



November 14, 2022

Director Paul Mauro
Bureau of Investigations and Enforcement
Pennsylvania Gambling Control Board
303 Walnut Street
Commonwealth Tower, 5th Floor
Harrisburg, PA 17101

RE: Information Demonstrating Bally’s Corporation Does Not Meet the Standards to Operate a Casino in the State of Pennsylvania

Dear Director Mauro:

I am writing because Bally’s Corporation has partnered with S.C. Gaming OpCo. LLC to develop a proposed Category 4 casino in State College, Pennsylvania. The Pennsylvania Gambling Control Board (PGCB) is expected to conduct hearings regarding this proposed casino and to vote to approve or deny its license in the near future.

As you know, the PGCB is charged by law and regulation to provide oversight of the gambling industry in Pennsylvania. A significant portion of the Board’s oversight responsibility is to ensure that nefarious actors cannot infiltrate, operate, or profit from the state’s gambling industry.

Bally’s Corporation has consistently demonstrated behavior and business practices that make them unsuitable as a partner in Pennsylvania’s gambling industry. For example, in September 2022, Bally’s top compliance officer confessed in public testimony before the Nevada Gambling Control Board that the company is skirting gambling laws across the globe:

“We look one by one, but generally, *we are very comfortable operating in the gray market,*” testified Craig Eaton, Bally’s executive Vice President, Chief Compliance Officer and General Counsel, Retail & Corporate. “We understand this is not an exact science. We truly do.”¹

¹ Nevada Gambling Control Board Meeting, Sept. 7, 2022 (see 1:09:46) https://youtu.be/ZssWm_mGDuk?t=4186

Contrary to Bally's position, complying with commercialized gambling laws is an exact science – either you comply with the law, or you don't. There is no in-between.

Bally's has also advised its investors that the company derives substantial money from jurisdictions where it is unlicensed. Its most recent annual report stated, "An example of this is Japan. Japan has been a focus of our international interactive segment and has yet to introduce its own licensing regime applicable to our business."²

Yet this past summer, Japanese Prime Minister Fumio Kishida declared his administration's intent to increase enforcement against unlicensed internet operators: **"Online casinos are illegal and cracking down on illegal gambling is the entire point of the basic plan in my opinion."**³

Nevada Gambling Commissioner Ben Kieckhefer chastised Bally's for their business decision to operate in the Japan and their interpretation of the country's laws:

"And you know, in a market like Japan, right, where it has been, gambling's widely been recognized as not legal. And they go in and make some adjustments in 2016, 2018, to their laws and are going start allowing integrated resorts. They specifically didn't add other things, right? So, they made a policy decision that one was going to be legal. Didn't add other things. The way I read and have written laws in the past, that means the other things are still not."⁴

According to Bally's financials, more than 60 percent of the company's adjusted profits this year have come from international interactive operations.⁵ How can the Pennsylvania Gambling Control Board be certain that the development of Bally's proposed casino in State College, Pennsylvania will be financed without using any of its ill-gotten gains?

Moreover, if Bally's is willing to break the law in other jurisdictions like it has in Asia and elsewhere around the globe, how could any reasonable person – let alone an organization like the Pennsylvania Gambling Control Board with a duty to protect the

² Bally's Corporation 2021 Form 10-K filed with the U.S. Securities and Exchange Commission
https://s29.q4cdn.com/580102441/files/doc_downloads/2022/08/BALLY_S CORP_10K_20220808.pdf

³ "Japan PM says online casinos to remain illegal, promises further crackdowns," *Inside Asian Gaming*, June 3, 2022
<https://www.asgam.com/index.php/2022/06/03/japan-pm-says-online-casinos-to-remain-illegal-promises-further-crackdowns/>

⁴ Nevada Gambling Control Board Meeting, September 22, 2022 (See 1:00:55)
<https://www.youtube.com/watch?v=jeCarYzNy1s&t=3599s>

⁵ Bally's Corporation Form-10Q Earnings Report for the Second Quarter Ending June 30, 2022, Pg. 41
<https://d18rnop25nwr6d.cloudfront.net/CIK-0001747079/8e7c23dd-518b-42cc-8f8f-fbd11c035ceb.pdf>

public interest from nefarious actors – conclude that Bally’s will be a trustworthy, responsible corporate citizen in Pennsylvania?

If we can offer further information to assist with your investigation and review, please contact us at (202) 567-6996 or mail@stoppredatorygambling.org.

Thank you for the important work that you and your colleagues do.

Sincerely,

A handwritten signature in blue ink that reads "Les Bernal". The signature is written in a cursive, flowing style.

Les Bernal, National Director
Stop Predatory Gambling