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## Meeting Minutes

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**Date/Time:** June 23, 2016 – 10:00 a.m.

**Place:** Massachusetts Gaming Commission  
101 Federal Street, 12<sup>th</sup> Floor  
Boston, Massachusetts

**Present:** Chairman Stephen P. Crosby  
Commissioner Gayle Cameron  
Commissioner Lloyd Macdonald  
Commissioner Bruce Stebbins  
Commissioner Enrique Zuniga

**Time entries are linked to  
corresponding section in  
Commission meeting video**

### **Call to Order**

See transcript pages 2-5

10:00 a.m. Chairman Crosby called to order the 194<sup>th</sup> Commission meeting. He noted that Penn National had its first anniversary as our licensee. He also noted that Laurie Jordan, a long time commission stenographer, is leaving the stenography business and taking a position with Mass Development. He thanked Laurie and wished her well.

### **Approval of Minutes**

See transcript pages 5-6

10:03 a.m. *Commissioner Macdonald moved for the approval of the June 9, 2016 Commission meeting minutes subject to any corrections, typographical errors, or other nonmaterial matters. Motion seconded by Commissioner Cameron. Motion passed 4 to 0 with 1abstention. Chairman Crosby abstained from the vote as he was not present at the meeting on June 9<sup>th</sup>.*

### **Administrative Update**

See transcript pages 7-130

10:04 a.m. Executive Director Edward Bedrosian, Jr. thanked Laurie Jordan for being a valuable partner in our development and congratulated her on her new position. He

also congratulated Penn National and Plainridge on their one year anniversary. He noted that agenda items 6b (MassGaming & Entertainment License Decision) and 8c (Brockton fairgrounds Request for Race Horse Development Funds) are going to be deferred until another meeting.

[10:05 a.m.](#) Commissioner Cameron reported on a law enforcement summit that she and Director Karen Wells attended. She stated that the summit was hosted by the American Gaming Association and it highlighted illegal gaming, UK sports betting, and analytics by the Genius Sports Group.

[10:21 a.m.](#) Executive Director Bedrosian reported that on June 8<sup>th</sup> and 9<sup>th</sup> the Commission officially launched Play My Way, a new responsible gaming initiative which provides casino patrons with an option to budget and track their play. He commended Director Mark Vander Linden, staff, Plainridge and Scientific Games for their work. He stated that the technology was a complicated process to overlay the product on a casino floor. He noted that 1,695 patrons have enrolled in Play My Way and 146 have unenrolled.

Chairman Crosby noted that there has never been a system like this in the United States and the technology had to be developed. He stated that Penn National stepped up to partner with the Commission on this experimental program. He noted the professionalism of Lance George and his team. He also noted that there will be a robust evaluation of the Play My Way system.

[10:24 a.m.](#) Attorney Justin Stempeck introduced MGM presenters Paul Mathews, the President and CEO of Playstudios; Josh Swissman, the Senior Vice President of Loyalty Marketing at MGM Resorts International; and Jed Nosal, Attorney representing MGM Springfield.

[10:26 a.m.](#) Paul Mathews provided a background on the Playstudios company which started in 2011 and their partnership with MGM Resorts. He stated that the company is the seventh largest social casino operator in the world with six game applications and 1.5 million daily players. He explained how the game works and the related loyalty program that offers leisure rewards.

10:51 a.m. The Commission took a brief recess.

10:56 a.m. The meeting resumed.

[10:56 a.m.](#) Josh Swissman presented on the My Vegas platform, the types of customers that they want to engage, and the rewards program. He stated that the rewards expose customers to experiences and optimizes use of inventory to stimulate business during off-peak periods. He noted that marketing cycles acquire new players, engage players and convert players to MGM resorts. He also noted that the rewards program also offers great exposure for their brand.

[11:19 a.m.](#) Executive Director Bedrosian reported on a letter he received from Penn National regarding their plans for using social gaming products as a marketing tool.

[11:21 a.m.](#) Attorney Stempeck introduced the following Penn National presenters: Chris Sheffield, Managing Director of Penn Interactive Adventures; Carl Sottosanti, General Counsel; Jim Baldacci, Deputy Chief Compliance Officer; and Frank

Donoghue, the Chief Compliance Officer. He also introduced representatives from Scientific Games – Robert Gustafson, Assistant General Counsel and Vice President of Legal; and Michael Friis, Vice President of Regulatory Affairs.

Carl Sottosanti noted Penn National’s first year of operation in the Commonwealth and stated that they look forward to many years of a successful partnership with the Commission and the Commonwealth. He stated that their presentation on social gaming is part of their transparent approach with the Commission.

[11:24 a.m.](#) Chris Sheffield provided information about his professional background, the social casino industry, and Penn National’s social gaming initiative plans. He stated that a survey of customers showed that 50 percent play social casino games. He reported on Hollywood Casino– a social casino platform with slot games, and marketing tools. Carl Sottosanti reported on regulatory practices and a legal update on social gaming. Robert Gustafson, from Scientific Games, explained payout ratios for online products and games on the floor.

[11:53 a.m.](#) Chris Sheffield reported on customer game registration, impact of the game on land-based behavior such as reward card sign ups and frequent casino visitation, and competition from other properties. He also reported on their second product, Hollywood Slots, which is a social casino platform used for entertainment not gambling. He stated that they would like to integrate both products with the Marquee rewards program to enable customers to earn tier points.

12:09 p.m. The Commission took a brief recess.  
12:14 p.m. The meeting resumed.

### **Investigations and Enforcement Bureau**

See transcript pages 131-165

[12:14 p.m.](#) Director Karen Wells presented on emergency amendments to 205 CMR 138, specifically 205 CMR 138.40 and .47. She stated that currently the language prohibits ATMs at casinos from processing credit card cash advance transactions. She stated that during routine testing it was discovered that you could get cash with certain credit cards. She stated that there are technical limitations on what a banking industry can do and there is a dual interpretation on what a cash advance is. She stated that David Maletic representing U.S. Bank Gaming Services and Darren Simmons representing Everi will talk about these issues.

[12:17 p.m.](#) Assistant Director and Gaming Agents Division Chief Bruce Band stated that it was discovered that certain credit cards could get cash at ATM machines at the casino and this could not be fixed electronically. He noted that signage was added to the machines stating that you cannot take cash withdrawals on a credit card. He also noted that buttons were removed from the machines to limit choices.

[12:22 p.m.](#) Darren Simmons and David Maletic presented on the definition and interpretation of a cash advance transaction and clarified the definition for cash withdrawal versus cash advance. They noted that cash advances requires higher fees to the consumer and provides higher amounts.

[12:37 p.m.](#) Deputy General Counsel Todd Grossman reported on the policy considerations that went into the drafting of the original regulation. He stated that taking cash out on a credit card is considered by banks to be a higher-risk transaction and is associated with higher fees and interest rates. He stated that the proposed regulation will accommodate the consumer protection/responsible gaming concerns and at least discourage a patron's ability to take cash out on a credit card.

[12:42 p.m.](#) Executive Director Bedrosian stated that we are asking for a vote for an emergency regulation. He also stated that they have shared this matter with the licensees and there will be a public comment period. Director Wells stated that new language in the regulation requires licensees to have reasonable measures to inhibit this type of activity.

[12:49 p.m.](#) *Commissioner Stebbins moved that the Commission adopt, on an emergency basis, the recommended changes to 205 CMR 138, under 138.40 and 138.47, and to initiate the formal promulgation process to approve these changes. Motion seconded by Commissioner Macdonald. Motion passed unanimously.*

12:49 p.m. The Commission recessed for lunch.

1:31 p.m. The meeting resumed.

### **Finance Division**

See transcript pages 166-210

[1:31 p.m.](#) CFAO Derek Lennon reported on a follow up to the Commission's FY17 budget. He provided an overview of the revised figures sent to licensees and noted that spending estimates were reduced. He also noted a public comment was received from Wynn MA requesting further reductions.

[1:37 p.m.](#) Executive Director Bedrosian stated that the discussion with our licensees have been very collaborative and professional. He also stated that two licensees will not realize revenue for a few years. Commissioner Cameron stated that we have to be cognizant that revenue will not be coming in and to be as efficient as possible. The Commissioners discussed the budget which included community college funding, gaming consultants, State Police overtime, and indirect costs. Commissioner Zuniga reported on a comparative budget chart that included three other commission agencies across the country.

[2:21 p.m.](#) *Commissioner Zuniga moved that the Commission approve the FY17 budget as presented in the packet, for an assessment to licensees, as we've done according to our procedures. Motion seconded by Commissioner Macdonald. Motion passed unanimously.*

### **Legal Division**

See transcript pages 211-219

[2:22 p.m.](#) General Counsel Catherine Blue reported on a request to contribute an antique slot machine to the Commission. She noted that the statute, 23K, states that the Commission can accept contributions of money, property and other items of value, so long as they are held, used and applied for the Commission's purposes.

[2:26 p.m.](#) *Commissioner Stebbins moved, pursuant to Section 4, Subsection 6, of Chapter 23K, that the Commission accept the contribution of an antique slot machine. Such antique slot machine to become the property of the Commission, and held, used and applied for the Commission's purposes. Motion seconded by Commissioner Zuniga. Motion passed unanimously.*

[2:27 p.m.](#) General Counsel Blue noted that agenda item 6(b), Mass Gaming & Entertainment License Decision, has been deferred as previously reported.

General Counsel Blue reported on the Amended Small Business Impact Statements for regulations 205 CMR 3.00: Harness Horse Racing and 205 CMR 4.00: Rules of Horse Racing and final drafts for promulgation. She noted that these regulations pertain to changes to medication levels and new helmet rules.

[2:28 p.m.](#) *Commissioner Cameron moved that the Commission approve the Amended Small Business Impact Statement and final version of 205 CMR 3.11(5), 3.29(5)(a)(3) and 3.29(8)(b), harness horse racing, as included in the packet, and authorize staff to take all necessary steps to file the regulation with the Secretary of the Commonwealth, and complete the regulation promulgation process. Motion Seconded by Commissioner Stebbins. Motion passed unanimously.*

*Commissioner Cameron moved that the Commission approve the Amended Small Business Impact Statement and final version of 205 CMR 4.11(6)(c)(7), 4.52(5)(a)(1) and 4.52(8)(b), rules of horse racing, as included in the packet, an authorize staff to take all necessary steps to file the regulation with the Secretary of the Commonwealth, and complete the regulation promulgation process. Motion seconded by Commissioner Stebbins. Motion passed unanimously.*

### **Ombudsman Report**

See transcript pages 219-249

[2:29 p.m.](#) Ombudsman John Ziemba provided a summary of Joe Delaney's previous professional experience. Mr. Delaney is the new Construction Project Oversight Manager for the Commission. Ombudsman Ziemba also thanked PMA and Pinck & Company for their services and assistance.

[2:32 p.m.](#) Construction Project Oversight Manager Joe Delaney recognized PMA and Pinck & Company for getting him up to speed on the project. He provided an overview of his duties and responsibilities. He noted that he will be the eyes and ears of the Commission on the construction sites and will be able to communicate to the Commission in real time what is going on. He also highlighted the construction schedule, project commitments and conditions, assistance with workforce supplier and diversity, First Light Casino compact oversight, long term capital improvements, and other duties such as overview of community mitigation fund applications and monitoring of the work of the Lower Mystic Regional Working Group.

[2:53 p.m.](#) Ombudsman John Ziemba reported on reappointments of members to the local mitigation advisory committees under the Gaming Policy Advisory Committee.

[2:58 p.m.](#) *Commissioner Stebbins moved that the Commission approve the reappointments of Colin Kelly, Region A chamber of commerce representative; Kate Kane, Region B chamber of commerce representative; Richard K. Sullivan, Region B regional economic development organization representative; and Ellen Petashnick, Region B human services provider; members of the local community mitigation advisory committee. Motion seconded by Commissioner Cameron. Motion passed unanimously.*

*Commissioner Stebbins moved that the Commission approve the appointment of Commissioner Cameron to the public safety subcommittee; Mark Vander Linden to the addiction services subcommittee; and Commissioner Macdonald to the community mitigation advisory subcommittee. Motion Seconded by Commissioner Zuniga. Motion passed unanimously.*

2:59 p.m. The Commission took a short recess.

3:04 p.m. The meeting resumed.

### **Racing Division**

See transcript pages 249-254

[3:04 p.m.](#) Dr. Alexandra Lightbown, Director of Racing, reported on a request from Suffolk Downs for the approval of key operating personnel and racing officials. She recommended that they be approved pending completion of the licensing procedures and approval of the background check. She noted that the officials are known to us and that the first day of racing begins on July 9<sup>th</sup>.

[3:05 p.m.](#) *Commissioner Cameron moved that the Commission approve Sterling Suffolk Racecourse request for the key operating personnel and racing officials for the 2016 racing season, as listed in the memorandum. Motion seconded by Commissioner Stebbins. Motion passed unanimously.*

[3:05 p.m.](#) Dr. Lightbown reported on the request by Suffolk Downs to lower their takeouts.

[3:07 p.m.](#) *Commissioner Cameron moved that the Commission approve the request of Suffolk Downs to reduce the takeout of 15 percent of all wagers, win, place, show and exotics. Motion seconded by Commissioner Macdonald. Motion passed unanimously.*

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

See transcript pages 255-265

[3:08 p.m.](#) Director Jill Griffin presented on the supplier diversity reporting guidelines during the design and construction of the gaming establishments and operations phase. She noted that the matter has been posted for public comment and she received two responses.

[3:19 p.m.](#) *Commissioner Stebbins moved that the Commission approve the supplier diversity certification and retroactive reporting guidelines for construction and operations, as outlined in the memo included in the packet. Motion seconded by Commissioner Macdonald. Motion passed unanimously.*



## **Other Business Not Reasonably Anticipated**

See transcript pages 265-266

3:19 p.m. Chairman Crosby noted that for the months of July and August there will be only one Commission meeting. The next Commission meeting will be on July 21<sup>st</sup>.

3:20 p.m. *Having no further business, a motion to adjourn was made by Commissioner Cameron. Motion seconded by Commissioner Zuniga. Motion passed unanimously.*

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

1. Massachusetts Gaming Commission, Notice of Meeting and Agenda dated June 23, 2016
2. Massachusetts Gaming Commission, Draft Meeting Minutes dated June 9, 2016
3. Playstudios/MGM Resorts' PowerPoint presentation dated June 23, 2016
4. Penn National Gaming, Inc., PowerPoint presentation dated June 23, 2016
5. Letter from Jim Baldacci, Deputy Chief Compliance Officer Penn National, to Executive Director Edward Bedrosian, with the Massachusetts Gaming Commission, dated June 17, 2016 regarding social gaming initiatives
6. Draft amendments to 205 CMR 138.00: Uniform Standards of Accounting Procedures and Internal Controls
7. Letter from Plainridge Park Casino, MGM Springfield and Wynn Resorts to the Massachusetts Gaming Commission, dated June 21, 2016 regarding regulations pertaining to credit card cash advances at ATMs within Massachusetts gaming establishments, with attachments
8. Massachusetts Gaming Commission, Memorandum dated June 23, 2016 regarding Fiscal Year 2017 (FY17) Gaming Regulatory Budget and Statutorily Required Billings, with attachments
9. Email from Cheryl Bartlett to Chairman Steve Crosby, dated June 1, 2016 regarding offer of slot machine
10. Photograph of slot machine
11. Amended Small Business Impact Statement and amended draft regulation for 205 CMR 3.00: Harness Horse Racing
12. Amended Small Business Impact Statement and amended draft regulation for 205 CMR 4.00: Rules of Horse Racing
13. Massachusetts Gaming Commission, Memorandum dated June 21, 2016 regarding Reappointment Recommendations for Subcommittees under the Gaming Policy Advisory Committee, with attachments
14. Massachusetts Gaming Commission, Memorandum dated June 20, 2016 regarding Suffolk Downs Key Operating Personnel and Racing Officials, with attachment
15. Massachusetts Gaming Commission, Memorandum dated June 20, 2016 regarding Suffolk Downs Take Out Reduction Request, with attachment
16. Massachusetts Gaming Commission, Memorandum dated June 13, 2016 regarding Supplier Diversity Certification and Retroactive Reporting for Construction and Operations, with attachments

/s/ Catherine Blue  
Catherine Blue, Assistant Secretary