



MASSACHUSETTS GAMING COMMISSION MEETING

July 24, 2014

10:30 a.m.

Hynes Convention Center

900 Boylston Street, Room 200

Boston, MA



Massachusetts Gaming Commission



NOTICE OF MEETING and AGENDA
July 24, 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, July 24, 2014
10:30 a.m.
Hynes Convention Center
900 Boylston Street, Room 200
Boston, MA

PUBLIC MEETING - #130

1. Call to order
2. Approval of Minutes
 - a. July 2, 2014
 - b. July 10, 2014
 - c. July 15, 2014
3. Administration – Rick Day, Executive Director
 - a. General Update
 - b. Travel Policy Review Report – D. Lennon, CFAO and M. Burnham, Accenture
 - c. Policy and Accountability Project Update and Performance Measurement Framework – Chairman Crosby and E. Burke – VOTE
 - d. Central Management System Discussion - D. Lennon, CFAO and J. Glennon, CIO
 - e. Suffolk Downs Request To Amend August Schedule
4. Research and Problem Gambling – Mark Vander Linden, Director
 - a. Research Project Information Session – R. Volberg
 - b. Executive Office of Health and Human Services – Department of Public Health Agreement – Secretary John Polanowicz
5. Ombudsman Report – John Ziemba
 - a. MGM Monthly Progress Report
 - b. Penn Quarterly Report–R. Day, Executive Director and J. Pinck, Pinck & Co. – VOTE



Massachusetts Gaming Commission

- 6. Legal Division – Catherine Blue, General Counsel
 - a. Emergency Regulation – Amend CMR 205 122 – Calculation of Capital Investment – VOTE
 - b. Gaming Schools Emergency Regulation and SBIS – VOTE
 - c. SBIS Amendment to the Vendor Licensing Emergency Regulations
 - d. SBIS Amendment to the Qualifier Regulations
 - e. Slots Regulations and Amended SBIS Discussion – J. Glennon, CIO and T. Grossman, Deputy General Counsel - VOTE
 - f. Request for Delegation – Temporary Licenses – L. Lillios, Deputy General Counsel - VOTE

- 7. Region A
 - a. Process and Licensing Schedule Update

- 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 and emailed to: regs@sec.state.ma.us, melissa.andrade@state.ma.us.

7/22/14
(date)

Stephen P. Crosby / Jr.
Stephen P. Crosby, Chairman

Date Posted to Website: July 22, 2014 at 10:30 a.m.



Massachusetts Gaming Commission



Meeting Minutes

Date/Time: July 2, 2014 – 10:30 a.m.

Place: Bunker Hill Community College
250 Rutherford Avenue, Room A300
Charlestown, Massachusetts

Present: Commissioner Gayle Cameron
Commissioner James F. McHugh
Commissioner Bruce Stebbins
Commissioner Enrique Zuniga

Absent: Chairman Stephen P. Crosby (recused from Region A matters)

Call to Order

See transcript page 2-6.

10:30 a.m. Commissioner McHugh called to order the 127th public meeting and set the procedure for the meeting.

City of Boston’s Oral Presentation

See transcript pages 6-15.

10:39 a.m. Eugene L. O’Flaherty, Corporation Counsel for the City of Boston, presented for the city of Boston.

City of Everett’s Oral Presentation

See transcript pages 16-25.

10:50 a.m. Mayor Carlo DeMaria Jr. presented for the city of Everett.

10:53 a.m. Jonathan Silverstein from the firm Kopelman and Paige, representing the City of Everett, presented for the city of Everett.

City of Revere's Oral Presentation

See transcript pages 26-32.

11:01 a.m. Brian R. Falk from Mirick, O'Connell, DeMallie & Lougee, LLP, special counsel to the city of Revere, presented for Revere.

Mohegan Sun's Oral Presentation

See transcript pages 33-47.

11:07 a.m. Bruce S. Barnett, from the law firm DLA Piper, representing Mohegan Sun, presented for Mohegan Sun.

Wynn MA, LLC's Oral Presentation

See transcript pages 47- 57

11:23 a.m. Tony Starr from the law firm Mintz, Levin, Cohn, Glovsky and Popeo P.C., representing Wynn MA, presented for Wynn MA.

City of Boston's Oral Presentation, continued

See transcript pages 58-62.

11:53 a.m. Tom Frongillo, from the firm Fish & Richardson, P.C. presented for the remainder of the City of Boston's unused time.

Commission discussion and deliberation

See transcript pages 62-105

11:41 a.m. The Commission asked questions of the representative speakers and deliberated on the motion from the City of Boston.

12:32 p.m. *Commissioner Zuniga moves that the Commission denies the motion requested by the City of Boston for a stay in the licensing process and continues with the process as stipulated in the regulations. Motion seconded by Commissioner Cameron. Motion passed unanimously.*

Arbitration

See transcript pages 105-114

12:34 p.m. Ombudsman Ziemba and General Counsel Blue discussed the arbitration schedule with the Commission.

12:42 p.m. *Commissioner Zuniga moved that the Commission amend the implementation of regulation 125.01(6)(c) to reflect the conclusion of negotiation proceedings being today. Motion seconded by Commissioner Cameron. Motion passed unanimously.*

12:43 p.m. *Commissioner Cameron made a motion to adjourn. Motion seconded by Commissioner Zuniga. Meeting adjourned.*

List of Documents and Other Items Used

- 1.
- 2.
- 3.

/s/ Catherine Blue
Catherine Blue
Assistant Secretary

DRAFT



Meeting Minutes

Date/Time: July 10, 2014 – 10:30 a.m.

Place: Boston Convention and Exhibition Center
415 Summer Street, Room 102
Boston, Massachusetts

Present: Commissioner Stephen P. Crosby, Chairman, participated by telephone
Commissioner Gayle Cameron
Commissioner James F. McHugh
Commissioner Bruce Stebbins
Commissioner Enrique Zuniga

Absent: None

Call to Order

See transcript page 2.

10:30 a.m. Commissioner McHugh called to order the 128th public meeting. Commissioner McHugh stated that Chairman Crosby would be participating today by telephonic means due to personal illness. Commissioner McHugh stated that a quorum of Commissioners is physically present at the meeting location and that all votes taken at the meeting would be taken by roll call vote. Commissioner McHugh then conducted a test of the telephonic connection to determine that the Commissioners and persons present at the meeting could hear Chairman Crosby and that Chairman Crosby could hear the Commissioners and all speakers. The connection was deemed satisfactory

Approval of Minutes

See transcript pages 2-6.

10:30 a.m. Commissioner McHugh stated that two sets of minutes are ready for approval.

Motion made by Commissioner McHugh that the minutes of June 20th, be accepted. Motion seconded by Commissioner Cameron.

A roll call vote was taken:

Commissioner Stebbins: aye
Commissioner Zuniga: aye
Commissioner Cameron: aye
Commissioner McHugh: aye

Chairman Crosby abstained from voting because he did not attend the June 20th meeting.

The motion passed.

Motion made by Commissioner McHugh that the minutes of June 26th be accepted. Motion seconded by Commissioner Stebbins.

Commissioner McHugh explained that the minutes do not contain the link to the video that had been part of the past minutes. The person responsible for creating that connection is no longer with the Commission. The Commission is working on an easier process to connect the minutes to the video.

A roll call vote was taken:

Chairman Crosby: aye
Commissioner Stebbins: aye
Commissioner Zuniga: aye
Commissioner Cameron: aye
Commissioner McHugh: aye

The motion passed.

Racing Division

See transcript pages 6-18.

- 10:34 a.m. Director Jennifer Durenberger gave an administrative update from the Racing Division.
- 10:37 a.m. The telephonic connection with Chairman Crosby was broken. The Commission recessed for 5 minutes to reestablish the connection.
- 10:43 a.m. The Commission came back into session. Commissioner McHugh conducted a test of the telephonic connection to determine that the Commissioners and persons present at the meeting could hear

Chairman Crosby and that Chairman Crosby could hear the Commissioners and all speakers. The connection was deemed satisfactory and the meeting continued.

10:43 a.m. Director Durenberger requested approval of a request from Ourway Realty LLC for consideration and reimbursement from the Harness Horse Promotional Trust. Director Durenberger explained that this request was for expenses incurred prior to the transfer of the Plainridge Racecourse to Springfield Gaming and Redevelopment LLC.

Motion made by Commissioner Stebbins that the Commission approve the attached Ourway Realty request for reimbursement for satellite uplink costs to export the Plainridge Racecourse live racing in calendar year 2013. Motion seconded by Commissioner Cameron.

A roll call vote was taken:

Chairman Crosby: aye

Commissioner Stebbins: aye

Commissioner Zuniga: aye

Commissioner Cameron: aye

Commissioner McHugh: aye

The motion passed.

Administration

See transcript pages 18-95.

- 10:50 a.m. a. Executive Director Day provided a general administrative update.
- b. Executive Director Day introduced Pinck and Co, represented by Jennifer Pinck and Bill Perry. Also present were Gary McNaughton from McMahon and Associates, Emile Giordano from Turner Construction, and Jack Rauen and Jim Baum, from Penn National. Mr. Rauen presented the project schedule for the Plainridge project. Ms. Pinck recommended that the Commission approve the schedule.

Motion made by Commissioner Zuniga that the Commission approve the overall baseline project schedule as presented and as required by the Commission's regulations. Motion seconded by Commissioner Cameron.

A roll call vote was taken:

Chairman Crosby: aye

Commissioner Stebbins: aye

Commissioner Zuniga: aye

Commissioner Cameron: *aye*
Commissioner McHugh: *aye*

The motion passed.

c. CFAO Lennon and Human Resources Director Trupti Banda presented a report on employee and applicant diversity. Ms. Banda explained that the Commission has 85 employees; 42 gaming employees and 43 racing employees. Of the 43 racing employees, 37 of them are seasonal. Sixteen percent of the Commission's employees are diverse; 25% of the Commission's senior management is diverse.

Ms. Banda stated that the Commonwealth of Massachusetts as a whole is 19.6% diverse. The City of Boston is 34.4% diverse. Since the Commission is a Commonwealth wide agency and will have locations across the Commonwealth, the Commission's diversity goal should be somewhere between the Commonwealth and the City of Boston percentages.

d. CIO John Glennon reported on the comments received by the Commission regarding whether the Commission should add language to the proposed slot machine regulations to allow slot machines that have multiple positions. Mr. Glennon described language that could be included in the proposed regulations. The Commission instructed Mr. Glennon to include the language in the draft of the proposed regulations and to bring the regulations back to the Commission at its next meeting for the Commission's review.

e. Executive Director Day presented a revised Region C timeline. He explained that the timeline has the dates for submission of the RFA 1 and RFA 2 applications and that dates for other portions of the process are to be determined.

Legal Report

See transcript pages 95-108.

12:15 p.m. a. General Counsel Blue presented draft amendments to 205 CMR 122. The draft amendments reflected the Commission's prior discussion on capitalized interest but did not reflect the Commission's prior discussion on infrastructure improvements. She asked that the Commission look at this as a proposed draft and that she will bring a revised draft back to the Commission for further review at the next Commission meeting.

b. General Counsel Blue requested the Commission designate Arthur Kreiger, of the firm of Anderson & Krieger as an as needed hearing officer for racing matters. Mr. Krieger's biography is included in the Commission packet.

Motion made by Commissioner McHugh to authorize Mr. Krieger to act as a hearing examiner in those cases where he is designated by the General Counsel. Motion seconded by Commissioner Stebbins

A roll call vote was taken:

Chairman Crosby: aye
Commissioner Stebbins: aye
Commissioner Zuniga: aye
Commissioner Cameron: aye
Commissioner McHugh: aye

The motion passed.

c. General Counsel Blue and Executive Director Day presented the Monitoring and Preopening regulations and amended Small Business Impact Statement for Commission review and approval to file with the Secretary of the Commonwealth. Ms. Blue advised the Commission that although the agenda mentioned the amended qualifier regulations, those regulations are not before the Commission today.

Motion made by Commissioner Cameron to approve 205 CMR 135.00 monitoring and project construction and licensee requirements along with the amended small business impact statement. Motion seconded by Commissioner Stebbins

A roll call vote was taken:

Chairman Crosby: aye
Commissioner Stebbins: aye
Commissioner Zuniga: aye
Commissioner Cameron: aye
Commissioner McHugh: aye

The motion passed.

Region A report

See transcript pages 108-114.

12:30 Chairman Crosby disconnected from the meeting. Commissioner McHugh acted as chair for the balance of the meeting.

Executive Director Day presented the Region A timeline and the updated Region A chart for Commission review and discussion.

12:36 p.m. *The Commission having no further business, a motion was made by Commissioner Cameron to adjourn the meeting. The motion was seconded by Commissioner Stebbins. The motion carried unanimously.*

List of Documents and Other Items Used

1. Massachusetts Gaming Commission July 10, 2014 Notice of Meeting and Agenda.
2. Massachusetts Gaming Commission June 20, 2014 Meeting Minutes
3. Massachusetts Gaming Commission June 26, 2014 Meeting Minutes
4. Massachusetts Gaming Commission July 10, 2014 Memorandum Regarding Harness Horse Promotional Trust Fund Request with Attachments.
5. Plainridge Park Casino Project Schedule Presentation.
6. Massachusetts Gaming Commission Slot Machines and Gaming Positions Presentation.
7. Massachusetts Gaming Commission 7-08-2014 Licensing Schedule Update.
8. 205 CMR 122.00.
9. Biography of Arthur Krieger.
10. Amended Small Business Impact Statement.
11. 205 CMR 135.00.
12. Massachusetts Gaming Commission 7-08-2014 Licensing Schedule Update and Attachments.

/s/ Catherine Blue
Catherine Blue
Assistant Secretary



Meeting Minutes

Date/Time: July 15, 2014 – 12:30 p.m.

Place: Bunker Hill Community College
250 Rutherford Avenue, Room A300
Charlestown, Massachusetts

Present: Commissioner Gayle Cameron
Commissioner James F. McHugh
Commissioner Bruce Stebbins
Commissioner Enrique Zuniga

Absent: None

Call to Order

See transcript page 2.

12:30 p.m. Commissioner McHugh called to order the 129th public meeting. Commissioner McHugh stated that this meeting is basically an administrative meeting to give the Commissioners an opportunity to discuss the letter received from the City of Boston stating that it was not going to participate in the arbitration process regarding a surrounding community agreement with applicant Wynn MA LLC.

Please see pages 2 – 29 of the transcript of the meeting for the Commission's discussion.

1:03 p.m. *The Commission having no further business, a motion was made by Commissioner Stebbins to adjourn the meeting. The motion was seconded by Commissioner Cameron. The motion carried unanimously.*

List of Documents and Other Items Used

1. Massachusetts Gaming Commission July 15, 2014 Notice of Meeting and Agenda.

/s/ Catherine Blue
Catherine Blue
Assistant Secretary

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NO DOCUMENTS

Commonwealth of Massachusetts
Massachusetts Gaming Commission

Travel Policy Review

Summary Report



High performance. Delivered.

July 24, 2014

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1.0 Objectives and Methodology

The Massachusetts Gaming Commission (MGC) was created in 2011 as part of the Expanded Gaming Act to conduct a fair, transparent, and participatory process to create expanded gaming in the Commonwealth. Appropriate Travel and Expense policies and guidelines will help the MGC accomplish its mission as it oversees the growth of gaming in the Commonwealth.

The purpose of this engagement was to review the interim MGC Travel Policy, compare it to other guidance and similar agencies, and provide a report. The Travel Policy Review was conducted in spring 2014, and included the following activities:

Workstream	Overview of Activities Completed
1. Collect and analyze relevant information on the interim MGC Travel Policy	<ul style="list-style-type: none"> • Conducted interviews with six staff and one member of the MGC Commission to understand their experiences with, and recommendations for, the proposed MGC Travel Policy • Reviewed and analyzed the interim MGC Travel Policy, the House Ways and Means proposal to amend Section 3 of chapter 23K of the MA General Laws, and the Massachusetts Red Book • Researched media coverage and public statements related to previous and proposed MGC Travel Policies
2. Conduct industry research and comparative assessments	<ul style="list-style-type: none"> • Conducted interviews with senior officials from two peer organizations to the MGC – the Ohio Lottery Commission and the Nevada Gaming Control Board – to understand their current travel policies, lessons learned, and recommendations for MGC • Collected and analyzed travel policies from other government entities, including: the US General Services Administration (GSA), the Nevada Gaming Commission, the Pennsylvania Control Board, and the New Jersey Division of Gaming Enforcement & Casino Control Commission
3. Synthesize and communicate findings	<ul style="list-style-type: none"> • Identified key elements for travel and expenses policies • Developed a comparison of such elements across each organization, highlighting areas of consensus or difference between the interim MGC Travel Policy and policies of other organizations • Summarized recommendations for MGC to consider when finalizing the Travel Policy

This Travel Policy Review was conducted by Bill Kilmartin and Matthew Burnham of Accenture’s Public Service Strategy Practice, upon request of the Massachusetts Gaming Commission.

Bill Kilmartin, Travel Policy Review Project Manager

Bill Kilmartin is a recognized subject matter advisor in matters pertaining to state government finance, human resources, procurement, and budgeting. Bill is a proven leader in his 23-year career in the Commonwealth of Massachusetts, where he served for 10 years as State



Comptroller and President of the National Association of State Comptrollers. Bill has published dozens of articles and white papers that are widely disseminated and referred to in the government domain. He is considered a thought leader and visionary by his peers.

Matthew Burnham, Travel Policy Review Project Consultant

Matthew is a Boston-based Strategy Manager in Accenture’s Health and Public Service practice. He works with public sector organizations, including state, city, and county government agencies and non-profit organizations, on issues related to strategy, policy implementation, and organizational transformation. Matthew works as part of a team focused exclusively on helping government leaders solve their biggest and highest priority issues. Matthew works most closely with Massachusetts agencies, helping advance the priorities of Commonwealth officials.

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2.0 Findings

As described above, each policy was analyzed and compared to the proposed MGC Travel Policy across multiple dimensions. For convenience we have organized these elements under the category of General Policy Attributes / Characteristics and Reimbursable Expenses (including details on what is allowable, limits of reimbursement, and what is not allowable). The results of this comparison are presented below.

Topic	Comparison	Interim MGC Policy	MA Red Book	MA FY15 Budget Section	GSA	NJ State Policy	PA Gaming Control Board	NV Gaming Control Board
Policy Attributes / Characteristics								
Single policy for all staff and Board members	Consistent	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Single policy whether expenses are reimbursed by Commission or by third-party	Consistent	Yes	Yes	Yes	Yes	Not addressed	Yes	Yes
Prior approval required for in-state travel	Consistent	Yes	Not addressed	Not addressed	Yes	Yes	No	No
Prior approval required for out of state travel	Consistent	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Internal controls documented	Consistent	Yes, detailed by level in organization	Yes, detailed by level in organization	Yes, detailed by level in organization	Yes, detailed by level in organization	Yes, detailed by level in organization	Yes, detailed by level in organization	Yes
Reimbursement process documented	Consistent	Yes	Not addressed	No	Yes	Yes	Yes	Yes



Topic	Comparison	Interim MGC Policy	MA Red Book	MA FY15 Budget Section	GSA	NJ State Policy	PA Gaming Control Board	NV Gaming Control Board
Reimbursement documentation / timeline	Consistent	Submit claim with receipts within 30 days	Not addressed	Not addressed	Submit claims with receipts within 5 business days (or every 30 days if on continuous travel)	Submit claims with receipts within 30 days	Submit claims with receipts within 60 days	Submit claims with receipts within 1 month
P-cards / credit card in use	Consistent	Yes	Not addressed	Not addressed	Not addressed	Yes	Yes	Yes
Definition of a full day of travel	Varies	More than 24 hours, starting before 6 AM	More than 24 hours, starting before 6 AM	More than 24 hours	More than 24 hours	More than 24 hours	More than 24 hours	More than 24 hours
Use of State-owned automobile	Consistent	Official business only	Official business only	Official business only	Preferred, official business only	Preferred, official business only	Preferred, official business only	Preferred, official business only
Reimbursable Expenses								
Domestic Meals								
Allowable	Consistent	Yes for full / or partial day	Yes for full or partial day	Yes for full or partial day	Yes for full or partial day	Yes for full day out of state	Yes for full or partial day	Yes for full or partial day
Limits	Varies	GSA rates by location as ceiling, reimbursed for actuals or GSA rate, whichever is lower	Full day: \$30 Partial day: Breakfast - \$6 Lunch - \$8 Dinner - \$16	GSA rates by location	GSA rates by location	GSA rates by location	Full day: GSA rates by location as ceiling, reimbursed for actuals Partial day: \$8 per meal (if covered in collective bargaining MOU)	GSA rates by location



Topic	Comparison	Interim MGC Policy	MA Red Book	MA FY15 Budget Section	GSA	NJ State Policy	PA Gaming Control Board	NV Gaming Control Board
Not allowable	Varies	Meals served as part of price of passage / lodging (at no charge to traveler), alcohol, meals for other non MGC employees. Meals provided for meetings are procured via statewide contracts not employee reimbursements	Meals served as part of price of passage (at no charge to traveler), meals for other individuals	Meals served as part of price of passage (at no charge to traveler), and alcohol	Alcohol	Partial day and/or in-state travel, alcohol	Alcohol, meals served as part of price of passage (at no charge to traveler)	Meals served as part of price of passage (at no charge to traveler)
International Meals								
Allowable	Consistent	Yes for full or partial day	Not addressed	Yes for full or partial day	Yes for full or partial day	Yes for full day	Yes for full or partial day	Yes for full day
Limits	Varies	GSA / Dept. of State rates by location as ceiling, reimbursed for actuals or GSA/Dept. of State rates, whichever is lower	Not addressed	GSA / Dept. of State rates by location	GSA / Dept. of State rates by location	GSA / Dept. of State rates by location	GSA rates by location as ceiling, reimbursed for actuals	GSA / Dept. of State rates by location



Topic	Comparison	Interim MGC Policy	MA Red Book	MA FY15 Budget Section	GSA	NJ State Policy	PA Gaming Control Board	NV Gaming Control Board
Not allowable	Varies	Meals served as part of price of passage / lodging (at no charge to traveler), alcohol, meals for other individuals	Meals served as part of price of passage (at no charge to traveler), meals for other individuals	Meals served as part of price of passage (at no charge to traveler), and alcohol	Alcohol	Partial day travel, alcohol	Alcohol, meals served as part of price of passage (at no charge to traveler)	Meals served as part of price of passage (at no charge to traveler)
Other Aspects related to Meals								
	Varies	Not Addressed	Cabinet Secretaries and Dept. Directors not tied to meal amount guidelines, and may purchase meals for others	Not addressed	Not addressed	Not addressed	Agency heads may purchase meals for others or authorize deputies to do so	Not addressed
Tips								
Allowable	Consistent	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Limits	Varies	20%	Reasonable amount	Reasonable amount	Reasonable amount	Reasonable amount	Reasonable amount	Reasonable amount
Not allowable	Consistent	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Domestic Hotel								
Allowable	Consistent	Yes	Yes	Yes	Yes	Yes	Yes	Yes



Topic	Comparison	Interim MGC Policy	MA Red Book	MA FY15 Budget Section	GSA	NJ State Policy	PA Gaming Control Board	NV Gaming Control Board
Limits	Varies	Conference lodging preferred, then comparison of government rate from 3+ locations, use of PanAm preferred	Comparison of government rate from 3+ locations, use of PanAm preferred	Comparison of government rate from 3+ locations, use of PanAm preferred	GSA rates, FedRooms preferred, use of agency travel mgmt. service required	GSA rates, use of FedRooms required	Preferred Hotels advised, use of agency travel service required	GSA rates (exception may be approved for conference rates)
Not allowable	Varies	Not addressed	Not addressed	Not addressed	Not addressed	Not Addressed	Conference rooms (unless required by conference)	Not addressed
International Hotel								
Allowable	Consistent	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Limits	Varies	Conference lodging preferred, then comparison of government rate from 3+ locations, use of PanAm preferred	Comparison of government rate from 3+ locations, use of PanAm preferred	Comparison of government rate from 3+ locations, use of PanAm preferred	GSA rates, FedRooms preferred, use of agency travel mgmt. service required	GSA rates, use of FedRooms required	Preferred Hotels advised, use of agency travel service required	GSA rates (exception may be approved for conference rates)
Not allowable	Varies	Not addressed	Not addressed	Not addressed	Not addressed	Not Addressed	Conference rooms (unless required by conference)	Not addressed
Domestic Air, Train, or Ship fare(s)								
Allowable	Consistent	Yes	Yes	Yes	Yes	Yes	Yes	Yes



Topic	Comparison	Interim MGC Policy	MA Red Book	MA FY15 Budget Section	GSA	NJ State Policy	PA Gaming Control Board	NV Gaming Control Board
Limits	Consistent	Economy class only, use of PanAm preferred	Economy class only, use of PanAm preferred	Economy class only, use of PanAm preferred	Economy class unless approved, use of US Fed Travel Agency required	Economy class only, use of online airline websites or online travel services required	Economy class only, use of state travel agency required	Not addressed apart from use of Southwest Airlines from Las Vegas to Reno
Not allowable	Consistent	First or business class	First or business class	First or business class	First or business class (unless pre-approved), Non-US Air Carriers	First or business class, use of cruise ship	First or business class	Combining personal travel with business travel (unless pre-approved)
International Air, Train, or Ship fare(s)								
Allowable	Consistent	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Limits	Varies	Economy class only, use of PanAm preferred	Economy class only, use of PanAm preferred	Economy class only, use of PanAm preferred	Economy class (unless travel is longer than 14 hours in duration), use of US Fed Travel Agency required	Economy class only, use of online airline websites or online travel services required	Economy class only, use of state travel agency required	Not addressed
Not allowable	Varies	First or business class	First or business class	First or business class	First or business class (unless pre-approved or for travel longer than 14 hours), Non-US Air Carriers	First of business class, use of cruise ship	First of business class	Combining personal travel with business travel (unless pre-approved)
International Supplemental Expenses								



Topic	Comparison	Interim MGC Policy	MA Red Book	MA FY15 Budget Section	GSA	NJ State Policy	PA Gaming Control Board	NV Gaming Control Board
Allowable	Consistent	Passports, visas, photos, birth/marriage certificates, inoculations	Passports, visas, photos, birth/marriage certificates, inoculations	Passports, visas, photos, birth/marriage certificates, inoculations	Passports, visas, photos, birth/marriage certificates, inoculations, etc.	Not Addressed	Passports, visas, photos, birth/marriage certificates, inoculations, etc.	Not addressed
Limits	Consistent	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Not allowable	Consistent	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Additional Airline Charges (e.g., bag fees, expedited boarding, upgrades, etc.)								
Allowable	Varies	Not addressed	Not addressed	Not addressed	Bag fees, expedited boarding with agency approval	Bag fees	Bag fees	Not addressed
Limits	Varies	Not addressed	Not addressed	Not addressed	1 bag per employee per flight	1 bag per employee per flight	1 bag per employee per flight	Not addressed
Not allowable	Varies	Not addressed	Not addressed	Not addressed	Excess weight, oversized, or additional bag charges	Not addressed	Not addressed	Not addressed
Internet Access								
Allowable	Varies	Not addressed	Not addressed	Not addressed	Yes	With agency approval	Yes	Yes
Limits	Varies	Not addressed	Not addressed	Not addressed	Reasonable	Reasonable	Reasonable	Reasonable
Not allowable	Varies	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed	Internet access on airplanes	Not addressed
Telephone and Fax								
Allowable	Consistent	Yes, if greater than 25 cents (MGC cellular device is preferred)	Yes, if greater than 25 cents	Yes, if greater than 25 cents	Yes	Yes	Not addressed	Yes



Topic	Comparison	Interim MGC Policy	MA Red Book	MA FY15 Budget Section	GSA	NJ State Policy	PA Gaming Control Board	NV Gaming Control Board
Limits	Consistent	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed	Reasonable
Not allowable	Consistent	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed
State-owned Automobile								
Allowable use	Consistent	Official business only	Official business only	Official business only	Preferred, official business only	Preferred, official business only	Preferred, official business only	Preferred, official business only
Allowable expenses	Consistent	Gas, oil, minor repairs, garage/parking, tolls, car washes	Gas, oil, minor repairs, garage/parking, tolls, car washes	Gas, oil, minor repairs, garage/parking, tolls, car washes	Gas, oil, minor repairs, garage/parking, tolls, car washes	Gas, oil, minor repairs, garage/parking, tolls, car washes	Gas, oil, minor repairs, garage/parking, tolls, car washes	Not addressed
Personal Automobile								
Allowable use	Consistent	If necessary and with approval	If necessary and with approval	If necessary and with approval	Not addressed	Only when state-owned automobiles are unavailable and state-contracted rental vehicles are less cost effective	Not addressed	If at the State's convenience
Allowable expenses	Consistent	Mileage, garage/parking, tolls	Mileage, garage/parking, tolls	Mileage, garage/parking, tolls	Mileage; Parking fees; ferry fees; bridge, road, and tunnel fees; and aircraft or airplane parking, landing, and tie-down fees	Mileage, parking, tolls	Mileage, parking, tolls (advance approval required)	Mileage, parking, tolls
Parking and Public Transit Pass Reimbursement/Benefit								



Topic	Comparison	Interim MGC Policy	MA Red Book	MA FY15 Budget Section	GSA	NJ State Policy	PA Gaming Control Board	NV Gaming Control Board
Allowable	Varies	Yes for Commissioners and senior-level positions	Yes per HRD and OSC guidelines*	No	No	No	No	No
Limits	Varies	DOR/IRS rates	DOR/IRS rates	N/A	N/A	N/A	N/A	N/A
Not allowable	Varies	Staff	Staff	N/A	N/A	N/A	N/A	N/A
Additional Items not Allowable for Reimbursement								
	Consistent	Valet service, entertainment	Valet service, entertainment, laundry	Valet service, entertainment, laundry	Entertainment	Valet service, entertainment, laundry, passage via limousine	Not addressed	Not addressed

*While not contained in the MA Red Book, the Massachusetts Human Resources Division (HRD) and the Office of the State Comptroller (OSC) have issued guidance permitting the reimbursement of commuting expenses for Commissioners and Senior-level executives due to the differentiated nature of these positions.

Based on this assessment, we conclude that the interim MGC Travel Policy is in substantive agreement with policies from other government organizations. In the next section, we present recommendations to address those areas in which the MGC Travel Policy varies.



3.0 Recommendations

Based on the assessment presented in Section 2 and our discussions with MGC and other state entities, we suggest some minor amendments to the interim MGC Travel Policy.

Topic	Interim MGC Travel Policy	Proposed Amendment(s) to interim MGC Travel Policy	Notes / Rationale
International Airfare	Economy class only	<ul style="list-style-type: none"> Business class allowed for travel longer in duration than 14 hours outside the contiguous US 	Consistent with GSA guidelines
Tips	20% limit	<ul style="list-style-type: none"> Reasonable amount 	In line with industry practice, more flexible
Additional Airline Charges (e.g., bag fees, expedited boarding, upgrades, etc.)	Not addressed	<ul style="list-style-type: none"> Bag fee for one (1) bag within airline weight limit, all other additional airline charges excluded/not allowed 	In line with industry practice, more explicit
Internet Access	Not addressed	<ul style="list-style-type: none"> Allowable, at reasonable limits 	In line with industry practice, less onerous for employees
Other Aspects Related to Lodging	Not addressed	<ul style="list-style-type: none"> Add specific mention to allow reasonable booking of conference/meeting rooms at hotels 	In line with industry practice, less onerous for employees

In addition we make the following recommendations related to the approach by which the Travel Policy is implemented:

- Official approval** – the MGC Board should take formal and official action to approve the interim MGC policy (as amended per the recommendations in this report). Future changes to the policy, if any, should also be approved by the Board. Any exception to any element of the policy should be approved by official action of the Board. In an abundance of caution, 100% compliance and zero exceptions are expected.
- Training and Awareness** – we confirmed that training and awareness of the Travel Policy is critical to a successful roll-out and ongoing compliance. Due to the growing diversity of experience represented by MGC employees and Commissioners, and varying degrees of familiarity with typical state government travel and expense policies and



processes, we recommend a comprehensive awareness campaign to make people comfortable understanding and complying with the final MGC Travel Policy.

- **Clear and Simple Guidance** – when comparing the interim MGC Travel Policy to other policies and discussing the application of policies, it became clear that the most successful policies are those that:
 - a. Clearly lay out the allowable and unallowable expenses in a way that is easily understood by every employee, and
 - b. Present the guidelines in a easily-consumable and simple format for quick reference

Given these findings, we recommend that the MGC develop a 1-page summary of the final Travel Policy as an employee “job aid” that can be referenced easily when booking and managing travel.

- **Overtime for Travel** – we recommend the MGC develop clear guidance within their time reporting policy (if not already developed) related to the degree that travel time factors into employee overtime. This topic arose as a lesson learned in other states when implementing travel policies. The overtime guidance may vary depending on the status of the employee per the Fair Labor Standards Act.

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4.0 Appendix A: Interviews Conducted

Organization	Individual	Interview Discussion Date
Massachusetts Gaming Commission	Gayle Cameron	May 14, 2014
	Mark Vander Linden	May 9, 2014
	John Glennon	May 9, 2014
	Derek Lennon	April 23, 2014
	Joanne Shea	April 23, 2014
	Agnes Beaulieu	April 23, 2014
Nevada Gaming Control Board	Terry Johnson	May 28, 2014
Ohio Lottery Commission	Pam DeGreeter	May 22, 2014

DRAFT



5.0 Appendix B: Sample Job Aid

The following table presents a summary of the MGC Travel Policy. This Policy is applicable to all staff and Board members whether expenses are reimbursed by the Commission or by a third party. Prior approval is required for all travel. Submit expenses claims with receipts within 30 days of your return. Consult the full Travel Policy or CFO Derek Lennon with any questions.

Reimbursable Expenses	MGC Travel Policy Guidelines
Domestic Meals	
Allowable	Yes for full / or partial day
Limits	GSA rates by location as ceiling, reimbursed for actuals or GSA rate, whichever is lower
Not allowable	Meals served as part of price of passage / lodging (at no charge to traveler), alcohol, meals for other non MGC employees. Meals provided for meetings are procured via statewide contracts not employee reimbursements.
International Meals	
Allowable	Yes for full or partial day
Limits	GSA / Dept. of State rates by location as ceiling, reimbursed for actuals or GSA/Dept. of State rates, whichever is lower
Not allowable	Meals served as part of price of passage / lodging (at no charge to traveler), alcohol, meals for other individuals
Tips	
Allowable	Yes
Limits	Reasonable
Domestic Hotel	
Allowable	Yes (personal lodging room and meeting rooms for official business only)
Limits	Conference lodging preferred, then comparison of government rate from 3+ locations, use of PanAm preferred
International Hotel	
Allowable	Yes (personal lodging room and meeting rooms for official business only)
Limits	Conference lodging preferred, then comparison of government rate from 3+ locations, use of PanAm preferred
Domestic Air, Train, or Ship Fare(s)	
Allowable	Yes
Limits	Economy class only, use of PanAm preferred
Not allowable	First or business class
International Air, Train, or Ship fare(s)	
Allowable	Yes
Limits	Economy class only (business class is allowable if travel is longer than 14 hours in duration outside the contiguous US), use of PanAm preferred
Not allowable	First class; Business class for travel shorter in duration than 14 hours
International Supplemental Expenses	
Allowable	Passports, visas, photos, birth/marriage certificates, inoculations



Reimbursable Expenses		MGC Travel Policy Guidelines	
Additional Airline Charges (e.g., bag fees, expedited boarding, upgrades, etc.)			
Allowable		Bag fee	
Limits		One (1) bag within airline weight limit	
Not allowable		All other additional airline charges excluded/not allowed	
Internet Access			
Allowable		Yes, for official business only	
Limits		Reasonable	
Telephone and Fax			
Allowable		Yes, if greater than 25 cents (MGC cellular device is preferred)	
State-owned Automobile			
Allowable use		Official business only	
Allowable expenses		Gas, oil, minor repairs, garage/parking, tolls, car washes	
Personal Automobile			
Allowable use		If necessary and with approval	
Allowable expenses		Mileage, garage/parking, tolls	
Additional Items not Allowable for Reimbursement			
		Valet service, entertainment	





High Performance Project

Status Report

July 24, 2014

Status report contents.

- Project Overview
- Work Stream 1 HR Policies Master List and Policy Format status and results
- Performance Management Approach
- Appendix: Policy Master List

Project results are driven by three components: MGC priorities, extant guidance; and strategy, HR and performance management expertise.



The High Performance Project consists of four work streams.

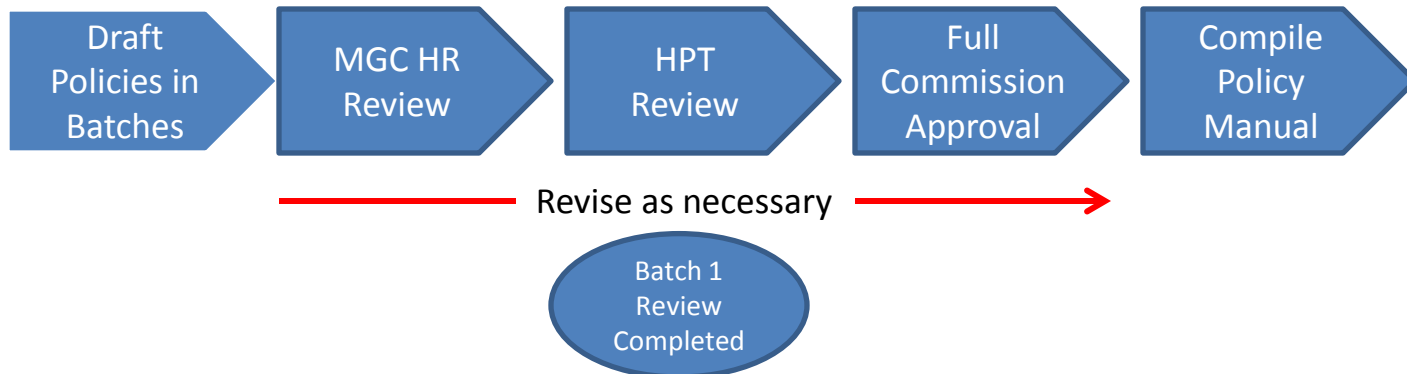
1. Personnel Processes & Employee Accountability System (currently underway)
2. Goals and Objectives
3. Expand the Strategic Action Plan
4. Bring MGC in Line with the Tools of Performance Management

Project Gantt

Massachusetts Gaming Commission High Performance Project PROJECT GANTT CHART																							
MO #	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
MONTH	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
WORKSTREAM																							
Personnel Processes			█																				
Goals and Objectives								█															
Expand Strategic Action Plan									█														
Bring MGC in line w PM Tools																		█					

Work to date has focused on baseline components of Work Stream No 1 (HR Policy Development/HR Technology).

Task	Status	Completion Date
Develop HR policy manual and master list of policies <ul style="list-style-type: none"> Assess employee handbook Compare MGC policy master list to others Conduct comparative analysis Develop master list of policies Develop policy manual format 	Completed	7/31
Draft HR Policies/Create Policy Manual <ul style="list-style-type: none"> Draft policies and subject them to MGC review process (explained below) 	On schedule	08/30



More...current tasks progress.

Task	Status	Completion Date
Develop position descriptions and classification plan	Started	8/31
Develop HR IT strategy	Started	8/14
Develop HR IT quick hits	Started	8/14

The project team was mandated to produce a “master list of policies and procedures” and a “policy format”.

The master list and policy manual format was constructed based on research into the HR policies of multiple public sector organizations as well as HR best practices.

The team used the MGC *Employee Handbook* as a baseline, comparing it to:



- Massachusetts HR Policies
- MassPort HR Policies
- MWRA HR Policies
- Michigan Gaming Control Board HR Policies
- Washington Gambling Commission HR Policies
- Federal and state law requirements
- HR best practices

With a few exceptions, the existing MGC *Employee Handbook* represents a solid foundation for a comprehensive set of HR policies that meet professional HR standards.

- The current master list of MGC policies compares favorably with its peer agencies and other gaming commissions
- The MGC Expanded Ethics Code could serve as a national model for gaming commissions
- Current MGC policies are summarized in an accessible HR Handbook

In comparing the MGC Employee Handbook and master list of policies to other jurisdictions and best practice standards, the team identified some key areas for improvement.

- The current master list omits policies that are required by federal law
- Other policy topics representing “best practices” also are not included
- In some cases, the Employee Handbook explanatory text about master list topics states the MGC’s policy in full, but in many cases it is limited to an executive summary which legally may not be supportable as a policy
- Existing MGC full policy statements use different formats and styles
- In reviewing master list options, the High Performance Team expressed support for adding policies that currently are not referenced in the MGC handbook

The final “Master List” of policies is separated into three categories. See appendix for full listing.

- **New Policies:** These are policy topics targeted by MGC HR and the High Performance Team which are not addressed in the current MGC Employee handbook and for which complete policies need to be developed
- **Handbook Policy Revisions:** These are policies that are referenced in the handbook but need revision/expansion/reformatting to comply with a standard policy format
- **Use Commonwealth policy:** These are policy topics which MA HRD policies and GCI benefit plan policies have been determined to meet MGC needs (shown in appendix)

In a related scope component, the project team has developed a standard format and for MGC HR policy documents.

Policy No.	(Sequential policy numbers)
Policy Title	(Insert title from master list)
Purpose:	(State the purpose of the policy)
Policy	(State policy in clear and concise terms)
Applicability	(To whom does the policy apply)
Definitions	(Inset if there are unique words or unique meanings for certain words)
Procedure	(insert high level procedures, not detailed internal processes)
Responsibility	(Insert who is responsible for enforcing the policy)
References	(References to other policies/laws/regulations that may be related)
Date Created	(Insert date when the policy was established)
Revision History	(Insert dates the policy was revised in chronological order)
Approved By	(Insert signature of approving authority)

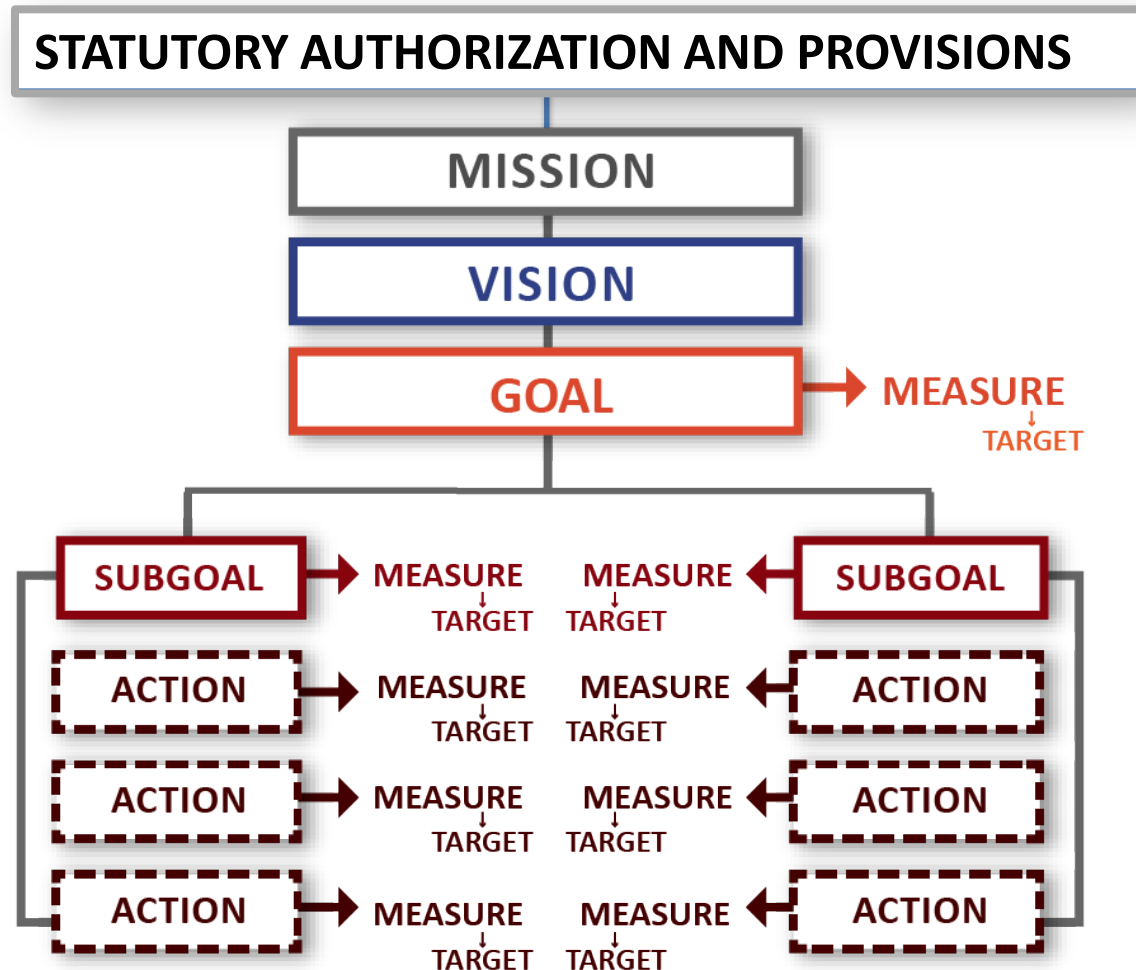
The project team's approach to the performance management workstreams is based on the Performance Management Life Cycle.



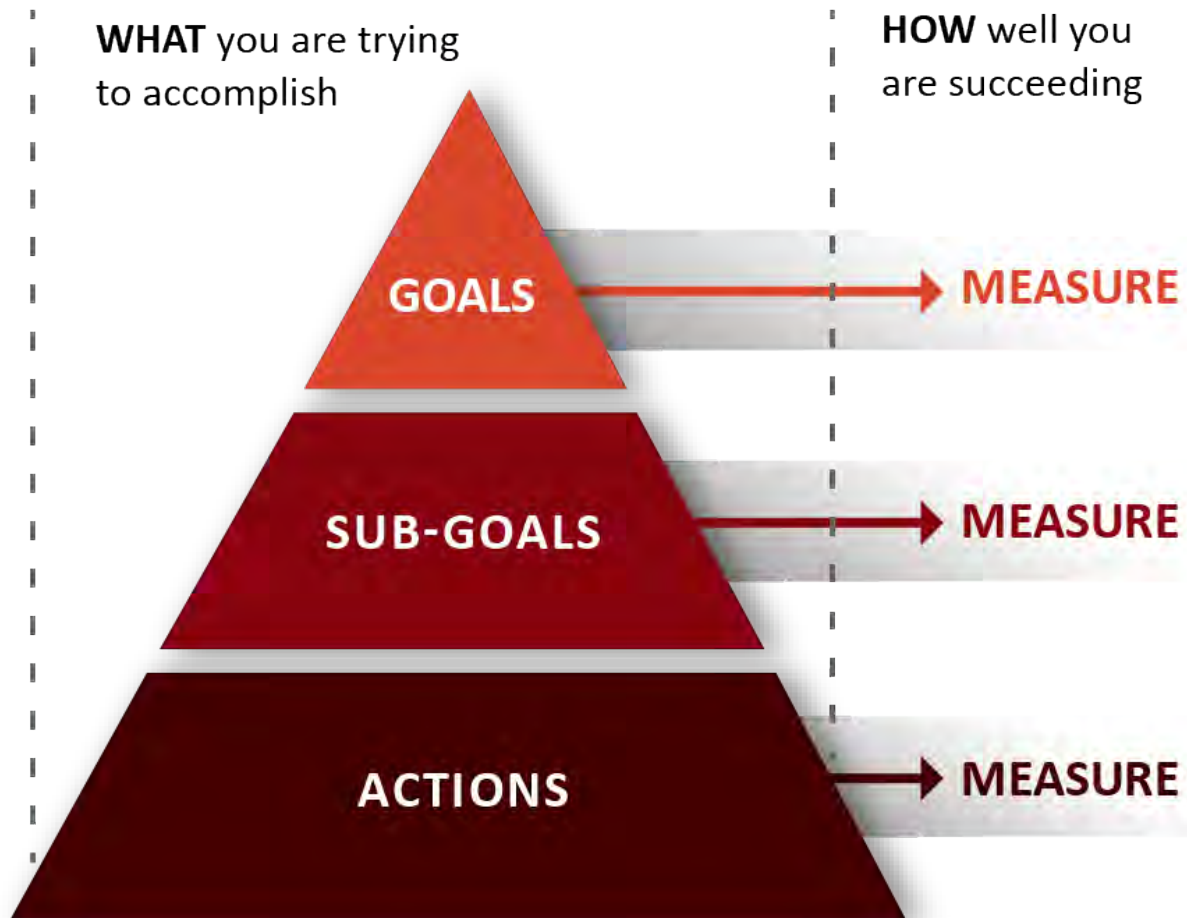
The goal of Performance Management components of the work stream is to deliver a high performance organization.

- Enhanced efficiency, effectiveness and equity
- Transparency, accountability and openness
- Summary Performance Management dashboards to quickly find and fix problems and use evidence to make management decisions
- Detailed Performance Reports for managing the strategic direction of the Commission and the activities it oversees

Considering statute, strategic direction, decisions and future requirements, the team will confirm, codify or develop goals, sub-goals, actions, measures & targets.



The fundamentals to success are outcome-based goals and data-driven measures.



Always start with good goals.

Examples of Good Goals

Reduce violent crime by 20% by the end of 2018

Reduce the time the average driver spends in congested traffic 20% by 2018

Increase state real GDP from \$312 billion in 2012 to \$351 billion by 2015

Reduce transportation-related greenhouse gas emissions

Increase the number of state services available online from 50% to 70%

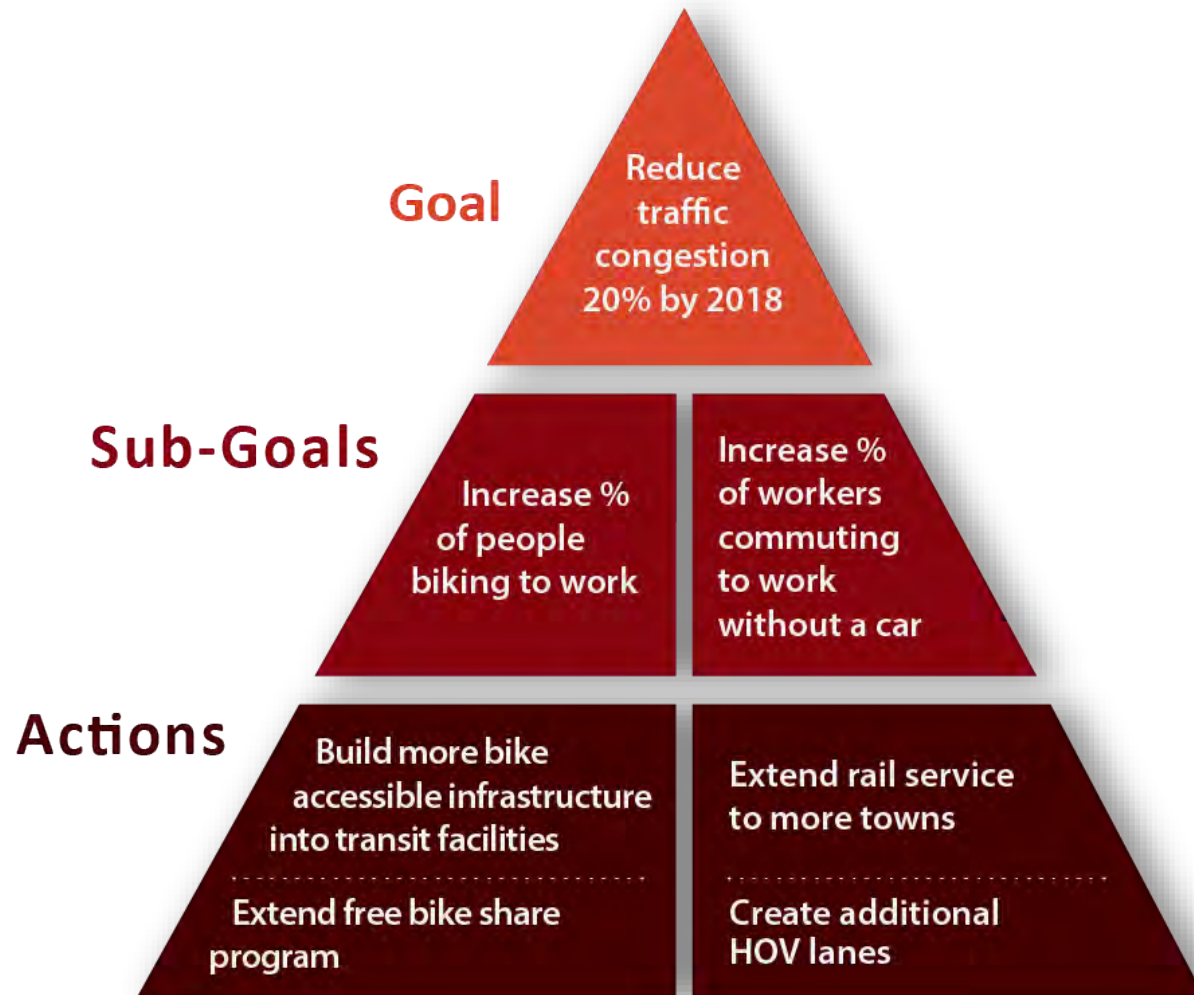
Decrease the percentage of adults reporting fair or poor health from 15% to 14% by 2017

What Makes Them Good?

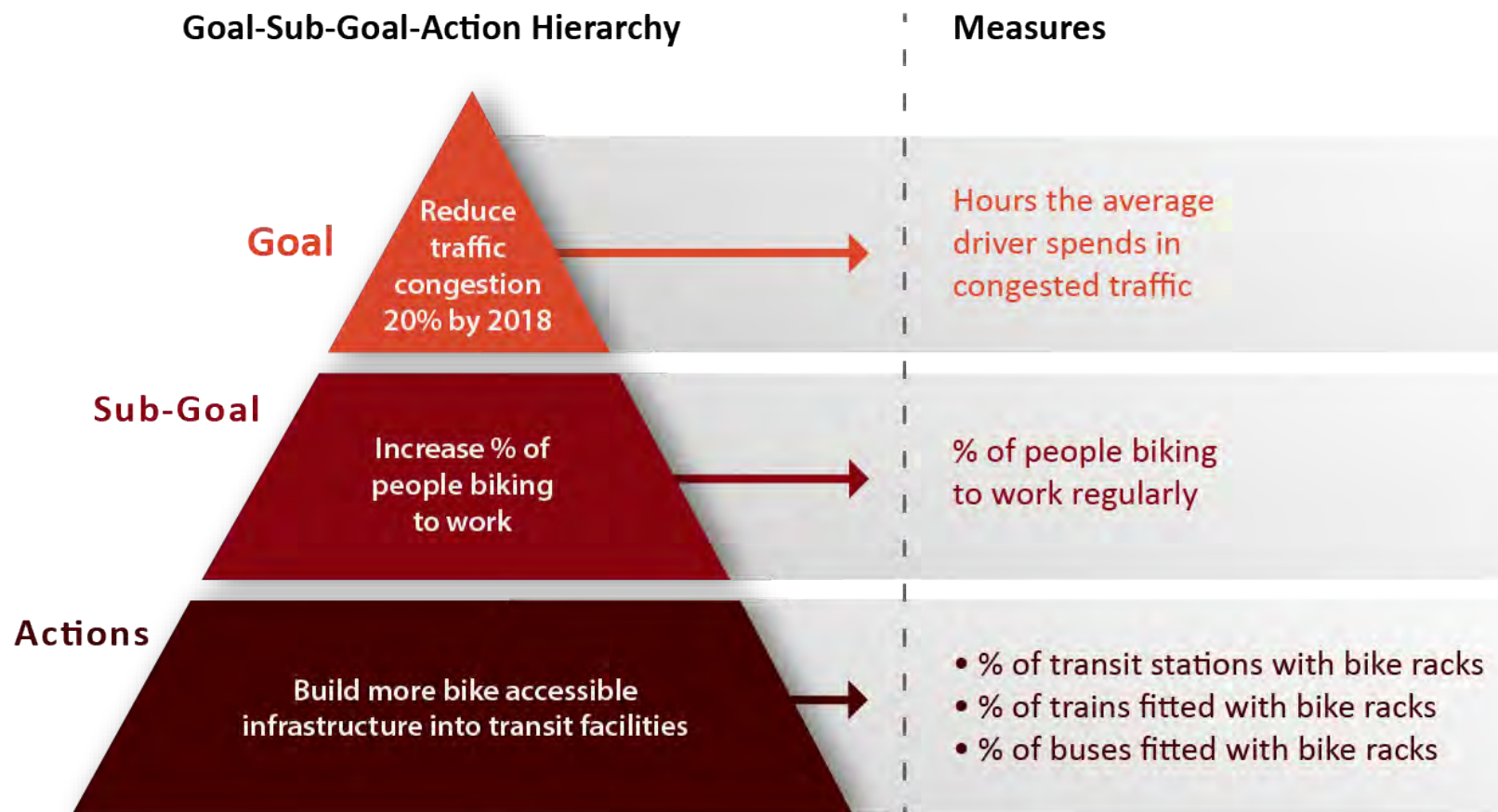
Checklist for Good Goals

- ✓ Outcome oriented
- ✓ Measurable
- ✓ Specific
- ✓ Time horizon
- ✓ Easy to understand
- ✓ Directional verb

And then decompose goals with by deploying a logical hierarchy where everything supports the level above.



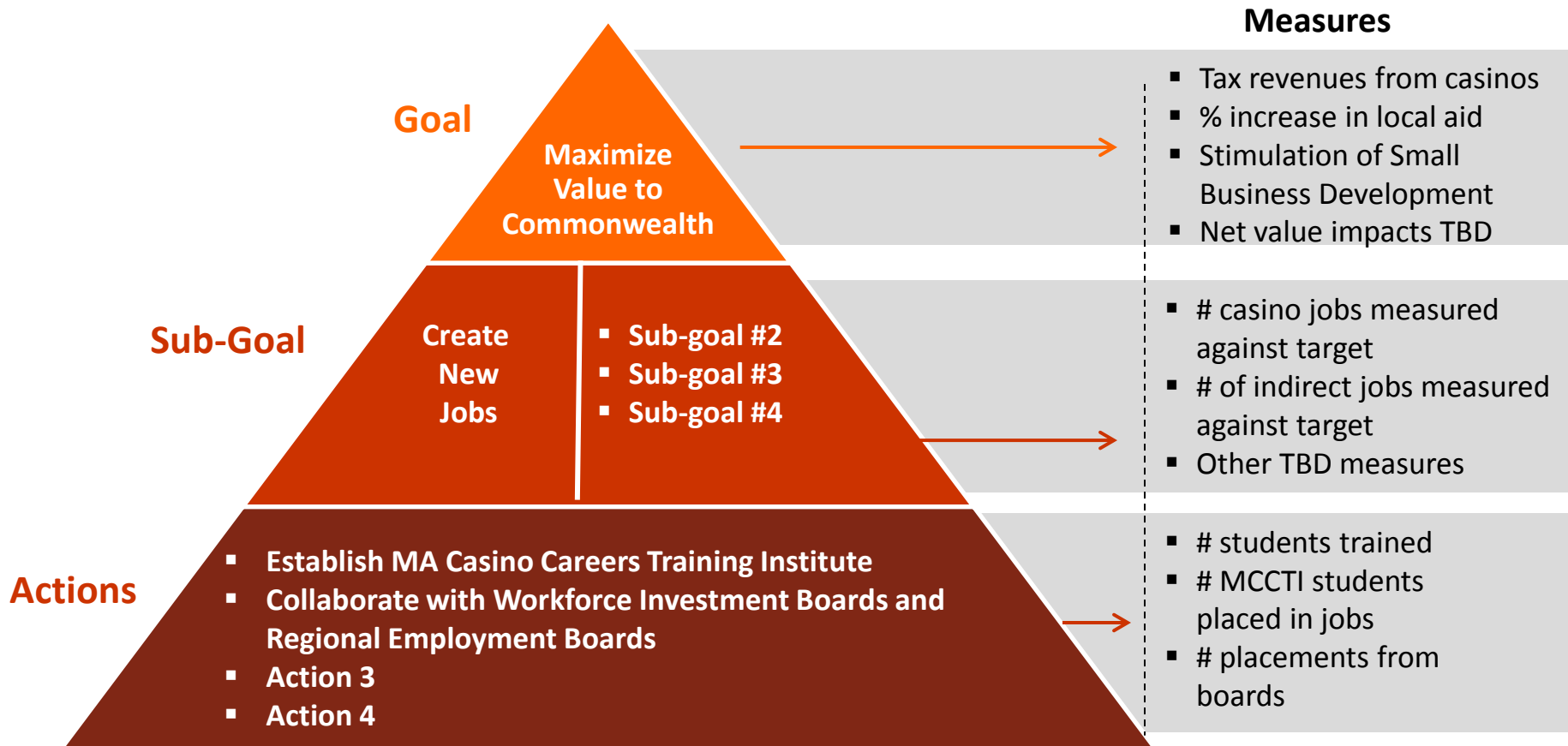
Once you establish the hierarchy, the next critical step is to develop measures for each stage in the pyramid.



MCG performance goal setting: the key principles established in the MGC legislation.

- Maximum long-term value to the Commonwealth
- Protection for host and surrounding communities
- Mitigation for social impacts and costs
- Ensuring the nation's best and most rigorous public safety, regulatory and enforcement mechanisms
- A transparent and competitive bidding process

Our process requires collaboration before establishing a comprehensive list of goals, actions and measures, but here is an example of the hierarchy of one MGC goal.



Next, goals and measures are aligned and cascaded throughout the organization.

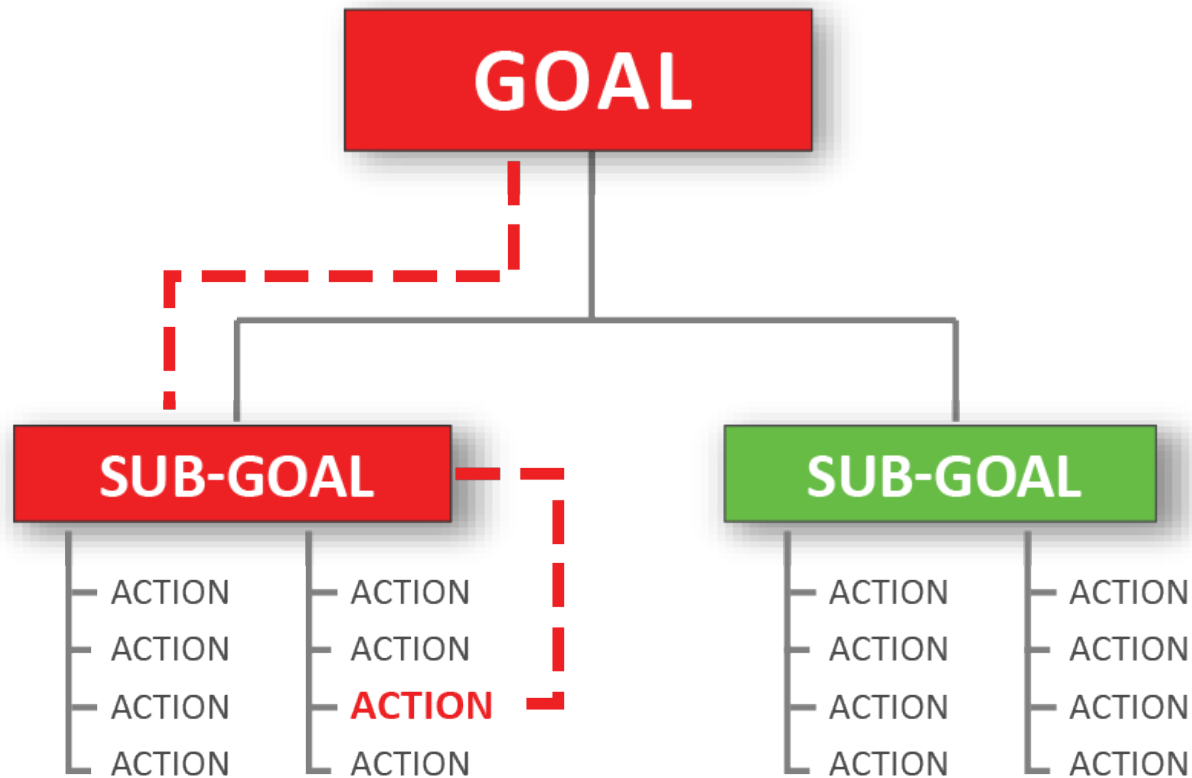
Cascading aligns goals and measures:

- Throughout the Commission
- To the program Level
- Into personnel evaluations
- Throughout regulated entities



This kind of careful alignment of the goal/sub-goal/action hierarchy will allow MGC management and the commission to find problems as they arise.

– *Root Cause Analysis* –



And allow management to present results in a detailed but easy to understand dashboard.

● On Target
 ▼ Close to Target
 ■ Off Target

GOAL	MEASURE	CURRENT PERIOD	PRIOR PERIOD	TREND	TARGET	STATUS	COMMENTS
Reduce wait times for processing registration and license applications	Number of online transactions	3,199,970	2,662,230	Improving	10% Increase	●	Positive social media campaign
	Statewide average branch wait times (minutes)	27.2	26.0	Getting Worse	< 15 Minutes	■	Temporary closure of two branches
	Statewide average call center wait times (minutes)	11.6	11.4	No Change	< 10 Minutes	▼	Training for call center operators initiated
	# of licenses rejected for medical reasons	673	664	No Change	NA	NA	No target has been set - not in Division control
	# of transactions conducted by industry partners	975,548	872,243	Improving	10% Increase	●	This is the second year of the program

And finally, to give the MGC the ability to use real data, instead of guess work, actually to manage.

Use data to manage through accountability meetings



Appendix

This is the master list category of new policies that the project team will develop.

- Relocation
- Employee Identification Badge
- Background Check
- Initial Review Period
- Internal Transfers/Promotions
- Personnel Records Privacy/Access
- Expectation of Privacy
- Lactation/Breast Feeding
- Unemployment Compensation
- Performance Reviews
- Compensatory Time
- Sexual Assault, Stalking, Domestic Violence
- Whistleblower
- Workplace Bullying
- Violence in the Workplace
- Termination Requirements
- Non-Exempt Employees
- Exempt Employees
- Equal Pay Act
- Temp Assignment to higher position
- Optional Payroll Deductions
- Meal/Rest Periods
- On-Call Pay
- Employee Assistance Program
- Professional Recognition
- Dating in the Workplace
- Weapons in the Workplace
- Grievances

This is the master list category of policies where MGC will adopt Commonwealth policies

- EEO
- HIPAA
- Fair Labor Standards Act (FLSA)
- Title VII, ADEA, ADA
- Military Pay
- Health Insurance
- Health Insurance Responsibility Disclosure
- Dental & Vision Benefit
- Dependent Care Assistance Plan (DCAP)
- Healthcare Spending Account (HCSA)
- Deferred Compensation 457b Plan
- Qualified Transportation Benefit Plan (QTBP)
- Tuition Remission
- Massachusetts Retirement System
- COBRA
- Group Life Insurance
- Long-term disability benefits
- Charitable Contribution Program
- Adoption Tuition Incentive
- Family Medical Leave Act (FMLA)
- Small Necessities Leave Act
- Military Leave
- Extended Illness Leave Bank
- Blood Donation Leave
- Bone Marrow /Organ Donor Leave
- Disaster Volunteer Leave
- Domestic Violence Leave
- Sick Time Donation
- Maternity Leave
- Voting Leave
- Tuition Remission
- Sunshine Policy (Public Records)
- Adoption Tuition
- Credit Union

This is the master list category of policies where the project team will update/revise/reformat policies referenced in the Employee Handbook.

- Enhanced ethics code
- Accommodation for Individuals with Disabilities
- Immigration Law Compliance (IRCA-1986)
- Employment of Relatives
- Employment of Minors
- Internal Candidates
- Orientation
- Time and Attendance
- Office Closure/Weather/Other Emergencies
- Customer Relations & Service
- Accountability/Performance Evaluations
- Outside Employment & Business Activities
- Dress Code
- Resignations & Terminations of Employment
- Sexual Harassment
- Discriminatory Harassment
- Employment Classification
- Anti-Retaliation
- Employment Categories
- Hours of Operation & Work Schedule
- Alternate Work Scheduling & Telecommuting
- Overtime
- Mandatory Payroll Deductions
- Work Standards for Employee Conduct
- Disclosure Requirements
- Discipline
- Criminal Activity
- Drug Free Workplace Act
- Smoking
- Workers' Compensation
- Workplace Emergency

MORE policies where the project team will update/revise/reformat policies referenced in the Employee Handbook.

- Training Conferences
- Professional Development
- Professional Memberships & Subscriptions
- Work Related Conferences & Seminars
- Communications with the Public
- Press Relations
- Social Media
- Speaking Engagements
- Information Technology Use
- Solicitation & Distribution
- Driving Personal Vehicles on MGC business



MASSACHUSETTS GAMING COMMISSION

MEMORANDUM

To: Chairman Crosby and Commissioners Cameron, McHugh, Stebbins and Zuniga
From: Kathy Baertsch, Bruce Band, John Glennon and Derek Lennon
CC:
Date: July 24, 2014
Re: Central Monitoring System

Background:

Our team investigated the benefits to financial internal controls that a central monitoring system (CMS) could provide. The team initially consisted of Kathy Baertsch (Deputy Director of Licensing), John Glennon (Chief Information Officer), and Derek Lennon (Chief Financial Officer). Bruce Band (Deputy Director of IEB—Gaming Agents) joined the team upon his arrival in June of 2014. Early in the research phase it became apparent there were three providers of the CMS software (GTECH, Intralot and Scientific Games) operating in gaming jurisdictions in the United States.

The team conducted meetings with both the providers and regulators using CMS models. The team visited the Ohio Lottery Commission, the Rhode Island Lottery Commission, the Maine Gaming Control Board, and the Delaware Gaming and Lottery Commission to view how these jurisdictions utilized the CMS. The meetings with the vendors, and the on-sight jurisdictional demonstrations of the use of the systems showed these systems to be much more of a regulatory tool than simply verifying daily gross revenue from slots machines.

The FY15 budget proposal contained a \$1.7M item for a CMS to establish the main and backup data centers as well as to begin monitoring the slots facility. Some of the public comments the Commission received questioned the usage and benefits of a CMS. The Commission asked the CMS team to visit a facility that did not use a CMS and to generate a comparison of three different models of regulating slots operations. The models analyzed include: no central monitoring system, with MGC staff utilizing the operators' systems to verify and audit financial and game data, a central management system where data is collected by a private vendor, normalized and used by MGC staff in a consistent format to verify and audit financial and game data, and to explore a system where MGC creates a data warehouse that compiles the data from the operators' systems and then audits and verifies using that dataset. The Team visited



Massachusetts Gaming Commission

the Ohio Casino Control Commission, separate from the lottery, and Penn's facility in Columbus Ohio to see how a non-CMS model operates. The remainder of the memo and the attached spreadsheet explains and compares the different models. For purposes of comparison and modeling the cost estimates are based on a Massachusetts system with three full resort casinos and one slots parlor.

Non Central Monitoring Environment:

There are many jurisdictions operating without a central monitoring system. In these jurisdictions gross gaming revenue taxes are collected, slot machine software is tested and approved, game play, payouts and tampering are all monitored as well. Many of these processes are manual and rely heavily on access to the operator's slots management system.

For the MGC to regulate in a non-CMS environment, it would require the addition of eight field quality assurance staff, and four IT staff costing approximately \$1M. There would be an initial start-up cost of ~\$350K to procure database software/hardware and design a system to track the assets and corresponding electronic signature components for each facility. There would be ~\$250K in on-going costs to maintain the database and develop new code as demands for data change. The approximate price tag would be \$1.25M on an annual basis.

In this model gaming agents would be reliant on learning the operators' house systems, which can vary from facility to facility, to verify payouts and historical game performance. It will also require gaming agents to accompany operator staff when new software is loaded in a slot machine to verify the signature of the software and seal the chips. Gaming agents will be required to accompany operator staff while moves of machines occur on the floor to verify that the software in the machines is accurate. Gaming agents will also need to perform random audits of the software operating in a machine to make sure nothing is changed from what is approved. All of these activities will take away from monitoring of internal controls, cash controls and table game play at facilities.

Two quality assurance staff will be required to be present at each facility Monday – Friday 9:00-5:00. The QA staff will be responsible for learning the operators' accounting systems, and reviewing the reports from their accounting systems, performing random sampling and reviewing 10% of the machines on an annual basis to ensure payouts are correct and meter reads are reconciled to cash counts. They will also be responsible for verifying the daily gross gaming revenue for taxation purposes.

The IT division will require four additional staff to track the inventory of gaming devices, software on the devices, manage the move and update process in an agency developed database, and provide technical assistance to gaming agents with difficult questions or problems with slot machines and communications with slot technicians.



Massachusetts Gaming Commission

There are many jurisdictions operating under this model. It is a successful model that 13 other jurisdictions currently use however, it is extremely labor intensive and leaves much room for transcription errors and does not provide a 100% assurance to gaming device, software and tax reporting.

Data Aggregation Environment:

In a data aggregation model, the regulator would develop a database (hardware and software) to capture meter readings, software verifications, game play, jackpots won, etc. from the operators' house systems, and require the operators to send daily data files in a compatible format to enable the regulators to electronically aggregate the data and analyze it in electronically. The team was not able to identify any jurisdictions currently using this model.

This model has all of the same costs as the non-central management environment, except it will require software and maintenance to upkeep the data warehouse, as well as a database applications developer and a database administrator. The start-up costs of the database software, hardware and licenses would likely be \$850K, and the additional annual costs as compared to the non-CMS environment would be ~ \$480K (\$250K additional for database maintenance, and \$230K for staff salaries and fringe of database staff) for a total cost of \$1.73M.

The benefits of the data aggregation model are that it provides a consistent format for the data, it verifies assets and software daily, and it provides all of the tax billing information in a single format. However, all of the data is coming from the operator's system, therefore, much of the verification and audits required under a non-CMS environment will need to occur, there is the added cost of running a data warehouse, and it would be a brand new model which would have no precedent for implementing.

Central Monitoring System Environment:

A central monitoring system is an independent system used to capture all of the same data as the operators' house systems. A CMS communicates with each gaming device in real-time and tracks meter readings, ticket in ticket out, cash in cash out, door open/close, all aspects of game play, automated real time verification of software and assets, daily tax estimates, etc.

A CMS requires a network operations center to be staffed 24 hours a day seven days a week. It also requires a primary data center with a back-up data center, and staffing to update the regulator's database of approved software, and location/moves of assets/software on the gaming floor. Each game that is approved in a jurisdiction must be tested for compatibility to make sure the game is communicating with the CMS and reading all the prompts and meters correctly. Our team estimates that to cover the network operations center (NOC), the lab, and



Massachusetts Gaming Commission

the database management 24X7 it will take just over ten FTEs in total. We also estimate that it will cost ~\$3M annually to monitor three full resort casinos and one slots parlor.

The following are just some of the benefits of a CMS environment: independent read from the operators' system which provides additional transparency; possibility of three way cross reference of financial data; consistency in format of data; real time monitoring of approved software; business process flow automation; possibility to integrate responsible gaming framework; single system to learn for gaming agents; real time independent game play and history information for gaming agent investigations; manage by exception; etc.

There are sixteen jurisdictions currently using some components of a central management system. The downside to CMS environments is the cost. The positives of the CMS include independence from reliance on operators' house systems, and the transparency.

Conclusion:

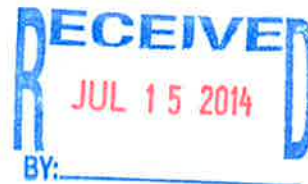
Based on the due diligence we have conducted over the past six months, the team recommends that the Commission employ the use a Central Monitoring System as a key component of our regulatory framework.

We respectfully request that you authorized the current team to continue working to define our requirements for a Central Monitoring System. We request authorization to initiate a formal procurement process, including issuing a Request for Proposal (RFP) and evaluating the responses. The goal would be to come back before the Commission in the fall with a full report on the results of the procurement process, including a detailed recommendation and selection of an apparent successful bidder.



Massachusetts Gaming Commission

Category	No Central Monitoring	Central Monitoring	Data Aggregation
Staff	8 auditors and 4 IT staff	3 NOC staff x 3.4 shifts=10.2	1 database administrator and 1 database developer 8 auditors and 4 IT staff
Staff Cost Computation	~\$65K/position plus fringe of ~28%	Included in contract cost	~\$90K/database position and \$65K/auditor-IT staff plus fringe of ~28%
Staff Cost	\$998,400	Included in contract cost	\$1,228,800
IT Equipment/Contracts	Gaming Authentication Terminals and Software/Maintenance, Asset Database and Maintenance	Contract Cost of CMS	Costs of Servers, Report Writing Software, and Database Development as well as backup environment and licenses. Annual maintenance on database
IT Software and Equipment Costs Startup	\$350,000	\$350,000	\$850,000
On-going IT costs	\$250,000	\$3,000,000	\$500,000
Annual Estimates	\$1,248,400	\$3,000,000	\$1,728,800
Verify Daily Taxes	Yes	Yes	Yes
Method for Verifying Taxes	Review Operator System Reports Daily--Audit 10% of machines annually	Daily aggregation of CMS meter reads to Operators meter reads and cash counts by device (100% daily)--Audit only variances above tolerance	Daily aggregation and validation of meter reads and cash counts by device daily--Audit 10% of machines annually.
Asset Verification	Yes	Yes	Yes
Method for Verifying Assets	Weekly comparison of Agency database to Operators database--Manual updates during week to keep track of moves--GAT 3.5 Terminal to test each machine prior to operation and ~50% of floor throughout the year.	Daily real time verification of 100% of machines. Process flow for approving machines to update in CMS.	Daily snapshot verification of 100% machines to compare to Agency database. Manual updates during week to keep track of moves.
Verify Game Play and Payouts	Yes	Yes	Yes
Method to Verify Game Play and Payouts	Reliance on Operator's system	Independent meter readings and data verification to compare to Operator's system	Snapshot data from Operator's system and reliance on Operator's system.
Notification of Machine Tampering	Yes	Yes	Yes
Method to Verify Tampering	Manual seals broken and internal logs in machines combined with security video footage	Real time system notifications monitored by NOC and responded to by real time video surveillance	Daily dump of notifications (if operator's system catches these) reviewed daily and responded to next day with video surveillance and manual seals/logs
Advantages	<ul style="list-style-type: none"> -Less costly on annual basis -Additional human interaction 	<ul style="list-style-type: none"> - Additional transparency - Data normalization - Verifies 100% signature checks and assets in real time and eliminates the need for staff to manually verify the slot chips during floor moves and seal slot machine chips or break seals when changed out-- - System is very user friendly and provides a short learning curve for staff. - Minimize machine downtime - Instant auditing of transactions - User defined and Adhoc reports - Player Tracking and rewards --player tracking will generate detailed reports about the players of the casino and is the definitive tool for customer segmentation. - Real-Time management and monitoring and machine readings - Monitoring and controlling the operation of the machines to maintain the integrity not only for players but also the for the casino and governing agency (MGC). - Review, approve, monitor, and audit daily operations - Records all events, assuring the integrity of all games - Financial Auditors have to learn only one system - Gives you 3 way verification on 100% of the slot machines (CMS Report to Operators system report to cash count) - Accounting reports -- accounting and financial data -- audit and exception reports - Business Process Automation - All meters tracked at a single denomination leads to less reconciling errors - Automated Asset Management - for the life of an asset in jurisdiction - 100% of all transactional data from Electronic Gaming Devices independently available and recorded - Responsible Gaming Framework functionality -- enterprise messaging across all properties and other RGF features [Central Monitoring] 	<ul style="list-style-type: none"> - Electronic format of manual reports under a no CMS environment - Data in same format - Regular reporting of system notifications - Daily verification of assets and software
Disadvantages	<ul style="list-style-type: none"> - Multiple manual processes - Need to seal machines - Audits based on standard auditing principles vs exception reports - Possibility of non-approved or revoked software/games/wrong pay tables to be operating on floor - Problems in reconciling due to denominations in slots system not up to date - GAT protocol only verifies software content, not game history or jackpots etc - Need to learn operators house systems (data is not normalized) - Auditors and Investigators need to learn each Licensee's house system - Numerous repetitive manual process will need to be put in place - Gaming Laboratory Staff will use manual processes to manage assets -- moves, adds, changes - Validation of software signatures -- manual 	<ul style="list-style-type: none"> - More costly - Less human interaction - Reliance on contractor staff - Less familiarity with house systems - Need for games to be interoperable with CMS 	<ul style="list-style-type: none"> - More costly than no CMS - No real time data - Still required to do all procedures and staffing of no CMS model



July 14, 2014

Jennifer Durenberger, Director of Racing
Massachusetts Gaming Commission
Racing Division
84 State Street, 10th Floor
Boston, MA 02109

Dear Dr. Durenberger:

Suffolk Downs requests permission to cancel the live racing cards scheduled for the following dates;

Tuesday, August 5, 2014; Tuesday, August 12, 2014; Tuesday, August 19, 2014; and Tuesday, August 26, 2014.

As we have expressed in prior communications, the horse population for the 2014 season cannot support a four-day per week schedule. We are seeking a legislative remedy to the 100-day requirement to simulcast and will seek the guidance of the Massachusetts Gaming Commission pending the outcome of this initiative.

We have already conferred with the New England HBPA regarding this matter.

Thank you for your consideration.

Sincerely,

Chip Tuttle
Chief Operating Officer

CT:jf



Division of Racing

To: Chip Tuttle, COO, Sterling Suffolk Racecourse, LLC

From: Jennifer Durenberger, Director of Racing

Date: 16 July, 2014

Re: Request to reschedule live race dates August 5, 12, 19 and 26

Mr. Tuttle:

This letter approves the request of Suffolk Downs to cancel its scheduled live racing days on Tuesdays in August (August 5, 12, 19, and 26). These cancellations are approved with the specific condition that they be rescheduled later in the racing season as the horse supply and racing conditions permit. As you know, M.G.L. c.128C §2 requires an association to conduct 100 days of live racing and 900 races in order to conduct simulcast wagering.

We understand that you are currently seeking legislative relief for the 100-day requirement, given the realities of the existing and anticipated horse population from which Suffolk Downs is able to draw. Please continue to keep the Commission updated with regard to your progress.

Regards,

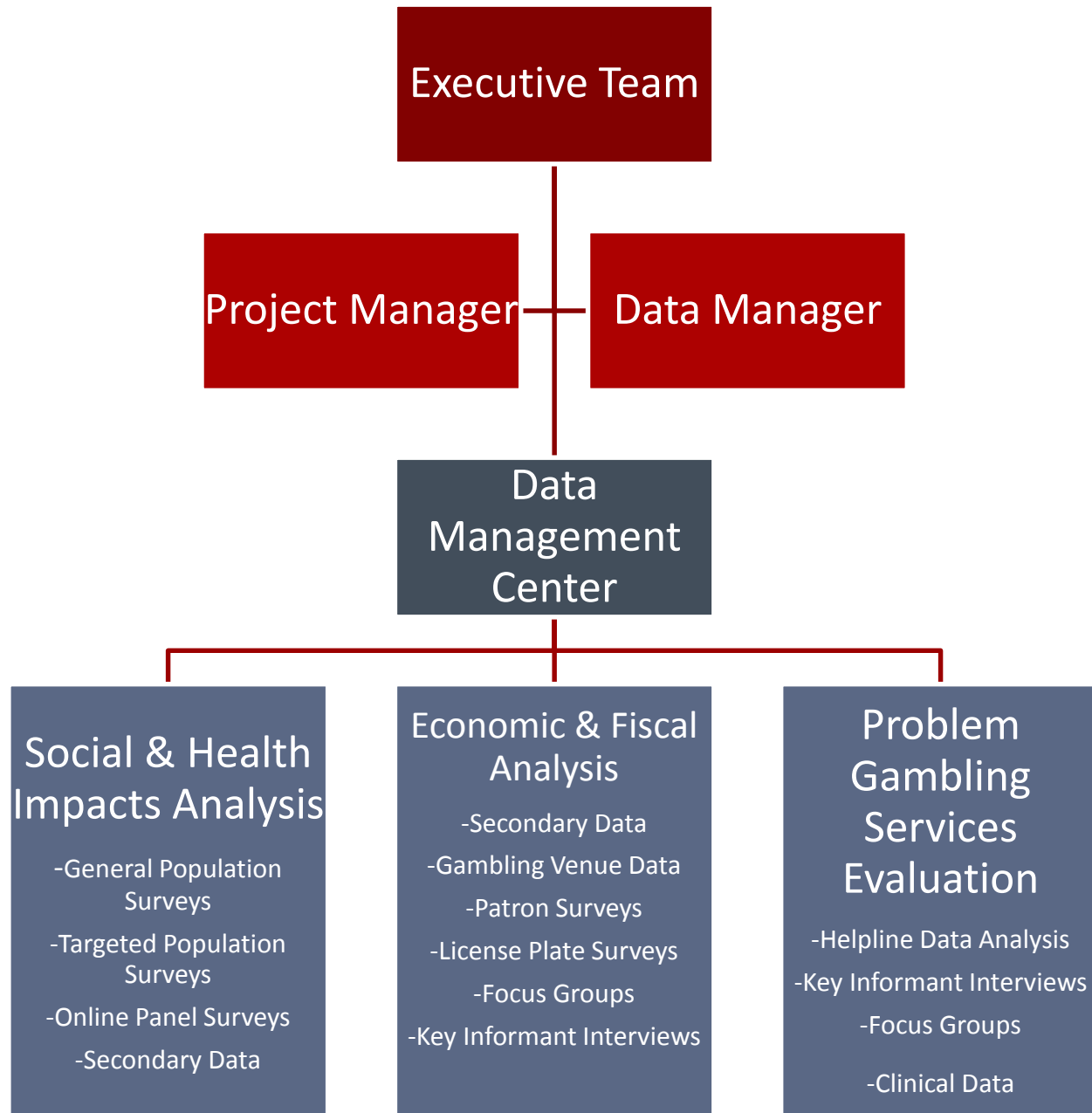
Jennifer Durenberger
Director of Racing



Massachusetts Gaming Commission

SEIGMA: A Comprehensive Statewide Study of Gambling Impacts

Dr. Rachel Volberg
for the Massachusetts Gaming Commission
July 24th, 2014



Timing of Data Collection

2013-2014 Baseline Data Collection

- General pop. survey
- Targeted pop. surveys
- PG services eval.
- Secondary data collection

2015-2017 Construction & Operations Data

- Gaming venue data collection
- PG services eval.
- Secondary data collection

2018 Operational Phase

- General pop. survey
- Targeted population surveys
- Gaming venue data collection
- PG services eval.
- Secondary data collection

2019...: Ongoing Data Collection & Monitoring

- Primary data
- Secondary data

Overview

SOCIAL & HEALTH IMPACTS ANALYSIS

Social & Health Indicators

- Problem Gambling & related indices
- Gambling-related crime
- Leisure activities
- Housing
- Education
- Socioeconomic inequality
- Attitudes about gambling
- Quality of life
- Health
- Transportation
- Environment

Data Collection

Primary Data Collection:

- General Population Surveys
 - n=10,000
 - Addressed-Based Sampling Approach
 - Multi-mode interviews
- Targeted Population Surveys
 - n=1,000 in each set of host & surrounding communities
 - Same methodology as GPS
- Online Panel Survey
 - n=5,000

Secondary Data Collection:

- Data Sources:
 - Behavioral Risk Factor Surveillance System (BRFSS)
 - American Community Survey
 - All Payer Claims Database
 - Acute Hospital Case Mix
 - Other sources as needed

Key Findings

- Public attitudes towards gambling
- Current gambling behavior/participation rates
 - Demographics, frequency, expenditures
- Population prevalence of problem gambling
- Substance abuse and mental health comorbidities of people with gambling problems
- Other difficulties that people with gambling problems face
- Community-specific impacts of gambling expansion
- The types of crime attributable to new gambling venues

Utility of Key Findings

Public Attitudes

- Target awareness & prevention campaigns

Gambling Participation

- Target prevention & intervention
- Monitor uptake of new forms of gambling

Prevalence

- Ensure sufficient treatment options exist

Comorbidities

- Tailor clinical screening & treatment

Community-Specific Impacts

- Target resources to mitigate community impacts

Overview

ECONOMIC & FISCAL IMPACTS ANALYSIS

Economic & Fiscal Indicators

- Government revenue
- Public services
- Regulatory costs
- Business starts & failures
- Business revenue
- Tourism
- Personal income
- Employment
- Housing
- Infrastructure value & costs
- Origin & costs of gambling supplies & servicing

Data Collection

Primary Data Collection:

- Collected directly from the casino operations to track direct impacts
 - # of employees
 - Wages
 - Construction investment
 - Local expenditures
- Modeled with REMI to isolate economic impacts & assess accuracy of forecasts

Secondary Data Collection:

- Collected primarily from government agencies to track conditions over time
 - Unemployment
 - Household income
 - Property values
 - Business starts/failures
- Examine trends before/after casinos & compare with other regions/localities

Key Findings

- How many **jobs** are being created at the casino facilities and other Massachusetts businesses
- What is the **nature** of these jobs
 - Average wages, # of workers previously unemployed, # of workers who relocated to MA
- To what extent does this represent **net new economic activity** (rather than displacing jobs at existing businesses)
- How much **net new revenue** do casinos contribute to Massachusetts
- How the casino facilities affect **host and surrounding communities**
 - Job growth, unemployment rates, household income
- Whether payments to host & surrounding communities and other economic effects **offset** additional public services related to casino operations

Utility of Key Findings

Job Creation/ Displacement

- Monitor workforce development goals
- Modify/set new workforce development goals
- Monitor host & surrounding community agreements

Impact on Communities

- Monitor workforce development goals
- Monitor host & surrounding community agreements
- Plan future budgets & development projects

State Revenue Generated

- Plan future State budgets & development projects

Benefits vs. Costs

- Plan future State & community budgets & development projects
- Target resources to mitigate negative impacts

Overview

PROBLEM GAMBLING SERVICES EVALUATION

Data Collection

Primary Data Collection:

- Analysis of items from General Population and Online Panel surveys
- Focus groups with treatment providers
- Key Informant interviews

Secondary Data Collection:

- MCCG Helpline data analysis
- Retrospective clinical data analysis

Key Findings

- What prevention and treatment services currently exist in Massachusetts
- Who is using these services
- How adequately these services address and mitigate impacts of problem gambling
- How existing services match up with best practices in problem gambling prevention, intervention, treatment & recovery

Utility of Key Findings

Existing Services

- Ensure existing services sufficient for # of problem gamblers (PGs)
- Ensure services are geographically dispersed

Service Use

- Determine that existing services are sufficient for # of PGs
- Build the capacity of service providers to treat PGs
- Tailor treatment services

Adequacy of Services

- Ensure availability and affordability of services
- Strengthen effectiveness of services

Use of Best Practices

- Ensure that services match with best practices for greater effectiveness
- Improve service provider training

SEIGMA's Data Management Center

SHARING RESULTS

Role of the Data Management Center

- Create Data Management Plan
- Collect, clean, and store all SEIGMA data
- Create Data Use Agreements
- Ensure Institutional Review Board compliance and ethical integrity
- Determine what data can be shared with whom and share data as widely as possible
- Share key findings and results of SEIGMA analysis in unique ways

Sharing Results: Website



Home News People Blog Publications Links Contact



Blog

SEIGMA's Annual Meeting



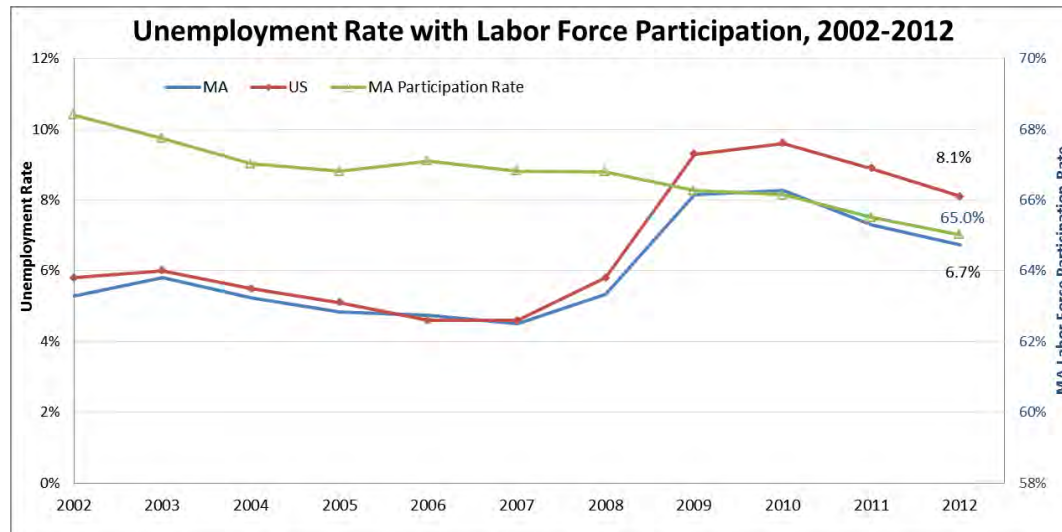
Amanda Houpt, Social and Economic Impacts of Gambling in Massachusetts (SEIGMA) Project Manager, reports on the recent Annual Meeting of the team, held at the University of Massachusetts Amherst.

For most Americans, mid-April marks tax season and the return of spring. For the SEIGMA Research Team, April has additional significance as the anniversary of our project's start date. It's hard to believe it, but just a little over one year ago, the SEIGMA study launched. The team has been a flurry of activity ever since. To commemorate the one year anniversary of the project, we held a three-day meeting on April 14-16. Expert advisors, principal investigators, team members, and members of the Massachusetts Gaming Commission convened in Western Massachusetts to update each other on progress made, collaborate, and plan for the next year.

[Read more](#)

Sharing Results: Trends

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Relative Percent Change 2002-2012
Unemployment Rate												
MA	5.3%	5.8%	5.2%	4.8%	4.8%	4.5%	5.3%	8.2%	8.3%	7.3%	6.7%	27.2%
US	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	39.7%
Labor Force Participation Rate												
MA	68.4%	67.7%	67.0%	66.8%	67.1%	66.8%	66.8%	66.3%	66.1%	65.5%	65.0%	-4.9%
US	66.6%	66.2%	66.0%	66.0%	66.2%	66.0%	66.0%	65.4%	64.7%	64.1%	63.7%	-4.3%



Sharing Results: Maps

[Summary](#)[Plot](#)[Map](#)

2012 High Needs (%) by Municipality



Utility of the Data Management Center⁹³

Managing Data

- Ensures that results are accurate, reliable, and replicable

Ensuring Ethical Integrity

- Limits harm to human subjects
- Ensures the integrity of SEIGMA Team and its findings

Sharing Data

- Other researchers will be able to replicate our analyses
- Other stakeholders and researchers will be able to conduct unique analyses.

Sharing Results

- The general public will be able to examine impacts within their own communities

For more information, visit:

www.umass.edu/seigma

MEMORANDUM OF UNDERSTANDING

BETWEEN

MASSACHUSETTS GAMING COMMISSION

AND

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

WHEREAS, the **MASSACHUSETTS GAMING COMMISSION** (hereinafter, “MGC”) and the **EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES** (hereinafter, “EOHHS”) possess shared interests, goals, and responsibilities relative to addressing problem gambling and promoting responsible gaming; and

WHEREAS, one of the principal underpinnings of the Act Establishing Expanded Gaming in the Commonwealth (codified in G.L. c.23K) (hereinafter, the “Act”) is the recognition that thoughtful and unique efforts and strategies to combat problem gambling and promote responsible gaming have to be deeply embedded in the regulatory and licensing process for gaming establishments; and

WHEREAS, the Act creates a Public Health Trust Fund (hereinafter, the “Fund”) from a percentage of gross gaming revenues as well as fees assessed to gaming licensees; and

WHEREAS, the Fund was created for two primary reasons: (1) to assist social service and public health programs dedicated to addressing problems associated with compulsive gambling including, but not limited to, gambling prevention and addiction services, substance abuse services, educational campaigns to mitigate the potential addictive nature of gambling, and (2) to conduct necessary studies and evaluation, including those identified in the annual research agenda. As outlined in G.L. c.23K, §71, the research agenda is intended to help gain an understanding of the social and economic effects of expanding gaming in Massachusetts, and to obtain scientific information relative to the neuroscience, psychology, sociology, epidemiology and etiology of gambling; and

WHEREAS, the Secretary of EOHHS was designated as the trustee of the Fund and MGC was afforded “advice and consent” authority over expenditures from the Fund related to the implementation of the objectives of the annual research agenda; and

WHEREAS, the successful implementation of the Act by the MGC as it relates to problem gambling is in many respects inextricably bound with the manner in which expenditures from the Fund are made; and

WHEREAS, pursuant to G.L. c.23K, §§4(3) and (4), the MGC is vested with the power to execute all instruments necessary or convenient for accomplishing the purposes of G.L. c.23K and to enter into agreements with a public entity or other governmental instrumentality or authority in connection with its powers and duties under G.L. c.23K;

NOW THEREFORE, in order to align the efforts of MGC and EOHHS, mitigate the potential for inconsistency, redundancy, and conflict in the provision of services, ensure the research is utilized to advance proper and most effective strategies, and help ensure the most effective use of the monies from the Fund, MGC and EOHHS agree that for as long as this *MEMORANDUM OF UNDERSTANDING* is in effect, the following shall apply:

1. The Executive Committee of the Public Health Trust Fund (hereinafter, “committee”) shall be established for purposes of setting the overall budget and protocols for expenditures from the Fund. The committee shall consist of no fewer than five members including the Secretary of EOHHS (or designee), the Chair of MGC (or designee), and three members appointed by mutual agreement of the Secretary and the Chair. The Secretary and the Chair shall serve as co-chairs of the committee. Of the additional committee members, at least one shall have a background in problem gambling/responsible gaming issues, and at least one shall have a background in addiction, substance abuse, and mental health services.
2. The committee shall meet quarterly and from time to time as otherwise deemed necessary by the co-chairs. The committee shall be subject to the Open Meeting Law of the Commonwealth of Massachusetts and all applicable Public Records laws.
3. The affirmative vote of three (or if more than five members, a majority of) committee members shall be required for an action by the committee, provided at least two votes represents those of the Chair of MGC (or designee) and Secretary of EOHHS (or designee).
4. The committee may establish goals and/or a mission statement in an effort to instruct its decision making. The budget and goals established by the committee shall be consistent with the purposes identified by G.L. c.23K, §58.
5. The committee shall set an annual budget for expenditures from the Fund. The committee may set aside funds and establish rules allowing for discretionary expenditures below a certain monetary threshold by specific individuals. The committee may amend the budget at any time so as to reflect actual monies credited or transferred to the Fund.
6. 75% of the monies in the Fund, or such percentage as agreed to in writing by the parties, shall be set aside each year for services to be funded by the Department of Public Health (DPH), as required by G.L. c. 23K, §58.
7. As trustee of the Fund, the Secretary of EOHHS agrees to expend monies in the Fund, in accordance with G.L. c.23K, §58, consistent with the established budget, rules, policies, and other related direction provided by the committee.

8. In anticipation of the expanded problem gambling program to be overseen by EOHHS, via DPH as a result of the implementation of the Act, the parties recognize the need for the addition of a Director of Problem Gambling Services position within DPH. In order to offset the DPH cost arising out such full-time employment, MGC agrees to pay DPH an agreed upon sum, as reflected in an Interagency Service Agreement (ISA) executed by both parties. This amount reflects the actual cost to DPH of the Director's salary, fringe expenses, indirect costs, and travel.

For FY 2015:

- a. Half of the agreed upon sum relative to salary reimbursement on July 1, 2014, and
- b. Half of the agreed upon sum relative to salary reimbursement by January 1, 2015.

For subsequent years or until monies are available in the Fund to pay for the position ongoing:

- a. Half of the agreed upon sum relative to salary reimbursement, on July 1 of each new fiscal year, and
- b. Half of the agreed upon sum relative to salary reimbursement by January 1 of the following year.

These figures shall be reviewed as needed, but at least once per year, and may be adjusted, by mutual agreement of the parties, to the extent necessary to account for any salary increase. Such adjustment shall be made in writing and incorporated into the ISA.

9. Any expenditures made by EOHHS or MGC to (1) further the research agenda (G.L. c.23K, §71), or (2) assist social service or public health programs to prepare for gaming expansion, made prior to monies being in the Fund for such purposes, may be paid back to the respective agency from the Fund once monies are available, with approval of the Executive Committee.
10. The Director of Problem Gambling Services at DPH and the Director of Research and Problem Gambling at MGC shall work cooperatively to ensure that there are no inconsistencies, redundancies, or conflicts in their respective duties and responsibilities.
11. This agreement, upon execution by both MGC and EOHHS, shall remain in effect unless amended by mutual written consent or until terminated by the MGC or EOHHS upon 90 days written notice, and shall remain in effect regardless of whether either or both of the undersigned is/are no longer authorized to represent their respective offices.

12. This Agreement may not be amended or modified, except by a writing signed by both parties.

Massachusetts Gaming Commission

By:

Stephen P. Crosby
Chair

Date

Executive Office of Health and Human Services

By:

John W. Polanowicz
Secretary

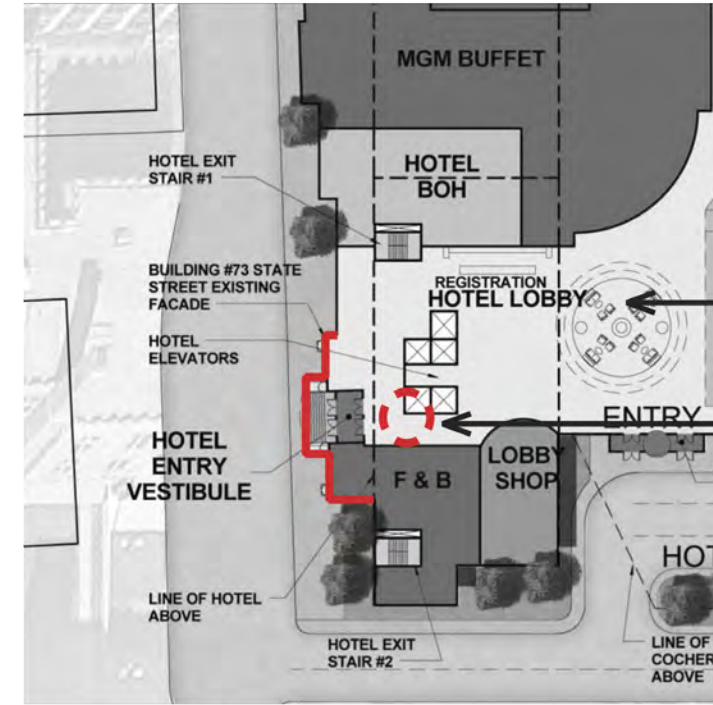
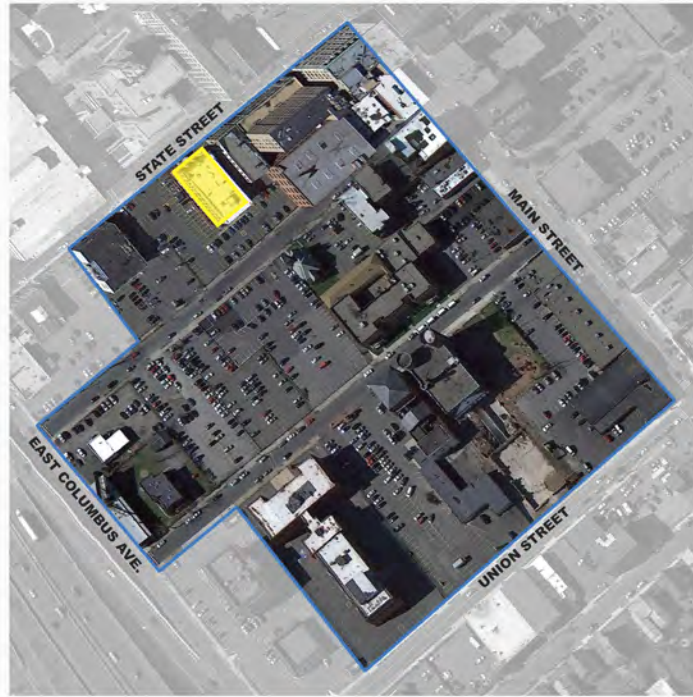
Date





UNITED ELECTRIC BUILDING

73 State Street



PROPOSED NEW LOBBY DOME

EXISTING LOBBY DOME

ACTION: *Retain Facade*

- EMULATE LOBBY FEATURES WHERE POSSIBLE
- STUDY REUSE OF LOBBY DOME









**Monitoring of
Project Construction
and
Licensee Requirements
205 CMR 135**

**Quarterly Report
as of
June 30, 2014**





Monitoring of Project Construction and Licensee Requirements Quarterly Report as of 6-30-14

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APPENDIX 1

**Plainridge Park Casino
Quarterly Report to MGC
Updated Guidelines
As of June 30, 2104**

Reference 205 CMR 135.02 – (1)

Not applicable this quarter.

APPENDIX 2

**Plainridge Park Casino
Quarterly Report to MGC
Project Schedule
As of June 30, 2104**

Reference 205 CMR 135.02 – (2)(a)(c)

Project schedule (two pages attached) was approved by MGC during meeting of July 10, 2014.



**PENN NATIONAL
GAMING, INC.**

**PLAINRIDGE PARK CASINO NON-CONSTRUCTION ACTIVITY PROJECT SCHEDULE
EXTERNAL INTERFACES**

Activity ID	Activity Name	Rem. Dur.	%	Start	Finish	Total Float
Plainridge Park Casino Project Schedule - DD-05.16.14		584		03-Mar-14 A	12-Sep-16	0
Non-Construction Activity Schedule (Activities)		584		03-Mar-14 A	12-Sep-16	0
SG&R Procurement		395		03-Mar-14 A	10-Dec-15	189
PPC-NON/CONSTR-0020	SG&R - Provide Plans For Contracting With Local Business Owners (Statute Check List # 8)	11	0%	03-Mar-14 A	02-Jun-14	573
PPC-NON/CONSTR-0310	SG&R - Slot Machine Procurement & Manufacturing	102	0%	01-Oct-14*	27-Feb-15	0
PPC-NON/CONSTR-0410	SG&R - Slot Machine Delivery & Installation	41	0%	01-Apr-15*	29-May-15	0
PPC-NON/CONSTR-0040	SG&R - Design & Construct To LEED Gold Certification	0	0%		03-Jul-15	189
PPC-NON/CONSTR-0050	SG&R - Apply To USGBC For LEED Gold Certification	30	0%	06-Jul-15	14-Aug-15	189
PPC-NON/CONSTR-0030	SG&R - Provide LEED Certification To MGC (Statute Check-List # 12)	80	0%	17-Aug-15	10-Dec-15	189
Hosting & Surroundings Communities		584		03-Mar-14 A	12-Sep-16	0
PPC-NON/CONSTR-0080	SG&R - Identify Infrastructure Costs + Commit To Mitigation Plan (Statute C.L. # 23)	83	0%	03-Mar-14 A	12-Sep-14	196
PPC-NON/CONSTR-0090	SG&R - Implement Measures To Address Problem Gaming (Statute C.L. # 23)	251	0%	03-Mar-14 A	15-May-15	333
PPC-NON/CONSTR-0100	SG&R - Conduct Baseline Studies (License # 9 Other)	63	0%	02-Mar-15*	29-May-15	0
PPC-NON/CONSTR-0110	SG&R - Traffic Related Baseline Studies (RFA # 2)	63	0%	02-Mar-15	29-May-15	324
PPC-NON/CONSTR-0120	SG&R - Conduct Job/lairs (SCA Foxboro, Mansfield, North Attleboro, Wrentham)	409	0%	03-Mar-14 A	31-Dec-15	175
PPC-NON/CONSTR-0370	SG&R - Monitor & Assess Initial Impacts To Community (Starting Post Opening Day)	254	0%	06-Jul-15	08-Jul-16	0
PPC-NON/CONSTR-0380	SG&R - Prepare Initial Reports On Post Opening Monitoring	45	0%	11-Jul-16	12-Sep-16	0
Regulatory Approvals		260		03-Mar-14 A	29-May-15	324
PPC-NON/CONSTR-0350	MGC - Approve Mass. Community College Training Plans (License # 12)	0	0%		15-Jul-14*	0
PPC-NON/CONSTR-0150	MGC - Finalize & Approve Gaming Office Requirements (RFA # 2)	51	0%	19-Jun-14*	29-Aug-14	0
PPC-NON/CONSTR-0260	SG&R - Submit Exterior Design Plans For MGC Approval (FDC # 9)	34	0%	15-Jul-14*	29-Aug-14	0
PPC-NON/CONSTR-0270	SG&R - Submit Floor Plan For MGC Approval (FDC # 9)	34	0%	15-Jul-14*	29-Aug-14	0
PPC-NON/CONSTR-0400	SG&R - Submit Required Approvals List & MGC Approval (Summary Item # 25)	33	0%	16-Jul-14*	29-Aug-14	0
PPC-NON/CONSTR-0170	MGC - Develop & Issue Surveillance System Specifications	88	0%	03-Mar-14 A	19-Sep-14	458
PPC-NON/CONSTR-0240	MGC - Issue Free Play Standards (License # 26)	65	0%	19-Jun-14*	19-Sep-14	0
PPC-NON/CONSTR-0290	MGC - Issue State Slot Monitoring System Requirements	65	0%	19-Jun-14*	19-Sep-14	0
PPC-NON/CONSTR-0010	MGC - Provide Regulation / Full Descriptions Of Internal Controls (Statute Check-List # 4)	95	0%	03-Mar-14 A	30-Sep-14	406
PPC-NON/CONSTR-0280	MGC - Approve Slot Machine Requirements	64	0%	01-Jul-14*	30-Sep-14	0
PPC-NON/CONSTR-0320	MGC - License Slot Machine Vendors	64	0%	01-Jul-14*	30-Sep-14	0
PPC-NON/CONSTR-0200	SG&R - Submit Slot Monitoring System For MGC Approval	20	0%	19-Sep-14*	17-Oct-14	0
PPC-NON/CONSTR-0180	SG&R - Submit Surveillance System Plan For MGC Approval (RFA C.L. # 5 & 6)	38	0%	22-Sep-14	14-Nov-14	458
PPC-NON/CONSTR-0060	SG&R - File & Submit Internal Controls To MGC	51	0%	01-Oct-14	15-Dec-14	406
PPC-NON/CONSTR-0160	MGC - Approve Internal Controls	32	0%	16-Dec-14	30-Jan-15	406
PPC-NON/CONSTR-0220	SG&R - Submit Slot Machine Testing Program For MGC Approval	22	0%	15-Jan-15*	13-Feb-15	0
PPC-NON/CONSTR-0390	SG&R - Submit "12.15.14" Bank Secrecy Act Plan To MGC For Approval "02.27.15"	52	0%	15-Dec-14*	27-Feb-15	0
PPC-NON/CONSTR-0140	MGC - Develop & Provide On Site Requirements For Inspection For Pre-Opening Activities (RF...	22	0%	02-Mar-15*	31-Mar-15	0
PPC-NON/CONSTR-0070	SG&R - Submit Responsible Gaming Plan & MGC Approval (FDC # 20)	251	0%	03-Mar-14 A	15-May-15	333
PPC-NON/CONSTR-0130	MGC - Develop & Provide Process & Road Map Requirements For On-Site Operating License I...	260	6.81%	03-Mar-14 A	29-May-15	324
PPC-NON/CONSTR-0190	MGC - On-Site Review & Approval Process Of Surveillance System	54	0%	13-Mar-15*	29-May-15	0
PPC-NON/CONSTR-0230	MGC - Test & Approve Slot Monitoring System	41	0%	01-Apr-15*	29-May-15	0
Other Requirements		130		17-Oct-14	27-Apr-15	0
PPC-NON/CONSTR-0330	SG&R - Execute Amended Lottery Agreement (License # 10)	0	0%		17-Oct-14*	0
PPC-NON/CONSTR-0340	SG&R - Submit Plan Regarding Mass. Office Of Travel & Tourism (License #23)	0	0%		13-Feb-15*	0
PPC-NON/CONSTR-0360	SG&R - Apply For Or Amend Existing & Obtain Alcoholic Beverage License	70	0%	16-Jan-15*	27-Apr-15	0

APPENDIX 3

**Plainridge Park Casino
Quarterly Report to MGC
Affirmative Action Program
As of June 30, 2104**

Reference 205 CMR 135.02 – (3)

Diversity Plan for the Design & Construction Phase of Plainridge Park Casino previously approved during MGC meeting held May 15, 2014.

APPENDIX 4

Plainridge Park Casino Quarterly Report to MGC Project Schedule Changes As of June 30, 2104

Reference 205 CMR 135.02 – (4)

Not applicable this quarter.

APPENDIX 5

**Plainridge Park Casino
Quarterly Report to MGC
Cost of Construction and Capitalization of Gaming Licensee
As of June 30, 2104**

Reference 205 CMR 135.02 – (5)(a)(b)

Certification letter attached.



PENN NATIONAL
GAMING, INC.

July 21, 2014

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

RE: Quarterly Report

Dear Commissioners:

In accordance with 205 CMR 135.02(5)(a) of the Massachusetts Gaming Commission Monitoring of Project Construction and Licensee Requirements (the "Monitoring Regulations"), please see below for the total estimated costs of construction and related infrastructure improvements relating to the development of the Plainridge Park Casino in Plainridge, Massachusetts (the "Facility"), and related costs incurred through June 30, 2014 which have been calculated in accordance with 205 CMR 122.03: Costs Included in the Calculation of Capital Investment.

	Cost Incurred as of 6/30/14	Estimated Remaining Cost	Total Estimated Cost
Building/Construction ¹	\$ 21,483,750	\$ 94,532,089	\$ 116,015,839
Land	\$ 18,980,513	\$ -	\$ 18,980,513
Other Acquisition Costs	\$ 2,084,648	\$ -	\$ 2,084,648
License/Application Fees	\$ 25,000,000	\$ -	\$ 25,000,000
Slots	\$ -	\$ 18,100,000	\$ 18,100,000
FF&E	\$ 146,826	\$ 16,318,174	\$ 16,465,000
Design	\$ 1,604,000	\$ 5,750,000	\$ 7,354,000
Preopening Expenses	\$ -	\$ 7,000,000	\$ 7,000,000
Cage Cash	\$ -	\$ 7,000,000	\$ 7,000,000
Capitalized Interest	\$ 11,000	\$ 2,989,000	\$ 3,000,000
Off-Site Improvements	\$ -	\$ 4,000,000	\$ 4,000,000
Total	\$ 69,310,737	\$ 155,689,263	\$ 225,000,000

¹ Includes site preparation.

In addition, in accordance with 205 CMR 135.02(b) of the Monitoring Regulations, I direct you to the publicly-filed financial statements of Penn National Gaming, Inc. ("Penn"), the parent of Springfield Gaming and Redevelopment, LLC (the "Applicant"), including Penn's Annual Report on Form 10-K for the year ended December 31, 2013, filed with the Securities and Exchange Commission (the "SEC") on February 27, 2014, and Penn's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed with the SEC on May 1, 2014, each of which are available at www.sec.gov. As reflected in these financial statements, the Applicant has sufficient financial resources in order to meet all expected financial obligations relating to the completion of the gaming establishment and related infrastructure improvements associated with the Facility.

I, Saul V. Reibstein, hereby certify, to my knowledge and in my capacity as Chief Financial Officer of Penn National Gaming, Inc., as to the material veracity of the foregoing.

Very truly yours,



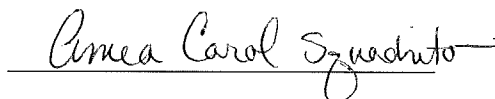
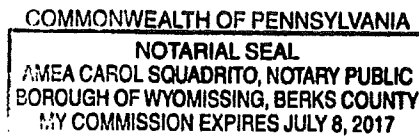
Saul V. Reibstein
Chief Financial Officer

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF BERKS

On this 18th day of July, 2014, before me, the undersigned officer, personally appeared Saul V. Reibstein, who acknowledged himself to be the Chief Financial Officer of Penn National Gaming, Inc., a Pennsylvania corporation, and that he, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of such company by himself as the authorized officer.

IN WITNESS WHEREOF, I have hereunder set my hand and Notarial Seal.

Plainridge Park Casino
Quarterly Report to MGC
Design and Construction Contracts
As of June 30, 2014

Reference 205 CMR 135.02(5)(c)

LIST OF DESIGN AND CONSTRUCTION CONTRACTS ISSUED THROUGH JULY 15, 2014

<u>Vendor/Contractor</u>	<u>Date</u>	<u>Amount</u>	<u>Services</u>	<u>MGC Status</u>
JCJ Architecture	3-1-2014	\$2,367,000	Architectural and Design Services	VGS - Pending
Genesis Associates	4-7-2014	\$572,740	Interior Design - Casino	VGS - Temporary
Tilton & Associates, Inc.	5-5-2014	\$350,000	Civil Engineer and Surveying	VGS - Pending
Genesis Associates	6-11-2014	\$265,000	Interior Design – Clubhouse	VGS - Temporary
McMahon Associates	6-17-2014	\$248,900	MassDOT Design/Engineering/Permitting and Transit Services Evaluation	NGV - Registrant
Strategic Building Solutions, LLC	5-1-2014	\$102,037	Commissioning Services	NGV - Registrant
Briggs Engineering & Testing	5-29-2014	\$54,748	Testing and Inspection Services	NGV - Pending
WBA Associates	5-8-2014	\$33,260	Field Inspection Services	NGV - Registrant
GZA GeoEnvironmental Inc.	6-24-2014	\$25,000	Environmental Site Assessment services and Traffic Study Services	NGV - Registrant
Mechanical Designs Ltd	5-21-2014	\$24,000	Fire Protection Inspection and Compliance Review	NGV - Registrant
Engineers Design Group, Inc.	4-10-2014	\$7,500	Peer Engineering Review	NGV - Registrant
Turner Construction Company	7-10-2014	Amount TBD by Change Order	Construction Manager	VGS - Pending

APPENDIX 7

**Plainridge Park Casino
Quarterly Report to MGC
Status Report of Construction Activities
As of June 30, 2104**

Reference 205 CMR 135.02 – (5)(d)

Status Report Reflecting Progress of Construction

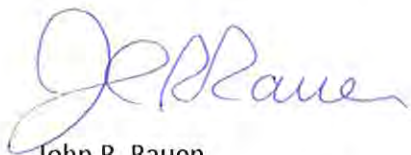
- Significant construction activities to date are in line with approved schedule (see Appendix 2) and include:
 - Project design components on track for July 2014 completion
 - Critical building permits in hand or expected by end of August 2014
 - Site work / underground utilities / parking lot construction
 - Casino building foundations
 - Procurement and erection of casino building/structural steel
 - Procurement of long lead mechanical and electrical equipment
 - Resumption of parking garage construction

Areas of non-compliance with approved schedule

- None

Certification Statement

I certify that construction activities through June 30, 2014, are in compliance with the project schedule approved by MGC on July 10, 2014.



John R. Rauen
Authorized Representative
Springfield Gaming and Redevelopment, LLC

APPENDIX 8

Plainridge Park Casino Quarterly Report to MGC Project Construction Work Force As of June 30, 2104

Reference 205 CMR 135.02 – (5)(e)

Detailed statistical reports attached:

- Subcontractors Workforce Percentages
- Weekly Hours and Percentages
- Site Orientation Log
- Total Weekly Manpower Chart

Deviation from established goals:

Minority	10% participation to date vs. goal of 16%
Female	3% participation to date vs. goal of 7%

- As part of the bid and subcontract process, Turner advised of our workforce goals
- Early work periods did not meet established goals
- Turner held corrective action meetings with subcontractors during the week of 6/16/14
- Improvement noted in subsequent weeks
 - Minority improvements from 9% to 16%
 - Female improvements from 3% to 5%
- Licensee and Turner will continue to monitor work force participation and established goals

SUBCONTRACTORS WORKFORCE PERCENTAGES ~ Plainridge Park Casino

WEEK ENDING	SUBCONTRACTOR	THIS WEEKS HOURS	LAST WEEKS HOURS	Y-T-D JOB HOURS	Minority Y-T-D HOURS	LAST WEEK Minority %	THIS WEEK Minority %	Minority YEAR TO DATE %	Female Y-T-D HOURS	LAST WEEK Female %	THIS WEEK Female %	Female YEAR TO DATE %	Veteran Y-T-D HOURS	LAST WEEK Veteran %	THIS WEEK Veteran %	114 Veteran YEAR TO DATE %
6/29/2014	Turner Construction	245.0	303.0	2,448.0	654	28	16	27	218.0	26	33	9	0.0	0	0	0
6/29/2014	Marois Brothers	706.5	778.0	4,841.0	146	8	10	3	18.0	0	3	0	828.0	14	12	17
6/29/2014	S&F Concrete	632.5	805.5	3,621.0	325	11	13	9	0.0	0	0	0	0.0	0	0	0
6/29/2014	NB Kenney	133.0	344.0	1,133.0	0	0	0	0	0.0	0	0	0	188.0	33	12	17
6/29/2014	Ostrow Electrical	200.0	207.0	1,489.0	24	0	12	2	0.0	0	0	0	607.0	20	32	41
6/29/2014	Melo's Rodbusters	117.0	127.0	988.0	96	19	41	10	285.0	37	25	29	0.0	0	0	0
6/29/2014	Costa Brothers	224.0	0.0	247.0	32	35	11	13	0.0	0	0	0	0.0	0	0	0
6/29/2014	King Erectors	557.5	0.0	557.5	174	0	31	31	0.0	0	0	0	0.0	0	0	0
	TOTALS	2,815.5	2,564.5	15,462.5	1,514.0	15	16	10	521.0	5.0	5	3	1,623.0	6.0	6	10

	<u>Project Goals</u>	<u>Year To Date</u>
Minority	16%	10%
Female	7%	3%
Veteran	Aspirational 3%	10%

WEEKLY HOURS AND PERCENTAGES ~ Plainridge Park Casino

SUBCONTRACTOR	Minority HOURS	Minority %	Last week Minority %	Female HOURS	Female %	Last Week Female%	Veteran HOURS	Veteran %	Last Week Veteran%	TOTAL HOURS	Last Weeks Hour	Week Ending
Turner Construction	40	16	28.0	80.0	33	26	0.0	0	0	2448.0	303.0	6/29/2014
Marois Brothers	69	10	8.0	18.0	3	0	88.0	12	14	4841.0	778.0	6/29/2014
S&F Concrete	85	13	11.0	0.0	0	0	0.0	0	0	3621.0	805.5	6/29/2014
NB Kenney	0	0	0.0	0.0	0	0	16.0	12	33	1133.0	344.0	6/29/2014
Ostrow Electrical	24	12	0.0	0.0	0	0	64.0	32	20	1489.0	207.0	6/29/2014
Melo's Rodbusters	48	41	19.0	29.0	25	37	0.0	0	0	988.0	127.0	6/29/2014
Costa Brothers Masonry	24	11	35.0	0.0	0	0	0.0	0	0	247.0	23.0	6/29/2014
King Erectors	174	31	0.0	0.0	0	0	0.0	0	0	557.5	0.0	6/29/2014
TOTAL HOURS FOR THE WEEK	463.0			127.0			168.0			15462.5		
TOTAL % FOR THE WEEK	16			5			6					

Plainridge Park Casino Individual Workers Onsite			
	Name	Orientation Date	Company
1	David Geisser	29-Apr	Briggs
2	Steven Connor	30-Apr	Briggs
3	Michael Obisanya	6-May	Briggs
4	Garry Riel	28-May	Bristol Fire
5	Brandol Milby	14-May	Commonwealth Scaffold
6	James Nocella	14-May	Commonwealth Scaffold
7	Jamie Feliciano	14-May	Commonwealth Scaffold
8	Luke McKinnion	14-May	Commonwealth Scaffold
9	Matt Greenberg	14-May	Commonwealth Scaffold
10	Douglas B Cook	12-May	Cook Landclearing
11	Joshua Harding	20-May	Cook Landclearing
12	Dennis Fratus	12-May	Cosco Inc.
13	Edward Freitas	12-May	Cosco Inc.
14	John E. DeCosta Jr.	12-May	Cosco Inc.
15	Horacio Tavares	20-Jun	Costa
16	Joe deAlmeida	20-Jun	Costa
17	Paulo Paulino	20-Jun	Costa
18	Luis Barboza	23-Jun	Costa
19	Paulo Gaspar	24-Jun	Costa
20	Robert Valentin	24-Jun	Costa
21	Jose Silva	7-Jul	Costa
22	Manuel Francisco	8-Jul	Costa
23	William Currie	23-Jun	Currie
24	Joseph Briscell	12-Jun	Haron
25	James G. Kearney	23-Jun	Imperatore
26	Joe Renzi	23-Jun	Imperatore
27	Peter Bernazzani	23-Jun	Imperatore
28	Danae Tinsley	7-May	JCJ Arch.
29	Darline Whitmore	7-May	JCJ Arch.
30	David M. Battistoni	23-Jun	King
31	Dirk Andrews	23-Jun	King
32	Gregory Witherspoon	23-Jun	King
33	John R. Smith	23-Jun	King
34	Joseph B. McGuire	23-Jun	King
35	Joseph K Rose	23-Jun	King
36	Louis LeBlanc	23-Jun	King
37	Mickey Edick	23-Jun	King
38	Sean Wallace	23-Jun	King
39	Victory Valenzuela	23-Jun	King
40	Daniel G. DesGanges	24-Jun	King
41	Jacob Souliere	1-Jul	King
42	Joseph R. McWilliams	1-Jul	King
43	Thomas Farrell	1-Jul	King
44	Tina James	1-Jul	King
45	David Ranley	3-Jul	Marois
46	Jose Torres	10-Jul	Marois
47	Anthony t. Latour III	22-Apr	MBI
48	Jeffrey N. Marois	22-Apr	MBI
49	Raymond Bento, Jr.	22-Apr	MBI
50	Stephen Hedges Sr.	22-Apr	MBI
51	John Pruiner	24-Apr	MBI
52	Timothy Smith	24-Apr	MBI
53	Joel F. Leporati	28-Apr	MBI
54	Jeffrey C. White	30-Apr	MBI
55	Brian Hallen	2-May	MBI
56	William T. Kuszewski	2-May	MBI
57	Cory Winn	3-May	MBI

Plainridge Park Casino Individual Workers Onsite			
	Name	Orientation Date	Company
58	Paul Davis	19-May	MBI
59	Joshua Kubilis	27-May	MBI
60	Mitchell Connolly	27-May	MBI
61	James Towne	5-Jun	MBI
62	John Virgilio	5-Jun	MBI
63	Ricky Gallant	5-Jun	MBI
64	Timothy Weih	5-Jun	MBI
65	Carleton R. Matthews	19-Jun	MBI
66	Jill Marois	23-Jun	MBI
67	Andy Dufore	9-Jun	MD Drilling
68	James E. Moore	9-Jun	MD Drilling
69	Thomas Marcoux	9-Jun	MD Drilling
70	Mathew Fitzgerald	12-Jun	MD Drilling
71	Richard Galletta	12-Jun	MD Drilling
72	Anthony DeStito	17-Jun	MD Drilling
73	Jacob Bell	18-Jun	MD Drilling
74	Jason Corrao	10-Jul	MD Drilling
75	Vincent Bennett	11-Jul	MD Drilling
76	John Dillion	11-Jul	MD Drilling
77	Cheryl Ann Page	2-May	Melo Rod
78	Dustin Oliveira	2-May	Melo Rod
79	James W. Czolada	2-May	Melo Rod
80	Jose E. Melo	2-May	Melo Rod
81	Marco Correta	2-May	Melo Rod
82	Andrew Whalen	5-May	Melo Rod
83	Edgar Monteiro	5-May	Melo Rod
84	Richard Sousa, JR.	15-May	Melo Rod
85	Brandon Paige	29-May	Melo Rod
86	Cory Page	29-May	Melo Rod
87	Daniel J. Carvalho	29-May	Melo Rod
88	Lawrence Cedrone Jr.		Melo Rod
89	Ron J. Panarelli	28-Apr	NBK
90	Thomas Koney	28-Apr	NBK
91	Kenneth m. Jameson	19-May	NBK
92	Thomas E. Campbell III	19-May	NBK
93	Walter Dyer	19-May	NBK
94	James M. Grimes Jr.	10-Jun	NBK
95	Greg Reardon	11-Jun	NBK
96	James Clark	11-Jun	NBK
97	Charles F. Clougherty	12-Jun	NBK
98	Wayne Cote	12-Jun	NBK
99	Michael Holland	20-Jun	NBK
100	James Openshaw	1-May	Ostrow
101	Jacob I. Santos	7-May	Ostrow
102	Marco Nobrega	7-May	Ostrow
103	Justin Huber	12-May	Ostrow
104	Gary D. Doyle	19-May	Ostrow
105	Timo Ojanpera	19-May	Ostrow
106	Nicholas Smioth	9-Jun	Ostrow
107	Robert Guinto	16-Jun	Ostrow
108	Michael McGrew	7-May	Penn Game
109	Joseph Smith	14-May	Penn Game
110	Dane Wigfall	2-Jun	Pinck
111	William Rivers	9-Jul	Pro Cut
112	Thomas Crossman	22-Apr	S&F Concrete
113	Joe D. Sagado	30-Apr	S&F Concrete
114	Paul Terranova	30-Apr	S&F Concrete

Plainridge Park Casino Individual Workers Onsite			
	Name	Orientation Date	Company
115	Richard Rioux	30-Apr	S&F Concrete
116	Andrew Page	1-May	S&F Concrete
117	Casimiro Costa	1-May	S&F Concrete
118	Ken Boudry	1-May	S&F Concrete
119	Luciano Cabral	2-May	S&F Concrete
120	Daniel Crowley	5-May	S&F Concrete
121	Eduardo Arruda	5-May	S&F Concrete
122	Francis Prestopino	5-May	S&F Concrete
123	Francisco V. Machado	5-May	S&F Concrete
124	Antonio Augusto	6-May	S&F Concrete
125	Manuel C. Sousa	6-May	S&F Concrete
126	Paulo Leanders	12-May	S&F Concrete
127	Denis Paim	19-May	S&F Concrete
128	Kyle Barlow	19-May	S&F Concrete
129	Fernando Ferreira	21-May	S&F Concrete
130	Pedro Teixeira	21-May	S&F Concrete
131	David Cardoso	22-May	S&F Concrete
132	Jose Sousa	22-May	S&F Concrete
133	Serafim J. Rodrigues	22-May	S&F Concrete
134	Wayne Marcou	28-May	S&F Concrete
135	John Hollingdale	29-May	S&F Concrete
136	Milton Mercure	2-Jun	S&F Concrete
137	Antonio Leiva	3-Jun	S&F Concrete
138	Antonio Reis	3-Jun	S&F Concrete
139	Armindo Santos	3-Jun	S&F Concrete
140	Domingos Silva	3-Jun	S&F Concrete
141	Isidro Luz	3-Jun	S&F Concrete
142	Jaime Pinto	3-Jun	S&F Concrete
143	Joe Costa	3-Jun	S&F Concrete
144	Jorge Sousa	3-Jun	S&F Concrete
145	Jose Maria Duarte	3-Jun	S&F Concrete
146	Jose Resendes	3-Jun	S&F Concrete
147	Paulo Figueiredo	3-Jun	S&F Concrete
148	Sergio Freitas	3-Jun	S&F Concrete
149	Shawn Costa	3-Jun	S&F Concrete
150	Tiago Farias	3-Jun	S&F Concrete
151	Tracey Kinlan	3-Jun	S&F Concrete
152	Francisco M Chaves	5-Jun	S&F Concrete
153	Zakary Medeiros	5-Jun	S&F Concrete
154	Antonio Ferreira	6-Jun	S&F Concrete
155	Richard Fonseca	9-Jun	S&F Concrete
156	Artur Ribeiro	10-Jun	S&F Concrete
157	Marco Correia	10-Jun	S&F Concrete
158	Mario Dwartte	11-Jun	S&F Concrete
159	Rene R. Pariseau	13-Jun	S&F Concrete
160	Ronald Carty	13-Jun	S&F Concrete
161	Antonio Silva	17-Jun	S&F Concrete
162	Armindo F. Andrude	18-Jun	S&F Concrete
163	David Camara	18-Jun	S&F Concrete
164	Victor Santos	18-Jun	S&F Concrete
165	Israel DaSilva	19-Jun	S&F Concrete
166	Raymond Maglio	19-Jun	S&F Concrete
167	Craig M. Jacobs	20-Jun	S&F Concrete
168	Espidio Tavares	20-Jun	S&F Concrete
169	Jamie Barandas	20-Jun	S&F Concrete
170	Jose Oliveira	20-Jun	S&F Concrete
171	Steve Serpa	20-Jun	S&F Concrete

Plainridge Park Casino Individual Workers Onsite			
	Name	Orientation Date	Company
172	Antonio Monteiro	21-Jun	S&F Concrete
173	Daniel Viveiros	21-Jun	S&F Concrete
174	Gabriel Barragan	21-Jun	S&F Concrete
175	Joseph Walsh	21-Jun	S&F Concrete
176	Roger Melo	21-Jun	S&F Concrete
177	Donald Kenyon	9-Jun	Security Fence
178	Sean Knox	9-Jun	Security Fence
179	Damien LaPierre	10-Jun	Security Fence
180	Evaristo J. Pereira	10-Jun	Security Fence
181	Michael W. Hoffman	10-Jun	Security Fence
182	Peter Albert		Security Fence
183	Alexander Robichaud	23-Apr	Soini
184	Chris Alix	23-Apr	Soini
185	Dennis A Alix	23-Apr	Soini
186	Jose Daniel Navarro	23-Apr	Soini
187	Norman Thibodeaut	23-Apr	Soini
188	Jon Andrade	25-Apr	Steelco
189	Jose A. Acuna	25-Apr	Steelco
190	Glenn A Ofcarcik	7-May	Tilton
191	Brian Peck	22-Apr	Turner
192	Ed Eppolilo	22-Apr	Turner
193	Michael O'Brien	22-Apr	Turner
194	Nate Showalter	22-Apr	Turner
195	Sal Louro	22-Apr	Turner
196	Dale Randolph	24-Apr	Turner
197	Andrew Mellor	30-Apr	Turner
198	Jason J. Ray	5-May	Turner
199	Joseph A. Couto	5-May	Turner
200	Tyler Matt	5-May	Turner
201	Gregory Fahy	27-May	Turner
202	Jason Hayes	27-May	Turner
203	Paul Tafe	27-May	Turner
204	Ryan Killarney	27-May	Turner
205	Randy Gobern	6-Jun	Turner
206	Max Martin	9-Jun	Turner
207	Peter Troisi	9-Jun	Turner
208	Heidi B. Pucillo	10-Jun	Turner
209	Elaine Polito	11-Jun	Turner
210	Emmanuel Fontes	12-Jun	Turner
211	Mario Rodriguez	16-Jun	Turner
212	Michael Blazejewski	16-Jun	Turner
213	Allison DeLuca	19-Jun	Turner
214	Michael Horgan	7-Jul	Turner
215	Dave Moore	9-Jul	Turner
216	Elizabeth Nguyn	14-Jul	Turner
217	Carolyn LaCamera		Turner
218	Ed Papacoda		Turner
219	James Delaney		Turner
220	Mahmoud Asad		Turner
221	Tyler Cornel		Turner
222	William Slaney		Turner
223	Mike Hart	2-Jun	Willow Tree
224	Orlando Cappiello	2-Jun	Willow Tree
225	Vincent A Desharnais	10-Jun	Willow Tree

APPENDIX 9

Plainridge Park Casino Quarterly Report to MGC Contracts and Payments to Minority, Women and Veteran Business Enterprises for Design Phase As of June 30, 2104

Reference 205 CMR 135.02 – (5)(f)

Detailed statistical report:

Minority	0% participation to date vs. goal of 4%
Female	0% participation to date vs. goal of 7%
Veteran	0% participation to date vs. aspirational goal of 3%

Deviation from established goals:

- We recognize the State’s goals, as mentioned above, for design phase of the project
- Results to date have not achieved the goals, as referenced in the Diversity Plan for the Design & Construction Phase of Plainridge Park Casino approved during MGC meeting held May 15, 2014, due to the following:
 - Unique set of circumstances due to Penn’s late entry into the project (September 2013)
 - Inherited the design and design team from the previous applicant
 - Significant design work already completed prior to Penn entry into the project
 - Penn elected to retain design team to advance overall goals of the project
 - Created limitation to source and retain MBE/WBE/VBE design professionals
 - Continue to work with design team members to identify any MBE/WBE/VBE opportunities

Actual Payments to Minority Business Enterprises

As of June 30, 2014, no payments were contractually due to any design team firms (majority or minority enterprises).

**Plainridge Park Casino
Quarterly Report to MGC
Contracts and Payments to Minority, Women and
Veteran Business Enterprises for Construction Phase
As of June 30, 2104**

Reference 205 CMR 135.02 – (5)(f)

Detailed statistical reports attached:

- M/W/VBE Tracking Report updated through 6/30/14
 - Through 6/30/14 Turner has issued \$30.2 million in construction subcontracts
- | | |
|----------|--|
| Minority | 23% participation to date vs. goal of 4% |
| Female | 6% participation to date vs. goal of 7% |
| Veteran | 0% participation to date vs. aspirational goal of 3% |

Deviation from established goals:

- Pleased with results to date for MBE/WBE
- No success to date with VBE
 - VBE is an emerging field
 - Limited historical/statistical data available
- Turner is researching trade organizations to identify VBE
- Given results to date Turner has:
 - Researched trade organizations available data to identify available VBE opportunities
 - Working with VetBiz for VBE opportunities
 - Will continue with ongoing search efforts as continued VBE participants emerge

Actual Payments to Minority Business Enterprises

As of June 30, 2014, no payments were contractually due to any Turner subcontractors (majority or minority enterprises).

TURNER CONSTRUCTION COMPANY
Plainridge Casino
M/W/VBE TRACKING

updated: **6/30/2014**

Trade	Contract Award Date	Awarded Prime Subcontractor	MBE / WBE / VBE Opportunity	Updated At award					
				Original Commitment					
				MBE	%	WBE	%	VBE	%
Existing Conditions Demo and Structure lower tier	05/16/14	Turner	None						
Temp Stair lower tier	05/16/14	Commonwealth	None						
Earthwork lower tier	04/11/14	Marois	Don Martin Corporation FC Corporation Security Fence Company Willow Tree Outdoor Markings, Inc.						
Earthwork - Garage lower tier	05/12/14	Marois	None						
Concrete lower tier	04/04/14	S&F	S&F Rebars and Mesh Melo's Rod Busters						
Concrete - Garage lower tier	05/12/14	S&F	S&F Rebars and Mesh Melo's Rod Busters						
Masonry lower tier	06/10/14	Costa Brothers Masonry	Costa Brothers Masonry						
Steel Framing lower tier	04/11/14	Industries Canatal	Erection and Welding						
Misc Metal lower tier									
Architectural Woodwork lower tier									
Damproofing & Waterproofing lower tier	06/19/14	Chapman	Gilbert & Becker Villanova						
Membrane Roofing lower tier	05/16/14	Titan Roofing	Titan Roofing						
Spray on Fireproofing lower tier									
Spray Foam lower tier	06/17/14	Island International	Iroquois Bar Corp						
Doors & Frames lower tier									

updated: **6/30/2014**

Trade	Contract Award Date	Awarded Prime Subcontractor	MBE / WBE / VBE Opportunity	Updated At award					
				Original Commitment					
				MBE	%	WBE	%	VBE	%
Entrances Storefronts & Curtainwall lower tier	06/17/14	Modern Glass	Material Hardware						
Plaster & Gypsum Board lower tier	06/10/14	TJ McCartney	TJ McCartney						
Tiling lower tier									
Ceilings lower tier									
Flooring lower tier									
Finishes lower tier									
Paint lower tier									
Specialties lower tier									
Pre-Engineered Metal Building lower tier	04/11/14	Currie Building Systems	None						
Elevators lower tier									
Elevators - Garage lower tier	05/16/14	Kone	None						
Fire Protection- Garage lower tier	06/05/14	Arden Engineering	E.L. Waterman						
Temp Fire Protection lower tier	05/20/14	Bristol Fire Protection	None						
Plumbing lower tier									
Plumbing - Garage lower tier	05/16/14	NB Kenney	None						
Temp Plumbing lower tier	04/11/14	NB Kenney	None						

TURNER CONSTRUCTION COMPANY
Plainridge Casino
M/W/VBE TRACKING

updated: **6/30/2014**

Trade	Contract Award Date	Awarded Prime Subcontractor	MBE / WBE / VBE Opportunity	Updated At award					
				Original Commitment					
				MBE	%	WBE	%	VBE	%
Underground Plumbing lower tier	06/17/14	NB Kenney	None						
HVAC lower tier									
MEP Equipment - Casino and Garage lower tier	04/11/14	Turner Logistics	None						
MEP Equipment - Simulcast lower tier	06/17/14	Turner Logistics	None						
Electrical lower tier									
Electrical - Garage lower tier	05/12/14	Ostrow Electric	Reid Electric Fire Code Design						
Underground and Site Electrical lower tier	06/17/14	Ostrow Electric	Reid Electric Granite City Electric						
Photovoltaics lower tier									
Communication lower tier									
Security lower tier									
				\$ 6,876,605.00	23%	\$ 1,934,811.00	6%	\$ -	0%

TOTAL AWARDS TO DATE \$ **30,169,140.00**

PROJECT GOALS

MBE - 4%
WBE - 7%
VBE - 3%

COMMITMENT TOTALS

MBE Percentage 23%
WBE Percentage 6%
VBE Percentage 0%

APPENDIX 10

Plainridge Park Casino Quarterly Report to MGC Permits As of June 30, 2104

Reference 205 CMR 135.02 – (6)

Permit Chart and Corresponding Documents (pursuant to 205 CMR 120.01)

- Permit Status Report dated July 15 attached

Updates to MEPA Process

- Awaiting MASSDOT/MEPA response on Section 61 Findings for offsite traffic improvements
 - Expected before end of July 2014

Permit Appeals

- None

Plainridge Park Casino Permit Status Report

Report Updated July 16, 2014

<u>PERMIT</u>	<u>DATE ISSUED</u>
1. <u>Plainville Conservation Commission</u>	
• Negative Determination of Applicability (sitework) (no number assigned)	10/23/2012
• Order of Conditions (electrical transformer substation) Mass DEP File No. SE 265-0322	11/19/2013
• Order of Conditions (additional surface parking) Mass DEP File No. SE 265-0323	11/19/2013
• Order of Conditions (offsite highway improvements) Mass DEP File No. SE 265-0324	11/19/2013
2. <u>Plainville Board of Health</u>	
• Environmental Health Impact Permit (no number assigned)	07/09/2013
3. <u>Plainville Planning Board</u>	
• Amended Special Permit (no number assigned)	08/29/2013
4. <u>Plainville Building Department</u>	
• Building Permit (Core Shell Structure) Permit Number 14-134	06/18/2014
5. <u>Mass. Department of Transportation (MassDOT)</u>	
• Attractions Guide Signage Permit Number 5-2012-0130	09/05/2012
6. <u>Mass. Division of Fisheries and Wildlife (Mass DFW)</u>	
• Confirmation of “No-Take” Letter under Mass. Natural Heritage and Endangered Species Program NHESP Tracking No. 10-27867	04/12/2013
7. <u>Mass. Exec. Office of Energy & Environmental Affairs</u>	
• Certificate of the Secretary of Energy and Environ – mental Affairs on the Final Environmental Impact Report under the Massachusetts Environmental Policy Act (MEPA FEIR) EOEA Number 11431	12/27/2013
8. <u>U. S. Environmental Protection Agency (US EPA)</u>	
• Confirmation of No Permit Required under the National Pollutant Discharge Elimination System (NPDES) Permitting requirements	06/12/2013
 Pending Project Permits :	
* Building Permit - Simulcast Interior Demolition	Filed with Town
* Building Permit – Casino Interior Fitout	Filed with Town
 Future Project Permits:	
A.) <u>Plainville Conservation Commission</u> – Security Fence	Application In Process
B.) <u>MassDOT</u> - Highway Entrance Modifications	Awaiting DOT Response
C.) <u>Mass EOEEA MEPA Unit</u> – Section 61 Findings	Awaiting DOT Response

APPENDIX 11

Plainridge Park Casino Quarterly Report to MGC Notice to Organized Labor As To Licensees Commitments for Affirmative Action As of June 30, 2104

Reference 205 CMR 135.02 – (7)

Notice to Labor Unions

- Upon issuance of the License on February 28, 2014 , Turner Construction requested a pre-job conference with the Brockton Building Trades to further convey SG&R's licensing requirements and commitments pursuant to MGL. C23K various sections.
- Meeting held on April 2, 2014, to specifically review and outline the regulations and impress the importance of utilizing minorities, women, residents and veterans on construction jobs for Plainridge Park Casino.
- Brockton Building Trades Sign-In Sheet attached.
- Meeting was attended by Turner and organized by David Fenton- the lead Business Manager for the Brockton Area Building Trades.
- The goals of 16% minority, 7% female and 3% aspirational veterans were clarified and reinforced.
- The response from the Business Agents and Managers was positive and receptive.
- The general feedback was that the group understood the commitments and effort necessary to meet these requirements.

Other Organized Labor Efforts

- The PLA (Project Labor Agreement dated 1/23/14) had been executed by the Brockton Area Building trades prior to the April 2, 2014 meeting.
- Article 14 of the PLA provides for recognition of inclusion and specific goals of Licensee.
- Article 14 also recognizes the importance of hiring Plainville residents for construction jobs.

BROCKTON BUILDING TRADES
SIGN-IN SHEET
APRIL 2, 2014

NAME	AFFILIATE	CELL PHONE	EMAIL ADDRESS
OVID FERRELL	IBEW 223	528 524 8652	oferbo@ibew223.org
MARLE FERRELL	LOCAL 570	617-828-8305	MARLE@SPRINKLERCONTRACTORS570.ORG
JOHN McMULLEN	Local 51	401-516-0894	jmmullen@ua/local51.com
PAUL ALVAREZ	Local 51	401-418-1027	PAlvarez@valocal51.com
JOE ITRI	DC 35	617-592-2405	jitri@iupartdc35.ORG
ED FOLEY	SMW #17	603-717-2267	efoley@smw17bofaweb.org
PETE STRACUZZI	BPCM 539	617-750-0896	Pstracuzzi1@gmail.com
BARRE KEADY	Plumbers Local 12	617 750 7882	bkeady@local12bsm.org
MATT JONES	Local 550	781-367-2548	matt@sprinklerfitters550.org
NEIL CONLEY	7	617-719-5760	nconley@IWlocal7.org
BOY COLOMBIS	Local 39 IUDS	401-635-2292	boycolombis@Hotmail.com
DAVID FANTINI	IUDE Local 4	617-413-1109	D.FANTINI@IUDELOCAL4.ORG
DAVID SARGO	LOCAL	508-400-3692	LOCAL138@Proximal.org
FRAK CALLAHAN	MRT	617 347-1169	F.Callahan@verizon.net
BILL TRASK	Teamsters LU 653	508 562-7477	wt@teamsterslocal653.org
JOE BRODENICK	carpenters 535	781 969 0200	joe@535@voino.com
JACK JOHNDROW	Bolshermakers L-29	617-328-8400	Jack@bmlocal29.org

BROCKTON BUILDING TRADES
SIGN-IN SHEET
APRIL 2, 2014

NAME AFFILIATE CELL PHONE EMAIL ADDRESS

JACK LISTER LOCAL 6 617-291-9626 JACKLISTER@VERIZON.NET

Andy Nonnenmacher Local 33 617-291-7787 Andy@rvl33.com

Joe Grenham Local #3 617-242-5500 Grenham119@verizon.net

Dana Nelson IBEW #223 508-967-5324 danelson@ibew223.org

EMIL GIORDANO TOWER 617-293-3717 eqiordano@tdc.com

Rain Costanzo TOWER 617-293-8834 Rain@tower.com

APPENDIX 12

**Plainridge Park Casino
Quarterly Report to MGC
Operational Affirmative Action Plan
As of June 30, 2104**

Reference 205 CMR 135.02 – (8)

- An affirmative marketing plan for utilization of minority, women, and veterans enterprises in the provision of goods and services to the gaming establishment was filed with MGC May 2014.
- Review in progress.
- Expect to present for MGC approval in August 2014.
- No procurement for non-construction activities has yet taken place.

205 CMR: MASSACHUSETTS GAMING COMMISSION
205 CMR 122.00: CAPITAL INVESTMENT

122.03: Costs Included in the Calculation of Capital Investment

For purposes of calculating the capital investment for a category 1 or category 2 gaming license, the following costs shall be included:

(11) (For Region C applicants) Capitalized interest.

(12) (For Region C applicants) Costs associated with designing, improving or constructing the infrastructure outside the property boundaries of the site of the gaming establishment including those related to drainage, utility support, roadways, interchanges, fill and soil or groundwater or surface water contamination issues, sewer, storm water, landscaping, and public transportation whether or not such costs are the result of a host community agreement, a surrounding community agreement, required by any regulatory body or as part of the permitting process.

122.04: Costs Excluded from the Calculation of Capital Investment

For purposes of calculating the capital investment for a category 1 or category 2 gaming license, the following costs may not be included:

(2) (subject to 205 CMR 122.03(11)) Carried interest costs and other associated financing costs.

(4) (For Region A and B applicants) Costs associated with designing, improving or constructing the infrastructure outside the property boundaries of the site of the gaming establishment including those related to drainage, utility support, roadways, interchanges, fill and soil or groundwater or surface water contamination issues, sewer, storm water, landscaping, and public transportation whether or not such costs are the result of a host community agreement, a surrounding community agreement, required by any regulatory body or as part of the permitting process.

205 CMR: MASSACHUSETTS GAMING COMMISSION
205 CMR 137.00: GAMING SCHOOLS

Section

- 137.01: Certification of School
- 137.02: Curriculum
- 137.03: Consumer protection
- 137.04: Instructors
- 137.05: Equipment
- 137.06: Discipline
- 137.07: Annual report

137.01: Certification of school

(1) No person shall offer a course of instruction designed to prepare an individual for employment at a gaming establishment as a dealer, slot machine technician, or surveillance personnel, without first obtaining certification as a gaming school from the commission in accordance with 205 CMR 137.00. Training provided by a gaming licensee to its employees shall be exempt from 205 CMR 137.00. Further, 205 CMR 137.00 shall not be construed so as to preclude a vendor to the gaming licensee from providing a demonstration of its equipment or training for the use of its equipment to a gaming licensee or the licensee's employees.

(2) The commission shall maintain a list of all certified gaming schools on its website.

(3) To become a certified gaming school a person shall submit an application to the commission's Division of Licensing on a form provided by the commission that contains at least the following information:

- a) Name of applicant;
- b) Location where course(s) is to be offered;
- c) Name and contact information for responsible individual;
- d) The titles of all courses to be offered;
- e) Proof of licensure by the Division of Professional Licensure in accordance with M.G.L. c.122~~112~~112, § 263 and 230 CMR or proof of approval by either the Massachusetts Department of Labor and Workforce Development, in order to receive state and federal training dollars administered by the Commonwealth, the Board of Higher Education or the Massachusetts Department of Elementary and Secondary Education;
- f) The curriculum outlining the particulars of all courses to be offered as specified in 205 CMR 137.02 along with the methods of instruction and other details as required and approved by the entity referenced in 205 CMR 137.01(3)(e);
- g) An itemized list of all gaming equipment in accordance with 205 CMR 137.05;

- h) A description or documentation of a system designed to document successful placement of students with employers in the commonwealth;
- i) Attestation that the applicant has reviewed and understands 940 CMR ~~3.10~~31.00;
- j) Statement signed under the pains and penalties of perjury as to the truthfulness of the contents of the application including any attachments; and
- k) A \$100 certification fee.

(4) Applications shall be submitted to the commission's Division of Licensing. The Division of Licensing shall issue a certification to the applicant upon a finding that the application contains all of the elements described in 205 CMR 137.01(3). In the event that the Division of Licensing deems an application to be incomplete it shall notify the applicant in writing and specify the deficiency. The applicant may either remedy the issue or appeal the finding to the commission in writing. The commission shall then conduct an adjudicatory hearing on the matter in accordance with 205 CMR 101.00. Any person aggrieved by a decision of the Commission may appeal such decision in conformance with M.G.L. c. 30A, §14.

(5) A certification issued in accordance with 205 CMR 137.00 shall be coterminous with the underlying licensure or approval referenced in 205 CMR 137.01(3)(e), as applicable. In order to maintain its certification upon expiration of its underlying licensure or approval, a school shall submit proof to the commission's Division of Licensing of renewal of its underlying licensure or approval along with an update as to whether any of the elements described in 205 CMR 137.01(3) have changed since the application was submitted.

(6) A gaming school that is certified in accordance with 205 CMR 137.00 shall be subject to the requirements of 205 CMR 112.00 and shall have an ongoing duty to provide updated information to the commission relative to any material change in facts or circumstances from those contained in its application. The commission, or its designee, may inspect the premises, attend a course, or review the records of a gaming school at any time.

137.02: Curriculum

(1) **A gaming school** curriculum shall include the following:

- (a) a brief description of each course that meets the minimum requirements provided in 205 CMR 137.02(2);
- (b) the total number of instructional hours in each course consistent with the minimum requirements set forth in 205 CMR 137.02(~~34~~) **and (5)**;
- (c) the tuition charged for each program and course;
- (d) the minimum entrance requirements;
- (e) a description of the ~~clinical~~ off-campus training experiences and the number of ~~clinical~~ off-campus training hours required in each program and course;
- (f) a list of occupations for which each program will prepare students; and
- (g) the estimated number of students anticipated to be enrolled in each course.
- (h) The number of work stations in the ~~shop or laboratory~~ **school**, including the number and type of gaming tables and equipment to be used;

- (i) The nature of the skill and knowledge students are expected to have upon completion of the course or program and the testing program to be used to test the students' competency levels;
- (j) The student-teacher, student-table, and table-teacher ratios for each course or program;
- (k) A copy of all written material to be utilized in the course or program; and
- (l) A description of the method and frequency by which the course will be evaluated in relation to its goals and objectives.

(2) Depending upon the nature of the course, a curriculum must include instruction on the following:

(A) Table games. A curriculum for a course of instruction for a table game shall at a minimum include instruction in the following:

- (1) Rules and techniques of the game;
- (2) Basic industry standards for opening and closing tables for gaming, including the proper security procedures regarding table chip inventories;
- (3) Basic industry standards for distributing and removing gaming chips and plaques from gaming tables;
- (4) The proper use, control and shuffling of playing cards for authorized games that involve the use of cards;
- (5) The proper use and control of dice for authorized games that involve the use of dice;
- (6) The proper use and control of tiles for authorized games that involve the use of tiles;
- (7) Basic industry standards for accepting cash at gaming tables;
- (8) Basic industry standards for the acceptance of tips and gratuities from patrons;
- (9) Basic industry standards for shift changes at gaming tables;
- (10) Basic industry standards for the proper placement of wagers by patrons and the proper collection of losing wagers and payment of winning wagers;
- (11) Training in responsible gaming in accordance with 205 CMR 137.02(§3); and
- (12) Training in cardio pulmonary resuscitation (CPR).

(B) Slot machine repair and maintenance A curriculum for course of instruction in slot machine repair and maintenance shall at a minimum include the following:

- (1) Understanding the a slot machine including modes of operation, basic electricity, digital circuitry, progressive units, electronics, power supplies, meters, peripheral devices including printing systems;
- (2) Testing, inspecting, and repairing slot machines;
- (3) Evaluation and diagnosis of slot machine validation systems;
- (4) CRT and LCD monitor assessment and repair;
- (5) Assessing and solving microprocessor, system routing and networking issues;
- (6) Understanding 205 CMR 143.00: Gaming Devices and Electronic Gaming Equipment, 205 CMR 144.00: Approval of Slot Machines and Electronic Gaming Equipment and Testing Laboratories, and 205 CMR 145.00: Possession of Slot Machines;
- (7) Proper safety precautions;

- (8) Recording transaction information and maintaining records of maintenance and repair; and
- (9) Adjusting meters and replacing defective mechanical and electrical parts, using hand tools, soldering irons, and diagrams.

(C) Surveillance A curriculum for course of instruction in surveillance shall at a minimum include the following:

- (a) General role of the surveillance officer in the gaming industry;
- (b) Basic industry standards and procedures for surveillance officers;
- (c) Basic industry standards for emergency procedures relative to surveillance;
- (d) Overview of 205 CMR 137.00 and other relevant law and regulations pertaining to surveillance;
- (e) Overview of general gaming establishment operations and employee actions;
- (f) Customer Service procedures and protocols;
- (g) Business and security ethics and legal concepts;
- (h) Effective communication with in the employees of the gaming establishment;
- (i) Evaluating information to determine compliance with standards and laws;
- (j) Identifying objects, actions, and events;
- (k) Managing emergency situations; and
- (l) Documenting/recording information.

(3) Training relative to responsible gaming shall be for minimum of 90 minutes and address the following topics:

- (a) Gambling in Massachusetts;
- (b) Definition of problem gambling and gambling disorder, including how this has changed over time;
- (c) Levels of gambling involvement;
- (d) Identifying and responding to persons exhibiting problem gambling behaviors; and
- (e) Responsible gambling strategies.

(34) Training hours A course of instruction shall provide the following minimum number of hours of training prior to completion of a course:

- (a) 200 hours to deal craps.
- (b) 150 hours to deal roulette.
- (c) 130 hours to deal blackjack.
- (d) 80 hours to deal baccarat.
- (e) 200 hours to deal poker.
- (f) 100 hours in slot machine maintenance or repair.
- (g) For any course or program not listed 205 CMR 137.02(34), the required minimum hours of training and instruction shall be determined by the commission or its designee on a case-by-case basis. The required minimum hours should be based on the number of hours

the necessary to ensure the student will possess the level of skill, experience, and knowledge necessary to perform the job.

(45) For a student being trained to deal a second or subsequent game, curriculum shall provide for the following number of hours of training prior to completion of a course:

- (a) 120 hours to deal craps.
- (b) 90 hours to deal roulette.
- (c) 80 hours to deal blackjack.
- (d) 50 hours to deal baccarat.
- (e) 120 hours to deal poker.
- (f) For any course or program not listed 205 CMR 137.02(435), the required minimum hours of training and instruction shall be determined by the commission or its designee on a case-by-case basis. The required minimum hours should be based on the number of hours the necessary to ensure the student will possess the level of skill, experience, and knowledge necessary to perform the job.

~~(5) Training relative to responsible gaming shall be for minimum of 90 minutes and address the following topics:~~

- ~~(a) Gambling in Massachusetts;~~
- ~~(b) Definition of problem gambling and gambling disorder, including how this has changed over time;~~
- ~~—(c) Levels of gambling involvement;~~
- ~~—(d) Identifying and responding to persons exhibiting problem gambling behaviors;~~
- ~~—and~~
- ~~—(e) Responsible gambling strategies.~~

137.03: Consumer protection

(1) All gaming schools certified in accordance with 205 CMR 137.00 shall be subject to the applicable provisions of 940 CMR ~~3.10~~ **31.00**.

(2) **At least 72 hours prior to entering into an enrollment agreement** ~~Prior to enrollment~~, a gaming school shall engage in an intake with each prospective student that, **at a minimum**, includes the following:

- (a) an explanation of the commission's application process contained in 205 CMR 134.00 including specific mention of the automatic disqualifying convictions described in 205 CMR 134.10(3)(a) and M.G.L. c.23K, §16(b), **and any prerequisites for course completion and employment**; and

- (b) explicit notice that successful completion of the course of instruction does not assure an individual that they will be licensed by the commission as a gaming employee or that they will be hired by a gaming licensee; and
- (c) ~~each prospective student shall be provided~~ a written outline of each program offered by the school. The outline shall contain:

- (1) course descriptions;
- (2) entrance requirements;
- (3) the total number of instructional hours required to obtain a certificate or diploma;
- (4) the earliest possible completion date;
- (5) a list of occupations for which each program will prepare students; and
- (6) the costs of the courses and program;

137.04: Instructors

All course instructors shall be approved by the approving entity referenced in 205 CMR 137.01(3)(e). **In order to be approved, an instructor must** ~~upon demonstration that the instructor has~~ **demonstrate** at least 5 years of practical experience in the area they seek to instruct in addition to other requirements imposed by the approving entity.

137.05: Equipment

- (1) Gaming equipment used for training purposes in an approved school shall conform to the requirements set forth in 205 CMR.
- (2) A certified gaming school shall keep an itemized list of all gaming equipment including dealing shoes, card shufflers, gaming tables, roulette wheels, electronic gaming equipment, and slot machines. Slot machines must be transported in accordance with 205 CMR 145.00. The school or applicant shall submit its itemized list of equipment to the commission as part of its application. The itemized list shall be updated within 10 days of a change in the inventory of gaming equipment. If any of the equipment is sold or no longer used, the school shall advise the Division of Licensing, in writing, that the equipment is no longer used and what happened to the equipment. The itemized list shall have additions and omissions made as they occur.
- (3) A certified gaming school shall use chips and tokens that are distinctly dissimilar to chips and tokens used by gaming licensees.
- (4) The certified gaming school must have its name permanently imprinted or affixed to gaming equipment.

137.06: Discipline

- (1) Concurrent obligations Any school approved in accordance with 205 CMR 137.00 shall

continue to be subject to all applicable laws and regulations enforced by its ~~governing agency~~ **approving entity** including the Division of Professional Licensure and Board of Higher Education.

(2) Notice of Action Any gaming school certified in accordance with 205 CMR 137.00 must report any disciplinary action commenced by its ~~governing agency~~ **approving entity, accreditor, any other governing agency**, the Office of the Attorney General, or any other law enforcement agency to the commission within 10 days of such notice being received and shall have an affirmative obligation to advise the commission as to the outcome promptly upon determination.

(3) Any certification issued in accordance with 205 CMR 137.00 may be suspended or revoked, or the school reprimanded, for any of the following reasons:

- a. failure to abide by any provision of 205 CMR 137.00;
- b. failure to provide updated information relative to its application in accordance with 205 CMR 137.01(6);
- c. disciplinary action has been taken or pursued against the school by its governing agency or entity as identified in 205 CMR 137.01(3)(e), the Office of the Attorney General, or any other law enforcement agency;
- d. the school is unable to provide the proper education required to prepare individuals for employment at a gaming establishment as a dealer, slot machine technician, or surveillance personnel or is otherwise unsuitable in accordance with M.G.L. c.23K, §12;

(4) Complaints. Any person may file a complaint with the commission against any school certified in accordance with 205 CMR 137.00. All complaints must be in writing on a form provided by the commission. All complaints must be received by the commission within one year of the date of the alleged wrongdoing. The commission or Bureau may itself initiate a complaint at any time notwithstanding the date of the alleged wrongdoing.

(5) Basis of Complaint. A complaint must allege wrongdoing by the school in the form of a violation of 205 CMR 137.06(3) and/or M.G.L. c. 23K.

(6) Review and Investigation of Complaints. Every complaint filed shall be reviewed by the commission's Division of Licensing. A hearing may be convened, the complaint may be forwarded to the Bureau, or the complaint may be dismissed in the discretion of the Division of Licensing. Failure of a complainant to cooperate in the investigation may be grounds for dismissal of a complaint.

(7) Notice of Hearing. If the commission's Division of Licensing determines that a hearing shall be held to resolve a complaint, reasonable notice shall be provided to the complainant and the school. Mailing of notice to the address on record with the commission, or emailing the notice

to the address provided by the school on their application for licensure or registration, shall be deemed satisfactory notice. The notice of hearing shall contain:

- a. The name of the complainant;
- b. The date, time and place of said hearing;
- c. A description, including the location, of the incident giving rise to the complaint.

(8) Hearing. Hearings convened pursuant to 205 CMR 137.00 shall be conducted pursuant to 801 CMR 1.02: *Informal/Fair Hearing Rules* and M.G.L. c. 30A. Any party may be represented by legal counsel. All parties shall be permitted to present an opening statement, testify on their own behalf, cross-examine all witnesses, present any relevant witness testimony, present any relevant documentary evidence, and offer a closing argument. The commission's Division of Licensing may question any witness and include any records kept by the commission as exhibits. The Division of Licensing may conclude the hearing at any time and issue a decision based on the evidence presented.

If a school does not appear for the hearing, the commission's Division of Licensing may conduct a hearing in its absence and render a decision based upon the evidence presented, but only after making a finding that the school was provided notice as required by 205 CMR 137.06(7).

The commission's Division of Licensing may designate a hearing officer to convene a hearing and either make a recommendation or issue a decision on its behalf.

(9) Subpoenas. The commission's Division of Licensing may issue a subpoena in accordance with M.G.L. c. 30A, § 12 requiring the attendance and testimony of witnesses and the production of any evidence, including books, records, correspondence or documents, relating to any matter in question in the proceeding.

(10) Decisions and Discipline of License and Registration Holders. The commission's Division of Licensing shall issue a written decision after the hearing. Decisions shall be issued in a reasonably prompt manner. The Division of Licensing may suspend the certification of a school for a fixed period of time, revoke a certification permanently, or issue a reprimand to the school. In conjunction with or in *lieu* of these disciplinary measures, the Division of Licensing may assess a fine pursuant to M.G.L. c. 23K, § 4(15), and recoup the costs of investigation. A school that has its certification revoked may apply in writing to the commission for reinstatement no sooner than five years from the date of the revocation.

(11) Appeals.

(a) Any person aggrieved by a decision of the commission's Division of Licensing may, in writing, request review of said decision by the commission. The filing of such a petition shall not serve to stay any disciplinary action taken by the Division of Licensing.

(b) Upon the filing of a petition in accordance with 205 CMR 137.06(11)(a) the commission may review such decision at its discretion. Such review is an administrative review that shall be based solely on the administrative record and is not to be construed as a second hearing on the same complaint(s). After review, the commission may either deny the petition or remand the matter to the commission's Division of Licensing for further proceedings as directed. The filing of an appeal with the commission shall serve to toll the timing provisions of M.G.L. c. 30A, § 14 until such time as a final decision is rendered by the commission.

(c) Any person aggrieved by a decision of the commission's Division of Licensing or the commission may appeal such decision in conformance with M.G.L. c. 30A, § 14.

137.07 Annual report

A school certified as a gaming school in accordance with 205 CMR 137.00 shall submit an annual report to the commission detailing ~~its enrollment rate, course completion rate, and job placement rate.~~ **the following:** ~~The first report shall be submitted no later than one year after the date of initial certification by the commission and on an annual basis thereafter.~~

- (1) completion or graduation rates for each program;
- (2) success rates of graduates in obtaining employment;
- (3) relevant employment statistics if the school is required to maintain such information in order to receive federal or state funding or if such information is used in advertisements by the school;
- (4) student loan default rates; and
- (5) such other information designated by the commission.

The first report shall be submitted no later than one year after the date of initial certification by the commission and on an annual basis thereafter.

REGULATORY AUTHORITY

205 CMR 137: M.G.L. c. 23K, §4(28), 5(a)(11) & (12)



SMALL BUSINESS IMPACT STATEMENT

The Massachusetts Gaming Commission (“Commission”) hereby files this small business impact statement in accordance with G.L. c.30A, §2 relative to the proposed amendments in 205 CMR 134.00: Licensing; notice of which was filed this day with the Secretary of the Commonwealth. These amendments were developed as part of the process of promulgating regulations governing the operation of gaming establishments in the Commonwealth. These specific amendments pertain to the process and standards governing the licensing of gaming vendors. The proposed amendments are largely directed by G.L. c.23K, §16, 30, and 31. To the extent that a vendor is a small business, these proposals will impact small businesses.

Assuming the issuance of one Category 2 (slots only) gaming license and three Category 1 (full resort casino) gaming licenses, it is estimated that approximately 500 vendor licenses and registrations will be issued, including gaming and non-gaming vendors. Of the 500 total, approximately 400 will be to small businesses. In generating this estimate, the term ‘small business’ was generally considered to be an entity, including all of its affiliates combined that has its principal place of business in Massachusetts, employs a combined total at all locations of 50 or fewer full-time employees, has been in business at least one year, has gross revenues of \$15 million or less based on a three year average, and meets all legal obligations for tax status and required registration in the Commonwealth.

These proposals amend the process governing the licensing of gaming vendors as well as correcting some typographical errors and internal consistency issues. The amendments affect the information and documents the gaming vendor applicants may be required to provide as part of the application and qualification process. These amendments were designed to streamline the licensing process for the gaming vendors and there is no projected additional reporting or recordkeeping requirements associated with these amendments.

Although by its nature, licensing and registration regulations must be prescriptive, these amendments do not implicate a design or performance standard.

There are no regulations contained in 205 CMR that duplicate or conflict with the proposed amendments. Further, the Commission is unaware of any regulations of another agency or department of the Commonwealth which may duplicate or conflict with the proposed amendments.



Massachusetts Gaming Commission

G.L. c.23K was enacted to create a new industry in the Commonwealth and to promote and grow local small businesses and the tourism industry, including the development of new small businesses. The proposed regulations are designed to effectuate those intentions and growth.

Massachusetts Gaming Commission

By:

Dated:



Massachusetts Gaming Commission

205 CMR: MASSACHUSETTS GAMING COMMISSION
205 CMR 101.00: M.G.L. C.23K ADJUDICATORY PROCEEDINGS

101.01: Hearings Before the Commission

(1) Except as set forth in M.G.L. c. 23K ~~and 205 CMR 101.03~~, the commission will conduct the following types of adjudicatory hearings in accordance with the procedures in 801 CMR 1.01: Formal Rules: Hearings before the commission pursuant to M.G.L. c. 23K, § 17(f), to contest any findings of fact by the bureau relative to the suitability of the applicant for an initial gaming license or the renewal of a gaming license, including without limitation, recommendations and recommended conditions resulting from the RFA-1 **or new qualifier** process pursuant to 205 CMR 115.00: *Phase 1 and New Qualifier Suitability Determinations, Standards and Procedures* and the RFA-2 process described in 205 CMR 110.00: *Issuance of Request for Category 1 and Category 2 License Applications*.

101.02: Special Procedures for Hearings Before the Commission

Hearings Concerning Phase 1 Determinations of Suitability. For hearings before the commission pursuant to M.G.L. c. 23K, § 17(f) and 205 CMR 101.01(1) concerning the bureau's Phase 1 **or new qualifier** recommendations and findings of fact pursuant to 205 CMR 115.00: *Phase 1 and New Qualifier Suitability Determinations, Standards and Procedures*, the following provisions of M.G.L. c. 23K and 205 CMR 101.00 shall supersede any conflicting provisions of 801 CMR 1.01: Formal Rules:

- (a) Standing: No person other than an aggrieved applicant shall have automatic standing to participate in the hearing under 205 CMR 101.01.
- (b) Presiding Officer: Pursuant to M.G.L. c. 23K, § 3(h), the chair may direct that all of the commissioners participate in the hearing and decision of the matter before the commission. In the alternative, pursuant to M.G.L. c. 23K, § 3(h), the chair with the concurrence of one other commissioner may appoint a presiding officer to preside over the hearing. The notice scheduling the time and place for the pre-hearing conference shall specify whether the commission or a designated individual shall act as presiding officer in the particular case.
- (c) Burden of Proof. The applicant shall have the affirmative obligation to establish by clear and convincing evidence both its affirmative qualification for licensure and the absence of any disqualification for licensure.
- (d) No Appeal From Commission's Determination of Suitability. Pursuant to M.G.L. c. 23K, § 17(g), the applicant shall not be entitled to any further review from the commission's determination of suitability.

205 CMR: MASSACHUSETTS GAMING COMMISSION
205 CMR 115.00: PHASE 1 **AND NEW QUALIFIER** SUITABILITY DETERMINATION,
STANDARDS, AND PROCEDURES

- 115.01: Phase 1 **and New Qualifier** Determination Standards
- 115.02: Phase 1 **and New Qualifier** Procedures
- 115.03: Phase 1 **and New Qualifier** Investigation and Recommendations by the Bureau
- 115.04: Phase 1 **and New Qualifier** Proceedings by the Commission
- 115.05: Phase 1 **and New Qualifier** Determination by the Commission

115.01: Phase 1 **and New Qualifier** Determination Standards

(1) Phase 1 Determination Standards. The commission shall not issue an affirmative determination of suitability for any Category 1 or Category 2 applicants unless:

- (a) The applicant meets the standards in M.G.L. c. 23K, §§ 12, 16, 46 and 47.
- (b) The applicant complies with the provisions of 205 CMR 111.00: *Phase I Application Requirements* and 205 CMR 115.00.
- (c) The commission has determined that the applicant has demonstrated financial stability pursuant to 205 CMR 117.00: *Phase I Determination of Financial Stability*.
- (d) All qualifiers under 205 CMR. 116.02: *Persons Required to be Qualified* have been determined to be suitable by the commission or received a waiver under 205 CMR 116.03: *Waivers*.

(2) Burden of Proof. All applicants for a Phase 1 suitability determination must establish their qualifications by clear and convincing evidence.

(3) New qualifiers Subsequent to the issuance of a positive determination of suitability in accordance with 205 CMR 115.05(3) relative to a gaming licensee or applicant for a gaming license, if a new person is designated by the bureau as a person required to be qualified in accordance with 205 CMR 116.02, they shall submit a completed application to the bureau. An entity qualifier shall submit to the bureau a *Business Entity Disclosure Form - Category 1 and Category 2 Entity Applicants and Holding/Intermediary Companies* in accordance with 111.02. An individual qualifier shall submit to the bureau a *Multi-jurisdictional Personal History Disclosure Form* in accordance with 205 CMR 111.03 and a *Massachusetts Supplemental Form* in accordance with 205 CMR 111.04. A new qualifier designated in accordance with 205 CMR 116.02 must establish their qualifications and meet the standards in M.G.L. c. 23K, §§ 12 and 16 by clear and convincing evidence and shall be subject to all applicable procedures contained in 205 CMR 115.00.

115.02: Phase 1 **and New Qualifier** Procedures

(1) When a completed RFA-1 application, *Multi-jurisdictional Personal History Disclosure Form, Massachusetts Supplemental Form, or Business Entity Disclosure Form - Category 1 and Category 2 Entity Applicants and Holding/Intermediary Companies* is filed, the application shall be referred by the commission to the bureau for a determination of completeness and investigation.

(2) Determination of Administrative Completeness. After receiving the application containing the information required by 205 CMR 111.02: *Business Entity Disclosure Form - Category 1 and Category 2 Entity Applicants and Holding/Intermediary Companies* or 205 CMR 111.03: *Multi-jurisdictional Personal History Disclosure Form* and 205 CMR 111.04: *Massachusetts Supplemental Form* the bureau will either determine that the application is sufficiently complete for purposes of initiating substantive review or request additional information from the applicant.

(3) Notice. ~~After the bureau has determined the application to be administratively complete pursuant to 205 CMR 111.02(2): *Business Entity Disclosure Form - Category 1 and Category 2 Entity Applicants and Holding/Intermediary Companies*, the commission shall notify the applicant of the determination and notify the public that an application has been filed.~~ After the bureau has determined that an application is administratively complete in accordance with 205 CMR 115.02(2) it shall notify the applicant or new qualifier of such determination.

115.03: Phase 1 and New Qualifier Investigation and Recommendations by the Bureau

(1) The bureau shall conduct an investigation into the qualifications and suitability of all applicants and qualifiers, as provided for in M.G.L. c. 23K, §§ 12 and 16. The bureau may conduct the investigation, in whole or in part, with the assistance of one or more contractor investigators pursuant to 205 CMR 105.10: *Authority to Retain and Utilize Contractor Investigators*.

(2) At the completion of the bureau's investigation, it shall submit a written report to the commission. At a minimum, this report will include: recommendations pursuant to M.G.L. c. 23K, §§ 12, 14(i) and 16 and findings of fact pursuant to M.G.L. c. 23K, § 17(f), as required, relative to the suitability of the applicant for a gaming license and of any new qualifiers.

115.04: Phase 1 and New Qualifier Proceedings by the Commission

(1) After the commission has received the bureau's report under 205 CMR 115.03(2) it shall provide a copy to the applicant or new qualifier and the commission shall determine whether it shall initiate a process for a public hearing or adjudicatory proceeding. However, the commission may only utilize the public hearing process with the qualifier's consent.

(2) Applicant's Notice of Claim. ~~If the applicant contests any of the bureau's recommendations or findings of fact it shall file a notice of claim with the commission within 30 days of receipt of~~

the bureau's report.

(3) ~~(2)~~ Adjudicatory Proceeding. If the applicant files a Notice of Claim pursuant to 205 CMR 115.04(2) or on the commission's own initiative, **the commission determines that an adjudicatory proceeding shall be held**, the commission shall conduct an adjudicatory proceeding pursuant to 205 CMR 101.03: ~~Special Procedures for Hearings before the Commission~~ **101.00 M.G.L. c. 23K Adjudicatory Proceedings** on the ~~Phase 1~~ report by the bureau concerning the applicant pursuant to 205 CMR 115.03(2). The commission will issue a public notice in advance of the adjudicatory proceeding stating the date, time and place of the hearing.

(4) ~~(3)~~ Public Hearing. If the bureau's suitability report under 205 CMR 115.03(2) recommends an unconditional positive determination of suitability for the applicant, without findings of fact that are contested by the applicant, then the applicant may request and the commission may waive the need for an adjudicatory hearing concerning the bureau's report, in which case **commission determines that a public hearing should be held**, the commission shall review the bureau's suitability report in a public hearing, subject to redaction of confidential and exempt information described in 205 CMR 103.02(1) through (5). The commission will issue a notice in advance of the public hearing stating the date, time and place of the hearing and the form (oral or written) and conditions pursuant to which the commission will receive public comments.

115.05: Phase 1 **and New Qualifier** Determination by the Commission

(1) After the proceedings under 205 CMR 115.04, the commission shall issue a written determination of suitability pursuant to M.G.L. c. 23K, §§ 4(15), 12 and 17.

(2) Negative Determination. If the commission finds that an applicant **or new qualifier** failed to meet its burden of demonstrating compliance with the suitability standards in M.G.L. c. 23K and 205 CMR 115.00, the commission shall issue a negative determination of suitability.

(3) Positive Determination. If the commission finds that an applicant **or new qualifier** has met its burden of demonstrating compliance with the suitability in M.G.L. c. 23K and 205 CMR 115.00, the commission shall issue a positive determination of suitability which may include conditions and restrictions.

(4) The commission shall not entertain a Phase 2 application for any applicant unless and until the commission has issued a positive suitability determination on that applicant.

(5) No Appeal from Commission's Determination of Suitability. Pursuant to M.L.G. c. 23K, § 17(g) the applicant **or qualifier** shall not be entitled to any further review.

(6) A host community may not hold an election in accordance with M.G.L. c. 23, § 15(13) until the commission has issued a positive determination of suitability to the applicant in accordance with 205 CMR 115.05(3) unless the following conditions are satisfied:

(a) Prior to the request by the applicant for an election in accordance with 205 CMR 124.02(1), the governing body of the community formally approves of holding the election prior to a positive determination of suitability having been issued to the applicant by the

commission; and

(b) at the expense of the applicant, prior to the election the community has conducted a process for informing the community about the commission's determination of suitability standards and procedures, which shall include, but not be limited to, the provision of a notice designed to be received by voting households within the community informing such households that an election is to be held for which the applicant has yet to be issued a positive determination of suitability, that the commission will make its determination of suitability after completing a thorough background investigation of the applicant, its principal operating officers and investors, and that the commission will not permit the applicant or its principal operating officers or investors to proceed with the application unless it determines that they are suitable to operate a gaming facility in Massachusetts. The content of the notice shall be forwarded to the commission for approval prior to dissemination. A description of other methods to so inform the community about the commission's determination of suitability standards and procedures shall also be forwarded to the commission prior to holding of the election. Any failure to issue the notice to one or more voting households shall not be deemed by the commission to be a failure to meet the requirements of 205 CMR 115.05(6), provided that a community demonstrates reasonable efforts to comply with the requirements of 205 CMR 115.05(6).

205 CMR: MASSACHUSETTS GAMING COMMISSION
205 CMR 116.00: PERSONS REQUIRED TO BE LICENSED OR QUALIFIED

116.01: Persons Required to be Licensed

No Category 1 or Category 2 license shall be issued by the commission or shall remain in effect unless and until the applicant and all qualifiers identified in 205 CMR 116.00 have been found by the commission to meet all standards necessary for a Phase 1 determination of suitability under 205 CMR 115.00: *Phase 1 and New Qualifier Suitability Determination, Standards and Procedures*.

116.02: Persons Required to be Qualified

(1) The following persons shall be required to qualify as part of the Phase 1 **or new qualifier** determination for a Category 1 or Category 2 license:

(a) If the applicant is a corporation:

1. Each officer
2. Each director
3. In the judgment of the commission in accordance with this M.G.L. c. 23K:
 - a. each shareholder holding 5% or more of the common stock of the company
 - b. each lender
 - c. each holder of evidence of indebtedness
 - d. each underwriter
 - e. each close associate
 - f. each executive
 - g. each agent
 - h. each employee

(b) If the applicant is a limited liability corporation:

1. Each Member
2. Each transferee of a Member's interest
3. Each Director
4. Each Manager
5. In the judgment of the commission in accordance with M.G.L. c. 23K:
 - a. each lender
 - b. each holder of evidence of indebtedness
 - c. each underwriter
 - d. each close associate
 - e. each executive
 - f. each agent

(c) If the applicant is a limited partnership:

1. Each General Partner
2. Each Limited Partner

3. In the judgment of the commission in accordance with this M.G.L. c. 23K:
 - a. each lender
 - b. each holder of evidence of indebtedness
 - c. each underwriter
 - d. each close associate
 - e. each executive
 - f. each agent

(d) If the applicant is a partnership:

1. Each Partner
2. In the judgment of the commission in accordance with this M.G.L. c. 23K:
 - a. each lender
 - b. each holder of evidence of indebtedness
 - c. each underwriter
 - d. each close associate
 - e. each executive
 - f. each agent
 - e. In all cases, any person who, in the opinion of the commission, can exercise control or provide direction to a gaming licensee or applicant for a gaming license or holding, intermediary or subsidiary companies thereof.

(2) Other Qualifiers. The commission may, at its sole discretion, require other persons or companies that have a business association of any kind with the applicant **or gaming licensee** to undergo a Phase 1 **or new qualifier** review and determination process under 205 CMR 115.00: *Phase 1 and New Qualifier Suitability Determination, Standards and Procedures*. These affiliated companies or persons include, but are not limited to, holding, intermediary or subsidiary companies of the applicant.

116.03: Waivers

(1) The commission may in its discretion waive qualification requirements for the following persons under the following conditions:

- (a) In the case of applicant corporations and holding, intermediary and subsidiary corporations, those persons holding less than 5% of the common stock of the company;
- (b) In the case of institutional investors, if the institutional investor holds less than 15% of the stock of the applicant, holding, intermediary or subsidiary company;
- (c) In the case of persons involved in the financing of the gaming establishment provided:
 1. A lender to an applicant or licensee that is obtaining financing for the construction or operation of a Category 1 or Category 2 facility shall be required to be licensed unless the following apply:
 - a. The lender is in the business of providing debt or equity capital to individuals or entities;

- b. The loan is in the ordinary course of the lender's business; and
 - c. The lender does not have the ability to control or otherwise influence the affairs of the applicant or licensee.
2. A lender that is required to be licensed may lend to an applicant or licensee if the lender has filed a completed application in accordance with 205 CMR ~~101.00 to 117.00~~ and has received lender authorization from the commission or bureau.
3. A person that acquires a debt instrument issued by an applicant or licensee in a public or exempt private offering shall not be required to be licensed if:
- a. The person does not have any right or ability to control or influence the affairs of the licensee; and
 - b. The person's acquisition of the debt instrument is in the ordinary course of business and is not part of a plan or scheme to avoid the requirements of this section.
4. Notwithstanding any provision to the contrary in 205 CMR 116.00, the commission may require the licensure of any person that holds a debt instrument issued by an applicant or licensee if the commission has reason to believe that the person would not satisfy the requirements of 205 CMR ~~101.00 through 117.00~~ or M.G.L. c. 23K; or
- (d) In the case of any person that, in the opinion of the commission cannot exercise control or provide direction to a gaming licensee or applicant for a gaming licensee or a holding, intermediary or subsidiary company thereof.
- (2) In determining whether to waive qualification requirements under 205 CMR 116.03(1), the commission shall consider whether the person seeking the waiver obtained its interest for investment purposes only and does not have any intention to influence or affect the affairs of the applicant or any affiliated companies thereof.
- (3) Any person may seek a waiver under 205 CMR 116.03(1) by filing a petition with the Commission pursuant to 205 CMR 102.03(4); provided, however, that the commission or the bureau may require the submission of any such information deemed necessary to act on the request for a waiver or, at any time, if the commission or the bureau has reason to believe that the person would not satisfy any of the requirements of 205 CMR ~~101.00 through 117.00~~ or M.G.L. c. 23K.
- (4) Any party granted a waiver under 205 CMR 116.03 which subsequently anticipates engaging in any activity that will or could influence or affect the affairs or operations of the applicant or the holding, intermediary or subsidiary company thereof, shall provide not less than 30 days' notice to the commission of such intent and the party shall not exercise any influence or effect on the affairs or operations of the applicant or the holding, intermediary or subsidiary company thereof unless and until the commission issues a determination of suitability under 205 CMR

115.00: *Phase 1 and New Qualifier Suitability Determination, Standards and Procedures* for said party.

DRAFT



Amended Small Business Impact Statement

The Massachusetts Gaming Commission (“Commission”) hereby files this amended small business impact statement in accordance with G.L. c.30A, §5 relative to the proposed regulation amendments in 205 CMR 101.00, 115.00, and 116.00; as well as the new regulations in 205 CMR 143.00-145.00 for which a public hearing was held on June 17, 2014. These proposals were developed as part of the Commission’s overall regulation promulgation process and are largely designed to govern the operation of gaming establishments in the Commonwealth. These specific regulations govern the following:

205 CMR 143.00: New regulations setting the standards for gaming devices including slot machines and systems, the provision of real time stream of data, and other requirements related to slot machines and the provision of data;

205 CMR 144.00: New regulations governing the procedure for permitting and registering gaming devices and approvals of independent testing labs;

205 CMR145.00: New regulations governing the possession of slot machines; and

205 CMR 101.00, 115.00, and 116.00: Amended to address “new qualifiers” for suitability determination and licensing.

These regulations are largely governed by M.G.L. 23K, §§2,5,26 and 66

These regulations apply solely to the recipients of a gaming license, and the gaming vendors they contract with to manufacture and test the gaming devices, and individuals who qualify as a “new qualifier.” It is not anticipated that any small businesses will be impacted by these regulations. Accordingly, based on the principal subject matter of the regulations, there are no less stringent schedules or deadlines for compliance or reporting requirements for small businesses, consolidated or simplified compliance or reporting requirements for small businesses, performance standards for small businesses to replace design or operational standards required in the proposed regulations, or alternative regulatory methods to minimize adverse impacts on small businesses.

M.G.L. c.23K was enacted to create new industry in the Commonwealth and to promote local small businesses in the tourism industry, including the development of new and existing small businesses such as lodging, dining, retail and cultural social facilities. These proposed regulations, as part of the Commission’s overall regulation promulgation process, are designed to effectuate those intentions and to encourage the formation of new businesses in the Commonwealth.

Massachusetts Gaming Commission
By:



Massachusetts Gaming Commission

Dated:



Massachusetts Gaming Commission

205 CMR: MASSACHUSETTS GAMING COMMISSION
205 CMR 143.00: GAMING DEVICES AND ELECTRONIC GAMING EQUIPMENT

Section

- 143.01: Standards for Gaming Devices
- 143.02: Progressive Gaming Devices
- 143.03: On-Line Monitoring and Control Systems (MCS) and Validation System
- 143.04: Cashless Systems
- 143.05: Bonusing Systems
- 143.06: Promotional Systems
- 143.07: Kiosks
- 143.08: Client-Server Systems
- 143.09: Electronic Table Game Systems
- 143.10: Dealer Controlled Electronic Table Games [RESERVED]
- 143.11: Wireless Gaming Systems [RESERVED]
- 143.12: Network Security
- 143.13: Player User Interface Systems
- 143.14: Card Shufflers and Dealer Shoes [RESERVED]
- 143.15: Electronic Raffle Systems [RESERVED]
- 143.16: Communications Protocols

143.01: Standards for Gaming Devices

(1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-11: Gaming Devices in Casinos, version 2.1, released Aug 25, 2011, subject to the following amendments:

- (a) Delete section 1.1.1.
- (b) Delete section 1.1.2.
- (c) Delete section 1.2.
- (d) Delete section 1.4.
- (e) Replace in section 3.4.1 “seventy-five percent (75%)” with “eighty percent (80%)”.
- (f) Add the following after the first paragraph of section 3.4.1: The calculation of minimum payout percentage excludes the cash equivalent value of any merchandise or other thing of value that cannot be converted into cash by the gaming establishment but may include the acquisition cost to the gaming licensee of the merchandise or other thing of value.

(g) Replace in section 3.4.1(b) “75%” with “80%”.

(h) Replace in section 3.10.1(f) “seventy-five percent (75%)” with “eighty percent (80%)”

(2) For purposes of M.G.L. c.23K and 205 CMR the term slot machine as defined by M.G.L. c.23K, §2 shall not include automatic amusement devices as defined by G.L. c 140, § 177A(2).

~~(3) For purposes of M.G.L. c.23K and 205 CMR each gaming position, as defined by M.G.L. c.23K, §2, at a slot machine shall be considered a separate slot machine.~~ For purposes of M.G.L. c.23K and 205 CMR a slot machine that has multiple gaming positions, as defined by M.G.L. c.23K, §2, shall be considered a single slot machine. Provided, however, a Category 2 licensee shall not have more than 1,500 gaming positions available for play at any one time.

(4) A gaming ~~licensee shall~~ **device shall be capable of** providing the commission with a **near** real-time stream of data, other than personally identifiable information, in the communication format specified by the commission in 205 CMR 143.16 directly from each slot machine. Such data shall be provided for purposes of computing and reconciling daily tax obligations as provided in 205 CMR 140.00, for purposes of investigating patron disputes filed in accordance with 205 CMR 134.19, and for purposes of maintaining general oversight of a gaming establishment. The commission is not obligated to monitor or review the data on an ongoing basis. If communications between the slot machine and the commission’s **central control** system fails, the slot machine shall **not** continue to **operate unless it** records all required **critical data since losing the connection** ~~for the most recent seven days of operation,~~ **up to seven days**, and sends the data directly to the commission as soon as the connection is reestablished. If such connection is not reestablished within 24 hours due to a problem stemming from the gaming establishment’s systems, then any slot machine affected shall cease operation until the connection is reestablished.

143.02: Progressive Gaming Devices

(1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-12: Progressive Gaming Devices in Casinos, version 2.1, released Sept 6, 2011, subject to the following amendments:

(a) Delete section 1.1.

(b) Delete section 1.2.

(c) Delete section 1.3.2.

(d) Delete section 1.4.

143.03: On-Line Monitoring and Control Systems (MCS) and Validation System

(1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-13: On-Line Monitoring and Control Systems (MCS) and Validation Systems in Casinos, version 2.1, released Sept 6, 2011, subject to the following amendments:

- (a) Delete section 1.1.
- (b) Delete section 1.3.
- (c) Delete section 1.5.

143.04: Cashless Systems

(1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-16: Cashless Systems in Casinos, version 2.1, released Sept 6, 2011, subject to the following amendments:

- (a) Delete section 1.2.
 - (b) Delete section 1.4.
- (2) No slot machine at a gaming establishment shall accept debit cards or credit cards, or government-issued electronic benefits transfer cards as a form of payment.

143.05: Bonusing Systems

(1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-17: Bonusing Systems in Casinos, version 1.3, released Sept 6, 2011, subject to the following amendments:

- (a) Delete section 1.2.
- (b) Delete section 1.4.

143.06: Promotional Systems

(1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-18: Promotional Systems in Casinos, version 2.1, released Sept 6, 2011, subject to the following amendments:

- (a) Delete section 1.2.
- (b) Delete section 1.4.

143.07: Kiosks

(1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-20: Kiosks, version 1.5, released Sept 6, 2011, subject to the following amendments:

- (a) Delete section 1.1.3.
- (b) Delete section 1.3.

143.08: Client-Server Systems

(1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-21: Client-Server Systems, version 2.2, released Sept 6, 2011, subject to the following amendments:

- (a) Delete section 1.1.
- (b) Delete section 1.2.
- (c) Delete section 1.4.

143.09: Electronic Table Game Systems

(1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-24: Electronic Table Game Systems, version 1.3, released Sept 6, 2011, subject to the following amendments:

- (a) Delete section 1.1.
- (b) Delete section 1.3.

(2) An electronic table game shall be considered a slot machine in accordance with M.G.L. c. 23K, § 2 unless the simulation requires the intervention of a gaming employee prior to the final determination of winnings.

143.10: Dealer Controlled Electronic Table Games [RESERVED]143.11: Wireless Gaming Systems [RESERVED]143.12: Network Security

~~(1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-27: Network Security Best Practices, version 1.1, released Jan 21, 2013, subject to the following amendments:~~

~~(a) Delete section 1.1.~~

~~(b) Delete section 1.2.~~

As part of its internal controls submission in accordance with 205 CMR 138.01, a gaming licensee shall annually submit an infrastructure and data security plan to the commission for review and approval. The plan should employ best practices (i.e. NIST SP 800-53 or ISO/IEC 27001) for protecting infrastructure and data.

143.13: Player User Interface Systems

(1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-28: Player User Interface Systems, version 1.0, released Feb 14, 2011, subject to the following amendments:

(a) Delete section 1.1.

143.14: Card Shufflers and Dealer Shoes [RESERVED]

143.15: Electronic Raffle Systems [RESERVED]

143.16: Communications Protocols

~~(1) A gaming licensee shall not operate any slot machine in a gaming establishment after January 1, 2017 unless that slot machine is compatible with the Gaming Standards Association G2S protocol. Provided however, any slot machine that is registered and operating in a gaming establishment prior to January 1, 2017 is not required to comply with the G2S protocol. A gaming licensee shall not operate any slot machine in a gaming establishment unless the slot machine:~~

~~(a) is able to bi-directionally communicate with the commission's central control system;~~

~~(b) transmits, on a per bet basis, data relative to amounts wagered, amounts won, cash in, cash out, and similar financial information necessary for tax collection and auditing;~~

~~(c) allows remote verification of gaming device software using a SHA-1 or similar hashing system;~~

~~(d) allows remotely activating and disabling slot machines; and~~

~~(e) transmits data relative to any restarts, shutdowns, resets, game changes, door open, and other maintenance events;~~

(2) A gaming licensee shall not operate any slot machine in a gaming establishment after January 1, 2017 unless that slot machine is able to directly communicate with the

commission's central control system using the Gaming Standards Association's G2S Message Protocol and Point-to-Point Transport Specification. Provided, however, any slot machine that is registered and operating in a gaming establishment prior to January 1, 2017 may use protocol convertor board, or other similar devices, to communicate with the commission's central control system.

(3) The required versions of the Gaming Standards Association's G2S Message Protocol and Point-to-Point Transport Specification referenced in 205 CMR 143.16(2), as well as the required protocol options, commands, meters, and events, shall be specified by the commission and posted on the commission's website.

REGULATORY AUTHORITY

| 205 CMR 143: M.G.L. c. 23K, §§[26](#) and [66](#)

205 CMR: MASSACHUSETTS GAMING COMMISSION
205 CMR 144.00: APPROVAL OF SLOT MACHINES AND ELECTRONIC GAMING
EQUIPMENT AND TESTING LABORATORIES

Section

144.01: Required Permits and Registration

144.02: Permitting of Gaming Device Prototypes

144.03: Registration of Gaming Device Inventory

144.04: Required Testing by Independent Testing Laboratories

144.05: Fees for Testing, Permitting, and Registration of Gaming Devices

144.06: Independent Testing Laboratory Certification and Auditing

144.01: Required Permits and Registration

- (1) No new or modified gaming device listed in 205 CMR 144.01(2) shall be:
- (a) sold by a gaming vendor unless a prototype of the gaming device has received a permit from the commission in accordance with 205 CMR 144.02;
 - (b) operated by a gaming licensee in a gaming establishment unless the gaming device is registered with the commission in accordance with 205 CMR 144.03.
- (2) The following gaming devices require permitting and registration by the commission:
- (a) Slot machines;
 - (b) Electronic table games;
 - (c) Kiosks;
 - (d) Wireless wagering devices;
 - ~~(e) Money counters;~~
 - ~~(f) Chip sorters;~~
 - ~~(g) Devices used in conjunction with table games such as gaming chips, dice, cards, Pai Gow tiles, card readers, dealer shoes, automated shuffling machines, dice shakers, and roulette wheels; and~~
 - ~~(h) Tables for conducting table games such as roulette, blackjack, poker, craps, baccarat, big six, and Pai Gow.~~
 - (i) Slot machine games;

- (j) Multiplayer systems;
- (k) Server supported slot systems;
- (l) Slot machine bonus systems;
- (m) Table game bonus systems;
- (n) Progressive systems;
- (o) Account based wagering systems;
- (p) Slot monitoring systems and casino management systems;
- (q) Gaming voucher systems;
- (r) Devices used in conjunction with a slot monitoring system or casino management system, unless the devices provide read-only functionality;
- (s) Devices used in conjunction with gaming devices such as bill acceptors, printers, and coin acceptors that are not integrated into and tested as part of another gaming device;

144.02: Permitting of Gaming Device Prototypes

- (1) In order to receive a permit for a gaming device, a gaming vendor, at its own expense, must submit the gaming device for scientific testing and technical evaluation in accordance with 205 CMR 144.04 by a commission certified independent testing laboratory certified pursuant to 205 CMR 144.06 to determine compliance with M.G.L. c. 23K and 205 CMR 143. The gaming vendor must provide the certified independent testing laboratory with all documentation and other materials necessary to conduct testing and evaluate compliance.
- (2) Upon completion of testing by a certified independent testing laboratory, a gaming vendor may submit an application for permitting of the gaming device to the commission's gaming technology laboratory. The commission may reject any gaming device permit application that is deemed administratively incomplete. The application for a gaming device permit shall be in the form prescribed by the commission and contain:
 - (a) the gaming vendor's name;
 - (b) the gaming vendor's license number pursuant to 205 CMR 134;
 - (c) a unique name and version number for the gaming device for which the registration is sought;
 - (d) a copy of the commission certified independent testing laboratory report for the gaming device in accordance with 205 CMR 144.04;

(e) a list of all jurisdictions, **at the time of gaming device permit submission**, in which the gaming device has been granted or denied licensure, registration, or similar; and

(f) the application fee in accordance with 205 CMR 144.05.

(3) Upon receipt of the gaming device permit application, the commission's gaming technology lab may require that the gaming vendor provide to the commission's gaming technology lab, at the gaming vendor's expense, a functioning prototype of the gaming device as well as all documentation and other materials necessary to conduct testing and evaluate compliance.

(4) The gaming vendor shall ~~promptly~~ notify the commission **within 48 hours** of any negative action taken in another jurisdiction or if it becomes aware of an issue that may negatively impact the reporting of revenue, game outcome, or the integrity of a device that has been submitted to the commission for permitting or has been permitted.

(5) Prior to issuing a permit and after completing a review of a proposed gaming device that has not been available for public use in other jurisdictions for at least 45 days, the commission may require a trial period of up to 45 days to test the gaming device in a gaming establishment. During the trial period, minor changes in the operation or design of the gaming device may be made with prior approval of the commission.

(6) Upon reviewing a gaming device permit application and conducting any additional testing or trials that the commission requires, the commission shall issue a gaming device permit if the device meets the requirements of 205 CMR 144.02(7). If a gaming device does not meet the requirements of 205 CMR 144.02(7), the commission may deny the permit or issue the permit subject to conditions necessary for the gaming device to meet the requirements of 205 CMR 144.02(7). If the commission denies or conditions the gaming device permit, the commission shall provide a written notification containing the reason for the denial or condition. The gaming device permit shall not expire, but shall be subject to any future conditions imposed in accordance with 205 CMR 144.02(8).

(7) Prior to permitting, a gaming device must:

(a) meet the applicable requirements of G.L. c. 23K and 205 CMR 143; and

(b) not endanger, compromise, or weaken the credibility or integrity of gaming in the Commonwealth.

(8) The commission, or its designee, may add, modify or remove conditions following the initial permitting of a gaming device as necessary to ensure the integrity of the gaming device or the effective administration of 205 CMR.

(9) A gaming vendor may appeal a permit denial, permit revocation, or imposition of any condition on a permit by filing a petition on a form prescribed by the commission. Upon receipt of a petition, the gaming technology lab shall schedule a hearing to be conducted

in accordance with 205 CMR 144.02(10) and provide the gaming vendor with reasonable notice containing the date, time, and location of the hearing.

(10) Hearings convened pursuant to 205 CMR 144.02(9) shall be conducted in accordance with 801 CMR 1.02: Informal/Fair Hearing Rules and M.G.L. c. 30A. Given the sensitive nature of gaming device operations, the hearing will not be open to the public. Any party may be represented by legal counsel. All parties shall be permitted to present an opening statement, testify on their own behalf, cross-examine all witnesses, present any relevant witness testimony, present any relevant documentary evidence, and offer a closing argument. The gaming technology lab may question any witness and include any records kept by the commission as exhibits. The commission's executive director shall designate a hearing officer to preside over the hearing. The decision of the hearing officer will be final. Any person aggrieved by a decision of the hearings officer may appeal such decision in conformance with M.G.L. c. 30A, § 14.

144.03: Registration of Gaming Device Inventory

(1) In order to register a gaming device for use in a gaming establishment, a gaming licensee must submit a gaming device registration application with the commission's gaming technology laboratory. The commission may reject any gaming device registration application that is deemed administratively incomplete. The application for a gaming device registration shall be in the form prescribed by the commission and contain:

(a) the gaming licensee's name;

(b) the gaming device number issued by the commission for the permitted prototype on which the gaming device is based;

(c) in the case of a physical gaming device, the unique serial number and the date of manufacture for each copy of the gaming device that the gaming licensee intends to use in the gaming establishment;

(d) in the case of a software gaming device, the maximum number of instances of the software that the gaming licensee intends to use at any one time in the gaming establishment;

(2) Upon reviewing a gaming device registration application, the commission shall register the gaming device if the gaming device registration application is in compliance with the requirements and conditions of the gaming device permit on which the device is based. The gaming device registration shall not expire, but shall be subject to any future conditions imposed in accordance with 205 CMR 144.03(4).

(3) A registered gaming device must:

(a) be identical in all mechanical, electrical, electronic or other material aspects to the prototype permitted in accordance with 205 CMR 144.02 on which the gaming device is based;

(b) comply with any conditions of the permitted prototype on which the gaming device is based; and

(c) not endanger, compromise, or weaken the credibility or integrity of gaming in the Commonwealth.

(4) The gaming licensee must ensure that the registered gaming device is and remains in compliance with 205 CMR 144.03(3) at all times. The commission may at any time inspect any registered gaming device and revoke or condition the registration if that device fails to comply with section 205 CMR 144.03(3). Prior to revoking or conditioning the registration of a gaming device currently in use in a gaming establishment, the commission shall allow the gaming licensee a reasonable amount of time to bring the device into compliance.

(5) A gaming licensee may appeal a registration denial, registration revocation, or imposition of any condition on registration by filing a petition on a form prescribed by the commission. Upon receipt of a petition, the gaming technology lab shall schedule a hearing to be conducted in accordance with 205 CMR 144.03(6) and provide the gaming licensee with reasonable notice containing the date, time, and location of the hearing.

(6) Hearings convened pursuant to 205 CMR 144.03(5) shall be conducted in accordance with 801 CMR 1.02: Informal/Fair Hearing Rules and M.G.L. c. 30A. Given the sensitive nature of gaming device operations, the hearing will not be open to the public. Any party may be represented by legal counsel. All parties shall be permitted to present an opening statement, testify on their own behalf, cross-examine all witnesses, present any relevant witness testimony, present any relevant documentary evidence, and offer a closing argument. The gaming technology lab may question any witness and include any records kept by the commission as exhibits. The commission's executive director shall designate a hearing officer to preside over the hearing. The decision of the hearing officer will be final. Any person aggrieved by a decision of the hearings officer may appeal such decision in conformance with M.G.L. c. 30A, § 14.

(7) A gaming licensee shall inform the commission's gaming technology laboratory of any registered gaming device that the gaming licensee no longer possesses no later than the second Monday of the month following termination of possession.

144.04: Required Testing by Independent Testing Laboratories

(1) Any testing by a commission certified independent testing laboratory for the purposes of permitting a gaming device shall be conducted in compliance with M.G.L. c. 23K and 205 CMR 143 and 144.

(2) The independent testing laboratory shall issue a report of the testing results to the gaming vendor. Such report shall contain:

(a) the part and version numbers of the gaming device tested;

- (b) attachments containing documents sufficient to describe the functionality and operation of all material components of the gaming device;
 - (c) a description of all tests conducted and the results of such tests;
 - (d) a statement as to whether each of the components within the gaming device, each interaction between components, and the device as a whole is compliant with the latest version of M.G.L. c. 23K and 205 CMR 143 as of the start date of testing;
 - (e) the date the gaming device was submitted for testing;
 - (f) the start and end dates of the gaming device testing;
 - (g) the location of the facility used to perform the testing; and
 - (h) a statement, signed under penalty of perjury, that all information provided in the report is accurate and complete.
- (3) The independent testing laboratory's report shall not contain any information in its body that if publically released may harm the integrity of the gaming device, but such information may be disclosed in an attachment.
- (4) The independent testing laboratory may communicate with the applicant to request additional documentation or to discuss potentially non-compliant components. The independent testing laboratory shall log any communication between itself and the applicant and be able to provide to the commission copies of all documents transmitted to or from the applicant for at least seven years following the issuance of the report.
- (5) The independent testing laboratory may ~~only~~ rely on testing conducted and data collected from ~~a third party or from its own~~ testing **conducted** for another jurisdiction, **whether by the independent testing laboratory or by another entity**, if the testing was performed ~~during the past six years~~ by an independent party with no apparent interest in the result. An independent testing laboratory relying on such external testing or data must clearly identify in its report all such reliance and independently verify the validity of such data or testing by:
- ~~(a) making a finding that the methods described in the earlier test are reliable and there is no indication that the data are incorrect; or~~
 - ~~(b) showing that the gaming device has been implemented for public use for at least 6 months in other jurisdictions and has performed in conformance with the data;~~
- (6) An independent testing laboratory may rely on any data or results of testing conducted by a commission certified independent testing laboratory ~~during the past six years~~ when such testing was conducted for purposes of permitting a gaming device in the

Commonwealth. Any reliance pursuant to 205 CMR 144.04(5) ~~or~~ (6) must be clearly identified in the report.

144.05: Fees for Testing, Permitting, and Registration of Gaming Devices

(1) A gaming vendor seeking a gaming device permit shall remit appropriate fees to the commission along with **or prior to** the gaming device permit application. The application fee for submitting a new gaming device for permitting or for modification of a currently permitted gaming device is \$500. If the commission's costs for testing, in accordance with the fee schedule posted by the commission to its website, exceed the initial application fee, the gaming vendor shall pay the additional amount within 30 days after notification of insufficient fees or the application shall be rejected.

(2) A gaming vendor requesting that a commission certified independent testing laboratory conduct testing shall pay all costs of the testing directly to the independent testing laboratory.

(3) There is no fee for registering a gaming device based on a permitted prototype of the same device.

144.06: Independent Testing Laboratory Certification and Auditing

(1) Certification Process. In order to provide testing services of gaming devices in Massachusetts, a person must be certified as an independent testing laboratory in accordance with 205 CMR 144.06. The certification process will take place as follows:

(a) The commission may issue yearly a request for applications from applicants interested in being certified as independent testing laboratories.

(b) Upon receipt of an application in the form prescribed in 205 CMR 144.06(5) the gaming technology laboratory and the bureau shall conduct any investigation they deem reasonable, including any visit, review or inspection of each independent testing laboratory seeking certification to evaluate the laboratory's qualifications and capabilities pursuant to 205 CMR 144.06(3).

(c) The applicant is required to submit a \$5,000 application fee with its application for certification. If the Commission's costs associated with the investigation, including site visits, inspections, and background investigations, of the applicant during the certification evaluation period, in accordance with the fee schedule posted by the Commission to its website, exceed the application fee, the applicant shall pay the additional amount within 30 days after notification of insufficient fees or the application shall be rejected.

(d) Upon the conclusion of evaluation, and upon full payment of any costs associated with the certification process, the gaming technology laboratory, with the input of the bureau, shall issue a written report to the commission and to the applicant. The commission shall determine whether to initiate a process for a public hearing or adjudicatory proceeding. ~~The commission may utilize the~~

~~public hearing process if the bureau has not raised any complex concerns relative to suitability in the report.~~ However, the commission may only utilize the public hearing process with the applicant's consent.

(e) If the commission determines that an adjudicatory proceeding will be held, the commission shall conduct an adjudicatory proceeding in accordance with 801 CMR 1.02: *Informal/Fair Hearing Rules* and M.G.L. c. 30A on the gaming technology laboratory's report under 205 CMR 144.06(1)(d) concerning the applicant. Any party may be represented by legal counsel. All parties shall be permitted to present an opening statement, testify on their own behalf, cross-examine all witnesses, present any relevant witness testimony, present any relevant documentary evidence, and offer a closing argument. The commission will issue a public notice in advance of the adjudicatory proceeding stating the date, time and place of the hearing. The commission shall issue a final decision granting or denying the certification within 30 days of the hearing.

(f) If the commission determines that a public hearing should be held, the commission shall review the gaming technology laboratory's report and make a final decision granting or denying the certification at a public hearing. The commission will issue a notice in advance of the public hearing stating the date, time and place of the hearing.

(g) Certification as an independent testing lab shall be valid for one year and shall automatically renew annually thereafter upon payment of a renewal and audit fee of \$2,000. The commission may audit the compliance of the certified independent testing laboratory with commission requirements annually or more often if needed. The commission may revoke the registration of a certified independent testing laboratory if the testing laboratory no longer meets the requirements of G.L. c. 23K and 205 CMR.

(h) The commission shall maintain a list of certified independent testing laboratories along with the categories of gaming device that each independent testing laboratory may test.

(2) Categories of Certification. Each independent testing laboratory must be certified for each category of testing for which the laboratory seeks to provide results. The categories of testing include:

- (a) Games and game variations;
- (b) Gaming devices and gaming device modifications;
- (c) Gaming associated equipment and gaming associated equipment modifications;
- (d) Cashless wagering systems and cashless wagering system modifications;
- (e) Inter-casino linked systems and inter-casino linked system modifications;

- (f) Mobile gaming systems and mobile gaming system modifications;
- (g) Interactive gaming systems and interactive gaming system modifications; and
- (h) Any other category of testing that the commission may deem appropriate.

(3) Standards for Certification. To qualify for certification, the independent testing laboratory, must:

- (a) Be independent pursuant to 205 CMR 144.06(4)
- (b) Be accredited in accordance with ISO/IEC 17025 by an accreditation body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Agreement, ~~unless the independent testing laboratory is only seeking certification for the testing of games and game variations;~~
- (c) Demonstrate suitability in accordance with G.L. c. 23K, §§ 12 and 16 by clear and convincing evidence after considering reciprocity from other jurisdictions;
- (d) Demonstrate that it is technically competent in testing the category of game, device, or system in which it is seeking certification; and
- (e) Demonstrate that it is technically competent to test compliance with the applicable Massachusetts statutes, regulations, standards and policies.

(4) Independence. An independent testing laboratory must be independent at all times while certified by the commission.

(a) To be considered independent from a manufacturer, distributor, or operator pursuant to 205 CMR 144.06(3)(b), the independent testing laboratory, including its employees, management, directors, owners, compliance committee members and gaming regulatory advisors, with the exception of the independent testing laboratory's external accountants and attorneys:

1. Must not have a financial or other interest, direct or otherwise, in a manufacturer, distributor, or operator of any game, gaming device, associated equipment, cashless wagering system, inter-casino linked system, mobile gaming system or interactive gaming system, or any component thereof or modification thereto, regardless of whether or not the person or entity is licensed, registered, or otherwise does business in Massachusetts;

2. Must not participate, consult, or otherwise be involved in the design, development, programming, or manufacture of any game, gaming device, associated equipment, cashless wagering system, inter-casino linked system, mobile gaming system or interactive gaming system, or any component thereof or modification thereto;

3. Must not have any other interest in or involvement with a manufacturer, distributor, or operator that could cause the independent testing laboratory to act in a manner that is not impartial; and

4. Such individuals shall not serve in any capacity with a manufacturer, distributor, or operator beyond the scope of the independent testing laboratory's engagement pursuant to these regulations.

(b) The restrictions in 205 CMR 144.06(4)(a) shall not be interpreted to limit an independent testing laboratory, or the above listed individuals, from providing consulting services to a manufacturer, distributor, or operator, provided that such services do not directly or indirectly indicate, suggest, or imply how to design, develop, program or manufacture a game, gaming device, associated equipment, cashless wagering system, inter-casino linked system, mobile gaming system or interactive gaming system, or any components thereof or modification thereto.

(c) The restrictions in 205 CMR 144.06(4)(a) shall not be interpreted to limit its ability to accept fees from a gaming device vendor in accordance with 205 CMR 144.05.

(5) Form of Application. An application for certification as an independent testing laboratory shall be in the form prescribed by the commission and contain:

(a) The required application fee pursuant to 205 CMR 144.06(1)(c);

(b) A completed business entity disclosure form as set forth in 205 CMR 134.07(6) for the applicant entity;

(c) Completed multi-jurisdictional personal history disclosure forms as set forth in 205 CMR 134.07(1) for each person who would be a gaming vendor qualifier pursuant to 205 CMR 134.04(4) if the applicant were a gaming vendor;

(d) Copies of all ISO/IEC 17025 certification and accreditation materials except if the independent testing laboratory is only seeking registration for the testing of games and game variations;

(e) All ISO required internal controls, policies and procedures, except if the independent laboratory is only seeking registration for the testing of games and game variations;

(f) Detailed description of the testing facilities;

(g) Detailed description of available testing staff and staff qualifications, including education, training, experience and skill levels;

(h) Detailed description of available testing equipment;

(i) Copies of documented policies, systems, programs, procedures and instructions to assure the quality of test results;

(j) Copies of all test scripts to be used for testing against the applicable Massachusetts statutes, regulations, standards, and policies.

(k) A statement subscribed by the applicant that:

1. The information being provided to the commission is accurate and complete;

2. The applicant agrees to cooperate with all requests, inquiries, or investigations of the commission;

3. The applicant acknowledges that the commission shall retain jurisdiction over the independent testing laboratory in any matter involving a gaming device;

4. The applicant acknowledges that it will comply with G.L. c. 23K, § 13(b) and (c) and update the commission in accordance with 205 CMR 144.06(6);

5. The applicant agrees to indemnify and hold harmless the Commonwealth of Massachusetts and the commission, and each of their members, agents, and employees in their individual and representative capacities against any and all claims, suits and actions, brought against the persons named in this section by reason of any inspections or certifications performed by the applicant as a certified independent testing laboratory, and all other matters relating thereto, and against any and all expenses, damages, charges and costs, including court costs and attorney fees, which may be sustained by the persons and entities named in this subsection as a result of said claims, suits and actions; and

(l) any additional information that the commission may require.

(6) Notification Requirements. Certified independent testing laboratories shall:

(a) notify the commission of any change in ownership of the certified independent testing laboratory **if it is privately held or any change in ownership resulting in shareholding of 5% or more of the independent testing laboratory or any of its holding or intermediary companies**; any change in directors; executives; or key management or employees of the independent testing laboratory; and any other material changes to the information included in its application for registration or the information submitted in conjunction with or subsequent to its application within 30 days of such change;

(b) no later than by the 15th day of each January, inform the commission in writing of any changes to the information that was contained on the registered

independent testing laboratory's application for registration or submitted in conjunction with or subsequent to its application, or that no changes have occurred since the last reporting date;

(c) maintain copies of the results of any ISO/IEC 17025 audits or reviews and notify the commission in writing of the availability of the results within 15 days of when they become available to the registered independent testing laboratory and provide copies to the commission upon request.

(d) notify the commission immediately of any material issues concerning any gaming device that it tested for use in Massachusetts;

(e) notify the commission immediately of any attempts by a manufacturer, distributor, or operator to improperly influence the certified independent testing laboratory, or any of its employees, managers, or owners, in or in connection with any testing of gaming devices for use in Massachusetts; and

(f) timely provide the commission with such other information as the commission may request or require.

(7) Continued Obligations. Certified independent testing laboratories shall abide by the following requirements while certified:

(a) In the interest of preserving a competitive gaming industry, a certified independent testing laboratory shall not implement or maintain any procedure or policy or take any action that would inhibit or prevent a manufacturer, distributor or operator that has otherwise been deemed suitable for doing business in Massachusetts by the commission from submitting a game, gaming device, associated equipment, cashless wagering system, inter-casino linked system, mobile gaming system or interactive gaming system, or any component thereof or modification thereto, for testing for use in Massachusetts, or that would call into question or tend to erode the independence of the certified independent laboratory from any clients that utilize its services.

(b) All testing shall be performed by a person directly employed by the certified independent testing laboratory. The certified independent testing laboratory shall not assign, delegate, subcontract, or otherwise engage any person not directly employed by the certified independent testing laboratory for any testing for which the laboratory has been certified. The certified independent testing laboratory shall provide the commission ~~each month~~ **every six months, or upon request as the commission requires**, with a list and description of all amounts paid by or invoiced to licensed gaming vendors for costs of gaming device testing or otherwise.

(c) A certified independent testing laboratory shall implement and maintain a hiring and background check process, **which shall be submitted to the commission and subject to the commission's approval**, that ensures, at a minimum, that no

person is hired in a position involving testing relating to Massachusetts, or in a position overseeing or managing an employee in such a position, who has:

- ~~1. failed to disclose or misstated information or otherwise attempted to mislead the commission with respect to any information the person has provided to the commission;~~
2. **1.** been convicted of a felony or other crime involving embezzlement, theft, fraud or perjury;
- ~~3. committed prior acts which have not been prosecuted or in which the person was not convicted but form a pattern of misconduct that makes the person unsuitable;~~
- ~~4. Been identified in the published reports of any federal or state legislative or executive body as being a member or associate of organized crime, or as being of notorious and unsavory reputation;~~
- ~~5. Been placed and remains in the constructive custody of any federal, state or municipal law enforcement authority; or~~
6. **2.** Had any gaming license, registration or other like credential revoked or committed any act which is a ground for the revocation of a gaming license, registration or other professional credential held by the person or would have been a ground for the revocation of a gaming license, registration or other professional credential had the person held such license, registration, or credential.

(d) A certified independent testing laboratory shall handle all information and data prepared or obtained as part of the testing process as confidential.

(e) A certified independent testing laboratory shall implement and maintain security and access control systems designed to secure and protect the confidentiality of all equipment, software, and other information entrusted to it as part of the testing process.

(f) The commission may, as appropriate, periodically provide further guidance as to what is required of a certified independent testing laboratory through industry notices or other written communications.

(g) If a certified independent testing laboratory hires an individual who was previously employed by, or performed any work for, a manufacturer, distributor or operator within one year prior to the individual's date of employment with the independent testing laboratory, the certified independent testing laboratory shall not permit that person to test any gaming device for use in Massachusetts, for which the person had any involvement with, whatsoever, while he or she was employed by the manufacturer, distributor or operator for a period of one year from the individual's date of employment with the independent testing laboratory.

REGULATORY AUTHORITY

205 CMR 144: M.G.L. c. 23K, §§4(28), 5 and 66

DRAFT

205 CMR: MASSACHUSETTS GAMING COMMISSION
205 CMR 145.00: POSSESSION OF SLOT MACHINES

Section

145.01: Possession of Slot Machines

145.02: Transportation of Slot Machines

145.01: Possession of Slot Machines

(1) The following persons and any employee or agent acting on their behalf may, subject to any terms and conditions imposed by the commission, possess slot machines in the commonwealth for the purposes provided herein, and such possession is not restricted by G.L. c. 271, § 5A, provided that the machines are kept only in such locations as may be specifically ~~approved~~ **authorized** in writing by the commission and that any machines located outside of a gaming establishment not be used for gaming activity:

(a) A holder of:

1. A gaming license at the gaming establishment;

2. A gaming vendor license, for the purpose of distributing, repairing, ~~or servicing,~~ **displaying, or operating a showroom for slot machines in accordance with G.L. c. 23K, § 25(e);**

(b) An employee or agent of the commission, for the purpose of fulfilling official duties or responsibilities;

(c) A common carrier, for the purpose of transporting such slot machines;

(d) A ~~trade school approved~~ **gaming school certified** by the commission **in accordance with 205 CMR 137.00** ~~to possess slot machines for educational purposes; or~~

(e) Any other person the commission may approve after finding that possession of slot machines by such person in this state is necessary and appropriate to fulfill the goals and objectives of M.G.L. c. 23K and 205 CMR.

(2) Each gaming licensee shall file, prior to the commencement of gaming and every thirty days thereafter with the commission a comprehensive lists of:

(a) The slot machines and bill validators and/or bill changers not integrated into a slot machine on its gaming floor (the "Slot Machine Master List");

(b) The slot machines possessed by the licensee in restricted areas off the gaming floor but on the premises of its gaming establishment;

(c) The slot machines possessed by the licensee at locations in ~~this state~~ **the commonwealth** but off the premises of its gaming establishment.

(3) At a minimum, each list of slot machines required by ~~paragraph~~ **205 CMR 145.01(2)** ~~of this rule~~ shall contain the following information, as applicable, for each slot machine and any accompanying bill validator and/or bill changer on the "Slot Machine Master List," in consecutive order by location number:

(a) The date on which the list was prepared;

(b) A description of each slot machine by:

1. Slot machine model and serial number **and registration number issued in accordance with 205 CMR 144.00;**
2. Computer program number;
3. Denomination;
4. Manufacturer and machine type; and
5. Whether the slot machine has an electronic funds transfer (EFT) feature.

(c) A cross reference for each slot machine by zone and serial number;

(d) **Where applicable,** the restricted area within the gaming establishment where ~~the each~~ slot machine is located ~~for each slot machine included on the list required by paragraph (2)(b) of this rule;~~

(e) **Where applicable,** the address of the slot machine storage facility where ~~the each~~ slot machine is located ~~for each slot machine included on the list required by paragraph (2)(c) of this rule;~~ and

(f) Such other information as the commission may require.

(4) Any building located outside of a ~~casino facility~~ **gaming establishment** where slot machines will be kept shall meet, at a minimum, the following requirements:

(a) All access doors and windows must be locked and alarmed;

(b) Access ~~is~~ **shall be** restricted to those individuals permitted to maintain slot machines ~~pursuant to this regulation,~~ **however, in the case of a display or showroom, the general public may be admitted during normal business hours for previewing the slot machines;** and

(c) Any other requirements as deemed appropriate by the commission.

145.02: Transportation of Slot Machines

(1) Pursuant to St. 2011, c. 194, §§ 101 and 102, any transportation of a slot machine in accordance with 205 CMR 145.02 shall be exempt from the provisions of chapter 1194, 64 Stat. 1134, 15 U.S.C. 1171 to 1178.

(2) ~~Prior to the transport or movement of any~~ Any person moving a slot machine (i) into the Commonwealth, (ii) from one authorized location to another authorized location within the Commonwealth unless both locations are operated and controlled by the same gaming licensee, or (iii) out of the Commonwealth, ~~the person causing such slot machine to be transported or moved~~ shall first notify the commission in writing giving that provides the following information:

- (a) The full name and address of the person shipping or moving the machine;
- (b) The full name and address of the person who owns the machine, including the name of any new owner in the event ownership is being changed in conjunction with the shipment or movement;
- (c) The method of shipment or movement and the name of the carrier or carriers;
- (d) The full name and address of the person to whom the machine is being sent and the destination of the machine if different from such address;
- (e) The quantity of machines being shipped or moved and the manufacturer's serial number of each machine;
- (f) The expected date and time of delivery to or removal from any authorized location in the Commonwealth;
- (g) The port of entry, or exit, if any, of the machine if the origin or destination of the machine is outside the continental United States; and
- (h) The reason for transporting the machine.

(3) The person shipping or moving any slot machine in accordance with 205 CMR 145.02 shall provide to the shipper a document, at least one copy of which shall be kept with the slot machine at all times during the shipping process that contains the following information, at a minimum:

- (a) The manufacturer's serial number of the slot machine being transported;
- (b) The full name and address of the person from whom the machine was obtained;
- (c) The full name and address of the person to whom the machine is being sent; and
- (d) The dates of shipment.

(4) Any person, company, or school receiving a slot machine shipment from outside of the Commonwealth shall, within three business days of receipt, provide the commission with the information enumerated in 205 CMR 145.02(2) ~~above~~.

(5) ~~All movements of slot machines~~ Any person moving a slot machine (i) within a gaming establishment or (ii) between two authorized locations within the Commonwealth if both locations are operated and controlled by the same gaming licensee shall ~~be recorded~~ such movement in a log ~~that shall be maintained~~ in accordance with the record retention requirements contained in 205 CMR 135.00 and include the following:

- (a) The manufacturer's serial number;
- (b) The casino operator's equipment number, if applicable;
- (c) An indication as to whether the equipment is equipped for tokenization, and if so, the denomination;
- (d) The date and time of movement of the equipment;
- (e) The location from which the equipment was moved;
- (f) The location to which the equipment was moved; and
- (g) The printed name(s) and signature(s) of the person(s) involved in moving the equipment.

REGULATORY AUTHORITY

205 CMR 145: M.G.L. c. 23K, §§4(28) and 5



Amended Small Business Impact Statement

The Massachusetts Gaming Commission (“Commission”) hereby files this amended small business impact statement in accordance with G.L. c.30A, §5 relative to the proposed regulation amendments in 205 CMR 101.00, 115.00, and 116.00; as well as the new regulations in 205 CMR 143.00-145.00 for which a public hearing was held on June 17, 2014. These proposals were developed as part of the Commission’s overall regulation promulgation process and are largely designed to govern the operation of gaming establishments in the Commonwealth. These specific regulations govern the following:

205 CMR 143.00: New regulations setting the standards for gaming devices including slot machines and systems, the provision of real time stream of data, and other requirements related to slot machines and the provision of data;

205 CMR 144.00: New regulations governing the procedure for permitting and registering gaming devices and approvals of independent testing labs;

205 CMR145.00: New regulations governing the possession of slot machines; and

205 CMR 101.00, 115.00, and 116.00: Amended to address “new qualifiers” for suitability determination and licensing.

These regulations are largely governed by M.G.L. 23K, §§2,5,26 and 66

These regulations apply solely to the recipients of a gaming license, and the gaming vendors they contract with to manufacture and test the gaming devices, and individuals who qualify as a “new qualifier.” It is not anticipated that any small businesses will be impacted by these regulations. Accordingly, based on the principal subject matter of the regulations, there are no less stringent schedules or deadlines for compliance or reporting requirements for small businesses, consolidated or simplified compliance or reporting requirements for small businesses, performance standards for small businesses to replace design or operational standards required in the proposed regulations, or alternative regulatory methods to minimize adverse impacts on small businesses.

M.G.L. c.23K was enacted to create new industry in the Commonwealth and to promote local small businesses in the tourism industry, including the development of new and existing small businesses such as lodging, dining, retail and cultural social facilities. These proposed regulations, as part of the Commission’s overall regulation promulgation process, are designed to effectuate those intentions and to encourage the formation of new businesses in the Commonwealth.

Massachusetts Gaming Commission
By:



Massachusetts Gaming Commission

Dated:



Massachusetts Gaming Commission



July 22, 2014

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

Re: Central Management and Monitoring System

Pursuant to G.L. 23K, §5(a), the Massachusetts Gaming Commission has proposed the use of a Central Management and Monitoring System for near-real time collection of data on the basis that such a system supports the Commission's oversight and enforcement through: independent identification of gaming revenue to support daily tax collection; monitoring of slot transactions and software signatures to help identify malfunctioning gaming devices or tampering; and physical asset management of permitted device configurations and registered electronic gaming devices.

Wynn respectfully suggests that such a system is not necessary in order to achieve the goals set forth above. Per the regulations, the Commission will already have access, in real-time, to a licensee's casino management system. The casino management system produces the identical information that the central management system would provide as the information is shared simultaneously with both systems. Further, through its audit rights, the Commission would be able to audit any internal controls as part of the normal regulatory process. The audit process would be necessary regardless of the use of a central management and monitoring system. Finally, many mature jurisdictions, including New Jersey and Nevada, do not implement a central management and monitoring system and have operated without issues.

As a result, we strongly urge the Commission to reconsider the necessity of implementing what is, essentially, a duplicative system. Please do not hesitate to contact me if you have any questions or concerns regarding the foregoing.

Sincerely,

Bob DeSalvio
Senior Vice President



July 21, 2014

Sent by Email to mgccomments@state.ma.us

Stephen Crosby
Chairman
Massachusetts Gaming Commission
84 State Street, Suite 720
Boston, MA 02109

Re: Mohegan Sun Massachusetts, LLC's Comments on Central Monitoring, 205 CMR 143.00.

Dear Chairman Crosby and Commissioners:

On behalf of Mohegan Sun Massachusetts, LLC ("Mohegan Sun"), thank you for the opportunity to provide comments on the proposed central monitoring regulations in 205 CMR 143.00. Mohegan Sun has commented on a variety of the Commission's proposals and once again welcomes the opportunity to share its thoughts on the Commission's implementation of the Expanded Gaming Act (the "Act").

Mohegan Sun submits the following comments regarding the Regulations:

I. Mohegan Sun's experience in Pennsylvania suggests that central monitoring systems are difficult to implement and operate.

Operating Mohegan Sun at Pocono Downs has given us a first-hand look at both the implementation and operation phases of a central monitoring system ("CMS"). CMS is often used in states operating video lottery terminals as part of a state lottery system; Pennsylvania, however, uses CMS in a slot machine-driven system and provides a valuable comparison for Massachusetts.

CMS fails to deliver its purported benefits and introduces numerous operational problems. The most substantial of these operational problems is the potential for disruption of gaming activities and tax revenue. Both network failure and power outages have the potential to

Stephen Crosby
July 21, 2014
Page 2

disrupt gaming, and CMS multiplies such disruptions. Problems with on-site monitoring affect only one site, but a problem with the central server has the potential to affect all licensees.

Mohegan Sun appreciates that the proposed regulation has attempted to lessen this potential negative impact on operations by providing, in 205 CMR 143.01(4), that machines need not be shut down due to a connection failure if the connection is re-established within 24 hours. But this only solves the regulatory problem associated with connection failures, not the practical problem. Our Pennsylvania experience suggests that integration of CMS presents technical obstacles to the operation of machines when the connection to the central server is disrupted. In the case of a power outage to a machine, for example, the machine must be re-booted when power is restored, and making the connection to the central server is part of the re-booting sequence. In some instances, restoring the connection to an individual machine could be a lengthy process, resulting in confusion and inconvenience to patrons and lost revenue to the Commonwealth.

Nor are the two main selling points of CMS - real-time monitoring and the ability to shut down machines remotely - worth the trouble. While close-to-real-time monitoring is possible with CMS, experience suggests that integrity malfunctions and attempts at felonious tampering often give subtle notice that would not be recognized in live data feeds. The ability to shut down machines remotely can require shutting down entire banks of machines and is rarely, if ever, used. This is because additional, appropriate field verification is needed when data suggests malfunction or tampering, and both operators and regulators are reluctant to shut down an entire bank of machines without that verification. Our experience in Pennsylvania is that the operator's on-site personnel in cooperation with on-site regulatory staff are in a better position to address these issues than the personnel responsible for CMS.

II. CMS will provide redundant services at high cost.

Technology is often thought to reduce long-term costs by reducing the need for full-time employees in exchange for an initial capital investment. CMS manages to be a rare exception, requiring substantial investment up-front *and* costing more in the long-term. The planned uses of CMS - identification of gaming revenue to support tax collection, monitoring of slot transactions and software signatures to identify malfunctioning gaming devices, and physical asset management - are all functions that the Commission can and will undertake without CMS. The Commission will receive daily updates from the licensees regarding revenues and will have on-site personnel who will frequently verify and audit these revenues. Likewise, our experience from Pennsylvania is that the Commission's on-site personnel are much more likely to be able to identify and address malfunctioning gaming devices than are remote personnel.

The redundancy is especially apparent in the reconciliation process commonly used with CMS. Both CMS and licensee monitoring systems derive data from the meters on each machine. Reconciling between two systems that derive data from a common source is time and labor intensive, and provides no benefit to the accuracy of the data collected.

Moreover, economies of scale will work against CMS in Massachusetts. CMS requires both a fixed cost - a central server, infrastructure, and employees at the Commission - and

Stephen Crosby
July 21, 2014
Page 3

variable costs - equipment at gaming establishments and employees to monitor additional data. In Pennsylvania, CMS is used to monitor twelve current gaming establishments, some as many as four hundred miles apart. With the addition of another Philadelphia establishment and a racino project pending in Western Pennsylvania, the number of facilities monitored will likely rise to fourteen in the relatively near future. In Massachusetts, there will be up to three casinos and one slot facility and perhaps three-fifths (3/5) fewer devices to be monitored. With Boston just forty-five minutes from Plainville and ninety minutes from Springfield, the relative compactness and small number of gaming establishments in Massachusetts do not justify the cost.

III. Effective regulation does not require central monitoring.

CMS is not the norm for the largest casino markets in the United States. New Jersey, Nevada, Mississippi, Illinois, Indiana, Iowa, Missouri, Ohio, and Michigan do not use CMS. These states are able to achieve regulatory integrity through strong internal controls and regular audits, often with the help of data from on-site systems, for which CMS is no substitute. CMS will add a redundant and expensive layer of monitoring that introduces operational challenges and threatens revenue generation for the Commonwealth. Mohegan Sun urges the Commission to decide against the use of CMS and instead use the internal controls and on-site monitoring that work effectively across the country.

Mohegan Sun looks forward to further participating in the Commission's deliberation of this very important issue. Thank you for your consideration, and please let me know if there are any questions.

Sincerely,



Gary Luderitz
Vice President, Operations and Development

cc: Mr. Mitchell Etess
Mr. Thomas Burke
David Rome, Esq.
Kevin Conroy, Esq.



The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES
STATE HOUSE, BOSTON 02133-1054

Committees:
Education
Judiciary
Global Warming and Climate Change

JEFFREY N. ROY
STATE REPRESENTATIVE
10th NORFOLK DISTRICT

STATE HOUSE, ROOM 134
TEL. (617) 722-2400
Jeffrey.Roy@MAhouse.gov

April 29, 2014

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

RE: 205 CMR 143.01(3), proposed regulation

Dear Commissioner Crosby:

I am writing in support of Penn National Gaming's request to modify the proposed regulation 205 CMR 143.01(3). The proposed modification would provide that each designated seat or standing position at an electronic table game is a "gaming position" but that each such electronic table game constitutes only one slot machine under ch. 23K, § 2.

Allowing for this type of operation is especially important during the period when Plainridge Park Casino is operating as the category II, "slots-only" licensee and prior to the opening of any of the potential Category I destination facilities in the Commonwealth.

I see this as a jobs and revenue issue. It is of paramount importance that the Commonwealth realize the benefits of expanded gaming as soon as possible. The proposed regulation is an intelligent and sensible policy that will allow the slot facility to be more competitive with out of state facilities that are currently diverting jobs, revenue and economic activity out of the Commonwealth. A more competitive slots facility at Plainridge Park means more jobs and revenue staying in the Commonwealth.

I would like to thank you and the members of the commission for your consideration on this matter.

Very truly yours,

Jeffrey N. Roy



International Game Technology
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Las Vegas, NV 89113-2133

185
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igt.com

Via Electronic Mail

June 13, 2014

Mr. John Glennon, Chief Information Officer
Massachusetts Gaming Commission
84 State Street, 10th Floor
Boston, MA 02109

Dear Mr. Glennon:

On behalf of IGT, I would like to thank the Massachusetts Gaming Commission (“Commission”) for the opportunity to submit comments on the proposed product regulation framework 205 CMR 143-145 posted on May 27, 2014. IGT respectfully submits the following observations and suggestions regarding the proposed regulations for the Commission’s consideration:

205 CMR 143.01 (4) states that each gaming licensee must provide the Commission with a real-time stream of data in the communication format specified by the Commission directly from each slot machine. Such data shall be provided for purposes of computing and reconciling daily tax obligations, investigating patron disputes and maintaining general oversight of a gaming establishment. It further states, when the real-time link is down, each slot machine shall continue to store all required data for the most recent 7 days and subsequently each slot machine shall cease operation following 24 hours due to problems stemming from the gaming establishment’s systems.

Based on our understanding of the data required in order to reconcile tax obligations, investigate patron disputes and provide general oversight, each slot machine may not have enough storage available “to record all required data for the most recent seven days of operation” during offline mode of operation. IGT respectfully suggests changing the language to store a set number of the most recent critical events to ensure that each slot machine has dedicated storage resources available to record the information during offline mode of operation.

205 CMR 144.02 (2) states that following the testing by a certified independent testing laboratory that an applicant will then have to submit an application for permitting. While IGT can support this model of operation, we advise that this mode of operation can incur added costs and delays in bringing products to market. IGT requests further dialog to establish a best practice.

205 CMR 144.02(2)(e) states that a list of all jurisdictions in which the gaming device has been granted or denied licensure, registration, or similar needs to be included with each gaming device permit application. IGT requests that this information be limited to those jurisdictions at the time of a gaming device permit submission.

205 CMR 144.02 (2)(f) states that the application fee must be submitted with the form. Since IGT has a large portfolio of products, we request consideration for allowing a method that does not involve the need to submit a physical payment for every component that is submitted for a permit. IGT suggests that some form of advanced deposit which can be drawn against would be a consideration in order to save costs and time associated with processing the application for permitting.

205 CMR 144.05 (1) states that an applicant shall remit fees to the Commission along with the gaming device permit application of \$500. As mentioned in 205 CMR 139.02 (3)(f), IGT requests alternate methods regarding the payment of the device permit application in order to reduce processing costs and time constraints with getting a check requested for each submission.

205 CMR 145.01 (4)(b) states that any building located outside of a casino facility where slot machines shall be kept shall restrict access to those individuals permitted to maintain slot machines pursuant to this regulation. Gaming vendors may wish to establish a local office for purposes of sales and training, requiring product to be available to individuals other than those permitted to maintain slot machines. As noted chapter 23K section 25(e) states "... however, that this subsection shall not apply to a licensed gaming vendor who operates a warehouse, showroom or sales facility within the commonwealth subject to the approval of the commission." IGT respectfully seeks clarification that this regulation would not apply if approval is received by the Commission to operate a showroom, warehouse or sales facility.

205 CMR 145.02 (2)(f) states that for all shipments into, out of and within the Commonwealth of Massachusetts, the expected date and time of delivery to or removal from needs to be supplied. IGT notes that often the arrival time of a delivery or pickup may not be known in advance as there are many factors out of our control that may impact the specific delivery time. IGT requests removal of the time requirement.

Should you have any questions or wish to discuss, please contact Carrie Porterfield at (702) 669-8966 or Carrie.Porterfield@IGT.com.

Sincerely,



Carrie Porterfield
IGT Manager Regulatory Development



COMMONWEALTH OF MASSACHUSETTS
THE GENERAL COURT
STATE HOUSE BOSTON 02133 1053

June 16, 2014

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

RE: 205 CMR 143.01(3), proposed regulation

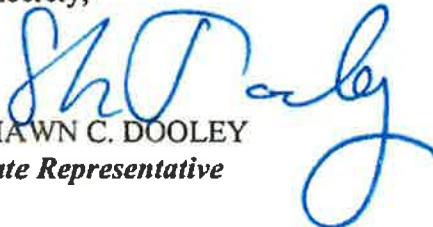
Dear Mr. Crosby,

As the legislators representing the Plainville community, we write to express our support for the proposed gaming device regulations which would allow for multiple gaming positions at some electronic slot machines. This proposal will enhance the Commonwealth's ability to compete with out of state facilities and increase the tax revenue obtained through expanded gaming. We believe that this type of operation will prove especially important when Plainridge Park Casino is operating as the Category II, "Slots-Only" licensee.

This matter will impact both jobs and revenue in the Commonwealth. It is important that Massachusetts realize the benefits of expanded gaming as soon as possible. This proposed regulation would assist with that. It is a practical policy that will help Plainridge Park Casino to become more competitive with out of state facilities, thus preventing jobs, revenue and economic activity from leaving the Commonwealth.

We thank the Commission for this opportunity to comment and appreciate your consideration. If we can provide any additional information, please do not hesitate to contact our offices.

Sincerely,


SHAWN C. DOOLEY
State Representative


RICHARD J. ROSS
State Senator



GLI

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GLI Asia
GLI Australia Pty Ltd
GLI Austria GmbH
GLI Europe BV
GLI Italy
GLI South America

June 16, 2014

Mr. John Glennon
Chief Information Officer
Massachusetts Gaming Commission
84 State Street
Boston, MA 02109

Re: Request for Comment: Gaming Device Regulations

Dear Mr. Glennon:

Please see the enclosed comments from **Gaming Laboratories International (GLI)** regarding the current draft regulations addressing electronic gaming devices.

Thank you for the opportunity to contribute during this comment period. Please do not hesitate to contact our laboratory should you have any questions.

Sincerely,
Gaming Laboratories International, LLC.

Patrick Moore
Senior Director, Technical Compliance

Enclosure
PGM

Reference	Regulation Text	GLI Comment
143.01(4)	<p><u>(4) A gaming licensee shall provide the commission with a real-time stream of data</u>, other than personally identifiable information, in the communication format specified by the commission in 205 CMR 143.16 directly from each slot machine. Such data shall be provided for purposes of computing and reconciling daily tax obligations as provided in 205 CMR 140.00, for purposes of investigating patron disputes filed in accordance with 205 CMR 134.19, and for purposes of maintaining general oversight of a gaming establishment. The commission is not obligated to monitor or review the data on an ongoing basis. <u>(emphasis added) If communications between the slot machine and the commission's system fails, the slot machine shall continue to record all required data for the most recent seven days of operation and send the data directly to the commission as soon as the connection is reestablished. If the connection is not reestablished within 24 hours due to a problem stemming from the gaming establishment's systems, then any slot machine affected shall cease operation until the connection is reestablished.</u></p>	<p>In the <i>emphasized</i> section, at the beginning of the requirement, it will be important for the Commission to detail the exact data expected to be reported to the Commission. It's possible you expect to accomplish this within administrative rules or other mechanism, but it will be important to clearly detail these requirements. Additionally, we recommend using the term "near-real-time" as it conveys a more realistic expectation of transactional monitoring systems.</p> <p>In the <i>emphasized</i> section at the end of the requirement, it may be prudent to simplify this requirement. The systems do not currently support general timers for when a gaming device(s) cease communication. Typically it is both communicating and functioning or has lost communication and will be disabled.</p> <p>Suggested change:</p> <p>If communication between the slot machine and the commission's system fails, the slot machine may continue to operate only in cases where the slot machine is able to buffer all data required to be sent to Commission's systems and is capable of sending this buffered data directly to the commission as soon as the connection is reestablished.</p>
143.12	<p>143.12: Network Security (1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-27: Network Security Best Practices, version 1.1, released Jan 21, 2013, subject to the following amendments:</p>	<p>GLI-27 is not intended to be specifically adopted by regulatory agencies as a mandatory standard. This document is intended to be a best practices reference for network security implementations. The discipline of network security includes many methods and applications which can be used by IT professionals to secure and harden their systems. GLI created this document only as a helpful resource and went to some lengths to explain within the foreword of the document that it is not intended to be specifically adopted by regulatory agencies. Additionally, GLI-27 could potentially conflict with corporate network security implementations required thru Sarbanes-Oxley or other accredited programs.</p>
144.02 (4)	<p>(4) The gaming vendor shall <i>promptly</i> notify the commission of any negative action taken in another jurisdiction or if it becomes aware of an issue that may negatively impact the reporting of revenue, game outcome, or the integrity of a device that has been submitted to the commission for permitting or has been permitted.</p>	<p>GLI recommends that a specific time frame be used in lieu of the term promptly. It's important that industry stakeholders be provided an objective measure for which to comply.</p> <p>Suggested change:</p> <p>The gaming vendor shall notify the commission within 48 hours of any negative...</p>

<p>144.04 (5)</p>	<p>(5) The independent testing laboratory may only rely on testing conducted and data collected from a third party or from its own testing for another jurisdiction if the testing was performed during the past six years by an independent party with no apparent interest in the result. An independent testing laboratory relying on such external testing or data must clearly identify in its report all such reliance and independently verify the validity of such data or testing by:</p> <p>(a) finding that the methods described in the earlier test are reliable and there is no indication that the data are incorrect; or</p> <p>(b) showing that the gaming device has been implemented for public use for at least 6 months in other jurisdictions and has performed in conformance with the data;</p> <p>(6) An independent testing laboratory may rely on any data or results of testing conducted by a commission certified independent testing laboratory during the past six years when such testing was conducted for purposes of permitting a gaming device in the Commonwealth. Any reliance pursuant to 205 CMR 144.04(5) or (6) must be clearly identified in the report.</p>	<p>We believe we understand the intent of this requirement but fear there are unintended consequences with its true application.</p> <p>For 144.04(5)(a), the author may assume that the certification report will disclose all methods used during testing to derive the result. Such a report would be unique, in that independent labs would be forced to disclose the proprietary methods and practices developed over their years of service in other markets.</p> <p>Further, such disclosures do <u>not</u> appear to be protected under exemptions to Massachusetts Public Records law, thereby exposing these valuable methods and practices to competitors, thus forcing a private company to surrender its valuable intellectual property without compensation.</p> <p>As defined by the various international standards and the American Association of Laboratory Accreditation (A2LA), use of GLI test, inspection or certification reports in this manner is deemed to be 'sub-contracting'. Within a sub-contracting arrangement, ISO requirements specify that: (a) customers receiving sub-contracted work must be informed in writing of the work being sub-contracted' and (b) the methodologies being sub-contracted; and (c) the reason for sub-contracting the work. In addition, the lab proposing the use of another lab's work product under a sub-contracting arrangement must also maintain a written agreement with the sub-contracted lab which specifies requirements and test methodologies used to fulfill the terms of this agreement. It is required that both parties within a sub-contracting agreement, if accredited to the same ISO standards, both be accredited for the work that is being sub-contracted to be in compliance with said standard.</p> <p>144.04(5)(b) could then set the dangerous precedence of providing for a bypass of 144.04(5)(a), simply due to the fact that the slot machine/gaming device has operated without fault for a period of six months. This requirement presents significant practical challenges in determining what constitutes "conformance with the data" since information from the field may not be available to the ITLs. Because the data would be owned by operators in other jurisdictions rather than the manufacturers, Massachusetts would have no way to compel the release of the data and would have no recourse if the data were to be falsified. In fact, operators are likely to be reluctant to release the data for compliance purposes because of liability concerns and some jurisdictional regulators may object to the release of the data, thereby preventing access to it. Furthermore, in some cases, a six month period of operation may not produce enough data to make a statistically significant judgment on the device's reliability without a confirmation of test results. As such we believe that this is simply not a good measure of a gaming device conformance to regulation. In its current form, this regulation creates significant risk for the Mass</p>
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		<p>Gaming Commission as it may allow an ITL to bypass accreditation requirements relating to reliance on other laboratories' results. Put simply, the certification report from an ITL and/or 6 months of undefined field data are not sufficient measures of compliance to the Commission's impending requirements.</p> <p>Finally, while 144.04(6) is similar to Nevada requirements governing reliance on other labs results, the 6 year timeframe added to this requirement may create a retesting process that will essentially invalidate results, for possibly no reason other than the age of the results themselves. This requirement would be unique to the Commonwealth and may not serve a clear regulatory objective in its current form.</p>
<p>144.06 (7)(b)</p>	<p>The certified independent testing laboratory shall provide the commission each month with a list and description of all amounts paid by or invoiced to licensed gaming vendors for costs of gaming device testing or otherwise.</p>	<p>While many jurisdictions require access to testing laboratory billing records, a requirement that they be submitted monthly to the Commission would be unique to Massachusetts. We suggest this requirement be revised to require that such records be made available upon request thus allowing the MGC staff to develop practical criteria for the review of such records rather than mandating what is likely a burdensome and unnecessary filing of paperwork.</p>
<p>144.06(7)(c)</p>	<p>(c) A certified independent testing laboratory shall implement and maintain a hiring and background check process that ensures, at a minimum, that no person is hired in a position involving testing relating to Massachusetts, or in a position overseeing or managing an employee in such a position, who has:</p> <ol style="list-style-type: none"> 1. failed to disclose or misstated information or otherwise attempted to mislead the commission with respect to any information the person has provided to the commission; 3. committed prior acts which have not been prosecuted or in which the person was not convicted but form a pattern of misconduct that makes the person unsuitable; 	<p>This rule requires the testing laboratory to attain results that are not achievable. We are not aware of any reliable process for determining whether a prospective employee has misled the commission or failed to disclose information. Furthermore, a private business does not have the investigative and law enforcement resources enjoyed by the commission and therefore it would not be surprising that the commission would discover "prior acts" that were not able to be discovered by a testing laboratory. For instance, in many states a suspended imposition of sentence does not meet the criteria for a conviction and is a closed record. If an applicant fails to disclose this information to a testing laboratory during the pre-employment screening, it would be unlikely that the testing laboratories background investigation process, not matter how thorough, would be able to uncover it. We suggest that this rule could be greatly simplified and improved by stating that: "A certified independent testing laboratory shall implement and maintain a hiring and background check process that has been approved by the commission and, at a minimum, protects against a person being hired in a position involving testing relating to Massachusetts, or in a position overseeing or managing an employee in such a position, who has:"</p> <p>This language allows the testing laboratory to work with the commission to develop a plan that best ensures the behavior the commission expects from the lab. It will allow for clearly communicated expectations and responsibilities for compliance that are achievable and can be modified over time to reflect the most effective practices to achieve the results the commission expects.</p>



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Kevin C. Conroy
617 832 1145 *direct*
kconroy@foleyhoag.com

June 16, 2014

Sent by Email to mgccomments@state.ma.us

Stephen Crosby
Chairman
Massachusetts Gaming Commission
84 State Street, Suite 720
Boston, MA 02109

Re: Mohegan Sun Massachusetts, LLC's Comments on Draft Regulations for
Public Comment on June 17, 2014: 205 CMR 101.00; 115.00; 116.00;
135.00; 143.00; 144.00 and 145.00

Dear Chairman Crosby and Commissioners:

On behalf of Mohegan Sun Massachusetts, LLC ("Mohegan Sun"), thank you for the opportunity to provide comments on the various draft regulations and revised regulations referenced above (the "Regulations"). Mohegan Sun has commented on a variety of the Commission's proposals and once again welcomes the opportunity to share its thoughts on the Commission's implementation of the Expanded Gaming Act. We are providing these comments in lieu of live testimony at the public hearing on June 17, 2014 but would be happy to provide additional comments if there are any observations here for which the Commission would like more information or explanation.

Mohegan Sun hereby offers the following comments:

I. New Qualifier Provisions in Sections 101, 115 and 116

Mohegan Sun supports all of the above referenced edits to clarify that the Commission's RFA-1 suitability standards are ongoing and apply to new qualifiers. We wholeheartedly agree with the Investigations and Enforcement Bureau ("IEB") and the Commission that "suitability is ongoing" and have been reporting changes, developments, and new qualifiers to the IEB on a regular basis.

June 16, 2014

Page 2

II. Section 135.00 – Monitoring of Project Construction and Licensee Requirements

Mohegan Sun also supports Section 135.00 as edited in the proposed revision. As noted in our earlier testimony and submissions, Mohegan Sun is actively involved in partnerships with the Greater New England Minority Supplier Development Council and various other supplier diversity organizations and is pleased to be expanding its network with new alliances with veteran-owned business organizations and others, and we look forward to working with the Commission and its staff to ensure that project schedules are adhered to and that reporting on all aspects of construction, including diversity in hiring and sub-contracting, is available and useful to the Commission.

III. Section 143.00 Gaming Devices and Electronic Gaming Equipment

Mohegan Sun's comments on Section 143.00 are limited to Section 143.09 which would define and characterize an "electronic table game" as a slot machine. Since Chapter 23K defines a table game as a game other than a slot machine, and we are not aware of any specific consideration of electronic table gaming by the legislature as something to be available for the single Category 2 licensee, we would urge the Commission to reserve this definition for future consideration, as it has done with other sections of this draft Regulation.

Mohegan Sun expects to comment separately on the proposed "temporary" classification of positions at electronic table games as discussed in the Commission's meeting on June 12, 2014 and subsequent call for comments, and believes the Commission would benefit from all of the comments on that topic and a more comprehensive consideration of electronic table gaming for the Commonwealth. Since live table gaming at Category 1 facilities is a key impetus to permanent job creation, one concern is whether electronic table gaming promotes the same permanent job creation and entertainment value, so input from applicants, organized labor and other interested parties should be carefully considered.

Mohegan Sun looks forward to further participating in the Commission's deliberation of these and related issues of importance. Thank you for your consideration, and please let me know if there are any questions.

Sincerely,



Kevin C. Conroy

cc: Mr. Mitchell Etess
David Rome, Esq.
Mr. J. Gary Luderitz

Holmes, Danielle (MGC)

From: wfran133@charter.net
Sent: Monday, June 16, 2014 5:11 PM
To: MGCcomments (MGC)
Subject: Draft regulation comment

To MGC,

I am in full support of allowing electronic gaming equipment(MGL, CH 23k, sec.2) at Plainridge Park Casino. It only seems logical to allow these since it would be beneficial to the Commonwealth,the town of Plainville as well as the harness racing community in the way of additional revenue for purses. In addition these electronic games would allow Plainridge(Penn National) to compete with Twin Rivers Casino. This just seems like the best way to go. It is our hope that you look upon this in a favorable way . This commission has been good to the harness racing family and we are confident that you will continue by allowing these games. Thank you.

Respectfully,
Bill

Abdelnour

President,Ne

w England Amateur Harness

Dri

vers Club

Holmes, Danielle (MGC)

From: Russ Ristine <russ@radblue.com>
Sent: Monday, June 16, 2014 2:19 PM
To: MGCcomments (MGC)
Subject: draft regulation comment

Good afternoon,

Regarding Regulation: **205 CMR 143.00** Section **143.16**

I recently reviewed your draft standard 205 CMR 143.00, and noticed that in section 143.16 you are requiring all slot machines that are introduced in a gaming establishment, after January 1, 2017, to be capable of bi-directional communications using GSA's G2S protocol. I note that you are requiring real-time events for gameEnd and other tilt events, along with the GAT class and you will want to be the owner of the cabinet device so you can remotely enable and disable the slot machine.

Our company is the independent technical experts on GSA's G2S and S2S protocols, and we work with customers all over the world (EGM and system developers, regulators, independent test labs, etc,) to help them effectively use (and implement) these new protocols. G2S is an excellent choice, and we will be happy to assist you with any questions or issues that you might have.

Please let me know whenever we can be of assistance.

Best Regards,

Russ Ristine

[Radical Blue Gaming](#)

Phone: +1-775-329-0990

Skype: russ.ristine

Holmes, Danielle (MGC)

From: Howitt, Steven (HOU) <steven.howitt@mahouse.gov>
Sent: Monday, June 16, 2014 11:36 AM
To: MGCcomments (MGC)
Subject: Draft Regulation Comment

June 17, 2014

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



RE: 205 CMR 143.01(3), proposed regulation

I am writing to you and the Massachusetts Gaming Commissioners to express my support for the proposed gaming device regulations allowing for multiple gaming positions at some electronic slot machines. Allowance for this type of operation is especially important during the time frame when Plainridge Park Casino is operating as the category II, "slots-only" licensee and prior to the opening of any of the potential Category I destination facilities in the Commonwealth.

I, as well as many others, see this as a jobs and revenue issue. It is important that the Commonwealth realize the financial benefits of expanded gaming as soon as possible. The proposed regulation is an intelligent and sensible policy that will allow the slot facility to be more competitive with out of state facilities that are currently diverting jobs, revenue and economic activity out of the Commonwealth. A more competitive slots facility at Plainridge Park means more jobs and revenue staying in the Commonwealth.

I would like to thank the Commission for this opportunity to comment and appreciate your consideration.

Sincerely,
Steven S. Howitt

	<i>Standardbred Owners of Massachusetts, Inc.</i>	
	PO Box 1682 Plainville, MA 02762 508-528-1877 508-528-3933 fax	
		
		Massachusetts Sire Stakes
Edward Nowak	<i>President</i>	Raymond Campbell <i>Director</i>
James Hardy	<i>Vice President</i>	Henry Zola <i>Director</i>
Nancy Longobardi	<i>Secretary/Treasurer</i>	Bonnie Rush <i>Director</i>
		Paul Vacca <i>Director</i>

June 17, 2014

Massachusetts Gaming Commission
84 State St. 7th Floor
Boston, MA

Re: 205 CMR 143.01(3)

Dear Commissioners,

As the duly organized representative group of standardbred breeders in Massachusetts, the Standardbred Owners of Massachusetts, Inc., fully supports the proposed regulation regarding electronic table games and that each be counted as one gaming position at the class 2 facility. The proposal will maximize benefits to the Commonwealth as well as the standardbred breeders across Massachusetts.

Standardbred Owners of Massachusetts, Inc., respectfully requests the commission look favorably upon this proposed modification to 205 CMR 143.01(3).

Sincerely,



Ed Nowak
President

Section	Quote From Standards	Category	Bally Feedback
138.01 (1) (d)	<p>A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-11: Gaming Devices in Casinos, version 2.1, released Aug 25, 2011, subject to the following amendments:</p> <p>(d) Add the following after the first sentence of the introductory paragraph in section 3.2.4: "Each game cycle time must be at least 2.5 seconds."</p>	Game Cycle	<p><i>Some Bally games have a feature to configure a minimum game cycle for certain European jurisdictions, but it may require adjustments for Massachusetts.</i></p>
138.01 (1) (h)	<p>(h) Replace in section 3.4.3 "50,000,000 to 1" with "50,000,000 to 1".</p>	Odds	<p><i>Bally recognizes the indication of change for this standard and expects the intended value to be included in a future draft.</i></p> <p><i>If the intent of the Commission is to increase the odds, Bally has no comment. However, if the intent is to reduce this ratio, we advise leaving this standard at the current odds of 50,000,000 to 1 (50M:1). The basis for this suggestion is twofold:</i></p> <ol style="list-style-type: none"> <i>1. Progressive top awards (jackpots) commonly use higher odds calculations to allow for more growth in the progressive award. Since GLI standards are being used it is prevalent to point out that any change in this requirement will also affect progressive odds, since GLI-12 (Progressives) does not define top award odds. Rather it simply states that GLI-12 section 2.8 et al shall not supersede standard 3.4.3 of GLI-11 v2.1. Therefore, any reduction in this standard translates to progressive game odds. In reference, most manufacturers develop progressive game odds calculated on this existing standard.</i> <i>2. Any reduction in the odds ratio will reduce the quantity of available content for operators (casinos). As referenced previously, most manufacturers adhere to this ratio when developing games. Any game that applies a higher ratio than the final standard will not be available for the market. Furthermore, each additional requirement (such as lower odds) that varies from industry standards becomes a factor when analyzing market value for game development.</i>

<u>Section</u>	<u>Quote From Standards</u>	<u>Category</u>	<u>Bally Feedback</u>
138.01 (1) (j)	(j) Add the following to 3.2.2 "The current time and player session duration."	Time Display	<p><i>Bally suggests removing this standard as it creates an ambiguous exception. Our games do not currently provide this function as described. The required modification would mean a significant amount of work. Also, The language in this requirement is very unclear. Please advise on the following questions:</i></p> <p><i>In terms of "the current time" (assuming EST)...</i></p> <ol style="list-style-type: none"> <i>1. Can the time be set manually during the installation/configuration process, or is it required to get the time from a system source automatically?</i> <p><i>Related to the "player session duration"...</i></p> <ol style="list-style-type: none"> <i>1. How does the MGC define player session?</i> <i>2. What triggers the start of a session? Coin in? First spin? For multi-games, is it selection of a game?</i> <i>3. What determines the end of a session? Cash out? Exhausted/Empty credit meter?</i> <i>4. What accommodation is expected for interruptions or overlaps? Power failure or other error?</i> <p><i>Example1: Player X walks away, leaving 5 cents on the credit meter. Player Y adds \$10 to the credit meter one minute later. Since the credit meter was never zero, is this the same session?</i></p> <p><i>Example2: Player X has played 10 minutes, has 30 cents on the credit meter, and decides to add \$5 more to the credit meter to keep playing. The bill jams and requires attendant service. After 15 minutes of waiting and service, the bill clears and Player X begins playing again. Should the session duration display 25 minutes (since there were always credits on the meter) or 10 minutes (time of activity) or some combination therein (to exclude only the time the game was in attendant mode for assistance)?</i></p> <p><i>These are some very basic parameters that would need to be defined to accommodate the player session requirement. In</i></p>

Section	Quote From Standards	Category	Bally Feedback
			<p><i>relation, if removal is not an option, Bally recommends only requiring a time display and eliminating the player session duration.</i></p>
<p>138.01 (3) And 138.09 (2)</p>	<p>For purposes of M.G.L. c.23K and 205 CMR each gaming position, as defined by M.G.L c.23K, §2, at a slot machine shall be considered a separate slot machine.</p> <p>And: An electronic table game shall be considered a slot machine in accordance with M.G.L c.23, §2 unless the simulation requires the intervention of a gaming employee prior to the final determination of winnings.</p>	<p>ETG as a Slot</p>	<p><i>Most operators prefer the electronic table units be placed in the pit and consider them table games and account for them as such. How will these standards apply to multi-station electronic table systems, such as Rapid, Table Master, Vegas Star, or Fusion Hybrid if they are not/cannot be connected to the online system and /or are placed in the pit?</i></p>
<p>138.01(4)</p>	<p>The rules of the game and operating instructions for any gaming device offered for use by patrons of the licensee’s gaming establishment shall be conspicuously displayed. The rules of the game must contain... as well as paytables sufficient to calculate the minimum return to player.</p>	<p>Help Screens</p>	<p><i>Bally requests confirmation that our current method of displaying game rules via help screens on the gaming device is acceptable.</i></p> <p><i>Additionally, we are very concerned about the expectation to display “paytables sufficient to calculate the minimum return to player”. There are several variables (weighted tables, reel layout and weights, in-game bonus implementations, etc.) used to create an entertaining and rewarding game experience. To include enough information for the player to “calculate the minimum return” would mean (1) generating excessively complicated help screens, and more critically (2) exposing our IP to the public (i.e. the competition) for possible reverse engineering.</i></p> <p><i>We suggest the following changes:</i></p> <p><i>“... The rules of the game must contain at a minimum a clear and not unnecessarily complicated description of the mechanics of the game as well as pay tables sufficient to identify available award combinations calculate the minimum return to player. The rules of the game must include all information related to bonusing, progressive, and persistent state features systems implemented in the game. ...”</i></p>
<p>138.04 (2)</p>	<p>No slot machine at a gaming establishment shall accept coins, tokens, bills, debit cards, or credit cards as a form of payment</p>	<p>Form of payment</p>	<p><i>The language of this standard is confusing and appears to prevent most (if not all) funding options. Bally requests clarification regarding the intent of this standard. For instance, what is the definition of “payment” as applied here?</i></p>

<u>Section</u>	<u>Quote From Standards</u>	<u>Category</u>	<u>Bally Feedback</u>
			<p><i>For the remaining comments we assume payments to mean the method of funding the game for play. Since it is under “Cashless Systems”, does it mean that payments are not allowed to be done from the card reader display through the SMIB? If so, coins, tokens, and bills cannot be used unless funds are transferred to the player’s system account, which negates their use as a form of “payment”. Additionally, vouchers and marketing funds (CEP and WAT) are excluded. What is the expectation for the use of points, converted to cash/promo play, from the player’s system account to the game or as a transfer back from the game to the player’s system account?</i></p> <p><i>Bally would be interested in discussing this requirement in greater detail.</i></p>
138.04 (3)	A gaming device shall allow individuals to monitor and impose betting limits on their cashless wagering. ...	Limits	<p><i>Bally recommends, at a minimum, remove the first sentence from this standard. The gaming device itself cannot do this. It would be a function of the online system to be able to impose limits per player/per day for cashless wagering.</i></p>
138.16(1)	A gaming licensee shall not operate any slot machine after January 1, 2017 unless that slot machine is compatible with the Gaming Standards Association Standard G2S v2.1 Certification Requirements: EGM Release 1, released April 20, 2012.	G2S	<p><i>Bally is very concerned about the specificity of this standard.</i></p> <p><i>First, it is not possible to know that G2S v2.1 will be the best and most applicable version in three years. To define that specific version may be limiting the licensee to older games that can still meet the requirement.</i></p> <p><i>Inversely, there are only a select few jurisdictions that currently require G2S v2.1 at this time. There is no way to know if G2S v2.1 will become enough of a global standard to validate the development expense needed to implement it in all games. Should this not be the case come January 1, 2017, licensees in Massachusetts may find themselves forcibly retiring games that do not comply. Moreover, they will probably have very limited options for replacements. Many of which could have a greater than normal expense due to the cost of additional implementation.</i></p> <p><i>Bally recommends the following change:</i></p> <p><i>“A gaming licensee shall not operate any slot machine After January 1, 2017, any gaming device submitted for Commission</i></p>

Section	Quote From Standards	Category	Bally Feedback
			<p>approval must be unless that slot machine is compatible with the Gaming Standards Association Standard G2S protocol v2.1 Certification Requirements: EGM Release 1, released April 20, 2012.</p>
<p>139.02 (3) (e)</p>	<p>The application for a gaming device permit shall be in the form of prescribed by the commission and contain:</p> <p>(e) a list of all jurisdictions in which the gaming device or component is currently being used, including the duration of use</p>	<p>Submission</p>	<p><i>This standard can/will be difficult for many applicants. First, not all organizations make their “sales and use information” available to the staff who processes submissions. This will increase the effort required to complete a submission, and may affect the quantity of submissions to Massachusetts. Additionally, the timing element of this standard (“currently being used”) creates a complexity that could cause a rejection of an application due to incomplete/inaccurate information.</i></p> <p><i>It is reasonable to require a list of documented information, such as certification and/or approval jurisdictions and their certified/approved date. This information is normally managed by the same (or similar) staff compiling the submission.</i></p> <p><i>Bally recommends the following modification:</i></p> <p><i>“a list of all jurisdictions in for which the gaming device or component is certified and/or approved for use, including the date the certification and/or approval was granted. is currently being used, including the duration of use”</i></p>
<p>139.02(7)</p>	<p>Prior to issuing a permit and after completing a review of a proposed gaming device or gaming device component that has not been available for public use in other jurisdictions for at least one year, the commission may require a trial period of up to 180 days to test the gaming device or gaming device component in a gaming facility. ... During the trial period, any gaming revenue generated by the gaming device or gaming component shall be remitted to the commission. At the conclusion of the trial period, the commission shall issue a permit, deny a permit, or extend the duration of the trial period.</p>	<p>Trial Period</p>	<p><i>Bally has multiple concerns with this standard, and would like to better understand the goal(s) of the commission in determining these requirements. Please consider the following factors:</i></p> <ol style="list-style-type: none"> <i>1. Being “in use” elsewhere for at least one year creates a large window of “trial-able” gaming devices and components.</i> <i>2. Most trial periods range from 30 to 90 days, with 30 days being the usual minimum period and 90 being the maximum period (some exceptions apply at either end).</i> <i>3. Allowing for a trial period extension contradicts the 180 days specified previously. This creates an open ended trial period solely based on commission determination.</i> <i>4. For some games, the peak revenue generation occurs</i>

<u>Section</u>	<u>Quote From Standards</u>	<u>Category</u>	<u>Bally Feedback</u>
			<p>during the first 90 – 180 days. If this gaming revenue (from the trial period) is remitted to the commission, what incentive does the licensee have to field trial the game?</p> <p>5. Field trials commonly require licensees to maintain additional staff throughout the trial period to perform the audit tasks and generate the required reports/information for the commission. This creates operational cost increases.</p> <p>Taken together these factors require the licensee to invest extra staff and resources to undertake an unprofitable, highly scrutinized process with no guarantee of completion or issuing of a permit.</p> <p>With a better understanding of the goals, Bally might suggest one or more alternatives to the current standard. We would be interested in discussing this requirement in greater detail.</p>
139.06	<p>Duration of Gaming Device Permit and Registration</p> <p>(1) A gaming device permit shall expire 6 years from the initial issuance of the permit. An update or modification to a permitted gaming device or component does not extend the duration of the permit.</p> <p>(2) A gaming device registration shall expire at the same time as the gaming device permit on which the registration is based.</p> <p>(3) Upon the expiration of a gaming device permit, all gaming establishments with a gaming device or component registered pursuant to the expired permit shall immediately cease operation of those gaming devices or components.</p>	Expiration	<p>Bally suggests removing this section entirely. These standards appear to force an end-of-life on a gaming device and, considering the “immediately cease operation” requirement in 139.06(3), also forces licensees to replace expired games. There does not appear to be any alternative provided for a licensee to retain a game that continues to be popular.</p> <p>Some games are (or can be) considered “timeless”. They continue to be played well beyond their expected lifetime. This section limits that lifetime regardless of the game’s potential value to the licensee. From a manufacturer’s perspective, this is beneficial. It forces replacements. But licensees may not want to replace a “tried-and-true” game if it is still operationally compliant and profitable.</p> <p>In the absence of any clear options, can an expired game be resubmitted for a new permit?</p>

RMC

Regulatory Management Counselors, P.C.

A LAW FIRM

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April 16, 2014

Via Email – mgccomments@state.ma.us

Mr. John Glennon
Chief Information Officer
Massachusetts Gaming Commission
84 State Street, 10th Floor
Boston, MA 02109

RE: Association of Gaming Equipment Manufacturers Comments to 205 CMR 138.00-140

Dear Mr. Glennon:

Thank you for the opportunity to submit comments on the Massachusetts Gaming Commission's ("Commission") draft 205 CMR 138.00-140. As you know, the Association of Gaming Equipment Manufacturers ("AGEM") serves as the non-profit international trade association for gaming equipment manufacturers and suppliers. AGEM has been closely monitoring the developments in Massachusetts as its membership is excited to enter the market as the casino development process progresses. I am writing today to submit the comments contained herein on behalf of AGEM and its membership. It is also possible that you will hear from individual member companies of AGEM related to their specific comments unique to their business practices.

As with its previous regulations, the Commission and its staff should be commended on the diligent and thorough efforts to create sound regulatory policy through its draft regulations. Draft 205 CMR 138-140 provides a thoughtful approach to gaming regulatory practices for electronic gaming equipment devices and we look forward to working with you and your team as the draft regulations are revised according to Commission policy decisions and public commentary. AGEM continues to promote sound regulatory policy that protects the public from unscrupulous business practices and promotes high ethical standards of conduct from those participating in the industry.

It is my hope that the comments generate a thoughtful discussion on the specific issues detailed below and I look forward to answering any questions that you or the Commission may have as the regulations move through the final drafting and adoption processes.

Below please find certain general comments, as well as specific recommendations and suggestions of AGEM and its membership regarding draft 205 CMR 138-140. Where suggestions for regulatory language changes have been submitted, these are noted in redlined attachments to this Letter. Please note the electronic PDF version of this Letter includes bookmarks for each attachment identified below.

Comments to Draft 205 CMR 138.00-140

The comments below are organized by the respective draft regulation subsection, with redlined changes provided as an attachment to this Letter as necessary. Please note that the comments are based on the draft presented to the Commission at its March 6, 2014 public meeting as contained in the Commissioner's Packet for the meeting. This draft contained several highlighted areas where, as you noted during your presentation at the March 6 meeting, the Commission will be reviewing and providing policy suggestions. This Letter provides commentary to some of these areas as they were included in the March 6 Commissioner Packet and pending further decisions of the Commission regarding specific policies.

Where attachments are included, the attachments are numbered according to the corresponding subsection listed below.

1. 205 CMR 138.01: Standards for Gaming Devices

A. 138.01(1)(d)

Subsection 138.01(1)(d) states that “[e]ach game cycle time must be at least 2.5 seconds.” AGEM would suggest clarification from the Commission that this requirement only applies to real money games and not to free play.

In addition, it should be noted that the required GLI Standards included in GLI-11 v2.1 include a similar time requirement that provides ample time to review the game and game outcome. Specifically, Section 3.2.2(e) and 3.2.2(f) of GLI-11 v2.1 give the player unlimited time to understand their winnings and player options selected. As such, the requirement that each game cycle last “at least 2.5 seconds” is unnecessary as contained in the proposed regulation.

B. 138.01(1)(j)

Subsection 138.01(1)(j) states that the gaming operator or gaming vendor licensee must also include “[t]he current time and player session duration” within the adopted GLI standards referenced therein. It appears that the intent for this requirement is to make patrons aware of the length of play so that players may make responsible gaming choices. However, other proposed responsible gaming measures appear to address this issue without the need for a benign in-game counter and, thus, this language should be removed.

If, however, the Commission retains this requirement, there are a few items of which additional clarification would provide anticipated applicants with further detail about the practical implementation of the standard.

The phrase “session duration” should be further defined. There are multiple ways in which to measure such a time period, including the time from cash-in to cash-out, from the first play until the credit meter reaches zero, as well as other metrics. Further information from the Commission on the specific start and end points of a “session” would provide greater clarity to both gaming operators and gaming vendors conducting business in the Commonwealth.

Regarding the time display, the Commission should indicate whether the time display will be required to be listed in Daylight Savings time, local time, or a particular format (i.e., military time, UTC, GMT, etc.). Such information will assist in the development of display information that meets the Commission’s desired standards.

In addition, the Commission should provide further clarity as to the process of displaying the time to the player. For example, gaming vendors may develop displays that provide both the time display and session duration in a slot machine top box, on the main display, or separate the time and session displays between two areas of the machine (top box and main display). It would be helpful to potential gaming vendors to understand which of these methods would be found acceptable to the Commission in anticipation of submitting gaming devices and ancillary equipment for testing and approval with the Commission.

Suggested regulatory language changes to draft 205 CMR 138.01 are included as Attachment 1.

2. 205 CMR 138.04: Cashless Systems

Subsection 138.04(3) states that “[t]he gaming establishment shall allow individuals to set betting limits on their cashless wagering including, but not limited to, per bet limits, hourly limits, daily limits, weekly limits and monthly limits.” It is unclear whether this language will allow the gaming operator and/or the gaming vendor to choose amongst the betting limit duration options (i.e., per bet, hourly, monthly, etc.), or whether all available options be provided to a player that may be interested in utilizing such voluntary limitations.

It is suggested that further clarity be provided by the Commission in this area and that there is a standard set of options available for setting the duration of personal limits. Standard options will create uniformity across Massachusetts gaming establishments that would provide consistency for gaming vendors that provide goods to more than one facility in the Commonwealth. Further, patrons seeking to self-impose betting limits would be able to complete a single process that is uniform across each facility, providing for greater efficiency and familiarity for patrons.

Suggested regulatory language changes to draft 205 CMR 138.04 have been included as Attachment 2.

3. 205 CMR 138.16: Communications Protocols

This section mandates that all slot machines must comply “with the Gaming Standards Association Standard G2S v2.1 Certification Requirements: EGM Release 1, released April 20, 2012.” AGEM suggests that the Commission remove this requirement and replace with language that provides opportunities for gaming operators and gaming vendors to select protocols that meet specific business needs. As such, the suggested language changes for this section include language that requires that gaming operators and gaming vendors to use approved guidelines instead of mandating a specific solution.

This change will allow gaming operators and gaming vendors greater flexibility in providing approved gaming products and services. As technology in this area is rapidly developing, mandating a specific type of protocol does not allow for the implementation of newly developed technologies without regulatory changes. It is suggested that the Commission instead approve of any selected technology use, allowing for operators and vendors alike to work towards meeting Commission goals while maintaining the flexibility to seek cutting edge technology solutions as they are developed.

Suggested language changes for 205 CMR 138.16 have been included as Attachment 3 to this Letter.

4. 205 CMR 139.02: Gaming Device Permitting

This section outlines the various rules regarding field trials and permitting requirements. Subsection 139.02(7) specifically discusses the field trial process for new gaming devices. Regarding this process, it will be helpful to understand if the Commission will select the gaming facility in which the field test will be run or, rather, if such selection will be made by the gaming vendor or gaming operator. Such information will be of particular importance to those gaming vendors providing equipment to more than one of the Massachusetts gaming facilities.

In addition, this section states that “the commission may require a trial period of up to 180 days to test the gaming device component in a gaming facility.” While this section notes the maximum trial period, a minimum trial period is not listed. In order to provide consistency with industry standards and to provide flexibility to gaming vendors and operators, it is suggested that the Commission adopt a 30-day minimum test period. This time period would allow for adequate testing of the machine under typical operating conditions to identify any potential changes that may need to be made prior to the issuance of a permit.

This section also states that “[d]uring the trial period, minor changes in the operation or design of the gaming device or gaming device component may be made with prior approval of the commission.” Further clarity should be provided as to which changes the Commission considers to be “minor,” as well as outlining the process by which gaming vendors or operators seek prior approval for such changes. It is suggested that the Commission develop a concise, readily-available form for the submission of any changes deemed “minor” under Commission standards when such approval is sought.

Attachment 4 includes suggested regulatory language changes to 205 CMR 139.02.

5. 205 CMR 139.04: Permitting

AGEM and its membership commend the Commission and its staff for including reciprocity provisions within its draft gaming device permitting standards. Such policies promote efficiency and assist in allowing the Commission to more effectively allocate its limited resources.

It would be helpful for the Commission to further develop its policies in this area to provide potential gaming vendors with the opportunity to understand which gaming jurisdictions or private testing laboratories (including those located internationally) would be acceptable for the receipt of reciprocity. Such information will assist gaming vendors in preparing devices for inclusion in the Massachusetts gaming market as it develops. It is suggested that the Commission create readily-available resources to assist gaming vendors in understanding this process, such as sections of the Commission's website, informational pamphlets and guides, as well as contacts within the Commission staff that are available to assist generally with gaming vendor-related issues and questions.

6. 205 CMR 140.02: Transportation of Slot Machines

Subsection 205 CLR 140.02(4) requires that a log be kept regarding the movement of slot machines that appears to be targeted at internal movements of machines that occur wholly within a single licensed gaming facility. It is requested that the Commission insert language that clarifies that the log requirements of Subsection 140.02(4) only apply to in-casino movement of machines.

Attachment 6 contains suggested regulatory language to 205 CMR 140.02(4) that address this suggested change.

Conclusion

Thank you again for the opportunity for AGEM to submit comments to the Commission's draft regulations. The association will continue to monitor the regulation development process in Massachusetts and anticipates submitting additional commentary on vendor related issues as they arise.

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 at (517) 507-3858.

Sincerely,
Regulatory Management Counselors, P.C.



Robert R. Russell
 Gaming Analyst

Enclosures

CC: Marcus Prater
David D. Waddell, Esq.

Attachment 1

Suggested Changes to Draft 205 CMR 138.01

- (1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-11: Gaming Devices in Casinos, version 2.1, released August 25, 2011, subject to the following amendments:
- (a) Delete section 1.1.1.
 - (b) Delete section 1.1.2.
 - (c) Delete section 1.2.
 - (d) Add the following after the first sentence of the introductory paragraph in section 3.2.4: “Each game cycle time must be at least 2.5 seconds. This requirement shall not apply to promotional credits, free play, or other wagers that do not include real money.”
 - (e) Replace in section 3.4.1 “seventy-five percent (75%)” with “eighty-five percent (85%)”.
 - (f) Add the following after the first paragraph of section 3.4.1: The calculation of minimum payout percentage excludes the cash equivalent value of any merchandise or other thing of value that cannot be converted into cash by the gaming establishment.
 - (g) Replace in section 3.4.1(b) “75%” with “85%”.
 - (h) Replace in section 3.4.3 “50,000,000 to 1” with “50,000,000 to 1”.
 - (i) Replace in section 3.10.1(f) “seventy-five percent (75%)” with “eighty-five percent (85%)”
 - (j) Insert as 3.2.2(i) the following text: The current time and player session duration. The time and player session duration may be displayed in any manner approved by the commission.
- (2) For purposes of M.G.L. c.23K and 205 CMR the term slot machine as defined by M.G.L. c.23K, §2 shall not include automatic amusement devices as defined by G.L. c 140, § 177A(2).
- (3) For purposes of M.G.L. c.23K and 205 CMR each gaming position, as defined by M.G.L. c.23K, §2 at a slot machine shall be considered a separate slot machine.
- (4) The rules of the game and operating instructions for any gaming device offered for use by patrons of the license’s gaming establishment shall be conspicuously displayed. The rules of the game must contain at a minimum a clear and not unnecessarily complicated description of the mechanics of the game as well as pay tables sufficient to calculate the minimum return to player. The rules of the game must include all information related to bonusing, progressive, and persistent state systems implemented in the game. The operating instructions must contain clear and concise guidance on how to use the gaming device. All

rules of the game and operating instructions must unambiguously identify the game or gaming device to which they relate.

- (5) A gaming licensee shall provide the commission with a real-time stream of data in the communication format specified by the commission directly from each slot machine. If communications between the slot machine and the commission's system fails, the slot machine shall continue to record all required data for the most recent seven days of operation and send the data directly to the commission as soon as the connection is reestablished. If the connection is not reestablished within 24 hours due to a problem stemming from the gaming establishment's systems, then any slot machine affected shall cease operation until the connection is reestablished.

Attachment 2

Suggested Changes to Draft 205 CMR 138.04

- (1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-16: Cashless Systems in Casinos, version 2.1, released Sept 6, 2011, subject to the following amendments:
 - (a) Delete section 1.2.
- (2) No slot machine at a gaming establishment shall accept coins, tokens, bills, debit cards, or credit cards as a form of payment.
- (3) A gaming device shall allow individuals to monitor and impose betting limits on their cashless wagering. The gaming establishment shall allow individuals to set betting limits on their cashless wagering including, but not limited to, per bet limits, hourly limits, daily limits, weekly limits and monthly limits as determined by the commission. An individual may lower limits and increase limits; provided, however, that the individuals shall not increase betting limits more than once in a 24-hour period. The gaming establishment shall issue to each patron who has been issued a rewards card or who participates in a cashless wagering system by the gaming establishment a monthly statement, mailed to the patron at the patron's physical mailing address, which shall include the patron's total bets, wins and losses; provided, however, that a patron shall be given the opportunity to decline receiving monthly statements by providing a written request to cease monthly statements to the gaming establishment. A gaming licensee who has implemented such a program or system shall annually report to the commission the amount of money spent and lost by patrons who have been issued a rewards card or who participated in a cashless wagering system, aggregated by zip code. Individuals on the list of excluded persons shall not be permitted to participate in a cashless wagering system.

Attachment 3

Suggested Changes to Draft 205 CMR 138.16

- (1) A gaming licensee shall not operate any slot machine ~~after January 1, 2017 unless that slot machine is compatible with the Gaming Standards Association Standard G2S v2.1 Certification Requirements: EGM Release 1, released April 20, 2012.~~ unless the slot machine is compatible with a communications protocol that is approved by the commission.

Attachment 4

Suggested Changes to Draft 205 CMR 139.02

- (1) A gaming vendor shall not provide a new or modified gaming device component for use in a gaming establishment unless it has received a gaming device permit for the gaming device or component.
- (2) The applicant, at its own expense, must submit the gaming device or gaming device component for scientific testing and technical evaluation by a commission certified independent testing laboratory licensed pursuant to 205 CMR 139.07 to determine compliance with M.G.L. c.23K and 205 CMR 141. The applicant must provide the testing laboratory with all documentation necessary to conduct testing and evaluate compliance.
- (3) Upon completion of testing by a certified independent testing laboratory, an applicant may submit an application for permitting of the gaming device or component to the commission's gaming technology laboratory. The application for a gaming device permit shall be in the form prescribed by the commission and contain:
 - (a) The applicant's name;
 - (b) The applicant's gaming vendor license number or gaming vendor applicant number;
 - (c) A unique name and version number for the gaming device or component for which the registration is sought;
 - (d) A copy of the commission certified independent testing laboratory report for the gaming device or component;
 - (e) A list of all jurisdictions in which the gaming device or component is currently being used, including the duration of use; and
 - (f) The application fee.
- (4) Upon receipt of the gaming device permit application, the commission may require that the applicant provide to the commission, at the applicant's expense, a functioning prototype of the gaming device or gaming device component as well as all documentation necessary to conduct testing and evaluate compliance.
- (5) The applicant shall immediately notify the commission if it becomes aware of an issue that may negatively impact the reporting of revenue, game outcome, or the integrity of a product that has been submitted to the commission for permitting.
- (6) Each gaming vendor that has a commission issued permit for a gaming device or gaming device component is required to immediately notify the commission of any issues that may impact the integrity of the permitted gaming device or gaming device component.
- (7) Prior to issuing a permit and after completing a review of a proposed gaming device or gaming device component that has not been available for public use in other jurisdictions for at least one year, the commission may require that a trial period of ~~up to~~ between 30 and 180 days to test the gaming device or gaming device component in a gaming facility. During the trial period, minor changes in the operation or design of the gaming device or gaming device component may be made with prior approval of the commission. During the trial period, any

gaming revenue generated by the gaming device or gaming device component shall be remitted to the commission. At the conclusion of the trial period, the commission shall issue a permit, deny a permit, or extend the duration of a trial period.

- (8) Upon completion of gaming device or component testing by the independent testing laboratory and any additional testing that the commission may conduct, the commission shall issue a letter describing whether or not the gaming device or gaming device component is approved, including any conditions for its use. Nothing shall prohibit the commission from adding, modifying or removing conditions following the initial approval as necessary to ensure the integrity of the gaming device or gaming device component.
- (9) The commission may disapprove a gaming device permit application if the gaming device does not meet the requirements in G.L. c. 23K and 205 CMR, or if the gaming device threatens the credibility or integrity of gaming from the point of view of the player, the public, or the gaming establishment. If the commission does not approve the gaming device or component, the commission shall provide written notification containing the reason for the denial.
- (10) All initial determination of gaming device or component permitting will be made by the commission's gaming technology laboratory. An applicant may appeal any determination made by the gaming technology laboratory in accordance with 205 CMR 134.04(3) to the commission by filing a petition on a form prescribed by the commission. The commission shall decide the appeal at a public hearing on the matter at which it may allow representatives of the petitioner and gaming technology laboratory to testify.

Attachment 6

Suggested Changes to Draft 205 CMR 140.02(4)

140.02: Transportation of Slot Machines

(4) All movements of slot machines that occur wholly within a single licensed gaming facility shall be recorded in a log that shall be maintained in accordance with the record retention requirements contained in _____ and include the following...

Section	Quote From Standards	Category	Bally Feedback
<p>138.01 (1) (d)</p> <p>SECTION REMOVED</p>	<p>A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-11: Gaming Devices in Casinos, version 2.1, released Aug 25, 2011, subject to the following amendments:</p> <p>(d) Add the following after the first sentence of the introductory paragraph in section 3.2.4: "Each game cycle time must be at least 2.5 seconds."</p>	<p>Game Cycle</p>	<p><i>Some Bally games have a feature to configure a minimum game cycle for certain European jurisdictions, but it may require adjustments for Massachusetts.</i></p>
<p>138.01 (1) (h)</p> <p>SECTION REMOVED</p>	<p>(h) Replace in section 3.4.3 "50,000,000 to 1" with "50,000,000 to 1".</p>	<p>Odds</p>	<p><i>Bally recognizes the indication of change for this standard and expects the intended value to be included in a future draft.</i></p> <p><i>If the intent of the Commission is to increase the odds, Bally has no comment. However, if the intent is to reduce this ratio, we advise leaving this standard at the current odds of 50,000,000 to 1 (50M:1). The basis for this suggestion is twofold:</i></p> <ol style="list-style-type: none"> <i>1. Progressive top awards (jackpots) commonly use higher odds calculations to allow for more growth in the progressive award. Since GLI standards are being used it is prevalent to point out that any change in this requirement will also affect progressive odds, since GLI-12 (Progressives) does not define top award odds. Rather it simply states that GLI-12 section 2.8 et al shall not supersede standard 3.4.3 of GLI-11 v2.1. Therefore, any reduction in this standard translates to progressive game odds. In reference, most manufacturers develop progressive game odds calculated on this existing standard.</i> <i>2. Any reduction in the odds ratio will reduce the quantity of available content for operators (casinos). As referenced previously, most manufacturers adhere to this ratio when developing games. Any game that applies a higher ratio than the final standard will not be available for the market. Furthermore, each additional requirement (such as lower odds) that varies from industry standards becomes a factor when analyzing market value for game development.</i>

<u>Section</u>	<u>Quote From Standards</u>	<u>Category</u>	<u>Bally Feedback</u>
<p>138.01 (1) (j) SECTION REMOVED</p>	<p>(j) Add the following to 3.2.2 "The current time and player session duration."</p>	<p>Time Display</p>	<p><i>Bally suggests removing this standard as it creates an ambiguous exception. Our games do not currently provide this function as described. The required modification would mean a significant amount of work. Also, The language in this requirement is very unclear. Please advise on the following questions:</i></p> <p><i>In terms of "the current time" (assuming EST)...</i></p> <ol style="list-style-type: none"> <i>1. Can the time be set manually during the installation/configuration process, or is it required to get the time from a system source automatically?</i> <p><i>Related to the "player session duration"...</i></p> <ol style="list-style-type: none"> <i>1. How does the MGC define player session?</i> <i>2. What triggers the start of a session? Coin in? First spin? For multi-games, is it selection of a game?</i> <i>3. What determines the end of a session? Cash out? Exhausted/Empty credit meter?</i> <i>4. What accommodation is expected for interruptions or overlaps? Power failure or other error?</i> <p><i>Example1: Player X walks away, leaving 5 cents on the credit meter. Player Y adds \$10 to the credit meter one minute later. Since the credit meter was never zero, is this the same session?</i></p> <p><i>Example2: Player X has played 10 minutes, has 30 cents on the credit meter, and decides to add \$5 more to the credit meter to keep playing. The bill jams and requires attendant service. After 15 minutes of waiting and service, the bill clears and Player X begins playing again. Should the session duration display 25 minutes (since there were always credits on the meter) or 10 minutes (time of activity) or some combination therein (to exclude only the time the game was in attendant mode for assistance)?</i></p> <p><i>These are some very basic parameters that would need to be defined to accommodate the player session requirement. In</i></p>

Section	Quote From Standards	Category	Bally Feedback
			<p><i>relation, if removal is not an option, Bally recommends only requiring a time display and eliminating the player session duration.</i></p>
<p>138.01 (3) And 138.09 (2) NO CHANGE</p>	<p>For purposes of M.G.L. c.23K and 205 CMR each gaming position, as defined by M.G.L c.23K, §2, at a slot machine shall be considered a separate slot machine.</p> <p>And: An electronic table game shall be considered a slot machine in accordance with M.G.L c.23, §2 unless the simulation requires the intervention of a gaming employee prior to the final determination of winnings.</p>	<p>ETG as a Slot</p>	<p><i>Most operators prefer the electronic table units be placed in the pit and consider them table games and account for them as such. How will these standards apply to multi-station electronic table systems, such as Rapid, Table Master, Vegas Star, or Fusion Hybrid if they are not/cannot be connected to the online system and /or are placed in the pit?</i></p>
<p>138.01(4) SECTION REMOVED</p>	<p>The rules of the game and operating instructions for any gaming device offered for use by patrons of the licensee’s gaming establishment shall be conspicuously displayed. The rules of the game must contain... as well as paytables sufficient to calculate the minimum return to player.</p>	<p>Help Screens</p>	<p><i>Bally requests confirmation that our current method of displaying game rules via help screens on the gaming device is acceptable.</i></p> <p><i>Additionally, we are very concerned about the expectation to display “paytables sufficient to calculate the minimum return to player”. There are several variables (weighted tables, reel layout and weights, in-game bonus implementations, etc.) used to create an entertaining and rewarding game experience. To include enough information for the player to “calculate the minimum return” would mean (1) generating excessively complicated help screens, and more critically (2) exposing our IP to the public (i.e. the competition) for possible reverse engineering.</i></p> <p><i>We suggest the following changes:</i></p> <p><i>“... The rules of the game must contain at a minimum a clear and not unnecessarily complicated description of the mechanics of the game as well as pay tables sufficient to identify available award combinations calculate the minimum return to player. The rules of the game must include all information related to bonusing, progressive, and persistent state features systems implemented in the game. ...”</i></p>
<p>138.04 (2) SECTION EDITED</p>	<p>No slot machine at a gaming establishment shall accept coins, tokens, bills, debit cards, or credit cards as a form of payment</p> <p>- Now prohibits only credit/debit cards</p>	<p>Form of payment</p>	<p><i>The language of this standard is confusing and appears to prevent most (if not all) funding options. Bally requests clarification regarding the intent of this standard. For instance, what is the definition of “payment” as applied here?</i></p>

<u>Section</u>	<u>Quote From Standards</u>	<u>Category</u>	<u>Bally Feedback</u>
			<p><i>For the remaining comments we assume payments to mean the method of funding the game for play. Since it is under “Cashless Systems”, does it mean that payments are not allowed to be done from the card reader display through the SMIB? If so, coins, tokens, and bills cannot be used unless funds are transferred to the player’s system account, which negates their use as a form of “payment”. Additionally, vouchers and marketing funds (CEP and WAT) are excluded. What is the expectation for the use of points, converted to cash/promo play, from the player’s system account to the game or as a transfer back from the game to the player’s system account?</i></p> <p><i>Bally would be interested in discussing this requirement in greater detail.</i></p>
<p>138.04 (3) SECTION REMOVED</p>	<p>A gaming device shall allow individuals to monitor and impose betting limits on their cashless wagering. ...</p>	<p>Limits</p>	<p><i>Bally recommends, at a minimum, remove the first sentence from this standard. The gaming device itself cannot do this. It would be a function of the online system to be able to impose limits per player/per day for cashless wagering.</i></p>
<p>138.16(1) SECTION EDITED</p>	<p>A gaming licensee shall not operate any slot machine after January 1, 2017 unless that slot machine is compatible with the Gaming Standards Association Standard G2S v2.1 Certification Requirements: EGM Release 1, released April 20, 2012.</p> <p>- Specificity removed; date retained</p>	<p>G2S</p>	<p><i>Bally is very concerned about the specificity of this standard.</i></p> <p><i>First, it is not possible to know that G2S v2.1 will be the best and most applicable version in three years. To define that specific version may be limiting the licensee to older games that can still meet the requirement.</i></p> <p><i>Inversely, there are only a select few jurisdictions that currently require G2S v2.1 at this time. There is no way to know if G2S v2.1 will become enough of a global standard to validate the development expense needed to implement it in all games. Should this not be the case come January 1, 2017, licensees in Massachusetts may find themselves forcibly retiring games that do not comply. Moreover, they will probably have very limited options for replacements. Many of which could have a greater than normal expense due to the cost of additional implementation.</i></p> <p><i>Bally recommends the following change:</i></p> <p><i>“A gaming licensee shall not operate any slot machine After January 1, 2017, any gaming device submitted for Commission</i></p>

Section	Quote From Standards	Category	Bally Feedback
			<p>approval must be unless that slot machine is compatible with the Gaming Standards Association Standard G2S protocol v2.1 Certification Requirements: EGM Release 1, released April 20, 2012."</p>
<p>139.02 (3) (e) SECTION EDITED</p>	<p>The application for a gaming device permit shall be in the form of prescribed by the commission and contain:</p> <p>(e) a list of all jurisdictions in which the gaming device or component is currently being used, including the duration of use</p> <ul style="list-style-type: none"> - list of certified jurisdictions only 	<p>Submission</p>	<p><i>This standard can/will be difficult for many applicants. First, not all organizations make their "sales and use information" available to the staff who processes submissions. This will increase the effort required to complete a submission, and may affect the quantity of submissions to Massachusetts. Additionally, the timing element of this standard ("currently being used") creates a complexity that could cause a rejection of an application due to incomplete/inaccurate information.</i></p> <p><i>It is reasonable to require a list of documented information, such as certification and/or approval jurisdictions and their certified/approved date. This information is normally managed by the same (or similar) staff compiling the submission.</i></p> <p><i>Bally recommends the following modification:</i></p> <p><i>"a list of all jurisdictions in for which the gaming device or component is certified and/or approved for use, including the date the certification and/or approval was granted. is currently being used, including the duration of use"</i></p>
<p>139.02(7) SECTION EDITED</p>	<p>Prior to issuing a permit and after completing a review of a proposed gaming device or gaming device component that has not been available for public use in other jurisdictions for at least one year, the commission may require a trial period of up to 180 days to test the gaming device or gaming device component in a gaming facility. ... During the trial period, any gaming revenue generated by the gaming device or gaming component shall be remitted to the commission. At the conclusion of the trial period, the commission shall issue a permit, deny a permit, or extend the duration of the trial period.</p> <ul style="list-style-type: none"> - Duration reduced - Revenue clause removed 	<p>Trial Period</p>	<p><i>Bally has multiple concerns with this standard, and would like to better understand the goal(s) of the commission in determining these requirements. Please consider the following factors:</i></p> <ol style="list-style-type: none"> <i>1. Being "in use" elsewhere for at least one year creates a large window of "trial-able" gaming devices and components.</i> <i>2. Most trial periods range from 30 to 90 days, with 30 days being the usual minimum period and 90 being the maximum period (some exceptions apply at either end).</i> <i>3. Allowing for a trial period extension contradicts the 180 days specified previously. This creates an open ended trial period solely based on commission determination.</i> <i>4. For some games, the peak revenue generation occurs</i>

<u>Section</u>	<u>Quote From Standards</u>	<u>Category</u>	<u>Bally Feedback</u>
			<p>during the first 90 – 180 days. If this gaming revenue (from the trial period) is remitted to the commission, what incentive does the licensee have to field trial the game?</p> <p>5. Field trials commonly require licensees to maintain additional staff throughout the trial period to perform the audit tasks and generate the required reports/information for the commission. This creates operational cost increases.</p> <p>Taken together these factors require the licensee to invest extra staff and resources to undertake an unprofitable, highly scrutinized process with no guarantee of completion or issuing of a permit.</p> <p>With a better understanding of the goals, Bally might suggest one or more alternatives to the current standard. We would be interested in discussing this requirement in greater detail.</p>
<p>139.06</p> <p>SECTION REMOVED</p>	<p>Duration of Gaming Device Permit and Registration</p> <p>(1) A gaming device permit shall expire 6 years from the initial issuance of the permit. An update or modification to a permitted gaming device or component does not extend the duration of the permit.</p> <p>(2) A gaming device registration shall expire at the same time as the gaming device permit on which the registration is based.</p> <p>(3) Upon the expiration of a gaming device permit, all gaming establishments with a gaming device or component registered pursuant to the expired permit shall immediately cease operation of those gaming devices or components.</p>	<p>Expiration</p>	<p>Bally suggests removing this section entirely. These standards appear to force an end-of-life on a gaming device and, considering the “immediately cease operation” requirement in 139.06(3), also forces licensees to replace expired games. There does not appear to be any alternative provided for a licensee to retain a game that continues to be popular.</p> <p>Some games are (or can be) considered “timeless”. They continue to be played well beyond their expected lifetime. This section limits that lifetime regardless of the game’s potential value to the licensee. From a manufacturer’s perspective, this is beneficial. It forces replacements. But licensees may not want to replace a “tried-and-true” game if it is still operationally compliant and profitable.</p> <p>In the absence of any clear options, can an expired game be resubmitted for a new permit?</p>



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Comment

04

April 28, 2014

Mr. John Glennon
Chief Information Officer
Massachusetts Gaming Commission
84 State Street
Boston, MA 02109

Re: Request for Comment: Gaming Device Regulations

Dear Mr. Glennon:

Please see the enclosed comments from **Gaming Laboratories International (GLI)** regarding the current draft regulations addressing electronic gaming devices.

Thank you for the opportunity to contribute during this comment period. Please do not hesitate to contact our laboratory should you have any questions.

Sincerely,
Gaming Laboratories International, LLC.

Patrick Moore
Senior Director, Technical Compliance

Enclosure
PGM

Reference	Regulation Text	GLI Comment
138.01(4)	<p><u>(4) A gaming licensee shall provide the commission with a real-time stream of data,</u> other than personally identifiable information, in the communication format specified by the commission in 205 CMR 138.16 directly from each slot machine. Such data shall be provided for purposes of computing and reconciling daily tax obligations as provided in 205 CMR 135.XX, for purposes of investigating patron disputes filed in accordance with 205 CMR 134.19, and for purposes of maintaining general oversight of a gaming establishment. The commission is not obligated to monitor or review the data on an ongoing basis. <u>(emphasis added) If communications between the slot machine and the commission's system fails, the slot machine shall continue to record all required data for the most recent seven days of operation and send the data directly to the commission as soon as the connection is reestablished. If the connection is not reestablished within 24 hours due to a problem stemming from the gaming establishment's systems, then any slot machine affected shall cease operation until the connection is reestablished.</u></p>	<p>In the <i>emphasized</i> section at the beginning of the requirement, it will be important for the Commission to detail the exact data expected to be reported to the Commission. It's possible you expect to accomplish this within administrative rules or another mechanism, but it will be important to clearly detail these requirements. Additionally, we recommend using the term "near-real-time" as it conveys a more realistic expectation of transactional monitoring systems.</p> <p>In the <i>emphasized</i> section at the end of the requirement, it may be prudent to simplify this requirement. The systems do not currently support general timers for when a gaming device(s) cease communication. Typically it is both communicating and functioning or has lost communication and will be disabled.</p> <p>Suggested change:</p> <p>If communication between the slot machine and the commission's system fails, the slot machine may continue to operate only in cases where the slot machine is able to buffer all data required to be sent to Commission's systems and is capable of sending this buffered data directly to the commission as soon as the connection is reestablished.</p>
138.12	<p>138.12: Network Security (1) A gaming licensee and gaming device vendor shall comply with and the commission adopts and incorporates by reference Gaming Laboratories International, LLC Standard GLI-27: Network Security Best Practices, version 1.1, released Jan 21, 2013, subject to the following amendments:</p>	<p>GLI-27 is not intended to be specifically adopted by regulatory agency as a mandatory standard. This document is intended to be a best practices reference for network security implementations. The discipline of network security includes many methods and applications which can be used by IT professionals to secure and harden their systems. GLI created this document only as a helpful resource and went to some lengths to explain within the foreword of the document that it is not intended to be specifically adopted by regulatory agencies.</p>
139.02 (4)	<p>(4) The gaming vendor shall <i>promptly</i> notify the commission of any negative action taken in another jurisdiction or if it becomes aware of an issue that may negatively impact the reporting of revenue, game outcome, or the integrity of a device that has been submitted to the commission for permitting or has been permitted.</p>	<p>GLI recommends that a specific time frame be used in lieu of the term promptly. It's important that industry stakeholders be given an objective measure for which to comply.</p> <p>Suggested change:</p> <p>The gaming vendor shall notify the commission within 48 hours of any negative...</p>

139.04 (5)	<p>(5) The independent testing laboratory may only rely on testing conducted and data collected from a third party or from its own testing for another jurisdiction if the testing was performed during the past six years by an independent party with no apparent interest in the result. An independent testing laboratory relying on such external testing or data must clearly identify in its report all such reliance and independently verify the validity of such data or testing by:</p> <p>(a) finding that the methods described in the earlier test are reliable and there is no indication that the data are incorrect; or</p> <p>(b) showing that the gaming device has been implemented for public use for at least 6 months in other jurisdictions and has performed in conformance with the data;</p> <p>(6) An independent testing laboratory may rely on any data or results of testing conducted by a commission certified independent testing laboratory during the past six years when such testing was conducted for purposes of permitting a gaming device in the Commonwealth. Any reliance pursuant to 205 CMR 139.04(5) or (6) must be clearly identified in the report.</p>	<p>We believe we understand the intent of this requirement but fear there are unintended consequences with its true application.</p> <p>For 139.04(5)(a), the author may assume that the certification report will disclose all methods used during testing to derive the result. Such a report would be unique, in that independent labs would be forced to disclose the proprietary methods and practices developed over their years of service in other markets. Further, such disclosures do <u>not</u> appear to be protected under exemptions to Massachusetts Public Records law, thereby exposing these valuable methods and practices to competitors, thus forcing a private company to surrender its valuable intellectual property without compensation.</p> <p>As defined by the various international standards and the American Association of Laboratory Accreditation (A2LA), use of GLI test, inspection or certification reports in this manner is deemed to be 'sub-contracting'. Within a sub-contracting arrangement, ISO requirements specify that: (a) customers receiving sub-contracted work must be informed in writing of the work being sub-contracted' and (b) the methodologies being sub-contracted; and (c) the reason for sub-contracting the work. In addition, the lab proposing the use of another lab's work product under a sub-contracting arrangement must also maintain a written agreement with the sub-contracted lab which specifies requirements and test methodologies used to fulfill the terms of this agreement. It is required that both parties within a sub-contracting agreement, if accredited to the same ISO standards, both be accredited for the work that is being sub-contracted to be in compliance with said standard.</p> <p>139.04(5)(b) could then set the dangerous precedence of providing for a bypass of 139.04(5)(a), simply due to the fact that the slot machine/gaming device has operated without fault for a period of six months. This requirement presents significant practical challenges in determining what constitutes "conformance with the data" since information from the field may not be available to the ITLs. Because the data would be owned by operators in other jurisdictions rather than the manufacturers, Massachusetts would have no way to compel the release of the data and would have no recourse if the data were to be falsified. In fact, operators are likely to be reluctant to release the data for compliance purposes because of liability concerns and some jurisdictional regulators may object to the release of the data, thereby preventing access to it. Furthermore, in some cases, a six month period of operation may not produce enough data to make a statistically significant judgment on the device's reliability without a confirmation of test results. As such we believe that this is simply not a good measure of a gaming device conformance to regulation. In its current form, this regulation creates significant risk for the Mass Gaming Commission as it may allow an ITL to bypass accreditation requirements relating to reliance on other laboratories' results. Put simply, the certification report from an ITL and/or 6 months of undefined field data are not sufficient measures</p>
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		<p>of compliance to the Commission’s impending requirements.</p> <p>Finally, while 139.04(6) is similar to Nevada requirements governing reliance on other labs results, the 6 year timeframe added to this requirement may create a retesting process that will essentially invalidate results, for possibly no reason other than the age of the results themselves. This requirement would be unique to the Commonwealth and may not serve a clear regulatory objective in its current form.</p>
139.06 (7)(b)	The certified independent testing laboratory shall provide the commission each month with a list and description of all amounts paid by or invoiced to licensed gaming vendors for costs of gaming device testing or otherwise.	While many jurisdictions require access to testing laboratory billing records, a requirement that they be submitted monthly to the Commission would be unique to Massachusetts. We suggest this requirement be revised to require that such records be made available upon request thus allowing the MGC staff to develop practical criteria for the review of such records rather than mandating what is likely a burdensome and unnecessary filing of paperwork.
139.06(7)(c)	<p>(c) A certified independent testing laboratory shall implement and maintain a hiring and background check process that ensures, at a minimum, that no person is hired in a position involving testing relating to Massachusetts, or in a position overseeing or managing an employee in such a position, who has:</p> <ol style="list-style-type: none"> 1. failed to disclose or misstated information or otherwise attempted to mislead the commission with respect to any information the person has provided to the commission; 3. committed prior acts which have not been prosecuted or in which the person was not convicted but form a pattern of misconduct that makes the person unsuitable; 	<p>This rule requires the testing laboratory to attain results that are not achievable. We are not aware of any reliable process for determining whether a prospective employee has misled the commission or failed to disclose information. Furthermore, a private business does not have the investigative and law enforcement resources enjoyed by the commission and therefore it would not be surprising that the commission would discover “prior acts” that were not able to be discovered by a testing laboratory. For instance, in many states a suspended imposition of sentence does not meet the criteria for a conviction and is a closed record. If an applicant fails to disclose this information to a testing laboratory during the pre-employment screening, it would be unlikely that the testing laboratories background investigation process, not matter how thorough, would be able to uncover it. We suggest that this rule could be greatly simplified and improved by stating that: “A certified independent testing laboratory shall implement and maintain a hiring and background check process that has been approved by the commission and, at a minimum, protects against a person being hired in a position involving testing relating to Massachusetts, or in a position overseeing or managing an employee in such a position, who has:”</p> <p>This language allows the testing laboratory to work with the commission to develop a plan that best ensures the behavior the commission expects from the lab. It will allow for clearly communicated expectations and responsibilities for compliance that are achievable and can be modified over time to reflect the most effective practices to achieve the results the commission expects.</p>

Via Electronic Mail

April 28, 2014

Mr. John Glennon, Chief Information Officer
Massachusetts Gaming Commission
84 State Street, 10th Floor
Boston, MA 02109

Dear Mr. Glennon:

On behalf of IGT, I would like to thank the Massachusetts Gaming Commission (“Commission”) for the opportunity to submit comments on the proposed product regulation framework 205 CMR 138-140 Draft 2014-04-14. IGT respectfully submits the following observations and suggestions for the Commissions consideration:

205 CMR 138.01 (4) states that each gaming licensee must provide the Commission with a real-time stream of data in the communication format specified by the Commission directly from each slot machine. Such data shall be provided for purposes of computing and reconciling daily tax obligations, investigating patron disputes and maintaining general oversight of a gaming establishment. It further states, when the real-time link is down, each slot machine shall continue to store all required data for the most recent 7 days and subsequently each slot machine shall cease operation following 24 hours due to problems stemming from the gaming establishment’s systems.

Based on our understanding of the data required in order to reconcile tax obligations, investigate patron disputes and provide general oversight, each slot machine may not have enough storage available “to record all required data for the most recent seven days of operation” during offline mode of operation. IGT respectfully suggests changing the language to store a set number of the most recent critical events to ensure that each slot machine has dedicated storage resources available to record the information during offline mode of operation.

205 CMR 139.02 (2) states that following the testing by a certified independent testing laboratory that an applicant will then have to submit an application for permitting. While IGT can support this model of operation, we advise that this mode of operation can incur added costs and delays in bringing products to market. IGT requests further dialog to establish a best practice.

205 CMR 139.02(2)(e) states that a list of all jurisdictions in which the gaming device has been granted or denied licensure, registration, or similar needs to be included with each gaming device permit application. IGT requests that this information be limited to those jurisdictions at the time of a gaming device permit submission.

205 CMR 139.02 (2)(f) states that the application fee must be submitted with the form. Since IGT has a large portfolio of products, we request consideration for allowing a method that does not involve the need to submit a physical payment for every component that is submitted for a permit. IGT suggests that some form of advanced deposit which can be drawn against would be a consideration in order to save costs and time associated with processing the application for permitting.

205 CMR 139.04 (2)(e) states that a report is required to be issued by the certified independent test lab to the Commission that contains the information listing all known methods of breaching the security of the gaming device. This information is considered highly sensitive as it could be used to further compromise or exploit gaming devices. IGT supports building awareness with the Commission and requests that special consideration be given to the sensitivity of the information being shared and the potential liability it creates.

205 CMR 139.05 (1) states that an applicant shall remit fees to the Commission along with the gaming device permit application of \$500. As mentioned in 205 CMR 139.02 (3)(f), IGT requests alternate methods regarding the payment of the device permit application in order to reduce processing costs and time constraints with getting a check requested for each submission.

205 CMR 140.01 (4)(b) states that any building located outside of a casino facility where slot machines shall be kept shall restrict access to those individuals permitted to maintain slot machines pursuant to this regulation. Gaming vendors may wish to establish a local office for purposes of sales and training, requiring product to be available to individuals other than those permitted to maintain slot machines. As noted chapter 23K section 25(e) states "... however, that this subsection shall not apply to a licensed gaming vendor who operates a warehouse, showroom or sales facility within the commonwealth subject to the approval of the commission." IGT respectfully seeks clarification that this regulation would not apply if approval is received by the Commission to operate a showroom, warehouse or sales facility.

205 CMR 140.02 (2)(f) states that for all shipments into, out of and within the Commonwealth of Massachusetts, the expected date and time of delivery to or removal from needs to be supplied. IGT notes that often the arrival time of a delivery or pickup may not be known in advance as there are many factors out of our control that may impact the specific delivery time. IGT requests removal of the time requirement.

Should you have any questions or wish to discuss, please contact Carrie Porterfield at (702) 669-8966 or Carrie.Porterfield@IGT.com.

Sincerely,



Carrie Porterfield
IGT Manager Regulatory Development

Shtatnov, Artem (MGC)

From: Travis Foley <travis.foley@bmm.com>
Sent: Wednesday, April 30, 2014 2:42 PM
To: Glennon, John R. (MGC)
Cc: Shtatnov, Artem (MGC); Grossman, Todd (MGC)
Subject: RE: Massachusetts Gaming Commission - Request Seeking Public Comment: Gaming Device Regulations

John,

Thank you for the opportunity to provide comments on the proposed regulations. After reviewing we have no major recommendations at this time regarding the proposed language. We do have one technical observation which just may need some clarification. 138.16(1)(c) states "slot machine allows remote verification of gaming device software using SHA-1 or similar hashing system. We interpret this to apply to all machines before and after the Jan. 1, 2017, GSA protocol requirement. Technically it could be argued that the method for remote verification through SAS, as requested by a central system, is not a similar hashing system. The SAS signature response from a machine is a 16-bit CRC algorithm which is significantly different than a SHA-1. We don't believe that a change to the language is necessary as long as it is understood that the method available is SAS and typically used by central systems is sufficient.

If you did want to change the language I would suggest something like "allows remote verification of gaming device software using SHA-1 or a method approved by the commission's executive director or an appointee designated by the executive director." I only suggest something more generic to eliminate someone from trying to technically argue that the algorithm used by SAS is not "similar" to a SHA-1.

Travis Foley | Executive Vice President, Operations
BMM Testlabs | 815 Pilot Road, Suite G, Las Vegas, NV 89119
t: +1 702 407 2420 | f: +1 702 407 2421 | m: +1 702 806 8121
travis.foley@bmm.com | www.bmm.com

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From: Glennon, John R (MGC) [<mailto:john.r.glennon@state.ma.us>]
Sent: Friday, April 18, 2014 10:57 AM
To: Travis Foley
Cc: Shtatnov, Artem (MGC); Grossman, Todd (MGC)
Subject: Massachusetts Gaming Commission - Request Seeking Public Comment: Gaming Device Regulations

Travis Foley
Executive Vice President, Operations
BMM Testlabs

Travis –

I am writing to update you on the process of the promulgation of regulations relative to electronic gaming devices under Chapter 23K.

The Massachusetts Gaming Commission is seeking to promulgate regulations relative to gaming devices under Chapter 23K. The Commission has created draft regulations and seeks public comment on the contents in preparation for discussion during the May 1, 2014 public meeting.

Please note that this comment period is not part of the formal process for regulation promulgation. –

See more at: <http://massgaming.com/news-events/requests-for-public-comments/>

Please let me know if you have any questions. We look forward to your input during the promulgation process.

Best Regards -

John

John R. Glennon
Chief Information Officer



Massachusetts Gaming Commission
84 State Street 10th Floor
Boston, MA 02109
TEL 617-979-8457 | FAX 617-725-0258
www.massgaming.com

John R. Glennon
Chief Information Officer



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follow us on



Shtatnov, Artem (MGC)

From: Glennon, John R. (MGC)
Sent: Sunday, May 04, 2014 10:15 PM
To: Shtatnov, Artem (MGC)
Cc: Grossman, Todd (MGC)
Subject: Fwd: Greetings from GSA
Attachments: image001.jpg; ATT00001.htm; image002.png; ATT00002.htm; image003.png; ATT00003.htm; image004.png; ATT00004.htm; image005.png; ATT00005.htm; image006.png; ATT00006.htm; image007.png; ATT00007.htm; image001.jpg; ATT00008.htm; 2014-05 MGC Recommendation.docx; ATT00009.htm

Follow Up Flag: Follow up
Flag Status: Flagged

Hi Artem - The email below is from GSA's Ethan Tower and should be part of the record. I like his suggestions for section 146.16, if you have no objections please update the version 3 working draft to include his suggestions. Thank you. John

Sent from my iPad

Begin forwarded message:

From: Ethan Tower <etower@gamingstandards.com>
Date: May 4, 2014 at 11:19:30 AM EDT
To: "Glennon, John R. (MGC)" <John.R.Glennon@MassMail.State.MA.US>
Subject: RE: Greetings from GSA

John,

Thanks for the update. Sorry that I wasn't able to respond sooner.

I think that your approach is quite prudent. Many jurisdictions in the US and internationally are taking a similar approach.

If Massachusetts follows the same progression of gaming that has occurred in other jurisdictions, it is likely that more slot parlors will open and that gaming will be allowed in taverns, clubs, bars, etc. Consumers want convenience. As you move along this progression, the need for central monitoring will increase. It is unlikely that a casino would put their license in jeopardy by not strictly adhering to the rules, but smaller operators may take their chances. The smaller the operator, the greater the need for central monitoring.

The other factor to consider is responsible gaming. If this becomes an issue in Massachusetts, as it has in other jurisdictions, central monitoring will become a necessity, not a luxury. It will be much easier to put a central monitoring system in place now than 5 years down the road.

Since I can't help editing documents that are sent my way, I made a few recommendations in section 143.16.

As the central system providers have probably told you, there is no reason that they can't use G2S on day one to monitor the slot machines (although SHA1 may be a problem for older platforms). They may just have to use protocol convertor boards. I thought that it might be good to make this more explicit in

the regulations. I also thought that it might be useful to note that the exact protocol versions, meters, events, etc. would be published in a separate document. There is a bunch of detail that the manufacturers and test labs will need to know.

As I mentioned earlier, I don't have any travel scheduled during the month of May. So, if you would like to get together and talk sometime, I'm available.

Thanks.

Ethan Tower / Protocol Director / Gaming Standards Association
2 Yacht Club Rd, Mystic, CT 06355 USA
Phone: +1.860.389.5387
etower@gamingstandards.com • www.gamingstandards.com

143.16: Communications Protocols

~~(1) A gaming licensee shall not operate any slot machine in a gaming establishment after January 1, 2017 unless that slot machine is compatible with the Gaming Standards Association G2S protocol. Provided however, any slot machine that is registered and operating in a gaming establishment prior to January 1, 2017 is not required to comply with the G2S protocol.~~ A gaming licensee shall not operate any slot machine in a gaming establishment unless the slot machine:

(a) is able to bi-directionally communicate with the commission's central control system using the Gaming Standards Association's G2S Message Protocol and Point-to-Point Transport Specification;

(b) transmits, on a per bet basis, data relative to amounts wagered, amounts won, cash in, cash out, and similar financial information necessary for tax collection and auditing;

(c) allows remote verification of gaming device software using a SHA-1 or similar hashing system;

(d) allows remotely activating and disabling slot machines; and

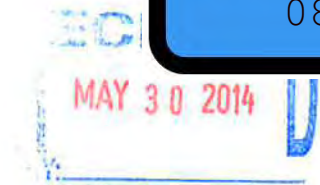
(e) transmits data relative to any restarts, shutdowns, resets, game changes, door open, and other maintenance events;

~~(2) A gaming licensee shall not operate any slot machine in a gaming establishment after January 1, 2017 unless that slot machine is compatible with~~ is able to directly communicate with the commission's central control system. ~~Provided however, any slot machine that is registered and operating in a gaming establishment prior to January 1, 2017 is not required to comply with the G2S protocol.~~ may use protocol convertor boards, or other similar devices, to communicate with the commission's central control system.

(3) The required versions of the Gaming Standards Association's G2S Message Protocol and Point-to-Point Transport Specification – as well as the required protocol options, commands, meters, and events – shall be specified by the commission in a separate appendix to these regulations.



PENN NATIONAL
GAMING, INC.



May 22, 2014

John R. Glennon
Chief Information Officer
Massachusetts Gaming Commission
84 State Street 10th Floor
Boston, MA 02109

Re: Central Server Issues

Mr. Glennon,

This week several representatives of Penn National Gaming, Inc. (“Penn”) had the opportunity to speak with Executive Director Day regarding several regulatory matters including the use of a Central Server by the Massachusetts Gaming Commission (“MGC”). Mr. Day suggested that I contact you directly regarding our concerns about utilizing a central server. Several casino jurisdictions have opted to require that all casinos operating in their state connect all individual slot machines to a central server that is owned, operated and overseen by the state or a vendor selected by the state (typically SciGames or G-Tech). States that adopted a central server model typically did so in order to conform to the enabling vehicle for gaming in that state (constitutional mandate and/or existing gambling or lottery laws). The reality, supported by Penn’s experience in a number of jurisdictions, is that a central server does not enhance regulatory control and oversight of a casino in contrast to what can be achieved in a non-central server environment. This conclusion is further supported by the fact that the “traditional” gaming markets (Las Vegas and Atlantic City) operate as models of integrity and regulatory stability without the expense or drawbacks of a central system. Our first hand experience strongly suggests that there are material drawbacks to a central server system. Set forth below is an explanation as to why a central server has been utilized in certain jurisdictions and the resulting pitfalls and drawbacks:

1. With the exception of Pennsylvania, the states with central servers are states with “video lottery terminals (VLTS)” and not “slot machines”. In many of these states, gaming could only be expanded as an extension of the lottery, which already operated through its own central server. Accordingly, lottery regulations required a central server for VLTs. As for Pennsylvania, there was no constitutional amendment authorizing casino gaming and slot machines were legalized outside of the lottery framework. That being the case, we believe that the central server was implemented to mirror the lottery model in order to reduce challenges to the new legislation.

2. Massachusetts Category 1 and Category 2 licensees operate over a wide geographic area. Experience dictates that all computer systems occasionally break down. In a

central server environment, if the central server fails, the state runs the risk of bringing down the casino floor at all licensees at once. Losing casino revenue from all casinos in the state at once, even for a few hours, can have a material and adverse impact on casino revenue and, in turn, on local and state tax receipts. In contrast, an individual server environment, problems at one casino are isolated and cannot affect the operation of another, such that system problems are contained and damage is minimized.

3. Reconciliation between the central server and the property controlled casino management system is time consuming, creates the need for additional state and operator personnel and provides little or no added value. It does not obviate the need for gaming commission personnel to be at the casino property, as Pennsylvania discovered after its implementation. Whether in a central server or property controlled casino management environment, all data is derived from the same source: the set of meters associated with each game. In a central server environment, time is required to reconcile detail between property and state data with little or no ultimate impact to revenue recognition.

4. The cost of a central server is generally in excess of several million dollars and over \$200,000 annually for continued maintenance and support. These costs must be carried by the licensees pursuant to M.G.L. c 23K, § 56. Further, M.G.L. c. 23K, § 57 (which is funded through section § 56) establishes the Massachusetts Gaming Control Fund, the financing mechanism for the MGC's operational activities. c. 23k, § 57 states that all available monies in the fund that are unexpended at the end of each fiscal year shall be available for expenditure in the subsequent fiscal year. Funds not spent on costs associated with maintenance and support could be better put to use for the Commission's operational needs, rather than supporting a central server system that provides no additional regulatory value or game integrity.

5. Most gaming jurisdictions, including the major gaming jurisdictions, do not operate in a central server environment and we are unaware of these states having any greater problems with revenue collections, game integrity and regulatory oversight than those states that do. The central system is not any safer. The data obtained by the central server is the same data that is sent by a casino's slot machines to its property controlled casino management system.

6. Such property controlled casino management systems are manufactured by major publicly traded gaming suppliers licensed all over the world and they are built to be fair, accurate, and with redundant functionality to prevent fraud and ensure that they are accurately recording casino activity. All such systems must be approved by the applicable state or private gaming laboratory before they are placed on the gaming floor and meet their respective requirements and testing. These reliable property controlled casino management systems combined with robust written (and auditable) procedures and internal controls in place for all elements of slot monitoring, including accounting, security, surveillance, cage, drop/count and slot operations, to ensure the integrity of each individual game and the casino floor as a whole. These controls are also regularly audited by internal, external and state auditors and are further subject to Sarbanes Oxley control and IT processes. Further, there is also a separation of functions among departments, which further bolsters game integrity.

7. All of these safeguards are spelled out in written internal controls and procedure manuals. Internal control requirements can be set forth in the gaming law (New Jersey for

example) and then detailed in the regulations promulgated under the gaming law. Set forth below are just a few of the areas which would be governed by internal controls and regulation:

a. The “drop” of actual cash and tickets received is highly controlled through security escorts, controlled drop keys, constant surveillance monitoring, and separation of duties for drop personnel. Certain procedures require the presence of state gaming commission personnel.

b. There are secure count room procedures including controlled access, heavy surveillance coverage, separation of duties for count personnel, requirements to wear pocket-less jump suits and other controls.

c. Ongoing reconciliation is performed by accounting of actual funds counted by the count team to actual funds expected based on casino management system reports. Significant discrepancies are investigated.

d. Onsite state gaming commission personnel have read only real time access to the casino management system and can run system generated reports. Regulators also can and frequently do have casino accounting departments run reports for them.

e. Multiple audit layers ensure the accuracy and integrity of slot machines. Accounting (Revenue Audit) performs a daily review and reconciliation of gaming revenue. Following the initial review, Internal Audit conducts periodic examinations of the review and reconciliation process. A third party CPA firm performs periodic reviews and M.G.L. c. 23K, § 65 requires at least an annual state gaming commission audit of the accounts, programs, activities and functions of all gaming licensees.

f. Standard slot protection procedures are in place such as: open door signals to surveillance, the requirement to swipe employee card before entering a slot, the requirement to complete a machine entry access log (MEAL) any time personnel enter a slot, strict control of sensitive slot keys, separation of duties for jackpot payoffs including security presence and surveillance notification, and the cash for the jackpot itself has to be generated by cage personnel or a tightly controlled jackpot kiosk.

8. Currently Mississippi, Nevada, New Jersey, Illinois, Indiana, Iowa, Missouri, Ohio (Ohio Casino Control Commission) and Michigan do not operate in a central server environment. All of these states have strong regulatory frameworks in place to ensure proper accounting of casino revenue and the maintenance of game integrity. At no time, despite the fact that the acts and the regulations with respect to gaming in all of those jurisdictions are continuously updated and revised, has there been an effort to require a central monitoring system, nor has the lack of one been criticized.

9. In fact, the contrary has been true. The Meadows casino in Pennsylvania (a central server state) was previously fined based on several incidents in which a few patrons of The Meadows allegedly conspired to manipulate a slot machine. The patrons received false jackpots totaling \$400,000. The scheme was detected by on-site personnel of the Pennsylvania Gaming Control Board observing the patrons, not by the central server.

10. Instead of a central state operated server, Indiana and certain other jurisdictions require a property controlled casino management system they refer to as a “central server” for each property. Although all casinos currently utilize such a property controlled casino management system, Massachusetts could actually explicitly “require” it, to further ensure that there will always be that additional reconciliation mechanism.

11. One of the selling points of a central server environment is the ability of state personnel to remotely shut down individual slot machines from the state’s central location. The state, however, can achieve the identical control and result with a property controlled casino management system by simply ordering the operator (on penalty of fines or other sanctions) to shut down any machine. Furthermore, even without a central server, state regulators will have ongoing, real time, 24 hour access to each operator’s casino central management system at each property, whenever they want such access.

12. Category 1 and 2 licensees can be “up and running” more quickly without the technical complexity of two systems (the operator’s casino management system and the state’s central server system). This is critical in light of the state’s revenue generation goals.

In summary, requiring a central server imposes a significant unnecessary cost on the licensee, greater risk of a statewide casino shutdown, and unnecessary back of house reconciliation activity without enhancing either regulatory control or the integrity of the casino floor. The central system does not make the gaming environment any “safer.” Legislation, regulation, internal controls and a casino’s property controlled casino management system currently provide, without the additional cost of a central server, safeguards that are at least, if not more, effective than a central system to protect the integrity of gaming in both major and smaller gaming jurisdictions across the United States.

Regards,



Frank T. Donaghue
Penn National Gaming, Inc.

CC: Rick Day, Executive Director Massachusetts
Gaming Commission

ON-SITE, PROPERTY MONITORING SYSTEMS BEST REGULATORY OPTION FOR MASSACHUSETTS

OVERVIEW

Comprehensive monitoring of slot machine gaming is critical for the integrity of gaming and gaming regulation in the Commonwealth of Massachusetts. In order to provide proper oversight and regulation, a monitoring system must generate the necessary activity reports and audits while allowing regulators immediate real time, 24-hour access. Monitoring system options include: (1) a single, state-wide central-monitoring operating system – utilized almost exclusively in VLT states; and (2) an on-site, property based system – utilized in states with Las Vegas style slot machines.

CENTRAL SYSTEM IS REDUNDANT

Massachusetts Category 1 and Category 2 licensees will operate Las Vegas style slot machines and NOT VLT machines. Licensees will utilize on-site property monitoring systems irrespective of whether a central system is employed by the state. While the cost of a central system will vary depending on the desired functionality, the number of slot machines in a given state, and several other factors, it is very likely that such a system in Massachusetts would cost at least several million dollars to purchase, hundreds of thousands of dollars to install and subsequently hundreds of thousands of dollars per year to maintain (excluding state labor costs), all of which must be carried by the operator.

ON-SITE SYSTEMS PROVIDE SAFEGUARDS

- On-site systems are reliable with no shortcomings reported by other states.
- The Commission will have full regulatory authority over on-site system requirements as well as oversight on internal controls of each casino.
- Data derived from on-site systems, combined with auditable procedures in accounting, security, surveillance and slot operations, will ensure the integrity of each individual game and the casino floor as a whole.
- Gaming regulators will have immediate, real time 24-hour access to all information from the on-site system.
- A central system will not enhance regulatory oversight or control.

SIMILAR GAMING JURISDICTIONS USE ON-SITE PROPERTY BASED SYSTEMS

Indiana, Michigan, Illinois, Iowa, Mississippi, Nevada, Ohio (Ohio Casino Control Commission) and New Jersey all ensure proper regulation and accounting of casino revenue and game integrity through the use of on-site systems. These systems provide the necessary regulatory tools without strapping the states or the operators with a costly and redundant central system.

CENTRAL SYSTEMS CAN CREATE PROBLEMS

Reconciliation between a central system and the on-site system is time consuming, and creates the need for additional state and operator personnel. It does not remove the need for Commission staff to be at the casinos, as Pennsylvania discovered after its implementation. If a central system goes down then all casinos are affected and tax revenues are at risk.



PENN NATIONAL
GAMING, INC.

May 22, 2014

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

Re: 205 CMR 143.01(3)

Dear Chairman Crosby,

On behalf of Penn National Gaming, Inc. (Penn), I am writing to recommend a modification to proposed regulation 205 CMR 143.01(3). The proposed modification would provide that each designated seat or standing position at an electronic table game is a “gaming position” but that each such electronic table game constitutes only one slot machine under ch. 23K, § 2. We believe that the proposed regulation is consistent with the statutory scheme and has the benefit of increasing the daily taxes paid by the category 2 licensee to the Commonwealth under § 55 of ch. 23K while, at the same time, increasing proportionally the share of the annual fees paid by the category 2 licensee under § 56 of ch. 23K. Our proposed modification (with new language italicized) is as follows:

205 CMR 143.01(3) “For purposes of M.G.L. c.23k and 205 CMR each gaming position, as defined by M.G.L. c.23K, § 2, at a slot machine shall be considered a separate slot machine, *except for gaming positions at electronic table games. For the purposes of M.G.L c.23K, § 56, each designated seat or standing position where a patron of a gaming establishment can play a multiplayer electronic table game will constitute a gaming position.*” (Additional language italicized)

Statutory and Regulatory Background:

Section 2 of ch. 23K defines a “gaming position” as a designated seat or standing position where a patron of a gaming establishment can play a game. See M.G.L c.23K, §2. “Slot machine” is defined as “a mechanical, electrical or other device, contrivance or machine which, upon insertion of a coin, token or similar object therein, or upon payment of any consideration whatsoever, is available to play or operate, the play or operation of which, whether by reason of the skill of the operator or application of the element of chance, or both, may deliver or entitle the individual playing or operating the machine to receive cash, or tokens to be exchanged for cash, or to receive merchandise or any other thing of value, whether the payoff is made automatically from the machine or in any other manner, except that the cash equivalent value of any merchandise or other thing of value shall not be included in determining the payout percentage of a slot machine.” *Id.*

Draft regulation 205 CMR 143 provides that “an electronic table game shall be considered a slot machine in accordance with M.G.L. c. 23K, § 2 unless the simulation requires the intervention of a gaming employee prior to the final determination of winnings.” *Id.* at 143.09 (2). The draft regulation further provides that “for purposes of M.G.L. c.23K and 205 CMR each gaming position, as defined by M.G.L. c.23k, § 2, at a slot machine shall be considered a separate slot machine.” 205 CMR 143.01(3).

Penn suggests the revision to 205 CMR 143 based on the following factors:

1. The Proposed Regulatory Revision Falls within MGC’s Regulatory Authority

Under the proposed modification, each electronic table game would be considered an individual slot machine for the purposes of M.G.L. c. 23k, § 2k’s limit of 1,250 slot machines and each designated seat or standing position where a patron of a gaming establishment can play an electronic table game would be considered a separate “gaming position” for the purposes of the annual fees assessed under § 56. The proposed modification would allow Penn to weigh the cost of the increase in its proportional share of annual assessments under § 56 against the increased revenue that would result from adding gaming positions, and to add an appropriate number of gaming positions in accordance with that economic calculation. This also would have the effect of increasing the daily taxes paid to the Commonwealth under § 55, which imposes taxes on the licensee totaling 49% of its gross gaming revenue. M.G.L. c.23k, § 55 (b) and (c). Because Chapter 23k does not impose a cap on the number of gaming positions, the proposed modification is firmly within the Commission’s regulatory discretion. *See* M.G.L. c.23k, §2 (limiting the Category 2 licensee to “1,250 slot machines,” with no reference to “gaming positions”). Adopting Penn’s proposed definition also will allow the Commission to increase the daily tax revenue paid to the Commonwealth under § 55, while maintaining the statutory number of slot machines noted in M.G.L. c. 23k § 2.

2. The Proposed Modification is Consistent with the Statutory Definition of “Slot Machine”

The proposed modification would recognize that electronic tables are “slot machines” under § 2, but also would clarify that each gaming position at an individual slot machine does not count as a separate slot machine for purposes of calculating the total number slot machines allowed category 2 licensees. We believe that if the legislature had intended § 2 to limit the total number of gaming positions (rather than the number of slot machines), it would have expressly said so. In § 56, for example, the legislature required a financial assessment based on the number of gaming positions in an establishment, not the number of slot machines or tables. Had it intended § 2 to govern the number of gaming positions, it easily could have done so by making explicit reference to the same term, just as it did in § 56. *See Commonwealth v. Galvin*, 388 Mass. 326, 330, 446 N.E.2d 391 (1983) (“[W]here the Legislature has employed specific language in one paragraph, but not in another, the language should not be implied where it is not present.”); *Alliance to Protect Nantucket Sound, Inc. v. Dep’t of Pub. Utilities*, 461 Mass. 166, 182-83 (2011) (“[W]e have given agencies broad discretion to interpret statutes that they enforce, lending ‘substantial deference’ to their interpretations.”) (citing *City Council of Agawam v. Energy Facilities Siting Bd.*, 437 Mass. 821, 828, 776 N.E.2d 1002, 1007 (2002)).¹ The

¹ The reference in § 2’s definition of the term “slot machine” to “the individual playing or operating” the game simply expresses the requirement that the machine pay something of value to a player and should not be construed to silently impose a limit on gaming positions. *See* M.G.L. c.4, § 6 (“Words importing the singular number may

proposed modification to the regulation thus is well within the Commission's authority and consistent with the language and legislative intent behind M.G.L. c.23k, § 2.

3. The Proposed Modification is Consistent with Other Jurisdictions

Other jurisdictions have adopted specific provisions differentiating electronic table games for purposes of gaming positions or game counts. Illinois Administrative code defines the term gaming position for the purposes of adhering to the 1,200 gaming position limit dictated by 230 ILCS 10/7(h). Specifically, EGDs are counted as 9/10s of a position. *See* Illinois Administrative Code 86 3000.606.(a) ("Positions for games utilizing Electronic Gaming Devices will be determined as 90 percent of the total number of devices available for play.") New Mexico state regulations also differentiate electronic table games from standard slot machines by including a proportional representation metric. Specifically, multi-station games shall not comprise more than three (3) percent of the total possible allowed gaming machines on the gaming floor and for game count purposes, each multi-station game having up to five (5) player terminals shall count as one (1) gaming machine, each multi-station game having between six (6) and ten (10) player terminals shall count as two (2) gaming machines and each multi-station game having between eleven (11) and fifteen (15) gaming machines shall count as three (3) gaming machines. 15.1.10.24(D)(4) NMAC. Penn contends that the suggested revision adheres to Massachusetts statute while following gaming position definitions found in other jurisdictions.

Based on the discussion above, Penn proposes that the Commission revise 205 CMR 143 to provide that each electronic table game constitutes a single slot machine for the purposes of M.G.L. c.23k, § 2, with each designated seat or standing position at an electronic table game constituting a "gaming position" for the purposes of M.G.L c.23K, § 56. This modification, which is well within the Commission's regulatory authority, will permit Penn to add an appropriate number of gaming positions for electronic table games, thus increasing the daily tax revenue that is paid to the Commonwealth in proportion to Penn's gross gaming revenue. Finally, if approved, Penn expects to have approximately 10-15 electronic table games at Plainridge Park Casino.

Frank T. Donaghue



Vice President Regulatory Affairs &
Chief Compliance Officer

extend and be applied to several persons or things, words importing the plural number may include the singular"); *see also Alliance*, 461 Mass. at 183 (deferring to agency's determination that statute requiring solicitation of proposals (plural) permitted solicitation of a single proposal); *Comm'r of Corporations & Taxation v. Thayer, Bradley Co.*, 291 Mass. 197, 201, 197 N.E. 47, 49 (1935) (permitting joinder of actions for taxes assessed for two separate years where statute referred to "tax or excise" in its singular form).

RMC

Regulatory Management Counselors, P.C.

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June 13, 2014

Via Email – mgccomments@state.ma.us

Mr. John Glennon
Chief Information Officer
Massachusetts Gaming Commission
84 State Street, 10th Floor
Boston, MA 02109

RE: Association of Gaming Equipment Manufacturers Comments to 205 CMR 138.00-140

Dear Mr. Glennon:

Thank you for the opportunity to submit comments on the Massachusetts Gaming Commission's ("Commission") most recent draft of its gaming machine technical standards, 205 CMR 143.00-145 (dated May 7, 2014). As you know, the Association of Gaming Equipment Manufacturers ("AGEM") serves as the non-profit international trade association for gaming equipment manufacturers and suppliers. AGEM has been closely monitoring the developments in Massachusetts as its membership is excited to enter the market as the casino development process progresses.

As you will recall, AGEM provided comments to the initial draft of the gaming technical standards by way of letter dated April 16, 2014. I am writing today to submit additional comments on the revised draft of the regulations on behalf of AGEM and its membership. I also want to thank you and the Commission staff for its consideration of AGEM's initial comments to the proposed technical standard regulations. I look forward to answering any questions that you or the Commission may have as the regulations move through the final drafting and adoption processes.

In addition to the commentary specific to the proposed regulations, I have also included brief comments related to the gaming vendor licensing process and the Commission's general

approach to developing responsible gaming structures. These comments follow the discussion on the draft technical standard regulations.

Comments to Draft 205 CMR 143.00-145

Below please find certain general comments, as well as specific recommendations and suggestions of AGEM and its membership regarding draft 205 CMR 143.00-145. Where suggestions for regulatory language changes have been submitted, these are noted in redlined attachments to this Letter. Please note the electronic PDF version of this Letter includes bookmarks for each attachment identified below.

The comments below are organized by their respective draft regulation subsection, with redlined changes provided as an attachment to this Letter as necessary. Please note that the comments are based on the regulations draft dated May 7, 2014. Where attachments are included, the attachments are numbered according to the corresponding subsection listed below.

1. 205 CMR 143.16: Communications Protocols

205 CMR 143.16(1) provides that “[a] gaming licensee shall not operate any slot machine in a gaming establishment after January 1, 2017 unless that slot machine is compatible with the Gaming Standards Association G2S protocol.”

Currently, it appears that the only gaming licensee that will be operating as of January 1, 2017 is the Category 2 operation in Plainville, as the Category 1 applicants have all proposed opening dates beyond January 1, 2017. In order to provide flexibility for operators, manufacturers, and other industry participants to transition to the G2S protocol, AGEM respectfully requests that the Commission amend 205 CMR 143.16(1) to extend the compatibility date to January 1, 2019. This would allow for the Category 1 licensees to choose amongst a wider array of existing gaming machines that may not yet be adapted to the G2S protocol, providing greater flexibility in their respective purchasing departments. In addition, gaming machine manufacturers would be provided with additional time to ensure that machines operating in the Commonwealth are compatible with the updated G2S protocol required by the Commission.

Attachment 1 contains suggested revisions to 2015 CMR 143.16.

2. 205 CMR 145.02: Transportation of Slot Machines

It appears that 205 CMR 145.02(5) provides the log standards for internal transportation and movement of gaming machines that occur wholly within a licensed gaming facility. As a follow up to the comments on this section supplied in the April 16, 2014 letter, AGEM requests that the Commission provide clarity that the log requirements of Subsection 145.02(5) apply only to movements of machines that occur wholly within a licensed gaming facility.

Attachment 2 contains suggested regulatory language to 205 CMR 145.02(5) that addresses this proposed change.

Comments on General Vendor Licensing Process and Responsible Gaming Approach

In addition to the above, AGEM would like to provide some additional comments on the general vendor licensing process and the responsible gaming approach being developed by the Commission.

1. Vendor Licensing Process

Regarding the vendor licensing process, the Commission has released the forms to be utilized by vendor applicants to seek licensure and/or approval as a vendor to a licensed gaming establishment located in the Commonwealth. In addition, the Commission has noted that it would be releasing specimen applications that outline which information included on the vendor licensing forms would be considered “confidential” by the Commission and, therefore, not subject to public disclosure.

At this time, there does not appear to be a specimen version of the vendor-related forms that is publicly available. As the Commission and the Commonwealth have a fairly unique public disclosure process for gaming vendors, AGEM encourages the Commission to provide a publicly-available specimen draft version of each of its vendor forms and obtain industry comments to these forms.

In addition, there have been concerns expressed regarding the costs of implementing two specific regulations, 205 CMR 143.12 (“Networking Security”) and 205 CMR 144.04(6) (“Required Testing by Independent Testing Laboratories”). It should be noted that GLI-27, compliance with which is required under Regulation Subsection 143.12, is generally used as a resource guide to best practices for companies operating in the industry. It is not, however, intended for use as a mandatory requirement due to the often duplicative and redundant programs that operators may have in place for a variety of other compliance objectives (such as compliance with the Sarbanes-Oxley Act and other non-gaming security requirements). Requiring that licensees maintain full compliance with GLI-27, therefore, would require substantial costs and mandate procedures that have been drafted as a thorough guide rather than regulatory mandates.

Subsection 144.04(6) would also create additional and often unnecessary retesting costs for devices tested more than six years prior to submission to the Massachusetts market. While AGEM supports the Commission’s goals of ensuring accurate testing of gaming machines, reports that are older than six years remain accurate assessments of a device. As currently drafted, this regulation would essentially require retesting of all devices that were tested longer than six years ago even if there has been no indication that the original testing results were inaccurate, obsolete, or would otherwise justify new testing.

As such, AGEM requests that the Commission remove both the requirement that licensees comply with GLI-27 and allow for the acceptance of testing results that were conducted more than six years prior to the use in the Massachusetts market due to the high costs and reduced benefits of implementing these provisions.

2. Responsible Gaming Approach

Regarding the Commission's responsible gaming initiatives, AGEM looks forward to working closely with the Commission and its staff as responsible gaming policies are evaluated and developed. AGEM and its membership understand that many of these policies will include gaming machine and technology considerations and, as such, they are uniquely positioned to provide input on these specific regulations. In this regard, AGEM will closely monitor the Commission's developments in the area and provide input as to industry standards, available technology and gaming machine configurations, as well as information on practical experiences with proposed approaches that various AGEM members have experienced in other gaming jurisdictions.

AGEM greatly appreciates the opportunity to provide additional commentary, research, and information related to these areas as the Commission develops its policy and regulations. As you are aware, AGEM and its membership are open to consulting with the Commission throughout its policy development and can provide valuable peer-reviewed data and anecdotal evidence of policy effects through experiences in other domestic and international jurisdictions. We also encourage the Commission to reach out to other industry associations, research groups, and policy developers to obtain additional viewpoints.

Conclusion

Thank you again for providing the opportunity to submit comments to the Commission's draft regulations. The association will continue to monitor the regulation development process in Massachusetts and anticipates submitting additional commentary on vendor related issues as they arise.

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 at (517) 507-3858.

Sincerely,
Regulatory Management Counselors, P.C.



Robert R. Russell
Gaming Analyst

Enclosures

CC: Marcus Prater, Executive Director
Tom Jingoli, President
AGEM Membership

Attachment 1

Suggested Changes to Draft 205 CMR 143.16

143.16: Communications Protocols

- (1) A gaming licensee shall not operate any slot machine after January 1, ~~2017~~2019 unless that slot machine is compatible with the Gaming Standards Association G2S protocol. Provided, however, any slot machine that is registered and operating in a gaming establishment prior to January 1, ~~2017~~2019 is not required to comply with the G2S protocol. A gaming licensee shall not operate any slot machine in a gaming establishment unless the slot machine:...

Attachment 2

Suggested Changes to Draft 205 CMR 145.02(5)

145.02: Transportation of Slot Machines

(5) All movements of slot machines that occur wholly within a single licensed gaming facility shall be recorded in a log that shall be maintained in accordance with the record retention requirements contained in 205 CMR 135.XX and include the following:...

From: [Bresilla, Colette \(MGC\)](#) on behalf of [MGCcomments \(MGC\)](#)
To: [Shtatnov, Artem \(MGC\)](#); [Glennon, John R. \(MGC\)](#)
Subject: FW: Gaming Device Regulations
Date: Friday, June 13, 2014 3:42:07 PM
Attachments: [image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.png](#)
[image008.png](#)

Hi Artem and John,

FYI.

Thank you,

Colette Bresilla

Receptionist

.....
Massachusetts Gaming Commission
84 State Street 10th Floor
Boston, MA 02109
TEL 617-979-8493 | FAX 617-725-0258

www.massgaming.com

follow us on



From: Jack Lank [mailto:jack@unitedregionalchamber.org]
Sent: Friday, June 13, 2014 3:34 PM
To: MGCcomments (MGC)
Subject: Gaming Device Regulations

Good Afternoon,

Thank you for the opportunity to comment on the proposed idea that would allow the slots parlor to have multiple gaming positions at some of its slot machines (for a total of more than 1,250 gaming positions) during the temporary period between when the slots parlor opens and the opening of the first casino.

The United Regional Chamber of Commerce agrees with the Commission that this higher number of gaming positions, during the temporary period, would generate additional revenue to the Commonwealth without creating further competition for the casinos. At this time we do not see any drawbacks or downside and would support the Commission in moving forward with their proposal.

*Jack Lank, IOM
President*

The United Regional Chamber of Commerce

42 Union Street

Attleboro, MA 02703

Phone: 508-222-0801

www.unitedregionalchamber.org

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| |



MEMORANDUM

To: Stephen Crosby, Chair
Gayle Cameron, Commissioner
James F. McHugh, Commissioner
Bruce Stebbins, Commissioner
Enrique Zuniga, Commissioner

From: David Acosta, Director of Licensing
Loretta M. Lillios, Deputy General Counsel

Date: July 23, 2014

Re: Delegation of Authority to the Director of Licensing

REQUEST: that the Massachusetts Gaming Commission (“Commission”) delegate to the Director of Licensing the authority to: consider and issue, deny, or refer to the Commission petitions filed by a gaming licensee for the issuance of a temporary license for (1) an applicant for a gaming employee license and (2) an applicant for a gaming vendor-secondary license, and to exercise discretion to renew such temporary licenses issued.

DISCUSSION: Title 205 Code Mass. Regs. § 134.12 sets forth the procedure by which a gaming licensee may petition the Commission to issue a temporary license to an applicant for: a key gaming employee license, a gaming employee license, or a gaming vendor license. Under the regulation, the Commission may issue such a temporary license if (1) the applicant has filed a completed application with the Commission and (2) the gaming licensee certifies, and the Commission finds, that the issuance of a temporary license is necessary for the operation of the gaming establishment and is not designed to circumvent the normal licensing procedures. Under 205 CMR 134.12(2), a temporary license issued in accordance with the regulation expires six months from the date of its issuance and may be renewed, at the discretion of the Commission, for an additional six month period. According to 205 CMR 134.12(3), “[a] Temporary license



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may be issued upon a finding that the license is reasonably likely to be issued upon completion of the investigation.”

The accompanying resolution requests that the Commission approve a delegation of authority to the Director of Licensing to consider petitions for temporary licenses filed by a gaming licensee for two categories of applicants: gaming employees¹ and gaming vendor-secondaries,² and to issue such temporary licenses, with the agreement of the Director of the Investigations and Enforcement Bureau that the license is reasonably likely to be issued upon completion of the investigation; to renew such temporary licenses issued; to deny petitions for their issuance; to exercise discretion to renew such temporary licenses issued; and to refer petitions to the Commission for its consideration in questionable cases, all in accordance with the standards set forth in 205 CMR 134.12. The Director of Licensing will advise the Commission on a regular basis of actions taken under this delegation.

¹ A “gaming employee” is defined in M.G.L. c. 23K, § 2 as “an employee of a gaming establishment who: (i) is directly connected to the operation or maintenance of a slot machine or game taking place in a gaming establishment; (ii) provides security in a gaming establishment; (iii) has access to a restricted area of a gaming establishment; (iv) is connected with the operation of a gaming establishment; or (v) is so designated by the commission.”

² A “gaming vendor-secondary” as defined in 205 CMR 134.04(1)(b) is “[a]ny person who regularly conducts over \$250,000 in gross sales with any one gaming licensee within a 12 month period or a person who conducts over \$100,000 in gross sales with any one gaming licensee within a three month period . . . regardless of the type of goods or services being provided.”

WHEREAS, Title 205 Code Mass. Regs. § 134.12 provides for a process whereby a gaming licensee may petition for a temporary license to issue to certain categories of applicants, including an applicant for a gaming employee license and an applicant for a gaming vendor-secondary license, and allows for the issuance of such a temporary license if the applicant has filed a completed application with the Commission and the gaming licensee certifies, and it is found, that the issuance of a temporary license is necessary for the operation of the gaming establishment and is not designed to circumvent the normal licensing procedures;

WHEREAS, Title 205 Code Mass. Regs. § 134.12(3) further provides as the standard of review that a temporary license may be issued upon a finding that the license is reasonably likely to be issued upon completion of the investigation;

WHEREAS, the Director of Licensing monitors on an ongoing basis the status of applications, has ready access to determine whether an applicant has submitted a completed application, has the ability to readily determine whether the issuance of a temporary license for an applicant for a gaming employee license and gaming vendor-secondary license is necessary for the operation of the gaming establishment and is not designed to circumvent the normal licensing procedures, and has the ability to consult with the Director of the IEB in order to ascertain her agreement that the license is reasonably likely to be issued upon completion of the investigation;

WHEREAS, the volume of requests by a gaming licensee for the issuance of temporary licenses and renewals for gaming employees and gaming vendor-secondaries is expected to be significant, and prompt determinations are required to ensure the uninterrupted operation of the gaming establishment and the uninterrupted continuation of the construction phase of the gaming establishment;

WHEREAS, the delegation described herein calls for the Director of Licensing to refer questionable cases to the Commission;

NOW IT IS HEREBY RESOLVED AS FOLLOWS:

RESOLVED: That the Commission authorizes the Director of Licensing to consider petitions filed by a gaming licensee for the issuance of a temporary license for applicants for a gaming employee license and applicants for a gaming vendor-secondary license, and to issue such licenses, with the agreement of the Director of the IEB that the license is reasonably likely to be issued upon completion of the investigation; to exercise discretion to renew such temporary licenses issued; to deny petitions for their issuance; and to refer petitions to the Commission for its consideration in questionable cases, all in accordance with the standards set forth in 205 CMR 134.12.

RESOLVED: That the Director of Licensing shall advise the Commission on a regular basis of actions taken under this delegation.



Massachusetts Gaming Commission

134.12: Temporary Licenses

(1) Upon petition to the Commission by a gaming licensee, the Commission may issue a temporary license to an applicant for a key gaming employee license, a gaming employee license, or a gaming vendor license if:

(a) the applicant for a key gaming employee license, a gaming employee license, or a gaming vendor license has filed a completed application with the commission; and

(b) the gaming licensee certifies, and the Commission finds, that the issuance of a temporary license is necessary for the operation of the gaming establishment and is not designed to circumvent the normal licensing procedures.

(2) Unless otherwise stated by the Commission, a temporary license issued in accordance with 205 CMR 134.12 shall expire six months from the date of its issuance and may be renewed, at the discretion of the Commission, for an additional six-month period.

(3) Standard of Review. A Temporary license may be issued upon a finding that the license is reasonably likely to be issued upon completion of the investigation.

NO DOCUMENTS