

Michael Cruz, Chief Technology Officer
Pennsylvania Gaming Control Board
Senate Community, Economic, and Recreational Development Committee
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Good morning Chairman Ward, Chairman Wiley and members of the Committee. My name is Michael Cruz and I am the Chief Technology Officer of the Pennsylvania Gaming Control Board. I am pleased to be with you today to discuss the Board's testing and certification standards as it relates to gaming.

Under Section 1320 of Title IV, the Gaming Control Board's independent laboratory was established for the purpose of ensuring that games placed on the gaming floor in the state of Pennsylvania live up to rigorous standards and are equitable and fair for their consumers, that is, the gambling public. These standards include a theoretical pay-back percentage of 85% and a regulated and fair chance of winning a jackpot. I am very proud of the standards enacted both regulatory and legislatively by the Board and Legislature respectively, and I appreciate the chance to ensure the standards are used for the fairness of gaming activity in Pennsylvania.

Due to previously unforeseen circumstances there was a backlog of games for the first half of calendar year 2014, and I feel that issue has since been addressed. The Board employee who resigned and the back log that ensued pushed the Lab to realize certain efficiencies which have permanently streamlined the approval process. One of those efficiencies was to put in place a "priority list" where casinos are requested to communicate with the Lab to let us know which games they want on their floor immediately so we could test those first. This ensures that the Lab places an emphasis on requests that come from casinos along with priorities that come from the slot manufacturers.

From August 1, 2014 to May 1, 2015 the lab reviewed 272 games. During that timeframe the average approval time was approximately 63 days. 31% of games tested were approved in fewer than 30 days and 43% were approved in greater than 60.

When the Board was first formed, we utilized an abbreviated testing process that relied upon outside jurisdictional approvals to get games onto casino floors as quickly and efficiently as possible while the lab was being erected. Exercising similar type authority again, utilizing independent testing labs would increase efficiency and turnaround times. However, we must strive to strike a balance that ensures our Lab can continue its work of ensuring high standards for games while realizing an approval timeline that works best for the industry.

Moving to internet gaming, it would cause a significant restructuring of the Gaming Control Board's IT organization, but one I feel confident we can execute with additional personnel. New Jersey, where I previously worked, has blazed the trail regarding the implementation of a successful online regulatory platform for internet gaming that ensures the security of the player, their account, and that games played live up to standards of fairness and other regulations that the state established. I am no fan of reinventing the wheel and would be looking to the New Jersey model for those best practices that could be adopted in Pennsylvania to establish an internet gaming regulatory platform that works.

Thank you for having me here today and I look forward to answering any questions members have.