



PENN NATIONAL
GAMING, INC.

August 10, 2020

Milt Champion
Executive Director
Maine Gambling Control Unit
45 Commerce Drive, Suite 3
Augusta, ME 04333

Dear Milt,

I wanted to make you and the Gambling Control Unit aware of a developing situation regarding Account Deposit Wagering (ADW.)

As you know, in May of this year PENN ADW, LLC (operating under the trade name “Hollywood Races”) was awarded the single license to offer ADW services to residents of the state of Maine. This came after a competitive bidding and selection process for ADW services was conducted by the State of Maine. PENN ADW, LLC is a subsidiary of the same parent company that operates Hollywood Casino Bangor and thus has strong ties with the State of Maine.

PENN ADW, LLC and Penn National Gaming, Inc. has long-standing contractual relationships with nearly every major racing organization worldwide to allow for wagering on racing content for its bricks and mortar facilities and account wagering operations. In attempting to negotiate an agreement with Churchill Downs, Inc. (“CDI”), the parent company of the Oxford Casino, PENN ADW, LLC was advised it would not be permitted to offer residents of the State of Maine the ability to place wagers on any CDI owned or represented horse racing content. CDI also indicated it would not allow Hollywood Casino Bangor to wager on its content at its racetrack or casino race book. I have been advised that each private off-track wagering facility as well as the other commercial racetrack in the state of Maine have been advised by CDI that they will not be permitted to wager on CDI content.

CDI’s stated reason for not entering into agreements with any pari-mutuel wagering entity operating in the state of Maine is due solely to CDI’s objection to the ADW statute passed by the legislature in 2019. CDI’s conduct is particularly ironic given that its ADW entity, Twin Spires, submitted a proposal to secure the ADW license during the prior competitive bidding process.

CDI’s actions are negatively impacting the State of Maine and the entire harness racing industry in the state, which is already struggling as a result of the unprecedented impacts of COVID-19. The state and horse racing industry derive revenue from ADW wagering, as well as from wagering at racetracks and off-track betting locations. CDI’s actions are denying revenue to the racing industry, apparently solely because of “sour grapes.”

While we had hoped that this issue would be resolved, it has taken on new urgency because of this year’s unusual schedule whereby the Kentucky Derby will be held on September 5. This race, of course, is hosted at CDI’s flagship facility, Churchill Downs. Derby Day will undoubtedly be one of the biggest racing revenue days of the year. However, because of CDI’s conduct, Maine – and its horse racing betting patrons – will be denied all access to wagering on the Derby. CDI is going to shut Maine out of the Derby because it disagrees with the statute enacted by the duly elected legislature of this state, signed by the Governor, and enforced by the Gambling Control Unit. Maine – and its struggling horsemen - will be the only state shut out of the Derby.

Milt Champion, Executive Director
Maine Gambling Control Unit
August 10, 2020
Page 2

CDI's actions are troublesome and disconcerting, particularly from a company entrusted with a valued license that is obligated to act in the public interest. Instead, this regulated entity has chosen to inflict economic and reputational harm to businesses that support thousands of jobs and form the underpinnings of the agriculture industry in the state of Maine.

PENN ADW, LLC and the other stakeholders in the racing industry in Maine have acted in good faith on this matter. CDI has instead chosen to pursue a different, destructive and divisive approach.

We felt it important to make the Gambling Control Unit aware of this issue involving a licensee it regulates and which it is directly impacting a business operation the Unit oversees. We ask for any assistance the Gambling Control Unit can provide on this matter and are happy to be available to discuss it at your convenience.

Sincerely,



Christopher McErlean
Vice President – Racing

Copy to: A. Muchemore
 C. Soriano
 Maine Harness Racing Commission