



Challenges Involving Technology Approvals for Cashless Wagering

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PENN Entertainment's cashless wagering solution (which we refer to as "3Cs" – Cashless, Cardless, Contactless) has been approved by gaming regulators in nine states and has been deployed at 21 of our properties nationwide. Thus far, over 136,000 customers have taken advantage of this cutting-edge technology, with over \$110 million deposited using digital wallets. We have been engaged with the Gaming Control Board for many months to bring this technology to the point of a field trial at our M Resort property; however, at least two unique challenges – which we have not encountered in any other jurisdiction – are currently preventing us from doing so.

First, we have been advised that a cashless solution for table games cannot be approved unless there is a paper record generated for every transaction that takes place at a table, with that record then being placed in the drop box. None of the other regulators that have approved our system have required this. This requirement is entirely superfluous, as calculating revenue at a table game is as simple as counting the funds in the drop box and then adding a computer-generated total (from reports generated by the cashless wagering system) to the total cash count. These reports, which provide totals of each transaction and are drawn from multiple sources, provide a clear, immediate record of the amount of cashless transactions that have taken place at a table. In the event of any discrepancy, all transactions are recorded by surveillance as well. This requirement – which is not written in any MICS or regulation – serves no practical purpose and has made it very difficult for us to be able to bring this successful, cutting-edge technology to market in Nevada.

Second, we have been advised that our loyalty app, known as "mychoice," will need to be certified before we can implement cashless wagering. This, too, is a requirement that no other jurisdiction has imposed. This is the case because all the loyalty app does in these circumstances is operate as a substitute for a player's card to identify a player to a slot machine or a table game device. The financial aspects of the transaction are all processed on Acres components, which are certified as associated equipment; the funds and bank accounts are maintained by Everi. Because our loyalty app performs many functions for us unrelated to cashless wagering, and is a nationwide product, it is often revised and updated. The fact that every such revision or update would have to be submitted for approval makes it impractical for us to utilize this app in Nevada. No regulatory purpose is served by requiring the vehicle that simply transmits the customer's name and account number to a gaming device to be certified as associated equipment, and, again, no other jurisdiction has imposed such a requirement for exactly this reason.

We are happy to make ourselves available to answer any questions or provide further information on this topic.

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