprises and other

1 holding companies up and through the publicly-traded
2 Walt Disney Company.

3 ATTORNEY HAYES: We appear today in
4 support of a Joint Petition for a Board Order
5 waiving the qualification requirement of certain
6 entities. Crown PA Gaming is a wholly-owned and
7 direct subsidiary of DraftKings, who was approved by
8 this Board for a conditional licensure as a
9 Sports-Wagering Operator on October 30, 2019.

10 DraftKings began its online Sportsbook
11 operations in the Commonwealth on November the 7th.
12 Last February DraftKings was approved for licensure
13 by the Board in connection with its fantasy sports
14 operations in Pennsylvania. DraftKings is now laser
15 focused on launching its interactive gaming
16 operations in Pennsylvania in conjunction with
17 Hollywood Casino at Penn National Race Course, and
18 is looking forward to receiving final approval of
19 its iGaming Operator License Application, which is
20 pending with the PGCB.

21 As I indicated earlier, the Petition
22 at issue was jointly filed with TFCF Sports
23 Enterprises, who owns a minority stake of
24 approximately 9.9 percent of the outstanding equity
25 interest in DraftKings.

1 On October 2nd, 2019 this Board
2 granted waivers to the Walt Disney Company and four
3 of its subsidiaries from the qualification
4 requirements set forth in the Board's Regulations.

5 In granting waivers to these entities,
6 the Board had determined that Crown PA Gaming and
7 TFCF Sports Enterprises had effectively rebutted the
8 presumption that these five entities exercise
9 control over Crown PA Gaming's sports wagering
10 operations.

11 We are here today to respectfully
12 request that the Board enter a similar Order which
13 grants waivers to these entities in connection with
14 Crown PA Gaming's application for licensure as an
15 Interactive Gaming Operator, as there is no legal
16 distinction for licensure of Principals of
17 Interactive Gaming Operators and Sports-Wagering
18 Operators.

19 In response to the Petition, the
20 Office of Enforcement Counsel (OEC) has proposed
21 conditions which are substantially similar to those
22 set forth in the Board's October 2nd, 2019 Order,
23 relating to Crown PA Gaming's Sports-Wagering
24 Operator License. And we agree to comply with those
25 conditions proposed by OEC.

1 At this time I will turn it over to
2 Frank DiGiacomo, who will address those proposed
3 conditions.

4 ATTORNEY DIGIACOMO: Thank you,
5 Commissioners. As Mr. Hayes notes, the conditions
6 proposed by the OEC, in connection with the present
7 Petition, are very similar, almost identical to the
8 conditions set forth and approved by this Board in
9 connection with the Sports Wagering License
10 Application as well. And Walt Disney Company and
11 TFCF Sports concurs that those conditions are
12 reasonable.

13 I would also note that several of the
14 conditions - all of the conditions were previously
15 complied with, which included the submissions of
16 certain Affidavits with respect to passivity,
17 Affidavits with respect to TFCF Sports not being
18 involved in operational decisions of DraftKings in -
19 in the Commonwealth in any way.

20 There was also conditions with - which
21 required a revision of some of the organizational
22 documents, which we, in fact, did and complied with.
23 Those - those required Affidavits, along with the
24 revised documents, along with the Principal
25 Application from an individual, Michael Heimbach,

1 who is the sole Director and Officer of TFCF, have
2 been filed with the Board.

3 Thank you.

4 ATTORNEY PITRE: Enforcement Counsel
5 has no questions.

6 CHAIRMAN: Thanks for keeping that
7 moving.

8 ATTORNEY PITRE: And we have no
9 objection, subject to the implementation of the
10 conditions. Any conditions that have been complied
11 with can obviously be ignored, but any conditions -
12 any conditions that have not been complied with, we
13 ask that you comply with them.

14 CHAIRMAN: Okay.

15 Any questions from the Board?

16 Okay. Thank you.

17 This, as well, we will take up in the
18 Office of General Counsel's portion of the Agenda.
19 Do you have anything you need to move into evidence,
20 or did you do that during my sidebar? I didn't hear
21 that.

22 ATTORNEY HAYES: We do have a pending
23 motion for confidentiality with respect to
24 certain -.

25 ATTORNEY PITRE: And we have no

1 objection.

2 CHAIRMAN: Okay. Fine.

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4 ARGUMENT CONCLUDED

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CERTIFICATE

1
2 I hereby certify that the foregoing proceedings,
3 was reported by me on 2/12/2020 and that I, Amy N.
4 Distefano, read this transcript, and that I attest
5 that this transcript is a true and accurate record of
6 the proceeding.

7 Dated the 10th day of March, 2020.

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10 Amy N. Distefano,

11 Court Reporter

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