



PENNSYLVANIA GAMING CONTROL BOARD
P.O. BOX 69060
HARRISBURG, PENNSYLVANIA 17106

KEVIN F. O'TOOLE
Executive Director
P. O. Box 69060
Harrisburg, PA 17106
Phone: (717) 346-8300
Fax: (717) 346-8350
E-mail: keotoole@pa.gov
Website: gamingcontrolboard.pa.gov

June 13, 2013

Chairman
WILLIAM H. RYAN, JR.

Commissioners
GREGORY C. FAJT
JAMES B. GINTY
ANNMARIE KAISER
KEITH R. MCCALL
JOHN J. McNALLY, III
ANTHONY C. MOSCATO

Ex-Officio Members
GEORGE GREIG
ROBERT M. MCCORD
DANIEL MEUSER

William J. Downey, Esq.
Fox Rothschild LLP
Midtown Building, Suite 400
1301 Atlantic Avenue
Atlantic City, NJ 08401

Dear Mr. Downey:

On May 15, 2013 during a public meeting of the Pennsylvania Gaming Control Board ("Board"), you and others representing Harrah's Philadelphia, The Meadows Racetrack and Casino, Presque Isle Downs and Casino, Mount Airy Casino Resort and WMS Gaming, Inc. presented information regarding online games that your group would like to make available to patrons. After hearing your presentation, and the position of Chief Enforcement Counsel Cyrus Pitre, the Board decided to take the matter under advisement.

The Board understands that the online games that you discussed fall into three specific categories, as described below:

First, "play-for-fun games" that are, essentially, an on-line version of casino games such as blackjack, poker, roulette and slot machines. These games require no consideration to play, and there is no prize to be won. They are essentially "play against the computer" type games. These games, particularly the slot machine style games, have no connection with any particular slot machine product offered on gaming floors.

Second, "social casino-style games," which also mimic casino games but allow competition among friends "for fun." Again, there is no consideration paid, nothing of value to be won and these games have no connection with any electronic product on the gaming floor. These games are generally available to the public through social websites such as Facebook.

The third category of games are "player loyalty program play-for-fun games." These games come in the form of mini-games that correspond to slot machines on the gaming floor and are only available to patrons playing through a loyalty program card. To gain access to the online game, a player with a casino-issued loyalty rewards-type card would log in using his/her

loyalty rewards card identification number. The public would not be able to play the games without first obtaining the loyalty rewards card, which entails a demonstration of identity and age.

The online games are not virtual slot machines, but are games with the same theme as slot machines which may be in Pennsylvania casinos. The example you presented was an online game entitled "Gandalf's Fireflies" that corresponded to the Lord of the Rings slot machine. In Gandalf's Fireflies, Gandalf, a character in the Lord of the Rings movies, shoots fireworks out of a wand to capture fireflies. The more fireflies caught, the more points scored. Once the game is won, the patron is able to play a different mini-game. By progressing through the mini-games available online, the patron may earn points that unlock visuals and content on the corresponding slot machine when the patron visits the casino floor. In the example above, clips from the Lord of the Rings movies, still images or other visual effects would be displayed when the patron goes to the casino and plays the Lord of the Rings slot machine. The mini-games are generally not offered for play at the casino; rather, the games are available for play via a website accessible by computer, smartphone or other similar device.

The Board understands that the online "player loyalty program play-for-fun games" do not affect the game math and the patron playing the online games does not have better odds to win. While "bonus rounds" on the slot machine may be "unlocked" by playing the online games and accumulating enough points, the bonus rounds earned do not affect the odds of winning, nor the amount won. Moreover, there are no additional prizes, credits, coupons or any additional thing of value that is correlated to playing the online games.

As with "play-for-fun games" and "social casino-style games", the Board understands that there is no monetary value associated with playing the "player loyalty program play-for-fun games"; no currency is used to wager on the outcome and no currency or other thing of value is obtained through playing. Because each of the three categories of games described above lacks a requirement of payment to play the game, and lacks a thing of value for winning, the Board does not believe any of the online games are gambling.

The Board did take note of Chief Enforcement Counsel Pitre's stated concerns that the online games are a marketing tactic that could be used to attract children to gaming and that there are no controls in place to prevent children from playing the games online. The Board understands the basis for these concerns and, in fact, shares in the concern about minors being attracted to the Commonwealth's casinos. Notwithstanding, we also recognize that, with respect to "player loyalty program play-for-fun games", because the programs are only available to player loyalty program participants, who have to be of age in order to obtain a player loyalty card, there is a diminished chance of minors engaging in the on-line play. Moreover, the "reward" for successfully completing these types of games is only available on the casino gaming floor where the underage person cannot gain access.

Therefore, upon further review and discussion among the members of the Board, the Office of Chief Counsel and the undersigned, the Board has determined that, despite being granted broad powers by the Pennsylvania Race Horse Development and Gaming Act to regulate a vast array of matters related to gaming, what you and your group have described is not gaming;

June 13, 2013
Page 2 of 2

in some respects is already available to any computer user regardless of age; and, where it is not ("player loyalty program play-for-fun games"), sufficient safeguards are in place.

As a result, to the degree the programs stay within the parameters presented to the Board, at this time the Board does not believe this matter warrants action by it. If you have any questions, please do not hesitate to call.

Sincerely,



Kevin F. O'Toole
Executive Director

KFO:pll

C: R. Douglas Sherman, Chief Counsel, PGCB
Stephen Cook, Deputy Chief Counsel Admin/Litigation, PGCB