

BEFORE THE
PENNSYLVANIA GAMING CONTROL BOARD

In Re: Petition of Downs Racing, L.P. for :
Approval of Authorization to Conduct : Docket No. _____
Interactive Gaming and Issuance of an :
Interactive Gaming Certificate :

**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 its Petition for Approval of Authorization to Conduct Interactive Gaming and Issuance of an Interactive Gaming Certificate (the “Petition”) in the above-captioned matter. The Petition includes commercially sensitive information concerning Downs Racing’s finances and planned interactive gaming operations. Attached to the Petition are Downs Racing’s financial statements and report of independent auditors. 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 Approval of Authorization to Conduct Interactive Gaming and Issuance of an Interactive Gaming Certificate.

3. The Petition includes commercially sensitive information and information regarding Downs Racing's planned interactive gaming operations, such as the number of employment positions to be created by Downs Racing's interactive gaming operation. The Petition also includes its plans for financing the cost of commencing interactive gaming. Attached to the Petition is a confidential appendix that contains Downs Racing's financial statement and report of independent auditors. Downs Racing will be supplementing the Petition with additional details regarding its planned implementation of interactive gaming including security procedures and systems, equipment and usage protocols, and accounting systems.

4. Pursuant to Section 1206(f)(1) of the Gaming Act and Section 407a.3 of the Board's regulations, information obtained by the Board as part of an investigation related to a licensee is confidential, and 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 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).

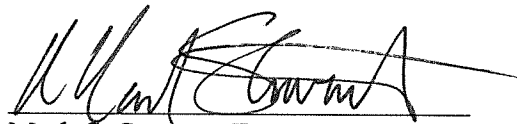
5. These provisions clearly afford protection to Downs Racing's financial information, anticipated creation of job positions, and proprietary information regarding its planned implementation of interactive gaming submitted in conjunction with its Petition. The proprietary and financial data consist of information that the Board has regularly designated and treated as confidential 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 Approval of Authorization to Conduct Interactive Gaming and Issuance of an Interactive Gaming Certificate, including all appendices thereto, in the above-captioned matter.

Respectfully submitted,



Mark S. Stewart, Esq., I.D. No. 75958
Sarah C. Stoner, Esq., I.D. No. 313793
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Fl.
Harrisburg, PA 17101
Telephone: (717) 237-6000
Facsimile: (717) 237-6019

Of Counsel:

Michael C. Epps
Vice President of Legal & Compliance
Mohegan Sun Pocono
1280 Highway 315
Wilkes-Barre, PA 18702

Dated: August 14, 2018

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

EXHIBIT A

**BEFORE THE
PENNSYLVANIA GAMING CONTROL BOARD**

In Re: Petition of Downs Racing, L.P. for :
Approval of Authorization to Conduct : **Docket No. _____**
Interactive Gaming and Issuance of an :
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PUBLIC VERSION

**PETITION OF DOWNS RACING, L.P. FOR APPROVAL OF
AUTHORIZATION TO CONDUCT INTERACTIVE GAMING
AND ISSUANCE OF AN INTERACTIVE GAMING CERTIFICATE**

Downs Racing, L.P. d/b/a/ Mohegan Sun Pocono (“Downs Racing” or “Petitioner”) submits this Petition pursuant to Section 13B12 of the Pennsylvania Race Horse Development and Gaming Act (“Gaming Act”), 4 Pa. C.S. §13B12, requesting the Board to grant this Petition and issue an Interactive Gaming Certificate authorizing Downs Racing to conduct interactive gaming. Downs Racing is seeking a certificate for [REDACTED]

[REDACTED]

[REDACTED]. As demonstrated herein, Petitioner fully satisfies, or will satisfy through supplementation of this Petition, all of the statutory requirements for the award of an Interactive Gaming Certificate (“Certificate”), and the Certificate should be timely issued by the Board to Downs Racing.

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 interactive gaming by Pennsylvania slot machine licensees. Pursuant to the Act, in order to conduct interactive gaming, a slot machine licensee must submit a petition and qualify for issuance of a Certificate. All slot machine licensees,

including 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 interactive gaming 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.

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 interactive gaming. The conduct of interactive gaming by Downs Racing will significantly expand the positive economic impact the casino currently provides to the Commonwealth, its municipalities and residents. As detailed herein, Downs Racing anticipates hiring approximately [REDACTED] new full-time employees for the implementation of interactive gaming.

Downs Racing has the financial stability, integrity and responsibility to conduct interactive gaming. [REDACTED]

[REDACTED] Downs Racing is still in the process of establishing its intended interactive gaming operations. As such and as explained below, Downs Racing will supplement this Petition as more information becomes available. Downs Racing 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 and respectfully requests the Board to expeditiously grant its Petition and issue it a Certificate.

II. SPECIFIC SUPPORT

A. Petition Requirements

Section 13B12 establishes the required contents of an interactive gaming petition. Each of these requirements is set forth below.

1. **Requirement # 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.
Eckert Seamans Cherin & Mellott, LLC
213 Market St., 8th Fl.
Harrisburg, PA 17101
717.237.7191 (o)
717.237.6019 (fax)
mstewart@eckertseamans.com

2. **Requirement #2** – Downs Racing is in the process of selecting an Interactive Gaming Operator ("IGO") and negotiating the terms of an agreement under which the IGO will

provide an interactive gaming system for Downs Racing's anticipated operations in Pennsylvania [REDACTED] Downs Racing will supplement its Petition when it identifies an IGO and will provide the required information regarding that entity.

3. **Requirement #3** – Downs Racing will supplement its Petition upon the identification of principals and key employees that will be involved in the conduct of interactive gaming.

4. **Requirement #4** – [REDACTED]
[REDACTED]
[REDACTED] The individuals' photographs will be included in the entity's application for an interactive gaming operator license.

5. **Requirement #4.1** – Downs Racing is seeking a certificate for the following [REDACTED]
[REDACTED]
[REDACTED]

6. **Requirement #5** – Downs Racing will supplement this Petition with an itemized list of the interactive games [REDACTED] and any other game(s) Downs Racing intends to offer through its interactive gaming website for which authorization is being sought.

7. **Requirement #6** – Downs Racing estimates that [REDACTED] full-time employment positions will be created in conjunction with its interactive gaming operations.

Downs Racing will supplement this Petition with a hiring plan, in compliance with 4 Pa. C.S. § 1510(a).

8. **Requirement #7** –Downs Racing’s interactive gaming 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 vendor-related spend.

9. **Requirement #8** – [REDACTED]
[REDACTED]
[REDACTED]

10. **Requirement #9** – Downs Racing has the financial stability, integrity and responsibility to conduct interactive gaming, as demonstrated by its slot machine and table game operation. Attached hereto as **CONFIDENTIAL** Appendix A are Downs Racing’s Combined Financial Statements for its fiscal year ending 2017. The financial statements provide clear and convincing evidence of the financial stability and responsibility of Downs Racing and that it is backed by ample financial resources to fund interactive gaming associated costs. Once Downs Racing’s interactive gaming operator is finalized, Downs Racing will supplement this Petition with an executed interactive gaming agreement.

11. **Requirement #10** – Downs Racing clearly has the business ability and experience to conduct a successful interactive gaming operation. Section 13B12(b)(10) of the Gaming Act provides 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 interactive gaming. Downs Racing's successful slots and table games operation clearly predicts that it will have a successful interactive gaming operation. Downs Racing's operations are supported by managers and personnel with the necessary background and experience to support interactive gaming.

12. 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 in its existing slot and table game operation and conducts millions of dollars of business with vendors and related businesses.

13. **Requirement #11** – As demonstrated by the financial statements submitted in **CONFIDENTIAL** Appendix A, [REDACTED]
[REDACTED]
[REDACTED].

14. **Requirement #12** – Downs Racing is still determining the location it intends to utilize as the interactive gaming restricted area for interactive gaming operations to be managed, administered and controlled. When available, Downs Racing will supplement its Petition with this information and provide the Board detailed site plans for its proposed interactive gaming restricted area.

15. **Requirement #13** – Downs Racing will supplement this Petition with its initial internal and accounting controls applicable to interactive gaming. 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.

16. Petitioner has worked and will continue to work to ensure its full compliance with applicable regulatory and legal responsibilities. Downs Racing is dedicated to facilitating compliance with the requirements of Chapter 13B of Act 42 of 2017 and Section 802(a) of the Unlawful Internet Gambling Enforcement Act of 2006 (Public Law 109-347, 31 U.S.C. § 5362(10)(B)). Those requirements include, but are not limited to: (1) age, identity and location verification requirements; (2) appropriate data security standards to prevent unauthorized access by any person whose age, identity or location have not been verified or cannot be properly verified; and (3) generally, requiring that all wagers made in the conduct of interactive gaming be initiated and received or otherwise made exclusively within the Commonwealth. Downs Racing will supplement this Petition with a description of how Downs Racing plans to facilitate compliance with those requirements and the procedures that will be used to: (1) register individuals as registered players; (2) block access to persons under 21 years of age and other persons excluded or prohibited from participating in interactive gaming; and (3) establish interactive gaming accounts for registered players.

[REDACTED]

[REDACTED]

18. Downs Racing is in the process of evaluating proposed contractors and subcontractors for work associated with interactive gaming in the Commonwealth.

19. **Requirement #14** – The interactive gaming devices and associated equipment, as well as the interactive gaming system that Downs Racing intends to utilize to administer its interactive gaming operations, will be disclosed to the Board once it enters into an agreement with its interactive gaming operator.

20. **Requirement #15** – A certification of Downs Racing’s proposed interacting gaming devices and associated equipment, including interactive gaming software and hardware, by a Board-approved laboratory will be provided to the Board in advance of commencement of interactive gaming.

21. **Requirement #16** – Once Downs Racing’s interactive gaming operator is finalized, it will supplement this Petition with a detailed description of its accounting systems. The submission will address accounting for interactive gaming accounts, per-hand charges, transparency and reporting to the Board and the Pennsylvania Department of Revenue, distribution of revenue to the Commonwealth and winnings to registered players, and ongoing auditing and internal control compliance reviews.

22. **Requirement #17** – Downs Racing plans to utilize state-of-the art security systems to protect its interactive gaming website from internal and external breaches and threats. Downs Racing will supplement this Petition with information regarding its Pennsylvania-specific security systems to protect its interactive gaming website from breaches and threats once its interactive gaming operator is finalized.

23. Downs Racing commits that it will not reduce its complement of slot machines and table games below the number of slot machines and table games it offered for play at its licensed facility as of October 30, 2017, as a result of or due to the conduct of interactive gaming.

B. Standard for Review

24. Section 13B12 of Act 42 of 2017 and the Board's temporary regulations, at 58 Pa. Code § 802.2, require that petitioners provide clear and convincing evidence that various requirements are met.

25. Petitioner has met its burden, as demonstrated herein and in the accompanying appendices.

26. Petitioner is in good standing with the Board. The conduct of interactive gaming will generate a wide range of economic benefits for the Commonwealth. Downs Racing anticipates that its conduct of interactive gaming will result in ■■■ new jobs, which will primarily be filled by local Pennsylvania residents.

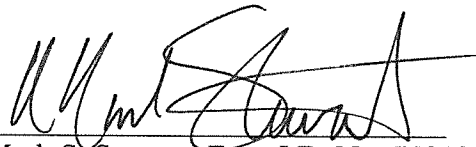
27. As demonstrated by the ongoing success of Downs Racing's slot and table game operation, Downs Racing has the financial stability, integrity and responsibility, as well as the experience to conduct a successful interactive gaming operation.

III. CONCLUSION

Downs Racing's Petition fulfills all of the requirements of Section 13B12 of Act 42 of 2017 and establishes by clear and convincing evidence that the relief requested should be granted and that the Board should timely issue it an interactive gaming certificate.

WHEREFORE, for all of the foregoing reasons, the Board should grant this Petition and issue an interactive gaming certificate to Downs Racing.

Respectfully submitted,



Mark S. Stewart, Esq., I.D. No. 75958
Sarah C. Stoner, Esq., I.D. No. 313793
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Fl.
Harrisburg, PA 17101
Telephone: (717) 237-6000
Facsimile: (717) 237-6019

Of Counsel:

Michael C. Epps
Vice President of Legal & Compliance
Mohegan Sun Pocono
1280 Highway 315
Wilkes-Barre, PA 18702

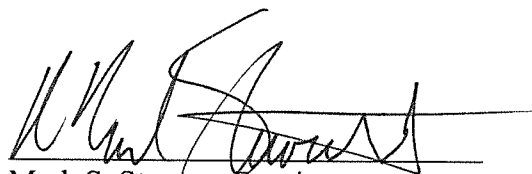
Dated: August 14, 2018

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

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:

Cyrus Pitre, Chief Enforcement Counsel
Pennsylvania Gaming Control Board
303 Walnut Street/Strawberry Square
Verizon Tower, 5th Fl.
Harrisburg, PA 17101
cpitre@pa.gov

A handwritten signature in black ink, appearing to read 'Mark S. Stewart', written over a horizontal line.

Mark S. Stewart, Esquire
Attorney for Downs Racing, L.P.
d/b/a/ Mohegan Sun Pocono

Dated: August 14, 2018