

BEFORE THE
 PENNSYLVANIA GAMING CONTROL BOARD

Re: Petition of Downs Racing, L.P. for a :
 Certificate to Conduct Sports Wagering : Docket No.
 and all of the Necessary Approvals and :
 Authority to Conduct Sports Wagering in :
 the Commonwealth :
 :

MOTION OF DOWNS RACING, L.P.
TO PROTECT CONFIDENTIAL INFORMATION

Downs Racing, L.P. d/b/a Mohegan Sun Pocono (“Downs Racing”), pursuant to 58 Pa. Code § 493a.10a, respectfully submits this Motion to the Pennsylvania Gaming Control Board (“PGCB” or the “Board”) in order to protect confidential information contained in Downs Racing’s Petition for a Sports Wagering Certificate and All of the Necessary Approvals and Authority to Conduct Sports Wagering in the Commonwealth (the “Petition”) in the above-captioned matter. The Petition includes commercially sensitive information concerning Downs Racing’s finances and planned sports wagering operations. Attached to the Petition are various confidential appendices that contain sensitive information, such as personal information of Downs Racing’s principals and employees, financial information, and agreements that reveal competitive strategies. Under Section 1206(f) of the Pennsylvania Race Horse Development and Gaming Act, 4 Pa.C.S. § 1206(f) (the “Gaming Act”) and the Board’s regulations at 58 Pa. Code § 407a.3, such information is deemed confidential and protected from disclosure to the public. Consistent therewith, Downs Racing files this Motion to ensure that its confidential information remains protected.

In further support of this Motion, Downs Racing avers as follows:

1. Downs Racing is a Category 1 slot machine licensee and table game certificate holder with a principal place of business located at 1280 Highway 315 Wilkes-Barre, Pennsylvania 18702.

2. Downs Racing is simultaneously filing with the above captioned Motion a Petition for a Sports Wagering Certificate and All of the Necessary Approvals and Authority to Conduct Sports Wagering in the Commonwealth.

3. The Petition includes details regarding Downs Racing's planned sports wagering operations, such as the number of employment positions to be created by its sports wagering operation. The Petition also includes Downs Racing's plans for financing the cost of commencing sports wagering. Attached to the Petition is a confidential appendix that contains Downs Racing's financial statement and report of independent auditors. Downs Racing also provides in a confidential appendix its agreements for sports wagering services that reveal competitive marketing strategies. Downs Racing will be supplementing the Petition with additional details regarding its planned implementation of sports wagering including site plans, security measures, surveillance plans, and internal and accounting controls.

4. Pursuant to Section 1206(f)(1) of the Gaming Act and Section 407a.3 of the Board's regulations, information submitted by a licensee pursuant to the sports wagering petition requirements shall be protected from public disclosure, if the information falls within certain enumerated categories of confidential information. Proprietary information and financial information are types of information designated as confidential by the General Assembly and the Board and are protected from disclosure. 4 Pa. C.S. § 1206(f)(1)(iii) and (viii); 58 Pa. Code § 407a.3(a)(2) and (5).

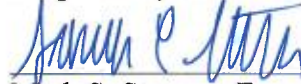
5. These provisions clearly afford protection to Downs Racing's personal and financial information, as well as proprietary information related to Downs Racing's planned implementation of sports wagering submitted in conjunction with its Petition. Additionally, the Board has regularly designated and treated as confidential this information when provided in filings by slot machine licensees.

6. As such, this Motion has merit under the Gaming Act and the Board's regulations, and should be granted.

7. Attached to this Motion, as Exhibit A, is a copy of the Public Version of the Petition.

WHEREFORE, Downs Racing, L.P. respectfully requests that the Board grant this Motion and protect the confidentiality of its Petition for a Sports Wagering Certificate and All of the Necessary Approvals and Authority to Conduct Sports Wagering in the Commonwealth, including all appendices thereto, in the above-captioned matter.

Respectfully submitted,



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Date: March 27, 2019

Counsel for Downs Racing, L.P.

Exhibit A

PUBLIC VERSION

BEFORE THE
PENNSYLVANIA GAMING CONTROL BOARD

Re: Petition of Downs Racing, L.P. for a :
Certificate to Conduct Sports Wagering and : Docket No.
all of the Necessary Approvals and :
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the Commonwealth :
:

PETITION OF DOWNS RACING, L.P.
FOR A SPORTS WAGERING CERTIFICATE AND ALL OF THE NECESSARY
APPROVALS AND AUTHORITY TO CONDUCT SPORTS WAGERING IN THE
COMMONWEALTH

Downs Racing, L.P. d/b/a Mohegan Sun Pocono (“Downs Racing” or “Petitioner”) submits this Petition pursuant to 4 Pa. C.S. § 13C12 and 58 Pa. Code § 1401.4, requesting the Board to issue a Sports Wagering Certificate authorizing Downs Racing to conduct sports wagering in the Commonwealth (“Petition”). Downs Racing is seeking a certificate to offer all types of sports wagering permitted by Pennsylvania law and intends to offer a combination of land-based, mobile, and interactive sports wagering. As set forth herein, Downs Racing fully satisfies all of the statutory requirements for a Sports Wagering Certificate. In support of its Petition, Downs Racing avers as follows:

I. INTRODUCTION AND SUMMARY

On October 30, 2017, Governor Wolf signed Act No. 42 of 2017 into law, which amends the Gaming Act to legalize the conduct of sports wagering by Pennsylvania slot machine licensees. Under the Act, in order to conduct sports wagering, a slot machine licensee must submit a petition and qualify for issuance of a Certificate. All slot machine licensees, including

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Downs Racing, are authorized to submit a Petition and, upon meeting the operational standards, receive a Certificate.

Downs Racing is eminently suitable and qualified to receive a Certificate, and its conduct of sports wagering will provide substantial benefits to the public and the Commonwealth.

Downs Racing is a Category 1 Slot Machine Licensee and is authorized to conduct table games.

Downs Racing has maintained its license in good standing with the Board, has contributed significant tax revenue to the Commonwealth, and has spurred economic development in Northeastern Pennsylvania, benefitting both residents and businesses. In 2018, Downs Racing sought and received authorization from the Board to conduct interactive gaming, subject to various conditions.

The success of Downs Racing's current operation evidences its business experience and abilities within the gaming industry. Downs Racing's success has resulted in substantial economic benefit to the Commonwealth and its citizens. In Fiscal Year 2016-17, Petitioner paid approximately \$123 million in tax payments from its slot machine and table game revenues. In that same time period, Petitioner generated over \$14 million in local share funds. Downs Racing has benefited the local and state economies by employing over 1,500 people in its existing slot and table game operation and conducting millions of dollars of business with vendors and related businesses. Downs Racing has also made sizeable donations to local agencies, charitable efforts and community based organizations.

Downs Racing's past experience clearly renders it qualified to conduct sports wagering. The conduct of sports wagering by Downs Racing will significantly expand the positive economic impact the casino currently provides to the Commonwealth, local municipalities, and

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residents. As detailed herein, Downs Racing anticipates hiring approximately [REDACTED] new full-time employees for the initial implementation of sports wagering.

As demonstrated by its ongoing success, Downs Racing has the financial stability, integrity and responsibility to conduct sports wagering. [REDACTED]

[REDACTED]
[REDACTED] Downs Racing fully satisfies, or will satisfy through supplementation of this Petition, the requirements in the Gaming Act and the Board's temporary regulations for the award of a Certificate. Finally, Downs Racing respectfully requests the Board to grant its Petition and issue it a Certificate in a timely fashion.

II. SPECIFIC SUPPORT

A. Petition Requirements

The Gaming Act at 4 Pa. C.S. § 13C12 and the Board's regulations at 58 Pa. Code § 1401.4 establish the required contents of a sports wagering petition. Each of these requirements is set forth below.

1. The name of the Petitioner is Downs Racing, L.P. d/b/a/ Mohegan Sun Pocono. Downs Racing's business address is 1280 Highway 315 Wilkes-Barre, Pennsylvania 18702. The contact person for purposes of this Petition is:

Mark Stewart, Esq.
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717.237.6019 (fax)
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2. Downs Racing has entered into an agreement with Unibet Interactive, Inc. ("Unibet"), a wholly owned subsidiary of Kindred Group PLC, under which Unibet will serve as

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its sports wagering and interactive gaming operator. The business address of Unibet is 205 Hudson Street, 7th Floor, New York, New York, 10013. The contact person for Unibet is as follows:

Pacifico S. Agnellini
Brownstein Hyatt Farber Schreck, LLP
707 White Horse Pike, Suite C-5
Absecon, NJ 08201
609.241.0188 (o)
609.335.5986 (c)
PAgnellini@BHFS.com

3. At this time, Downs Racing has determined that the principals and employees identified in **CONFIDENTIAL** Appendix A will be involved in the conduct of sports wagering. The names, job titles, business addresses, and an indication of whether or not these principals and key employees are currently licensed by the Board is provided in Appendix A. The principals and key employees' photographs are already on file with the Board's Bureau of Licensing in connection with their current or pending Board licensure.

4. Downs Racing intends to offer all types of sports wagering permitted by Pennsylvania law and the Board's regulations.

5. Downs Racing intends to offer a combination of land-based, mobile, and interactive sports wagering.

6. Petitioner does not intend to utilize a temporary facility for its land-based sports wagering operations or system.

7. Downs Racing plans to seek authorization to [REDACTED]

[REDACTED]

[REDACTED]. Downs Racing intends to submit a [REDACTED]

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[REDACTED]

8. Downs Racing estimates that [REDACTED] full-time employment positions will be created in conjunction with its sports wagering operations. Downs Racing will supplement this Petition with a hiring plan, in compliance with 4 Pa. C.S. § 1510(a).

9. Downs Racing sports wagering operations will result in significant economic benefits to the Commonwealth. In addition to the creation of [REDACTED] new employment positions, Downs Racing anticipates long-term economic benefits such as increased tax revenue to the Commonwealth and a boost to the local and state economy via an increase in spending on various goods and services.

[REDACTED]

11. As is evident from its slot machine and table game operations, Downs Racing has the financial stability, integrity and responsibility to conduct sports wagering. Attached hereto as **CONFIDENTIAL** Appendix B is Downs Racing's Combined Financial Statements for its fiscal year ending 2018. The financial statements also provide clear and convincing evidence of the financial stability and responsibility of Downs Racing and that it is backed by [REDACTED]

[REDACTED]

12. Attached hereto as **CONFIDENTIAL** Appendix C is a copy of the Sportsbook and Online Market Access Agreement entered into between Downs Racing and Unibet.

13. Downs Racing clearly has the experience and industry capabilities to develop, maintain and grow a successful sports wagering operation. The Gaming Act at 4 Pa. C.S. §

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13C12 and the Board's regulations at 58 Pa. Code § 1401.4 explicitly state that the Board may consider the results of a petitioner's slot machine and table game operations in determining that the petitioner has the experience and ability required to conduct sports wagering. Downs Racing's successful slots and table games operation clearly predicts that it will have a successful sports wagering operation. Downs Racing's operations are supported by managers and personnel with the necessary background and experience to support sports wagering.

14. Downs Racing has made significant investments in and improvements to its licensed facility. Downs Racing has been a good community partner and has supported the local community by generously contributing to notable charitable and community efforts. Downs Racing employs over 1,500 people in its existing slot and table game operation and conducts millions of dollars of business with vendors and related businesses.

15. As demonstrated by the financial statements submitted in **CONFIDENTIAL** Appendix B, [REDACTED]

[REDACTED]

16. When available, Downs Racing will supplement its Petition with detailed site plans identifying the proposed sports wagering area and sports wagering restricted area, security and surveillance plans, and plans for compliance with the Clean Indoor Air Act.

17. Downs Racing will supplement this Petition with its initial system of internal and accounting controls applicable to sports wagering. Downs Racing will utilize standard security measures to protect the privacy and security of its registered players. Downs Racing will supplement its Petition with a description of its planned security measures. It is anticipated that Unibet will be responsible for the hardware, software and trading services for the sports

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wagering operation, including ancillary devices such as self-service betting kiosks and over-the-counter terminals.

18. The commencement of sports wagering will not have any negative impact on the slot machine and table game counts at Downs Racing.

19. With the implementation of sports wagering, Downs Racing intends to update its Compulsive & Problem Gambling (“CPG”) Plan approved by the Board’s Office of Compulsive and Problem Gambling (“OCPG”). The updates will include modifications to the CPG Plan to ensure that its policies to prevent underage gambling and excluded, self-excluded and intoxicated persons from gambling extend to sports wagering. The updated CPG plan will reflect that sports wagering personnel are to be informed of the protocols to prevent underage gaming and gambling by excluded, self-excluded and intoxicated patrons. Downs Racing will submit the above-referenced modifications to its CPG Plan prior to commencing sports wagering operations.

B. Standard for Review

20. Section 13C13 of Act 42 of 2017 and the Board’s temporary regulations at 58 Pa. Code § 1401.4 require that petitioners provide clear and convincing evidence that various requirements are met.

21. As demonstrated herein and in the accompanying appendices, Downs Racing has met its burden.

22. Downs Racing is in good standing with the Board. The conduct of sports wagering by Downs Racing will generate a wide range of economic benefits for the Commonwealth. Downs Racing’s conduct of sport wagering will result in [REDACTED] new jobs, most of which will be filled by Pennsylvania residents.

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[REDACTED]

[REDACTED]

[REDACTED]

24. Finally, as is evident from the ongoing success of Downs Racing's slot and table game operations, Downs Racing has the financial stability, integrity and responsibility, as well as the experience and industry capabilities, to conduct a successful sports wagering operation.

III. CONCLUSION

Down's Racing's Petition fulfills all of the requirements of 4 Pa. C.S. § 13C12 and 58 Pa. Code § 1401.4. Furthermore, through this Petition and accompanying appendices, Downs Racing has established by clear and convincing evidence that the relief requested should be granted and that the Board should issue it a sports wagering certificate in a timely fashion.

WHEREFORE, Downs Racing respectfully requests that the Board grant this Petition, issue a Sports Wagering Certificate to Downs Racing, and authorize it to conduct sports wagering in the Commonwealth.

Respectfully submitted,



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Attorneys for Downs Racing, L.P. d/b/a
Mohegan Sun Pocono

Date: March 27, 2019

CERTIFICATE OF SERVICE

The undersigned counsel for Downs Racing, L.P. hereby certifies that a true and correct copy of the foregoing document was served this date via first class mail, addressed as follows:

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cpitre@pa.gov



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Attorney for Downs Racing, L.P.

Dated: March 27, 2019