

Public Hearing-Internet Gaming
April 17, 2015

Testifiers:

Andy Abboud, Senior Vice President, Las Vegas Sands Corp.

Michael Cohen, Senior Vice President and General Counsel, Caesar's Interactive Entertainment

Chris Sheffield, Senior Vice President and Managing Director, I-Gaming at Penn National

Kevin Mullally, Vice President and General Counsel, Gaming Laboratories International

Lindsay Slater, GeoComply

Michael Pollock, Managing Director, Spectrum Gaming Group

Key Points:

- Mr. Abboud spoke on behalf of the Sands, which, at this time, is the only PA Casino opposed to online gambling.
 - Sands is concerned that online gambling could lead to job losses in casinos.
 - Regardless of the technological safeguards in place to prevent minors from gambling online, there is no way to prevent an adult from logging into his or her account and allowing a minor to gamble on the account.
 - There are several free-play casino style games/apps marketed towards children that could potentially lead to minors desiring to gamble online if online gambling is legalized.
 - Online gambling could provide another avenue for money laundering.
- Mr. Cohen Spoke on behalf of Caesars Interactive Entertainment.
 - Regardless of online gambling being legal in only 3 states, millions of Americans gamble online through off-shore based websites.
 - These illegal gambling websites provide no consumer protections, are ripe for criminal activity and are untaxed. Legalizing and regulating online gambling could drive illegal operators out of PA.
 - Internet gambling is a growing market and is here to stay and prohibition is not working.
 - Technology exists and is currently used in other states that offer a safe and regulated intrastate online gambling industry.
 - No instances of underage gambling have been found in NJ.
 - Uses the same technology as financial institutions.
 - The Commonwealth could receive at least \$42 million in tax revenue from online gambling in the first year plus at least \$60 million in licensing fees.
 - Online gambling in NJ has shown that online gambling does not cannibalize casino revenues and jobs.
 - 80% of online players are new customers
 - 15% were previously inactive customers.
- Mr. Sheffield spoke on behalf of Penn National.
 - Questions of restricting access to minors or protecting personal and private information of account users rarely if ever come up anymore in Europe, even from gambling critics. Prior to his employment with Penn National, Mr. Sheffield was employed in the online gambling industry in Europe for 10 years.

- Penn National is opposed to requiring in-person registration for an online gambling account. This requirement would dampen revenues for both casinos and the state.
- Mr. Mullally spoke on behalf of GLI
 - Online gambling is not new and has been legal in some areas of world since 1997.
 - Use of the internet is being used for the delivery of movies, alcohol, drugs, food, insurance and securities. Internet gambling is not an expansion of gambling, but a modernization of the gaming industry.
 - There are more technological checks and balances to prevent problem gambling, fraud, money laundering and underage gambling when gambling online as compared to gambling in person at a casino.
 - Online gambling provides greater tools to players, such as the ability of the player to establish loss limits for specific periods of time.
 - GLI is the largest independent testing lab for gaming equipment and software. From a regulatory perspective, online gaming does not pose any more of a social threat than land-based casinos.
- Ms. Slater spoke on behalf of GeoComply, which provides geo-location software for the online gambling industry in NJ.
 - Location technology uses several data collection technologies that can pinpoint the exact location of an online player.
 - GeoComply performs at least 350 technological checks on each online player to prevent location fraud.
 - Ms. Slater provided a live map of NJ pinpointing the exact location of every patron currently gambling online. Included in the map were red dots indicating players who had unsuccessfully attempted to gamble within PA's borders.
- Mr. Pollock spoke on behalf of Spectrum Gaming.
 - Online gambling should be tied to existing land-based casinos.
 - Online gambling is long term commitment and the Commonwealth should first focus on proper regulation. Once players and regulators have confidence in the process, revenues will ultimately be received.