



## **Paul Goldean, CEO & President of Pace-O-Matic**

Thank you, Chairman Gebhard and Chairman Williams for allowing us to address this body and deliver remarks on the important topic of skill games today.

My name is Paul Goldean and I serve as the President and CEO of Pace-O-Matic, the nation's leading developer of skill games.

We have a great panel of experts here to speak with you. I am joined today by Dr. Peter Zaleski, an economist. Matt Haverstick, our lead Pennsylvania counsel. Rick Goodling, the foremost expert on illegal gambling in the state and also our national director of compliance. And Brian Carr a senior consultant for Pace-O-Matic. They will also be sharing remarks today.

Mike Barley, our chief public affairs officer, is also at the table to answer potential questions.

I ask you this – when was the last time a legal industry came to you and asked to be regulated and taxed? Well, that's what we are here to do today.

Pace-O-Matic is the leading developer of skill game software in the United States. Our games require players to use their skill to win - and a patient, skillful player can win our game every time.

In addition to creating an entertainment option that players love, our goal is to support small businesses by providing supplemental and sustainable income.

Pace-O-Matic's software powers our Pennsylvania Skill games here in the Commonwealth. Our business model is unique because the majority of the revenue generated by our games stays with small Pennsylvania businesses. Pace-O-Matic distributes our software through Miele Manufacturing, a Williamsport company, that then sells cabinets to small businesses in the coin-operating industry – known as operators.

Nearly all of those companies are multi-generational family businesses in Pennsylvania. Those operators - who provide other entertainment products like jukeboxes, darts, pool tables, and more - then offer the games to local small businesses. These are family-owned, mom-and-pop shops such as bars, restaurants, and convenience stores that sell age-restricted products. Operators also provide the games to many fraternal clubs, like your American Legions, VFWs, Moose Clubs, volunteer firefighter halls, and others.

Our games are fun to play, but more than that, they are helping Pennsylvania small businesses and fraternal organizations make ends meet. For no upfront cost, and just a small footprint of square footage, our games are a legal product that provides consistent income with limited risk.

In a moment, you will hear firsthand how skill games are supporting real Pennsylvania small businesses and organizations. However, I would like to share a few of the stories of the folks that skill games have helped.

Doug Sprankle is the owner of Sprankles Neighborhood Markets, a local grocery store with 3 locations. The business has been in his family for over 20 years and they use the income from skill games to provide health insurance to their employees.

Then there's Shawn Agosti, the Deputy Chief of the Penfield Volunteer Fire Company in Clearfield County. Shawn says skill games have helped him pay for equipment, maintenance on the fire trucks, and fuel for his station.

Sitting with me is our lead legal counsel, Matt Haverstick, who will speak more on the status of skill game litigation in the Commonwealth. But, to put it simply, we have won every legal challenge in this state and in every state where we operate.

Those who oppose skill games first said our games were illegal. When that was proven false, they pivoted to saying that our games are not regulated. I suppose on that front, we agree, our games need to be regulated, and that's precisely what we are asking for today.

I do want to take a moment to clear up any confusion. Legal skill games are legal, but not fully regulated. Illegal slot machines are exactly that – illegal gambling devices.

Pace-O-Matic has led regulation efforts in every state where we operate. We are seeking a regulated market that evens the playing field and gives our operators, locations, and law enforcement clear guidance on the legality of skill games.

We would like to thank your colleague, Senator Gene Yaw, for filing Senate Bill 706 which would regulate and tax skill games.

His legislation would set limits on the types of locations where skill games may be played, limits on the number of terminals in a location, and establish a fair and reasonable skill game tax to be paid in addition to the property, sales, and income taxes our operators and locations already pay.

His legislation would also create a clear and competitive market by requiring certification of skill software and establishing a license so games can be identified quickly and easily. Additionally, his bill sets forth significant civil penalties for operating unlicensed terminals as well as loss of licenses for bad actors.

In other words – no more illegal machines, no more mini-casinos.

As the leading skill game developer in the country, Pace-O-Matic is committed to supporting small businesses and fraternal organizations in Pennsylvania. Our games are legal entertainment devices that also create sustainable, supplemental income that many mom-and-pop shops have come to rely on.

Regulating and taxing skill games is the only common sense solution to bring stability to the industry, help small businesses and organizations, and give law enforcement the framework they desperately need to combat the illegal gambling market.

In closing, I want to thank each of you for your service as state officials. I understand you have difficult jobs and selflessly serve your constituents. I recognize that this issue has strong advocates on all sides, but we are approaching this body with a solution and a willingness to set a path for a bright future for the Commonwealth moving forward.

With that, I will turn it over to Matt Haverstick, legal counsel for Pace-O-Matic.