



## **MASSACHUSETTS GAMING COMMISSION MEETING**

November 20, 2014

10:30 a.m.

**Boston Convention and Exhibition Center**

415 Summer Street, Room 102B

Boston, MA



Massachusetts Gaming Commission



## **NOTICE OF MEETING and AGENDA**

November 20, 2014

Pursuant to the Massachusetts Open Meeting Law, G.L. c. 30A, §§ 18-25, notice is hereby given of a meeting of the Massachusetts Gaming Commission. The meeting will take place:

**Thursday, November 20, 2014  
10:30 a.m.**

**Boston Convention and Exhibition Center  
415 Summer Street, Room 102B  
Boston, MA**

### **PUBLIC MEETING - #139**

1. Call to order
2. Approval of Minutes
  - a. November 6, 2014
3. Administration – Rick Day, Executive Director
  - a. General Update
  - b. Horse Racing Development Fund – Emergency Regulations – C. Blue, General Counsel - VOTE
  - c. Annual Activity Report – Commissioner Zuniga
4. Research and Problem Gambling – Mark Vander Linden, Director
  - a. Play Management/Pre-Commitment Discussion – J. Ziemba, Ombudsman
  - b. Responsible Gaming Regulations – Credit, Checks, ATM, Bank Cards – T. Grossman, Deputy General Counsel – Consider for approval to begin formal process - VOTE
  - c. Annual Research Agenda Recommendation – Stefano Keel, Dir. of Problem Gambling, MA Dept. of Public Health, Bur. of Substance Abuse Services
5. Investigation and Enforcement Bureau – Karen Wells, Director
  - a. New Qualifiers – VOTE
  - b. Section 1 – Internal Controls, Operations, Accounting and Gaming Procedure – B. Band, Gaming Agents Division Chief – Consider for approval to begin formal process - VOTE
6. Ombudsman Report – John Ziemba
  - a. MGM FEIR Filing - Update
  - b. Region C Update
7. Legal Division – Catherine Blue, General Counsel
  - a. Written License Decision – Region A & B - VOTE




Massachusetts Gaming Commission

- b. Transfer and Licensee Reporting Requirements – L. Lillios, Deputy General Counsel and D. Acosta, Licensing Division Director – Consider for approval to begin formal process - VOTE

8. Other business – reserved for matters the Chair did not reasonably anticipate at the time of posting.

I certify that on this date, this Notice was posted as “Gaming Commission Meeting” at [www.massgaming.com](http://www.massgaming.com) and emailed to: [regs@sec.state.ma.us](mailto:regs@sec.state.ma.us), [melissa.andrade@state.ma.us](mailto:melissa.andrade@state.ma.us).

11/18/14  
(date)

  
Stephen P. Crosby, Chairman

**Date Posted to Website:** November 18, 2014 at 10:30 a.m.



Massachusetts Gaming Commission



---

## Meeting Minutes

---

**Date/Time:** November 6, 2014 – 10:30 a.m.

**Place:** Boston Convention and Exhibition Center  
415 Summer Street, Room 151B  
Boston, Massachusetts.

**Present:** Chairman Stephen P. Crosby  
Commissioner Gayle Cameron  
Commissioner James F. McHugh  
Commissioner Bruce Stebbins  
Commissioner Enrique Zuniga

### **Call to Order**

See transcript page 2-6

10:30 a.m. Chairman Crosby called to order the 138<sup>th</sup> Commission Meeting.

### **Approval of the Minutes**

See transcript page 6-9

10:34 a.m. *Commissioner McHugh moved for the approval of the October 23, 2014 minutes. Motion seconded by Commissioner Cameron. Motion passed unanimously.*

### **Administration**

See transcript pages 9-20

10:37 a.m. Director Day presented the Commission with an update on commission staff and the hiring status for open positions.

10:42 a.m. Human Resource Business Partner Dean Ventola, Ed Burke, Managing Director of North Passage Associates, and Joan Kuhn presented the policy manual for approval.

10:48 a.m. *Motion made by Commissioner Zuniga to approve the policy manual and employee handbook as presented in the packet. Motion seconded by Commissioner Stebbins. Motion passed unanimously.*

### **Racing Division**

See transcript pages 20-

10:49 a.m. General Counsel Blue presented on the applications for live harness horse racing with a written recommendation from the Director of Racing, Jennifer Durenberger. Steve O'Toole, General Manager of Racing at Plainridge Racecourse addressed the Commission on the use of the track in the off-season in relation to the construction being conducted at Plainridge and insurance coverage in the off-season.

10:54 a.m. *Motion made by Commissioner Cameron to approve the Springfield Gaming and Redevelopment for the live harness horse racing license. Motion seconded by Commissioner Zuniga. Motion passed unanimously.*

10:55 a.m. General Counsel Blue presented on the three one-day "placeholder" applications for live thoroughbred racing received by the Commission with the written recommendations from the Director of Racing, Jennifer Durenberger.

11:04 a.m. *Motion made by Commissioner Cameron to approve the one-day racing license application to the New England Horsemen's Benevolent and Protective Association. Motion seconded by Commissioner McHugh. Motion passed unanimously.*

11:05 a.m. *Motion made by Commissioner Cameron to approve the one-day racing license application to the Brockton Agricultural Society. Motion seconded by Commissioner Stebbins. Motion passed unanimously.*

11:05 a.m. *Motion made by Commissioner Cameron to approve the one-day racing license application to the Middleborough Agricultural Society. Motion seconded by Commissioner McHugh. Motion passed unanimously.*

### **Legal Division**

See transcript pages 38-54

11:06 a.m. CFAO Derek Lennon presented on the assessment requirement of the MGM and Wynn license per 205 CMR 121.

11:13 a.m. *Commissioner McHugh moved to waive the 3-5 day payment date in the license agreements as currently drafted and modify it to allow payment by the licensee within three to five days of receipt of an invoice from us. Motion seconded by Commissioner Cameron. Motion passed unanimously.*

- 11:14 a.m. *Commissioner McHugh moved that the Commission formally award the Category 1 Gaming License in Region B as defined in the General Laws Chapter 23K, section 19A(2) to Blue Tarp Redevelopment, LLC. Said license to be effective on November 7, 2014 and to be subject (1) to all terms and conditions contained in the agreement between the Commission and Blue Tarp Redevelopment, LLC dated June 13, 2014 and (2) to acceptance by Blue Tarp Redevelopment, LLC of the license and those conditions. Motion seconded by Commissioner Zuniga. Motion passed unanimously.*
- 11:16 a.m. License accepted by Mike Mathis on behalf of Blue Tarp Redevelopment, LLC and MGM Springfield and MGM Resorts.
- 11:18 a.m. *Motion made by Commissioner Stebbins that the Commission formally awards the Category 1 Gaming License for Region A as defined in the General Laws chapter 23K, section 19A(1) to Wynn MA, LLC. Said license to be effective November 7, 2014 and to be subject to (1) all terms and conditions contained in the agreement between the Commission and Wynn MA, LLC dated September 17, 2014 and (2) to acceptance by Wynn MA, LLC of the license in those conditions. Motion seconded by Commissioner Cameron. Motion passed unanimously. Chairman Crosby was recused from this vote.*
- 11:20 a.m. License award accepted by Mr. DeSalvio on behalf of Wynn MA, LLC.
- 11:23 a.m. Commission in recess.
- 11:50 a.m. Meeting resumed.

### **Ombudsman Report**

See transcript pages 55-128

- 11:50 a.m. Ombudsman Ziamba presented on the community mitigation fund and the associate mitigation committees established by the Expanded Gaming Act.
- 12:15 p.m. Ombudsman Ziamba and Director Wells presented an update on Region C.
- 1:08 p.m. *Motion made by Commissioner Cameron to move the RFA application deadlines back two months to February 1, 2015. Motion seconded by Commissioner McHugh. Motion passed 3-2 with Chairman Crosby and Commissioners Cameron and McHugh in favor; Commissioners Zuniga and Stebbins in opposition.*
- 1:10 p.m. Commission recessed for lunch.
- 2:00 p.m. Meeting resumed.

## **Workforce, Supplier and Diversity Development**

See transcript pages 128-172

2:00 p.m. Director Griffin; Susan Moir, Director of UMass Boston Labor Resource Center; and Liz Skidmore, Business Manager of New England Regional Council of Carpenters presented on establishing an Access and Opportunity Committee.

## **Research and Problem Gambling**

See transcript pages 172-233

2:56 p.m. Director Vander Linden presented an update on the Play Management recommendations.

2:59 p.m. Director Vander Linden and Dr. Rachel Volberg presented an update on the SEIGMA research study.

3:58 p.m. Director Vander Linden presented a recommendation to launch the cohort study.

4:08 p.m. *Motion made by Commissioner Zuniga to approve the recommendation put forward, and issue a notice to proceed to the team from UMass to start the MAGIC cohort study. Motion seconded by Commissioner Cameron. Motion passed unanimously.*

## **Investigation and Enforcement Bureau**

See transcript pages 233-239

4:10 p.m. Director Wells presented the results of a suitability investigation for a Penn National qualifier, Lance Matthew George.

4:15 p.m. *Motion made by Commissioner Cameron to approve Mr. George as suitable and as a key gaming employee. Motion seconded by Commissioner McHugh. Motion passed unanimously.*

## **Information Technology Division**

See transcript pages 239-246

4:16 p.m. CIO John Glennon presented information security policies and procedures for approval.

4:22 p.m. *Motion made by Commissioner Zuniga to adopt the information technology policies as presented in the packet. Motion seconded by Commissioner Stebbins. Motion passed unanimously.*

## **Licensing Division**

See transcript pages 246-258

4:23 p.m. Director David Acosta and CIO John Glennon presented an update of the licensing management system.

4:37 p.m. *Motion to adjourn made by Commissioner McHugh. Motion passed unanimously.*

### **List of Documents and Other Items Used**

1. Massachusetts Gaming Commission November 6, 2014 Notice of Meeting and Agenda
2. Massachusetts Gaming Commission October 23, 2014 Meeting Minutes
3. Massachusetts Gaming Commission Human Resource Policy Manual
4. Massachusetts Gaming Commission November 6, 2014 memorandum regarding live racing applications with attachments from Director Durenberger
5. Massachusetts Gaming Commission November 5, 2014 memorandum regarding community mitigation fund
6. Massachusetts Gaming Commission Region C application process update presentation
7. The Massachusetts Gambling Impact Cohort (MAGIC) Study.
8. Massachusetts Gaming Commission November 3, 2014 memorandum regarding the recommendation to authorize UMass Amherst to begin longitudinal cohort study on gambling behavior
9. Massachusetts Gaming Commission November 3, 2014 IEB Qualifier Report of applicant Penn National for Qualifier Lance George
10. Massachusetts Gaming Commission November 3, 2014 memorandum regarding information technology security policies and procedures- DRAFT
11. Massachusetts gaming commission LMS update presentation

/s/ Catherine Blue  
Catherine Blue  
Assistant Secretary



**No Documents**

205 CMR: MASSACHUSETTS GAMING COMMISSION  
205 CMR148.00: RACE HORSE DEVELOPMENT FUND

Section

148.01: Definitions

148.02: Distributions from the Race Horse Development Fund

148.03: Notice to Commission of Intent to Discontinue Racing

148.04: Race Horse Development Fund Escrow Account

148.05: Supplemental Procedures for Licensure Pursuant to M.G.L. c. 128A, § 2.

148.01: Definitions

As used in 205 CMR148.00, the following words and phrases shall have the following meaning, unless the context clearly requires otherwise:

Commission is defined in M.G.L. c. 23K § 2.

Meeting means a meeting as defined in 205 CMR 3.02 and 205 CMR 4.02, respectively.

Harness Race means a race involving standardbreds as defined in 205 CMR 3.02.

Harness Racing Association means an association as defined in 205 CMR 3.02.

Horse Race means a race involving thoroughbreds as defined in 205 CMR 4.02.

Horse Racing Association means an association as defined in 205 CMR 4.02.

Horse Racing Committee means the committee established pursuant to M.G.L. c. 23K, § 60(b).

Horsemen has the meaning ascribed to the term in M.G.L. c.23K §60 and refers to Harness Horsemen and Thoroughbred Horsemen respectively.

License means a license to conduct a harness race, horse race, or both issued pursuant to M.G.L. c. 128A.

Race Horse Development Fund means the fund established pursuant to M.G.L. c. 23K, § 60.

Race Horse Development Fund Escrow account means an escrow account established pursuant to 205 CMR 148.03 (2) (a) and 148.04.

Race Track is defined in M.G.L. c. 128A, § 1.

#### 148.02: Distributions from the Race Horse Development Fund

(1) (a) The commission shall make distributions from the race horse development fund between harness racing associations and horse racing associations in accordance with the requirements of M.G.L. c. 23K, § 60, 205 CMR 148.02 and 205 CMR 148.04 and the recommendations of the horse racing committee.

(b) If there is more than one harness racing association or more than one horse racing association, the horse racing committee shall determine how the distributions from the race horse development fund are shared between each harness racing association or horse racing association.

(2) A harness racing association or horse racing association shall distribute funds received from the race horse development fund in accordance with M.G.L. c. 23K, § 60(c) and 205 CMR 148.04.

(3) In order for a harness racing association or horse racing association to be eligible to receive funds from the race horse development fund such harness racing association or horse racing association shall comply with all safety standards adopted by the Commission and applicable to such harness racing association or horse racing association.

#### XX.03: Notice to Commission of Intent to Discontinue Racing

(1) A harness racing association or horse racing association shall provide the commission at least thirty(30) days prior written notice of its intent to take any of the following actions:

- (a) To discontinue harness races or horse races for the remainder of a harness meeting or horse meeting
- (b) To permanently discontinue harness races or horse races;
- (c) To close a race track used for harness races or horse races;
- (d) To abandon or relinquish a license;
- (e) To not apply for the renewal of a license; or
- (f) To transfer a race track to any other entity.

(2) Upon receipt of a written notice of intent pursuant to 205 CMR 148.03(1), or upon learning that the harness racing association or horse racing association has failed to timely notify the commission pursuant thereto or that any event described in 205 CMR 148.03(1) (a)-(f) has occurred or will occur, the commission may take one or more of the following actions:

- (a) Hold a public hearing to determine:

(i) whether monies from the race horse development fund which the harness racing association or horse racing association would have received pursuant to M.G.L. c. 23K, § 60, should be placed in a racing escrow account for distribution pursuant to 205 CMR 148.04;

(ii) whether to transfer monies from the race horse development fund which the harness racing association or horse racing association would have received pursuant to M.G.L. c. 23K, § 60 to a different harness racing association or horse racing association;

(iii) whether to transfer the harness racing association's or horse racing association's license to a different harness racing association or horse racing association;

(iv) whether to take any other action within its authority to protect:

- i. the interests of the commonwealth;
- ii. employees or former employees of the harness racing association or horse racing association;
- iii. harness racing horsemen and horse racing horsemen; and
- iv. the intended beneficiaries of the race horse development fund, any other fund established pursuant to M.G.L. cc. 23K, 128A or 128C, and any other fund to which the harness racing association or horse racing association was required to contribute.

(b) Require the harness racing association or horse racing association to pay to the commission any amounts required pursuant to the terms of its license, M.G.L. cc. 23K, 128A, and 128C, and 205 CMR 148.00 including, without limitation, all unclaimed winnings and breaks, assessments, taxes, and fees.

#### XX.04: Race Horse Development Fund: Distributions; Escrow Accounts

(1) If the commission determines pursuant to 205 CMR 148.03 (2) (a) that monies due to a harness racing association or horse racing association from the race horse development fund should be placed in an escrow account, the commission shall establish a race horse development fund escrow account to hold such funds and any interest thereon for distribution in accordance with M.G.L. c. 23K, § 60(c), the recommendations of the horse racing committee, and 205 CMR 148.00.

(2) The commission shall establish a separate race horse development fund escrow account concerning each harness racing association or horse racing association for which it determines such an account is necessary pursuant to 205 CMR 148.03(2)(a)

(3) The commission shall hold funds in such race horse development fund escrow accounts subject to the following requirements:

(a) Monies held in a race horse development fund escrow account shall be held in escrow for no more than three years from the date of the Commission's determination to hold the funds in escrow. After three years, any monies remaining in such race horse development fund escrow accounts shall be transferred or distributed by the commission in accordance with the recommendations of the horse racing committee.

(4) (a) The commission shall make distributions from the race horse development fund or from a race horse development fund escrow account created under 205 CMR 148.03 because of a harness racing association as follows, in accordance with M.G.L. c. 23K, § 60, and 205 CMR 148.00:

i. Eighty per cent of the funds approved by the commission shall be paid weekly to a harness racing association, or if there is more than one harness racing association, as recommended by the horse racing committee, weekly by the Commission into a separate, interest-bearing purse account to be established by and for the benefit of harness racing horsemen. The earned interest on this account shall be credited to the purse account and shall be combined with revenues from existing purse agreements to fund purses for live harness races consistent with those agreements, with the advice and consent of the harness racing horsemen.

ii. Sixteen percent of the funds approved by the commission shall be deposited by the Commission into an account for the benefit of the Massachusetts Standardbred Breeding Program authorized by the commission.

iii. Four percent shall be used to fund health and pension benefits for the members of the horsemen's organizations representing the owners and trainers at the harness horse racing association's race track for the benefit of the organization's members, their families, employees and others under the rules and eligibility requirements of the organization, as approved by the commission. This amount shall be deposited by the Commission within five business days of the end of each month into a separate account to be established by each respective horsemen's organization at a banking institution of its choice. Of this amount, the commission shall determine how much shall be paid annually by the horsemen's organization to the standardbred drivers' organization at the harness racing association's race track for health insurance, life and/or accident insurance or other benefits

to active and disabled standardbred drivers under the rules and eligibility requirements of that organization.

(b) The commission shall make distributions from the race horse development fund or a race horse development fund escrow account created under 205 CMR 148.03 because of a horse racing association as follows, in accordance with M.G.L. c. 23K, § 60, and 205 CMR 148.00:

- i. Eighty per cent of the funds approved by the commission shall be paid weekly to a horse racing association, or if there is more than one horse racing association, as recommended by the horse racing committee, weekly by the Commission into deposited weekly into a separate, interest-bearing purse account to be established by and for the benefit of horse racing horsemen. The earned interest on this account shall be credited to the purse account and shall be combined with revenues from existing purse agreements to fund purses for live horse races consistent with those agreements, with the advice and consent of the horse racing horsemen.
- ii. Sixteen percent of the funds approved by the commission shall be deposited by the Commission into an account for the benefit of the Massachusetts Thoroughbred Breeding Program authorized by the commission.
- iii. Four percent shall be used to fund health and pension benefits for the members of the horsemen's organizations representing the owners and trainers at the horse racing association's race track for the benefit of the organization's members, their families, employees and others under the rules and eligibility requirements of the organization, as approved by the commission. This amount shall be deposited by the Commission within five business days of the end of each month into a separate account to be established by each respective horsemen's organization at a banking institution of its choice. Of this amount, the commission shall determine how much shall be paid annually by the horsemen's organization to the thoroughbred jockeys organization at the horse racing association's race track for health insurance, life and/or accident insurance or other benefits to active and disabled thoroughbred jockeys under the rules and eligibility requirements of that organization.

(4) If the commission awards a license to a harness racing association, after placing the funds in escrow pursuant to 205 CMR 148.03 the commission may transfer funds to that harness racing association, for use in accordance with M.G.L. c. 23K § 60 and 205 CMR 148.00, from

any race horse development fund escrow account then in existence that was created under 205 CMR 148.03

(5) If the commission awards a license to a horse racing association after placing the funds in escrow pursuant to 205 CMR 148.03 the commission may transfer funds to that horse racing association, for use in accordance with M.G.L. c. 23K § 60 and 205 CMR 148.00, from any race horse development fund escrow account then in existence that was created under 205 CMR 148.03.

(6) The commission may, upon the recommendation of the horse racing committee, transfer all or a portion of the funds held in a race horse development fund escrow account to any one or more harness racing associations or horse racing associations for distribution in accordance with M.G.L. c. 23K, § 60, and 205 CMR 148.00.

#### REGULATORY AUTHORITY

205 CMR XX: M.G.L. c. 23K, §§ 2, 4(37), 4(38), 5, 7, 60; c. 128A, §§ 1, 2, 3, 9, 9B.



# *Standardbred Owners of Massachusetts, Inc.*

PO Box 1682  
Plainville, MA  
02762

508-528-1877  
508-528-3933 fax



## **Massachusetts Sire Stakes**

**Edward Nowak**  
**James Hardy**  
**Nancy Longobardi**

*President*  
*Vice President*  
*Secretary/Treasurer*

**Raymond Campbell**  
**Frank Dubreuil**  
**Bonnie Rush**  
**Paul Vacca**

*Director*  
*Director*  
*Director*  
*Director*

November 7, 2014

Massachusetts Gaming Commission  
84 State St., 7<sup>th</sup> Floor  
Boston, MA 02109

Re: Race Horse Development Fund – Public Comment

Dear Commissioners,

On behalf of the Standardbred owners & breeders of Massachusetts the Standardbred Owners of Massachusetts, Inc. would like to express support of the recently proposed Race Horse Development Fund regulations. The regulations are a good effort in enabling the gaming legislation to be affective towards its intended benefit of keeping & improving jobs, creating new jobs and supporting/expanding the all-around positive effects of horse racing in Massachusetts.

Standardbred Owners of Massachusetts, Inc. respectfully requests the commission to consider incorporating into XX.04(4)(a)ii a reference to MGL 128(2)(j), the enabling legislation that creates the standardbred breeding program and defines the parameters of its operation along with a timeframe (i.e. weekly, monthly) for deposits into the Breeding Program account.

Thank you for the opportunity to comment on these regulations that will define our industry as we go forward.

Sincerely,

*Edward Nowak*  
President





**Plainridge Racecourse**  
**301 Washington Street**  
**Plainville, MA 02762**  
**508.643.2500**

November 6, 2014

Jennifer Durenberger, Director of Racing  
Commonwealth of Massachusetts  
Gaming Commission / Racing Division  
84 State St., 10<sup>th</sup> Floor  
Boston, MA 02109

Dear Director Durenberger,

Enclosed please find comments from Plainridge Racecourse regarding the proposed Massachusetts Gaming Commission Regulations pertaining to the Race Horse Development Fund:

**205 CMR XX.02(b)** – preference in this section should be provided to an association that also holds a gaming license since it is a condition of the class 2 gaming license to also maintain racing and simulcasting. In addition, the Class 2 licensee will be providing substantial revenues to this fund.

**205 CMR XX.02(3)** – does the association have any period of time to comply with such standards as adopted by the Commission. If such standards are not met how will the funds to be allocated to the association be treated?

**205 CMR XX.04(4)(i)** – a clarification. Of the funds deposited pursuant to this section, can there be any deduction of funds pursuant to any contractual agreement between the association and representative horsemen's organization for use by the horsemen's organization for agreed upon uses, such as office administration, benefits for members or promotion of live racing?

**205 CMR XX.04(4)(iii)** – would add “life and/or accident insurance” to line 12 of this section.

Thank you in advance for your consideration of these comments.

Respectfully submitted,

**Steve O'Toole**  
General Manager

cc: Harness Horsemen's Association of New England

205 CMR: MASSACHUSETTS GAMING COMMISSION  
205 CMR 14.00 SUPPLEMENTAL LICENSURE PROCEDURES

14.01: Supplemental Procedures for Licensure Pursuant to M.G.L. c. 128A, § 2.

(1) Any person desiring to hold or conduct a horse racing meeting within the commonwealth shall make an application to the commission for a license so to do in accordance with M.G.L. c. 128A, § 2. The commission may waive the deadlines for filing of and action on any such application in the event that there is no horse racing association then licensed in the commonwealth or any such association previously licensed has submitted written notice of intent pursuant to 205 CMR148.03 (1), has failed to timely notify the commission pursuant thereto or has caused or suffered any event described in 205 CMR148.03 (a)-(f) to have occurred.

(2) The commission may deem an application for a license submitted pursuant to M.G.L. c. 128A, § 2 complete as of the date first filed, notwithstanding the fact that the applicant provided additional or supplemental information in support of that application at a later time, provided all such additional or supplemental information has been provided to the commission no later than 90 days before the proposed commencement of a meeting requested in the application.

(3) The commission may, at an applicant's request, hold the certified checks or bank drafts required as part of an application of a license pursuant to M.G.L. c. 128A, § 2 in escrow until 30 days after the award of a license.

(4) A harness racing association or horse racing association awarded a license pursuant to M.G.L. c. 128A must provide the commission with the bond required pursuant to M.G.L. c. 128A, § 3(o) within 30 days of the award of the license.

REGULATORY AUTHORITY

205 CMR14.00: M.G.L. c. 23K, §§ 2, 4(37), 4(38), 5, 7, 60; c. 128A, §§ 1, 2, 3, 9, 9B.



November 20, 2014

Governor Deval Patrick  
Attorney General Martha Coakley,  
Treasurer Steven Grossman  
Clerks of the House and Senate  
Chairs of the Joint Committee on Economic Development & Emerging Technologies  
Chairs of the House and Senate Committees on Ways & Means:

Honorable Madams and Messrs.:

We are pleased to deliver the third annual report of the Massachusetts Gaming Commission. This report covers the details of our operations as of the end of Fiscal Year 2014 (June 30, 2014), and is submitted in accordance with section 70 of Chapter 23K.

We awarded the Slot Parlor (Category 2) license to Penn National Gaming on February 28, 2014. Construction of the facility in Plainville started soon after, and is currently on schedule to be completed on late June 2015.

On June 16, 2014 the Commission designated MGM International to receive the Region B Category 1 license. On September 15 the Commission designated Wynn Resorts to receive the Region A license. As part of the designations, MGM and Wynn each would finalize permitting & design and start construction as soon as the results of the petition to repeal c. 23K failed. On November 4, the citizens of the Commonwealth voted down question 3 and MGM and Wynn were formally awarded the licenses for Region B and Region A respectively.

We continue to make significant progress towards building the regulatory framework that will govern expanded gaming in the Commonwealth. We are committed to moving forward transparently with prudent oversight. We remain eager to discuss with you at your convenience the efforts the Commission is making, the results it is achieving and any other aspect of our operations about which you would like additional information.

Sincerely,

Massachusetts Gaming Commission



Massachusetts Gaming Commission

## Mission

**The mission of the Massachusetts Gaming Commission is to create a fair, transparent, and participatory process for implementing the expanded gaming law** passed by the Legislature and signed by the Governor in November, 2011. In creating that process, the Commission will strive to ensure that its decision-making and regulatory systems engender the confidence of the public and participants, and that they provide the greatest possible economic development benefits and revenues to the people of the Commonwealth, reduce to the maximum extent possible the potentially negative or unintended consequences of the new legislation, and allow an appropriate return on investment for gaming providers that assures the operation of casino-resorts of the highest quality.

## Core Values

The Commissioners and all employees are committed to a set of core values we value:

- An unyielding commitment to a participatory, transparent and fair process for the licensing of expanded gaming in Massachusetts
- An environment with a free-flowing and open exchange of ideas in which all are encouraged to question and participate, with the understanding that all will use their best efforts to implement the resulting decisions
- An uncompromising commitment to the integrity of the licensing and regulatory process, and strict adherence to the letter and spirit of our Enhanced Code of Ethics, with a thoughtful balance between the need for rigorous regulation and the burden of compliance
- A diverse workforce and supplier base, and an inclusive culture internally and among our partners in the Massachusetts Gaming Industry
- A deep commitment to customer service that assures a respectful and professional experience for all with whom we come in contact, no matter their point of entry or point of view.



Massachusetts Gaming Commission

## Introduction

The Commission has been in existence since March 21 of 2012, and this report entails the third fiscal year of operations in the process of implementing the expanded gaming legislation (**Chapter 194 of the Acts of 2011 – An Act Establishing Expanded Gaming in the Commonwealth**) enacted by the General Court and signed into law by the Governor November, 2011.

This report has been divided into what are now effectively major functional areas at the Massachusetts Gaming Commission:

1. Licensing
2. Investigations and Enforcement Bureau
3. Research and Problem Gambling
4. Ombudsman Office
5. Racing Operations
6. Information Technology
7. Administration and Finance
8. Workforce, Small Business Supplier and Diversity
9. Communications and Outreach



Massachusetts Gaming Commission

## Executive Summary

The Massachusetts Gaming Commission made significant progress towards its mission during FY14. We continue to build both an agency and the regulatory framework to enable this Commission to issue, award, oversee and regulate the gaming licenses that the Gaming Act allows.

### **During FY14** this Commission:

1. Finished the intensive background check (Phase 1) and investigation of all individuals (qualifiers) associated with the gaming applicants, and made determinations of suitability for ten applicants
2. Received Phase 2 applications for six gaming applicants in regions A, B and for the slots parlor license
3. Conducted extensive technical evaluations and awarded Penn National Gaming the State's sole Slots Parlor License. Designated MGM International as the licensee for Region B in Springfield and designated Wynn as licensee for Region A.
4. Promulgated five sets of regulations that govern the many important aspects of the gaming licensing process including (i) gaming vendor & employee licensing (ii) fees & assessments, (iii) self-exclusion, (iv) arbitration, (v) monitoring
5. Continued a comprehensive and ambitious research project to study the social and economic impacts of the introduction of expanded gaming
6. Assumed all responsibilities for the racing operations in the Commonwealth, and promulgated regulations and two sets of comprehensive amendments to State Racing regulations (205 CMR 3.00 and 4.00)
7. Made significant progress in constructing the agency that will oversee the licensing and regulatory framework for the operations of the gaming licensees, including several key hires with significant experience in the related fields.
8. Held 48 public meetings, an additional 15 public input and statutory hearings and 3 educational forums (Responsible Gaming, Internet Gaming and Horseracing). We continue to receive significant community feedback expressing confidence in the transparency of all Commission activities.
9. Developed the "Massachusetts Responsible Gaming Framework" with the ultimate goal of drafting regulations that protect those who may be at risk of experiencing problem gambling.
10. Commissioners and other staff continue to attend numerous speaking engagements across the state through the Commission's successful Speakers Bureau Program.



Massachusetts Gaming Commission

## Major Milestones Anticipated for Fiscal Year 15

- **The phase 1 application deadline for the Category 1 License for Region C was recently extended to January 31, 2015.** Given our experience with the timeframes Regions A and B, we anticipate that investigation and evaluation would take continue throughout FY14 for this region. We will continue to monitor developments associated with this region to ensure that the Commonwealth and the region derive the anticipated benefits from expanded gaming.
- **The Opening of the Slots Parlor in Plainville is anticipated for June 2015.** Although we do not project significant gaming revenue accruing in FY15 to the Commonwealth, FY16 could bring approximately \$40 million to Local Aid, and \$9 million to the horse race development fund.
- **The results of the Baseline Study are anticipated for March 2015.** This report will contain a wealth of information of current levels of gambling, as well as attitudes and behaviors by Massachusetts residents. This Study is described in more detail in Section 3 of this report.
- **We will continue to study and implement responsible gaming features.** We have adopted a responsible gaming framework with the help of important stakeholders and will continue to evaluate the feasibility of features like a player management system.
- **Harness Racing will continue at Plainridge Race Course and increase to the statutory 105 days for calendar year 2015.** We will also continue to evaluate the feasibility of Thoroughbred Racing given available monies for purses, and two placeholder applications received on Oct 1, 2014.
- **We continue to make significant administrative progress** in the implementation and staffing of additional functions. Such functions include:
  - ✓ A “Licensing” unit and its associated licensing system, in order to license and register casino and slots parlor employees and vendors
  - ✓ Development, adoption and implementation of electronic gambling equipment testing protocols & procedures to ensure the machines and games on the gaming floor are operating as intended
  - ✓ Promulgation of regulations which will govern operational functions at the gaming establishments, including the rules of games, slots standards, approval protocols, gaming software, gaming school certification, internal controls, reporting, cash management, licensing, tax payment, search & seizure, and research support
  - ✓ Formulation and refinement of protocols and procedures in conjunction with the State Police, the Attorney General’s office and the ABCC, for the oversight of operations of gaming licensees



Massachusetts Gaming Commission

## 1. Licensing

The Division of Licensing issues licenses to vendors and individuals that intend to do business with the Gaming Companies in the Commonwealth. Working in conjunction with the Commission's Investigations and Enforcement Bureau (IEB), the Division of Licensing will issue different types of licenses to gaming employees, gaming vendors and non-gaming vendors.

During FY14, we promulgated regulations that govern the application process for employees of a gaming establishment and vendors who will be providing goods or services to a gaming establishment (205 CRM 134.00). The regulations define thresholds for license or registration, the forms to be filed, licensing standards that must be met by applicants for licensure or registration, and how licensure will be determined. Applicants have the right to request a hearing in the event an application is denied.

### *The Licensing Process*

The division created and developed procedures, forms and instructions for the submission, review, and acceptance of licensing applications. These documents are required of individuals or vendors for the issuance of different licenses.

The types of licenses are: Key Employee, Gaming Employee, Gaming Service Employee, Gaming Vendor Primary, Gaming Vendor Secondary, Non-Gaming Vendor, and Gaming School Certification.

Upon the determination of completeness these applications are forwarded to IEB so that a probity investigation may be conducted to determine suitability for licensure. Upon determination of suitability, the IEB recommendation is forwarded to the Division of Licensing for the issuance of a license credential or a certification indicating that suitability has been met.

**To date the Division has received and processed 155 license applications as well as 28 Non-Gaming Vendor registrations.**

We are currently developing and implementing a Licensing Management System (LMS). The LMS will allow for the electronic filing of an application for licensure or registration by a vendor or an employee and eliminate paper applications. The LMS will be used internally (Licensing, IEB, Legal) for the tracking the status of applications as well as application fees. Further, the LMS will document the amount of time required by staff to complete the review.



Massachusetts Gaming Commission



The information from the LMS will be used to determine actual costs incurred by the Commission and subsequently bill the applicant for any additional costs. In future phases of development, the LMS will allow for the electronic filing of applications for racing licensing, certification of gaming schools, tracking of self-exclusion, tracking of reports used to determine compliance with established regulations or conditions of licensing, as well as tracking of excluded individuals. The LMS will be the tool used by the gaming establishment to inform the Commission of their respective employees and of the business being conducted with licensed or registered vendors.

## 2. Investigations and Enforcement Bureau (IEB)

The Investigations and Enforcement Bureau (IEB) is the investigatory unit of the Commission, and includes Massachusetts State Police (MSP) staff. Throughout the initial licensing of casino companies (applicants), the IEB conducted the intense Phase 1 background investigations.

### *Phase 1 Determinations of Suitability*

In fiscal year 2014, the IEB completed the suitability reports of the slots parlor applicants, as well as all applicants for Region A and Region B, resulting in 6,161 pages worth of un-redacted reports and exhibits. Below is a chart of all completed suitability reports, as well as the number of pages and exhibits included in each.

Applicant	Determination	Date	Report (Pages)
Crossroads	Suitable, pending additional financing	11/13/2013	285
MassGaming & Entertainment	Positive Determination of Suitability	7/11/2013	219
MGM International / Blue Tarp	Positive Determination of Suitability	12/9/2013	2,919
Mohegan Sun	Positive Determination of Suitability	10/3/2013	383
Ourway	Not Found Suitable	7/25/2013	168
Penn National	Positive Determination of Suitability	9/19/2013	444
Cordish / PPE	Positive Determination of Suitability	7/11/2013	81
Raynham Park	Positive Determination of Suitability	7/26/2013	354
Sterling Suffolk	Positive Determination of Suitability	10/29/2013	1,013
Wynn Resorts	Positive Determination of Suitability	12/16/2013	295

The IEB also conducted a suitability investigation for Hard Rock Massachusetts, LLC, as an applicant for a Region B license. However, since the voter referendum on the host community agreement did not pass, the investigation was not officially completed and the report remains in draft form. HR Massachusetts included 3 entities and 13 natural person qualifiers.



Massachusetts Gaming Commission

The reports were a result of months’ worth of investigations which included an intensive background check of all applicants. Each applicant included several entity qualifiers (companies, holding companies, etc.) and in most cases multiple individual qualifiers (persons with control and/or ownership of the qualifying entities). Qualifiers were the subject of detailed financial evaluations and interviews under sworn testimony. Each report to Commissioners was accompanied by a recommendation from the Director of IEB regarding the suitability of the applicant, including any proposed conditions. Where the IEB had questions or concerns, these were addressed in a public adjudicatory meeting of the Commission.

Below is a chart summarizing the number and types of suitability investigations conducted during FY14.

Investigation Type	Applicants	Entity	Individual	Grand Total
<b>Category 1 - Resort Casino</b>				
Region A	3	25	34	59
Region B	3	25	67	92
Region C	1	3	4	7
<b>Category 2 - Slots Parlor</b>				
Slot Applicants	3	33	57	90
<b>Grand Total</b>	<b>10</b>	<b>86</b>	<b>162</b>	<b>248</b>

*Casino Vendors and Employee Investigations*

Upon completion of the suitability investigations at the end of calendar year 2013, IEB began the investigations phase of licensing vendors and employees for the slots parlor gaming establishment. These investigations included 96 individuals and 64 entities within a four month period from March through June 2014. Upon completion of each investigation, IEB issues a recommendation to the Licensing Division on whether an entity or an individual is suitable to be licensed. The IEB is also tasked with conducting investigations on employee hires for the Gaming Commission (MGC) as well as its vendors and consultant hires. The chart below shows the breakdown of the numbers and types of investigations conducted by IEB for FY 2014.

Types of Investigations	# of Investigations
MGC Consultant or Vendor	64
MGC Direct Hire (Employee)	57
Licensee (Vendor or Employee of Casino)	113
Suitability Determination (Casino Qualifier)	248



### 3. Research and Problem Gambling

The Gaming Act allocates significant resources to the areas of research and problem gambling. When fully operational, a public health trust fund (described below) will count with \$15 - \$20 million annually to study, allocate, prevent and treat problems associated with problem gambling. This will make Massachusetts the state in the U.S. that dedicates most resources to this area.

#### *MGC Research Mandate*

Section 71 of the Gaming Act requires the Commission to establish “an annual research agenda” to assist in understanding the social and economic effects of casino gambling in Massachusetts and minimizing the harmful impacts of expanded gaming. The Act further requires that the Commission and the statutory Gaming Policy Advisory Committee (GPAC) make annual, scientifically-based recommendations to the Legislature.

The gaming law is unique in enshrining the role of research in enhancing responsible gambling and mitigating problem gambling in Massachusetts. Section 71 identifies three essential elements of this research agenda:

- Understanding the social and economic effects of expanded gambling;
- Implementing a baseline study of problem gambling and the existing prevention and treatment programs that address its harmful consequences;
- Obtaining scientific information relative to the neuroscience, psychology, sociology, epidemiology and etiology of gambling.

#### *Public Health Trust Fund*

The Gaming Act established a Public Health Trust Fund, which will be used to support social service and public health programs dedicated to addressing problem gambling and related issues, including research, prevention and treatment. This includes the annual research agenda (highlighted above). However, the Public Health Trust Fund cannot be established and endowed, until fees are assessed to gaming licensees and funds collected from taxes on gross gaming revenues.

Although the Public Health Trust Fund is not yet in place, Section 71 requires the MGC to conduct a Baseline Study of social and economic impacts as well as ongoing research on gaming in the Commonwealth. Since the Baseline Study necessitates collecting data ahead of the granting of licenses, the MGC elected to allocate resources from its general operating budget to fulfill this statutory requirement.



Massachusetts Gaming Commission

### *Public Health Trust Fund Executive Committee*

The Commission and the Executive office of Health and Human Services entered into a Memorandum of Understanding (MOU) on July 24, 2014, and established an Executive Committee of the Public Health Trust Fund. The MOU authorizes the Executive Committee to set an annual budget for expenditures from the Public Health Trust Fund, which includes funding for the annual research agenda.

The co-chairs of the Public Health Trust Fund Executive Committee are Commission Chairman, Stephen Crosby and the Department of Public Health Commissioner, Cheryl Bartlett. Other members of the Executive Committee include Beth Bresnahan, Executive Director of the Massachusetts State Lottery; Rebekah Gewirtz, Executive Director of the Massachusetts Public Health Association; and Anne Powers, Undersecretary for Law Enforcement, Executive Office of Public Safety and Security. The Committee is staffed by Mark Vander Linden, Director of Research and Problem Gambling for the Gaming Commission and Stefano Keel, Director of Problem Gambling Services for the Department of Public Health.

To additionally help guide research matters, the Commission convened an informal Gaming Research Advisory Committee (GRAC). This Committee is staffed by MGC Director Vander Linden and DPH Director, Keel. The GRAC functions as an informal peer review committee to advise on methodology, monitor research efforts currently under way and make recommendations to advance the ongoing agenda.

### *Social and Economic Impacts of Gambling in Massachusetts (SEIGMA)*

To carry out the mandate of Section 71, the Commission competitively procured and eventually engaged a multidisciplinary team at the University of Massachusetts Amherst to carry out a comprehensive, multi-year study of the “Social and Economic Impacts of introducing casino Gambling in Massachusetts” (SEIGMA). The SEIGMA project is composed of four distinct components including social and health impacts, economic and fiscal Impacts, evaluation of problem gambling services and a data management center.

The largest element of the Social and Health Impacts component is a Baseline General Population Survey and two related targeted surveys. Because such surveys will be repeated after the introduction of casinos, the team will be in a position to determine the social impacts associated with the introduction of casinos.

Similarly, the team of researchers will evaluate Economic and Fiscal Impacts from existing sources. The team has developed a matrix of economic and fiscal measures (employment, income, state revenues, property values, etc.) that will be tracked over time. All associated data and related methods will eventually be available to the public.



Massachusetts Gaming Commission

The team has performed extensive work to ensure that relevant data is collected from licensees (i.e., socio-demographics of employees and construction workers) as they play a critical role in the research effort.

In addition, researchers have begun analyzing helpline data in order to evaluate Problem Gambling Services. A report documenting findings and associated recommendations will also be part of the Baseline Study.

The report on the Baseline Survey is planned for March 30, 2015 which will also include a final report on the Problem Gambling Services Evaluation. A Baseline Economic and Fiscal Impacts report is planned for May 31, 2015 along with a Baseline Social and Health Impacts report.

### *Massachusetts Gambling Impact Cohort (MAGIC)*

In November 2013, the MGC released a Request for Proposal (RFP) to conduct a cohort study on gambling behavior to the University of Massachusetts Amherst and the Cambridge Health Alliance Division on Addiction. The rationale for limiting to these two applicants was that each possessed a unique set of qualifications to conduct a study of this nature. An external review committee and MGC Director Vander Linden unanimously agreed that the proposal submitted by the University of Massachusetts Amherst had a stronger research strategy and would more successfully accomplish the objectives of the study.

The GPAC voted unanimously to add a longitudinal cohort study to the research agenda. On April 2, 2014, the MGC approved the recommendation of the review committee and selected UMass Amherst to conduct the study, but directed that it begin at later date in 2014 to be determined by the Commission.

MAGIC promises to be a landmark study, providing new and much needed information about incidence rates and the course of problem gambling in Massachusetts. MAGIC will yield important and unique information leading to treatment and prevention initiatives that are tailored to the needs of the people of the Commonwealth. Furthermore, this valuable addition to the research agenda will:

- Establish the raw number of new problem gamblers each year (necessary for resource allocation);
- Identify the variables of greatest etiological importance in the development of and remission from problem gambling ;
- Determine whether proportionally more resources should be put into prevention or treatment; and
- Provide guidance on whether there are 'safe levels' of gambling.



Massachusetts Gaming Commission

### *Future Research Activities*

1. Establish evaluation measures and processes, collect and analyze data and report findings to determine the effectiveness of responsible gaming initiatives
2. In accordance with the Gaming Act, procure services with an “experienced nonprofit research entity” to collect, anonymize, store and disseminate information generated by loyalty programs, player tracking software, player card systems, or any other information system. Data will be made available to qualified researchers.

## **4. Ombudsman’s Office**

The office of the Ombudsman is responsible for coordinating, communicating and facilitating interactions between all stakeholders: State Agencies, Applicants, Licensees, Host and Surrounding Communities, State and Local Officials, Community Groups, Divisions within the Commission and other interested parties. This office further coordinates and supports legislatively mandated Advisory Committees and sub-committees.

### *Grant Program, Involuntary Disbursements & Technical Assistance*

The Office of the Ombudsman is a conduit to effectuate funding and negotiations among communities and applicants that so choose, or are not able to reach agreements among themselves.

The Gaming Act provides that applicants reimburse communities for expenses incurred in the course of studying mitigation and negotiating agreements with applicants. The Commission issued regulations that govern those activities (including petitions from Communities for involuntary disbursements). The Ombudsman’s office oversees these activities and makes recommendations to the Commission about instances when the parties do not reach agreements.

In fiscal year 2014, in accordance with 205 CMR 114.03(2) the Ombudsman’s office distributed thirty six grants for a total of \$1,929,054 to surrounding and host communities through the Grant Program.

The Ombudsman’s office helped develop a statewide technical assistance program under which five regional planning agencies (RPA’s) assisted surrounding communities in their efforts to ascertain potential impacts including traffic and other factors to determine mitigation relating to the negotiation of surrounding community agreements.



Massachusetts Gaming Commission

The following Cities and Towns were recipients of grants processed through the Commission’s Ombudsman office:

Agawam	Foxborough	Millbury	Taunton
Bridgewater	Holyoke	Monson	West Bridgewater
Chicopee	Leominster	Plainville	West Springfield
East Longmeadow	Longmeadow	Raynham	Wilbraham
Easton	Ludlow	Revere	Winthrop
Everett	Milford	Saugus	Wrentham

**Gaming Policy Advisory Committee**

Chapter 23K established the Gaming Policy Advisory Committee. A major function of the GPAC is to advise the Commission in the development of an annual research agenda. The results of the studies conducted will later form the basis for policy recommendations to the legislature.

This Gaming Policy Advisory Committee (GPAC) is comprised of the Governor or his designee, the Chair of the Commission, 2 members of the Senate, 2 members of the House, Commissioner of Public Health (or designee), and 8 persons appointed by the Governor (of whom shall be representatives of gaming licensees, organized labor, a federally recognized Indian tribe in the Commonwealth, and representatives of the host and surrounding communities).

While all members of this committee could not be appointed prior to the award of licenses (i.e., representatives of the host communities, and representatives of licensees), it was very important to convene the committee, especially in regard to its role in reviewing the Commissions annual research agendas.

The first meeting of the GPAC was held on July 16, 2013. Rachel A. Volberg, Principal Investigator on the Commission’s SEIGMA study gave a presentation to focus member attention regarding its role on research and advising the Commission.

The second meeting of the GPAC was held on October 21, 2013. Dr. Volberg gave an update on the surveys for the research study underway. Mark Vander Linden of MGC addressed the committee regarding development of an annual research agenda to understand the social and economic effects of expanded gaming in the Commonwealth. At this meeting the GPAC accepted a motion to advise the Commission to add a longitudinal cohort study to its research agenda, and to continue the scope of its current research agenda into 2014 with the additional of a longitudinal cohort study.

Mr. Rob Hubbard, the chair of the Gaming Policy Advisory Committee resigned his



position on June 6, 2014. The Committee is awaiting the appointment of a new Chair by the Governor.

Current designees to the committee include: Senator Jennifer Flanagan, designated by the Senate, Senator Richard Ross, appointed by the Senate Minority Leader, Representative Ann-Margaret Ferrante, designated by the House, and Representative Angelo L. D’Emilia, appointed by the House Minority Leader, as Thomas Land has been designated by the Commissioner of Public Health to replace Hilary Jacobs, and Brian Lang, a representative of organized labor appointed by the Governor.

The Gaming Act also prescribes Chairman Steve Crosby as an ex-officio member to the Gaming Policy Advisory Committee.

### *Other Activities*

The Ombudsman’s office continued to build relationships between the Commission, host communities, surrounding communities, and gaming applicants. The major activities of this office included:

- Educate communities, community officials and interest groups regarding the gaming act, the licensing process, policies, and Commission regulations.
- Work with communities to assist them in meeting deadlines and other requirements under the Commission regulations.
- Form and staff the Gaming Policy Advisory Commission.
- Compile and present reports to evaluate a community’s status as a surrounding community for review by the Commissioners.
- Maintain and update status reports on progress of the applicants and their surrounding communities for reports to the Commission.
- Assist and advice to the Commission regarding specific regulatory and policy matters.

## **5. Racing Operations**

The Racing Division continued to build on the progress achieved during FY13. The chief accomplishments of this division can be grouped in the following major categories:

- Operational and fiscal oversight of activities at licensed pari-mutuel facilities
- Enhancements to safety and welfare of racing’s participants
- Transparency initiative

A discussion of each major accomplishment follows below, and is further detailed in the State Racing Report for the calendar year 2013 (which is forthcoming).



Massachusetts Gaming Commission



## *A. Operational Activities at Licensed Pari-Mutuel Facilities*

### Live Racing

Because live racing operates on a calendar, rather than fiscal, year schedule, the statistics provided below reflect those for the entirety of the 2013 live race meets.

In 2013 live Thoroughbred racing was conducted at Suffolk Downs from June 1 through November 2, for a total of 81 race days. For the meet, the Racing Division:

- Issued 1,753 occupational licenses
- Issued 68 administrative rulings, with no appeals
- Issued 29 administrative penalties
- Submitted 874 urine and 1,574 blood samples for equine drug testing

In 2013 live harness racing was conducted at Plainridge Racecourse from April 15 through November 14, for a total of 93 race days. For the meet, the Racing Division:

- Issued 1,057 occupational licenses
- Issued 69 administrative rulings, with no appeals
- Issued 53 administrative penalties
- Submitted 842 urine and 1,509 blood samples for equine drug testing

### Simulcasting

Simulcasting is conducted year-round on seven licenses at the following facilities:

- Plainridge Racecourse
- Raynham Park
- Suffolk Downs, including:
  - Twin Spires
  - TVG
  - Xpressbets
  - Wonderland

For 2013, total pari-mutuel handle in the commonwealth totaled \$277,555,905. Of that, \$7,446,683 (or 2.7%) was wagered on-track on live horse racing being conducted at that facility as governed by MGL c.128A. The remaining \$270M (or 97.3%) was wagered on simulcast product governed by c.128C. \$200,046,826 was wagered on simulcast imports from other jurisdictions, and \$70,032,396 was wagered on simulcast export of the Massachusetts live racing product.

Total statutory revenue\* distributed to stakeholders was as follows:



Massachusetts Gaming Commission

- MGC for operating and regulatory expenses: \$1,398,453
- Local aid to host communities: \$1,134,131
- Capital improvements and promotional funds for thoroughbred facilities: \$983,103
- Capital improvements and promotional funds for harness facilities: \$191,994
- Massachusetts Thoroughbred Breeders Association: \$326,461
- Standardbred Owners of Massachusetts: \$174,547
- Department of Public Health for problem gambling programs: \$101,377
- Eighth Pole to provide health care and human services to licensees: \$80,000
- Jockey's Guild: \$65,000
- Economic Assistance programs for thoroughbred racing licensees: \$20,000
- Tufts Veterinary School: \$17,976
- Department of Agriculture: \$1,654

\*Distributions to purse accounts for horse owners, which are governed both by statute and contract, are not reported here.

### ***B. Enhancements to Safety and Welfare of Racing's Participants***

For live racing in 2014, the Racing Division implemented a commission-controlled furosemide administration program at both racetracks. A blood gas testing program was initiated at Suffolk Downs, and the Division accepted oversight of the existing program at Plainridge Racecourse.

The Racing Division adopted a "Horses First" guiding principle and the Commission became the first in the country to endorse a set of Welfare Guidelines, as promulgated by the International Specialist Group of Racing Veterinarians.

In 2013, Suffolk Downs achieved re-accreditation with the National Thoroughbred Racing Association's Safety and Integrity Alliance and was cited for numerous best practices.

### ***C. Transparency Initiative & Additional Activities***

The MGC Website ([www.massgaming.com](http://www.massgaming.com)) includes a new webpage for the Racing Division, with links to operations at both live racing facilities. Beginning in 2014, all of the Division's administrative rulings and daily racing reports were posted, along with drug testing results for quantified substances and informational guides for occupational licensees.



Massachusetts Gaming Commission

### Accreditation of Key Racing Division Personnel

We are proud that two of Racing's long-term officials, Ms. Susan Walsh (Chief Commission Steward at Suffolk Downs) and Mr. Salvatore Panzera (Associate Commission Judge at Plainridge Racecourse) attended, completed, and became accredited horse racing officials through the national Racing Officials Accreditation Program. This intensive course accepts only experienced racing industry personnel and the overall pass rate for all four sections of the course is less than 50 percent.

### Cutting Edge Updates to Racing Regulations

Building on the comprehensive regulatory changes promulgated by the Commission last year, the Commission adopted amendments to existing medication regulations to keep current with the state of the industry. Such amendments will continue to be recommended annually as scientific information regarding medications and drug testing programs become available to the industry through the Model Rules of the Association of Racing Commissioners International.

### Live Racing for Calendar Year 2015

On November 5, 2014, the Commission approved the live racing application for Penn National at **Plainridge Race Course to conduct 105 days of harness live racing**. Although the construction of the slots parlor continues, the requirement embedded in c. 23K to increase the number of races is projected to be met by the licensee.

Shortly after the award of the Category 1 Region A license, the principals at Suffolk Downs announced their intention to close the thoroughbred race track. **On October 1, 2014, the Commission received 2 racing applications to conduct thoroughbred racing**. We will continue to evaluate the feasibility of thoroughbred racing in the Commonwealth in the coming months.

## 6. Information Technology

The Information Technology Division supports the technology efforts of the Commission and is divided into two groups:

**IT Operations - Infrastructure and Applications** – The IT Operations group is responsible for planning and coordinating all activities related to the design, development, and implementation of organizational information systems, software applications, and network infrastructure. The operation is also responsible for maintaining, supporting, and upgrading existing systems and applications, as well as



Massachusetts Gaming Commission

wide area / local area networks and desktop / mobile devices.

**Gaming Technology Laboratory (GTL)** - The Gaming Technology Laboratory is responsible for planning, organizing, managing, and implementing the regulations, policies, procedures and testing needed to ensure the integrity of electronic gaming devices (EGD's) and associated equipment. The GTL will oversee the issuance of certifications and permits for the use of EGD's in Massachusetts. The GTL is also responsible for the evaluation, inspection, and investigation of electronic gaming devices and associated equipment, and the oversight of all EGD assets in the jurisdiction.

Highlights of ITD activities for FY14 include:

- **IT Organizational Development** – The IT department counts with a manager of infrastructure and applications as well as a desktop support analyst. ITD is looking to fill two current open positions - Manager of the Gaming Technology Laboratory, and an Infrastructure and Application Architect. Both positions are expected to be filled by January 2015.
- **Infrastructure – foundational hardware and software** – during the past year ITD has procured and installed multiple hardware and software components that will serve as the foundational infrastructure for MGC operations. ITD has been assisted by our strategic business and service delivery partners: Commonwealth of Massachusetts Information Technology groups (Mass IT and ANF LAN/WAN/Desktop support); Verizon and Verizon Wireless; Advizex and Hewlett Packard; and the Markley Group.
- **Licensing Management System (LMS)** – Partnering with the Division of Licensing and system integrator NTTData to configure an LMS to support external applications for licensee and the internal review workflow for criminal and financial background checks.
- **Enterprise Class Wireless Network** - Controller and Wi-Fi Access Points – Installation of 9 wireless access points that provide the Commission and our consultants with high speed, managed access to the Internet
- **MGC Office Connectivity** - Wide Area Network / Local Area Network – To solve problems with latency and performance, ITD worked with MassIT to upgrade the MGC Network connection speed / capacity from 3.0Mbps (2 T1's) to 20 Mbps.
- **Mobile Device Deployment** – Ipad Airs – Deployment of mobile devices to Commissioners, Directors and IEB. A direct impact of using the iPads was the elimination of the preparation of Commission meeting binders. Commission



Massachusetts Gaming Commission

packets are published in an indexed PDF, and are accessible to staff and the general public on multiple platforms.

- **Promulgation of Electronic Gaming Device Regulations** –
  - 205 CMR 143.00: Gaming Devices & Electronic and Gaming Equipment
  - 205 CMR 144.00: Approval of Slot Machines & Electronic Gaming Equipment Testing Laboratories
  - 205 CMR 145.00: Possession of Slot Machines
- **Intranet** - working with the High Performance Management team, developed an MGC Intranet for internal communications and information.

## 7. Administration and Finance

The Division of Administration and Finance (A&F) is responsible for completing all financial transactions and coordinating with other functional areas to complete all administrative functions. The division consists of the finance department and human resources. The division is responsible for accounting, budgeting, payroll, and classification and compensation functions within the MGC structure.

### *Human Resources, Hiring and Recruiting Efforts*

The human resources (HR) department is responsible for assisting MGC staff in recruiting, training and retaining a diverse professional workforce. The HR team assists managers with:

- developing the bureau/division organizational structures;
- creating job descriptions and compensation recommendations for employees;
- developing and updating agency human resource policies & procedures manuals;
- providing access to employee assistance programs;
- developed and documented hiring, onboarding and exit process
- streamlined background check process from 12 weeks to 4- 5 weeks
- conducted complete audit of employee and payroll records
- launched performance management process that established performance factors, development planning and performance goal setting exercises
- Interview to hire ratio of 10 to 1



Massachusetts Gaming Commission

**Recruiting and Hiring:**

During FY2014 the Commission hired **17 Gaming Employees** in critical administrative areas like Licensing, Workforce and Supplier Diversity, Administration, Finance, IT, HR, etc.

In addition, during the last year we also hired and re-hired 35 employees associated with the racing operations, including Veterinarians, judges, stewards, and other licensing employees at the existing tracks and simulcasting facilities.

The chart below depicts the total number of employees by department, and the respective planned additions for FY15:

Headcount by Department/Division	# of Employees FY14	# of Employees FY15	Planned Additions
Commissioners & staff	7	8	Admin Assistant
Executive Director & staff	2	2	
Investigations & Enforcement	5	17	Assistant Director, Gaming Agents, Financial Investigators
Licensing	5	6	Licensing Specialist
Communications	2	2.5	Co-op
General Counsel / Legal	4	7	Deputy General Counsel, Hearing Officer, Paralegal
Human Resources	2	3	Admin Assistant / Intern
Information Technology	3	5	Gaming Lab Manager, Applications Architect, Admin
Ombudsman	2	2	
Problem Gambling	1.5	1.5	
Worforce & Supplier Diversity	1.5	2.5	Co-op
Racing *	7	6	
<b>Total</b>	<b>42</b>	<b>63</b>	

❖ Seasonal commission employees at the tracks (Stewards, Judges, Veterinarians) are not included in the number above or ratios below

The chart below depict the diversity and female/male ratios of the Commission as of the end of FY14

Diversity Representation	MGC Employees	Gender Representation	MGC Employees
Caucasian	82%	Female	55%
Diverse	18%	Male	45%



## *Finance Operations*

The finance department is responsible for ensuring the financial stability of the organization and assisting managers in securing necessary resources to carry out the regulatory responsibilities of their division/bureau. The finance department is comprised of an accounts receivable office, and an accounts payable, budgeting and procurement office.

The accounts receivable office has the following current main responsibilities:

- Verifying racing billings from the three licensees are correct and reconciling racing billings to actual receivables;
- Preparing invoices, dunning notices, and reconciling receivables from gaming category 1 and 2 applicants;
- Working with the licensing division to generate invoices for license applicants;
- Billing licensees for annual assessments and annual slot fees.

The accounts payable, budgeting and procurement office has the following main responsibilities:

- Developing an annual budget and providing monthly reports for actual revenues and expenditures;
- Assisting managers with all procurements to ensure conformity with state rules and regulations;
- Receiving, verifying and processing all payments, including all travel reimbursement requests compliant with MGC policies.

The following were major accomplishments for the finance department in FY14:

- Developed a \$24.4M initial budget projection, which was later revised to \$23.7M
- Adapted budget format to meet standard state reporting format
- Researched and recommended funding solution to address final FY14 revenue shortfall of \$2.8M without seeking additional funding from the Legislature
- Developed cost accounting structure to allow for each division to be assigned a budget in FY15
- Developed annual cost assessment and slot fee regulation
- Developed FY15 budget recommendations of \$24.4M requiring a \$20.8M assessment on licensees while doing a comparison analysis to three other gaming jurisdictions
- Collected \$9.2M from applicants for grants, phase 1 and phase 2 activities
- Developed comprehensive set of financial policies including payroll, budgeting, procurement, accounts payable, accounts receivable, and payroll processing



- Conducted a comparison study of Commonwealth, the General Services Administration, and three other gaming control board/commission’s travel policies to develop a comprehensive travel policy for the MGC

**FY14 Closeout:**

The MGC projected FY14 expenditures to be \$23.7M. The MGC was projecting revenues of \$38.1M, of which \$17.5M was from the category 2 license fee. The MGC anticipated needing to utilize \$3.5M of the category 2 license fees to close the gap between anticipated expenditures and revenues.

FY14 final expenses were \$22M, which was ~\$2.7M less than anticipated. However, \$2.6M of that underspending was carried into the FY15 budget for continuing commitments. The MGC utilized \$2.8M of the category 2 licensing fees to close out FY14 and balanced \$14.7M of the amount borrowed into FY15. The MGC anticipates repaying the \$17.5M in licensing fees before the close of FY15. With the close of FY14, the MGC’s FY15 budget remains in balance.

2014					
Row Labels	Initial Projection	New Projection as of 4/17/2014	FY14 Finals	Variance (FY14 Finals - Budget)	Balance Forward to FY15
10500001					
AA REGULAR EMPLOYEE	\$ 3,746,771.00	\$ 3,290,889.42	3,257,898.73	(32,990.69)	-
BB REGULAR EMPLOYEE RELATED	\$ 137,950.00	\$ 97,950.00	85,799.19	(12,150.81)	-
CC SPECIAL EMPLOYEES	\$ 100,000.00	\$ 123,057.18	132,578.27	9,521.09	-
DD PENSION & INSURANCE RELATED	\$ 1,010,136.15	\$ 905,745.22	903,988.85	(1,756.37)	-
EE ADMINISTRATIVE EXPENSES	\$ 564,729.00	\$ 531,229.00	477,962.45	(53,266.55)	-
FF PROGRAMMATIC FACILITY			40,173.45	40,173.45	-
GG ENERGY COSTS AND SPACE	\$ 563,256.00	\$ 553,256.00	597,831.27	44,575.27	-
HH CONSULTANT SVCS (TO DEPTS)	\$ 11,013,053.44	\$ 11,116,471.19	9,024,150.39	(2,092,320.80)	1,402,733.23
JJ OPERATIONAL SERVICES	\$ 903,180.00	\$ 752,240.00	625,314.68	(126,925.32)	-
KK Equipment Purchase	\$ 61,500.00	\$ 56,500.00	11,609.15	(44,890.81)	-
LL EQUIPMENT LEASE-	\$ 28,822.00	\$ 38,872.00	35,282.94	(3,589.06)	-
MM PURCHASED CLIENT/PROGRAM	\$ 10,000.00	\$ 10,000.00	21,971.25	11,971.25	-
NN INFRASTRUCTURE:	\$ 76,585.81	\$ 76,585.81	76,495.06	(90.75)	-
PP STATE AID/POL SUB	\$ 4,158,083.00	\$ 4,142,352.00	4,237,095.63	94,743.63	537,241.29
UU IT Non-Payroll Expenses	\$ 2,054,893.89	\$ 2,021,604.29	1,408,670.07	(612,934.22)	640,464.00
Grand Total	24,428,960.29	23,716,752.17	20,936,821.42	(2,779,930.69)	2,580,438.52
ISA to AGO			79,380.31	79,380.31	
Revenues	Initial Projection	New Projection as of 4/17/2014	FY14 Finals	Variance (FY14 Finals - Budget)	Amount Rolled to FY15
Beginning Balance	\$ 10,868,827.88	\$ 10,868,827.88	\$ 10,868,827.88	-	
Grant Collections		\$ 439,546.39	\$ 936,184.92	496,638.53	171,341.15
Phase 1 Investigation Collections	\$ 4,578,201.16	\$ 4,525,334.82	\$ 4,438,110.41	(87,224.41)	653,585.14
Phase 2 Category 2 Collections	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,500,000.00	-	
Phase 2 Category 1 Collections	\$ 2,800,000.00	\$ 3,183,880.02	\$ 2,387,589.75	(796,290.27)	1,222,233.23
Licensing Division Revenue	\$ 150,000.00	\$ 150,000.00	\$ 73,300.00	(76,700.00)	
Transfer from \$25M Category 2 Fee	\$ 20,000,000.00	\$ 17,500,000.00	\$ 17,500,000.00	-	14,705,794.14
Legal Fees	\$ -	\$ -	\$ 38,316.00		
Public Records Requests	\$ -	\$ -	\$ 26,826.47		
Assesment	\$ -	\$ -	\$ 4,967,000.00	4,967,000.00	4,967,000.00
Grand Total	\$ 39,897,029.04	\$ 38,167,589.17	\$ 42,736,155.43	\$ 4,503,423.85	\$ 21,719,953.70
Cash Balance At Close of Month			21,719,953.70		





## 8. Workforce, Small Business Supplier and Diversity

The main goal of the office of Workforce, Small Business Supplier and Diversity is help maximize the economic development potential of the Resort Casinos and Slot Parlor and to fulfill the Gaming Act's priority focus on diversity, job creation and promoting local small business.

We have been involved in dozens of presentations to chambers and economic development groups across the commonwealth to ensure that Massachusetts businesses are aware of the potential opportunities to do business with gaming licensees. Additionally, we are working closely with workforce development and education groups to ensure a trained and ready workforce.

### *MassGaming Vendor Advisory Group*

On September 2013 we launched the **MassGaming Vendor Advisory Group** which focuses on finding ways to support the preparation of small business owners across the state to become capable and qualified suppliers and vendors to the casino industry in Massachusetts. The Vendor Advisory Group brings together 10 state agencies and more than a dozen economic development organizations to coordinate support and communicate opportunities to small businesses, provide information to casino licensees throughout the commonwealth.

The advisory group includes the MA Dept. of Veterans Services, MA Office of Supplier Diversity, Center for Women in Enterprise, Greater New England Minority Supplier Development Council and the MA Growth Capital Corporation.

### *Workforce Development*

MassGaming has established workforce development programs through strong partnerships and strategic collaborations to maximize economic development and job creation. The state's community colleges and MassGaming have entered into an agreement to establish a partnership that is focused on the creation and implementation of a statewide workforce training program known as the Massachusetts Casino Careers Training Institute.

It is anticipated that over 30,000 individuals will need to be considered for employment in order to fill the 10,000 needed positions projected. In order to effectively respond to this workforce scale up challenge, the Massachusetts Casino Careers Training Institute and MassGaming partnership will continue to work with state agencies, Workforce Investment Boards/Regional Employment Boards (WIB/REB) and a collaboration of workforce system stakeholders including the one-stop career centers, community based organizations, organized labor, and other public and private educational entities.



Massachusetts Gaming Commission

### *Business Development Outreach Efforts*

We perform proactive outreach and communication to engage diverse stakeholders regarding issues and community concerns as well as potential impact. We have developed an electronic mail list of over 600 stakeholders from across the commonwealth interested in being connected regarding workforce, supplier and diversity issues. This effort has offered a voice to individuals and community coalitions that include women, minority and ethnic communities and veterans. These groups participated in the review of casino licensee affirmative action plans; employee and vendor licensing regulations, construction monitoring regulations, as well as recommendations to the Legislature regarding Statute Change-Eliminating the Automatic Disqualifiers (CORI) for Gaming Service Employees.

On February 2014 the Massachusetts Clean Energy Center (MassCEC) and the Gaming Commission jointly presented a **Clean Energy Expo**, a half day expo to familiarize gaming facility applicants with Massachusetts-based clean energy technologies and help technology providers better understand the deployment opportunities in new gaming facilities. The Expo was an opportunity to unite developers with sustainable and clean energy technology providers as well as for Massachusetts and regional based businesses and service providers to pitch their sustainable products and clean energy technology to casino developers (who are statutorily required to meet certain clean energy and sustainable thresholds).

### *Diversity*

We are working with licensees, vendors, and community leaders to ensure that the state's new expanded gaming industry is inclusive and provides opportunities that reflect the diversity of the commonwealth.

Casino developers are required to set hiring goals and submit strategy plans for utilizing minority-owned, women-owned, and veteran-owned businesses to participate as contractors in all stages of building their gaming establishments (design, construction, and operation). As part of the licensing process, Casino applicants were also required to formulate their own specific diversity plans related to the total dollar amount of the contract.

We have established processes and systems to ensure diversity during construction and operations. Our recently developed regulations require the regular reporting of the diversity goals during construction related to supplier and workforce diversity. We procured and engaged two construction monitor companies to monitor the construction workforce and supplier diversity as well as other commitments the licensee has made.



Massachusetts Gaming Commission

This process has resulted in strong diversity numbers for the Category 2 Slot Licensee Penn National Gaming and their contractor Turner Construction. The Licensee has authorized the contractor Turner Construction to award a total of \$56.7 Million in contracts. The contractor reports that as of Sept 30, 2014 \$25 Million (45%) of the Contracts have gone to minority, women and veteran owned businesses. \$7.8 Million (14%) of total contracts was awarded to MBE’s, \$9.5 Million (17%) of total contracts to WBE’s, and \$7.7 Million (14%) to VBE’s. The Category 2 Licensee surpassed their diversity goals which were 4% MBE, 7% WBE and 3% VBE.

See charts below:

<b>Penn National Gaming Vendor Diversity (Plainridge)</b>	<b>Goals</b>	<b>Actuals (% Let)</b>	<b>Actuals (\$ Let in millions)</b>
Minority Business Enterprise (MBE)	4%	13%	\$ 7.40
Women Business Enterprise (WBE)	7%	17%	\$ 9.50
Veteran Business Enterprise (VBE)	3%	14%	\$ 7.80
Balance	n.a.	56%	\$ 30.30
Total Construction Contracts (as of Sept 2014)			\$ 55.00

<b>Penn National Gaming Workforce Diversity</b>	<b>Goals</b>	<b>Actuals *</b>
Minority Business Enterprise (MBE)	16%	15.81%
Women Business Enterprise (WBE)	7%	4.16%
Veteran Business Enterprise (VBE)	no goal	5.89%

\* As of September 2014

We continue to monitor the activities and efforts of licensees regarding vendor and workforce diversity, including local purchasing and other commitments to host and surrounding communities. We are planning increasing our efforts to increase the number of women participation in the construction period, and will be convening an “Access and Opportunity Committee” to supplement the efforts of licensees as well as keep them accountable for the goals they have set for workforce and supplier diversity.

## 9. Communications and Outreach

The Commission continues to build upon its robust and comprehensive communications campaign aimed at enhancing public trust and increasing overall awareness of our efforts toward the successful implementation of expanded gaming. To that end, all the Commission’s meeting are streamed live, recorded, transcribed



and available in its meeting archive.

From the very beginning, we sought to establish a prominent online resource for all of the latest expanded gaming news by maximizing the use of the newest technologies available such as the use of a blog, social media and other innovative methods of new media. A key component of MGC's overall communications campaign is the development and implementation of a thorough and user-friendly website, **MassGaming.com** which continues to be the cornerstone of the Commission's external communication. The website is a key facet for enhancing MGC's relationship with numerous constituents to build trust and educate the public.

The site is consistently updated with new and informative content that demonstrates MGC's commitment to keeping the public and the participants informed of Commission activity, available resources and key decisions as well as soliciting public feedback and participation.

MassGaming.com offers a wide variety of information that is relevant to many constituents including municipalities, gaming applicants, public officials, local business owners pursuing vendor opportunities, residents seeking job opportunities, as well as concerned citizens and members of the media.

MGC spends a significant amount of time identifying newsworthy elements and important updates that are distributed frequently and succinctly to the media, public and participants. Strategic content generation and "news you can use" announcements are frequently disseminated via blog posts, press releases, video news releases, direct email blasts, Facebook posts and tweets.

The site continues to be re-organized and designed to strategically highlight key elements, important archived data and evolving topics:

- Overview. Information on the Gaming Act, news, updates and comments
- All public meeting information. Including a comprehensive meeting archive
- Live Stream and Video. The Commission provides a live stream for every open public meeting and educational forum.
- Key Employee and Vendor Licensing Applications
- Casino Jobs
- A Gaming blog
- Community Calendar
- Social Media connection (Twitter, Facebook, Tumblr and YouTube).
- Sign-up function. The site offers a simple option for constituents to sign up to receive email alerts and newsletters on information of most interest.
- Speakers Bureau request form. The Commission maintains a Speakers Bureau as a means of providing civic organizations and other community groups a mechanism in which to request a representative from the gaming commission to attend gatherings and educate audiences.



Massachusetts Gaming Commission

Approximate Measurements for Overall Communication and Outreach:

- 200 Press Releases and newsletters
- 3,217 Twitter followers and 431 Facebook fans
- 200 YouTube videos
- 80 Speaking Engagements
- 150 Blog posts and Guest Blog Posts
- More than 1,000 sign-ups for direct email blasts



Massachusetts Gaming Commission



November 7, 2014

Re: Play Management Tools

(Addressed personally to the CEOs of the 3 Massachusetts license holders)

As you know, the Massachusetts Gaming Commission is considering the possibility of offering a variety of “play management” tools (often referred to as “pre-commitment” tools) to gamblers in Massachusetts who play slot machines. We have been discussing this issue with representatives of the industry and others for several months, and expect within the next month or so to have a final recommendation from Mark Vander Linden, our Director of Research and Problem Gaming, followed by a decision by the Commission. As we are now in a public comment period, I wanted to solicit your personal opinion on this issue.

First, just to be clear, I want to be sure that you understand what it is that we are considering:

We are not considering a mandatory system such as that that was tried so unsuccessfully in Nova Scotia. Rather, we are considering a program that would require the casino operators to offer the use of these play management tools to their player card holders. It is totally voluntary whether a player card holder uses the play management tools or not. The program being considered is not really for the vast majority of players who gamble harmlessly, or for the truly addicted gambler for whom much stronger intervention options may be necessary. Rather, these tools are aimed at the group of gamblers (sometimes referred to as “moderate” or “high” risk gamblers) who are, or who are potentially, at risk, for whom self-help tools may be useful.

My mind is not made up on this issue. But I do believe there is an interesting case to be made for a version of the play management system we are considering. I would like to make that case as I see it, and ask for your response.

A major critique of casino gambling—perhaps the most substantive and damaging critique—is the reality that some relatively small portion of gamblers are not able to control their gambling, and end up losing more money than they can afford, and that is appropriate for the health of their own life and, often, the life of their family. This is no different from many other human activities: drinking, day-trading, shopping and eating, are obvious examples. As a common practice, people often try to manage their propensity for excess in these activities by setting limits before undertaking the activity:



Massachusetts Gaming Commission

- Many of us set limits for calorie consumption and routinely count calories we ingest as the day goes by;
- Many people build monthly budgets to control their credit card use, and track their performance against those budgets;
- Many people set limits on the amount they drink, by limiting the amount of alcohol they bring into their homes, by asking friends and family to keep track of the number of drinks, by assigning designated drivers, etc.

Setting limits on activities which might get us in trouble is a reasonable and commonplace activity.

Should this principle also be applied by enlightened regulators and casino operators to the risk of excessive gambling?

If regulators and casino operators could significantly reduce the number of people and families that are affected by problem gambling, a big step could be taken toward legitimizing casino gambling as just another source of harmless entertainment; it could also be that regulators or operators who lead this step might well be recognized as thoughtful leaders in enhancing the image of the casino gambling industry in the U.S..

Although the logic of voluntary play management or pre-commitment tools seems compelling, there have been legitimate issues raised:

- First and foremost is the reality that no jurisdictions anywhere in the country—or for that matter, largely in the world, have implemented such a voluntary system that conclusively demonstrates its effectiveness, either in terms of the percentage of people who would voluntarily use the system, or of the beneficial impacts of that use. In fact, the kind of voluntary system we are contemplating for Massachusetts, has rarely, if ever, been implemented anywhere. Perhaps Massachusetts should be the jurisdiction that does comprehensively test these assumptions in an environment that we can all control?
- Given the lack of hard data about the positive effect of these voluntary play management tools, some operators express concern about the cost of installing and maintaining such systems. While this is obviously a legitimate concern, the best estimates of costs suggests they are relatively modest in the overall context of building and operating a system of slot machines. And in any event, it is impossible to do a real cost benefit analysis without actually learning the true cost and true benefits.

One unspoken issue is perhaps most central: what proportion of slot revenues comes from people who are gambling more than they want to (outside the heat of the gambling moment) or than they can really afford? The extraordinary research project mandated by the Expanded Gaming legislation in Massachusetts will give us—perhaps for the first time in history—the true answer to this question. If the number is a big number, measures will have to be taken to address it, probably in the face of strong public and political outrage.

Might regulators and casino operators in Massachusetts be best served by implementing the most thoughtful systems to minimize this problem at the outset?

Massachusetts has broken new ground in many aspects of its expanded gaming law:

- The independence of the Commission;
- The degree of local control;
- The multiple mandates and resources for community mitigation;
- The huge commitment to research and problem gambling;
- The massively in-depth and transparent bidding process.

I don't doubt that some or all of this has tried the patience of your company and others. But at the end of the day, these features will assure that Massachusetts has the strongest operators, the most robust economic development impact, the broadest array of non-gaming amenities, and the greatest degree of operational integrity—all of which combined will make Massachusetts' casinos highly attractive. We want our operators to be the most successful operators in the world. Could the early use of play management tools be another means of assuring this long-term success?

One other thought: A voluntary play management system is not monolithic. There are any number of variables that can be considered that might make it more or less costly, more or less intrusive, more or less effective, etc. Some of these variables would be whether or not to have "default" limits; whether the system should be "opt-in" or "opt-out;" and whether or how incentives should be applied to encourage utilization of the system. Our first decision will be whether to require availability of any play management features. If our decision on that is yes, our second decision will be what features to include. Your consideration of the whole continuum of voluntary play management features will also be appreciated.

I look forward to your thoughts about this important issue.

Sincerely yours,

Stephen P. Crosby  
Chairman





**JAMES J. MURREN**  
CHAIRMAN OF THE BOARD  
CHIEF EXECUTIVE OFFICER

November 17, 2014

Mr. Stephen Crosby  
Chairman  
Massachusetts Gaming Commission  
84 State Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02109

Dear Chairman Crosby:

Thank you for your letter of November 7 related to the Massachusetts Gaming Commission's commitment to responsible gaming through the implementation of a play management system. I know that responsible gaming is not just a priority of the Commission but of you personally. That is a commitment I also share as the Co-Chair of our company's corporate social responsibility committee and take great pride in the role MGM Resorts has had in leading our industry in this area. Loyal and healthy customers are the foundation of our business, and I take very seriously the obligation to ensure that their experience is enjoyable at our resorts.

You have heard me often say that the Massachusetts Gaming Act is one of the best pieces of gaming legislation in the country because your legislature painstakingly studied other jurisdictions and incorporated best in class practices. In so doing, they struck that important balance between supporting the success of the very industry that the Commonwealth was inviting into its borders with the equally important obligation to protect the public from any adverse impacts that such an industry might bring with it – a balance that should apply to any new industry.

The Gaming Act's requirements around host community agreements and payments, surrounding community agreements and payments, as well as the laundry list of other commitments related to local hiring and vendor and supplier spend, cross-marketing agreement with existing venues, as well as traffic mitigation, and environmental sustainability design and construction, are a testament to that commitment.

With respect to responsible gaming, the Act sets aside an industry leading 5% of all MA gaming tax revenues for the state to implement for public health. Massachusetts has been a leading gaming market for over 25 years but for the first time will have tens of millions of dollars available to it annually to support that small percentage of the population that currently, and may in the future, struggle with gaming addiction.

Similarly, the Commission's application process required all applicants, including MGM to provide a detailed plan related to their respective responsible gaming programs. Our submission highlighted our role in the formation and support of the National Center for Responsible Gaming (the NCRG), which our Executive Vice President of Government and Industry Affairs, Alan Feldman, currently chairs. That

organization has led scientific research in the area of gaming addiction through research performed by some of the leading academic institutions in the country, including Harvard University. Our application also provided data related to our robust self-exclusion and self-limiting program throughout our properties.

With respect to play management tools, as your letter indicates, there is no consensus in the industry or any of the jurisdictions over the value or effectiveness of that tool. As you know, the balance in this particular instance is the enjoyment of the gaming experience by the vast majority of the public that enjoy this form of entertainment responsibly and the protection of that small minority that do not. I think this morning's Boston Globe article which discussed this issue accurately reflected the views of the public. While certain customers would like the option of setting goals, many others believe it interferes with their enjoyment of the experience. So again, where is that balance?

My personal view, and the view of MGM Resorts, is that Massachusetts can effectively introduce a player management system that protects the public without unreasonably interfering with the gaming experience if it is based on the following:

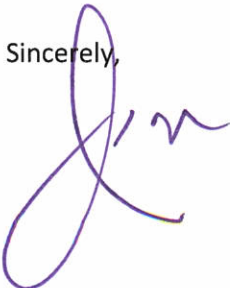
**Voluntary, opt-in, at the time of player card registration.** Customers should be given an opportunity to participate in the program at registration, or at any other time of their choosing.. Customers should not be required to opt-out of the program each time they play as we believe it unreasonably interferes with the gaming experience for the vast majority of customers that enjoy our product responsibly. The Commonwealth and our industry will lose customers to competing facilities in neighboring states that do not impose that same requirement. While offering no provable protection for the population you are seeking to protect, it will indirectly harm the Commonwealth in terms of lost public health revenue and all of the lost employment and economic development that comes with that lost business.

**Elimination of any incentive for adherence to the limit.** We are concerned that there may be unintended consequences with such a program as many customers will set arbitrarily high limits in order to obtain the proposed credits, and potentially "play up" to limits that they might not otherwise have played to, absent that system. Essentially, such a program might incent otherwise responsible gaming customers to play irresponsibly in order to obtain these credits.

**The player management tool should be focused on slots.** Given the nature of table game play, we do not believe it is practical to impose a player management system on that type of play as there is no individualized customer interface screen or technology and less of an opportunity to track individual net loss/gain since those customers tend to be less stationary than the typical slot customer.

I hope this input is helpful in your deliberations. Alan Feldman has sent in more detailed and technical comments relating to the draft recommendations of your staff but I appreciated your invitation to provide some of my personal views on this important issue.

Sincerely,

A handwritten signature in purple ink, appearing to be 'Alan Feldman', written in a cursive style.



## Bally Technologies Review of Massachusetts Responsible Gaming Framework Report

<u>Section</u>	<u>Quote From Standards</u>	<u>Category</u>	<u>Bally Feedback</u>
General	"Opt-In System"	General	Bally would like further definition related to "Opt-In System" to ensure we account for any new requirements within our responsible gaming module.
Pg. 21	"This message will end the game and ..."	Tools and Features	Bally suggests this be changed to "suspend" or "lock" for the framework to replace "end". The use of "end" appears to imply a cash-out of the game and ending of the current player session.
Pg. 21	<i>"This button would offer players ongoing access to the play management and complementary play information tools, and should include: (a) limit-setting settings; (b) brief gaming risk assessment; (c) spending reports; (d) <b>self-exclusion</b>; and (e) resources for help."</i>	Tools and Features	Bally has a concern with self-exclusion being included on an EGM as implied here. While the self-exclusion functionality is common for internet gaming systems, an EGM interface is not conducive to accomplishing this type of exchange. Self-exclusion requires the patron to provide detailed information (ex. SSN) to ensure the accurate association of the exclusion record to the patron. On and EGM there are multiple difficulties to accomplishing this. Beyond the public visibility risk to the patron's information, there is also exceptional logic required to complete the advanced user interface (UI) necessary to capture any required information.
Pg. 21	<i>"O'Neil and DeIabbro have suggested that the program should include detailed information on: exact expenditures per player; limits set; post-limit setting impacts on individual frequency and time spent gambling; <b>shifts to other modes of gambling (expenditure switching); shifts to other jurisdictions; and use of limit-setting to support self-exclusion.</b>"</i>	Outcome Assessments and Evaluations	Bally would like to clarify that "shifts to other modes of gambling" or "shifts to other jurisdictions" become challenging for tracking purposes. This type of behavioral analysis is difficult to quantify as basic data. This becomes especially prevalent when consideration is given to a patron crossing platforms (i.e. going from one casino to another which is on a different RG system).



November 13, 2014

Stephen P. Crosby, Chairman  
Members of Massachusetts Gaming Commission  
84 State Street  
10<sup>th</sup> Floor  
Boston, Massachusetts 02109

RE: Play Management Recommendations

Chairman Crosby and Commissioners:

Mark Vander Linden wrote me on October 22 to share a draft report written by Strategic Science regarding their recommendations for Play Management rules for the MGC. As I have shared with Mark personally, we are committed to collaborating with the Commission in developing important procedures and policies surrounding responsible gaming.

However, it seems that a fundamental decision must be made. Either the Commission will base its regulations on scientific fact as stated in the Framework's introduction, or it will serve as a test lab for theories that have never been attempted or have already proven ineffective in other jurisdictions.

#### **Disregarding Those with the Greatest Need**

- The program acknowledges that limit-setting programs do not help people with a gambling disorder and specifically states it is not intended to help these few, highly disordered people. Instead, the program is going to focus on all players in hopes of catching someone who may develop a disorder at some future time. Since the majority of the negative impacts of gambling are clustered in severely disordered individuals, a program that does not help them at all ignores the population with the greatest needs.
- By explicitly ignoring the people who suffer the most harm, this approach is inconsistent with taking a public health approach to problem gambling, yet the approved draft Framework indicates that the Commission has approved taking a public health approach in addressing the issue. We are unclear how to reconcile these facts.
- There appears to be an underlying assumption that stopping people **without gambling problems** from spending money gambling is good for them or good for society in general. For the 90%+ of casino patrons who have never and will never experience any problems with their gambling, gambling is just an entertainment expense like any other. There is no policy objective for those patrons unless the MGC is proposing that the state take a position on all consumer spending of any kind
- If preventing those without any problems from spending their money as they wish is not actually a benefit, who is this program intending to benefit?
- Given that the program will not benefit people with current gambling problems and cannot benefit people who will never experience any problems, what is the benefit? The target population must be people without current problems who may develop problems at some point in the future. Given that lifetime rates of gambling disorder are about 3-5%, about 95% of the

people in the state cannot ever benefit from this program. Of the 5% who could potentially benefit, people with current problems must be excluded. This leaves about 1.5% percent of the population who has any chance of benefitting. Even if we assume this group is over-represented in casinos fourfold it would be about 6% of the people in the casino. Since the only existing record of real world participation in similar programs averages about 1%, that leaves a target of helping 6% of 1% of the casino attending population, or about 6 people out of every 10,000. This is not a lot of benefit even assuming that the program provides any benefit at all, which is as yet unproven in a real world scenario.

#### **Voluntary vs Mandatory participation in Play Management**

- While the report claims to advocate for voluntary enrollment, the report recommends an “opt out” feature for loss limit implementation, whereby the patron is automatically enrolled and must “decline” to participate in the Play Management program. This recommendation is clearly a mandated requirement for the operators and mandatory for all patrons.

#### **Pre-Commitment as a Problem Gambling Preventive Measure has not been proven to be Effective**

- This report contradicts the findings that pre-commitment/loss limit tools have failed to curb spending on gambling by the population most affected, based on prior research conducted by renowned problem gambling addiction researchers, Drs. Robert Ladouceur and Alex Blaszczynski.
- The program, as it is proposed, is directed at the more frequent gambler who may or may not demonstrate signs or behavior indicating gambling addiction, and not those who need it most. By not offering a tool for a specific vulnerable population, the recommendations in the study are focusing resources away from those who need them most. Directing time, attention and resources away from people with severe gambling problems and towards healthy recreational gamblers may inadvertently contribute to the feelings of invisibility, isolation and stigma that are already a major obstacle for people with gambling disorder.
- The opportunity cost of such a program is that it does not benefit people with problems and therefore takes time and money away from programs that would really help people in need.
- As stated in the report, “the objective [of the system] should be two-fold: (a) sustaining recreational gambling by establishing feasible parameters on recreation...” How will such untested and unproven assumptions about what “feasible” parameters be established? Along with the “cooling off period” of 24 hours, operators will run the risk of alienating the responsible entertainment-driven player and driving play to competitive operators in nearby Connecticut and Rhode Island.

#### **Unintended Consequences**

- Although this seems like a potentially appealing idea, the underlying logic is flawed and such an approach would likely have unintended consequences which outweigh any potential benefits.
- Take, for example, the State’s initial impulse to reward customers who set limits and then stick

to them. Unfortunately, practice shows that consumers, when forced to pre-commit to many kinds of limitations, set limits that are well above those to which they otherwise might normally adhere. By then incenting customers who stick to their limit, the State may find itself in the position of having caused players to over-spend when they might have self-limited at a more manageable level.

#### **Is Spending Less When You Can Afford It a Positive Outcome?**

- Even if getting people with no problems to spend less on gambling were a good thing, there is no evidence that this is beneficial. Maybe if they spend \$50 less on gambling they will spend \$50 more at a restaurant, we have no way of knowing. Since they do not have gambling problems that are helped by not gambling, there is no knowable benefit to getting them to spend less money in a casino.

#### **Not Every Customer will Make the Same Informed Choice**

- The simple fact remains that customers in every jurisdiction have shown the ability to circumvent similar programs. We can and will work together to provide a robust responsible gaming program, but ultimately, customers may make choices that violate the intent of such programs. How will the MGC view such actions taken directly by customers?

#### **Research Methods Require Further Scrutiny**

- The report points to “informant interviews” as the basis for drawing conclusions; yet there is no detailed data or methodology noted describing the methods of gathering information, the total number who participated, how they were selected and the jurisdiction represented. This is a completely unscientific means of creating an important public health policy for the Commonwealth.
- As to the long-held, but as yet unproven, theory that significant revenues come from those in an altered state of reality, the state is in a unique position to study this. If studied in an unbiased way, this will undoubtedly prove untrue. Of concern, however, the State’s study is being led by a frequent speaker against legalized gambling, who has not proven impartial and may seek to arrive at a pre-determined conclusion.
- The MGC also has the unique opportunity to involve some of the world’s leading experts in gambling research, most notably Harvard University’s Howard Shaffer and his team at Cambridge Medical Alliance. Their lack of involvement in MGC activities to-date is troubling. The involvement of several anti-gaming advocates and “researchers” who publish non-scientific work is also troubling.
- In early discussions about the Responsible Gaming Framework, a panel of experts was identified as having contributed. We have neither heard nor seen from many of those experts in the intervening months. Is this panel still in existence? Are they participating in discussions related to these concepts? How has their input been reflected in draft recommendations before being presented to the Commission?

**Our Shared Interest: Reducing Harm**

Mr. Chairman and Commissioners, the licensees of Massachusetts are more closely aligned with the State on our concerns for problem gamblers than you may realize. Our industry is often portrayed as appearing aloof or oblivious to those who enter our facilities with intentions toward gambling that are unhealthy or unchecked. This is simply not the case.

To that end, we would ask that you to consider alternative means to this public health issue by appealing to a wider population, creating greater public awareness and direct engagement not only with those most at risk but also with the general public:

1. Establish clear objectives for implementing play management and a plan to monitor and measure effectiveness.
2. As operators, we have experience in administering a comprehensive and effective self-exclusion program in multiple gaming jurisdictions. We are exploring the feasibility and efficacy of expanding our existing self-exclusion programs to include several of the key play management options recommended in Massachusetts. We commit to regularly reporting to the MGC progress on the development of such tools and, once implemented, metrics on enrollment and customer response. Together, over time, we can evaluate the results and discuss needed improvements, enhancements or modifications.
3. Involve in discussions a wide array of stakeholders within the provider and public health community, to identify resources for counseling and other treatment including, for example, primary-care physicians and the faith-based community.
4. Re-engage the scientific advisory panel in these discussions. There was a diverse cross-section of experts involved in early discussions, but their involvement seems to have ended.
5. Develop a robust, comprehensive community public health campaign to increase awareness of the warning signs, engage family and friends in recognizing their role as interventionists and prevent problem gamblers and align with the self-exclusion program.

We are committed to working with you to develop and refine a proven means of reducing any harm to affected individuals and find a path to an effective and efficient set of policies.

Sincerely,



Alan Feldman  
Executive Vice President-Global Gaming & Industry Affairs  
MGM Resorts International



November 13, 2014

**STEPHEN A. WYNN**  
chairman and chief executive officer

Stephen P. Crosby, Chairman  
Massachusetts Gaming Commission  
84 State Street, 10<sup>th</sup> Floor  
Boston, MA 02109

Dear Chairman Crosby,

The purpose of this letter is to provide Wynn MA, LLC's response to the presentation to the Commission on October 23, 2014 by Strategic Science entitled "Informing play management systems: International review of limit-setting tools." We have also engaged a third party expert to review the lengthy study that formed the basis for the presentation and respectfully request the ability to submit additional information as we receive it.

As set forth in the presentation, Strategic Science's primary recommendation to the Commission is that the MGC Responsible Gaming Framework should include "play management tools that encourage players to set limits of time and money, and that support players in maintaining those limits." We recognize and appreciate the Commission's commitment to responsible gaming and we have a shared commitment to implementing best practices with respect to responsible gaming. In this practice area, "best practices" is generally considered that which is based on peer-reviewed research. Unfortunately, this study and the corresponding presentation does not include research and studies that are relevant to this subject area and the study has not been through a double-blind peer review process that would provide the Commission with an objective assessment of limit-setting tools. We strongly encourage that a peer-reviewed process should be undertaken with respect to this and all other studies relied upon by the Commission.

In addition to the Commission's commitment to responsible gaming, the Commission has also committed to develop a regulatory system that allows for an appropriate return on investment for gaming operators to assure integrated resorts of the highest quality. Respectfully, we submit that the implementation of a play management system as recommended by Strategic Science is wholly inconsistent with this goal. Such a system would fundamentally impact the ability of gaming operators to compete with other jurisdictions and would significantly alter the guest experience. Moreover, there is no scientific evidence that implementing a play management system would achieve the goals of the Commission. In its presentation, Strategic Science acknowledged that its ability to measure the success of play management systems has been extremely limited. Therefore, Massachusetts would serve as a test case for an unprecedented system that would impair the guest experience and the ability of the gaming operators to achieve their stated goals and the goals of the Commission.



November 13, 2014  
Page Two

In particular, Strategic Science recommends, among other things, default limits that require players to explicitly opt out. While we appreciate that a small percentage of players may utilize the technology, the vast majority of players find this type of micro-management offensive. As a result, these players will continue to travel out-of-state for their slot machine entertainment in contradiction to the Commonwealth's stated goal of recapturing gaming revenue.

Strategic Science readily acknowledges that this tool is not intended to target problem gaming but rather to provide a tool for the average player. However, this type of "nanny" system is wholly unprecedented. To start regulating the activities of players who do not show any signs of problem gaming is both unnecessary and invasive. Moreover, setting limits in some instances could have the unintended consequence of influencing players to play to their limits and/or to set limits that far exceed what they intend to spend in an effort to avoid the consequence. As Dr. Ladouceur so aptly described in his presentation to the Commission on October 28, 2014, if someone is asked to pre-commit to the number of drinks that he/she would like to be served, it is entirely likely that the individual will set the limit at a number that exceeds what he/she would enjoy. The same theory applies in this context.

Finally, the Commission has significant funding for compulsive gambling initiatives and its proposed efforts on this issue are already gaining respect in the gaming regulatory community due to the Commission's exacting and thorough approach. Additionally, every gaming operator is required to establish and maintain a compulsive and problem gambling plan that is subject to the approval and oversight of the Commission. Each plan should and will be scrutinized to assure that its content is targeted to accomplish the Commonwealth's intended purpose and compliance will be audited. We would, however, consider a system that is totally voluntary for slot players who utilize a players' club card if such players request to participate in such program at either the responsible gaming information center or the Wynn Resorts Red Card Center. We will not support any system that requires all slot customers to explicitly opt out or provides incentives for limiting their play.

Regards,



Stephen A. Wynn  
Chairman and CEO,  
Wynn Resorts

cc: Catherine Blue, General Counsel  
John S. Ziemba, Ombudsman



**PENN NATIONAL**  
GAMING, INC.

November 13, 2014

Mr. Stephen P. Crosby, Chairman  
Massachusetts Gaming Commission  
84 State Street; 10<sup>th</sup> Floor  
Boston, MA 02109

Dear Chairman Crosby:

Thank you for the opportunity to provide comments related to the Massachusetts Gaming Commission's (MGC) current examination of a "play management" system and the Strategic Science Report (SSR). We have reviewed the SSR issued on October 24<sup>th</sup> along with the recommendations contained therein, and note that in several respects, these recommendations go beyond what was included in the most recent copy of the Responsible Gaming Framework.

On September 2, 2014 we submitted a comment letter outlining our concerns with a play management system. Since that time, our review of the SSR, and further research we have conducted on the subject, has only added to our concerns. We continue to believe that the cost of a custom play management system will be higher than anticipated, its usage will be low and its impact on helping patrons gamble more responsibly will be minimal and/or potentially counter-productive.

We first want to point out that the SSR does not explicitly reference any scientific studies indicating that such a system has proven effective in the jurisdictions where it is in place. In fact the second paragraph of the report indicates that "*the extant empirical research does not offer definitive scientific evidence that limit setting tools are effective.*" Instead, the report relies entirely on "informant interviews" whose participants provided their opinions on the various systems they have been involved with and who then offer suggestions as to how they think they could be improved.

The SSR provides 15 recommendations and we want to specifically address a few of those:

Recommendation 5 – Recommends that pre-commitment be configured so patrons are automatically enrolled unless they specifically opt out. We believe this will be confusing to our guests. With opt-out we believe that a significant percentage of our patrons will likely not fully understand what they have been enrolled in, and may be confused or embarrassed when warning messages start popping up on their gambling device. Most studies show that when pre-commitment is voluntary, the large majority of customers

choose not to sign-up. If most patrons do not need, or desire to use pre-commitment, it seems curious to mandate the program across the board, all of which supports the opt-in model. Also of note, any additional burden or interference with our customers' entertainment experience, will likely result in a significant number of them choosing to take their business elsewhere, such as Twin River Casino in Rhode Island, a short drive away, which does not have a play management requirement.

Recommendation 6: Recommends that default pre-commitment limits be set for players who do not opt out and who do not immediately reset their limits. This will require the same preset limits to be initially loaded for every player so that a wealthy individual would have the same limit as a retiree living on a fixed income. In reality, each person will likely have highly divergent tolerance for the limits that they are comfortable with. We believe an opt-in model with each person setting his or her own limits would be a better approach.

Recommendation 10 and 13c: Recommends that players be incentivized to use limit setting tools and to be disincentivized if limits are exceeded. This recommendation would put operators in the awkward position of rewarding customers with more gambling because they have chosen to gamble less. In addition, this may lead to a large percentage of customers setting very high limits that they never expect to reach just so they can collect the incentive. In addition, punishing people by withdrawing incentives when they exceed their limit may disincite those players to sign up in the first place, and may tend to cause them to set limits higher than they normally would in an effort to avoid the limits altogether.

General: Several of the other recommendations propose features that a play management system should have, such as: multiple sign up locations and methods, periodic reminders to people who opt-out asking if they want to set limits, self-assessment tools, educational quizzes, etc. While such features may be nice to have on a play management system, we caution that each individual feature included would likely impose significant incremental additional costs for development and maintenance of the system. Increased complexity of such a system will make its administration more difficult for the operator and potentially more confusing for the patron. Moreover, because not all manufacturers may be able to readily accommodate these sophisticated development demands, it may limit the number of suppliers from which operators can choose and make our floor less competitive than those in adjoining states.

As indicated in our prior letter on the subject, we remain concerned about the compatibility that a play management system will have with our chosen casino management system, the slot machines themselves as well as any impacts it may have on ancillary devices and systems such as marketing kiosks and the Penn universal player card system (Marquee Rewards). We are concerned that a play management system, that is currently not in operation anywhere in the United States, may have compatibility problems with these installed systems leading to unforeseen complications and disruptions that may require costly custom programming to fix or just may not work properly.

In several of the SSR discussions of the play management systems in place internationally, there is some limited discussions of the costs of such systems which range from over \$15 million for the unsuccessful Nova Scotia system to the more reasonably priced Bally Technologies (Bally) system in use in New Zealand. In Mark Vander Linden's memo to the members of the Commission dated October 21, some very preliminary information on the estimated cost of play management tools from three separate suppliers was provided. In an effort to obtain more accurate potential cost information specific to our casino, we reached out to both Bally and Aristocrat Technologies (ATI) to discuss potential costs and system parameters. We note that each one of our casinos is running a casino management system from either Bally or ATI.

Bally's indicated their existing pre-commitment module would have to be modified to work with the highly customized ACSC system that we are contemplating for use in Massachusetts. Additionally, Bally indicated that their system will only work with the Bally casino management system and that they have made no efforts to make it compatible with any non-Bally system and would likely not be interested in making it compatible.

ATI indicated that no jurisdiction where their Oasis system is installed has required pre-commitment thus there has not been a driver to develop a pre-commitment system for their platform. They felt a pre-commitment system could be built but noted that the more system attributes included (e.g. multiple enrolling locations, temporary game shutdown, rewards for limit setting or withdrawal of rewards for exceeding limits, etc.) would more than likely add to development costs and timelines. While ATI would not give a cost estimate without detailed specifications, we received the impression that the lifetime development and support costs of such a system would likely be higher than was discussed in Mr. Vander Linden's October 21<sup>st</sup> memo.

In general, based on our discussion with Bally and ATI, and our extensive past experience with casino management system-related programming matters, we believe the cost of building and installing a play management system will likely be more complicated and significantly more expensive than the Commission currently anticipates.

Notwithstanding the concerns expressed herein, and previously expressed in our September 2 comment letter, we do understand the desire for Massachusetts to be a test case to try to scientifically determine whether pre-commitment can be an effective tool to address the important issue of problem gaming. In light of this goal, and in spite of our reservations, we would be willing to work with the Commission to install a play management system, provided that, for the reasons stated above, it is a voluntary, opt-in system that does not award player incentives. Finally, we believe adding too many features to a play management system will significantly add to its development cost, will increase its complexity and will be confusing to our team members and guests. Therefore, we believe that installing a simple, easy to understand system -- once it has been fully tested and adequate training has been provided -- would be the best course to follow.

We look forward to the opportunity to provide additional testimony on this matter on November 20. In the meantime, please don't hesitate to call if we can provide any additional insight or perspective.

Sincerely,



Timothy J. Wilmott  
Timothy J. Wilmott  
President and CEO

cc: Mark Vander Linden  
Jim Baldacci  
Jay Snowden  
Lance George

To Whom It May Concern,

Attached are comments from the American Gaming Association regarding the Strategic Science report on play management systems for the Massachusetts Gaming Commission.

Please don't hesitate to contact me (contact information below) if I can provide any feedback or clarifications regarding the attached document.

Regards,  
Andrew

\*\*\*\*\*

Andrew L. Smith  
Senior Director, Research  
American Gaming Association  
1299 Pennsylvania Ave., Suite 1175  
Washington, D.C. 20004  
PH (direct) - (202) 552-2679  
Fax - (202) 552-2676  
Cell - (202) 669-6983

---

Could you please accept the attached file in place of the document that I sent a few minutes ago. It appears in the process of saving from Word into a PDF file that a portion of a page (top of p.4) got cut off.

Please disregard the previous attachment and use this one in its place.

Many thanks,  
Andrew

\*\*\*\*\*

Andrew L. Smith  
Senior Director, Research  
American Gaming Association  
1299 Pennsylvania Ave., Suite 1175  
Washington, D.C. 20004  
PH (direct) - (202) 552-2679  
Fax - (202) 552-2676  
Cell - (202) 669-6983



## AMERICAN GAMING ASSOCIATION

November 13, 2014

Mr. Mark Vander Linden  
Director of Research and Problem Gambling  
Massachusetts Gaming Commission  
84 State Street, 10<sup>th</sup> Floor  
Boston, MA 02109

**RE: Comments from the American Gaming Association on Strategic Science report  
"Informing play management systems: International review of limit-setting tools"**

Dear Mr. Vander Linden and Commissioners:

The American Gaming Association ("AGA") appreciates the Massachusetts Gaming Commission's ("MGC") continued commitment to establishing effective responsible gambling policies as it moves closer to welcoming commercial casino resorts to the Commonwealth. We share the Commission's view that these policies are central to upholding the integrity of both the industry and the regulatory community and importantly, to ensuring future customers in the Bay State enjoy gaming in a safe and responsible manner.

However, we are concerned that the limit-setting (or pre-commitment) recommendations made by Strategic Science to the MGC are disproportionate to the scope of problem gambling in Massachusetts. Furthermore, evidence suggests they will in fact do little to help those they are intended to help and may in fact cause unintended negative consequences for the following reasons:

1. Current empirical research on problem gambling prevalence, both in the U.S. and in most jurisdictions around the world, shows rates are either stable – at 1 to 2 percent of the population – or in decline;
2. The Strategic Science report's recommendations lack the support of sound science and research, a critical step in establishing effective responsible gaming measures and;
3. There are a number of negative, unintended consequences that likely overshadow any potential benefits.

### **The AGA Commitment to Responsible Gaming**

For nearly two decades, the AGA has championed a variety of responsible gaming initiatives, as laid out in the AGA statement submitted to the Commission's October 2013 forum on responsible gaming.<sup>1</sup> These steps include pioneering a [Code of Conduct](#) for the commercial casino industry, which addresses employee training, advertising, and prevention of underage

---

<sup>1</sup> "Remarks by David O. Stewart," to Massachusetts Gaming Commission Forum on Responsible Gaming, October 28, 2013.

gambling, responsible alcohol service and patrons' rights to withdraw from casino marketing and promotional programs.

Additionally, the AGA and its member companies have been integral supporters of the National Center for Responsible Gaming ("NCRG"), which is the leading private funder of peer-reviewed scientific research into the area of problem and youth gambling in the U.S. The NCRG has invested tens of millions of dollars in authoritative research studies that have generated more than 200 scholarly articles in peer-reviewed scientific journals since 1996.

### **Current Landscape of Problem Gambling Prevalence in the U.S. and Abroad**

As stakeholders – whether from the casino industry, regulatory community, government, health and welfare sectors or elsewhere – consider policies or practices to minimize gambling-related harms, it is important to keep in mind what the best and most recent empirical data has uncovered.

**In many of the more developed gaming jurisdictions around the world, the percentage of the population experiencing negative health effects as a result of gambling has either plateaued – at roughly 1 to 2 percent – or in fact declined.<sup>2</sup>** This phenomenon has been observed even in places, such as the United States, where gambling opportunities have increased.

While researchers have yet to establish causal factors for this flattening out and/or decline in problem gambling prevalence, a few hypotheses exist. One of the more widely regarded theories suggests that the small percentage of people who might be susceptible to problematic behavior simply adapt over time to having gambling opportunities in their midst and naturally develop a more normalized, healthy relationship to an activity that was once novel.<sup>3</sup> Increasing public education and awareness, more funding going toward improved research, and increasingly available problem gambling services may also be playing an important role in this trend, according to some researchers.<sup>4</sup>

Recently, a seminal study funded by the National Institute on Alcohol Abuse and Alcoholism, compared findings from two massive nationwide surveys gauging Americans' gaming behaviors (the first conducted in 1999-2000 and the second in 2011-2013). According to the lead research scientist, John Welte, "We found no significant increase in the rates of problem gambling in the U.S., despite a nationwide increase in gambling opportunities."<sup>5</sup>

---

<sup>2</sup> Wiebe, J., & Volberg, R. A., (2007). *Problem gambling prevalence research: A critical overview*. A report to the Canadian Gaming Association. <http://www.toronto.ca/legdocs/mmis/2013/hl/comm/communicationfile-34523.pdf>

<sup>3</sup> Shaffer, H. J., LaBrie, R. A., LaPlante, D. A., Nelson, S. E., & Stanton, M. V. (2004) The Road Less Traveled: Moving from Distribution to Determinants in the Study of Gambling Epidemiology. *Canadian Journal of Psychiatry*, 49, 504-516.

<sup>4</sup> Volberg, R. A. (2004). Fifteen Years of Problem Gambling Prevalence Research: What Do We Know? Where Do We Go? [Electronic Version]. *The Electronic Journal of Gambling Issues*, 10, 1-19.

<sup>5</sup> Welte, J.W., Barnes, G.M., Tidwell, M.C., Hoffman, J.H. & Wieczorek, W.F. (2014) Gambling and Problem Gambling in the United States: Changes Between 1999 and 2013. *Journal of Gambling Studies*, <http://www.ncbi.nlm.nih.gov/pubmed/24880744>.



In the face of recent overwhelming empirical evidence demonstrating the vast majority of Americans do not suffer adverse impacts as a result of their gambling, coupled with the fact that much peer-reviewed research suggests the size of the disordered gambler cohort may indeed be shrinking, it is particularly important for regulators and other decision-makers today to ensure the harm minimization policies they choose to put in place are proportionate and reflective of the best and most current science-based public health information available.

### **Scientific Evidence is Critical to Effective Responsible Gaming Measures**

While the Strategic Science report does an admirable job detailing pre-commitment programs in the international jurisdictions where they exist, the fact that these limit-setting technologies are in use does not in and of itself mean the effectiveness of these programs has been established on the basis of sound science. The MGC itself recognizes the importance of scientific rigor in its *Responsible Gaming Framework*, where it voices support for "an evidence based approach to responsible gaming measures."<sup>6</sup>

The fact of the matter is that the best scholarship and analysis conducted on pre-commitment programs, particularly when these programs are applied to the general population of gamblers, has found the evidence at this time does not support their implementation.

In 2012, well-regarded researchers in field of problem gambling studies conducted a comprehensive review of the existing literature on the subject, and they determined, "A conclusive statement on the effectiveness of pre-commitment as a reliable and beneficial preventative responsible gambling initiative cannot be offered. Importantly, evidence of possible counterintuitive unintended effects highlights the need to remain cautious..."<sup>7</sup>

### **Unintended Consequences Overshadow Potential Benefits**

In contemplating whether to implement the Player Management system envisioned in Strategic Science's report, the AGA respectfully suggests that the Massachusetts Gaming Commission (MGC) evaluate and assess the potential unintended consequences. The AGA believes that these consequences outweigh the benefits envisioned by the system.

Indeed, we fear that implementation of this type of Player Management system would actually lead to counter-productive effects, such as players chasing their losses and setting loss limits at a much higher rate (than they would in the absence of this system).

In fact, research that looked into on the effectiveness of Nova Scotia's mandatory player card system concluded that, "...problem gamblers expressed concern that awareness of the total amount of one's losses displayed on screen (via summary statements) may have adverse

---

<sup>6</sup> Massachusetts Gaming Commission, "Responsible Gaming Framework," p. 4 (March 3, 2013).

<sup>7</sup> Ladouceur, R., Blaszczynski, A. & Lalande, D. "Pre-commitment in gambling: a review of the empirical evidence." *International Gambling Studies*, 12:2, pg. 228. <http://www.tandfonline.com/doi/abs/10.1080/14459795.2012.658078#.VGOzTvnF9aA>.

effects such as triggering chasing behavior or encouraging irrational evaluations of machines being 'hot' or 'cold'.<sup>8</sup>

Furthermore, this research concluded that, "Higher risk gamblers set higher and more variable limits than low-risk or non-problem gamblers... [and] a proportion of problem gamblers unmotivated to seek treatment may set higher limits under a pre-commitment system to compensate for, and/or avoid, potential barriers restricting options to chase losses."<sup>9</sup>

As acknowledged by Strategic Science, Nova Scotia ultimately decided to discontinue its mandatory player card program.<sup>10</sup> Confirming the termination of the player card program, Andrew Younger, Nova Scotia's Minister responsible for Part I of the Gaming Control Act attributed this decision to a host of unintended factors:

*"This was something that was tried and the money was spent to do that, but it makes no sense for me to continue authorizing spending millions of dollars on a system that is actually not helping...the evidence that this is not working is that 99.9 percent of players are actually not using the features by signing up for the cards...in fact, many players are using two to three cards per play session, which actually defeats the whole point of having the system in place."<sup>11</sup>*

According to reports, during the period pre-commitment cards were introduced, video lottery terminal (VLT) revenue dropped in Nova Scotia to \$105.9 million in 2013-2014 from \$137.2 million in 2011-12.<sup>12</sup>

There are certainly a number of approaches to minimizing harm from problem gambling within the MGC's Responsible Gaming Framework with which we agree. Many of these practices have proven themselves over time in other gaming jurisdictions in the U.S. and abroad and are tools our members use as a matter of standard business practice to provide safe and efficient customer service to their guests. With respect to the pre-commitment system proposed in the Strategic Science reports, we would urge reconsideration. We hope to have the opportunity to further review these matters directly with the Commission and its staff.

Sincerely,



Sara Rayme  
Senior Vice President, Public Affairs  
American Gaming Association (AGA)

---

<sup>8</sup> *Ibid.* at pg. 222.

<sup>9</sup> *Ibid.* at pg. 220.

<sup>10</sup> Strategic Science, 'Informing Play Management Systems: International Review of limit-setting tools', pg. 9.

<sup>11</sup> Chronicle Herald, 'Nova Scotia Pulls Plug on VLT Tracking System My Play' (August 20, 2014),

<http://thechronicleherald.ca/novascotia/1230721-nova-scotia-pulls-plug-on-vlt-tracking-system-my-play>.

<sup>12</sup> *Ibid.*

**From:** Robert Russell [<mailto:russell@rmclegal.com>]  
**Sent:** Thursday, November 06, 2014 11:41 AM  
**To:** MGCcomments (MGC)  
**Cc:** Dustin Ford; Dave Waddell  
**Subject:** Play Management System

Dear MGC:

On behalf of Ms. Connie Jones, Director of Responsible Gaming, of the Association of Gaming Equipment Manufacturers, attached please find comments for consideration by the MGC related to the Strategic Science report and discussion of limit-setting tools. Thank you for the opportunity to provide comment and should you have any questions please note that we welcome the opportunity to work with the MGC as it develops its responsible gaming policies.

Regards,

Robert Russell  
Gaming Analyst  
Regulatory Management Counselors, PC  
321 West Lake Lansing  
East Lansing, Michigan 48823  
Phone 517-507-3858  
Fax 517-908-3858  
[Russell@rmclegal.com](mailto:Russell@rmclegal.com)

*Note new street address.*



Association of Gaming Equipment Manufacturers

November 6, 2014

Mr. Mark Vander Linden  
Director of Research and Problem Gambling  
Massachusetts Gaming Commission  
84 State Street, Ste. 720  
Boston, MA 02109

Re: Massachusetts Gaming Commission – Responsible Gaming, Strategic Science Study

Dear Director Vander Linden,

Thank you for the opportunity to comment on the recent study and recommendations provided by Strategic Science, as discussed at the October 23, 2014 Public Meeting of the Massachusetts Gaming Commission (“Commission”). The Association of Gaming Equipment Manufacturers (“AGEM”) greatly appreciates the Commission’s commitment to responsible gaming practices, as well as its statutory responsibilities to develop annual research agendas under Section 71 of the Expanded Gaming Act. While the *Informing play management systems: International review of limit-setting tools* report provided by Strategic Science (“Report”) provides a broad overview of international responsible gaming practices, the conclusions made therein largely do not appear to be applicable to the Massachusetts gaming market and, in fact, may deter the Commission from its statutory goals and objectives.

I have listed our brief comments below, as well as included our past filings related to responsible gaming practices in the Commonwealth as Attachment 1 for your reference.

**Costs Greatly Outweigh Proven Benefits**

As noted by the Commission during the October 23, 2014 public meeting, there are significant costs to implementing the proposed limit-setting procedures recommended in the Report. Further, there is little evidence proving the effectiveness of such measures, in part because the voluntary nature of the proposals has been shown to have a very low uptake level (typically around 1%).

It is important to note that the costs of operating such an untested program will not only fall on the casino licensees, but the Commonwealth itself. As noted in the Report, Nova Scotia attempted to implement a mandatory system of self-limiting tools but later rescinded this requirement as revenue declined 17%. See “Nova Scotia, Canada,” p. 9. As the Commission astutely noted, one of the primary goals of the Expanded Gaming Act is to repatriate gaming revenue lost to neighboring states. The implementation of invasive or untested responsible gaming restrictions will undoubtedly drive players to competing jurisdictions, none of which have proposed such measures, thereby defeating this purpose of the statute.

Importantly, the international markets that are included in the Report involve much greater government involvement into operations and have different social norms. The Report provides several anecdotal examples of players being driven away due to increased burdens using limit-setting tools, trading player cards to avoid certain play restrictions, and generally expressing a mistrust of the use of their private data. These scenarios, coupled with the limitation of responsible gaming tools to only electronic games, not only greatly affect the data collected on patron activities but also do not justify the high cost of implementing and maintaining such a system with numerous loopholes and restrictions. Further, the benefits of such systems have not been reflected in the data supplied, with the Report even noting that similar programs have been scaled back or eliminated after implementation. See “Nova Scotia,” p. 9-10.

### **The Importance of Prevalence Studies**

The Report appears to focus on gathering data primarily through an opt-out technological tracking system used on electronic games. See “Detailed Recommendations,” p.18. While such a system would provide play information for slot and other electronic games, it would not provide comprehensive, quality data necessary to properly evaluate gaming activity. As noted by the Commission in its various discussions on the matter, many players are likely to opt-out of the system for privacy concerns or other reasons. In addition, those who may experience problem gambling tendencies are more likely to opt-out or focus on table games or other non-monitored games to avoid triggering warnings or other preventative measures. Finally, the data collected would only represent one aspect of gaming activity – electronic games – and would not include the various other forms of gambling such as table games, horse racing, lottery activity, and other non-electronic games. As such, the data revealed through such a system would be inherently skewed and non-representative of the wider population which, in turn, would greatly affect the conclusions contained within annual research items required by statute.

It is recommended that the Commission instead focus on prevalence studies and other data collection methods that are more proven and accepted in the scientific community in its development of comprehensive annual research agenda reports.

### **Avoid Comingling Data Collection and Risk Management Tools**

In addition to the issues regarding data collection, the Commission should clearly delineate between its data collection efforts to create annual research agenda items and its consideration of

risk management tools. For the reasons discussed above, player cards used for data collection are not likely to capture a comprehensive view of gaming activity.

Further, the problem gambling community is likely to be highly critical of tying responsible gaming approaches to player loyalty cards because of the divergent aims of each program – to both encourage and discouraged increased play. Players also are likely to mistrust the use of the program and/or create workarounds to avoid using the system as intended, as detailed throughout the Report. See “Nova Scotia, Canada,” p.9; “Sweden,” p.12. It should be noted that the United States also has a culture of personal privacy that is much different from the jurisdictions reviewed as part of the Report. This would also affect the overall uptake of self-limiting tools, thereby reducing the effectiveness of the system and providing skewed research data.

Once again, AGEM greatly respects the goals of the Commission and looks forward to working with the Commission and its staff to develop policies in accordance with the objectives of the Expanded Gaming Act. Thank you again for the opportunity to provide input and please feel free to contact me at (702) 528-4374 with any questions that you may have.

Regards,

A handwritten signature in black ink, appearing to read 'Connie Jones', with a long horizontal flourish extending to the right.

Connie Jones  
Director of Responsible Gambling, AGEM

CC: Marcus Prater, Executive Director, AGEM  
Thomas A. Jingoli, President, AGEM  
Robert R. Russell, Gaming Analyst, Regulatory Management Counselors, P.C.  
AGEM Membership



Association of Gaming Equipment Manufacturers

June 6, 2014

Director John Glennon and Director Mark Vander Linden  
Massachusetts Gaming Commission  
84 State Street, Ste. 720  
Boston, MA 02109

Re: Massachusetts Gaming Commission – Responsible Gaming Software Products

Dear Directors Glennon and Vander Linden,

Thank you again for the opportunity to provide insight into the gaming platform issues outlined by Mr. Vander Linden in your email to Mr. Robert Russell, Gaming, Analyst, Regulatory Management Counselors, P.C. dated May 16, 2014. Mr. Russell is assisting AGEM with monitoring regulatory and policy developments in Massachusetts. Please note that we greatly appreciate the opportunity to provide comments as the Commission develops policies specific to the suppliers that will service the market. I wanted to provide you with an update after receiving responses from the membership of the Association of Gaming Equipment Manufacturers (AGEM), which I have summarized below for your review. We also welcome the opportunity to meet with you should you find that helpful as you work through the policy- and rule-making process.

Specifically, Mr. Vander Linden's e-mail requested information related to two areas:

1. Self-appraisal messaging – tailored to individual player behavior (e.g. personalized behavioral feedback including time and or money spent);
2. Informative messaging – designed to inform participants of the cost of play, responsible gaming tips and how to access help for a gambling problem.

Responses related to these two areas are outlined below.

### **International Models**

AGEM has noted that there are several third-party software platforms used in certain international jurisdictions.

One is called "Mentor" that, although there would be practical issues in utilizing it, can perform some of the self-appraisal and informational messaging considerations you noted in your

questions. The software is produced by an English company called Neccton ([www.necctron.com/en](http://www.necctron.com/en)) and is primarily aimed at the European online gaming market to promote responsible gambling practices.

The program faces several practical difficulties in implementation in domestic jurisdictions, however, due to its high cost and the uncertainty of its stability when used across different electronic gaming platforms. For this to be effective in brick-and-mortar casinos, it would have to be capable of integrating the wide variety of gaming platforms that the various slot manufacturers use. The Mentor software has not yet, to our knowledge, been implemented in a cross-platform manner. As noted above, the software is primarily designed for online gaming platforms that operate in a very different manner than traditional electronic gaming devices located in brick-and-mortar properties. As such, there is a very real practical concern as to whether the Mentor product could be effectively adapted to fit the Commission's objectives. Other systems that may be similar to Mentor will likely face the same issues.

"Playscan" is another European player protection software. The company is a subsidiary of Svenska Spel (Swedish Lottery) and delivers products in the field of problem gambling mitigation. Playscan claims to detect risky play behavior via the game and provides reactive messaging to players. It can be implemented both on gaming devices and online. It faces many of the same challenges as Mentor in that it has not been implemented across platforms involving the primary U.S. game and system providers. This product is in place in Sweden and, most recently, Norway. More information can be found at [www.playscan.com](http://www.playscan.com).

Techlink Entertainment, a gaming technology company in Nova Scotia, Canada developed "My Play" a responsible gaming software that has been implemented on the VLTs (video lottery terminals) in Nova Scotia. The technology allows players to view a record of their play, set limits in time and money and self-exclude on the machine as well as receive information on responsible gaming. You can learn more about this product on the Techlink website at [www.techlinkentertainment.com](http://www.techlinkentertainment.com).

All of the above products require a player card or other identifier. It should also be noted that gaming revenues in Sweden and Nova Scotia dropped considerably after the Playscan and Techlink products were introduced, ranging from 6 to 17 percent. As such, there is concern within the domestic gaming industry that implementation of these programs will negatively affect gaming revenue and drive patrons to competing jurisdictions. Furthermore, we are not aware of any scientific or peer-review studies that have been completed on effectiveness of these products on addressing problem gambling mitigation.



### **Domestic Products**

Bally and Speilo (GTECH) have programs that likely would allow pre-commitment tools (assisting in the self-appraisal messaging), but the application may be limited at the time to its wide-area progressive machines. In addition, IGT has software that facilitates the setting of certain responsible gaming oriented parameters such as established play limits and configurable alerts for carded players. These are all Gaming Standards Association-compliant and, I believe, utilize the G2S protocol. The domestic products have limitations in that they only work with specific and limited types of machines.

### **Specific Self-Appraisal and Informative Messaging Considerations**

Of these two types of messaging, the commentary we have received indicates that the informative messaging would be easier to implement as it does not require individual player tracking cards. As such, it would be easier to adapt existing software to display basic information generally applicable to electronic gaming machines and to provide problem gambling tips and instructions on how to access the broad responsible gaming programs provided by the Commission, Commonwealth, and operators.

Regarding the self-appraisal messaging, there have been several concerns about the player-tracking process proposed in the initial Responsible Gaming Framework – notably that these types of requirements do not have scientific consensus on their effectiveness at preventing problem gambling and that, when implemented in some international jurisdictions, contributed to a dramatic drop in revenue for the operators and the jurisdictions in which they operate. In addition, there are concerns regarding the host of personal privacy protection issues raised by maintaining this type of information (personal identity information, spending limits, and whether the “behavioral feedback” information be individual or personal “identifiable information,” which would trigger HIPPA and other state and federal privacy requirements).

I look forward to providing additional commentary once AGEM members have had a chance to consult their software experts. However, based on initial comments, it appears that the self-appraisal and informational messaging goals outlined below would be a unique and different from the way other jurisdictions address this type of issue in the United States.

AGEM encourages the Commission to request comments from the industry operators, clinical and research experts and other interested parties in connection with its review as they will be able to provide additional knowledge that will be helpful in addressing the Commission’s objectives.

Thank you again for the opportunity to provide input and I will be in touch with any additional information.

Regards,

A handwritten signature in black ink, appearing to read "Connie Jones", with a long horizontal flourish extending to the right.

Connie Jones  
Director of Responsible Gambling, AGEM

CC: Marcus Prater, Executive Director, AGEM  
Thomas A. Jingoli, President, AGEM  
Robert R. Russell, Gaming Analyst, Regulatory Management Counselors, P.C.  
AGEM Membership



Association of Gaming Equipment Manufacturers

*Via Email – [mgccomments@state.ma.us](mailto:mgccomments@state.ma.us)*

March 21, 2014

Mr. Rick Day  
Executive Director  
Massachusetts Gaming Commission  
84 State Street, 10<sup>th</sup> Floor  
Boston, MA 02109

**RE: Association of Gaming Equipment Manufacturers Comments: The Responsible Gaming Framework**

Dear Mr. Day:

Thank you for the opportunity to submit comments on the Massachusetts Gaming Commission's ("Commission") draft Responsible Gaming Framework. The Association of Gaming Equipment Manufacturers ("AGEM") serves as the non-profit international trade association for gaming equipment manufacturers and suppliers. AGEM recently commented on the Commission's Phase 2 Licensing Standards and has great appreciation for the thorough process being undertaken by the Commission in order to ensure that a solid gaming regulatory framework is developed, while also seeking to establish a system that is not subject to ineffective regulations with unintended consequences.

Recognizing the importance of these issues, during 2014, AGEM hired Ms. Connie Jones as its Director of Responsible Gaming. As a 20-year veteran of the gaming industry, Ms. Jones previously served as Director of Responsible Gaming for International Game Technology (IGT) and has been dedicated exclusively to Responsible Gaming for the past 14 years, including serving on the Boards of the top organizations dedicated to addressing this issue. We encourage the Commission to use Ms. Jones and her expertise as a resource as it works to finalize its Responsible Gaming Framework.

The topic of Responsible Gaming is of extreme importance to AGEM and the industry at large. AGEM provides financial support to a number of problem / responsible gaming organizations, including the National Center for Responsible Gaming, the National Council on Problem Gaming, the Nevada Council on Problem Gaming, The Problem Gambling Center, GamCare in the UK and G4 (Global Gaming Guidance Group) in Amsterdam.

AGEM also works closely with the American Gaming Association (AGA) and helps promote the AGA's education and advocacy efforts, which include Responsible Gaming programs.

These industry efforts have brought a tremendous amount of attention to this issue, which has resulted in science-based research in this area and the development of comprehensive Responsible Gaming programs. The industry suppliers and the Commission are all partners in working to ensure that legalized and regulated gaming is implemented in a way that mitigates adverse impacts on those that decide to participate in this activity. With the assistance of other interested constituents (clinical; researchers; gaming operators; social services, and others), Massachusetts has an opportunity to advance programs that have a true impact on assisting those that have a problem in controlling their gambling activities. At the

same point, however, it is AGEM's hope that the Commission does not enact programs that could lead to adverse impacts and have unintended consequences.

It is also my hope that the comments provided below generate a thoughtful discussion on the specific issues detailed herein, and I look forward to answering any questions that you or the Commission may have as the Responsible Gaming Framework moves through the final drafting and adoption processes.

The Responsible Gaming Framework goals and objectives are subdivided into six Strategies. For purpose of commenting on the document, AGEM has indexed its comments in the associated categories.

### **Strategy 1: Commitment to Corporate Social Responsibility**

Many of the items outlined in Strategy 1 are similar in nature as to the overall Code of Conduct developed by the commercial casino operators with the leadership and foresight of the AGA.

### **Strategy 2: Enhance Personal Responsibility**

There are large numbers of resources and tested models that have been implemented across North America related to assisting at-risk individuals. In this regard, and related to the items outlined in this section of the Framework, AGEM would encourage the Commission to reconsider these items as their implementation could have unforeseen operational consequences and do very little to assist at-risk individuals.

AGEM supports the development of comprehensive procedures to implement the patron self-exclusion list, as set forth in Section 45 of the Massachusetts Gaming Act, M.G.L. c.23K, §45.

### **Strategy 3: Protect Vulnerable Groups**

AGEM supports the Commission's goal to develop an environment that helps to protect "vulnerable groups" and any adverse impacts to themselves and their families. AGEM agrees with many of the items listed while other items are better suited for casino operator comments based upon industry experiences and expertise.

AGEM has concerns with the bulleted segment titled, "Reinforce Responsible Play with Play Tracking and Behavior Analytics" in Strategy 3. This segment states that "Player Cards shall be required of all persons gambling in a licensed gaming establishment." Consideration should be given to the impact on general casino patrons should this be required. Empirical evidence and gaming statistics coming from certain jurisdictions outside of the U.S. that have mandated player cards with embedded responsible gaming tools show a significant drop in gaming revenues. Another concern that has been experienced in other jurisdictions is that it is the frequent, intense and often problem players who have taken the trouble to obtain player cards, while the casual or recreational player often does not take the effort to obtain a player card.

Another concern in Strategy 3 is the segment which states that "Players receive alerts when behavioral data suggests 'at-risk' play." The implications on the industry for requiring such a processing function that currently doesn't exist among the major suppliers will create significant development and technological challenges and could pose delays in the implementation of gaming in the Commonwealth.

Therefore, AGEM supports the desire to provide patrons with information to help prevent adverse impacts on individuals that visit Massachusetts casinos. It would seem that the state would benefit from providing avenues for patrons to seek educational materials and receive incentives for utilizing the responsible gaming features on their player card. AGEM believes, however, that gaming patrons, gaming operators and the general public would be better served if the player card requirement was elective and not state-

mandated and that the Commission review the outlined technological requirements as they will have an adverse impact on the gaming equipment available for use in Massachusetts casinos.

#### **Strategy 4: Ensure Responsible Marketing**

AGEM supports the Commission's goal to establish a process to get information to persons needing help in the area of Responsible Gaming. The industry has developed a number of resources to assist persons that need such assistance, and AGEM recommends that the Commission focus on science-based research in guiding its efforts in this regard.

#### **Strategy 5: Contain High-Risk Financial Transactions**

Personal finance is a truly individual matter. Developing a set of board-based, arbitrary limitations will not necessarily help at-risk individuals, but it will have adverse impact on the success of the Massachusetts gaming market as it will deter the patronage of certain gamblers. AGEM believes that partnering with the casino operators to develop internal controls to help identify and assist at-risk players is a much better objective than putting specific monetary limitations in place and limiting access to financial resources while players are participating in a wagering experience.

#### **Strategy 6: Engage the Community**

AGEM believes the policies outlined in this section are very well thought out and the partnership between the state, operators and community will establish an environment to assist in getting help to persons that need it.

#### **Conclusion**

Thank you again for allowing AGEM the opportunity to submit comments to the Commission's draft Responsible Gaming Framework. AGEM will continue to monitor the regulation development process in Massachusetts and anticipates submitting additional commentary on vendor-related issues.

It is my hope that this letter leads to thoughtful discussion on the issues detailed above. In this regard, if you or Commission staff have any further questions regarding these comments or would like AGEM to provide further suggestions or expertise in the area, please feel free to contact me.

Sincerely,



Marcus E. Prater  
Executive Director  
Association of Gaming Equipment Manufacturers  
702-812-6932  
[Agem.org@cox.net](mailto:Agem.org@cox.net)  
[www.AGEM.org](http://www.AGEM.org)

CC:

Connie Jones, Director of Responsible Gaming  
Robert R. Russell, Gaming Analyst  
AGEM Officers



HARVARD MEDICAL SCHOOL



October 30, 2014

Mark Vander Linden & Commissioners of the Massachusetts Gaming Commission  
Massachusetts Gaming Commission  
84 State Street 7th Floor  
Boston, MA 02109

**RE: Feedback about the report “Informing play management systems: International review of limit-setting tools”**

Dear Mr. Vander Linden and Commissioners:

We have had the opportunity to read the report entitled “Informing play management systems: International review of limit-setting tools” produced by Strategic Science. In brief, we would like to share with you our concern regarding the 15 recommendations included in this report.

First, the Massachusetts Gaming Commission’s Responsible Gaming Framework “...has adopted an evidence-based approach to responsible gaming measures where sound research or evidence is available” (p. 4). Second, regarding pre-commitment, the state of the art in the published literature shows that currently there is no scientific evidence to support the implementation of this procedure in the general population of gamblers (see Ladouceur, Blaszczynski, & Lalande, 2012). Third, the results reported by Strategic Science primarily are based on “informant interviews,” as noted on page 3: “The team first undertook a comprehensive document review followed by key informant interviews. Interviews were conducted to confirm and contextualize findings and to address gaps in the document review.” This method might have been systematic but this procedure raises many questions and concerns because this strategy essentially rests upon a foundation of subjective reports. We cannot help but wonder, for example, how many interviews were conducted? Who are these interviewees? How were they selected? What is the response and completion rate? There are other concerns evidenced by the absence of methodological detail.

The 15 recommendations starting on page 18 are essentially opinion-based. As original framers of the responsible gambling concept and many such programs that have emerged from these principles, the suggestions in the Strategic Science report do not meet the “evidence-based approach” integral to responsible gambling programs as adopted by the Massachusetts Gaming Commission in their Framework. Consequently, we believe that it is premature to implement the recommendations suggested by Strategic Science in their report. Alternatively, and consistent with the empirical evidence base essential to responsible gambling programs as well as public health initiatives, we strongly suggest that the Commission issue an RFP to evaluate the efficacy and consequences of a variety of pre-commitment procedures on Massachusetts-based gamblers. The principles of responsible gambling programs require the development of evidence to support the implementation of program elements as well as an ongoing evaluation

program to assure that the activities accomplish their stated goal. Implementing responsible gambling activities absent an adequate evidence base – with only personal opinion as a guide – places gamblers and the entire system at unnecessary risk. As the extant body of gambling studies have shown, conventional wisdom is risky and often inconsistent with scientific evidence. Fundamentally, the absence of scientifically derived evidence is inconsistent with the RENO model’s principles of responsible gambling and the Commission’s stated commitment to responsible gambling programs.

We hope that our comments will help the Commission to pursue their work. If you need additional information, please do not hesitate to contact us.

Sincerely,



Howard Shaffer, Ph.D., C.A.S.  
Associate Professor, Harvard Medical School;  
Director, Division on Addiction,  
The Cambridge Health Alliance



Robert Ladouceur, Ph.D.,  
Professor Emeritus  
School of Psychology  
Université Laval  
Québec (Québec), Canada

### Reference Cited

Ladouceur, R. Blaszczynski, A., & Lalande, D. (2012). Pre-commitment in Gambling: A review of the empirical evidence. International Gambling Studies, 12, 215-230.



October 27, 2014

## **RE: Comments Regarding Play Management**

To the Massachusetts Gambling Commission:

On behalf of Stop Predatory Gambling, a 501c3 non-profit organization based in Washington, DC with an office in Massachusetts, I am writing in response to the Gambling Commission's invitation for comments regarding a proposed voluntary Play Management System.

SPG is a national transpartisan network of citizens and groups dedicated to a fundamental national reform: ending the dishonesty of government-sponsored gambling and the unfairness and inequality it creates.

Today, we would seek to speak for the "losers." The "losers" are those citizens sacrificed by state governments like Massachusetts who sponsor and promote casino gambling to extract as much money as possible from the public. "Losers" isn't a term we coined. That's the word used by a slot machine designer at America's biggest maker of electronic slot machines, International Gaming Technology (IGT), to describe the citizens who use the machines he makes. In a cover story on slot machines for *The New York Times Sunday Magazine*, *Times* reporter Gary Rivlin toured IGT's headquarters. "When I asked one I.G.T. artist if he ever plays, he acted as if I had insulted him," Rivlin wrote. "'Slots are for losers,' he spat, and then, coming to his senses, begged me to consider that an off-the-record comment."<sup>1</sup>

The implementation of a Play Management System to help reduce the cheating and exploitation of ordinary citizens lured to use slot machines should be done immediately. Why? At least two reasons:

- 1) Electronic gambling machines are built mathematically so users are guaranteed to lose their money the longer they play. It is an absolute mathematical certainty that citizens will lose all of their money the more they continue to use the machines.



2) At the same time, the gambling machines are literally designed so citizens cannot stop using them, exploiting aspects of human psychology and inducing irrational and irresponsible behavior. Every feature of a slot machine - its mathematical structure, visual graphics, sound dynamics, seating and screen ergonomics - is designed to increase a player's "time on device" – which means how long a person plays.<sup>2</sup> Gambling operators found that their profits were not about the size of the gamblers' stakes but rather the volume of their play. "If you provide them with the right time-on-device, they will stay and play," one slot designer said to MIT Professor Dr. Natasha Schull in her recent book on slot machine technology titled *Addiction By Design*. "If you take it too quickly and they lose, they're going to leave."<sup>3</sup> In the actual language of the casino business, the goal is to get every user "to play to extinction" – until all their money is gone, Dr. Schull quotes a slot marketing expert. <sup>4</sup> "I want to keep you there as long as humanly possible," another slot operator told her. "That's the whole trick, that's what makes you lose."<sup>5</sup>

The slot machine is designed to be so effective at extracting money from people, wrote Dr. Schull, that it is "a product that, for all intents and purposes, *approaches every player as a potential addict* - in other words, someone who won't stop playing until his or her means are depleted."

The effectiveness of slot design is undeniable: over the last decade *there are 11 different independent studies* – studies not funded by gambling interests - that show 40%-60% of slot machine profits are taken from citizens who can't stop using them. Gambling addicts.<sup>6</sup>

For citizens who believe government should promote fairness and equality of opportunity and not willfully cheat and harm its own people, instituting a Play Management System should be done immediately.

The only entities who would oppose such an obvious consumer protection policy would be casino interests and the public officials they partner with because their entire money-making scheme is based on cheating and exploiting citizens *who frequently use slot machines for long periods of time*- the people the slot machine designer calls the "losers."

Sincerely,



Les Bernal  
National Director  
Stop Predatory Gambling

---

<sup>1</sup> **The Tug of the Newfangled Slot Machines** by Gary Rivlin, *The NY Times Magazine*, May 9, 2004

<sup>2</sup> Natasha Dow Schull, PhD, *Beware: Machine Zone Ahead*, Washington Post, July 6, 2008, <http://www.washingtonpost.com/wp-dyn/content/article/2008/07/04/AR2008070402134.html>

<sup>3</sup> NATASHA DOW SCHULL, PHD, ADDICTION BY DESIGN, MACHINE GAMBLING IN LAS VEGAS, (2012), available at <http://press.princeton.edu/titles/9156.html> Pg. 126.

<sup>4</sup> Natasha Dow Schull, PhD, *Beware: Machine Zone Ahead*, Washington Post, July 6, 2008, <http://www.washingtonpost.com/wp-dyn/content/article/2008/07/04/AR2008070402134.html>

<sup>5</sup> NATASHA DOW SCHULL, PHD, ADDICTION BY DESIGN, MACHINE GAMBLING IN LAS VEGAS, (2012), available at <http://press.princeton.edu/titles/9156.html> Pg 126.

<sup>6</sup> Institute for American Values, Council on Casinos, *Why Casinos Matter, Thirty-One Evidence-Based Propositions from the Health and Social Sciences*, September 2013, Pg. 29, <http://americanvalues.org/catalog/pdfs/why-casinos-matter.pdf>

**From:** Burt Peretsky [<mailto:peretsky@verizon.net>]  
**Sent:** Friday, October 24, 2014 2:32 PM  
**To:** MGCcomments (MGC)  
**Subject:** Play Management System

The play management system, as I understand it, is a well-meaning effort, but probably unworkable and possibly counter-productive, as it might send our citizens who live near Rhode Island and Connecticut to casinos in those states, where they won't have to deal with penalties for playing more than they originally wanted to play. Let's not be a "Nanny State," as one of the Commissioners said. Only adults are going to be in our casinos, so let the adults make their own decisions and mistakes!

Burt Peretsky

---

**From:** [fbcpvjr@comcast.net](mailto:fbcpvjr@comcast.net) [<mailto:fbcpvjr@comcast.net>]  
**Sent:** Friday, October 24, 2014 3:16 PM  
**To:** MGCcomments (MGC)  
**Subject:** Play Management System

Gentleman, Even before the dice are rolled and the cards are shuffled or the buttons are pushed we are looking to put in play some more regulations. Now I understand how the Lawyers get rich and the gambler has even less chance to win.

How would it be if someone in the Casino, gambling were shut off as soon as they win. Win at any game in the Casino. Who sets the values as to what is to much. A drug addict always seems to get drugs. An alcoholic always seems to get a drink.

Values are set up for these people where they are sent to school or a program to try to prevent this kind of behavior. Why are we trying to place everyone in the same boat? I read some of the studies and I would have to say they don't always work. As a commission you should set up our own study when the games begin and after 90 days put our own heads together with the Casino owners and come up with our own study to correct any situation that arises.

Thank you again for allowing me to sent my thoughts as I did on the Wynn program. I bet if you wrote to Mr. Wynn and told him what you are trying to do he would help in putting something use full in a plan to help resolve the problem.

Vincent Ragucci Jr.  
74 Clark Street  
Everett MA 02149

---

From: Michael Carty [<mailto:mcarty526@yahoo.com>]  
Sent: Friday, October 24, 2014 6:06 PM  
To: MGCcomments (MGC)  
Subject: Play Management System

Hi. Couple of thoughts on the Play Management System.

1. Why would you offer problem gamblers an incentive to come back and gamble more. The more they come back the more incentives they get? Seems like a self-defeating idea.
2. What would stop a person from sitting at a slot machine, reaching his limit to get incentives, then go across the room and NOT use their rewards card and proceed to spend more?

Mike

PS: I am a semi-professional poker player and will be retiring from my federal job in a year or so. I am interested in helping get Massachusetts up and running in online poker playing/and or gambling. The few states that have tried and are not doing as well as they hoped are not going about it correctly and I could help steer MA in the right direction. Thanks for listening.

---

From: [freelancewriter1@me.com](mailto:freelancewriter1@me.com) [<mailto:freelancewriter1@me.com>]  
Sent: Tuesday, October 28, 2014 9:55 AM  
To: MGCcomments (MGC)  
Subject: Play Management System

To Whom It May Concern:

The "Informing Play Management System — International Review of Limit Setting Tools" is a curious document that draws conclusions that exceed the empirical evidence. Critical scientific judgment is woefully absent. The reference list is a hodgepodge of sources that are never linked to statements in the document. No wonder the authors don't identify themselves up front; do the key biographies represent a subgroup of authors? Who are the less than key contributors? This is a wonderful example of tax dollars wasted.

---

**From:** Chris Shaker [<mailto:shakeshc@yahoo.com>]  
**Sent:** Wednesday, October 29, 2014 8:45 PM  
**To:** MGCcomments (MGC)  
**Subject:** Play Management System

Hello,

I am writing in response to the request for public comment on recommendations pertaining to adoption of a voluntary Play Management System. As a resident of Stoneham, MA, the casino licenses awarded throughout the Commonwealth, and in particular Everett, MA, will have a significant impact on my town, as it will on many others throughout Massachusetts.

First off, I would like to commend the commission on taking the issue of responsible gaming practices seriously. While I am not in favor of a play management system, the issue is certainly an important one that the Commonwealth would be prudent to address head on.

In considering this issue, I was surprised at the lack of good research that is available. However, one consistent theme that I found was that regardless of the study, problem gamblers appear to represent a very small percentage of casino patrons.

With respect to play management systems, there are two significant issues in my opinion. First is the lack of evidence within the United States. I believe that the culture within the United States is much different from those of the countries that have attempted some form of play management. To draw conclusions from results found in other countries would be purely speculation.

The second issue with respect to the research provided was that even within the studies that were performed with respect to the systems in place in other countries, the findings were both inconsistent and inconclusive. There are instances of difficulty in evaluating the system, system misuse or abuse, confusion on the part of the players, among many others. There were certainly positives as well, however, it doesn't appear that anyone has been able to effectively implement such a system based upon the information available at this time.

My concern with all of this is that it will impact the ability of the casinos to effectively implement their business plans and will put them at a competitive disadvantage with respect to their competitors in surrounding states. As we are all aware, there are negative aspects of allowing gaming into our state. However, the voters of Massachusetts have determined that the positive aspects outweigh the negative. One of the overwhelming positives is the economic benefits that casinos could provide to our state. I believe that putting a program in place that makes it more difficult for the casinos to deliver those positive economic results that the residents of Massachusetts are counting on would be a disservice to us. Especially under these circumstances in which the program being considered addresses a very small percentage of the overall casino patrons and is based upon unproven results. Please do not support a cause that could be a detriment to the overwhelming majority of the residents of Massachusetts.

Christopher Shaker  
20 Winship Drive  
Stoneham, MA

---

**From:** Jay Campbell [<mailto:jay@jaycampbell.net>]

**Sent:** Wednesday, October 29, 2014 2:07 PM

**To:** MGComments (MGC)

**Subject:** Play Management System

Dear Commissioners,

I just read an article in the Boston Globe titled Incentive program proposed to prevent gambling overspending. I believe coming up with a program regarding overspending is a great idea but I am concerned about this approach. Two of my concerns are data sharing and identity theft. The Federal Trade Commission has real concerns regarding data sharing and even created a great short video regarding how many everyday activities allow businesses access to information about your habits, tastes and activities <http://www.consumer.ftc.gov/media/video-0022-sharing-information-day-your-life>. The video asks where does that information go and how is it used. According to an article on CNN it states Hackers have exposed the personal information of 110 million Americans -- roughly half of the nation's adults -- in the last 12 months alone. Besides the inconvenience of forcing people to register for loyalty cards and making people decide a limit I have a real concern regarding what happens to the data the casino collects.

I hope you will give these issues real consideration before you force everyone to provide their information to a casino in order to gamble or have to decide whether they should continue visiting a neighboring state in order to keep their information private.

Jay Campbell

617-721-7120

---

From: Lorraine [<mailto:ldanca@dancainsurance.com>]  
Sent: Thursday, October 30, 2014 3:43 PM  
To: MGCcomments (MGC)  
Subject: Play management system

As a current patron of both Ct and RI casinos I feel this new system would only make it more attractive to continue in those states. Why would Massachusetts spend all this time and money on the new casinos and then send patrons away? People are ultimately responsible for their own actions and should have constant monitors and reminders while they are enjoying some entertainment Sent from my iPad

---

**From:** PAUL DOBBINS [<mailto:pdobbins14@gmail.com>]  
**Sent:** Friday, October 31, 2014 1:00 AM  
**To:** MGCcomments (MGC)  
**Subject:** Play Management System

Dear Commissioners;

First, I'd like to thank you for allowing public comment on this issue. I feel this would not be a good idea to have Massachusetts be the 1st in the nation to institute this program in our resort casinos. There is virtually no data on the other countries this has been tried in and ultimately i

think it would be counterproductive to the stated goals set forth in the Expanded Gaming Act of 2011. It is a personal choice to sit at a slot machine or pull up a chair at a blackjack table and most people, i believe, play responsibly and trust their conscience to set their limits.

THANK YOU,  
PAUL D. DOBBINS  
141 VINE STREET  
EVERETT, MA 02149

---

**From:** Parker, Frank [<mailto:Frank.Parker@ttiinc.com>]  
**Sent:** Thursday, October 30, 2014 5:12 PM  
**To:** MGCcomments (MGC)  
**Subject:** Play Management System

Dear Sirs and Madame,

I am writing in opposition to the proposed play ma management system as described in the Boston Globe article, "Incentive Program Proposed to Prevent Gambling Overspending".

I support expanded gaming not just because I live in Everett but because I firmly believe it brings benefits to the entire Commonwealth. As the new kid on the gaming block we have to offer "unique and compelling" positive customer experience. An experience that will drive repeat customers that will help us attain and retain our goals.

The locality program would be an interruption to the customers experience. If we are to attract visitors regionally, nationally and especially internationally we have to provide an ease of doing business that enhances the gaming experience. This program would not do that.

I for one would not like to see it implemented at least not intially. It can certainly be revisited when more data is in and our casino partners have been up and running and given the chance to win new customers.

Sincerely,

Frank Parker  
28 Freeman Ave  
Everett, MA. 02149  
617-821-7458

---

**From:** Keith Whyte [<mailto:keithw@ncpgambling.org>]  
**Sent:** Sunday, November 02, 2014 9:25 PM  
**To:** MGCcomments (MGC)  
**Subject:** Play Management System

I would like to strongly support the MGC play management system proposal. The tools envisioned in the proposal will likely help players make informed choices about their gambling. Players, their families and the Commonwealth will likely benefit, as preventing or reducing the impact of gambling addiction is the most ethical and economical way to balance the costs and benefits of legalized gambling. MGC's precautionary approach is appropriate and justified.

*Keith S. Whyte*

Executive Director  
National Council on Problem Gambling  
730 11th Street, NW, Suite 601  
Washington, DC 20001  
[keithw@ncpgambling.org](mailto:keithw@ncpgambling.org)  
O: 202.547.9204 x 23 C: 703.980.2140  
[www.ncpgambling.org](http://www.ncpgambling.org)

**Since 1972, the national advocate for people affected by problem gambling**

National Problem Gambling Helpline: **800.522.4700** 24/7 Toll Free & Confidential



**29th National Conference on Problem Gambling**

*New Challenges - Creative Solutions* **Baltimore, Maryland July 10-11, 2015**

"A different world cannot be built by indifferent people"-Peter Marshall

---

**From:** ME Monsell [<mailto:memonsell@gmail.com>]  
**Sent:** Wednesday, November 12, 2014 12:53 PM  
**To:** MGCcomments (MGC)  
**Subject:** Play Management System

Please require gambling licensees in the state to make play management systems available to casino and slot parlor customers. Thank you.

Margaret Monsell

---

**From:** Geoff Manning [<mailto:geoffm33@gmail.com>]  
**Sent:** Wednesday, November 12, 2014 1:06 PM  
**To:** MGCcomments (MGC)  
**Subject:** Play Management System

I would like the gambling commission to require the companies with gambling licenses here in the state to make a play management system available to casino and slot parlor customers.

Thank You,  
Geoff Manning  
Boston Resident

---

**From:** Natasha Schull [<mailto:schull@mit.edu>]  
**Sent:** Wednesday, November 12, 2014 3:15 PM  
**To:** MGCcomments (MGC)  
**Subject:** Play Management System



A few specific comments:

- The report says "When players use their cards for the first time, they should receive a detailed message that indicates etc etc" -- I would recommend, in keeping with other sections of the report, that the message NOT be long and detailed and overly legal in language -- but rather be short and simple, with customers directed elsewhere for more info. This will, after all, be the first point of contact and you won't want to turn people off with wordy, contract-like verbiage.

- I'd also recommend being careful about including the "educational quizzes" since such quizzes can often come off as condescending and simplistic. Better to be direct and informative about problem gambling and responsible gambling.

-Good that players would be informed every 30 minutes or so of how long they've been playing and how much they've spent.

A few specific questions:

- If this scheme goes forward in the form outlined, with preset default limits that gamblers can opt out of or adjust, who will set those defaults, and on what basis?

- Re: the part at the end on outcome assessment and evaluation, particularly the development and use of an "algorithm associated with problematic escalations in play": why not start from algorithms that have already been developed, like the one that Schrans et al developed? And why not integrate these from the start?

- How will this system be integrated with the statute on player tracking data?

.....  
**Natasha Dow Schüll, Ph.D.** Associate Professor  
Massachusetts Institute of Technology | Program in Science, Technology, and Society  
77 Massachusetts Avenue, E51-163C (Office 188) | Cambridge, MA 02139  
o: 617.253.9651 | c: 646.326.3604 | f: 617.253.8118  
[nds@mit.edu](mailto:nds@mit.edu) | [www.natashaschull.org](http://www.natashaschull.org)

---

From: GaleH [<mailto:gale.halpern@gmail.com>]  
Sent: Wednesday, November 12, 2014 3:42 PM  
To: MGCcomments (MGC)  
Subject: Play Management System

Dear Gaming Commission:

I am requesting that you require the companies with gambling licenses in Massachusetts to make a play management system available to casino and slot parlor customers.

Thank you.

Gale Halpern  
Cambridge, MA

---

**From:** [marottachern@comcast.net](mailto:marottachern@comcast.net) [<mailto:marottachern@comcast.net>]  
**Sent:** Thursday, November 13, 2014 1:03 PM  
**To:** MGCcomments (MGC)  
**Subject:** Play Management System

The MGC commissioned report entitled, "Informing play management systems: International review of limit-setting tools", demonstrates the play management systems hold merit as a responsible gaming tool and can be successfully implemented without great cost or other pronounced negative consequences. The full set of recommendations provided in this report, if adopted by the MGC, would address shortcomings of the use of play management systems in other jurisdictions and build off of the lessons learned from those efforts. Massachusetts is in a position to provide a strong responsible gaming tool to its citizens, thereby reducing gambling related harm and establishing itself as a leader in responsible gaming policy.

The recent election demonstrates that a sizable proportion of Massachusetts citizen harbor great concerns over casinos entering their state: 40% of voters voted for the casino repeal and of the 60% that voted for it, many will tell you they too have concerns about the negative impacts of problem gambling but view the upside of casino development as holding more weight. To respect the concerns of the public and for government to perform its duty-of-care, the MGC needs to take a strong stand in support of robust responsible gaming policies. The use of the play management system, as recommended in the aforementioned review, is a critical element of a practical and ethically legitimate approach to reducing gambling related harm.

The MGC is in a position to put the wellbeing of people over profits. Scare tactics will be deployed to dissuade the MGC from adopting regulations to require a play management system and those tactics are in the service of maximizing profits at the expense of public health. The welfare of the public needs to be of paramount concern, implementing a play management system and the rest of the MGC Responsible Gaming Framework is the solution for balancing the economic benefits of casino gambling with offering real protections for the public's health.

---

**From:** Jeanne McKnight [<mailto:jeannemcknight@comcast.net>]  
**Sent:** Thursday, November 13, 2014 2:07 PM  
**To:** MGCcomments (MGC)  
**Subject:** Yes Require Play Management Systems

Commissioners:

I hope you will require Massachusetts casinos and the Plainville slots parlor to establish a Play Management System. I understand that a Play Management System allows a casino patron, before sitting down in front of a slot machine, to set, say, a \$100 limit on gambling losses that

day. This amount is entered into a “loyalty card,” which tracks that individual’s gambling activity throughout the casino. As the losses mount, the patron is informed, through the loyalty card, that the \$100 limit is approaching. If the player reaches the limit, he can still choose to override it and continue to play, but at least there’s been a reminder. For sticking with the limit, the player is rewarded in some way such as free play on the next visit.

I think a Play Management System would help a patron who is in my network of friends and family, who I will call Mike. Although Mike knows he struggles with gambling addiction and attends Gamblers Anonymous, he still occasionally goes to a casino. He suffered a head injury as a child and struggles with the after-effects; a typical effect of head injury is reduced impulse control. Mike lost his marriage, his job, his car, and his credit rating, and lived for several months at a homeless shelter, due to gambling fixation and money losses among other factors. He is now emotionally stable and has an apartment and is on Social Security Disability. He tries hard to stay sober and avoid behaviors that have caused him trouble in the past, but I worry. Mike would, I think, use a Play Management System and benefit from it. Mike can’t lose much at gambling because he doesn’t have much now, but others who own homes and have some savings for their retirement, could lose everything. Please adopt a rule or regulation requiring Play Management Systems.

Jeanne S. McKnight  
100 Rosemary Way Unit 336  
Needham, MA 02494

---

**From:** John Tehan [<mailto:john@tehans.com>]  
**Sent:** Thursday, November 13, 2014 3:16 PM  
**To:** MGCcomments (MGC)  
**Subject:** Public comment

I’m writing in support of the proposed play management system, which should definitely be implemented in any casino in the Commonwealth of Massachusetts. In addition, the following best practices should also be implemented:

- Prohibit gambling advertising, as is the case with cigarette advertising.
- Modify the machine design to reduce speed and duration of play.
- Remove ATMs and credit facilities from the casinos.
- Require breaks or cooling-off periods in machine play.
- Prohibit free alcohol on the casino floor.
- Display onscreen clocks on the machines.
- Prohibit casino lending on credit.
- Establish an independently funded Institute on Problem Gambling to conduct research and public education.

If we are going to rely on casino revenue, we must protect our citizens from gambling addiction. Thank you for your consideration.

John Tehan  
508-241-3274  
[john@tehans.com](mailto:john@tehans.com)

---

Dear Members of the Mass Gaming Commission,

As someone who enjoys the entertainment aspect of casinos, I also recognize the serious costs associated with their establishment in Massachusetts (and any other non-tourist location). Therefore, I would like to convey my support for the Voluntary Play Management System as a way to help people set limits and create positive strategies when gambling.

I hope that your board will continue to seek out and put forth the best possible practices when establishing regulations to protect the consumers and residents that will be affected by the new state law.

Thank you for the opportunity to comment on this matter,

Most sincerely,

Stacie Shapiro  
Resident - Needham, MA

---

Allowing gamblers to set a limit on how much they are willing to lose before they start gambling is a sensible idea and a step to curb the downside of what to many may begin a fun night out and end up in a spiral leading to the loss of more money than the person can safely gamble away.

--

Susan B. McGarvey  
Town Meeting Member Precinct G  
66 Upland Road  
Needham, MA 02492  
781-444-5286

---

Dear Sirs:

For what it is worth I think the Playm Management System as proposed on the October 23<sup>rd</sup> meeting is an excellent idea. The worries presented at that meeting as there not being an existing demonstrated systems and we being the first to try this out, albeit there are some concerns that we may be experimenting, I think the concerns expressed where those of the uneducated when first faced with a premise and idea that requires research. Most responsible people express doubts with the brand new, but conduct their own research and if the idea is sound, which I believe this to be, will go ahead and do it.

Massachussetts has often been first in areas where research, testing and logic indicate the results are desirable. Afterall, we did not wait for the germans in WWII to try out their atomic bomb first before we did the trinity test.

Wayne Perry

---

Wayne Perry Comm-Pass/COMMBuys

GCC

State Procurement Consultant

[wayneperry@comm-pass-statebidconsulting.com](mailto:wayneperry@comm-pass-statebidconsulting.com)

781-817-3711

[http://www.graphiccommunicationconsulting.com/comm-pass\\_main\\_page.htm](http://www.graphiccommunicationconsulting.com/comm-pass_main_page.htm)

Share the Commonwealth talk show host

<http://urbusinessnetwork.com/category/share-the-commonwealth-radio-show-and-podcast-with-wayne-perry/>

205 CMR: MASSACHUSETTS GAMING COMMISSION

UNIFORM STANDARDS OF ACCOUNTING PROCEDURES AND INTERNAL CONTROLS

- 138.40: Procedure for acceptance of checks, cash equivalents and credit/debit cards; issuance of counter checks or slot counter checks
- 138.41: Redemption, substitution, and consolidation of counter checks or slot counter checks at the cashier's cage; redemption of counter checks at a gaming table
- 138.42 Acceptance of payments toward outstanding patron checks
- 138.43: Procedures for establishing patron credit accounts, and recording checks exchanged, redeemed or consolidated
- 138.44: Patron request for suspension of credit privileges
- 138.45: Procedure for depositing checks received from gaming patrons
- 138.46: Procedure for collecting and recording checks returned to the gaming establishment after deposit
- 138.47 Automated Teller Machines (ATM)

138.40: Procedure for acceptance of checks, cash equivalents and credit/debit cards; issuance of counter checks or slot counter checks

A system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 shall include policies and procedures relative to the acceptance of checks and cash equivalents presented by patrons, and the issuance of counter checks or slot counter checks to patrons for gaming purposes. These policies and procedures shall include, but not be limited to:

- (1) The specific locations in the gaming establishment where patron deposits may be received;
- (2) The specific form of deposits that will be accepted including cash, personal checks, certified checks, traveler's checks, **wire transfers, money orders, and cash advances initiated at ATMs outside of the gaming area.** Provided, procedures shall be included to ensure that the gaming licensee does not accept or cash government-issued checks or third party checks;
- (3) Identification requirements at such time that a patron deposits funds, including controls in place to assure that any cash received on deposit is done so in accordance with required currency transaction reporting and anti-money laundering criteria;
- (4) The permitted uses of funds placed on deposit to include, but not be limited to, in exchange for chips, tokens or other forms of gaming value, to establish a deposit account against which future draws may be made, as payment towards outstanding counter checks;
- (5) Procedures to refund any balance in a patron's deposit account at such time that it is requested;
- (6) Specific procedures for the issuance of counter checks against the patron's deposit account, to include patron identification requirements, and documentation and accountability

requirements to request a counter check, issue the counter check (whether at the main cage, gaming table or such other approved location), and post the counter check transaction to the patron's account and the gaming licensee's books of account;

- (7) Specific procedures for the issuance of slot counter checks, if said procedures differ in any material way from the procedures to issue counter checks for table game purposes, to include the same information set forth in 205 CMR 138.40(6).
- (8) Documentation and accountability requirements up to and including the transfer of completed documents to the accounting department;
- (9) Procedures to ensure that any credit card or automated teller machine operating in the gaming establishment not allow a patron to obtain cash from a government-issued electronic benefits transfer card; and,
- (10) Procedures to ensure that credit card cash transactions and debit card cash transactions are not permitted **within 15 feet of** the gaming area.

138.41: Redemption, substitution, and consolidation of counter checks or slot counter checks at the cashier's cage; redemption of counter checks at a gaming table

A system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 shall include policies and procedures relative to the redemption, substitution, and consolidation of counter checks and/or slot counter checks that contain, at a minimum, provisions for the following:

- (1) A listing of the locations in the gaming area at which redemptions may occur, and a listing of the types of cash and cash equivalents that may be accepted in redemption of a counter check;
- (2) A distinction between full redemptions and partial redemptions;
- (3) Detailed procedures to:
  - (a) Process and complete redemptions, substitutions, and consolidations;
  - (b) Verify the patron's identification at the time of completing a redemption;
  - (c) Complete the appropriate forms used to record the redemption, including the specific information contained on said form(s) and the form(s) signature requirements so as to assign responsibility and accountability over the redemption transaction; and
  - (d) Transfer the appropriate documents to the accounting department (or such other department) for accounting purposes.
- (4) A description of permitted redemptions, in full or in part, when made by a third-party other than the gaming patron; and
- (5) A description of the type of checks that may be accepted in substitution of a counter check.

138.42 Acceptance of payments toward outstanding patron checks

- (1) A gaming licensee may, in its discretion, permit the drawer of an undeposited patron

check or any person acting for the benefit of such drawer to deposit cash, cash equivalents, casino checks, slot tokens, gaming chips or gaming plaques with a general cashier for the purpose of having such payment applied to the total or partial redemption of the patron check by the drawer.

- (2) A system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 shall include policies and procedures relative to the acceptance of payments pursuant to 205 CMR 138.42(1) which shall, at a minimum, provide for:
  - (a) A method of documenting or recording the receipt of each such payment, which method shall include, without limitation, the following:
    - (1) The names of the drawer and the person making the payment;
    - (2) ~~All significant details concerning the transaction;~~
    - (3) The signatures of the ~~person making the payment and the general cashier~~ **employee** accepting the payment; and
    - (4) The issuance of a receipt to the person making the payment;
  - (b) The maintenance of the general cashier's imprest inventory; and
  - (c) The notation in the drawer's credit account of the receipt of the payment.
- (3) If any payments received by a gaming licensee pursuant to the procedure referenced in 205 CMR 138.42(2) entitle the drawer of a patron check to redeem the original patron check in its entirety **by virtue of complete payment of the outstanding total**, or if any such payments received in conjunction with the submission of a new patron check by the drawer in a lesser amount entitle the drawer of a patron check to redeem the original patron check in part **due to such partial payment**, the gaming licensee shall return the original patron check to the drawer.
- (4) If the drawer of a patron check fails to redeem it prior to the date on which the patron check must be deposited in accordance with the policy or procedure implemented in accordance with 205 CMR 138.45, the gaming licensee shall deposit the patron check regardless whether any payment has been received. The gaming licensee, after timely depositing the patron check and allowing a commercially reasonable time for the patron check to clear, shall apply any payments received in accordance with priorities established in the



system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02.

- (5) A system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 shall provide policies and procedures for cash deposit accounts if they will be utilized by the gaming licensee.
- (6) If a patron check is dishonored by the drawer's bank upon presentation for payment and returned to the gaming licensee, any payments received, including payments that have been transferred to a patron cash deposit account pursuant to 205 CMR 138.42(5), that have not been returned to the drawer shall be used to reduce the amount to be collected from the drawer or to be deemed uncollectible pursuant to the provisions of these regulations.
- ~~(7) No junket representative, junket enterprise or employee or agent of a junket enterprise shall, and no gaming licensee or employee or agent of a gaming licensee shall make a payment for the benefit of the drawer of a patron check.~~

138.43: Procedures for establishing patron credit accounts, and recording checks exchanged, redeemed or consolidated

- (1) A system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 shall include a description of its policies and procedures governing the issuance of credit to a patron to take part in gaming activity at its gaming establishment. A gaming licensee's policies and procedures governing the issuance of credit shall ensure at a minimum that:
  - (a) Prior to issuing credit to a patron the creditworthiness of the patron is established in the context of their ability to repay the amount of credit requested or to be extended; and
  - (b) Credit is not extended to an individual in an amount beyond that which the information reviewed demonstrates that they have a reasonable ability to repay;
  - (c) Credit will only be extended to patrons who qualify for a minimum threshold of \$10,000.00 and will not exceed the amount requested by the patron;
  - (d) Credit will not be offered to any individual who self-identifies as a problem gambler **during the credit application process**, places themselves on a voluntary credit suspension list in accordance with 205 CMR 138.44, or is on public assistance;
  - (e) Credit requests, including extensions, will not be accepted from or granted to patrons who are visibly intoxicated or exhibiting behaviors suggestive of impaired mental competency;
  - (f) Credit applications will include a problem gambling self-assessment; and
  - (g) Credit officers will obtain verbal verification from credit applicants that they are comfortable losing up to the amount of credit requested and granted.
- (2) In addition to the provisions required in accordance with 205 CMR 138.43(1), the policies

and procedures governing the issuance of credit shall contain provisions including, but not limited to, the following:

(a) The creation of a credit file for each patron shall be prepared by a general cage cashier or credit department representative with no incompatible functions either manually or by computer prior to the gaming licensee's approval of a patron's credit limit. All patron credit limits and changes thereto shall be supported by the information contained in the credit file. Such file shall contain a credit application form upon which the following minimum information provided by the patron shall be recorded:

- (1) The patron's name;
- (2) The address of the patron's residence;
- (3) The telephone number at the patron's residence;
- (4) Banking information including:
  - (a) The name and location of the patron's bank; and
  - (b) The account number of the patron's personal checking account upon which the patron is individually authorized to draw and upon which all Counter Checks, Slot Counter Checks and all checks used for substitution, redemption or consolidation will be drawn. Checking accounts of sole proprietorships shall be considered as personal checking accounts. Partnership or corporate checking accounts shall not be considered personal checking accounts **even if a patron is individually authorized to draw on the account.**
- (5) The credit limit requested by the patron;
- (6) The approximate amount of all other outstanding indebtedness;
- (7) The amount and source of income and assets in support of the requested credit limit; and
- (8) The patron's signature indicating acknowledgement of the following statement, which shall be included at the bottom of every credit application form containing the information required to be submitted by the patron pursuant to ~~this subsection~~ **205 CMR 138.43(2)(a)**: *"I certify that I have reviewed all of the information provided above and that it is true and accurate. I authorize (name of the gaming licensee) to conduct such investigations pertaining to the above information **in accordance with applicable federal and state laws and** as it deems*

*necessary for the approval of my credit limit. Such investigation may include verification of the information you have provided with a credit bureau, a casino credit bureau, your bank, and/or a bank verification service. I am aware that this application is required to be prepared in accordance with Massachusetts Gaming Commission regulations and I may be subject to civil or criminal liability if any material information provided by me is willfully false."*

(9) Prior to processing a gaming patron's credit application, a gaming licensee shall clearly and conspicuously provide the patron with the following disclosures on a piece of paper separate and apart from the credit application and any related documents; provided that each statement shall be separately signed, dated, and acknowledged by said patron. Upon signing said disclosures, a copy shall be provided to the gaming patron.

(a) *"You are receiving a credit extension from [name of licensee], facilitated through a personal check or 'marker' on your bank account. If you fail to repay [name of gaming licensee] by [the date specified in this agreement], [name of licensee] will attempt to recover this amount from your bank account. If there are insufficient funds in your account, [name of gaming licensee] may initiate debt collection proceedings against you. Failure to timely repay your debt to [name of gaming licensee] may result in criminal and/or civil legal consequences, and will likely have a negative effect on your credit."*

(b) *"If you are concerned that you may have difficulty managing your gambling, or wish for any reason to exclude yourself from receiving credit from a gaming establishment in Massachusetts, you may add yourself to the gaming credit suspension list. Massachusetts gaming establishments are prohibited from providing credit to individuals appearing on this list. To sign up for the list, please visit [www.massgaming.com/selfexclusion](http://www.massgaming.com/selfexclusion) or call [toll-free number]."*

(b) Recording by a general cage cashier or credit department representative of the information required in accordance with 205 CMR 138.43 in the credit file prior to the gaming licensee's approval of a patron's credit limit.

(c) Prior to the gaming licensee's approval of the patron's credit limit, a general cage cashier or credit department representative with no ability to grant credit or credit limit increases shall:

- (1) Verify the address of the patron's residence;
- (2) Verify the patron's current gaming credit limits and outstanding balances which shall include the following:

- (a) The date the patron's credit account(s) was established;
  - (b) The amount of the current approved credit limit at each casino or gaming establishment; and
  - (c) The current balance and status of the patron's credit account at each gaming establishment including checks deposited by gaming licensees that have not yet cleared the bank and derogatory information;
- (3) Verify the patron's outstanding indebtedness;
- (4) Verify the patron's personal checking account information which shall include, but not be limited to, the following:
- (a) Type of account (personal or sole proprietorship);
  - (b) Account number;
  - (c) Date the account was opened;
  - (d) Average balance of the account for the last twelve months, ~~if available (if this information is not available, this shall be noted in the credit file);~~
  - (e) Current balance in the account;
  - (f) Whether the patron can sign individually on the account; and
  - (g) Name and title of the person supplying the information; and
- (5) Verify that the patron's name is not designated on the list of individuals who have voluntarily requested suspension of credit privileges pursuant to 205 CMR 138.44 or placed their name on the voluntary self-exclusion list pursuant to 205 CMR 133.00.
- (d) All verifications performed by a general cage cashier or the credit department in accordance with 205 CMR 138.43(2)(c) shall be recorded in the credit file and accompanied by the signature of the general cage cashier or credit department representative who performed the required verifications or filed the relevant information. The date and time of the signature of the general cage cashier or credit department representative shall be recorded either mechanically or manually contemporaneously with the transaction. The general cage cashier or gaming licensee's credit department shall fulfill the requirements of (c) above as follows:
- (1) Verification of the address of the patron's residence, as required by 205 CMR 138.43(2)(c)(1), shall be satisfied by confirming the patron's address with a credit

bureau or bank. If neither of these sources has the patron's address on file or will not provide the information, the gaming licensee may use an alternative source which shall not include any identification credentials required in 205 CMR 138.43(2)(a) or other documentation presented by the patron at the gaming establishment. The gaming licensee shall record the source of verification and the method by which such verification was performed in the patron's credit file. Verification of the patron's address may be performed telephonically.

- (2) Verification of the patron's current casino credit limits and outstanding balances, as required by 205 CMR 138.43(2)(c)(2), shall be performed through a casino credit bureau and, if appropriate, through direct contact with other casinos. The gaming licensee shall record the source of verification and the method by which such verification was performed in the patron's credit file. If no casino credit information relating to the patron is available from these sources, this shall be noted in the patron's credit file. The verification may be performed telephonically prior to the credit approval provided the gaming licensee requests written documentation of all such information as soon as possible and includes such written documentation in the patron's credit file. All requests for written documentation shall be maintained in the patron's credit file until such documentation is obtained.
- (3) Verification of the patron's outstanding indebtedness, as required by 205 CMR 138.43(2)(c)(3), shall be performed by contacting a consumer credit bureau which is reasonably likely to possess information concerning the patron, ~~to the extent such consumer credit bureau is available,~~ and a casino credit bureau to determine whether the applicant has any liabilities or if there is any derogatory information concerning the applicant's credit history. Such contact shall be considered a verification of the outstanding indebtedness provided by the patron. ~~If such contact is not immediately possible, the gaming licensee may use an alternative source which has made the required contact.~~ The gaming licensee shall record the source of verification and the method by which such verification was performed in the patron's credit file. If either one or both of these credit bureaus do not have information relating to a patron's outstanding indebtedness this shall be recorded in

the patron's credit file. The verification may be performed telephonically prior to the credit approval provided the gaming licensee requests written documentation of all information obtained as soon as possible and includes such written documentation in the patron's credit file. All requests for written documentation shall be maintained in the patron's credit file until such documentation is obtained.

- (4) Verification of the patron's personal checking account information, as required by 205 CMR 138.43(2)(c)(4), shall be performed by the gaming licensee or a bank verification service directly with the patron's bank. A bank verification service utilized by a gaming licensee may make use of another bank verification service to make direct communication with the patron's bank. ~~If such information is not immediately available, the gaming licensee may use an alternative source.~~ The gaming licensee shall record the source of verification and the method by which such verification was performed in the patron's credit file. The verification may be performed telephonically prior to the credit approval provided the gaming licensee or bank verification service requests written documentation of all information obtained as soon as possible and such written documentation is included in the patron's credit file. All requests for written documentation shall be maintained in the patron's credit file until such documentation is obtained. No bank verification service may be used by a gaming licensee or another bank verification service to perform the verifications required by this section unless the bank verification service has filed a completed application for an appropriate casino service industry license under the commissions regulations. If a bank verification service is used as a primary source of verification, either directly by a gaming licensee or by another bank verification service, each service and the licensee shall, in addition to complying with any other requirement imposed by this section, record the date that the patron's personal checking account information was obtained from the bank by the service.

(e) Any Massachusetts gaming licensee requesting information from another Massachusetts gaming licensee concerning a credit patron shall represent to the requested gaming licensee that the patron has a credit line or has applied for credit and shall provide the patron's name, address of the patron's residence and the name and location of the patron's

bank. Upon receipt of this information, the requested Massachusetts gaming licensee shall be required to furnish to the requesting Massachusetts gaming licensee **any information in its possession concerning a patron as required by 205 CMR 138.43(2)(c).**

(f) The credit limit, and any changes thereto, must be approved by any one or more of the individuals holding the positions of credit manager, assistant credit manager, credit shift manager, credit executive, or a key gaming employee in a direct reporting line above the gaming manager or credit manager, or a credit committee composed of key gaming employees which may approve credit as a group, but whose members may not approve credit individually unless such person is included in the job positions referenced above. The approval shall be recorded in the credit file and shall include:

- (1) Any other information used to support the credit limit and any changes thereto, including the source of the information, if such information is not otherwise recorded pursuant to this section;
- (2) A brief summary of the key factors relied upon in approving or reducing the requested credit limit and any changes thereto;
- (3) The reason credit was approved if derogatory information was obtained during the verification process;
- (4) The signature, on the manual credit file, of the employee approving the credit limit together with the date and time of such authorization, which signature, date and time shall be recorded before any actual extension of credit; and
- (5) If a computerized credit file is utilized, the authorization code of the employee approving the credit limit together with the date and time of the activation in the system, which authorization code, date and time shall be recorded by the system before any actual extension of credit.

(g) Prior to approving a credit limit increase, a representative of the gaming licensee's credit department shall:

- (1) Obtain a written request from the patron which shall include:
  - (a) Date and time of the patron's request;
  - (b) Amount of credit limit increase requested by the patron; and
  - (c) Signature of the patron.
- (2) Verify the patron's current casino credit limits and outstanding balances, as

required by 205 CMR 138.43(2)(c)(2) and 205 CMR 138.43(2)(c)(3), unless such verification has performed earlier that same gaming day;

- (3) Verify the patron's outstanding indebtedness as required by 205 CMR 138.43(2)(c)(3), unless such procedure has been performed within the previous ~~24 months~~ 60 days;
- (4) Verify the patron's personal checking account information, as required by 205 CMR 138.43(2)(c)(4), unless such procedure has been performed within the previous ~~24 months~~ 60 days;
- (5) Consider the patron's player rating based on a continuing evaluation of the amount and frequency of play subsequent to the patron's initial receipt of credit. The patron's player rating shall be readily available to representatives of the gaming licensee's credit department prior to their approving a patron's request for a credit limit increase.
- (6) For table game play, the information for the patron's player rating shall be recorded on a player rating form by gaming supervisors or put directly into the gaming licensee's computer system and shall include, but not be limited to, the following:
  - (a) Patron's name;
  - (b) Game and table number;
  - (c) Average bet;
  - (d) Approximate length of time played;
  - (e) Rating as determined by supervisor or approved computer system;
  - (f) Signature and license number of the gaming supervisor responsible for providing the patron's player rating information; and
  - (g) Date of observations.
- (7) For slot play, the information for the patron's player rating shall be recorded on a player rating form by slot department supervisors or, put directly into the gaming licensee's computer system or generated by insertion of a card by a patron into a card reader attached to a slot machine. Such ratings shall include, but not be limited to, the following:
  - (a) Patron's name;



- (b) A designation indicating it is for slots;
  - (c) Rating as determined by supervisor or approved computer system;
  - (d) Signature and license number of the slot supervisor responsible for providing the patron's player rating information; if manually prepared; and
  - (e) Date of play.
- (8) Include the information and documentation required by 205 CMR 138.43(2)(g)(1) through (3) and the patron's player rating indicated at the time the credit increase is approved in the patron's credit file.
- (h) Credit limit increases may be approved without performing the requirements of 205 CMR 138.43(2)(g)(2) through (4) if the increases are temporary and are noted as being for this trip only in the credit file. Temporary increases shall be limited to one during any thirty day period **provided that the increase is approved during a single trip to the gaming establishment consisting of consecutive gaming days** and the amount of the temporary increase does not exceed 25 percent of the currently approved credit limit.
- (i) The gaming licensee's credit department shall:
- (1) Comply with the requirements of either 205 CMR 138.43(2)(i)(2) or (3) whenever any derogatory information is received by a gaming licensee's credit department relating to the patron's continued creditworthiness other than a returned check subject to the provisions of 205 CMR 138.43(2)(j).
  - (2) Re-verify the patron's address, current casino credit limits, outstanding balances, outstanding indebtedness, and personal checking account information, as required by 205 CMR 138.43(2)(c)(1) through (4).
  - (3) Follow the procedures required by 205 CMR 138.43(2)(c)(1) through (4), before a patron's credit privileges are reinstated if the patron's credit privileges have been suspended.
  - (4) Verify the information required by 205 CMR 138.43(2)(a)(2) and (4), in accordance with the procedures in 205 CMR 138.43(2)(d) whenever the gaming licensee has reason to believe that this information has changed.
  - (5) Verify the patron's address, current casino credit limits and outstanding balances, outstanding indebtedness, personal check cashing information, confirm that the patron is not on the list of patrons who have requested suspension of their credit

privileges, and confirm that the patron is not on the list of patrons who have placed themselves on the voluntary self-exclusion list, as required by 205 CMR 138.43(2)(c)(1) through (5) prior to the issuance of credit to a patron whose credit file has been inactive for a ~~12-month~~ 30 day period.

- (j) All derogatory information concerning a patron's credit account shall be reported by each gaming licensee on a daily basis to a casino credit bureau used by Massachusetts gaming licensees. Each Massachusetts gaming licensee shall request written documentation of any derogatory information pertaining to its patrons to be reported to that gaming licensee on a daily basis by a casino credit bureau used by Massachusetts gaming licensees. All documentation obtained from the casino credit bureau shall be maintained in the patron's credit file. Any gaming licensee desiring to continue the patron's credit privileges on the basis of a satisfactory explanation having been obtained for the returned check may do so if the gaming licensee records the explanation for its decision in the credit file before accepting any further checks from the patron along with the signature of the credit department supervisor accepting the explanation.
- (k) All transactions affecting a patron's outstanding indebtedness to the gaming licensee shall be recorded in chronological order in the patron's credit file and credit transactions shall be segregated from the safekeeping deposit transactions. The following information shall be included:
- (1) The date, amount and check number of each Counter Check or Slot Counter Check initially accepted from the patron;
  - (2) The date, amount and check number of each consolidation check and the check numbers of the checks returned to the patron;
  - (3) The date, method, amount and check number of each redemption transaction and the check number of the check returned to the patron;
  - (4) The date, amount and check number of each substitution transaction and the check number of the check returned to the patron;
  - (5) The date, amount and check number of each check deposited;
  - (6) The date, amount and check number of each check returned to the gaming licensee by the patron's bank and the reason for its return;
  - (7) The outstanding balance after each transaction; and

- (8) The date, amount and check number of any checks which have been partially or completely written off by the gaming licensee and a brief explanation of the reason for such write off.
- (1) A log of all Counter Checks and Slot Counter Checks exchanged and of all checks received for redemption, consolidation or substitution shall be prepared, manually or by computer, on a daily basis, by check cashiers and such log shall include, at a minimum, the following:
  - (1) The balance of the checks on hand in the cashiers cage at the beginning of each shift;
  - (2) For checks initially accepted and for checks received for consolidation, redemption, or substitution:
    - (a) The date of the check;
    - (b) The name of the drawer of the check;
    - (c) The amount of the check;
    - (d) The Counter Check and Slot Counter Check serial number(s) for Counter Check(s) and Slot Counter Check(s) received; and
    - (e) An indication as to whether the check was initially accepted or received in a redemption, consolidation or substitution.
  - (3) For checks deposited, redeemed by patrons for cash, cash equivalents, complimentary cash gifts, gaming chips and plaques, or any combination thereof, consolidated or replaced:
    - (a) The date on which the check was deposited, redeemed, consolidated or replaced;
    - (b) The name of the drawer of the check;
    - (c) The amount of the check;
    - (d) The Counter Check and Slot Counter Check serial number(s) for Counter Check(s) and Slot Counter Check(s) deposited, redeemed, consolidated or replaced; and
    - (e) An indication as to whether the check was deposited, redeemed, consolidated or replaced.
  - (4) The balance of the checks on hand in the cashiers' cage at the end of each shift.

- (m) A list of all Counter Checks and Slot Counter Checks on hand, and of all checks received for redemption, consolidation or substitution shall be prepared, manually or by computer, on a monthly basis, at a minimum, and shall include the following:
- (1) The date of the check;
  - (2) The name of the drawer of the check;
  - (3) The amount of the check; and
  - (4) The Counter Check and Slot Counter Check serial number(s) for Counter Check(s) and Slot Counter Check(s) received.
- (n) At the end of each gaming day, at a minimum, the following procedures shall be performed:
- (1) The daily total of the amounts of checks initially recorded as described in 205 CMR 138.43(2)(1)(2) shall be agreed to the daily total of Counter Checks and Slot Counter Checks issued;
  - (2) The daily total of the checks indicated as deposited on a log required by 205 CMR 138.43(2)(1)(3) shall be agreed by employees with no incompatible functions to the bank deposit slips corresponding to such check; and
  - (3) The balance required by 205 CMR 138.43(2)(1)(4) shall be agreed to the total of the checks on hand in the cashiers' cage.
- (o) A patron may not be issued a Counter Check until the operator has established a signature file for the patron.

#### 138.44 Patron request for suspension of credit privileges

- (1) Any person may voluntarily suspend his or her credit privileges at all gaming establishments by submitting a written request to the commission in accordance with 205 CMR 138.44. Such requests may be submitted in person at the commission's headquarters, or at the commission's office within a gaming establishment, **at the designated responsible gaming information center at the gaming establishment when staff is available** or by mailing the request to the commission's headquarters. An individual requesting suspension of credit privileges in person shall present valid identification credentials containing the person's signature and either a photograph or a general description of that person. An individual requesting suspension of credit privileges by mail shall provide a signed, notarized form attesting to the identity of the person making the request. **A request received through the mail**

or submitted in person will be effective upon receipt, and added to the master list within one business day. A suspension request submitted in person at a gaming establishment will be immediately communicated to the credit department.

- (2) A request for suspension of credit privileges shall be submitted on a form prescribed by the commission, which shall include the following:
- (a) The name of the person requesting suspension of credit privileges;
  - (b) The address of the person's residence;
  - (c) The person's date of birth;
  - (d) The name of each gaming establishment where the person currently has an approved line of credit;
  - (e) The duration for which they wish to have their credit privileges suspended. An individual may select any of the following time periods as a minimum length of suspension:
    - (1) Six months;
    - (2) One year;
    - (3) Three years;
    - (4) Five years; or
    - (5) Lifetime (An individual may only select the lifetime duration if their name has previously appeared on the suspension list for at least six months.)
  - (f) The signature of the person requesting suspension of credit privileges acknowledging the following statement: "I certify that the information which I have provided above is true and accurate. I am aware that my signature below authorizes the Massachusetts Gaming Commission to direct all Massachusetts gaming licensees to suspend my credit privileges for a minimum period of ~~30 days~~ six months from the date of this request and indefinitely thereafter, until such time as I submit a written request to the Commission for the reinstatement of any such credit privileges.";
  - (g) If the request for suspension of credit privileges is made in person:
    - (1) The type of identification credentials examined containing the person's signature, and whether said credentials included a photograph or general description of the person; and

- (2) The signature of a commission employee authorized to accept such request, indicating that the signature of the person requesting suspension of credit privileges appears to agree with that contained on his or her identification credentials and that any physical description or photograph of the person appears to agree with his or her actual appearance; and
- (h) If the request for suspension of credit privileges is made by mail, a certificate of acknowledgement executed by a notary public or other person empowered by law to take oaths attesting to the identity of the person who is making the request for suspension of credit privileges.
- (3) The commission shall maintain an updated master list of all persons who have requested suspension of credit privileges pursuant to 205 CMR 138.44, and shall notify the credit department of each gaming licensee in writing of any additions to or deletions from the list. The gaming licensee shall date and time stamp any such notice immediately upon receipt.
- (a) Each gaming licensee shall suspend the credit privileges of any listed individual, effective immediately upon receipt of notice that such individual's name has been added to the list.
- (b) An updated master list of individuals who have requested suspension of credit privileges shall be maintained by the credit department of each gaming licensee.
- (c) Each gaming licensee shall note any suspension or reinstatement of credit privileges pursuant to 205 CMR 138.44 in any existing credit file for the affected patron, including the following:
- (1) A copy of any applicable commission notice of the suspension or reinstatement of credit privileges;
- (2) The date, time and signature of the credit department representative making the suspension or reinstatement entry in the credit file.
- (4) Any person whose credit privileges have been suspended pursuant to 205 CMR 138.44 may, no sooner than ~~30 days~~ six months after the request for suspension of credit privileges, request reinstatement of his or her credit privileges by submitting a written request to the commission in accordance with the procedures specified in 205 CMR 138.44(1).
- (a) Such request shall be in a form prescribed by the commission, which shall include the following:

- (1) The information specified in 205 CMR 138.44; and
  - (2) The signature of the person requesting reinstatement of credit privileges, indicating acknowledgement of the following statement: "I certify that the information which I have provided above is true and accurate. I am aware that my signature below constitutes a revocation of my previous request for suspension of credit privileges, and authorizes the Massachusetts Gaming Commission to permit any Massachusetts gaming licensee to reinstate my credit privileges."
- (b) The commission shall delete such individual's name from the list established pursuant to 205 CMR 138.44, and so notify the credit department of each gaming licensee, no later than three days from submission of the written request for reinstatement of credit privileges. The gaming licensee shall date and time stamp any such notice immediately upon receipt.
- (c) Upon receipt of notice that such individual's name has been deleted from the list, a gaming licensee may reinstate such person's credit upon reverification of the information required by 205 CMR 138.43, or may extend credit to such person in accordance with the procedures set forth in 205 CMR 138.43.
- (5) Information furnished to or obtained by the commission pursuant to 205 CMR 138.44 shall be securely maintained. No gaming licensee shall divulge any information relative to the placement of an individual's name on the master list other than to authorized credit department employees or other Massachusetts gaming establishment personnel whose duties and functions require access to such information.

138.45: Procedure for depositing checks received from gaming patrons

A system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 shall include a description of its policies and procedures governing the depositing of checks received from gaming patrons which incorporate, at a minimum, the following:

- (1) Unless redeemed or consolidated sooner, all checks received from gaming patrons shall be deposited in the gaming licensee's bank account or presented directly to the patron's bank no later than:
  - (a) The banking day after the date of the check for a non-gaming check; or

- (b) A timeframe prescribed by the gaming licensee as part of its policy, submitted in accordance with 205 CMR 138.02, not to exceed ~~30~~ 90 days from the date of the initial check.
- (2) All checks received for purposes of consolidating outstanding counter checks or redeeming counter checks shall be deposited in the gaming licensee's bank account or presented directly to the patron's bank within a timeframe prescribed by the gaming licensee as part of its policy submitted in accordance with 205 CMR 138.02 not to exceed ~~30~~ 90 days from the date of the initial check.
- (3) In computing a time period prescribed by 205 CMR 138.45, a gaming licensee shall reference 205 CMR 102.05.
- (4) In the event of a series of consolidation or redemption transactions with a patron, the initial check shall be the earliest dated check returned to the patron in the first of the series of consolidation or redemption transactions.
- (5) Any check deposited into a bank will not be considered clear until a reasonable time, as identified by the gaming licensee in its written protocol, has been allowed for such check to clear the bank.
- (6) A gaming licensee may present a patron check directly to the patron's bank for payment. A patron check presented in this manner shall be considered paid in full when honored and paid by the patron's bank. If a gaming licensee intends to do so, it shall include a procedure for:
- (a) Documenting the release of the patron check from the cashiers' cage to a key gaming employee of the gaming licensee or to an attorney, for the purpose of presentment to the patron's bank.
  - (b) Prompt deposit of the proceeds of the check to the gaming licensee's bank account via a wire transfer or a check drawn by the patron's bank and made payable only to the gaming licensee, if the patron's check is honored and paid;
  - (c) Notice to the gaming licensee that the check has been paid in full by the patron's bank.
- (7) If a gaming licensee determines, prior to the deposit or presentment of a Counter Check or Slot Counter Check that the bank name, the bank routing number, the patron's bank account number or the micro-encoding number contained on the check are incorrect due to a data entry error (e.g., a misspelling, a wrong number or a transposition of numbers), a check bank cashier may correct the erroneous entry. Such procedure shall include:
- (a) A description of the manner in which the error will be corrected by the check bank cashier;



- (b) The creation of documentation that will permit both the check bank cashier and the casino accounting department to identify and compare a copy of the uncorrected check that was originally issued and the corresponding corrected check that was deposited or redeemed;
  - (c) The written approval of a cage supervisor prior to the alteration of any check by a check bank cashier; and
  - (d) A prohibition against using 205 CMR 138.45(8) to change the verified bank account on which the Counter Check or Slot Counter Check was originally drawn.
- (8) A gaming licensee may include in its policy and procedure provisions in accordance with 205 CMR 138.13 for the discretionary discounting of the amount of an outstanding Counter Check or Slot Counter Check to be redeemed by a patron for any marketing related reasons.

138.46 Procedure for collecting and recording checks returned to the gaming establishment after deposit

A system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 shall include a description of its policies and procedures governing the collection and recording of checks returned to the gaming establishment after deposit which incorporate, at a minimum, the following:

- (1) All dishonored checks returned by a bank after deposit shall be returned directly to, and controlled by, accounting department employees and shall be maintained by check bank cashiers. Such employees shall have no incompatible functions.
- (2) All debt collection practices must be conducted in accordance with 940 CMR 7.00: *Debt Collection Regulations* and **M.G.L. c.93, §49**. Provided, further, that a gaming licensee's debt collection policy shall not allow for placement of a lien on a patron's primary residence.
- (3) Debt collection shall be limited to key gaming employees or an attorney acting directly on behalf of a gaming licensee; provided, however, that a key gaming employee shall not make any such collections if that employee serves as a junket representative for the gaming licensee. Such procedure shall ensure that any key gaming employee engaged in debt collections does not have any incompatible functions. Any verbal or written communication with patrons regarding collection efforts shall be made with the full knowledge of the

collection employees and shall be documented.

(4) Continuous records of all returned checks shall be maintained by accounting department employees with no incompatible functions. Such records shall include, at a minimum, the following:

- (a) The date of the check;
- (b) The name and address of the drawer of the check;
- (c) The amount of the check;
- (d) The date(s) the check was dishonored;
- (e) The Counter Check or Slot Counter Check serial number for Counter Checks or Slot Counter Checks; and
- (f) The date(s) and amount(s) of any collections received on the check after being returned by a bank, including the date(s) and amount(s) of any complimentary cash gifts applied as payment on the check after being returned by a bank.

(5) If a gaming licensee determines that a Counter Check or Slot Counter Check was returned by a bank because the bank name, the bank routing number, the patron's bank account number or the micro-encoding number contained on the check was incorrect due to a data entry error (e.g., a misspelling, a wrong number or a transposition of numbers), a check bank cashier may, correct the erroneous entry and cause the check to be redeposited. Any such procedure shall, at a minimum, include:

- (a) A description of the manner in which the error will be corrected by the check bank cashier;
- (b) The creation of documentation and control procedures that will permit both the check bank cashier and the casino accounting department to identify and compare a copy of the uncorrected check that was originally deposited and the corresponding corrected check that was redeposited;
- (c) The written approval of a cage supervisor prior to the alteration of any check by a check bank cashier; and
- (d) A prohibition against using 205 CMR 138.46(5) as a basis to change the verified bank account on which the Counter Check or Slot Counter Check was originally drawn.

- (6) Statements shall be sent to patrons, by accounting department employees with no incompatible functions, immediately upon initial receipt of a returned check or immediately upon receipt of a check returned for a second time if the check was immediately redeposited pursuant to 205 CMR 138.46(5), and such statements shall include, but not be limited to, the following:
- (1) The name and address of the drawer;
  - (2) The date of the check;
  - (3) The amount of the check; and
  - (4) The date(s) and amount(s) of any collections received on the check after being returned by the bank.
- (7) Patrons to whom statements are sent shall be advised of a return address and department to which replies shall be sent.
- (8) Employees with no incompatible functions shall receive directly and shall initially record all collections.
- (9) Copies of statements and other documents supporting collection efforts shall be maintained and controlled by accounting department employees.
- (10) A record of all collection efforts shall be recorded and maintained by the collection area within the accounting department.
- (11) Listings of uncollectible checks shall be approved in writing by, at a minimum, the chief executive officer or the chief gaming executive, a key gaming employee identified and approved by the commission as part of the gaming licensee's system of internal controls, and the controller or the person to whom the controller directly reports; provided that, with the exception of the chief executive officer and chief gaming executive, none of the foregoing persons shall also have the authority to approve credit. All such uncollectible checks and listings shall be maintained and controlled by accounting department employees. A continuous trial balance of all uncollectible checks shall be maintained by employees of the accounting department. The continuous trial balance shall be adjusted for any subsequent collections.

138.47 Automated Teller Machines (ATM)

- (1) Use and operation of an Automated Teller Machine (“ATM”) or electronic branch, as defined by G.L. c.167B, §1, is governed by M.G.L. c.167B and 209 CMR.
- (2) No ATM or electronic branch, as defined by G.L. c.167B, §1, shall be located closer than 15 feet from the gaming area in a gaming establishment.

DRAFT

**From:** Meshoulam, Benjamin (AGO) [<mailto:benjamin.meshoulam@massmail.state.ma.us>]

**Sent:** Friday, November 14, 2014 2:17 PM

**To:** Vander Linden, Mark (MGC); Grossman, Todd (MGC)

**Cc:** MGCcomments (MGC)

**Subject:** Draft regulations comments -- internal controls (credit extension)

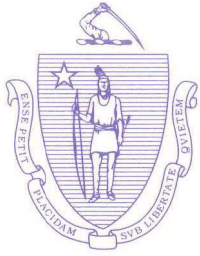
Mark and Todd,

Please find attached a letter from our Consumer Protection Division on the draft regulations, as well as some redlined suggestions to the regulations that are raised in the letter. Mark, I had a couple of quick things that I wanted to point out, so feel free to give me a call when you have a moment.

Thanks again for the opportunity to send these comments, and sorry we're getting them to you so late. We hope they're helpful, and look forward to continuing our work with you in this area.

Best,  
Benny

**Benjamin J. Meshoulam**  
Senior Policy Advisor & Assistant Attorney General  
Policy & Government Division  
Office of the Attorney General  
(617)963-2601 (phone)  
(617)727-6016 (fax)  
[Benjamin.Meshoulam@state.ma.us](mailto:Benjamin.Meshoulam@state.ma.us)



THE COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE ATTORNEY GENERAL

ONE ASHBURTON PLACE  
BOSTON, MASSACHUSETTS 02108

MARTHA COAKLEY  
ATTORNEY GENERAL

(617) 727-2200  
[www.mass.gov/ago](http://www.mass.gov/ago)

November 14, 2014

Stephen Crosby, Chairman  
Massachusetts Gaming Commission  
84 State Street, 10th Floor  
Boston, MA 02109

**Re: Request for comments on Uniform Standards of Accounting Procedures and Internal Controls, 205 CMR 138.40 *et seq.***

Dear Commissioner Crosby:

The Office of the Attorney General provides these comments to the Commission's proposed regulations governing gaming credit. As we stated in previous communications, the regulatory scheme governing gaming credit should ensure that credit is only issued to those consumers who have a verifiable ability to repay the credit. Our office deeply appreciates that the Commission's proposed regulations include many important consumer protections, including the ability-to-pay principles that we have previously urged the Commission to adopt. In this letter, we recommend further protections to determine who will qualify for credit, as well as additional disclosures regarding the application for credit and collection of resulting debt.

In addition to our comments below, we attach a "redline" of the proposed regulations incorporating our suggested comments.

First, we support the proposed requirement limiting gaming credit to consumers who qualify for a minimum threshold of \$10,000 (understanding these same consumers may request credit for a lesser amount). By setting a high minimum limit, the regulations protect consumers with lower incomes from the risks inherent in gaming credit. In addition, this high minimum threshold is consistent with the gaming industry's contention that gaming credit is offered primarily for the benefit of "high rollers" who do not wish to carry large amounts of cash on their person. Consumers who qualify for at least \$10,000 are more likely to have the means to support the gaming losses, and there is less risk of consumers receiving credit extensions that deeply impact their household budget.

*Calculation of the consumer's ability to pay the credit, 205 CMR 138.43(1).* The regulations currently provide that licensees should issue credit based on an assessment of the consumer's ability to repay the debt. The regulations require licensees to determine that a consumer has sufficient funds to repay the credit at the time the credit is extended. We suggest the determination should also include the consumer's ability to repay the debt on the day the gaming licensee will redeem the counter-check (marker) to the consumer's bank. We note that



the credit application process enables the licensees to review bank and credit report information to determine the consumer's financial position. Therefore it is feasible for the licensees to determine that the funds in an account when the credit application is reviewed is not an anomaly at that point in time, but instead represent the consumer's general financial picture and ability to repay the marker at the disclosed redemption time as well.

*Credit application disclosures, 205 CMR 138.43(2)(a)(9).* Additional disclosures should be provided regarding the credit terms and the licensee's collection practices. We suggest the following minimum additional mandatory credit disclosures:

- a. The date the licensee will present the unredeemed marker to the consumer's bank for deposit;
- b. Information about the application verification process, including disclosing that prior to issuing credit the licensee will verify the consumer's application with a credit bureau and any other procedures that will be used to review the credit application in accordance with 205 CMR 138.43(2)(c);
- c. The privacy protections the gaming licensee will employ to safeguard the consumer's personal information.

We also suggest removing references to "criminal" liability with respect to collecting or redeeming credit in 205 CMR 138.43(2)(a)(9). Absent fraud in the application process, a consumer should not be subject to criminal liability should funds not be available to repay the credit.

*Credit application and verification requirements, 205 CMR 138.43(2).* Verifying credit applications with third party entities is necessary to safeguard the credit extension process and prevent abuse by any party involved. The proposed regulations require verification of: (i) the consumer's outstanding indebtedness through contact with a credit bureau, and (ii) the average balance of the consumer's personal account for the past 12 months. *See* 205 CMR 138.43(2)(d)(3)-(4). However, the proposed regulations create a loophole in the verification process by limiting these verification requirements if the information is not available. The gaming licensee should not be permitted to issue credit without verifying the applicant's outstanding indebtedness by contacting a credit bureau. Likewise, credit should not issue without verification of the consumer's bank account balance average for at least the prior three months (we propose this three month minimum revision in 205 CMR 138.43(2)(c)(4)(d)).

*Application requirements for a credit limit increase, 205 CMR 138.43(2)(g).* Under the proposed regulations gaming licensees may increase a consumer's credit limit without re-verifying his or her personal checking account information and outstanding indebtedness if the information was verified within the previous 24 month period. *See* 138.43(g)(3), (4). Because a consumer's financial situation may change drastically within 24 months, the consumer's ability to repay gaming credit should be reviewed before increasing the credit limit, unless the verification occurred within the previous 30 days.

We note that the proposed regulations require the licensee to always check the consumer's casino credit bureau record before issuing an increase in credit (unless it was already

checked that same gaming day). *See* 205 CMR 138.43(2)(g)(2). Thus when gaming licensees approve a credit increase they will have complete information about the consumer's gambling debts, but incomplete information regarding the consumer's current financial situation. The ability to repay criteria is a holistic (if abbreviated) review of the consumer's finances, not only his or her gambling debts. The proposed regulations create a risk that a consumer who loses his or her income source could receive credit increases for some extended period of time by prioritizing repayment of gambling debts, when a more complete credit review would have revealed such an increase was unsupported by the consumer's finances. Any increase in a gaming credit should be supported by a full assessment of the consumer's ability to repay the debt.

*Procedures for voluntary credit suspension, 205 CMR 138.44.* The Commission should consider additional regulations or procedures to make the voluntary credit suspension process easier and more readily accessible than as currently proposed. The current regulations require the consumer to fill out a form at: (i) the gambling location, (ii) the Commission's headquarters, or (iii) by mail with a notarized signature. *See* 205 CMR 138.44(1). These are limited options and they notably do not have any options to submit a request in person outside of the Boston area, except at a gaming location. We support an online self-exclusion process, though we recognize the privacy and security issues that may arise. Alternatively, we suggest that the Commission expand the locations where a form can be completed in-person at other government offices outside of Boston.

The regulations should also require self-exclusion forms to be processed within one business day of receipt to ensure these consumers are promptly added to the self-exclusion master list.

*Fair debt collection, 205 CMR 138.46.* The proposed regulations explicitly subject licensees to the Attorney General's regulations covering fair debt collection practices. *See* 205 CMR 138.46(2), *referencing* 940 CMR 7.00 *et seq.* The Commission should also reference the Massachusetts debt collection statute, at M.G.L. c. 93, § 49. Additionally, the proposed regulations explicitly restrict debt collection to key gaming employees and attorneys acting directly on behalf of a gaming licensee. For clarity, the regulations should also explicitly prohibit licensees from selling, or pledging as collateral, consumer debt.

*Permissible credit application locations.* The regulations require that Automatic Teller Machines (ATMs) be located 15 feet from the gaming area, which allows consumers to "cool off" before withdrawing additional funds. Similarly, the credit application process should not be in the gaming area, thereby allowing a cooling off period before a consumer applies for credit.

*Quality assurance, reporting, & data collection.* The proposed regulations do not address the quality assurance, reporting, and enforcement mechanisms that are essential to ensuring licensees follow the proposed regulations and avoid abusive credit extensions practices. We presume these areas will be addressed through forthcoming regulations implementing M.G.L. c. 23K, §§ 5(a)(8), 65, 69-70. In particular, as raised in previous correspondence, we urge you to include in these regulations procedures for collecting data on credit extension and



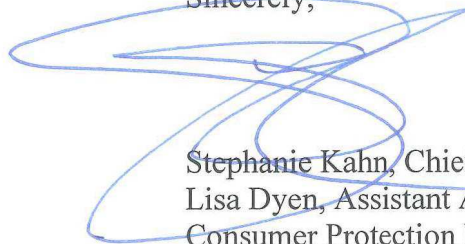
Stephen Crosby, Chairman  
Massachusetts Gaming Commission  
November 14, 2014  
Page 4

collection transactions, thereby allowing regulators to gain a clearer picture of credit extension and collection practices. Through these efforts, the Commission should also monitor the tax treatment of uncollectable gaming debt. As you are likely aware, the Massachusetts Gaming Act does not address the tax treatment of uncollectible debt, and therefore Massachusetts law may allow licensees to use tax write-offs as a back-door method of minimizing losses from unpaid gaming credit. Permitting favorable tax treatment of uncollectible debt may incentivize riskier credit practices, as licensees will not bear the full cost of consumer defaults. More robust data on the tax treatment of uncollectible gaming debt may help regulators and policy makers craft an appropriate policy remedy (Pennsylvania, for example, prohibits through statute the beneficial tax treatment of uncollectible gaming credit. *See e.g.* § 4 Pa. C.S. 13A27(j)).

*Additional Comments.* Finally, we continue to support two additional items raised in our July 2014 letter. First, we urge you to include language that prohibits licensees from providing incentive pay to employees based on the amount of credit issued or the number of credit applications processed. Additionally, we urge you to include language that requires licensees to provide notice to patrons some certain number of days before a check or marker securing credit is presented to a bank.

We appreciate your consideration of our comments and suggestions and are available to discuss any questions you may have.

Sincerely,

A handwritten signature in blue ink, appearing to be 'Stephanie Kahn', written over a horizontal line.

Stephanie Kahn, Chief  
Lisa Dyen, Assistant Attorney General  
Consumer Protection Division

cc: Massachusetts Gaming Commission  
Gayle Cameron, Commissioner  
Enrique Zuniga, Commissioner  
James F. McHugh, Commissioner  
Bruce Stebbins, Commissioner  
Rick Day, Executive Director  
Catherine Blue, General Counsel  
Mark Vander Linden, Director of Research and Problem Gaming

205 CMR: MASSACHUSETTS GAMING COMMISSION

UNIFORM STANDARDS OF ACCOUNTING PROCEDURES AND INTERNAL  
CONTROLS

- 138.40: Procedure for acceptance of checks, cash equivalents and credit/debit cards; issuance of counter checks or slot counter checks
- 138.41: Redemption, substitution, and consolidation of counter checks or slot counter checks at the cashier's cage; redemption of counter checks at a gaming table
- 138.42 Acceptance of payments toward outstanding patron checks
- 138.43: Procedures for establishing patron credit accounts, and recording checks exchanged, redeemed or consolidated
- 138.44: Patron request for suspension of credit privileges
- 138.45: Procedure for depositing checks received from gaming patrons
- 138.46: Procedure for collecting and recording checks returned to the gaming establishment after deposit
- 138.47 Automated Teller Machines (ATM)

138.40: Procedure for acceptance of checks, cash equivalents and credit/debit cards; issuance of counter checks or slot counter checks

A system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 shall include policies and procedures relative to the acceptance of checks and cash equivalents presented by patrons, and the issuance of counter checks or slot counter checks to patrons for gaming purposes. These policies and procedures shall include, but not be limited to:

- (1) The specific locations in the gaming establishment where patron deposits may be received;
- (2) The specific form of deposits that will be accepted including cash, personal checks, certified checks and traveler's checks. Provided, procedures shall be included to ensure that the gaming licensee does not accept or cash government-issued checks or third party checks;
- (3) Identification requirements at such time that a patron deposits funds, including controls in place to assure that any cash received on deposit is done so in accordance with required currency transaction reporting and anti-money laundering criteria;
- (4) The permitted uses of funds placed on deposit to include, but not be limited to, in exchange for chips, tokens or other forms of gaming value, to establish a deposit account against which future draws may be made, as payment towards outstanding counter checks;
- (5) Procedures to refund any balance in a patron's deposit account at such time that it is requested;
- (6) Specific procedures for the issuance of counter checks against the patron's deposit account, to include patron identification requirements, and documentation and accountability requirements to request a counter check, issue the counter check (whether at the main cage,

- gaming table or such other approved location), and post the counter check transaction to the patron's account and the gaming licensee's books of account;
- (7) Specific procedures for the issuance of slot counter checks, if said procedures differ in any material way from the procedures to issue counter checks for table game purposes, to include the same information set forth in 205 CMR 138.40(6).
  - (8) Documentation and accountability requirements up to and including the transfer of completed documents to the accounting department;
  - (9) Procedures to ensure that any credit card or automated teller machine operating in the gaming establishment does not allow a patron to obtain cash from a government-issued electronic benefits transfer card; and,
  - (10) ~~Procedures to ensure that credit card cash transactions and debit card cash transactions are not permitted within 15 feet of the gaming area;~~
  - (11) ~~Procedures to ensure that casino credit applications are not processed within 15 feet of the gaming area.~~

Deleted: in

138.41: Redemption, substitution, and consolidation of counter checks or slot counter checks at the cashier's cage; redemption of counter checks at a gaming table

A system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 shall include policies and procedures relative to the redemption, substitution, and consolidation of counter checks and/or slot counter checks that contain, at a minimum, provisions for the following:

- (1) A listing of the locations in the gaming area at which redemptions may occur, and a listing of the types of cash and cash equivalents that may be accepted in redemption of a counter check;
- (2) A distinction between full redemptions and partial redemptions;
- (3) Detailed procedures to:
  - (a) Process and complete redemptions, substitutions, and consolidations;
  - (b) Verify the patron's identification at the time of completing a redemption;
  - (c) Complete the appropriate forms used to record the redemption, including the specific information contained on said form(s) and the form(s) signature requirements so as to assign responsibility and accountability over the redemption transaction; and
  - (d) Transfer the appropriate documents to the accounting department (or such other department) for accounting purposes.
- (4) A description of permitted redemptions, in full or in part, when made by a third-party other than the gaming patron; and
- (5) A description of the type of checks that may be accepted in substitution of a counter check.

Deleted: ;

138.42 Acceptance of payments toward outstanding patron checks

- (1) A gaming licensee may, in its discretion, permit the drawer of an undeposited patron check or any person acting for the benefit of such drawer to deposit cash, cash equivalents, casino checks, slot tokens, gaming chips or gaming plaques with a general cashier for the purpose of having such payment applied to the total or partial redemption of the patron check by the drawer.
  
- (2) A system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 shall include policies and procedures relative to the acceptance of payments pursuant to 205 CMR 138.42(1) which shall, at a minimum, provide for:
  - (a) A method of documenting or recording the receipt of each such payment, which method shall include, without limitation, the following:
    - (1) The names of the drawer and the person making the payment;
    - (2) All significant details concerning the transaction;
    - (3) The signatures of the person making the payment and the general cashier accepting the payment; and
    - (4) The issuance of a receipt to the person making the payment;
  - (b) The maintenance of the general cashier's imprest inventory; and
  - (c) The notation in the drawer's credit account of the receipt of the payment.
  
- (3) If any payments received by a gaming licensee pursuant to the procedure referenced in 205 CMR 138.42(2) entitle the drawer of a patron check to redeem the original patron check in its entirety, or if any such payments received in conjunction with the submission of a new patron check by the drawer in a lesser amount entitle the drawer of a patron check to redeem the original patron check in part, the gaming licensee shall return the original patron check to the drawer.
  
- (4) If the drawer of a patron check fails to redeem it prior to the date on which the patron check must be deposited in accordance with the policy or procedure implemented in accordance with 205 CMR 138.45, the gaming licensee shall deposit the patron check regardless whether any payment has been received. The gaming licensee, after timely depositing the patron check and allowing a commercially reasonable time for the patron check

to clear, shall apply any payments received in accordance with priorities established in the system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 .

- (5) A system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 shall provide policies and procedures for cash deposit accounts if they will be utilized by the gaming licensee.
- (6) If a patron check is dishonored by the drawer's bank upon presentation for payment and returned to the gaming licensee, any payments received, including payments that have been transferred to a patron cash deposit account pursuant to 205 CMR 138.42(5), that have not been returned to the drawer shall be used to reduce the amount to be collected from the drawer or to be deemed uncollectible pursuant to the provisions of these regulations.
- (7) No junket representative, junket enterprise or employee or agent of a junket enterprise shall, and no gaming licensee or employee or agent of a gaming licensee shall make a payment for the benefit of the drawer of a patron check.

138.43: Procedures for establishing patron credit accounts, and recording checks exchanged, redeemed or consolidated

- (1) A system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 shall include a description of its policies and procedures governing the issuance of credit to a patron to take part in gaming activity at its gaming establishment. A gaming licensee's policies and procedures governing the issuance of credit shall ensure at a minimum that:
  - (a) Prior to issuing credit to a patron the creditworthiness of the patron is established in the context of their ability to repay the amount of credit requested or to be extended; and
  - (b) Credit is not extended to an individual in an amount beyond the individual's reasonable ability to pay, as supported by the information required to be reviewed. The ability to repay determination must consider the patron's ability to repay the credit in accordance with the repayment terms of the credit, and determine the patron's ability to repay the credit on the date when unpaid the Counter-checks or Slot Counter-checks will be redeemed by the gaming licensee;
  - (c) Credit will only be extended to patrons who qualify for a minimum threshold of \$10,000.00 and will not exceed the amount requested by the patron;
  - (d) Credit will not be offered to any individual who self-identifies as a problem gambler, places themselves on a voluntary credit suspension list in accordance with 205 CMR 138.44, or is on public assistance;
  - (e) Credit requests, including extensions, will not be accepted from or granted to patrons who are visibly intoxicated or exhibiting behaviors suggestive of impaired mental competency;

**Deleted:** that which the information reviewed demonstrates that they have a reasonable ability to repay

- (f) Credit applications will include a problem gambling self-assessment; and
  - (g) Credit officers will obtain verbal verification from credit applicants that they are comfortable losing up to the amount of credit requested and granted.
- (2) In addition to the provisions required in accordance with 205 CMR 138.43(1), the policies and procedures governing the issuance of credit shall contain provisions including, but not limited to, the following:
- (a) The creation of a credit file for each patron shall be prepared by a general cage cashier or credit department representative with no incompatible functions either manually or by computer prior to the gaming licensee's approval of a patron's credit limit. All patron credit limits and changes thereto shall be supported by the information contained in the credit file. Such file shall contain a credit application form upon which shall record, at a minimum, the following information provided by the patron:
    - (1) The patron's name;
    - (2) The address of the patron's residence;
    - (3) The telephone number at the patron's residence;
    - (4) Banking information including:
      - (a) The name and location of the patron's bank; and
      - (b) The account number of the patron's personal checking account upon which the patron is individually authorized to draw and upon which all Counter Checks, Slot Counter Checks and all checks used for substitution, redemption or consolidation will be drawn. Checking accounts of sole proprietorships shall be considered as personal checking accounts. Partnership or corporate checking accounts shall not be considered personal checking accounts.
    - (5) The credit limit requested by the patron;
    - (6) The approximate amount of all other outstanding indebtedness;
    - (7) The amount and source of income and assets in support of the requested credit limit; and
    - (8) The patron's signature indicating acknowledgement of the following statement, which shall be included at the bottom of every credit application form containing the information required to be submitted by the patron pursuant to this subsection:  
"I certify that I have reviewed all of the information provided above and that it is

true and accurate. I authorize (insert the name of the gaming licensee) to conduct such investigations pertaining to the above information in accordance with applicable federal and state laws and regulations and as it deems necessary for the approval of my credit limit. I am aware that this application is required to be prepared in accordance with Massachusetts Gaming Commission regulations and I may be subject to civil or criminal liability if any material information provided by me is willfully false."

Deleted: as

- (9) Prior to processing a gaming patron's credit application, a gaming licensee shall clearly and conspicuously provide the patron with the following disclosures on a piece of paper separate and apart from the credit application and any related documents; provided that each statement shall be separately signed, dated, and acknowledged by said patron. Upon signing said disclosures, a copy shall be provided to the gaming patron.

(a) "You are receiving a credit extension from [name of licensee], facilitated through a personal check or 'marker' on your bank account. If you fail to repay [name of licensee] by the date specified in this agreement, [name of licensee] will attempt to recover this amount from your bank account on [date when marker will be deposited with bank]. If there are insufficient funds in your account, [name of licensee] may initiate debt collection proceedings against you. Failure to timely repay your debt to [name of licensee] may result in legal consequences, and will likely have a negative effect on your credit."

Deleted: criminal and/or civil

(b) "Prior to approving your application for credit, [name of licensee] will verify the information you have provided with a credit bureau, a casino credit bureau, your bank and/or a bank verification service."

Formatted: Indent: Left: 1.2", No bullets or numbering

(c) "[Name of licensee] will protect the personal information submitted with your credit extension application in accordance with all applicable federal and state laws and regulations."

Formatted: Font: Italic

Formatted: Indent: Left: 0.5", No bullets or numbering

(d) "If you are concerned that you may have difficulty managing your gambling, or wish for any reason to exclude yourself from receiving credit from a gaming establishment in Massachusetts, you may add yourself to the gaming credit suspension list. Massachusetts gaming establishments are prohibited from providing credit to individuals appearing on this list. To sign up for the list, please visit [www.massgaming.com/selfexclusion](http://www.massgaming.com/selfexclusion) or call [toll-free number]."

- (b) Recording by a general cage cashier or credit department representative of the information required in accordance with 205 CMR 138.43 in the credit file prior to the

gaming licensee's approval of a patron's credit limit.

(c) Prior to the gaming licensee's approval of the patron's credit limit, a general cage cashier or credit department representative with no ability to grant credit or credit limit increases shall:

- (1) Verify the address of the patron's residence;
- (2) Verify the patron's current gaming credit limits and outstanding balances which shall include the following:
  - (a) The date the patron's credit account(s) was established;
  - (b) The amount of the current approved credit limit at each casino or gaming establishment; and
  - (c) The current balance and status of the patron's credit account at each gaming establishment including checks deposited by gaming licensees that have not yet cleared the bank and derogatory information;
- (3) Verify the patron's outstanding indebtedness;
- (4) Verify the patron's personal checking account information which shall include, but not be limited to, the following:
  - (a) Type of account (personal or sole proprietorship);
  - (b) Account number;
  - (c) Date the account was opened;
  - (d) Average balance of the account for the last twelve months, if available. If this information is not available, this shall be noted in the credit file. **Credit shall not be extended unless the licensee can verify the account balance for at least the three months preceding the application;**
  - (e) Current balance in the account;
  - (f) Whether the patron can sign individually on the account; and
  - (g) Name and title of the person supplying the information; and
- (5) Verify that the patron's name is not designated on the list of individuals who have voluntarily requested suspension of credit privileges pursuant to 205 CMR 138.44 or placed their name on the voluntary self-exclusion list pursuant to 205 CMR 133.00.

(d) All verifications performed by a general cage cashier or the credit department in

Deleted: (i

Deleted: )



accordance with 205 CMR 138.43(2)(c) shall be recorded in the credit file and accompanied by the signature of the general cage cashier or credit department representative who performed the required verifications or filed the relevant information. The date and time of the signature of the general cage cashier or credit department representative shall be recorded either mechanically or manually contemporaneously with the transaction. The general cage cashier or gaming licensee's credit department shall fulfill the requirements of (c) above as follows:

- (1) Verification of the address of the patron's residence, as required by 205 CMR 138.43(2)(c)(1), shall be satisfied by confirming the patron's address with a credit bureau or bank. If neither of these sources has the patron's address on file or will not provide the information, the gaming licensee may use an alternative source which shall not include any identification credentials required in 205 CMR 138.43(2)(a) or other documentation presented by the patron at the gaming establishment. The gaming licensee shall record the source of verification and the method by which such verification was performed in the patron's credit file. Verification of the patron's address may be performed telephonically.
- (2) Verification of the patron's current casino credit limits and outstanding balances, as required by 205 CMR 138.43(2)(c)(2), shall be performed through a casino credit bureau and, if appropriate, through direct contact with other casinos. The gaming licensee shall record the source of verification and the method by which such verification was performed in the patron's credit file. If no casino credit information relating to the patron is available from these sources, this shall be noted in the patron's credit file. The verification may be performed telephonically prior to the credit approval provided the gaming licensee requests written documentation of all such information as soon as possible and includes such written documentation in the patron's credit file. All requests for written documentation shall be maintained in the patron's credit file until such documentation is obtained.
- (3) Verification of the patron's outstanding indebtedness, as required by 205 CMR 138.43(2)(c)(3), shall be performed by contacting a consumer credit bureau which is reasonably likely to possess information concerning the patron and a casino

**Deleted:** ,

**Deleted:** to the extent such consumer credit bureau is available,

credit bureau to determine whether the applicant has any liabilities or if there is any derogatory information concerning the applicant's credit history. Such contact shall be considered a verification of the outstanding indebtedness provided by the patron. The gaming licensee shall record the source of verification and the method by which such verification was performed in the patron's credit file. If either one or both of these credit bureaus do not have information relating to a patron's outstanding indebtedness this shall be recorded in the patron's credit file. The verification may be performed telephonically prior to the credit approval provided the gaming licensee requests written documentation of all information obtained as soon as possible and includes such written documentation in the patron's credit file. All requests for written documentation shall be maintained in the patron's credit file until such documentation is obtained.

**Deleted:** If such contact is not immediately possible, the gaming licensee may use an alternative source which has made the required contact.

- (4) Verification of the patron's personal checking account information, as required by 205 CMR 138.43(2)(c)(4), shall be performed by the gaming licensee or a bank verification service directly with the patron's bank. A bank verification service utilized by a gaming licensee may make use of another bank verification service to make direct communication with the patron's bank. The gaming licensee shall record the source of verification and the method by which such verification was performed in the patron's credit file. The verification may be performed telephonically prior to the credit approval provided the gaming licensee or bank verification service requests written documentation of all information obtained as soon as possible and such written documentation is included in the patron's credit file. All requests for written documentation shall be maintained in the patron's credit file until such documentation is obtained. No bank verification service may be used by a gaming licensee or another bank verification service to perform the verifications required by this section unless the bank verification service has filed a completed application for an appropriate casino service industry license under the commissions regulations. If a bank verification service is used as a primary source of verification, either directly by a gaming licensee or by another bank verification service, each service and the licensee shall, in addition to complying with any other requirement imposed by this section, record the date that the

**Deleted:** If such information is not immediately available, the gaming licensee may use an alternative source.

patron's personal checking account information was obtained from the bank by the service.

- (e) Any Massachusetts gaming licensee requesting information from another Massachusetts gaming licensee concerning a credit patron shall represent to the requested gaming licensee that the patron has a credit line or has applied for credit and shall provide the patron's name, address of the patron's residence and the name and location of the patron's bank. Upon receipt of this information, the requested Massachusetts gaming licensee shall be required to furnish to the requesting Massachusetts gaming licensee any information in its possession concerning a patron as required by 205 CMR 138.43(2)(c).
- (f) The credit limit, and any changes thereto, must be approved by any one or more of the individuals holding the positions of credit manager, assistant credit manager, credit shift manager, credit executive, or a key gaming employee in a direct reporting line above the gaming manager or credit manager, or a credit committee composed of key gaming employees which may approve credit as a group, but whose members may not approve credit individually unless such person is included in the job positions referenced above. The approval shall be recorded in the credit file and shall include:
  - (1) Any other information used to support the credit limit and any changes thereto, including the source of the information, if such information is not otherwise recorded pursuant to this section;
  - (2) A brief summary of the key factors relied upon in approving or reducing the requested credit limit and any changes thereto;
  - (3) The reason credit was approved if derogatory information was obtained during the verification process;
  - (4) The signature, on the manual credit file, of the employee approving the credit limit together with the date and time of such authorization, which signature, date and time shall be recorded before any actual extension of credit; and
  - (5) If a computerized credit file is utilized, the authorization code of the employee approving the credit limit together with the date and time of the activation in the system, which authorization code, date and time shall be recorded by the system before any actual extension of credit.
- (g) Prior to approving a credit limit increase, a representative of the gaming licensee's credit

department shall:

- (1) Obtain a written request from the patron which shall include:
  - (a) Date and time of the patron's request;
  - (b) Amount of credit limit increase requested by the patron; and
  - (c) Signature of the patron.
- (2) Verify the patron's current casino credit limits and outstanding balances, as required by 205 CMR 138.43(2)(c)(2) and 205 CMR 138.43(2)(c)(3), unless such verification has performed earlier that same gaming day;
- (3) Verify the patron's outstanding indebtedness as required by 205 CMR 138.43(2)(c)(3), unless such procedure has been performed within the previous 30 days;
- (4) Verify the patron's personal checking account information, as required by 205 CMR 138.43(2)(c)(4), unless such procedure has been performed within the previous 30 days;
- (5) Consider the patron's player rating based on a continuing evaluation of the amount and frequency of play subsequent to the patron's initial receipt of credit. The patron's player rating shall be readily available to representatives of the gaming licensee's credit department prior to their approving a patron's request for a credit limit increase.
- (6) For table game play, the information for the patron's player rating shall be recorded on a player rating form by gaming supervisors or put directly into the gaming licensee's computer system and shall include, but not be limited to, the following:
  - (a) Patron's name;
  - (b) Game and table number;
  - (c) Average bet;
  - (d) Approximate length of time played;
  - (e) Rating as determined by supervisor or approved computer system;
  - (f) Signature and license number of the gaming supervisor responsible for providing the patron's player rating information; and
  - (g) Date of observations.

Deleted: 24

Deleted: months

Deleted: 24 months

- (7) For slot play, the information for the patron's player rating shall be recorded on a player rating form by slot department supervisors or, put directly into the gaming licensee's computer system or generated by insertion of a card by a patron into a card reader attached to a slot machine. Such ratings shall include, but not be limited to, the following:
- (a) Patron's name;
  - (b) A designation indicating it is for slots;
  - (c) Rating as determined by supervisor or approved computer system;
  - (d) Signature and license number of the slot supervisor responsible for providing the patron's player rating information; if manually prepared; and
  - (e) Date of play.
- (8) Include the information and documentation required by 205 CMR 138.43(2)(g)(1) through (3) and the patron's player rating indicated at the time the credit increase is approved in the patron's credit file.
- (h) Credit limit increases may be approved without performing the requirements of 205 CMR 138.43(2)(g)(2) through (4) if the increases are temporary and are noted as being for this trip only in the credit file. Temporary increases shall be limited to one during any thirty day period and the amount of the temporary increase shall not exceed 25 percent of the currently approved credit limit.
- (i) The gaming licensee's credit department shall:
- (1) Comply with the requirements of either 205 CMR 138.43(2)(i)(2) or (3) whenever any derogatory information is received by a gaming licensee's credit department relating to the patron's continued creditworthiness other than a returned check subject to the provisions of 205 CMR 138.43(2)(j).
  - (2) Confirm that the patron is not on the list of patrons who have placed themselves on the voluntary self-exclusion list, as required by 205 CMR 138.43(2)(c)(5) prior to each issuance of credit.
  - (3) Re-verify the patron's address, current casino credit limits, outstanding balances, outstanding indebtedness, and personal checking account information, as required by 205 CMR 138.43(2)(c)(1) through (4).
  - (4) Follow the procedures required by 205 CMR 138.43(2)(c)(1) through (4), before a

patron's credit privileges are reinstated if the patron's credit privileges have been suspended.

- (5) Verify the information required by 205 CMR 138.43(2)(a)(2) and (4), in accordance with the procedures in 205 CMR 138.43(2)(d) whenever the gaming licensee has reason to believe that this information has changed.
- (6) Verify the patron's address, current casino credit limits and outstanding balances, outstanding indebtedness, personal check cashing information, and confirm that the patron is not on the list of patrons who have requested suspension of their credit privileges, as required by 205 CMR 138.43(2)(c)(1) through (4) prior to the issuance of credit to a patron whose credit file has been inactive for a 30 days, unless the gaming licensee determines that the patron has an ability to repay the credit in accordance with 205 CMR 138.43(1).

**Deleted:** nd confirm that the patron is not on the list of patrons who have placed themselves on the voluntary self-exclusion list, a

**Deleted:** 5

**Deleted:** 12

**Deleted:** month period

**Deleted:** .

(j) All derogatory information concerning a patron's credit account shall be reported by each gaming licensee on a daily basis to a casino credit bureau used by Massachusetts gaming licensees. Each Massachusetts gaming licensee shall request written documentation of any derogatory information pertaining to its patrons to be reported to that gaming licensee on a daily basis by a casino credit bureau used by Massachusetts gaming licensees. All documentation obtained from the casino credit bureau shall be maintained in the patron's credit file. Any gaming licensee desiring to continue the patron's credit privileges on the basis of a satisfactory explanation having been obtained for the returned check may do so if the gaming licensee records the explanation for its decision in the credit file before accepting any further checks from the patron along with the signature of the credit department supervisor accepting the explanation.

(k) All transactions affecting a patron's outstanding indebtedness to the gaming licensee shall be recorded in chronological order in the patron's credit file and credit transactions shall be segregated from the safekeeping deposit transactions. The following information shall be included:

- (1) The date, amount and check number of each Counter Check or Slot Counter Check initially accepted from the patron;
- (2) The date, amount and check number of each consolidation check and the check numbers of the checks returned to the patron;

- (3) The date, method, amount and check number of each redemption transaction and the check number of the check returned to the patron;
  - (4) The date, amount and check number of each substitution transaction and the check number of the check returned to the patron;
  - (5) The date, amount and check number of each check deposited;
  - (6) The date, amount and check number of each check returned to the gaming licensee by the patron's bank and the reason for its return;
  - (7) The outstanding balance after each transaction; and
  - (8) The date, amount and check number of any checks which have been partially or completely written off by the gaming licensee and a brief explanation of the reason for such write off.
- (l) A log of all Counter Checks and Slot Counter Checks exchanged and of all checks received for redemption, consolidation or substitution shall be prepared, manually or by computer, on a daily basis, by check cashiers and such log shall include, at a minimum, the following:
- (1) The balance of the checks on hand in the cashiers cage at the beginning of each shift;
  - (2) For checks initially accepted and for checks received for consolidation, redemption, or substitution:
    - (a) The date of the check;
    - (b) The name of the drawer of the check;
    - (c) The amount of the check;
    - (d) The Counter Check and Slot Counter Check serial number(s) for Counter Check(s) and Slot Counter Check(s) received; and
    - (e) An indication as to whether the check was initially accepted or received in a redemption, consolidation or substitution.
  - (3) For checks deposited, redeemed by patrons for cash, cash equivalents, complimentary cash gifts, gaming chips and plaques, or any combination thereof, consolidated or replaced:
    - (a) The date on which the check was deposited, redeemed, consolidated or replaced;

- (b) The name of the drawer of the check;
  - (c) The amount of the check;
  - (d) The Counter Check and Slot Counter Check serial number(s) for Counter Check(s) and Slot Counter Check(s) deposited, redeemed, consolidated or replaced; and
  - (e) An indication as to whether the check was deposited, redeemed, consolidated or replaced.
- (4) The balance of the checks on hand in the cashiers' cage at the end of each shift.
- (m) A list of all Counter Checks and Slot Counter Checks on hand, and of all checks received for redemption, consolidation or substitution shall be prepared, manually or by computer, on a monthly basis, at a minimum, and shall include the following:
- (1) The date of the check;
  - (2) The name of the drawer of the check;
  - (3) The amount of the check; and
  - (4) The Counter Check and Slot Counter Check serial number(s) for Counter Check(s) and Slot Counter Check(s) received.
- (n) At the end of each gaming day, at a minimum, the following procedures shall be performed:
- (1) The daily total of the amounts of checks initially recorded as described in 205 CMR 138.43(2)(1)(2) shall be agreed to the daily total of Counter Checks and Slot Counter Checks issued;
  - (2) The daily total of the checks indicated as deposited on a log required by 205 CMR 138.43(2)(1)(3) shall be agreed by employees with no incompatible functions to the bank deposit slips corresponding to such check; and
  - (3) The balance required by 205 CMR 138.43(2)(1)(4) shall be agreed to the total of the checks on hand in the cashiers' cage.
- (o) A patron may not be issued a Counter Check until the operator has established a signature file for the patron.

138.44 Patron request for suspension of credit privileges

- (1) Any person may voluntarily suspend his or her credit privileges at all gaming establishments by submitting a written request to the commission in accordance with 205 CMR



138.44. Such requests may be submitted in person at the commission's headquarters or at the commission's office within a gaming establishment, or by mailing the request to the commission's headquarters. An individual requesting suspension of credit privileges in person shall present valid identification credentials containing the person's signature and either a photograph or a general description of that person. An individual requesting suspension of credit privileges by mail shall provide a signed, notarized form attesting to the identity of the person making the request. A request received through the mail or submitted in person will be effective upon receipt, and added to the master list within one business day. A suspension request submitted in person at a gaming establishment will be immediately communicated to the gaming establishment's credit department.

- (2) A request for suspension of credit privileges shall be submitted on a form prescribed by the commission, which shall include the following:
- (a) The name of the person requesting suspension of credit privileges;
  - (b) The address of the person's residence;
  - (c) The person's date of birth;
  - (d) The name of each gaming establishment where the person currently has an approved line of credit;
  - (e) The signature of the person requesting suspension of credit privileges acknowledging the following statement: "I certify that the information which I have provided above is true and accurate. I am aware that my signature below authorizes the Massachusetts Gaming Commission to direct all Massachusetts gaming licensees to suspend my credit privileges for a minimum period of 30 days from the date of this request and indefinitely thereafter, until such time as I submit a written request to the Commission for the reinstatement of any such credit privileges.";
  - (f) If the request for suspension of credit privileges is made in person:
    - (1) The type of identification credentials examined containing the person's signature, and whether said credentials included a photograph or general description of the person; and
    - (2) The signature of a commission employee authorized to accept such request, indicating that the signature of the person requesting suspension of credit privileges appears to agree with that contained on his or her identification credentials and that

any physical description or photograph of the person appears to agree with his or her actual appearance; and

(g) If the request for suspension of credit privileges is made by mail, a certificate of acknowledgement executed by a notary public or other person empowered by law to take oaths attesting to the identity of the person who is making the request for suspension of credit privileges.

(3) The commission shall maintain an updated master list of all persons who have requested suspension of credit privileges pursuant to 205 CMR 138.44, and shall notify the credit department of each gaming licensee in writing of any additions to or deletions from the list.

The gaming licensee shall date and time stamp any such notice immediately upon receipt.

(a) Each gaming licensee shall suspend the credit privileges of any listed individual, effective immediately upon receipt of notice that such individual's name has been added to the list.

(b) An updated master list of individuals who have requested suspension of credit privileges shall be maintained by the credit department of each gaming licensee.

(c) Each gaming licensee shall note any suspension or reinstatement of credit privileges pursuant to 205 CMR 138.44 in any existing credit file for the affected patron, including the following:

(1) A copy of any applicable commission notice of the suspension or reinstatement of credit privileges;

(2) The date, time and signature of the credit department representative making the suspension or reinstatement entry in the credit file.

(4) Any person whose credit privileges have been suspended pursuant to 205 CMR 138.44 may, no sooner than 30 days after the request for suspension of credit privileges, request reinstatement of his or her credit privileges by submitting a written request to the commission in accordance with the procedures specified in 205 CMR 138.44(1)(a).

(a) Such request shall be in a form prescribed by the commission, which shall include the following:

(1) The information specified in 205 CMR 138.44; and

(2) The signature of the person requesting reinstatement of credit privileges, indicating acknowledgement of the following statement: "I certify that the

information which I have provided above is true and accurate. I am aware that my signature below constitutes a revocation of my previous request for suspension of credit privileges, and authorizes the Massachusetts Gaming Commission to permit any Massachusetts gaming licensee to reinstate my credit privileges."

- (b) The commission shall delete such individual's name from the list established pursuant to 205 CMR 138.44, and so notify the credit department of each gaming licensee, no later than three days from submission of the written request for reinstatement of credit privileges. The gaming licensee shall date and time stamp any such notice immediately upon receipt.
- (c) Upon receipt of notice that such individual's name has been deleted from the list, a gaming licensee may reinstate such person's credit upon reverification of the information required by 205 CMR 138.43, or may extend credit to such person in accordance with the procedures set forth in 205 CMR 138.43.
- (5) Information furnished to or obtained by the commission pursuant to 205 CMR 138.44 shall be securely maintained. No gaming licensee shall divulge any information relative to the placement of an individual's name on the master list other than to authorized credit department employees or other Massachusetts gaming establishment personnel whose duties and functions require access to such information.

138.45: Procedure for depositing checks received from gaming patrons

A system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 shall include a description of its policies and procedures governing the depositing of checks received from gaming patrons which incorporate, at a minimum, the following:

- (1) Unless redeemed or consolidated sooner, all checks received from gaming patrons shall be deposited in the gaming licensee's bank account or presented directly to the patron's bank no later than:
  - (a) The banking day after the date of the check for a non-gaming check; or
  - (b) A timeframe prescribed by the gaming licensee as part of its policy, submitted in accordance with 205 CMR 138.02, not to exceed 30 days from the date of the initial check.

- (2) All checks received for purposes of consolidating outstanding counter checks or redeeming counter checks shall be deposited in the gaming licensee's bank account or presented directly to the patron's bank within a timeframe prescribed by the gaming licensee as part of its policy, submitted in accordance with 205 CMR 138.02, not to exceed 30 days from the date of the initial check.
- (3) In computing a time period prescribed by 205 CMR 138.45, a gaming licensee shall reference 205 CMR 102.05.
- (4) In the event of a series of consolidation or redemption transactions with a patron, the initial check shall be the earliest dated check returned to the patron in the first of the series of consolidation or redemption transactions.
- (5) Any check deposited into a bank will not be considered clear until a reasonable time, as identified by the gaming licensee in its written protocol, has been allowed for such check to clear the bank.
- (6) A gaming licensee may present a patron check directly to the patron's bank for payment. A patron check presented in this manner shall be considered paid in full when honored and paid by the patron's bank. If a gaming licensee intends to do so, it shall include a procedure for:
  - (a) Documenting the release of the patron check from the cashiers' cage to a key gaming employee of the gaming licensee or to an attorney, for the purpose of presentment to the patron's bank.
  - (b) Prompt deposit of the proceeds of the check to the gaming licensee's bank account via a wire transfer or a check drawn by the patron's bank and made payable only to the gaming licensee, if the patron's check is honored and paid;
  - (c) Notice to the gaming licensee that the check has been paid in full by the patron's bank.
- (7) If a gaming licensee determines, prior to the deposit or presentment of a Counter Check or Slot Counter Check that the bank name, the bank routing number, the patron's bank account number or the micro-encoding number contained on the check are incorrect due to a data entry error (e.g., a misspelling, a wrong number or a transposition of numbers), a check bank cashier may correct the erroneous entry. Such procedure shall include:
  - (a) A description of the manner in which the error will be corrected by the check bank cashier;
  - (b) The creation of documentation that will permit both the check bank cashier and the casino accounting department to identify and compare a copy of the uncorrected check that was originally issued and the corresponding corrected check that was deposited or

redeemed;

- (c) The written approval of a cage supervisor prior to the alteration of any check by a check bank cashier; and
- (d) A prohibition against using 205 CMR 138.45(8) to change the verified bank account on which the Counter Check or Slot Counter Check was originally drawn.

138.46 Procedure for collecting and recording checks returned to the gaming establishment after deposit

A system of internal controls submitted by a gaming licensee in accordance with 205 CMR 138.02 shall include a description of its policies and procedures governing the collection and recording of checks returned to the gaming establishment after deposit which incorporate, at a minimum, the following:

- (1) All dishonored checks returned by a bank after deposit shall be returned directly to, and controlled by, accounting department employees and shall be maintained by check bank cashiers. Such employees shall have no incompatible functions.
- (2) All debt collection practices must be conducted in accordance with MGL c. 93, § 49, MGL c. 93A, § 2 and 940 CMR 7.00 et seq.: Debt Collection Regulations. Provided, further, that a gaming licensee's debt collection policy shall not allow for placement of a lien on a patron's primary residence. Gaming licensees are prohibited from selling or pledging as collateral any debt incurred through gaming and owed to the gaming licensee.
- (3) Debt collection shall be limited to key gaming employees or an attorney acting directly on behalf of a gaming licensee; provided, however, that a key gaming employee shall not make any such collections if that employee serves as a junket representative for the gaming licensee. Such procedure shall ensure that any key gaming employee engaged in debt collections does not have any incompatible functions. Any verbal or written communication with patrons regarding collection efforts shall be made with the full knowledge of the collection employees and shall be documented.
- (4) Continuous records of all returned checks shall be maintained by accounting department employees with no incompatible functions. Such records shall include, at a minimum, the following:

Deleted:

- (a) The date of the check;
- (b) The name and address of the drawer of the check;
- (c) The amount of the check;
- (d) The date(s) the check was dishonored;
- (e) The Counter Check or Slot Counter Check serial number for Counter Checks or Slot Counter Checks; and
- (f) The date(s) and amount(s) of any collections received on the check after being returned by a bank, including the date(s) and amount(s) of any complimentary cash gifts applied as payment on the check after being returned by a bank.

(5) If a gaming licensee determines that a Counter Check or Slot Counter Check was returned by a bank because the bank name, the bank routing number, the patron's bank account number or the micro-encoding number contained on the check was incorrect due to a data entry error (e.g., a misspelling, a wrong number or a transposition of numbers), a check bank cashier may, correct the erroneous entry and cause the check to be redeposited. Any such procedure shall, at a minimum, include:

- (a) A description of the manner in which the error will be corrected by the check bank cashier;
- (b) The creation of documentation and control procedures that will permit both the check bank cashier and the casino accounting department to identify and compare a copy of the uncorrected check that was originally deposited and the corresponding corrected check that was redeposited;
- (c) The written approval of a cage supervisor prior to the alteration of any check by a check bank cashier; and
- (d) A prohibition against using 205 CMR 138.46(5) as a basis to change the verified bank account on which the Counter Check or Slot Counter Check was originally drawn.

(6) Statements shall be sent to patrons, by accounting department employees with no incompatible functions, immediately upon initial receipt of a returned check or immediately upon receipt of a check returned for a second time if the check was immediately redeposited pursuant to 205 CMR 138.46(5), and such statements shall include, but not be limited to, the

following:

- (1) The name and address of the drawer;
  - (2) The date of the check;
  - (3) The amount of the check; and
  - (4) The date(s) and amount(s) of any collections received on the check after being returned by the bank.
- 
- (7) Patrons to whom statements are sent shall be advised of a return address and department to which replies shall be sent.
  - (8) Employees with no incompatible functions shall receive directly and shall initially record all collections.
  - (9) Copies of statements and other documents supporting collection efforts shall be maintained and controlled by accounting department employees.
  - (10) A record of all collection efforts shall be recorded and maintained by the collection area within the accounting department.
  - (11) Listings of uncollectible checks shall be approved in writing by, at a minimum, the chief executive officer or the chief gaming executive, a key gaming employee identified and approved by the commission as part of the gaming licensee's system of internal controls, and the controller or the person to whom the controller directly reports; provided that, with the exception of the chief executive officer and chief gaming executive, none of the foregoing persons shall also have the authority to approve credit. All such uncollectible checks and listings shall be maintained and controlled by accounting department employees. A continuous trial balance of all uncollectible checks shall be maintained by employees of the accounting department. The continuous trial balance shall be adjusted for any subsequent collections.

138.47 Automated Teller Machines (ATM)

- (1) Use and operation of an Automated Teller Machine ("ATM") or electronic branch, as defined by G.L. c.167B, §1, is governed by M.G.L. c.167B and 209 CMR.
- (2) No ATM or electronic branch, as defined by G.L. c.167B, §1, shall be located closer than 15 feet from the gaming area in a gaming establishment.



**PENN NATIONAL**  
GAMING, INC.

November 10, 2014

Mr. Rick Day  
Executive Director  
Massachusetts Gaming Commission  
84 State Street, 10th Floor  
Boston, MA 02109

**RE: Comments on Draft Rule 205 CMR 138– Internal Controls (Credit/Check Cashing)**

Dear Executive Director Day:

We have reviewed draft regulation 205 CMR 138.4x titled: “*Uniform Standard of Accounting Procedures and Internal Controls*” concerning credit and check cashing and have provided detailed comments on these proposed regulations below.

**§138.43-1(c):** This provision indicates that only persons who qualify for a minimum threshold of credit of at least \$10,000 may be extended credit. While the majority of persons applying for credit will qualify at this level or above, not all would. There are legitimate reasons for a person to establish credit who would not qualify for this amount (primarily for personal security reasons). We believe the minimum threshold should be eliminated or reduced.

**138.43-2-(c)-2:** Reads that the following must be verified prior to issuing credit:

*(b) The amount of the current approved credit limit at each casino or gaming establishment; and  
(c) The current balance and status of the patron's credit account at each gaming establishment including checks deposited by gaming licensees that have not yet cleared the bank and derogatory information;*

These statements should be modified to include a qualifier stating something like “*to the extent such information is available*”. While we believe most major casino operators report such information through Central Credit we are not certain that all do this.

**138.43-2-(e):** Includes a provision reading:

*Any Massachusetts gaming licensee requesting information from another Massachusetts gaming licensee concerning a credit patron shall represent to the requested gaming licensee that the patron has a credit line or has applied for credit and shall provide the patron's name, address of the patron's residence and the name and location of the patron's bank. Upon receipt of this information, the requested Massachusetts gaming licensee shall be required to furnish to the requesting Massachusetts gaming licensee any information in its possession concerning a patron as required by 205 CMR 138.43(2)(c).*

While such information should be available through Central Credit if all Massachusetts licensee’s report through Central Credit, we think a requirement that one licensee turn over credit



information at the other licensee's request it too broad as it states "*any information*" concerning a patron must be turned over. Credit customers tend to be the higher end gamblers and this provision increases the risk that one license will try to poach a customer from another licensee based on the information required to be turned over. This provision should be eliminated. As a compensating control you could mandate that "*standard patron credit information must be reported to a casino credit rating agency commonly used by the industry*". If credit records are to be shared between licensees it should be voluntary, by mutual agreement between licensees and should not be a regulation requirement.

**138.43-2-(g)-5, 6 and 7:** These provisions require table and slot rating information be available to a credit issuer for purposes of issuing a credit limit increase. We note that not all credit customers use or want to use a player card when they play; so for some customers this information would not be available. We also believe that a credit increase decision should not be based on level of play but rather on the credit worthiness of the customer independent of play. This requirement should be eliminated.

Again, Penn National thanks the Commission for the chance to share our experience and to provide input into these proposed internal control regulations.

If you have any questions or would like to discuss further, feel free to contact me at 610-401-2946.

Sincerely,

  
\_\_\_\_\_  
Jim Baldacci  
Deputy Chief Compliance Officer



November 13, 2014

Massachusetts Gaming Commission  
84 State Street, 10<sup>th</sup> Floor  
Boston, MA 02109  
Attn: Bruce Band  
Assistant Director, Gaming Agents Division Chief  
Investigations and Enforcement Bureau

Dear Commissioners:

Please see below for our comments on the following draft regulations: 205 CMR 138.00, 205 CMR 138.40, and 205 CMR 146.

1. Section 146.05(3) provides that an impressment of the non-value chips assigned to each gaming table shall be completed at least once every 30 days. Please explain why this is required on a monthly basis.
2. Please confirm whether patrons are allowed to purchase chips at the cage. The current draft appears to preclude that. On occasion, guests buy small amounts of chips to give as gifts or corporate groups give them to attendees at meetings. It is easier to handle these types of transactions at the cage.
3. Section 146 provides that every layout must have the "name or trade name of the gaming licensee offering the game." Our layouts in Las Vegas do not all have the company name. Our preference would be to make this a licensee decision.
4. Bonus craps and, more importantly, the Pair Bet in Baccarat are important side bets for our customers. Please consider amending accordingly.
5. Section 146 contains multiple references to a security guard bringing cards or dice to and from the pit when a card inventory controller would suffice. Please consider amending to permit card inventory controller to provide these functions.
6. Section 146.19(4) sets forth the requirements for dealing shoes including the color, design and penetration of the cut card. These are typically operational decisions. Please consider amending accordingly.
7. Section 146 provides that all pit stands shall have two separate locks – one for the games department or cashiers' cage and one for the security department. This would create a burden on the security department and result in wasted time. One lock for table games is sufficient.



8. Section 138.11(4)(e) provides that one floorperson shall not supervise more than four games. This is very restrictive in lower limit pits. In Pennsylvania, they permitted up to six games.
9. Section 138.11(4)(f) provides that one pit boss shall not supervise more than 24 gaming tables. Again, this is very restrictive for certain areas of the gaming floor. Please consider increasing this to 48 games.
10. For Casino Credit, we propose up to a 45 day hold for domestic customers and 90 days for foreign customers.
11. With respect to the credit application, given that the proposed credit limit is \$10,000, which we support, we do not believe it is appropriate to include the proposed "Problem Gaming Self Assessment" within this application. Customers playing at this level would find this very insulting.
12. With respect to complimentary services, please include a definition for "Cash Complimentaries."

Sincerely,

A handwritten signature in black ink that reads "Jacqui Krum". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jacqui Krum  
Senior Vice President and General Counsel