



## **MASSACHUSETTS GAMING COMMISSION MEETING**

Thursday, September 19, 2013

9:30 am

**Boston Convention and Exhibition Center**

415 Summer Street, Room 109A

Boston, MA



Massachusetts Gaming Commission



**NOTICE OF MEETING/ADJUDICATORY HEARING and AGENDA**  
**September 19, 2013**

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, September 19, 2013  
9:30 a.m.  
**Boston Convention and Exhibition Center**  
415 Summer Street, Room 109A  
Boston, MA

**PUBLIC MEETING - #77**

1. Call to order
2. Approval of Minutes
  - a. September 4, 2013
  - b. September 6, 2013
3. Administration – Rick Day, Executive Director
  - a. General Administrative Update
  - b. 9/30/13 Legislative Report
  - c. Rating Definition
  - d. Process Update
4. Investigations and Enforcement Bureau – Karen Wells, Director
  - a. Region C Discussion
  - b. Massachusetts State Police Staffing
5. Legal Report - Catherine Blue, General Counsel and Todd Grossman, Deputy General Counsel
  - a. Regulation Priority and Policy Discussion
6. Ombudsman Report – John Ziemba
  - a. Category 2 Application Questions
  - b. Surrounding Community Update
  - c. Milford Citizens Notice
7. Research and Problem Gambling – Mark Vander Linden
  - a. Responsible Gaming Forum Update
  - b. Common definition for identification of problem gambling diagnosis.

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Massachusetts Gaming Commission


8. Racing Division Report – Jennifer Durenberger, Director
  - a. General Administrative Update
  - b. Occupational License Fee Structure
9. Licensing Division – David Acosta, Director
  - a. Licensing Regulation Policy Discussion
10. Other business – reserved for matters the Chair did not reasonably anticipate at the time of posting.
11. Executive session pursuant to M.G.L. c.30A §21(a) (5) and 21 (a) (7) and M.G.L. c. 66 and M.G.L. c.4 §7 cl 26(f)

## ADJUDICATORY HEARING

1. Penn National Gaming Adjudicatory Hearing

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

9/16/13  
(date)

  
Stephen P. Crosby, Chairman

**Date Posted to Website:** September 16, 2013 at 9:30 a.m.



Massachusetts Gaming Commission

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## Meeting Minutes

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**Date/Time:** September 4, 2013 – 9:30 a.m.  
September 6, 2013 – 1:30 p.m.

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

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

**Absent:** Commissioner Gayle Cameron

Clicking on the time posted in the margin will link directly to the appropriate section of the video.

### **Call to Order – September 4**

See transcript pages 2-3.

9:31 a.m. Chairman Crosby opened the 76th public meeting on September 4, 2013. He introduced Mayor DeMaria from Everett and former Governor William Weld, who were both in attendance.

### **Approval of Minutes**

See transcript page 3-4.

9:32 a.m. Commissioner McHugh stated that the minutes for the August 22 meeting are ready for approval.

*Motion made by Commissioner McHugh that the minutes of August 22, 2013 be accepted with the correction of typographical errors and the addition of more details to the discussion beginning at 10:13 a.m. Motion seconded by Commissioner Stebbins. The motion passed unanimously by a 4-0-0 vote.*

### **Boston/Wynn Host Community Discussion**

See transcript pages 4-83.

- 9:34 a.m. Ombudsman Ziemba introduced the question of whether the City of Boston is a host community with respect to Wynn MA, LLC. General Counsel Blue provided an overview of the legal framework.
- 9:43 a.m. Elizabeth Dello Russo, Executive Director of the Boston Host Community Advisory Committee, joined by counsel Abim Thomas and Larry Kaplan, described the issue and her need for more detailed information from Wynn to make a determination.
- 10:19 a.m. Kim Sinatra, General Counsel for Wynn Resorts, accompanied by Mintz Levin counsel William Weld, Peter Biagetti, and Dan Gaquin, provided background information on the site and described Wynn's plans for locating the casino.
- 10:56 a.m. The Commission requested that Boston and Wynn resolve the host community issue by the end of the week.
- 11:00 a.m. The commission took a brief recess.

#### **Penn National Assumption of Plainville HCA**

Report by Ombudsman Ziemba. See transcript pages 83-130.

- 11:15 a.m. Ombudsman Ziemba brought up the issue of Penn National's assumption of the Host Community Agreement between the Town of Plainville and Ourway Realty. The Plainville Board of Selectmen voted unanimously to approve the assignment.
- 11:21 a.m. Steve Snyder, representing Penn National Gaming, along with Jay Snowden, VP of Operations at Penn National; Eric Schippers, Senior VP of Government Affairs at Penn National; Frank Donaghue, VP of Compliance and Regulatory Matters; Walter Sullivan, Penn National's legal representative from Preti Flaherty; and Alex Stolia, VP of Development at Penn National, discussed their intention to apply for a gaming license in Plainville.
- 11:27 a.m. The Commission discussed the issue of whether Penn National, in assuming a host community agreement a week before the referendum rather than signing their own agreement 60 to 90 days prior to the referendum, falls within the statutory requirements of an "applicant." The Commission asked for public comments on the issue before making a final decision at the continuation of the public meeting on Friday. Commissioner McHugh recommended changing the notice to voters to make clear that the Commission will be voting on the matter on Friday.
- 12:07 p.m. *Motion made by Commissioner McHugh that the Commission approve the town of Plainville's notice to voters with respect to the September 10 election, as presented by the town to the Commission, with the addition of a sentence to be worked out with Commission staff that informs the voters that, as of the date the letter is sent,*

*the Commission has not yet approved the transfer of the obligations and rights in the host community agreement from Ourway to Penn National, but that the Commission will make a decision on the transfer on Friday. Motion seconded by Commissioner Stebbins. The motion passed unanimously by a 4-0-0 vote.*

12:09 p.m. The commission took a brief recess.

### **Ombudsman Report**

Report by Ombudsman Ziemba. See transcript pages 130-135.

1:04 p.m. Ombudsman Ziemba provided an update on questions he was receiving from the public and stated that the Commission does not need to take any action regarding calling off the Host Community Election in Tewksbury.

### **Administration**

Report by Executive Director Day. See transcript pages 135-149.

1:10 p.m. Executive Director Day provided a recommendation for hiring firm of HLT Advisory, Inc. as the Commission's economic development consultant. Commissioner Stebbins provided more information on HLT Advisory.

1:13 p.m. *Motion made by Commissioner Stebbins that Commission accept the proposal submitted by HLT Advisory, Inc. and pursue contract negotiations and detailed scoping of the services described in their response to the RFR MGC-EDC-2013 for advisory services, dated August 7, 2013; that the Commission pre-qualify the Center for Policy Analysis and the team of REMI/Spectrum Gaming to provide services to the Commission if needed; and that the Commission extend the pre-qualification of the same firms to provide services to any host and/or surrounding community that may so choose as part of their efforts to negotiate and/or evaluate agreements with applicants, subject to executing a letter of agreement with the respective applicant. Motion seconded by Commissioner Zuniga. The motion passed unanimously by a 4-0-0 vote.*

1:13 p.m. Commissioner Stebbins provided recommendations for hiring a team led by McFarland Johnson as the Commission's building and site design consultant. McFarland Johnson is conflicted out of evaluating the Mohegan application. The McFarland Johnson team will perform advisory services only for the Category 2 application review and the Commission will issue a new RFR focused on team responses for Category 1 review. McFarland Johnson also agreed to cease any work it is doing for Mohegan during the Category 2 evaluation process.

1:23 p.m. *Motion made by Commissioner Stebbins that the Commission accept the proposal submitted by the McFarland Johnson team for advisory services for Category 2 evaluations; that the Commission require as a condition of awarding the contract to McFarland Johnson, that members of the team cease work for Mohegan until the*

*team has completed all work for the Commission or until December 31, 2013, whichever comes later; and that the Commission issue a procurement to secure similar services for Category 1 evaluations by September 6, 2013. Motion seconded by Commissioner Zuniga. The motion passed unanimously by a 4-0-0 vote.*

### **RFA-2 Evaluation Process**

See transcript pages 149-226.

1:24 p.m. Jennifer Pinck from the Commission's project management company Pinck & Co. presented her thoughts on organizing the RFA-2 evaluation process. The Commissioners had several comments and proposed changes to the process. Ms. Pinck agreed to make the necessary changes in preparation for the evaluation training session on September 11.

2:56 p.m. The commission took a brief recess.

### **Supplier and Workforce Development Presentation**

Report by Director Griffin. See transcript pages 226-245.

3:03 p.m. Director Griffin presented her thoughts on setting up a vendor and supplier task force. The Commission provided several comments and suggestions for additional members of the task force.

### **Other Matters**

See transcript pages 245-257.

3:28 p.m. The Commission discussed matters remaining for the public meeting on Friday. Penn National and the Town of Plainville will provide their opinion regarding whether Penn National adheres to all the statutory requirements for assuming the host community agreement and the Commission will allow the public to sign up to provide comments. The Commission will also make any determinations necessary regarding whether Boston is a host community to Wynn MA's application.

3:36 p.m. Chairman Crosby left the meeting to attend a previously scheduled engagement. Commissioner McHugh accepted the role of Chair for the duration of the meeting.

3:37 p.m. The Commission discussed the small business impact statement regarding the proposed revisions to the racing regulations on medication and prohibited substances and proposed one change to item five.

3:39 p.m. *Motion made by Commissioner Stebbins to accept and authorize the filing with the Secretary of State of the small business impact statement with the one addition discussed. Motion seconded by Commissioner Zuniga. The motion passed unanimously by a 3-0-0 vote.*

3:40 p.m. The Commission will postpone discussion of the Phase 3 regulations until Friday.

3:41 p.m. The commission recessed the meeting until Friday, September 6, 2013 at 1:30pm.

**Reconvene Public Meeting – September 6**

See transcript page 2.

1:34 p.m. Chairman Crosby reconvened the 76th public meeting on September 6, 2013.

**Penn National Assumption of Plainville HCA**

See transcript pages 2-86.

1:34 p.m. Ombudsman Ziemba stated that the Commission has received many public comments on the issue of whether Penn National may assume the Plainville host community agreement. There were 13 comments against assumption, 23 comments recommending a delay of the referendum, and 36 comments favoring assumption. Ombudsman Ziemba summarized the contents of the comments.

1:41 p.m. Steve Snyder, VP of Corporate Development at Penn National, along with John Albano from Bingham McCutchen, Joseph Fernandes from the Town of Plainville, and Jonathan Silverstein from Kopelman and Paige argued for the assumption of the host community agreement.

Commissioner McHugh disclosed that he was a partner at the same law firm as Mr. Albano but he has had no connection with the firm since his appointment to the Superior Court in 1985.

2:16 p.m. Mary-Ann Greanier, representing the organization No Plainville Racino, presented her views on the issue.

2:24 p.m. Bill Abdelnour from the New England Amateur Harness Drivers Club presented his views on the issue.

2:29 p.m. Michael Perpall, president of the Horesman's Association, presented his views on the issue.

2:34 p.m. Grace Lee, attorney for Raynham Park LLC, presented comments on the issue.

2:50 p.m. Ned Merrick, resident of Plainville, presented his views on the issue.

2:56 p.m. Leo Brem, resident of Plainville, presented his views on the issue.

2:59 p.m. The Commission considered all of the comments received and discussed whether to allow Penn National to assume the host community agreement with Plainville.

3:13 p.m. *Motion made by Commissioner McHugh that the Commission, without prejudice to any of its rights, responsibilities or obligations during the course of the suitability*



*investigation, approve the substitution of Penn National for Ourway Racing as the responsible party under the host community agreement, which is to be voted on by the town of Plainville on September 10, 2013. Motion seconded by Commissioner Stebbins. The motion passed unanimously by a 4-0-0 vote.*

3:14 p.m. The commission took a brief recess.

### **Ombudsman Report**

Report by Ombudsman Ziemba. See transcript pages 86-111.

3:24 p.m. Ombudsman Ziemba presented a joint statement from Wynn and Boston. The parties have begun discussion on Boston's status as a surrounding community.

3:26 p.m. Ombudsman Ziemba discussed the possible policy questions and refinements necessary for the RFA-2 application. The Commission agreed not to make any substantive changes to the Category 2 application but to consider making changes to the Category 1 application.

3:41 p.m. The Commission has received numerous questions from Category 2 applicants regarding the RFA-2 application and staff will be issuing a document with all of the questions and answers formally presented. The staff will bring several questions for discussion before the Commission at the next meeting.

### **Phase 3 Regulations**

See transcript pages 111-124.

3:51 p.m. General Counsel Blue and Executive Director Day presented several policy questions that the Commission will need to address prior to drafting the third phase of regulations. The Commission requested that staff provide a formal analysis of the issues for the Commission to review at the following public meeting.

4:04 p.m. Meeting adjourned.

### **List of Documents and Other Items Used at the September 4 Meeting**

1. Massachusetts Gaming Commission September 4, 2013 Notice of Meeting and Agenda
2. Massachusetts Gaming Commission August 22, 2013 Meeting Minutes
3. Massachusetts Gaming Commission Host Community and Gaming Establishment Definitions, Surrounding Community Definition, Excerpt MGL C.23K §15.13
4. August 23, 2013 email
5. Plainville Citizen Notification
6. September 3, 2013 PretiFlaherty letter
7. Option and Purchase Agreement and Exhibits

8. August 29, 2013 Massachusetts Gaming Commission Memorandum Regarding Recommendation for Economic Development Consultant
9. August 29, 2013 Massachusetts Gaming Commission Memorandum Regarding Recommendation for Building, Site Design and Mitigation Consultant
10. Pinck and Company Summary of Review Process
11. Massachusetts Gaming Commission Workforce, Supplier and Diversity Development Report to Commissioners
12. Massachusetts Gaming Commission Small Impact Business Statement
13. August 30, 2013 Massachusetts Gaming Commission Memorandum Regarding Policy Questions Pertaining to Employee and Vendor Licensing

**List of Documents and Other Items Used at the September 6 Meeting**

1. Pinck and Co. Inc. Comments on RFA-2 Application for a Category 1 or Category 2 Gaming License - Draft
2. Summary of RFA-2 Application
3. Comments Regarding Penn National Gaming Option and Host Community Agreement

/s/ Catherine Blue  
Catherine Blue  
Assistant Secretary



## Introduction

We are pleased to deliver the second annual report of the Massachusetts Gaming Commission. This report covers our operations as of the end of Fiscal Year 2013 (June 30, 2013).

The Commission has been in existence since March 21 of 2012, and this report entails the first full fiscal year of operations in the process of implementing the expanded gaming legislation passed in November, 2011.

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

1. Commission Operations and Licensing
2. Investigations and Enforcement Bureau
3. Research and Problem Gambling
4. Administration
5. Racing Division
6. Finance
7. Communications and Outreach



Massachusetts Gaming Commission

## Executive Summary

The Massachusetts Gaming Commission made significant progress towards its mission during FY13. We continue to build both an agency and the regulatory framework to enable this Commission to issue, award and regulate the gaming licenses that the Gaming Act allows.

During FY13 this Commission has:

1. Promulgated two sets of regulations that govern the many important aspects of the licensing process
2. Received Phase 1 applications for 11 gaming applicants in regions A, B and for the slots parlor license
3. Began the intensive background check and investigation of all individuals associated with the gaming applicants, and made determinations of suitability for four applicants
4. Started a comprehensive and ambitious research project to study the social and economic impacts of the introduction of expanded gaming
5. Assumed all responsibilities for the racing operations in the Commonwealth
6. Implemented and complied with a series of statutory requirements
7. Made significant progress in constructing the agency that will oversee the licensing and regulatory framework for the operations of the gaming licensees



Massachusetts Gaming Commission

## Major Milestones Anticipated for Fiscal Year 14

**The phase 2 (final phase) application deadline for the Category 2 License is October 4, 2013.** We are currently forecasting to issue the Category 2 License (Slots Parlor) around December 2013 – January 2014.

**The phase 2 application deadline for the Category 1 Licenses is December 28, 2013.** We anticipate to award two of the Category 1 Licenses (Casino License) for Region A (Central-Metro-North) and Region B (Western Mass) around April 2014.

**The phase 1 application deadline for the Category 1 License for Region C is September 30, 2013.** We will continue to monitor developments associated with this region to ensure that the Commonwealth and the region derive the anticipated benefits from expanded gaming.

The award of the above licenses will necessitate implementation and staffing of additional functions within the Gaming Commission. Such functions include:

- A “Licensing” unit and its associated licensing system, in order to begin licensing and registering casino and slots parlor employees and vendors
- Development, adoption and implementation of machine testing protocols & procedures to ensure the machines and games in the gaming floor are operating as intended
- Promulgation of regulations Phase 3, which will govern operational functions at the gaming establishments, including the rules of games, testing protocols, gaming equipment, gaming software, internal controls, reporting, cash management, licensing, self-exclusion and research support
- Initial results of the Baseline Study, described in section 3 of this report
- A forum on Responsible Gaming in October 2013, to develop a “Massachusetts Responsible Gaming Framework” with the ultimate goal of drafting regulations that protect those who may be at risk of experiencing problem gambling
- Formulation and refinement of protocols and procedures in conjunction with the State Police, the Attorney General’s office and the ABCC, for the oversight of operations of gaming licensees



## 1. Commission Operations and Licensing

During FY13 the Commission completed and/or initiated the following three major aspects in the core business of solicitation and award of the gaming licenses:

- A. Drafted and promulgated two sets of regulations that govern the investigation, evaluation and award of gaming licenses**
- B. Solicited and received Phase 1 applications for Region A, Region B and the slots license**
- C. Assumed responsibility for other statutorily required functions**

### Promulgation of Regulations:

During FY13, the Commission drafted and promulgated what is now known as the two-phase approach to the solicitation, evaluation and award of the gaming licenses.

- i. **Regulations Phase 1** (205 CMR 101 through 117) were promulgated on October 12, 2012, and govern the investigatory process and determination of suitability of the gaming license applicants (determination that is required prior to licensing). Furthermore, these regulations also govern the general workings of the commission as well as administrative rules including (a) the hearings the Commission will hold, (b) the records the Commission will keep, (c) the political and other contributions the Commission will monitor and (d) the initial reimbursement of expenses incurred by cities and towns that the Commission will oversee.
- ii. **Regulations Phase 2** (205 CMR 118 through 131) were promulgated on February 21, 2013 and govern how the Commission will evaluate the site-specific proposals (Phase 2) and award the gaming licenses.

Throughout the process of promulgation of regulations this Commission received significant and substantive public comment and public input, including that of gaming applicants.

### Gaming Applications (Phase 1 - Regions A, B, Slots Parlor):

On the January 15, 2013 phase 1 application deadline, the Commission received 11 responses competing for three casino licenses: Seven applicants vying for a Category 1 license (casino license) in either region A or region B, two applicants vying for a Category 2 license (slots parlor license), and two applicants without a specified license (which later determined they were seeking the category 2 license).



Since then, the Commission has made determinations of suitability for four category 2 applicants (completed the Phase 1 review) and continues to work towards the determination of suitability for the rest of the applicants.

In addition to releasing the Phase 1 application, and in preparation to the release of Phase 2 application, the staff of the Commission undertook multiple discussions with other departments and agencies regarding processes for consolidating and streamlining at the state and local level the permitting processes necessary for construction of gaming facilities. The initial concern by several relevant secretariats and departments (DOT, EOEPA, MEPA, etc.), relative to having to deal with or respond to multiple questions and scenarios from gaming applicants, host communities and surrounding communities, yielded the need for and creation of a director-level position of an **Ombudsman**, at the Commission.

#### Other Statutory Requirements and Directives:

During FY13, we completed and complied with a number of statutorily required functions or statutory directives as follows:

- Coordinated and planned with other affected state agencies the statutorily required **Enhanced Code of Ethics**. This code was issued and adopted on February 21, 2013, and binds the Commissioners, the employees of the Commission and the Commission's consultants, the Gaming Enforcement Unit of the State Police and the ABCC agents that will eventually be assigned to oversee the liquor licenses of the gaming licensees.
- Conducted a review, analysis and recommendations of the laws related to **Charitable Gaming** as required in section 103 of the session laws.
- Conducted a review, analysis and recommendations of the laws related to the **pari-mutuel and simulcasting law** (chapters 128A and 128C), as required in section 104 of the session laws. Further comment on this analysis is included in section 5 of this report.
- Conducted a review and analysis of matters contained in **Section 91**, which stipulates certain dates relative to opening **Region C** for commercial bids. The Commission conducted hearings on this matter, solicited, received and reviewed copious written comments on this topic, and ultimately decided to open up the region for commercial bids. The Commission did not commit to awarding a commercial license for this region. The Phase 1 responses are due on September 30, 2013.
- Convened the first meeting of the statutory Gaming Policy Advisory Committee (detailed discussion on this committee is on section 3 of this report).



With the exception of adjudicatory proceedings on the suitability of applicants, **the Commissioners only deliberate and make decisions in a public meeting**. Throughout FY13, the Commission conducted the following open public meetings or hearings:

- 51 regular meetings of the Commission
- 3 Public Educational Forums (on design & sustainability, economic development & mitigation, and supplier diversity)
- 6 Public Hearings
- 5 additional public meetings specifically designed to discuss policy issues prior to the formulation of associated regulations
- 2 Adjudicatory Hearings for the determination of suitability of two of the four applicants which determination of suitability has been completed

## 2. Investigations and Enforcement Bureau (IEB)

The Gaming Enforcement Unit of the State Police was established within the Commission on November 2012. From its inception **Commissioner Gayle Cameron** functioned as the acting Deputy Director of the Investigations and Enforcement Bureau (IEB).

On January 2013, we hired the Deputy Director of the IEB. Director **Karen Wells** came to the IEB having previously served as the undersecretary for the Executive Office of Public Safety of the Commonwealth.

The IEB is responsible for conducting the detailed background check of each and every individual in a position of control of the entities that form the gaming applicants (“qualifiers”). Depending on the equity participation and ownership structure of a gaming company, the qualifiers may include a number of individuals and even a number of different entities. In some cases, one gaming applicant alone may include dozens of individual qualifiers and several entity qualifiers.

Each of the individual qualifiers submits a multi-jurisdictional personal disclosure form, and a Massachusetts-based supplemental disclosure form. Furthermore, each qualifier is interviewed in person (oftentimes these interviews are conducted under sworn testimony). The IEB also conducts detailed investigations on the financial and personal background and makes recommendations to the Commission regarding findings of suitability.





After the January 15 2013 deadline and for the remaining part of FY13, the IEB completed four detailed investigative reports and recommendations of suitability, and continues to make progress in the investigation of additional applicants.

Some aggregate figures of IEB activities for FY13 include:

- Over 200 individuals and over 100 entity qualifiers are or have been the subject of intense investigations
- Review of tens of thousands of documents as part of the above investigations
- Over 100 in-person interviews (often necessitating travel domestically and internationally)
- Additional in-person and on-site review of operations and documents
- The direct involvement of approximately 100 individual investigators

### 3. Research and Problem Gambling

A very important topic throughout the Gaming Act is the framework and funding that allows this Commission, with the help and input of other key stakeholders to establish an annual research agenda and provide scientific-based recommendations to the Legislature for policy making.

**Section 71 of the Gaming Act** requires that the Commission, with the help of the Gaming Policy Advisory Committee develop an annual research agenda in order to understand the social and economic effects of expanding gaming in the Commonwealth.

One of the key components of that research agenda is contained in § 1 of the same Section 71, which directs the Commission to study the existing occurrence of problem gambling and report the findings of the “**Baseline Study**” to the house and senate committees on ways and means, the joint committee on economic development and emerging technologies, the joint committee on mental health and substance abuse and the joint committee on public health. **A full report of research activities to date will be submitted as required under Section 108 of Chapter 23k no later than November 21, 2013.**

In order to begin taking the necessary steps on this broad topic, we consulted with a number of experts in the field and our own gaming consultants. We researched the approach taken by other jurisdictions in the field of responsible gambling. We further conducted a formal



**DRAFT - FOR DISCUSSION PURPOSES**

Request for Information (RFI) from interested parties to ascertain different ways in which the Commission could begin scoping and implementing the broad mandate of studying impacts contained in the Gaming Act.

To oversee this important project as well as to comply with one of the most important goals of the Gaming Act to provide protections, safeguards and support to individuals who may experience problem gambling, we hired **Mark Vander Linden as the Commission's Director of Research and Problem Gambling**. Director Vander Linden has extensive experience in managing state systems to address gambling disorders. Most recently he came from the Iowa Department of Public Health where he directed state Office of Problem Gambling Treatment and Prevention and oversaw state-wide problem gambling treatment, prevention, workforce and research efforts. Additionally, Director Vander Linden has provided consultation and training on the development and improvement of problem gambling service systems throughout the United States. He on the Board of Directors of the National Center for Responsible Gaming and the Association of Problem Gambling Service Administrators.

Request for Response (RFR) for Research Services

After the RFI and period of research and consultation, the Commission decided to issue a competitive Request for Response (RFR) for research services. The Research RFR was issued on November 2012 and centered on conducting:

- i. A baseline study of problem gambling and existing prevention and treatment programs
- ii. A study of the economic and sociological impacts of the introduction of casino gambling in Massachusetts

In April of 2013, the Commission awarded a contract to an interdisciplinary team of researchers based in UMASS, Amherst to fulfill the baseline research activities.

Following the award, MGC with the UMASS, Amherst team, completed the initial steps of the baseline research plan including identification of key variable and methods for the socioeconomic and cross-sectional population survey and Institutional Review Board (IRB) approval. During the summer of 2013, the team has begun secondary data collection of social and economic variables and analysis of the existing problem gambling treatment and prevention system. The general population survey was launched in September 2013.



Massachusetts Gaming Commission

The overall goal of the baseline and subsequent studies is to determine 1) the impacts of new gambling venues on socioeconomic indices and 2) effectiveness of problem gambling prevention and treatment to mitigate negative impacts.

### Gaming Policy Advisory Committee

Chapter 23K (the Gaming Act) stipulates in Section 67 the Gaming Policy Advisory Committee. This committee is comprised of the Governor or his designee, the Chair of the Commission, 2 members of the Senate, 2 members of the House, Commissioner of Public Health (or designee), and 8 persons appointed by the Governor (of whom shall be representatives of gaming licensees, organized labor, a federally recognized Indian tribe in the Commonwealth, and representatives of the host and surrounding communities).

While members of this Committee could not be appointed prior to the award of licenses (i.e., representatives of the host and surrounding communities), it was very important to convene the Committee, especially in light of the general goals of the research agenda and in particular the baseline study.

Governor Patrick appointed **Mr. Rob Hubbard as the chair of the Advisory Committee**. Mr. Hubbard recently retired from the positions of Director of Community Development and Planning for the City of Gardner and Executive Director of the Gardner Redevelopment Authority (GRA). Other designees to the Committee have been named or designated, and the Gaming Policy Advisory Committee had its first meeting on July 16, 2013.

### Additional Activities on Research and Problem Gambling:

- Completed initial research plan including identifying key variables and methods for the socioeconomic and cross sectional population survey, Institutional Review Board (IRB) approval and launch of the population survey.
- Convened an informal Gaming Research Advisory Committee in August. This committee will provide a peer review of the research activities and recommend activities for the ongoing research agenda.
- Received and responded to numerous inquiries from the media and public about the research agenda and the Commission's overall efforts to mitigate problem gambling once casinos and slot parlor are operational.
- A recommendation for the research agenda for the coming year will be developed after consulting the Gaming Policy Advisory Committee which will meet in October 2013. This recommendation will be included in the full report of research activities.



## 4. Administration

In the last year the Commission moved from a planning/organizing phase to building the organization as well as the licensing and oversight framework. During FY13 we filled the bulk of the executive management, including the important hiring of an Executive Director. **Executive Director Rick Day** was hired on March 2013 and comes to the Commission with significant gaming and regulatory experience. Director Day relocated from Washington State, where he was the director of the Washington Gaming Commission.

The early part of FY13 centered on the need to build the agency. Throughout FY13 and the early parts of FY14 we continue to be in a hiring mode in order to support the evolving needs of the licensing process and the regulatory and oversight structure.

The Commission is grateful to the Comptroller's office, in particular, Comptroller Marty Benison and Deputy Comptroller Kathy Sheppard for their assistance in standing up the Commission and in the transition of the Racing Commission to the Commission's control.

### Human Resources - Personnel

During FY13 the Commission grew from 12 FTE's to 36 FTE's. The approximately 24 FTE's that became Commission employees included an Executive Director, several important management positions and other support staff.

While the search for an executive director was on-going, the Commission hired a Director of Administration to oversee accounting, procurement, human resources and information technology. Furthermore, the Commission also hired support staff in key functional areas (finance, information technology, legal, racing, etc.).

The following two statutory-required positions were filled in FY13:

- Executive Director
- Deputy Director of Investigations and Enforcement Bureau (IEB)

Other key positions filled in FY13 include:

- Director of Racing (see section 5 of this report)
- Director of Research and Problem Gambling (see section 3 of this report)
- General Counsel



- Deputy General Counsel
- Staff Attorney (2)
- Ombudsman
- Financial Business Analyst
- IT Business Analyst
- Chief Pari-mutuel Officer
- Executive Assistants (3)

In compliance with enabling legislation, the Commission performs extensive background checks on finalists for all positions. These checks were largely done by the State Police in FY2013, and will be handled internally in the future.

There is one more position that is required by the Gaming Act: Chief Financial and Accounting Officer. The candidate for this position is anticipated to start in October 2013.

The Commission also anticipates concluding the search for a Chief Information Officer in the fall of 2013.

#### Human Resources - Other

During the early part of FY13, Commissioners drafted, discussed and adopted many policies and procedures that have resulted in an employee manual.

The Commission uses the state's HRCMS system for Payroll. We moved to Self Service Time and Attendance (SSTA), along with many other agencies, in February 2013.

The Commission is also statutorily required to adopt an enhanced code of ethics. This effort was completed on February 2013, and all employees and Commissioners are required to attend annual training.

#### Accounts Payable and Accounts Receivable:

The Commission began accepting funds, in a newly set-up bank account for application fees in early August, 2012. The statutorily prescribed \$400,000 non-refundable application funds were down payments on the suitability investigations that began after the January 15, 2013 filing deadline. However, a number of applicants signaled their interest in filing as soon as possible.



The Commission assesses applicants for additional costs of investigations. We set up separate accounts in the state accounting system (MMARS) to record deposits for investigative payments. When the investigative forecasts were complete, all applicants were invoiced for the additional costs (as most investigation forecasts exceeded the \$400,000 application fee). The Commission reviews and pays bills for the investigations from these accounts. In addition, the applicants are charged an overhead rate to cover Commission central office costs. No taxpayer money was, or will be, spent on investigations costs or any Commission's costs altogether.

#### Procurements:

The Commission is exempt from public procurement regulations, but early on voted to adopt the Commonwealth's Administration and Finance procurement regulations (801.CMR.21.00). As such, the Commission offers procurements to the public through the state supported CommPASS system, and follows the procedures and best practices inherent in the procurement regulations.

We conducted the following procurements during FY2013:

- Web vendor and brand identity consultant
- Stenography services for transcripts of public meetings
- Investigation consultants to assist with suitability investigations
- Research Agenda to support the Legislature's requirement for a baseline study and other studies on the impact of expanded gaming in the Commonwealth, particularly in the areas of problem gambling (additional discussion on the research agenda is included in section 3 of this report)
- Equine Testing to support the Racing division's Uniform Model Testing Rules
- Audit software for racing to eliminate redundancy, automate transmission, and increase the transparency of daily information from the tracks
- Document management system

Other procurements for the evaluations of gaming applications:

- Financial advisor
- Program coordinator

The early part of FY14 will include the balance of advisors for the evaluation of gaming applications (Economic Development Consultant, and Building and Site Design Consultants).





## 5. Racing Division

The Racing Division at the Commission made significant progress during FY13. On October 2012 we hired a new director of racing. **Dr. Jennifer Durenberger** is a former regulatory veterinarian with significant experience in the horse-racing industry, primarily in New York and California.

The chief accomplishments of this division can be grouped in the following major categories:

- A. Assumed all direct fiscal and operational activities at licensed racetracks in the Commonwealth (January 1, 2013)**
- B. Conducted a statutorily-required review of the Racing Chapters (m.g.l. c 128A and 128C) the racing and simulcasting statutes**
- C. Drafted and promulgated comprehensive amendments to the Commonwealth's Racing Regulations 205 CMR 3.00 and 4.00**

A discussion of each major accomplishment follows below, and is further detailed in the State Racing Report for the calendar year 2012 (which is forthcoming).

### Operational Activities and Licensed Racetracks

Prior to the Gaming Act, the State's Racing Operations were administered by the Office of Consumer Affairs (OCA) and specifically the Division of Professional Licensure (DPL). From the time the Commission statutorily took over the racing operations (May 21, 2012) through the end of calendar 2012, we relied on OCA to manage the Racing Operations. We did this through an ISA (inter-agency service agreement).

Shortly after the Commission engaged a Director of Racing there was significant workload to manage and accomplish the transition of the State Racing Commission from OCA to the Commission. Dr. Durenberger took significant steps to enhance the professional resume of the Racing Division by aggressively recruiting experienced, nationally-accredited full-time and seasonal professional staff

During November 2012, we posted all racing jobs for the calendar year 2013 racing season. We posted these jobs, under the restructured organization, to CEO (Commonwealth Employment Office) and conducted interviews, giving priority to current racing employees. The Commission met frequently with OCA personnel representatives to ensure a smooth transition to Commission management on January 1, 2013. The Comptroller's office was especially helpful in facilitating our understanding of past racing practices, and the structures



of the financing and operations. As of August 30<sup>th</sup>, this Commission has not had any appeals on the rulings of any judge or steward

#### Review of the Racing and Simulcasting Chapters (c. 128A and 128C)

The session laws (c. 194 of the Acts of 2011) required that the Commission provide a review of chapters 128A and 128C (the pari-mutuel and simulcast licensing chapters). The statute imposed certain specific conditions on gaming licensees that are also racing licensees, as well as certain other requirements of gaming licensees relative to simulcasting signals of the Commonwealth racetracks.

The Commission submitted a report and recommendations to the legislature on April 10, 2013 and has suggested a chapter 128D for harmonizing and reconciling.

#### Comprehensive Amendments to State Racing Regulations

Of similar importance and significance, we drafted and adopted comprehensive amendments to the Commonwealth's Racing Regulations (205 CMR 3.00 and 4.00) in order to strengthen the racing regulatory framework, enhance the safety and welfare of racing participants and improve the integrity of the betting product. A comprehensive review of the Pari-Mutuel and Simulcasting Regulations (205 CMR 6.00 and 7.00) is currently underway.

This spring the Commission passed a resolution in support of a regional effort to promote uniformity in the areas of veterinary practices, medications used in racehorses, and drug testing methods. The Mid-Atlantic and Northeastern pari-mutuel states are home to dozens of tracks within a 250 mile radius, and the participants in racing are inherently mobile. Having uniform regulations makes playing by the rules much easier for occupational licensees who race their horses in multiple jurisdictions in any given week. Additionally, races run at these tracks are simulcast all over the country, and the pari-mutuel customers have strongly indicated that they would like to be assured that all races are run under the same conditions and that penalties for infractions are consistent across jurisdictions. Massachusetts has been recognized as a leader in this area.

Additional racing division activities:

- Requested and coordinated with the State Auditor's Office a transition audit, the results of which were published in December, 2012



Massachusetts Gaming Commission



- Assessed the needs of our licensing operations to facilitate seamless integration with the Commission’s system for licensing of gaming participants
- Issued RFPs for equine drug testing and pari-mutuel auditing services and contracted with industry-recognized successful respondents
- As of July 30th, issued approximately 80 administrative rulings regarding occupational licensees
- As of July 30th, completed post-race drug testing on approximately 1,500 horses

## 6. Finance and Budget

The Gaming Act initially funded the Gaming Commission through a \$15,000,000 “loan” from the Commonwealth Stabilization Fund (aka “Rainy Day Fund”). This advance is re-payable shortly after award of either of the first gaming licenses. The Commission does not and will not receive any tax-payer funds, nor is the recipient of any line item appropriations (other than the one time appropriation for initial operations discussed herein).

The Commission started operations on March 21, 2012. Expenditures for the partial Fiscal Year 2012 (FY12) from March 21 to June 30, 2012 amounted to **\$855,101**. There were no revenues for FY12.

**FY13 included \$9,899,354 in revenues.** This amount was comprised of the initial application fees (\$400,000 per applicant for eleven applicants), plus additional investigative fees assessed to applicants. Applicants are assessed both the direct costs of investigations (direct costs of investigative firms and investigation consultants to the Commission), as well as indirect costs of the Commission for the investigation effort (direct salaries of the Investigation and Enforcement Bureau of the Commission with a proportional overhead rate for central office expenditures).

**FY13 expenditures amounted to \$13,134,870.** These expenditures include all costs incurred by the Commission for its investigations and operations (excluding costs assessed to the Racing Oversight Fund and for the racing operations).



Summary of Revenues and Expenditures

Fund	Name	Fiscal Year	Beginning Balance	Revenues	Expenditures	Ending Balance	Notes
10500001	MGC	FY12	\$ 15,000,000	\$ -	\$ 855,101	\$ 14,144,899	1
10500001	MGC	FY13	\$ 14,144,899	\$ 9,899,354	\$ (13,175,425)	\$ 10,868,828	2

Notes

- 1) FY12 represents activities from March 21, 2012 through June 30, 2012
- 2) Revenues include assessments to gaming applicants for investigations (detail in separate chart)

Revenues

The bulk of the FY13 revenues consisted of fees collected for the investigations effort, including initial application fees and additional investigations assessments.

Revenue Item	FY13 Amount	Notes
Initial Application Fees	\$ 4,400,000	1
Additional Investigation Fees	\$ 4,606,581	2
Applicant Grant Activity	\$ 605,411	3
All Other Revenue	\$ 287,362	4
Subtotal	\$ 9,899,354	

**Note 1:** Eleven applicants at \$400,000 each, for slots license, and regions A and B.

**Note 2:** All applicants have been assessed additional investigation fees (proportional to the investigative effort required and given their companies and partnership structures). This figure includes all additional assessments, and reflects a Commission overhead rate of 13.71%

**Note 3:** The Commission acts as a conduit to fund certain expenditures of some cities and towns related to the negotiation of a Host Community Agreement. The costs are first agreed-upon between the applicant and the host community (or surrounding community), and remitted to the Commission from the applicant. The same monies (without any Commission overhead) are then remitted as a “grant” to the host community. This mechanism (vetted with the Division of Local Services at DOR) avoids the undesirable instance of Towns having to appropriate monies via town meeting for expenditures for



consultants and advisors during the host community negotiation period. The “grants” to Towns for FY13 amounted to \$605,411.

**Note 4:** The bulk of “all other” revenue are chargebacks to the Racing Development Oversight Trust fund to pay for costs that the Commission has incurred that are allocable to the racing operations (like the salaries of certain racing employees like the Director of Racing and other employees of the Commonwealth Racing Commission that transferred to the Commission’s Racing Division).

Expenditures

The expenditures for FY13 for gaming operations are summarized below. The bulk of costs during this fiscal year consisted of costs paid to investigators for the Phase 1 investigation effort, as well as Commission’s cost, including salaries, rent and other consultants.

Expenditure Item	FY13 Amount	Notes
Investigation Costs	\$ 6,493,722	1
Commission Costs	\$ 5,835,737	2
Applicant Grant Activity	\$ 605,411	3
City/Town Payments	\$ 200,000	4
Subtotal	\$ 13,134,870	

**Note 1:** Reflects payments to outside consultants and investigator firms.

**Note 2:** Commission costs for FY13. The Commission approved a budget for these costs at the beginning of the fiscal year for a total of \$7,411,652. Additional discussion on the Commission’s budget is provided in a separate section below.

**Note 3:** As explained in note 3 of the revenue section above, these are grants to cities and towns for the negotiation of host community agreements, and the Commission serves as a “pass-through” of such costs. The Communities that have taken advantage of this mechanism are: **Everett, Leominster, Millbury, Plainville, Raynham and West Springfield**. In addition, the applicant “Crossroads Massachusetts LLC” with a proposed project in Milford has agreed to fund monies via the Commission to the Metropolitan Area Planning Council (MAPC) to look at regional impacts for **Surrounding Communities to Milford**.

**Note 4:** The Gaming Act provides that \$50,000 of the initial application fee (\$400,000) may be used by communities to defray the costs of negotiating a host or surrounding community



## DRAFT - FOR DISCUSSION PURPOSES

agreement. Alternatively, communities can seek and obtain direct reimbursement from applicants for such costs. To date, the following four communities have requested the \$50,000 monies: **Everett, Plainville, Raynham and West Springfield.**

It should be noted that Communities have the ability to obtain directly from applicants all monies necessary to defray the costs of negotiating host and surrounding community agreements, as well as the costs of conducting the host community referendum.

### Budget Discussion

At the beginning of FY13, the Commission approved a budget for its operations (excluding investigations) for a total of **\$7,411,652**. The actual expenditures that co-relate to this figure were **\$5,835,737**. This represents a difference of **\$1,575,915**.

The principal reason expenditures were less than the budget is centered on the need of the Commission to preserve a positive balance until such time it can assess the bulk of its oversight costs to its gaming licensees.

The initial FY13 budget figure was put together conservatively, assuming certain large expenditures taking place earlier. Some of these expenditures include a licensing software system, estimates of more rapid hiring, and the additional use of consultants.

Conversely, the Commission will need to incur certain large expenditures during the early parts of FY14, including the first payments of a large research project (baseline study – see Section 3 of this report), as well as a licensing software in preparation for licensing vendors and individuals as soon as the first gaming license is awarded (the slots license award is anticipated for late December of 2013). We will submit the required spending plan for FY14 to the Office of Administration and Finance prior to September 30, 2013.

A summary of the Budget to Actual results for FY13 is below:



Massachusetts Gaming Commission

Description	FY2013 Amount	FY2013 Actuals	Under (Over) Budget	Notes
Salaries and Fringe	\$ 2,735,896	\$ 2,225,240	\$ 510,656	1
Consulting / Advisors / Service Providers	\$ 2,986,809	\$ 2,642,502	\$ 344,307	2
Rent / Administration / Chargebacks	\$ 685,460	\$ 695,464	\$ (10,004)	
Equipment/Furniture	\$ 245,000	\$ 185,492	\$ 59,508	3
Events / Hearings / Travel	\$ 84,700	\$ 87,039	\$ (2,339)	
Subtotal	\$ 6,737,865	\$ 5,835,737	\$ 902,128	
Statewide Allocation Percentage	\$ 673,787	\$ -	\$ 673,787	4
Subtotal Approved Budget	\$ 7,411,652	\$ 5,835,737	\$ 1,575,915	

**Note 1:** From July 1, 2012 to June 30, 2013 (FY13) the Commission grew from 12 FTE's to 36 FTE's. The difference in budget to actuals reflects a slightly slower hiring than initially anticipated.

**Note 2:** The initial budget assumptions regarding consultant use were higher than actuals.

**Note 3:** The FY13 budget assumed increasing space in the existing building. During the year the Commission expanded its 7,560 square feet of space to a total of 12,890 square feet (which represented an increase of approximately 70%, but was less than originally budgeted). We are now contemplating issuing an RFP for a total of approximately 20,000 square feet.

**Note 4:** The initial budget included an assumption that the Commission would be assessed the Statewide Indirect Allocation on the majority of its costs. During the formulation of the initial budget figures for FY14, and the timeline for awarding licenses, we requested a temporary waiver of the indirect cost from the Executive Office of Administration & Finance. The waiver was granted for FY13. We have also requested the indirect waiver from A&F for FY14, and their decision on this matter is pending. We do not anticipate that this waiver will be necessary once the Commission is in a steady state of assessing licensees for the cost of oversight.



## 7. Communications and Outreach

In line with the Gaming Act highest principle of ensuring public confidence and the integrity of the licensing process, the Commission has committed to openness and transparency and made these principles the centerpiece of its mission. As such, all meetings of the Commission are streamed live, recorded and transcribed in full. All recordings, transcripts and minutes are also available at the Commission's website [www.massgaming.com](http://www.massgaming.com)

In addition, the Commission, and Commissioners spend significant time soliciting, reading and responding to public comment, as well as engaging in speaking opportunities to a wide range of groups, stakeholders and media outlets. Anecdotally speaking, we have received significant community feedback expressing confidence in the transparency of the process

**Chairman Steve Crosby** (and to a lesser degree the Commissioners and the Ombudsman) spend significant time speaking at public events. During FY13 the Commission attended approximately **70 speaking engagements** (the vast majority of them attended by Chairman Crosby). These speaking events ranged from regional chambers of commerce, regional and local groups, associations, editorial boards and other public interest events.

Below is a summary of the FY13 activities in the Communications and Outreach arena:

### Brand Identity, Communications Program and Website:

During FY13, we established the agency's brand identity, through the creation of a Massachusetts Gaming Commission logo and related collateral, that visually demonstrates MGC and its divisions as professional, authoritative and community-minded, while also demonstrating the Commission's principal mission to create a fair, transparent, and participatory process for implementing the expanded gaming law

Using the newly developed brand identify, the Commission developed a high-quality communications infrastructure to provide a multi-faceted platform from which to increase awareness of Commission-related activity and effectively and efficiently communicate with key stakeholders.

In addition, we launched an aggressive public relations program to raise awareness of MGC's roles and responsibilities to facilitate the introduction of expanded gaming and solicit public participation. The communications program includes:



**DRAFT - FOR DISCUSSION PURPOSES**

- Development and launch of a new official website, [www.MassGaming.com](http://www.MassGaming.com), to ensure that the site was consistent with the Commission's brand identity and was user-friendly, dynamic, informative and easily maintained and internally updated by Commission staff
- Development, management and updating of all website's content. The site was purposefully designed to strategically highlight the following key elements: Expanded Gaming overview, a blog, a community calendar, open meeting archive, live stream and video, email alert sign-up function, Speakers Bureau request form among other gaming-related news and updates
- Production of a 10 minute introductory video to educate the community on the Expanded Gaming statute, the licensing process and the roles and responsibility of the Commission

**Additional Communications and Outreach:**

Below is a summary of the Communication and Outreach efforts during the last Fiscal Year:

- 130 Press Releases
- 1,600 Twitter followers & 1,580 tweets
- 180 Facebook fans and approx. 500 Facebook posts
- 100 YouTube videos
- 70 Speaking Engagements
- 50 Blog posts and Guest Blog Posts
- More than 800 sign-ups for direct email blasts
- Consistently factual and positive media accounts based on proactive announcements by MGC



Massachusetts Gaming Commission

## **RATING**

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**Insufficient** – Failed to provide information or what was provided was inadequate to allow MGC to obtain a clear understanding of their response or plan to address the topic.

**Sufficient** – Responded with adequate information and addressed the statutory criteria.

**Very Good** – Demonstrates strong experience, provides comprehensive information and excels in some areas.

**Outstanding** – Provides information and responses of uniformly high quality and demonstrates strong experience, creative thinking, and a unique approach.



**OUTSTANDING/NEW POLICY QUESTIONS RELATIVE TO PHASE 2- PARTS 2&3**

<b>POLICY QUESTION AND NUMBER</b>	<b>ANSWER (ca. JANUARY 2013)/NOTES</b>
<p>6. What criteria should the commission use to determine whether a gaming license applicant should receive a gaming beverage license for the sale and distribution of alcoholic beverages and what application fee should the commission charge?</p>	<p>The MGC will work with the ABCC to develop appropriate criteria and then incorporate those criteria in MGC regulations.</p>
<p>7. What regulations should the commission issue with respect to distribution of alcohol and the forms of identification that may be presented to a gaming licensee to demonstrate proof that a person has attained the age of 21</p>	<p>MGC will promulgate regulations specifying the forms of identification listed in G.L. c. 138, §34B, but will also explore use of out of state drivers' licenses. Insofar as distribution of alcohol is concerned, MGC will pursue a regulatory policy that allows distribution of complementary drinks on the gaming floor but not in restaurants or other non-gaming facilities that are part of the gaming complex.</p>
<p>10. How should the Commission determine a suitable debt-to-equity ratio for applicants for a gaming license? (G.L. c.23K, §4(14))</p>	<p>The Commission will not establish a debt-to-equity ratio at this point, but in lieu of that, research and establish in regulations a series of tests designed to assess the financial risk of applicants at any given point.</p>
<p>What approach should be taken to the creation of regulations governing <i>internal control standards</i>, i.e.- how prescriptive should the regulations be?</p>	
<p>13. What criteria should the Commission use to prescribe the manner in which gaming licensees and gaming vendors must keep their books and financial or other records and statements?</p>	<p>Deferred for further study and report in the coming weeks. See Question 49.</p>
<p>49. What regulations and standards should the commission prescribe for the audits it is required to conduct?</p>	<p>Deferred for further study and report in coming weeks. See Question 13</p>
<p>23. What, if any, information and in addition to that described in G.L. c. 23K, §31(b) should the Commission require from an applicant before issuing a gaming vendor license?</p>	<p>This question was not reached</p>
<p>36. If MOU's and other agreements may be part of an applicant's proposal to the commission to demonstrate their commitment to key evaluation criteria, how should the commission weigh these agreements and enforce them in the</p>	<p>MOU's can be included in an application. The Commission will defer discussion or development of enforcement measures until a later date</p>

**OUTSTANDING/NEW POLICY QUESTIONS RELATIVE TO PHASE 2- PARTS 2&3**

<p>coming years after the license is awarded?</p> <p>40. Should the commission prescribe the games, rules and controls a licensee may have or should it solicit proposals from the applicants/licensees?</p>	<p>Question tabled pending further input.</p>
<p>46. Should the commission prohibit gambling by local officials in casinos located within their jurisdiction?</p>	<p>Yes, though the definition of "public officials" for purposes of this policy was not resolved and will require further thought as the Phase 2 regulations are drafted.</p>
<p>47. Should the commission adopt the self-exclusion lists in effect in other jurisdictions? (See §46(k))</p>	<p>The commission decided that this issue needed more study during the Phase 2/2 process. Typically, state self-exclusion lists are confidential. However, there seem to be no sound reason why a person desiring self-exclusion could not ask that his or her name be shared with other jurisdictions.</p>
<p>48. What criteria should be used to exclude individuals involuntarily from casinos?</p>	<p>G.L. c. 23K, §45 provides four criteria for exclusion. In addition, MGC will consider whether to exclude individuals who are on an involuntary exclusion list and other jurisdictions and will also consider a regulation containing a broad discretionary exclusion provision.</p>
<p>50. How should the role of the Commission be defined in the licensing process? What other departments (if any) have a role in the licensing of certain occupations? Will the Commission be licensing on the basis of suitability only, or skills and education as well? Will licensing be limited to occupations closely associated with the gaming area? (See also, 8/30/13 memo)</p>	<p>This topic will require additional research as part of the Phase 2/2 process. The commission has some role in ensuring competency as well as a satisfactory background, though in the competency area the commission's interests and the operator's interests are typically aligned. The commission tentatively focused on the desirability of certifying the curriculum used by training schools, focusing background investigations on those who had conditional job offers from a casino, looking at the training regimen casinos themselves proposed and looking at ways to enforce the casino training programs if the commission were satisfied that the program was acceptable.</p>
<p>34. Should the Commission regulate private training schools?</p>	<p>The community college program will not be the exclusive entity for casino job training. MGC will certify schools and will work with DPL to monitor compliance with certification conditions. MGC will also ensure competency by working with training schools and with casino operators.</p>
<p>Should the Commission use a central automated system for accounting, auditing, tax liability and monitoring gaming activity?</p>	

**OUTSTANDING/NEW POLICY QUESTIONS RELATIVE TO PHASE 2- PARTS 2&3**

<p>Should the Commission require the ability to access slot parlor and resort casino surveillance systems to provide independent remote ability to monitor operations? How should 'remote' be defined?</p>	
<p>Should the Commission begin to process regulations based on packages needed to ensure the Commission can support regulation when the slots and resort facilities are operational? An example: Slot Surveillance and internal control by April 4, 2014, Slot Machine requirements and approval by July 4, 2014; Tax and Financial reporting requirements; Casino Surveillance &amp; Internal Control by January 29, 2015; Table games requirements and approval February 2016.</p>	
<ul style="list-style-type: none"> <li>• What kind of process should the Commission adopt or should it adopt a process to monitor construction?</li> <li>• Should the Commission require certain deliverables during the construction period?</li> <li>• What kind of pre-opening process and inspection will the Commission require?</li> <li>• Will the commission allow temporary facilities to open for gaming while more permanent structures are being completed?</li> </ul>	<p>c. 23K, §10(c): “An applicant for a <b>category 1</b> license shall submit its proposed capital investment with its application to the commission which shall include stages of construction of the gaming establishment and the deadline by which the stages and overall construction and any infrastructure improvements will be completed. In awarding a category 1 license, the commission shall determine at what stage of construction a licensee shall be approved to open for business; provided, however, that a licensee shall not be approved to open for business until the commission has determined that at least the gaming area and other ancillary entertainment services and non-gaming amenities, as required by the commission, have been built and are of a superior quality as set forth in the conditions of licensure; and provided further, that total infrastructure improvements onsite and around the vicinity of the gaming establishment, including projects to account for traffic mitigation as determined by the commission, shall be completed before the gaming establishment shall be approved for opening by the commission. The commission shall not approve a gaming establishment to open for business before the completion of the permanent gaming area.”</p> <p>c. 23K, §11(a): “[ ] The investment required under this section shall be made within 2 years after receiving a gaming license; provided, however, that any infrastructure improvements necessary to increase visitor capacity and account</p>

**OUTSTANDING/NEW POLICY QUESTIONS RELATIVE TO PHASE 2- PARTS 2&3**

	<p>for traffic mitigation shall not be considered part of the required capital investment and, as determined by the commission, shall be completed before the <b>category 2</b> licensee shall be authorized to operate a slot machine at the gaming establishment.”</p>
<p>Does the Commission want to approve gaming devices/equipment put into play in Massachusetts, and if so should the Commission have standards (e.g. - minimum payout percentage, modification of structural features of slot machines to address problem gaming issues) and technical staff to complete necessary reviews?</p>	<p>c.23K, §66: “Unless the commission otherwise determines it to be in the best fiscal interests of the commonwealth, the commission shall utilize the services of an independent testing laboratory that has been qualified and approved by the commission pursuant to this chapter to perform the testing of slot machines and other gaming equipment and may also utilize applicable data from the independent testing laboratory, or from a governmental agency of a state other than the commonwealth, authorized to regulate slot machines and other gaming equipment.”</p>
<p><u>Region C</u></p> <ul style="list-style-type: none"> <li>● Parameters for allowing a region A, B, or slot applicant to apply in region C w/o payment of additional application fee</li> <li>● Timing of updated qualifier list</li> </ul>	



**RFA-2 Application Q&A**  
September 19, 2013

*The following is a list of questions that have been raised by individual applicants at pre-application meetings conducted by Commission staff in accordance with 205 CMR 118.02. In an effort to ensure that each applicant is afforded access to the same information the Commission is providing the following responses to these frequently asked questions. The Commission should pay particular attention to answers for questions 2-05 regarding audited financial statements, 2-17 asking for updated information since the RFA-1 investigations concluded, and 4-05 regarding schematic design.*

**Instructions p7. The instructions state that a cross reference may not be used between sections of the application. Are cross references acceptable within the same section?**

The Commission will be splitting up the application for review of each of the substantive sections by one of five teams. Cross referencing attachments within a single section is acceptable, but applicants should provide multiple copies if an attachment is responsive to questions across sections.

**Instructions p11. The Commission requested that Applicants place attachments to sections 1-5 of the paper copy of the application in a binder separate from the application form itself. Where should applicants place attachments to Section A?**

Applicants should place attachments to Section A in a separate binder.

**A-09 The question requests disclosure of any new or anticipated qualifiers not already investigated in the RFA-1 process. Should applicants disclose any future employees who will be given an equity share upon hiring as qualifiers for purposes of this question?**

After license award the applicant will have, in addition to the current qualifiers, gaming employees and key gaming employees. Whether an individual with an equity share falls under the definition of qualifier, gaming employee, or key gaming employee will be decided on a case by case basis. For the purpose of this question, applicants should disclose and describe any anticipated plans they have to provide employees with an equity share upon hiring. The Commission has discretion to waive qualification for individuals with less than a 5% ownership interest. Applicants should provide the names of any individual that has acquired or will acquire greater than a 2% ownership interest, either directly or indirectly, in the applicant.

**A-14 The question requests that applicants provide a table of organization, including any owners, investors, top executives, and upper, mid and lower supervision tiers. How detailed does the staffing plan need to be? Can the applicant provide two tables, one for organizational structure and one for managerial structure?**



Massachusetts Gaming Commission

Applicants are not expected to have candidates for every position in the organization prior to award of the license. The applicant should be able to provide the numbers of individuals and titles for individuals in various departments to demonstrate what is needed to operate successfully. The applicant may provide multiple tables to aid in readability.

**1-09 The question asks that an applicant describe any post-licensing actions by the Commission or the Commonwealth of Massachusetts that it believes will be essential for the success of the project it is proposing. What is intended by this question? How will liquor licensing be addressed?**

This question seeks to learn whether applicants understand the permitting issues that may arise after award of the license based on their prior experiences in other jurisdictions. The Commission is currently in the process of drafting regulations relating to the issuance of an alcoholic beverage license to a gaming establishment.

**2-05 This question requests that the applicant provide audited financial statements that include disclosure of all contributions and donations for the past five years. Because standard audited financial statements do not include contributions or donations, does the Commission require that the list of contributions and donations be audited? If the entity applying for a gaming license has no audited financial statements, which entity should be providing the statements?**

**2-10 This question asks for a construction timeline. What level of detail is required?**

Applicants should provide a Level 2 Schedule.

**2-16 The question asks applicants to identify any minority sources of financing. What is meant by "minority" sources of financing?**

The Commission is not looking for "minority" in the sense of owning a small percentage interest in the applicant. Rather, the Commission is interested in learning about the diversity of the financing sources in terms of ethnic, racial, gender, or similar diversity of the individuals directly financing the applicant or financing through a business they own.

**2-17 The question asks for an update and documentation of financial suitability and responsibility of applicants for the time period between conclusion of the RFA-1 investigations and submission of the RFA-2 application. Does the Commission require disclosure of only material changes or a formal update from everyone, including supplemental information that may have been provided to investigators during Phase I?**

We need information regarding any material changes since the conclusion of the RFA-1 review that may affect the suitability, for better or for worse, of the applicant/qualifiers. This question is not meant to start an entirely new suitability investigation into every detail of qualification. The Commission is seeking information regarding a substantial change in the financing structure of the applicant, any changes to the identity of qualifiers, any new litigation or major changes in existing litigation, any bankruptcies, any criminal actions, or any other information that, by itself or in the aggregate, may affect the suitability of a qualifier. The burden is on the applicant to be forthcoming in its disclosures and provide as complete a picture as possible without going into unnecessary detail.

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Massachusetts Gaming Commission

**2-22 This question requests that an applicant provide a full description of the proposed internal controls, electronic surveillance systems, and security systems for the proposed gaming establishment and any related facilities. The question also requests separate tables of organization for the accounting internal audit, compliance and security, and surveillance departments. What level of detail is required?**

The Commission is interested in knowing what the applicant's ideal internal control plan would look like, i.e.- what plans and practices it has successfully implemented in other jurisdictions look like or consist of. The applicant should describe how it plans to improve upon the systems in place at its other facilities or how those systems are sufficient for operation in Massachusetts. The applicant may provide suggestions of ranges for the Commission's regulations on this subject matter.

**2-27 This questions requests that applicants provide their calculation for reaching the minimum capital investment required by statute and describe how they propose to realize the maximum capital investment. Can the Commission provide more detail regarding what it means by the applicant's maximum investment?**

The Commonwealth would like to realize the maximum capital investment into gaming facilities in Massachusetts. The requirement for a large infusion of capital should not detract from the importance of minimizing costs and extracting the maximum benefit from the money invested. In reviewing the application, the Commission will not only consider the total amount spent by applicants, but also at the quality of the facilities that the money spent will create.

**2-38 This question asks applicants to describe measures taken to ensure a secure and robust gaming market at each other gaming facility it owns or controls. Is this question seeking a broader market analysis or identification of comparable approaches at other facilities?**

The Commission is seeking to learn how applicants market their offerings at other facilities so that customers are secure against the draw of offerings by competing gaming facilities. To the extent that an applicant has engaged in any efforts to strengthen the appeal of the gaming industry as a whole, the Commission is interested in learning about those efforts as well.

**3-02 This question is seeking information regarding employees anticipated and how the applicant anticipates providing high quality jobs. How should numbers of employees be expressed, in FTE's or full time plus part time employees?**

Employment figures should list projected Full Time and Part Time Employees separately.

**3-16 This question asks about the applicants' plans to receive goods and services from local business. How is this question different from question 3-17?**

Question 3-16 asks for details on how the applicant will acquire goods and services from local businesses for the gaming establishment. The second part of question 3-16 asks how operators will inform local businesses of the gaming establishment's *current* needs. Question 3-17 asks how operators will work with local businesses to provide forward projections of the gaming establishments *future* needs so that the local businesses can properly ramp-up their production to be able to meet the demand generated by the gaming establishment in the future.

**3-20 This questions asks applicants to provide their marketing programs and describe how they intend to utilize minority, women, and veteran businesses as venders to provide goods and services**

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Massachusetts Gaming Commission



**to a gaming establishment. Are there any goals set by statute for MBE, WBE, or Veteran Business Enterprises?**

There is nothing in the statute on the issue, but applicants should review Administration Bulletin Number 14 for guidance. (<http://www.mass.gov/anf/budget-taxes-and-procurement/admin-bulletins/state-contract-equal-opp.html>) The Bulletin requires 15.3 percent participation for minorities and 6.9 percent for women. Although the Bulletin does not identify specific goals for business entities, the Bulletin should be used as guidance. Applicants should refer to the definition of MBE and WBE in the Bulletin. Further, an “MBE” is a minority-owned business that has been certified by either the Massachusetts Supplier Diversity Office, the Greater New England Minority Supplier Development Council, or both; a “WBE” is a woman-owned business that has been certified by either the Massachusetts Supplier Diversity Office, the Women’s Business Enterprise National Council, or both; and a “VBE” is a veteran-owned small business or a service-disabled veteran-owned small business as such terms are defined by the federal government. Resources to help identify VBEs can be found at [www.vetbiz.gov](http://www.vetbiz.gov) and [www.sam.gov](http://www.sam.gov).

**3-24 This question asks applicants to provide copies of local agreements designed to expand gaming establishment draw. What does the Commission mean by “local agreements?”**

The Commission would like to see an applicant’s understanding of the local community and cooperation between local businesses and the gaming establishment. For example, if there is a museum nearby, then the casino might want to coordinate offerings with the museum in order to provide visitors with a special deal when they attend both. Any creative arrangements that applicants come up with are welcome.

**3-30 This question asks whether applicants are integrating their offering into a regional or local economic plan. What does the Commission mean when it distinguishes between regional and local?**

There are various economic plans for the coordination of efforts to help regions in the Commonwealth grow. (<http://www.mass.gov/hed/economic/eohed/bd/econ-development/redo-program.html>) The Commission would like to see how the proposed gaming establishment fits into one of these regional plans and/or the local plans of the communities. Applicants should not be providing a standardized, one-size-fits-all plan for economic growth in the Commonwealth, but should be working with groups who have already analyzed this question in order to create a cohesive plan for regional growth.

**4-2 This question asks that applicants describe the relationship, if any, between the proposed facility and the architecture, history and culture of its immediate and regional surroundings. Can the Commission elaborate on what it is looking for?**

Each region has unique history, culture, and architecture. The gaming establishment that developers propose should be fitting to the region rather than a cookie-cutter design that could have just as easily been placed in any other location. This question seeks to see how well the applicants understand their host community.

**4-5 This question asks applicants to provide a schematic design, as defined/understood by the AIA, for each structure within the boundaries of the site. Is a schematic design per AIA specifications the required level of detail or would an Advanced Conceptual Design be more appropriate?**

Advance Conceptual Design level drawings will be acceptable. The application question addresses only the structures of the facility and should not be interpreted to require the same level of design for mechanical/electrical systems, etc.—many of which are addressed in other questions within this category related to performance and sustainability goals. The Commission will be looking for design details and





dimensions that are relevant to agreements made between the applicant and host / surrounding communities.

**4-5 This question asks applicants to provide a schematic design. How should the applicant account for confidential portions of the floor plan such as the security and surveillance systems?**

At a minimum, each applicant should provide two copies of the floor plan for the proposed gaming establishment. One public copy will omit all mention of confidential areas of the gaming establishment. The other confidential copy will provide the omitted details. The confidential copy may be attached to a question that the Commission has marked as presumptively confidential.

**4-64 This question asks the applicant to provide its approach to remote regulatory surveillance. Does the Commission require remote surveillance from the Commission's headquarters in addition to the remote surveillance from the State Police office on the premises of the gaming facility?**

While the Commission anticipates conducting the majority of its video surveillance from the premises of the gaming establishment, an applicant should nevertheless provide the Commission with a description of how it proposes that the Commission will access data from the Commission's headquarters.

**5-9 This question requires disclosure of all contributions by an applicant. Is there a cut-off level for smaller dollar amounts for contributions to communities?**

There is no cut-off level for contributions. Applicants should disclose all contributions made. If multiple smaller contributions were made to a single party, those contributions may be presented in the aggregate.

**5-22 This question asks the applicant to describe plans it will take to avoid any negative impact on the state lottery. Does the Commission expect anything in terms of negating impacts on the lottery beyond serving as lottery sales agent and providing machines in the lobby?**

Although the Commission has no specific expectations apart from the statutory requirements, applicants are encouraged to think creatively and provide a proposal that on net provides the greatest benefit to the Commonwealth. If the applicant anticipates that its gaming offerings will substitute, rather than complement, the state lottery, it should so disclose and describe any measures it will take to help mitigate losses to the state lottery.



[Town of Milford Letterhead]

[Date]

[Addressee]

[Address]

**Re: Notice to Milford Voters issued pursuant to 205 CMR 115.00 and Special Election on Destination Resort Casino**

Dear Milford Voter:

As you may know, under legislation commonly called the Massachusetts Expanded Gaming Act (M.G.L. ch. 23K), the Massachusetts Gaming Commission (the “**Commission**”) is conducting a process to site three destination resort casinos and one slot parlor casino in Massachusetts. Developers have proposed casino developments in communities across the Commonwealth, including one in Milford. Crossroads Massachusetts, LLC (d/b/a Foxwoods Massachusetts) (“**Crossroads**”) has proposed to develop a \$1 billion destination resort casino in Milford. The project is proposed to be located on a portion of an approximately 187-acre site which is located on the eastern edge of Town generally bounded by the Holliston town line to the north, Route 16 (East Main Street) to the east, U.S. Interstate 495 to the south/southwest and open space to the west.

Over the past several months, the Town has engaged in an extensive fact-finding and community information process regarding the Crossroads project, including the hiring of independent consultants and the holding of numerous informational meetings and public hearings within the Town. The results of that process, including various consultants’ reports on many pertinent topics such as traffic, water and sewer impacts of the project, fiscal and economic effects of the project and job creation expected from the project, are available on the casino information page on the Town’s website, [www.milford.ma.us](http://www.milford.ma.us) (the “**Town Website**”).

On September 9, 2013, the Board of Selectmen approved and signed a Host Community Agreement with Crossroads regarding the proposed destination resort casino. A concise summary of the Host Community Agreement’s principal terms is enclosed with this letter for your reference. Additionally, the concise summary, as well as the full Host Community Agreement, may be viewed on or downloaded from the Town Website or the website of the Commission ([www.massgaming.com](http://www.massgaming.com)). Alternatively, hardcopies of the documents are available from the Office of the Town Clerk.

On **Tuesday, November 19, 2013** the Town will hold a special election. At the special election Milford voters will have the opportunity to participate directly in the important decision of whether to permit Crossroads to locate a destination resort casino in Milford.

In addition to requiring the local approvals, no gaming project in the Commonwealth (including the Crossroads project) may proceed without a gaming license being issued by the Commission. The Commission has established a two-phase application process to award gaming licenses in the Commonwealth.

To comply with Phase I of the application process, in January 2013, Crossroads submitted to the Commission its application for a gaming license. Based on this Phase I application, the Commission is investigating Crossroads including its officers, managers, owners and other key personnel to determine their "suitability and eligibility" - that is, whether or not Crossroads meets the statutory and financial requirements for operating a gaming facility in Massachusetts. As part of its investigation, the Commission reviews matters such as the integrity, honesty, good character and reputation of the applicant; the financial stability, integrity and background of the applicant; the business practices and the business ability of the applicant to establish and maintain a successful gaming establishment; and whether the applicant has a history of compliance with gaming licensing requirements in other jurisdictions. The Commission will make its determination of suitability after completing a thorough background investigation of Crossroads and its officers, managers, owners and other key personnel. The Commission will not permit Crossroads to proceed with the application for a gaming license unless it determines that they are suitable to operate a gaming facility in Massachusetts. The Commission's Phase I review and investigation process began in January 2013 and is currently ongoing.

*As of the date of this letter, however, the Commission has not yet concluded its Phase I review and investigation of Crossroads and, therefore, has not issued a suitability determination with respect to Crossroads. It is possible that the Commission may not issue a suitability determination with respect to Crossroads before the Town's November 19, 2013 special election.*

Under the Commission's regulations (205 CMR 115.00), the Town may hold the special election prior to the Commission's suitability determination of Crossroads only if two conditions are satisfied:

- (1) The Town's Board of Selectmen votes to authorize the holding of the special election prior the Commission issuing its suitability determination; and
- (2) At the expense of the Crossroads, among other things, a public awareness notice is mailed to voting households in Milford regarding Crossroads' application status and informing voters about the Commission's standards and procedures for determining suitability.

On September 9, 2013, the Town's Board of Selectmen approved the holding of the special election prior to the Commission issuing its determination of suitability with respect to Crossroads. Therefore, the first condition of the Commission's regulations has been satisfied.

At the expense of Crossroads, this letter is being sent to you prior to the Town's November 19, 2013 special election to satisfy the second requirement of the Commission's regulations.

Crossroads may proceed to Phase II of the Commission's application process only if the Town's voters approve (by a majority of the votes cast) the operation of a destination resort casino in Milford at the Town's November 19, 2013 special election and the Commission determines that Crossroads is suitable for licensure. In Phase II of the application process, the Commission will review the details of the destination resort casino that Crossroads proposes for Milford including matters such as its location, design, benefits for and impacts on Milford and the region, and its potential to generate revenue for the Commonwealth.

**Please read the enclosed concise summary of the Host Community Agreement carefully and, more importantly, exercise the most essential right of our democratic system and vote on Tuesday, November 19, 2013.** For your reference, the text of the ballot question for the Town's special election is enclosed with this letter.

Polls will be open from 7:00 a.m. until 8:00 p.m. on Tuesday, November 19, 2013 at your normal polling location. If you will be absent from Milford on Tuesday, November 19, 2013, and/or have a physical disability that prevents your voting at your polling place, and/or cannot vote at the polls due to religious beliefs, you may be eligible to vote by absentee ballot. Applications for an absentee ballot for the special election are available from the Office of the Town Clerk by writing or calling in advance of the special election to:

Office of the Town Clerk  
Attn: Absentee Ballots  
Town Hall  
52 Main Street  
Milford, MA 01757

Phone: (508) 634-2307  
Hours: 8:30am - 4:30pm.

If you are a registered voter in Milford, you may vote on the ballot question at the special election. If you are not a registered voter in Milford, but you (1) are a citizen of the United States, (2) are a resident of Milford, and (3) will be 18 years of age or older as of November 19, 2013, you may register to vote in the special election. The deadline for voter registration is October 30, 2013. For information on how to register to vote, contact the Office of the Town Clerk at the address or phone number above.

Very truly yours,

TOWN OF MILFORD

Richard A. Villani, Town Administrator

Enclosures (2)

**INFORMATION FOR VOTERS**

**Ballot Question for Town of Milford Special Election to be held on  
Tuesday, November 19, 2013**

The ballot question will be as follows:

**QUESTION**

**“Shall the Town of Milford permit the operation of a gaming establishment licensed by the Massachusetts Gaming Commission to be located on a portion of an approximately 187-acre site, which site is located on the eastern edge of the Town of Milford generally bounded by the Holliston town line to the north, Route 16 (East Main Street) to the east, U.S. Interstate 495 to the south/southwest and open space to the west?”**

**YES \_\_\_\_\_**

**NO \_\_\_\_\_”**

*A **YES VOTE*** by a majority of the votes cast on this Town-wide referendum would allow Crossroads Massachusetts, LLC (d/b/a Foxwoods Massachusetts), if it is issued a positive determination of suitability by the Massachusetts Gaming Commission, to file an application with the Massachusetts Gaming Commission for the operation of a gaming establishment within the Town at the location specified and in accordance with the terms of the Host Community Agreement as summarized below.

*A **NO VOTE*** would prevent Crossroads Massachusetts, LLC (d/b/a Foxwoods Massachusetts) from filing with the Massachusetts Gaming Commission an application for the operation of a gaming establishment within the Town at the location specified.

**CONCISE SUMMARY OF HOST COMMUNITY AGREEMENT**



**Massachusetts Gaming Commission  
Forum on Responsible Gaming**

**October 28, 2013**

*The Massachusetts Gaming Commission will strive to ensure that its decision-making and regulatory systems engender the confidence of the public and participants, and that they provide the greatest possible economic development benefits and revenues to the people of the Commonwealth, reduce to the maximum extent possible the potentially negative or unintended consequences of the new legislation, and allow an appropriate return on investment for gaming providers that assures the operation of casino-resorts of the highest quality.*

- 9:00           **Registration**
- 9:15           **Welcome/Introduction**   Mark Vander Linden, Director of Research and Problem Gambling
- 9:30           **Mission/vision of the Massachusetts Gaming Commission**   Stephen P. Crosby, Chairman,  
Massachusetts Gaming Commission
- 9:45           **Overview and goals for the day**   Jeff Marotta, Problem Gambling Solutions
- 10:00          **Responsible Gaming Overview**
- Marlene Warner, Executive Director, Massachusetts Council on Compulsive Gambling
- *Why is PG an issue*
  - *Why RG is important in context of mitigating PG in MA*
- Keith Whyte, Executive Director, National Council on Problem Gambling
- *Evolution of responsible gaming*
  - *A opportunity to design model standards*
  - *A national call to action*
- Judy Patterson, Senior Vice President and Executive Director, American Gaming Association
- *Origins of the AGA Code of Conduct and how we got there*
- 11:00          **Break**
- 11:15          **Operational definitions of key Responsible Gaming terms**   Mark Vander Linden, Director of Research  
and Problem Gambling
- 11:45          **Lunch**



Massachusetts Gaming Commission

**12:45 Panel Discussion: Components of a Responsible Gaming Framework**

*Player information/ Informed Decision Making*

*Technological design features of gaming machines*

*Loyalty player tracking with behavior analytics for targeted information/intervention*

*Casino employee training*

*Pre-Commitment*

*On-site counseling space*

*Self-Exclusion*

*Advertising and marketing practices*

*Linkage with local treatment and community services*

**3:15 Break**

**3:30 Moderated discussion between panelists, Commissioners and audience**

- 1) *What components of a responsible gambling program should be regulated by MGC?*
- 2) *What principles should the MGC follow in the development RG regulations?*
- 3) *What steps are necessary to evaluate the effectiveness of RG efforts at reducing gambling related harm?*
- 4) *What mechanisms need to be in place to effectively assure compliance with responsible gaming regulation?*

**4:45 Closing Remarks** Stephen P. Crosby, Chairman, Mark Vander Linden, Massachusetts Gaming Commission



Massachusetts Gaming Commission



## **Diagnostic and Statistical Manual of Mental Disorders Fifth Edition (DSM-5)**

One of the most anticipated events in the mental health field is the publication of the fifth edition of the American Psychiatric Association's (APA) Diagnostic and Statistical Manual of Mental Disorders (DSM) in 2013. As the key reference book for mental health professionals, the DSM contains descriptions, symptoms and other criteria for diagnosing mental disorders.

### **Gambling Disorder**

Disordered gambling is found in the Substance-Related and Addictive Disorders chapter of the newly released DSM.

#### **Gambling Disorder Diagnostic Criteria**

Persistent and recurrent problematic gambling behavior leading to clinically significant impairment or distress, as indicated by the individual exhibiting four or more of the following in a 12-month period:

1. Needs to gamble with increasing amount of money in order to achieve the desired excitement.
2. Is restless or irritable when attempting to cut down or stop gambling.
3. Has made repeated unsuccessful efforts to control, cut back, or stop gambling.
4. Is often preoccupied with gambling (e.g., having persistent thoughts of reliving past gambling experiences, handicapping or planning the next venture, thinking of ways to get money with which to gamble).
5. Often gambles when feeling distressed (e.g., helpless, guilty, anxious, depressed).
6. After losing money gambling, often returns another day to get even ("chasing" one's losses).
7. Lies to conceal the extent of involvement with gambling.
8. Has jeopardized or lost a significant relationship, job, or educational or career opportunity because of gambling.
9. Relies on others to provide money to relieve desperate financial situations caused by gambling.

#### **Highlighted Changes in DSM-5 Reclassification**

In the *DSM-IV*, Gambling Disorders was labeled Pathological Gambling and classified under the section titled, "Impulse Control Disorders Not Elsewhere Classified," along with Compulsive Hair Pulling (Trichotillomania); Intermittent Explosive Disorder; Kleptomania; and Pyromania.

The DSM-5 work group proposed that PG be moved to the category Substance-Related and Addictive Disorders. The rationale for being placed in this chapter is based on evidence that gambling behaviors activate reward systems similar to those activated by drugs of abuse and produce some behavioral symptoms that appear comparable to those produced by the substance use disorders. Pathological gamblers report cravings and highs in response to their stimulus of choice; it also runs in families, often alongside other addictions.

#### **Other Highlights**

- Based on empirical evidence, the criterion for "illegal acts" was eliminated.
- The threshold for a diagnosis of gambling disorder will be lowered from five to four symptoms.

**DRAFT**

Will an applicant for a key gaming license, gaming employee license, and vendors, or an applicant for gaming service employee registration be allowed to apply directly to the Commission or will licensing/registrations be required to originate through the gaming establishment?

By requiring that applications originate through the gaming establishments, the initial application will be subject to an initial vetting process conducted by the gaming establishment.

An application that is initially vetted by the gaming establishment is more likely to meet the minimum standards for licensing and thus reduce the number of applications submitted that may be found unsuitable for licensure. Other states like Ohio and Maryland have found this process to be the most efficient way to submit applications for licensure or registration. In addition, it has been found to be a cost efficient practice. The cost associated to investigate applicants who do not meet the suitability requirements is significantly higher than the application fee. In New Jersey and Ohio the cost could easily exceed two to three times the cost of an application for licensure and I suspect that this is also the case in most states where gaming requires a suitability background check. While the vetting conducted by the gaming establishment will not be as comprehensive as a suitability check conducted by the MGC, it is the first step of review that should reduce the number of applications filed by applicants who may be found unsuitable for licensure.

Furthermore, by having applications for the gaming license originating through the gaming establishment you minimize the number of individuals who apply for a license and once licensed is unable to obtain employment. In gaming jurisdictions where an application is filed

directly by the applicant, there is a tendency to request for the application fee to be refunded when they are unable to obtain employment. While the individual may hold a license, a license does not guarantee employment opportunities in a gaming establishment. Frequently, these individuals are not in a financial position to pay for a gaming license to later discover that they are unemployable. This is a real hardship and a difficult situation to deal with as a gaming agency. By requiring that applications be filed through the gaming establishment you will minimize the prospects of an individual who does not have the resources to pay the application fee to be licensed and subsequently be unable to find employment. Applications filed through a gaming establishment usually means that a job has been promised. Again the process of requiring an application to originate through the gaming establishment is more efficient and more cost effective for the applicant. With respect to the application fees, requiring an application to originate through a gaming establishment allows for the employer and the potential employee to enter into a payment arrangement where the application fee is paid by the gaming establishment and the gaming establishment is able to recoup the fee through payroll deduction.

Requiring that applications originate through a gaming establishment prohibits an individual who wishes to apply directly with the MGC. In New Jersey, an application is filed directly by the individual without the gaming establishment being involved in the process. There are benefits with this process as an applicant will disclose information material to the suitability investigation and not share the information with the potential employer. This practice also increases the number of licensed individuals significantly and may, therefore, reduce the need to issue temporary licenses.

It is the recommendation of Licensing that application for a key gaming employee, gaming employee, non-gaming vendors license applications, and gaming service employee registration applications be required to originate through the gaming establishment. Applications originating through a casino is a more efficient and cost effective practice. The MGC may adopt procedures where an individual may apply for licensure directly with MGC, but it should be the exception versus the norm. It is further recommended that all gaming related vendor applications be filed directly to the MGC. Gaming related vendors are not employees of the gaming establishment and may enter into an agreement to provide goods or services with multiple gaming establishments. Gaming related vendors may have confidential information that they may not wish to provide and/or share with the gaming establishment. Non-gaming vendor registration should originate through the gaming establishment as the services provided are usually directed to a particular establishment. More importantly, the information that is required from a non-gaming vendor applicant is basic company information and does not compromise confidentiality nor business practices. The filing of non-gaming vendor applications through gaming establishment is common practice with other gaming jurisdictions.