



STRATEGIC PLAN:

Regulating Casino Gambling in the Commonwealth of Massachusetts

Prepared for the Massachusetts Gaming Commission
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I. Introduction

On May 22, 2012, the Massachusetts Gaming Commission (“Commission” or “MGC”) engaged the firms of Michael & Carroll PC and Spectrum Gaming Group LLC (collectively “the gaming consultants,” “we” or “our”) to provide “gaming expertise; legal advice; strategic planning; staff development; regulatory, licensing and law enforcement best practices; and other consulting services related to various components of ‘standing up’ the Commission and of the initial phases of preparing for the implementation of the Act.”

On November 22, 2011, Massachusetts Governor Deval Patrick signed H. 3807, “An Act Establishing Expanded Gaming in the Commonwealth.” With Governor Patrick’s signature, Massachusetts will become the 42nd state to offer casino gambling of some type,¹ becoming part of a national industry that in 2011 generated \$63 billion in gross gaming revenue.²

The Massachusetts gaming act (the “Act,” “Gaming Act” of “the statute”) allows for the establishment of three full-service resort casinos in designated regions and one at-large, slots-only facility, all of which are to be awarded as a result of competitive bidding. Applicants and their designated qualifiers must first be deemed suitable after undergoing a rigorous due diligence background investigation similar to those conducted in other gaming jurisdictions.

The establishment of casino gaming represents a major expansion of legalized gambling in Massachusetts, which includes a highly successful state lottery,³ a declining pari-mutuel racing industry, and charitable gaming. The Massachusetts casinos collectively will attract thousands of visitors per day and generate hundreds of millions of gambling dollars annually. Their patron and financial volumes combined with the typical public scrutiny of the casino industry demands that the Commonwealth proceed with care, most especially the formative stages.

¹ Including land-based, floating, racetrack and Native American facilities. The only states without legal casinos or mass-market slots facilities: Georgia, Hawaii, New Hampshire, South Carolina, Tennessee, Utah, Vermont and Virginia.

² Gross gaming revenue is the amount casinos retain after winning wagers have been paid. Put another way, it is the amount gamblers lose.

³ Spectrum Gaming Group is currently engaged by the Massachusetts State Lottery Commission to provide advisory services concerning online play.

One of the most critical things the Commission will do over the next 18 months relate to the awarding of gaming licenses pursuant to the Act. In a practical sense, the Commission will get only one chance to get it right. Although it will have the ability to revoke licensure, the Commission cannot reasonably demand a systematic “do-over” after it awards the four gaming licenses. It is at this point that the Commission can – and should – have its biggest influence on the nascent Massachusetts casino industry, ensuring that it attracts quality applicants, encourages the best scope of development, and puts into effect regulatory best practices that will govern the gaming establishments with integrity.

Of course, while not minimizing the need for these fundamental policies, the Commission must also be cognizant of the economic benefits that well run casinos will bring to the Commonwealth. The regulatory policies of the Commission must strike a fair balance between these two sometimes competing interests – strict control and financial viability.

One important step toward this goal was the hiring of consultants – Michael & Carroll and Spectrum Gaming Group – who are experienced in all matter of gaming law and regulations, casino licensing, and starting up gaming regulatory agencies. Our team of 12 professionals, assisted by support staff, has worked closely with the Commission and its legal consultants and project managers since the beginning. We have made numerous trips to Boston to meet with Commission, staff and consultants; participated in weekly project conference calls; exchanged numerous messages and documents via email; and discussed issues as needed by telephone.

The fundamentals of gaming control are well known and have been reflected in the Commonwealth’s gaming law. During the course of the last four months we have endeavored to apply Massachusetts laws to the establishment of the Commission. In addition, the Commission decided early on to move forward on certain critical items while developing this strategic plan. In effect we were working on two tracks simultaneously, namely the preparation of this strategic plan and the completion of other deliverables. The deliverables included preparing regulations for the RFA-Phase 1 application process, which primarily related to suitability determination of applicants for a casino license. In addition to the drafting of regulations, the consultants prepared application forms which, once approved by the Commission, will be submitted by gaming license applicants. Thereafter, following the requisite background investigations, the Commission will make determinations with respect to the suitability of the gaming license

applicants. The consultants also responded to other unanticipated issues that arose during the course of the consultancy.

This strategic plan also includes a number of memos that the consultants prepared over the course of the last four months. The Commission has considered some of these memos at its weekly meetings. For purposes of this report, we have summarized these memos and have attached these memos as exhibits to this report.

In preparing this report, we have analyzed numerous documents, including, among other items, statutes and regulations of other state agencies in the Commonwealth. While many of the issues facing the Commission are unique to gaming, the Commission functions within the governmental structure of the Commonwealth.

In addition to meeting with Commissioners periodically over the course of the last four months, we also met with legal and other consultants retained by the Commission. We also met with senior officials from the following agencies of the Commonwealth:

- Office of the Comptroller
- Information Technology Division
- Human Resources Division
- Division of Professional Licensure
- State Racing Transition Coordinator
- State Police
- Alcoholic Beverage Control Commission

The insights provided by the Commissioners and the representatives of the state agencies were of significant assistance in helping us understand the intricacies of Massachusetts government and the relationships among and between agencies.

Our work included helping to build the Commission itself. We provided a recommended Table of Organization, including two alternatives concerning the Gaming Agents/Audits division with the Investigations and Enforcement Bureau. Working with the Commissioners, we also developed a FY 2014 through FY 2016 Commission budget and developed a four-year timeline for the Commission's critical activities.

The collective result of our four months of work is provided in this report, which we term the Strategic Plan. The goal of the Strategic Plan is to provide the Commission with a blueprint to implement casino gambling and to develop an effective regulatory system. The regulatory system will ensure that the gambling facilities operate with the highest degree of integrity and that the public has confidence and trust in the regulatory process. The report contains many recommendations; however, the Commission has the final authority to approve and implement them. It should be noted that the Strategic Plan should be viewed as a starting point and should be modified as circumstances change. For example, should the legislature amend the Gaming Act to provide temporary or interim licensure, the plan would have to be amended accordingly. In addition, Commission responsibilities would change if a gaming compact is approved for the Mashpee Wampanoag Tribe.

Michael & Carroll and Spectrum Gaming Group have made every reasonable effort to ensure that the data and information contained in this report reflect the most accurate and timely information possible.

About the Authors

This report was prepared by Michael & Carroll PC, a law firm based in Atlantic City, NJ, and by Spectrum Gaming Group, an independent research and professional services firm based in Linwood, NJ. The firms have decades of experience in all facets of gaming-related consultation, including work for the state/territory governments of Connecticut, Delaware, Georgia, Kansas, Maine, Maryland, New Jersey, Ohio, Pennsylvania, Puerto Rico, US Virgin Islands, and West Virginia, as well as for international jurisdictions and tribal governments.

Neither firm holds a beneficial interest in any casino operating companies or gaming equipment manufacturers or suppliers. We employ only senior-level executives and associates who have earned reputations for honesty, integrity and the highest standards of professional conduct. Our work is never influenced by the interests of past or potentially future clients. Our past private-sector clients, which have been fully disclosed to the Massachusetts Gaming Commission, include entities expected to apply for licensure in Massachusetts.

Our findings, conclusions and recommendations are based solely on our research, analysis and experience. Our mandate is not to tell clients what they want to hear; we tell them

what they need to know. We will not accept, and have never accepted, engagements that seek a preferred result.

The principals overseeing this report were Guy S. Michael, partner with Michael & Carroll, and Fredric E. Gushin, Managing Director of Spectrum Gaming Group.

II. Table of Organization

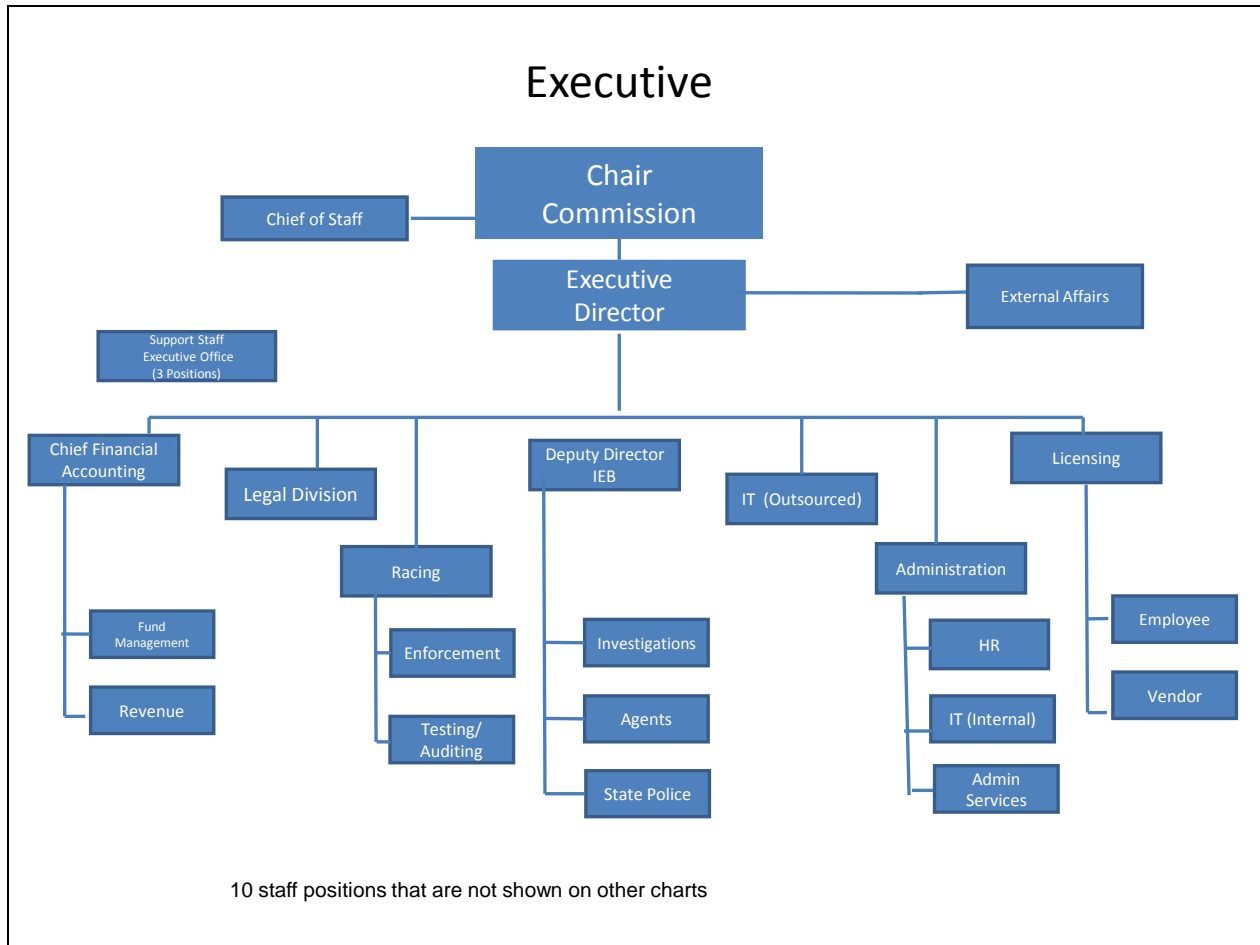
We reviewed the requirements of M.G.L. c. 23K and gained the input of a variety of relevant parties in our endeavor to determine the organizational requirements of the Massachusetts Gaming Commission. In the following narrative, as well as in a memo regarding statutorily required positions (see Exhibit 1) and the accompanying charts, we provide recommendations for the organization and staffing levels needed for the wide ranging regulatory responsibilities of the Commission.

The charts more clearly illustrate our recommendations for the reporting lines to the Commission and the Executive Director, the designated departments and sections of the Commission, and the specific number of staff in each area. The Table of Organization endeavors to establish and specifically delineate all of the duties and functions of the Commission and to segregate them into divisions. We further break out duties and functions within the respective divisions. We attempt to group staff to make the efficient use of personnel.

Inasmuch as the regulatory process necessarily requires the integration and cooperation of several agencies within the Commonwealth, the Table of Organization reflects our recommendations for these interactions.

Of course, the organization of the Commission is in a nascent stage and we suggest that these recommendations be used for discussion, as a blueprint for organizational decision making. The Commission is an evolving agency in the state of creating itself over a period of years, and during several stages. The Commission is, and will continue to be, influenced by numerous dynamics that will no doubt change as time goes on. We cannot hope to create an organizational chart that will represent the precise final structure of a complex agency when most of the critical staff is yet to be hired. This raises a significant point: Some aspects of the Commission organization will be influenced by available staff. While the Commission must have numerous functions by operation of the statute, there are options for combining functions and staff groupings. Some of these options will be influenced by the talents and abilities of the staff the Commission hires.

Recommended Table of Organization



Consistent with the above points, these charts depict three significant staffing alternatives, which impact the Investigations and Enforcement Bureau (“IEB”) and the extent of the presence of State Police on the gaming floor of the licensed facilities. Commission decisions regarding this part of the organization will have operational and budgetary impacts.

There are other alternatives that we recommend the Commission consider in several other sections – for example in Information Technology and in the Legal Division. These alternatives are further explained herein. Each option will allow for the Commission to address its statutory responsibilities, while also allowing the Commission to emphasize its different polices and priorities. We suggest the Commission weigh the options available as the agency goes about the process of becoming more fully staffed.

It is further recommended that the Commission consider the construction schedule of the respective gaming facilities and phase-in the hiring and training of staff to coincide with the openings. Therefore, the Commission will have adequate staffing when necessary but will not incur the additional cost of adding employees sooner than necessary.

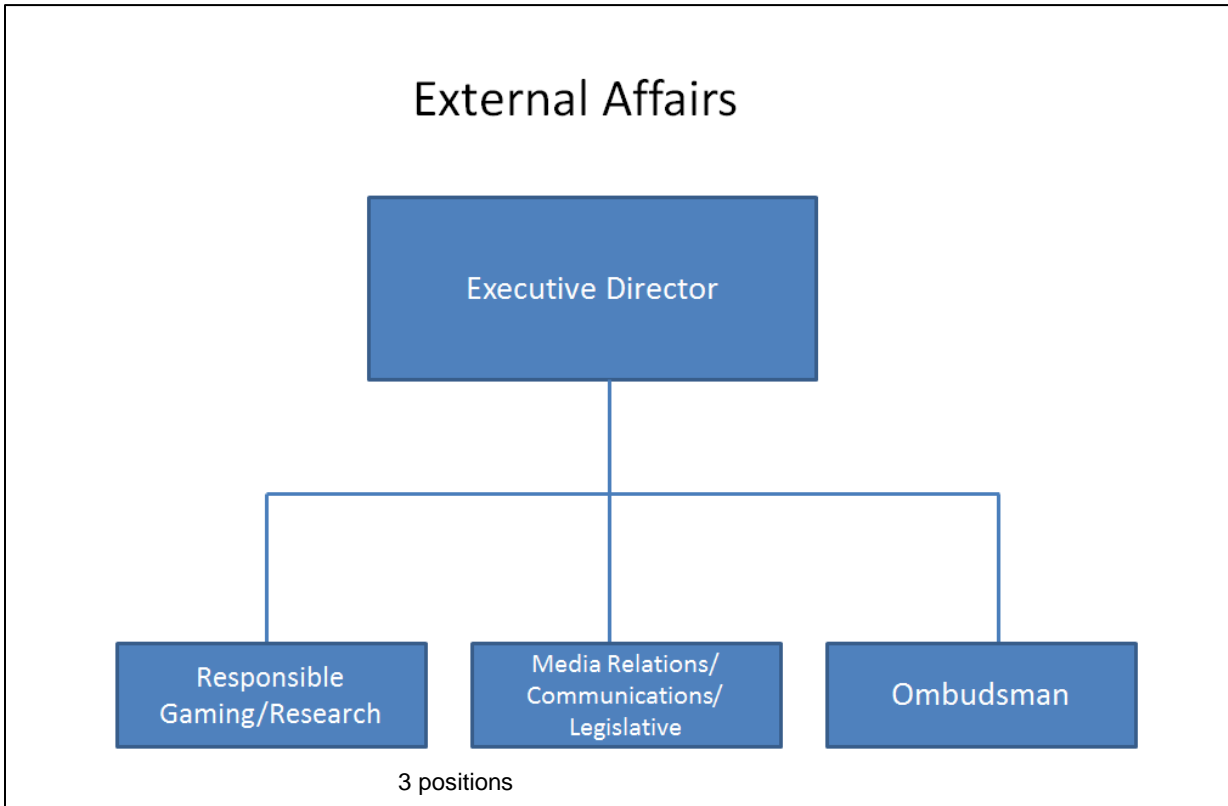
A. Executive Reports

The table of organization endeavors to show the critical reports on the executive levels of the Commission, but it is not meant to exclude the potential for other grouping of responsibilities. This represents our suggestion as to what types of reports and sections would be most useful.

Reporting to the Commission itself is the Chief of Staff and the Executive Director. It is under the Executive Director that the rest of the staff of the Commission report. The gaming consultants have advised the Commission that the Executive Director should be in charge of all staff including the Deputy Director of the Investigations and Enforcement Bureau (“IEB”).

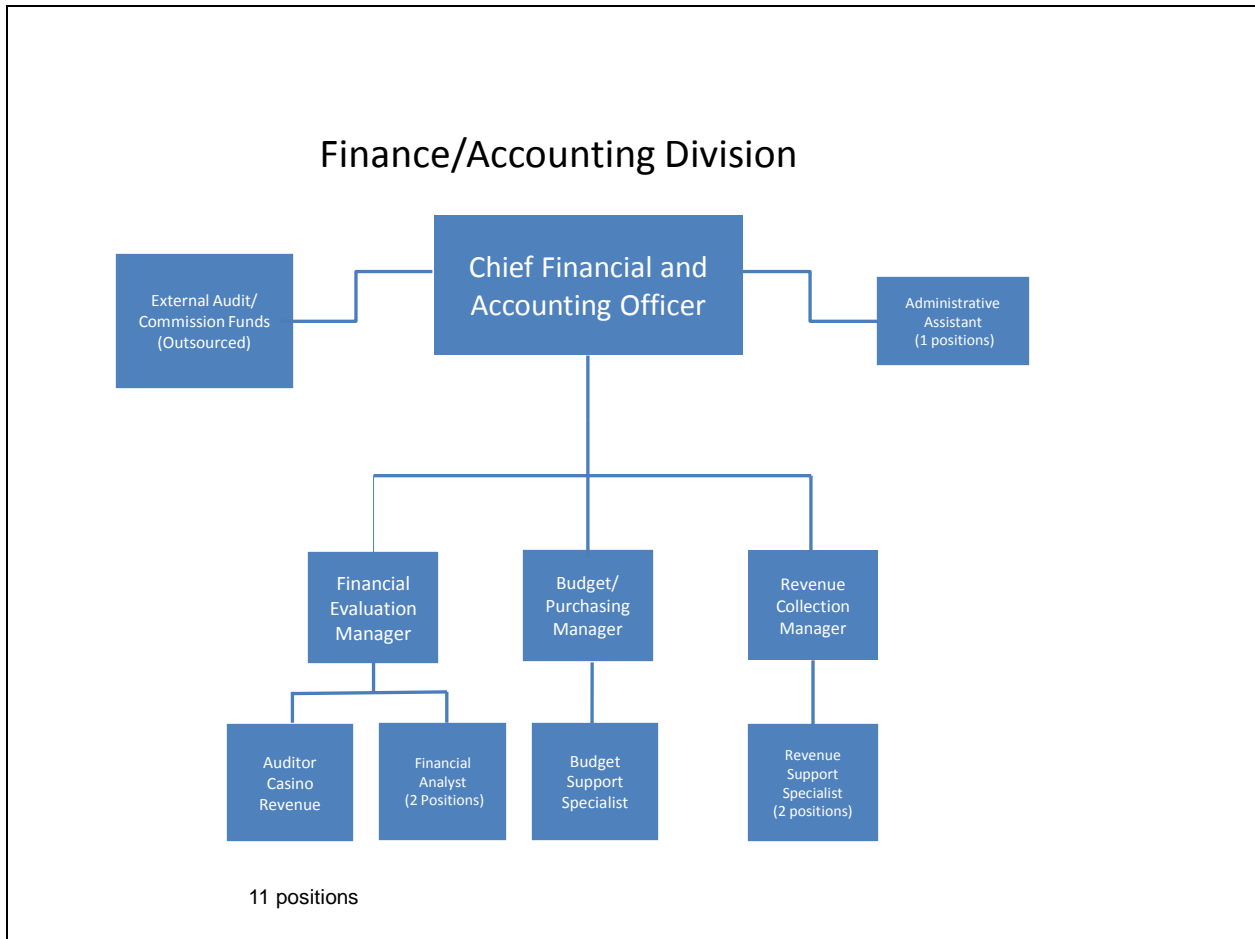
We have divided the personnel needed by the Commission into eight primary sections, which include the IEB, Financial/Accounting, the Legal Division, Racing, Information Technology (“IT”), Administration, Licensing and External Affairs.

B. External Affairs



The gaming consultants recommend that the Commission create an External Affairs section under the Executive Director. This group should include the Media Relations/Communications/Legislative Liaison, the Responsible Gaming/Research function, and the Ombudsman. These functions all have in common the interaction with the public and groups outside of the industry and the process of regulation.

C. Financial/Accounting Division



The Chief Financial and Accounting Officer is a statutory position (Section 3) and is responsible for the funds, books of account and accounting records. To support the Chief Financial and Accounting Officer, we recommend the creation of a Financial/Accounting Division. Again, there are other options the Commission may want to consider regarding this group of responsibilities and the charts we have attached present only one, obvious option.

The Chief Financial and Accounting Officer must be responsible, in accord with the statute, for specific fund oversight and management. The fund responsibilities of the Commission include the maintaining of the Gaming Revenue Fund and the distributions from that fund established in Section 59 of the Act. The Commission is also responsible for the collection of tax revenue. For example, Section 55 of the Act provides for a daily tax on a

Category 1 licensee of 25 percent of gross gaming revenue. A discussion of these funds and revenue sources is contained in a memo on Revenue Sources dated June 15.

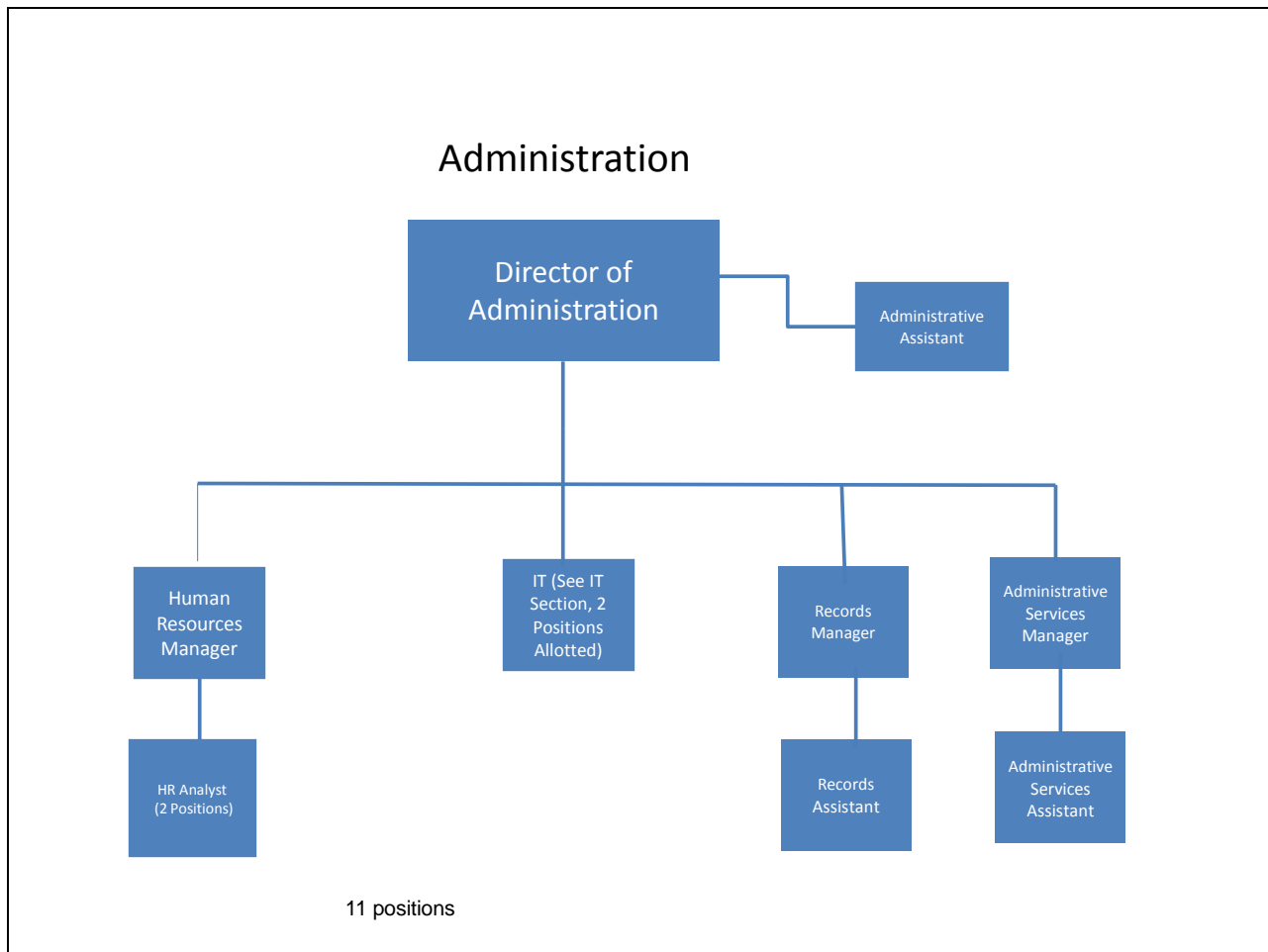
Because of the Commission's responsibilities in these areas we have recommended the hiring of a Revenue Collection Manager as a near term hire. (See Exhibit 2.) This position would be subordinate to the Chief Financial and Accounting Officer and would have the administration of the Commission's funds as a primary duty.

Two separate audit functions are recommended in the Finance and Administration section. The first is an audit function over casino revenue. This staff function will be responsible for examining the casino licensee's payment of taxes from the daily revenue count by performing broad revenue audits. These audits will evaluate revenue reports created by the casino licensees with tax payments.

The other audit function we recommend is not a staff function but an outsourced external auditor for the examination of the Commission fund and revenue activities. This outside auditor is also recommended by the State Comptroller. There are a number of internal controls that the Commission will need to implement over the fund and revenue management. The paramount responsibility will be to assure integrity over these funds and the distribution of the gaming tax and revenue from all other revenue sources, such as application fees.

It is worth noting that we recommend a third auditing function for the Commission, but that function is in the IEB and will be addressed in the section under Gaming Agents/Audit.

D. Administration



The Director of Administration position will be responsible for the day-to-day internal matters of the Commission and will have staff and responsibilities that are typical for any administrative agency. Under this position are human resources, administrative services and records management. (A full discussion of the IT staffing options is addressed in the IT Section.)

Another option is the combining of Administration and Finance/Accounting. There are functions in Finance, such as purchasing, that are typical of any government agency but that relate to the functions in Administration. For example, IT systems and the hiring of staff (HR decisions) must be made within the confines of budgetary constraints. The budget on the other hand must be, by statute, under the Chief Finance and Accounting Manager. Thus these sections could be combined.

There are also advantages to keeping these functions separate. Having different managers over these functions will assure, for example, greater independence and allow for a system of internal control for the Commission which can enhance the integrity of the agency.

E. Information Technology

Information Technology staff will need to meet two separate kinds of requirements. The first concerns the operational requirements of the Commission and includes support for personal computers, well-focused training for MS Office and related products, and consulting support for standard office applications involving spreadsheets, Internet file transfers and small databases. Additional operational needs will emerge as the large systems, such as License and Financial, are implemented.

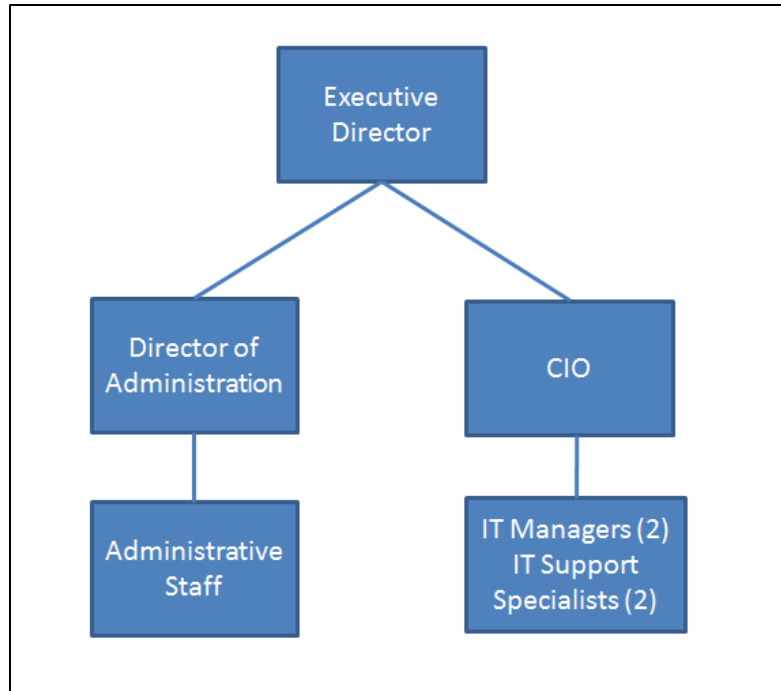
Staff who support the operational requirements of the Commission need not have a background in casino regulatory systems but must have a firm commitment to service and a desire help non-technical users gain proficiency with computer resources.

The second type of requirement is not related to operational needs, but rather concerns a set of specialized technical topics that include computer security, Internet gambling, cashless systems, central control systems for casino monitoring, computerized audit and analysis systems, and multi-casino systems. The person involved with this type of work must have extensive experience with casino systems plus a technical degree at the graduate level.

There are three organizational options that will support the IT requirement of the Commission:

1. Option 1

All IT staff will report to the Chief Information Officer who, in turn, reports to the Executive Director. The Administrative Division will have no role regarding IT functions.



Arguments Pro:

1. This scheme provides a clear chain of command that is directed by the senior technical position.
2. A single point of responsibility helps insure coordination of IT policies and IT activities.
3. Most casino regulatory agencies follow this type organizational pattern.

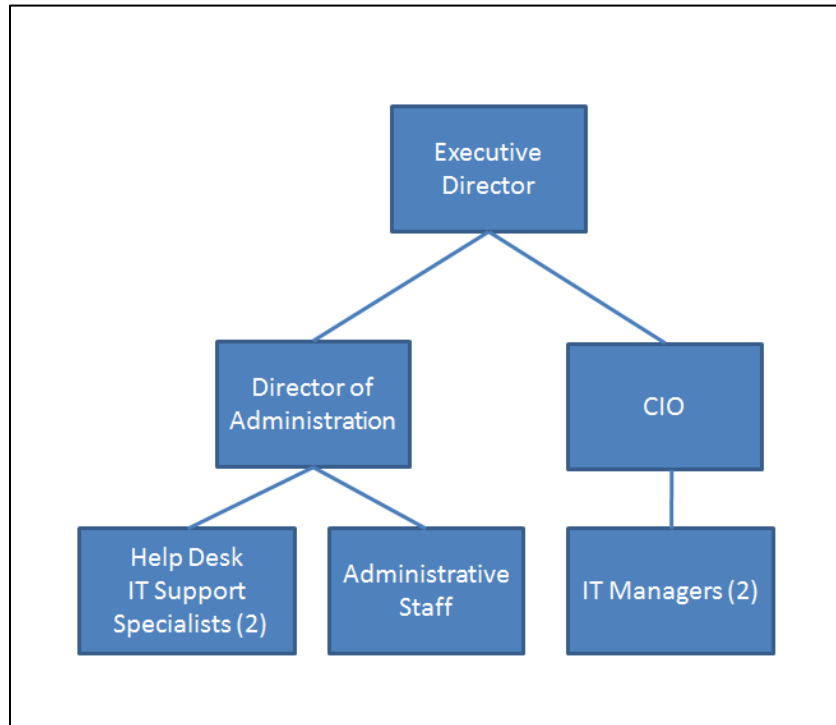
Arguments Con:

1. The CIO will have to devote a fair portion of time toward supervision and quality-of-service issues that may not be the best match for a person with significant technical training and experience.
2. It may be difficult to find applicants who have a substantial technical background as well as experience with RFPs, project management, budgeting, and supervision of contractors.

2. Option 2

The CIO will report to the Executive Director and supervisor the IT staff. The Administrative Division will be expanded to include two positions for PC support and training. These two positions will function as “IT concierges,” with responsibility to staff the Administrative Division help desk in order to provide immediate support for PC problems and

repairs, consulting on Windows software problems, and training. Problems concerning all other IT issues will be referred by the help desk directly to the IT group who are supervised by the CIO.



Arguments Pro:

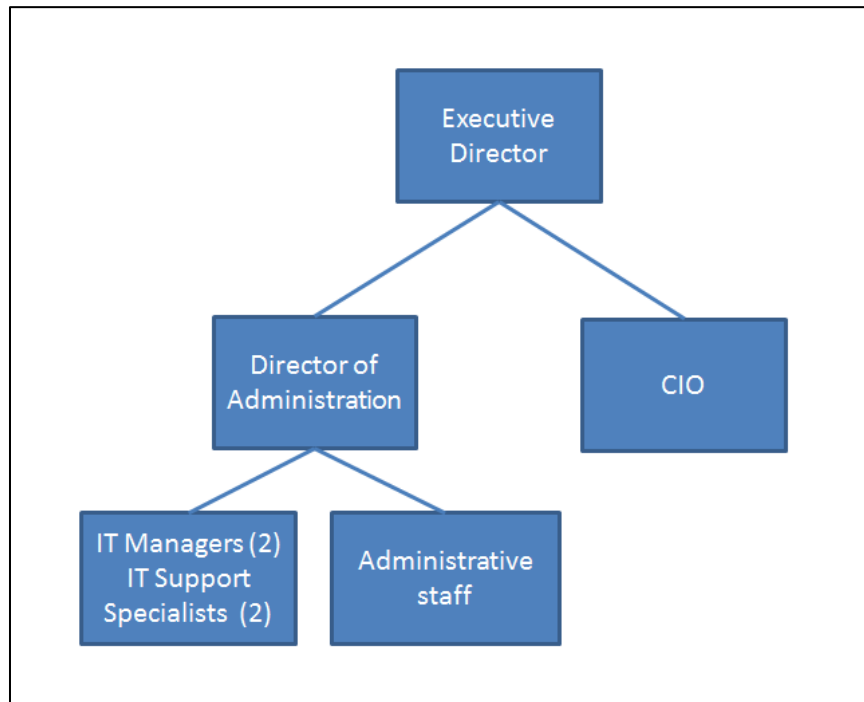
1. This option allows the Director of Administration to offer a portfolio of services with quality of service being an important common element.
2. The IT concierges will not be involved with highly technical issues and, for this reason, it is more important for them to be supervised by a person who is primarily concerned with quality of service and as opposed to technology.

Arguments Con:

1. There is a potential for coordination problems between the CIO and the IT operational staff.
2. IT operation staff may feel as if there is no career path in the Commission for those who wish to follow a technology track.

3. Option 3

All IT staff who are responsible for operational requirements will report to the Director of Administration. The CIO position will not be filled for the first year or two and, instead, consulting services will be used when specialized technical issues need to be answered.



Arguments Pro:

1. This preserves all the options with regard to the CIO position while providing the operation support that is critical during the startup period.
2. The demand for high-level technical advice is not constant during the first year of activities and thus a final decision on the CIO position can safely be deferred.
3. The requirements for IT planning, security and development have to be met promptly but the hiring process for the CIO position might delay these important activities by three or four months.

Arguments Con:

1. If an IT consultant or several consultants are engaged to provide IT services, this leaves open the question of who should supervise and coordinate IT activities.

2. Although it may be difficult to find a CIO with casino regulatory experience, there will certainly be no shortage of top-quality applicants in the Boston area who possess good educational credentials plus significant IT experience.
3. The CIO will gain a valuable advantage by being present at the start of the organization in terms of understanding the requirements and goals of the Commission.

Recommendations:

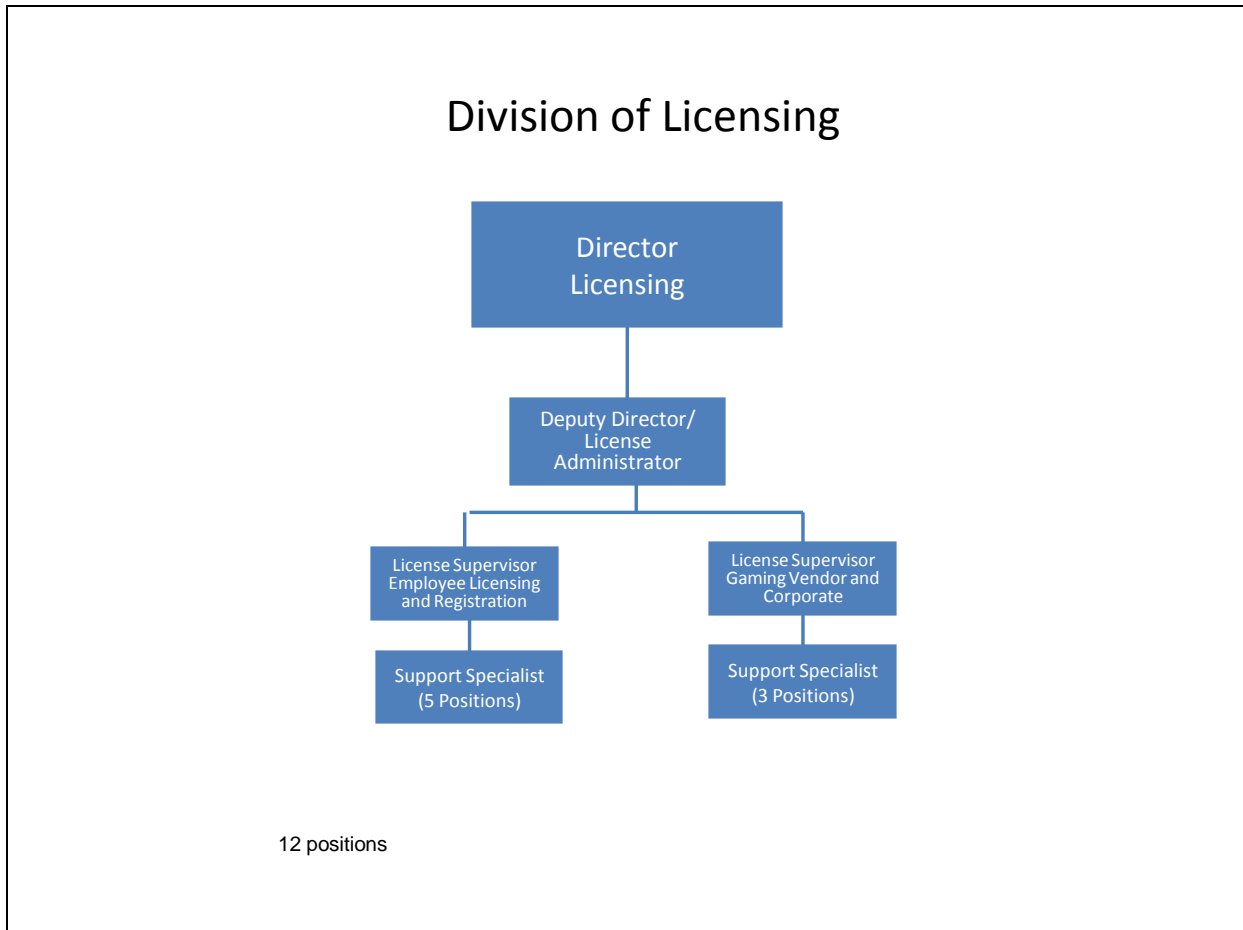
The gaming consultants recommend Option 2 and beginning the search for the CIO as soon as feasible. This approach provides the appropriate mix of resources needed to meet difficult technical challenges while providing top-quality IT support service for Commission staff.

As is the case with many of the hiring decisions for staff at the senior level, the CIO position involves interplay between the defined requirements and the particular talents of those in the applicant pool. For example, it might be possible find a candidate with a significant technical background plus experience in the casino regulatory area but it is more probable that the Commission will have to choose among candidates who poses strong technical credentials but lack casino regulatory experience. Of course, this deficit can be overcome if other Commission staff in the financial and licensing areas have casino regulatory experience.

Although it may be possible to engage a CIO within three to four months, some IT activities will need to be addressed immediately and should not be delayed until the hiring process is complete. The projects that are recommended for immediate action include:

1. **Assessment of short-term IT requirements.** Review IT requirements for the next six months of activity with special attention to the processing of license applications and the design of the Commission website.
2. **Security blueprint.** At a minimum, it is necessary to develop internal controls for handling the confidential material that will be received in connection with the casino application process.
3. **IT system inventory.** Develop a list and description of the IT systems required by the Commission. This is needed to help prepare budget estimates timelines.

F. Licensing



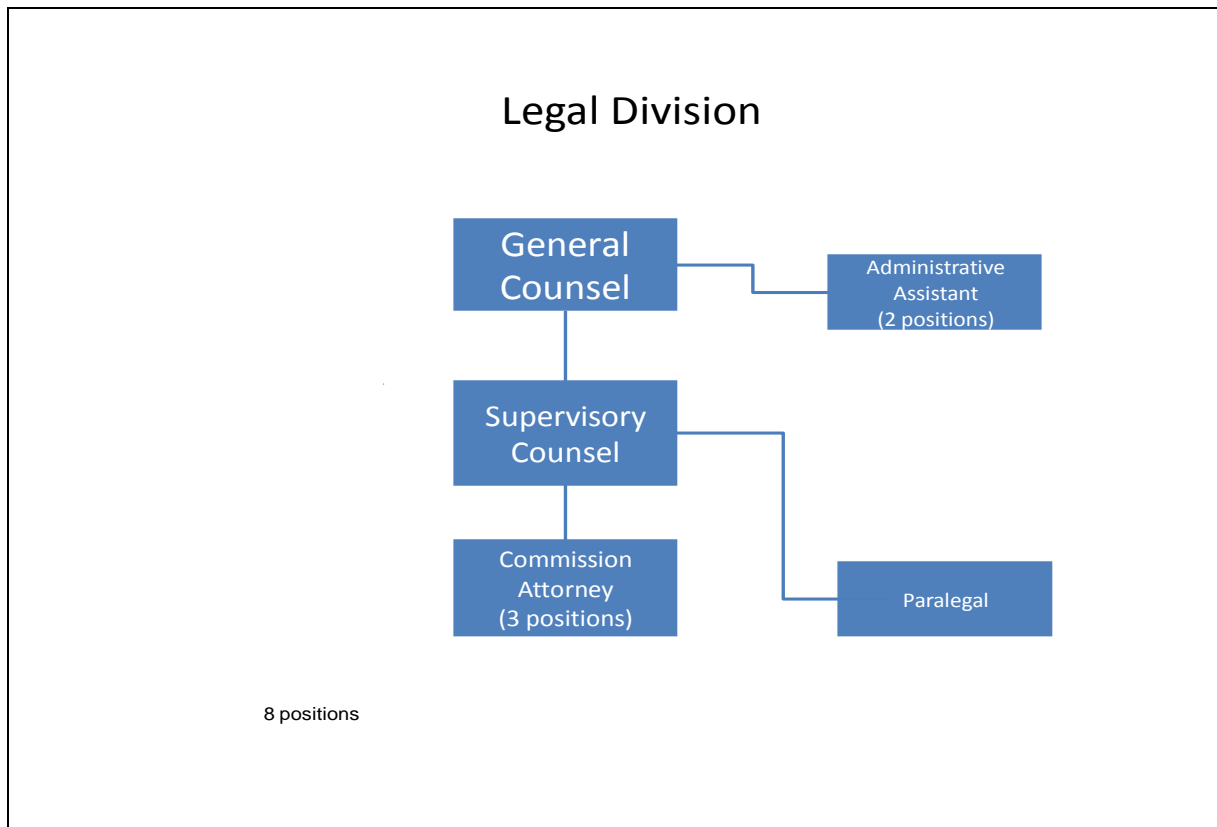
This License Division is responsible for all of the functions related to licensing administration. License administration includes the receipt, control, follow-up and licensing or other disposition of applications for licensing and registration. The Act requires the licensing of casino applicants (Section 8 of the Act), for key gaming and gaming employees (Section 29) of casino and for gaming vendors (Section 31) and requires qualification for officers and directors of gaming vendors. In addition gaming service employees (Section 29) and non-gaming vendors will need to register (Section 31). Non-gaming vendors, who surpass a specified level of business, as defined in Section 31, will also need to be licensed as a gaming vendor.

We have divided the License Division into an Employee-Vendor section and a Corporate section. Each section will have significant interaction with applicants. The need for this function is based on our experience in the complexity and importance of handing such applications with appropriate control and in the ways needed to account for all documents and filings. Applications

filed with the License Division will be reviewed for completeness and then transmitted to the IEB for investigation. The staff in the Employee and Vendor Licensing Units should be cross-trained so that they can back each other up as needed. During the initial staffing of a casino, there will be a significant number of employee licenses filed within a short period.

The Commission should consider staggering the issuance of employee licenses for the most efficient use of resources. A staggered issuance of employee licenses will mean a more even rate of activity for the initial license period and for the renewal of those licenses (vendor licenses shall be issued for a term of three years in accord with Section 31(l) and the Commission shall determine the length of employee licenses, in accord with Section 30(i)).

G. Legal



Because the Commission will need significant legal resources, we have depicted a Legal Division. We envision this staff as attorneys that will be variously assigned to litigation, regulatory compliance, legal research and legal advisory functions. We recommend that the Legal Division attorneys also be variously assigned to the IEB for the purpose of facilitating

hearings. As such, these attorneys will effectively be the IEB's attorneys during those hearings. Thus these attorneys will serve as presenting attorneys to the Commission and as hearing officers.

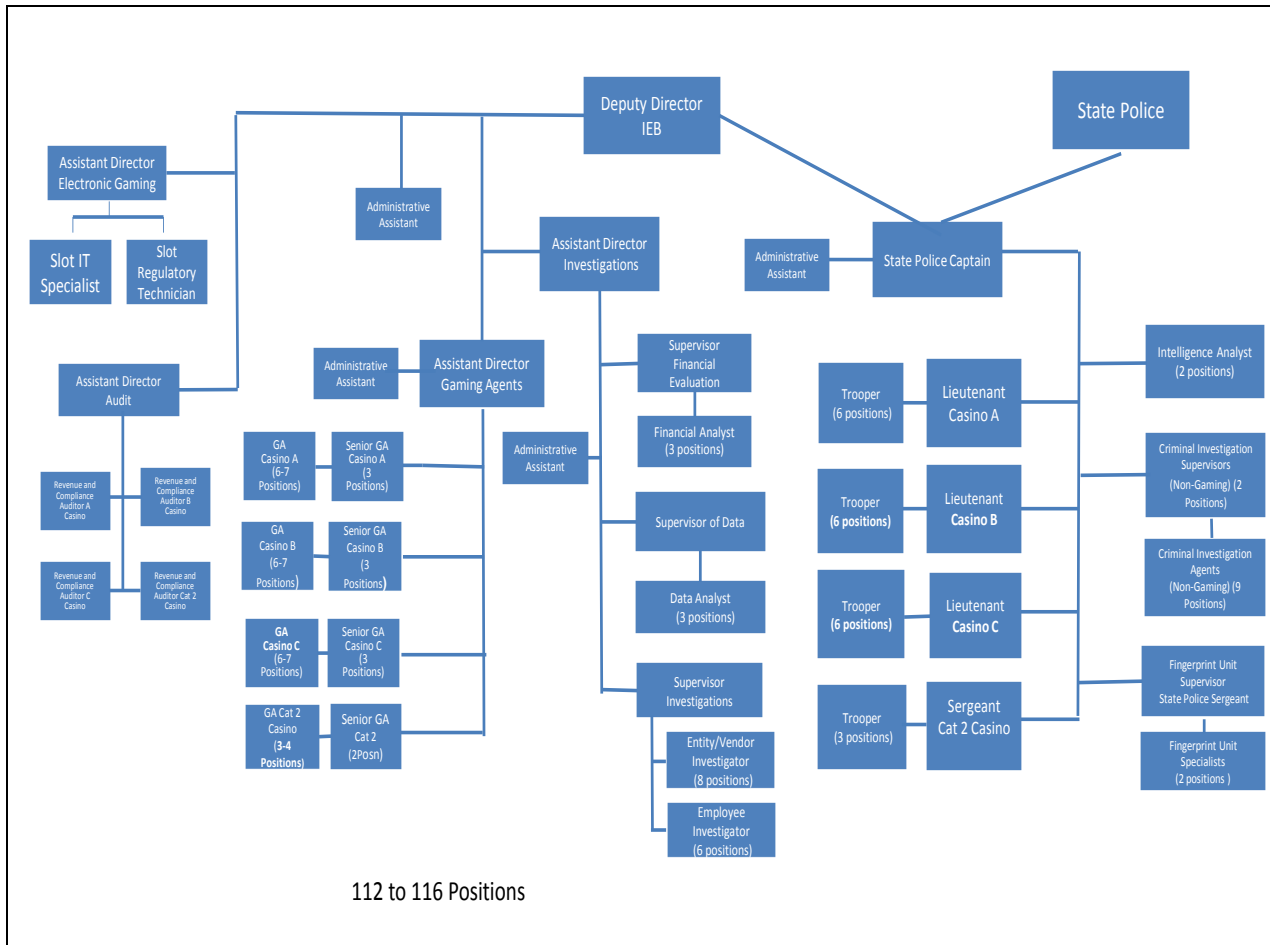
It is important to note that the Act indicates (Section 29 and Section 31) that the IEB conduct its own hearings for employee and vendor applicants and for complaints against casino licensees. We believe that for practical purposes this should be accomplished by assigning attorneys from the Legal Division during specific hearings. The creation of the Legal Division, where all of the legal resources of the Commission will reside, will facilitate the most efficient use of those resources.

Of course, there are alternative methods of organizing the Commission's attorneys. For example there could be a legal section of the IEB that would be assigned to IEB hearings and complaints. We believe that our recommended organization is superior to that model, however, as it allows for a centralized legal group and provides for changes in priorities as the legal needs of the Commission change.

The Commission will have significant need for ongoing legal counsel in matters which are not the specific purview of the IEB, for example in the drafting of regulations. Thus the efficient use of legal resources is an important consideration. We believe the model that allows for a Legal Division and the assignment of attorneys as needed is the most practical arrangement.

We also recommend that all of the policy advisory groups related to the Commission report into the office of General Counsel. Most of the work of these groups involves making recommendations to the Commission as to how their particular interest is impacted by gaming and how new regulations may address their concerns or mitigate the impact that gaming is having on their area of interest. If it follows that regulations are to be drafted it would probably be best if this information is processed through the General Counsel who would most probably be responsible for drafting the regulations once the Commission is fully staffed.

H. Investigations and Enforcement Bureau

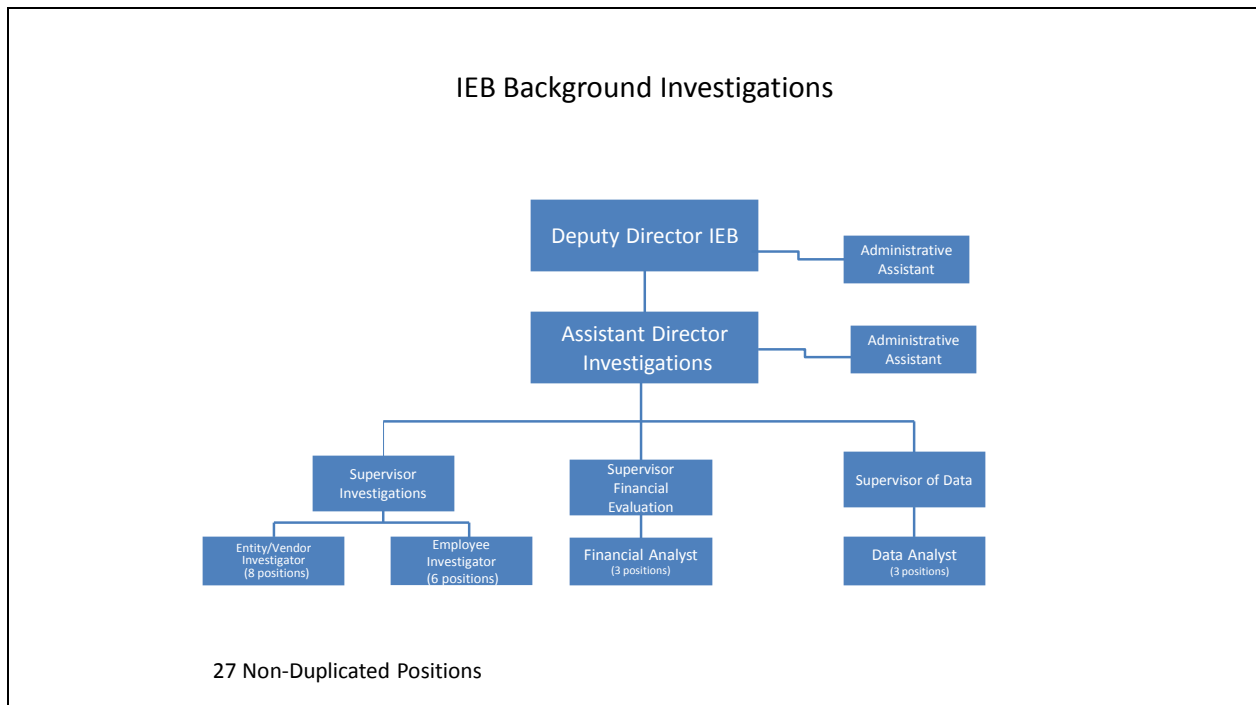


The statutorily required IEB will need to have three sections: Investigations, State Police and Gaming Agents/Audit. We have created alternatives related to the Gaming Agents/Audit section that the Commission should consider when determining its organization. Each of these sections and the alternatives is addressed below.

We have depicted the overall IEB organizational chart above (with Alternative Two staffing levels, but see below regarding other alternatives, and for qualifications). The specific sections are presented below with a further explanation for each area. Please note that for illustration purposes some of the position titles, such as Deputy Director of the IEB, have been repeated on several of the below charts.

The Massachusetts State Police, in preliminary discussions, has indicated that significant additional State Police staff will be needed beyond the levels depicted in these charts. The actual

numbers of staff needed, as well as the organizational structures, are still under discussion as this is written.



1. Background Investigations Section

The Commission will have substantial investigative responsibilities. Section 12 of the Act, to cite one example related to casino license applicants, requires investigations of integrity, honesty, good character, financial stability, the history of compliance with gaming licensing requirements, litigation matters, and the suitability of all parties. Parties which must be investigated are those with a financial interest including those owning 5 percent or more of the common stock of the applicant company (though a waiver for institutional investors is allowed).

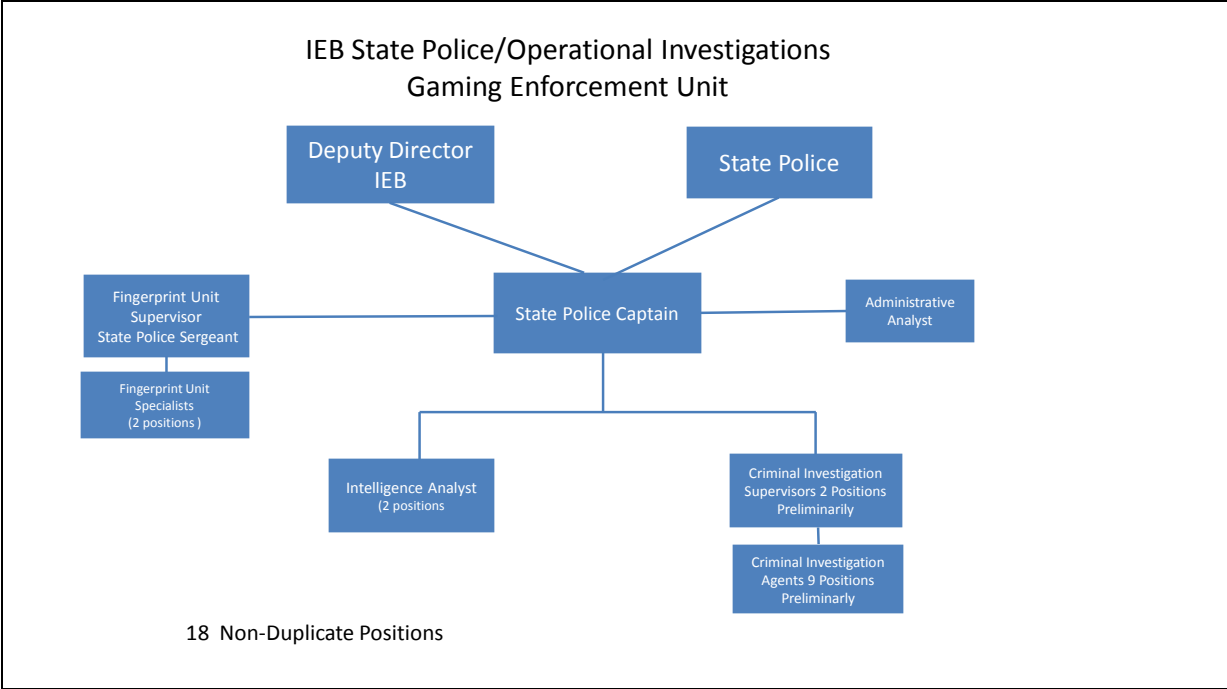
We have recommended in a prior memorandum that the initial investigations of the casino license applications, which will flow from RFA Phase 1, be conducted primarily by third-party contractors. The reason for this recommendation is because of the timeframes involved. It will be difficult if not impossible to hire and train sufficient staff for the Commission to conduct these investigations internally. On the other hand, there are third-party contractors that have performed this type of work under these types of circumstances and within these timeframes for other jurisdictions. We have also recommended that some management positions in the IEB be

hired as soon as possible so that they can participate in and learn about the steps in such investigations.

Beyond the RFA Phase 1, other investigators will be needed for the many other applications that will be submitted to the Commission. Thus we recommend an Assistant Director of Investigations and three subordinate groups, as depicted in the table of organization, based on the need in the Commission for each of these areas to receive sufficient attention. The Financial Analyst group will be composed of individuals with financial investigative and accounting expertise and will address the financial stability, integrity and other financial background issues of applicants. The data analysts will perform database searches for recorded information, such as credit history, regarding applicant backgrounds. Investigators, the third group, will do most of the interviewing and detailing of background information. They will also gather information for suspensions of licenses in the event a licensee is convicted of a crime in Massachusetts or another jurisdiction that warrants such action. The number of investigators shown in each subsection are intended to be authorized positions, to be filled as investigative demand increases based on the number of applications and the renewal cycles.

The background investigation staff are depicted as civilians in our table of organization and, in our experience, many agencies have civilians performing these functions. The Commission, may, however, consider using State Police for some of these positions, especially considering the investigative experience some of them may have.

As mentioned above, the Act provides for the IEB to hold its own hearings for applicants for key gaming, gaming and vendor licenses before any appeals are made to the Commission. Regulations which address the hearing function are still in development and we recommend that all steps possible be taken to make the hearing process independent of the investigatory process. In any event we have addressed the organization of legal counsel above in the discussion of the Legal Division which addresses the hearing process.



2. State Police/ Operational Investigations

Section 15 of the Gaming Act provides for the creation of the Gaming Enforcement Unit which shall be established by the Colonel of the State Police. The Gaming Enforcement Unit is responsible, under the Act, for investigation of criminal activity related to gaming. Section 6 indicates that officers and employees of the Gaming Enforcement Unit of the State Police shall work with employees of the bureau, under the direction of the deputy director to investigate any activity taking place on the premises of a gaming establishment.

It is also noteworthy that Section 9 provides for the Division of Gaming Enforcement in the department of the Attorney General which shall enforce criminal violations of Chapter 23k.

Thus there will be investigatory functions of the State Police which are assigned to the Commission and the Attorney General’s office will have positions that address and prosecute gaming criminal matters. Both the Gaming Enforcement Unit and the Division of Gaming Enforcement will coordinate on the investigation and prosecution of these crimes.

This section of the table of organization describes the State Police and Commission’s Gaming Enforcement Unit for criminal investigations. We anticipate that the section will be supervised by a State Police Captain who will report jointly to the Deputy Director of the IEB

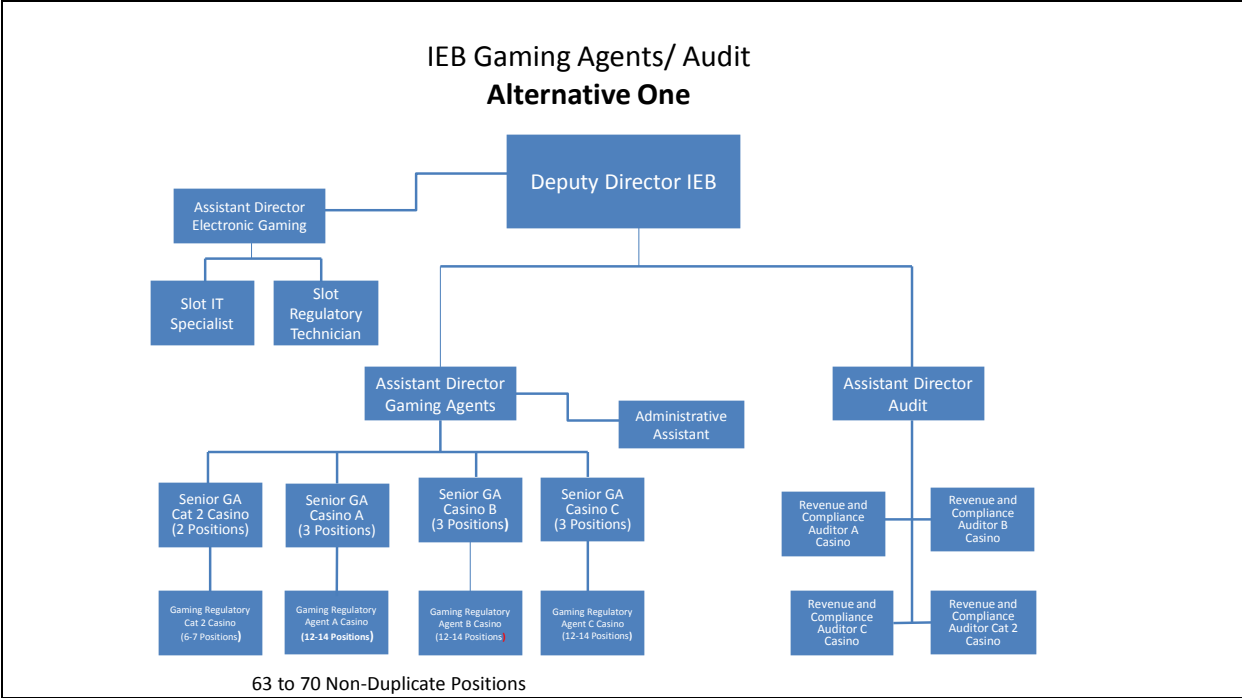
and the State Police. This position of State Police Captain is also anticipated in Alternative Two and Alternative Three of the IEB Gaming Agents/Audit responsibilities.

We anticipate the need for intelligence analysts in this unit. We also anticipate a unit of criminal investigation agents and supervisors that will investigate general crimes in the casinos. State Police that are used in Alternative Two and Alternative Three of the IEB Gaming Agents organization will also be used to investigate criminal activity. The numbers of criminal investigative agents indicated on the above charts is subject to further discussion.

An additional function which is not directly related to the gaming enforcement unit will be responsible for conducting fingerprints for all natural persons that must apply to the Commission for a license or registration.

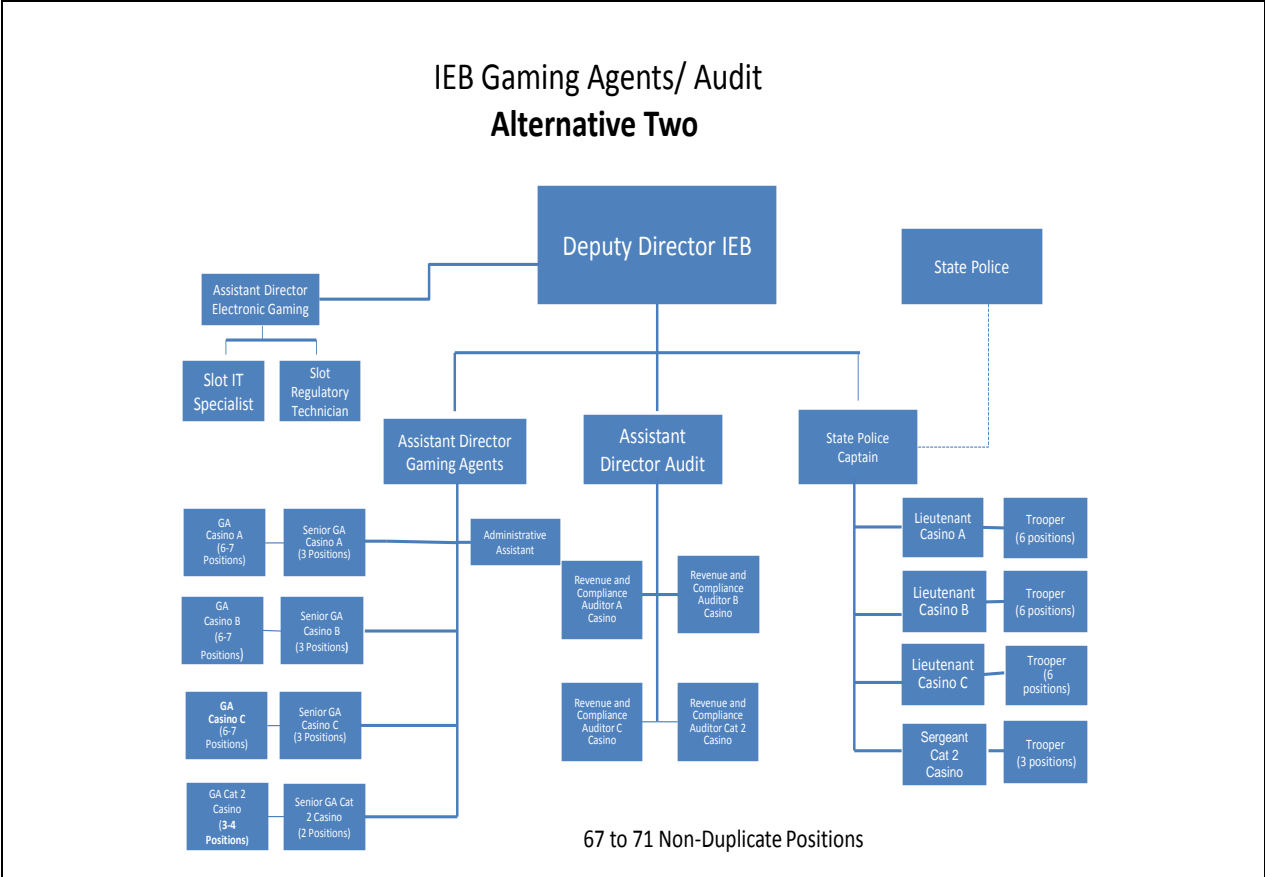
3. IEB Gaming Agent/Officers/Auditors: All Charts

In the following charts we have addressed the needs of the Commission, pursuant to Section 4 (20), to be present through its inspectors and agents on the casino floor at all times. Alternatives Two and Three both depict a police presence for the Commission on the casino floor, while Alternative One presents a civilian presence option. We anticipate that some officers will be from local enforcement forces who will participate to the extent that there is an MOU that is established with the Massachusetts State Police.



Gaming Agents/Audit: Alternative One

In this option, the Commission will address its needs by having a group of Gaming Agents, which will be civilian positions. These positions will be the Commission’s eyes and ears. They will be present at all times and will certify revenue by being present during the tabulation of daily counts. They will also receive complaints from the public, examine records of revenues and procedures and be in a position of oversight for the Commission. This first alternative will provide for a total of 11 Senior Gaming Agent positions and 42 to 49 Gaming Regulatory Agent positions.



Gaming Agents/Audit: Alternative Two

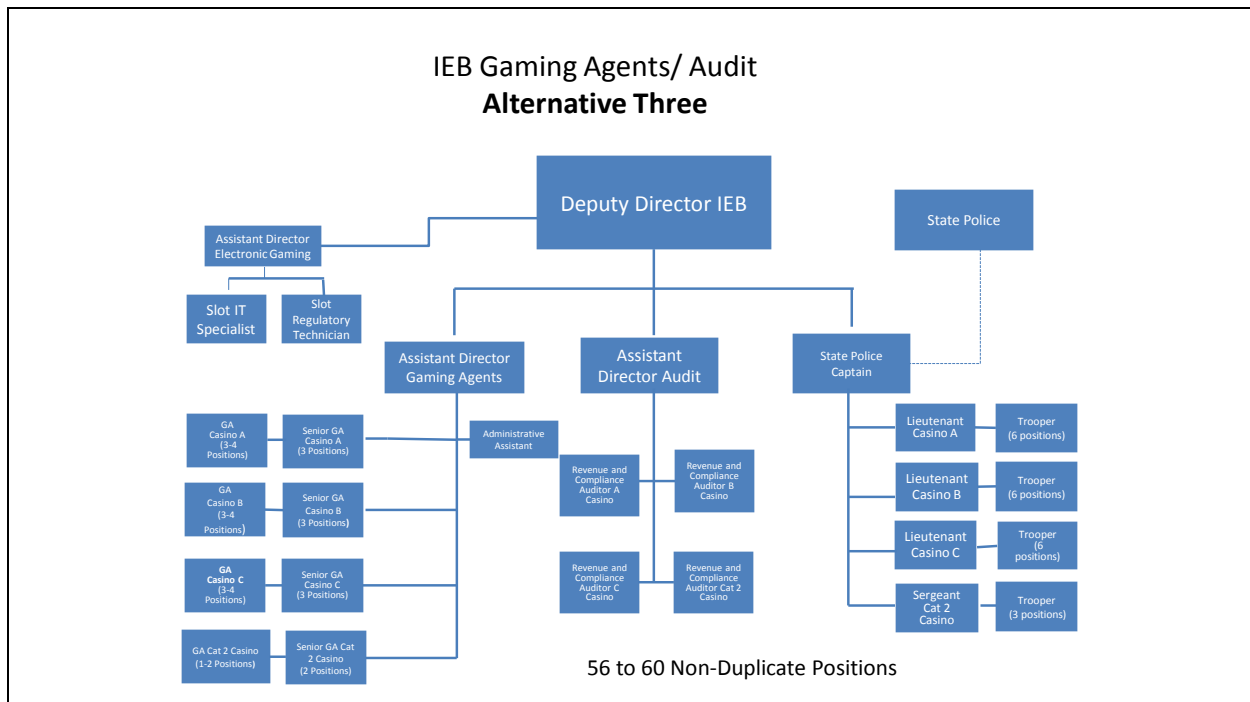
In this option, the Commission will replace a significant portion of its staff of Gaming Agents with State Police. This option will allow the Commission to have a significant presence of police officers on the casino floor. The State Police positions will be at a higher salary level than the civilian gaming agent positions, and therefore this will increase the budget for the Commission, which must be weighed against the advantage the police presence provides. This alternative will consist of 11 Senior Gaming Agent positions and 21 to 25 Gaming Agent positions. In addition, there will be three Lieutenants, one Sergeant and 21 Trooper positions.

This alternative will also allow for the start of criminal investigations through the State Police on the casino floor. These criminal investigations will then be referred to the gaming enforcement unit depicted in the Gaming Enforcement Unit chart above.

In our discussions we have noted that there is a considerable interest in providing the most complete regulatory presence in the casinos of State Police and gaming agents, as a

reflection of the priorities of the Gaming Act. Alternative Two will provide the Commission with the staff that can most completely address regulatory concerns. An approach the Commission may want to consider is to start out with Alternative Two staffing and then consider, after a number of years and presuming there is a good record of integrity in the Massachusetts gaming industry, a reduction to an Alternative Three level staff.

It is also noteworthy that the Commission will need to coordinate its staff with the staff of the Attorney General’s Division of Gaming Enforcement.

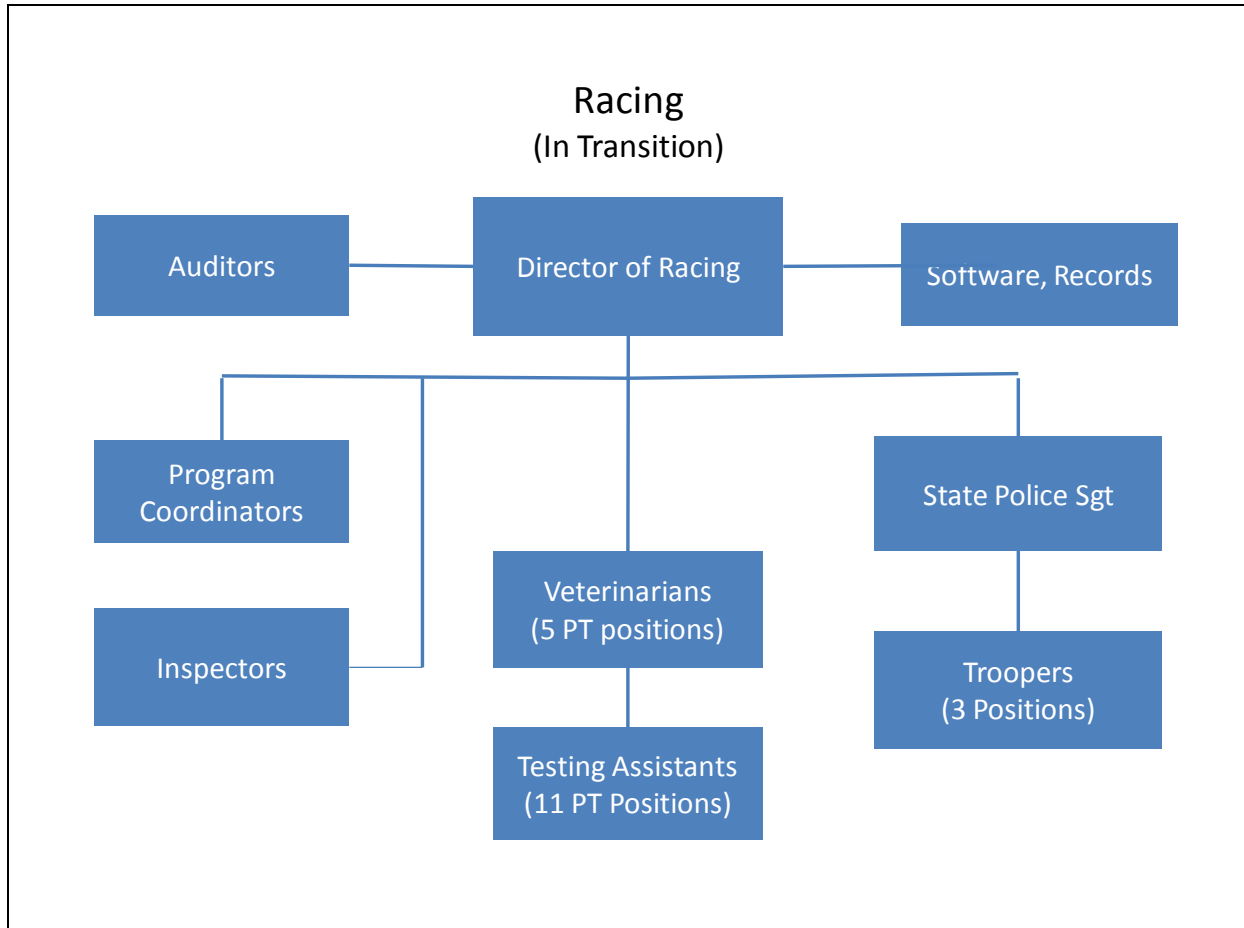


Gaming Agents/Audit: Alternative Three

In this option, the Commission will also have a police presence, but the number of civilian gaming agents will be reduced significantly. This option will reduce the budget requirements for this section but will mean that there will be less overall presence of commission employees in the casinos. While the Commission will still have sufficient employees to be present at all times, staff will be unable to have the depth of presence the other options provide. For example, Gaming Agents may not be present during the tabulation of daily counts. This option will provide for eleven Senior Gaming Agent positions and ten to fourteen Gaming Regulatory Agent positions. In addition there will be three Lieutenants, one Sergeant and 21 Trooper positions.

As in Alternative Two this option will allow for the start of criminal investigations through the State Police on the casino floor. These criminal investigations will then be referred to the gaming enforcement unit depicted in the Gaming Enforcement Unit chart above.

I. Racing Commission



The Commission, according to Section 7 of the Act, must serve as the Racing Commission. As such the Commission is over the prior staff that served the State Racing Commission. The Commission has hired consultants to address the transition from the prior structure. We recommend that the Commission explore the possibility of economy of scale by potentially utilizing its other resources in IT, Administration and possibly in Licensing.

III. Timeline

We have developed a timeline to address the key milestones for the next five years. They have been assembled based on review of the statute, discussions with the commissioners and other persons in a position of knowledge regarding Commission requirements, and from our experience with other jurisdictions in comparable situations. They represent our best efforts to identify significant upcoming events and estimate the time needed to complete them, but it should be noted that it is difficult to take into account all potential issues and complexities that could arise.

There is an abundance of unknowns at this time, and each of the dates in this timeline should be considered an estimate or the mid-part of a range much more than a date certain.

Some of the unknowns that can affect the timeline include: the time needed for the resolution of scope of licensing issues; the number of qualifiers, companies, and institutional investors which must be investigated; the number and complexity of criminal history or other potential issues that may affect a report on natural person qualifiers; any issues that may have a bearing on financial stability of any company; the number of applicants for a license in a particular region; the cooperation of applicants; the willingness or reluctance of companies and natural persons to file in a timely manner; and the speed with which follow-up material is filed by applicants. This short list of unknown issues relate primarily to the RFA Phase 1, but there are also a large number of other unknown issues that will exist in the RFA Phase 2 process.

It is entirely possible that both the RFA Phase 1 and RFA Phase 2 processes will go quickly, that there will be no unexpected problems or points of contention, that there will be no reluctance to file applications or follow-up forms, that the number of applicants will not be extremely large, that all components of the process will move forward without hesitation, and that the entire process from start to finish will be completed in significantly *less* time than we have estimated in this timeline. If that happens the Commission may be in a position to award a license and casinos may open well before the estimated time. The opposite is also possible; that more time will be needed for the full process. This timeline is our best estimate of how long the entire process will take, in consideration of all the potential variables involved.

With the above qualifications in mind, the following is an explanation of the timeline; please refer to the graphical timeline separately attached (due to file size) and “Chapter III Timeline” as well as Exhibit 3, which discusses Option 1 and Option 2 for the timing of licensing.

1. Strategic Plan: Completion Date October 2012

With this report, the Strategic Plan has been completed in October 2012. It includes portions which address regulations, budget, and policy. This timeline is a key part of the plan. Together with its many parts the plan is designed to enable the Commission to fulfill its statutory responsibilities and to foresee and prepare for its critical future decisions.

2. Near-Term Hires: Anticipated Date January 2013

A memo was addressed to the Commission on June 10 recommending certain near term hires in critical management positions. (See Exhibit 2.) The positions recommended included hiring the Executive Director and the Deputy Director of the Investigations and Enforcement Bureau. It is our understanding that the Commission has accepted that recommendation and has taken action to find the best qualified persons for those positions. Our timeline anticipates the Commission will have an Executive Director on staff by the end of November 2012, the Deputy Director of the Investigations and Enforcement Bureau by the end of December 2012, and the other key management recommended in the near term hire memo by the end of January 2013.

3. RFA Phase 1 Applications Made Available: Anticipated Date October 2012

It is anticipated that RFA Phase 1 applications will be made available on the Commission website and through other practical means in October 2012. Section 8 of the Act requires that the request for applications for Category 2 licenses be issued first; however, the request for applications for Category 1 licenses is anticipated to be issued shortly thereafter.

4. Scope of Licensing for Investigations: Anticipated Date November 30, 2012⁴

The determination of scope of licensing, or the determination of which companies and natural persons affiliated with each applicant need to file applications, is expected to be resolved for each applicant by the end of November 2012. There are often issues which must be resolved at the policy level regarding the scope of licensing. It is anticipated the Commission will resolve any issues on the requirements to file by the same date. See Section 7 below regarding the investigative process for an explanation for some of the issues that may arise during the scope of licensing.

5. Commission Receives Completed Applications: Anticipated Date December 31, 2012

After the determination of who must file (see above – Scope of Licensing for Investigations), applicants will be allotted 30 days (a period we deem to be reasonable) to file the application documents. This timeframe can be met presuming the applicant companies cooperate fully in the process.

6. Regulations for RFA Phase 2: Anticipated Completion Date June 2013

While activities are continuing for RFA Phase 1, the regulations needed for RFA Phase 2 will be drafted, published and adopted. This process is starting in the fall of 2012 and it may be completed earlier than June 2013. Regulations will be drafted in priority order, as stated later in the Strategic Report, to coordinate them with the actions reflected in this timeline.

7. Suitability Investigations: Target Completion Date June 2013

There are numerous steps to completing the suitability investigations. We anticipate that management level personnel brought on board by the Commission during this time (see near term hires memo) will contribute to the investigations. However, the consultants have recommended that the investigations be completed substantially by third-party companies that have experience in this type of work. Our target date for completion of the investigation process

⁴ Times allotted in the timeline reflect our expectations based on our experience in other jurisdictions. However, it is possible that less time will be needed for different portions of the timeline if no issues – substantive or procedural – arise and if all applicants are timely and cooperative. Should that be the case, the investigations could be started earlier than reflected in the timeline.

is June 2013; an estimate based on prior typical investigations. This assumes a six-month period of investigation.

This estimate of the time needed for this phase of the timeline is based on our experience in other jurisdictions in similar investigations. It should be noted that initial casino licensing investigations typically take between 9 to 18 months in major gaming jurisdictions such as New Jersey and Nevada. Based on our experience in conducting multiple suitability investigations for other gaming regulatory agencies, the timeframe can be compressed with the use of experienced investigators and the use of investigative protocols that streamline the process without compromising the integrity of the investigations.

In our experience, the six-month timeline is reasonable but aggressive. It is possible that the investigations can be completed in a shorter timeframe if there are few applicants, and if the applicants are familiar with the investigatory process. A longer timeframe could be needed if the opposite situation occurs.

In conducting casino entity licensure investigations for a number of other states, the gaming consultants found that the six-month timeframe was adhered to in Singapore, Ohio, Maryland and Maine. The completion of the investigations in the six-month timeframe is, first and foremost, dependent on the resolution of all significant scope-of-licensing issues before the investigations commence. In that way, the investigations need not be slowed down pending legal determinations as to what entities fall within the gaming law guidelines. The starting and stopping of investigations pending these determinations slows down the process and increases investigative costs.

Moreover, the length of the investigation is directly impacted by the number of natural person qualifiers, as well as the complexity of an applicant's table of organization. In our investigations in Ohio, for example, there were over 70 natural person qualifiers and 10 entity qualifiers for one applicant.

It also should be noted that the completion of the investigative phase will depend in large measure on issues that surface during the course of the investigation and the cooperation of companies and individuals to respond to document and information requests. To the extent that investigations can be completed in fewer than six months, investigative reports should be filed as the entity reports are completed.

In Massachusetts, we do not yet know of all entities and qualifiers for casino licensure. We believe that the applicants will include well known casino companies that are likely to partner with local partners and financial sources. Together, these entities will comprise the “applicants” in the Commonwealth. While many of the gaming companies may have been licensed by other states, the local partners and financial sources may not have been licensed. Moreover, some of the gaming companies likely to be applicants in the Commonwealth are going through ongoing changes to their corporate structures that may require significant investigation. Some companies privately held may go public and other companies publicly held may go private.

It is important to also keep in mind that the statutory filing requirements in Massachusetts regarding parent companies, holding companies, intermediary companies, institutional investors and natural persons are extensive, as are the standards for licensing.

On balance, we believe that the six-month period allocated for the conduct of the suitability investigations is a reasonable but aggressive period in which to complete these critical investigations.

8. Commission Reviews Investigative Reports, Conducts Hearings and Determines Suitability: Expected October 2013

The review of the investigatory reports by the Commission will entail a hearing process to determine which companies and personnel are qualified according to suitability standards in the statute and regulations. The length of the hearings is dependent, to a large degree, on the information developed for the investigative reports.

9. Commission Hires Staff for the Investigation of Construction Companies and Conducts Investigations, Starting in Summer 2013

The Act requires a finding of suitability for construction companies, thus must be hired for the processing of these applications and conducting of these investigations.

10. RFA Phase 2 Applications Released, Submissions Start to Completion: October to December 2013

After suitability is determined, the RFA Phase 2 applications and other requirements will be released to those companies found suitable. It is anticipated that submissions of the applications and all documents needed for the license selection process will be completed by the applicants by December 2013.

11. Surrounding Community Agreements Executed: Estimated Date October 2013 to December 2014

12. Host Community Agreement Approved by Referendum: Estimated Date October 2013 to December 2014

There is no statutory restriction concerning the start of host and surrounding community agreements; however, in all likelihood, and because of the investment and time needed, they will not be completed until after suitability is determined.

13. Commission Reviews Responses to RFA Phase 2 and Awards License: Approximately February 2014

Note: Commission Options for this Process

Our understanding (while noting that circumstances are subject to change) is that there will be multiple bidders for the Category 1 license for Region B but that there might be only one bidder for the Category 1 license for Region A. We also understand that Region C will be reserved for a Native American casino. Additionally, at this time it appears that there may be competition for the Category 2 casino.

Regardless of the competition that exists in the different regions and with the Category 2 casino, the Commission has options available as to in what order it issues licenses. It may award the licenses in Region A and Region B *concurrently* or it may decide on licenses in Region B and then *sequentially* decide on a license in Region A. There is also the consideration of when the Category 2 license is issued.

Some of the implications of these options are discussed below and are explained in more detail in the accompanying memorandum.

Option 1: The Commission Determines Suitability for All Regions Concurrently

In this option, the Commission considers the responses to the criteria established for awarding a license in both Region A and Region B and Category 2, including many matters such as the capital investment and the host and surrounding community impacts. Announcement of the decision on the awarding of all licenses is made at or near the same time.

The advantage to this option is that it shortens the overall process. Entities awarded licenses can begin construction and take all necessary steps to develop their destination resort as quickly as possible.

The disadvantage of this option is that qualified bidders in one region that are not awarded the license may be forever frozen out of the process in Massachusetts.

Option 2: The Commission Determines Suitability for Regions Consecutively

In this option, the Commission considers all the bids for the Region B license, where there are multiple bids, and makes its decision on those licenses and the Category 2 licenses first. Entities that are not awarded the license in Region B are then given the option of bidding for a license in Region A. Once all the bids are submitted for Region A, the Commission makes its determination on a license in that region.

The advantages to this option are that companies that lose the bid for Region B may then bid for a license in Region A and therefore generate competition for a license in that region. The disadvantage to this option is that it adds to the time needed before a license is awarded in Region A and therefore means the opening of a casino in that region will be delayed.

For practical purposes we have depicted only two options in the timelines. Timeline Option 1 assumes the Commission will award licenses concurrently and Timeline Option 2 assumes the Commission will award the Region B and Category 2 licenses first and then consider and issue the Region A license. Option 2 repeats not just the Commission consideration of the RFA Phase 2 but also the Surrounding Community Agreements and the Host Community Agreement Referendum.

Additional Options

There are other options the Commission may want to consider in determining the order of licensure, or if it sets a priority order for processing. It is beyond the scope of this Strategic Plan to speculate on all the potential options in processing and deciding on the RFA Phase 1 and RFA Phase 2 applications and some options will not be evident until more time passes and applications are filed. Depending on the number of applicants in the different regions, the applicants for the Category 2 license, the readiness of applicants to file documents and build a casino facility, the potential for community agreements to be completed and referendums to be

passed, and many other issues, there may be myriad matters the Commission considers when determining if it should issue one license first and whether it should prioritize one license process above another.

One additional option that has been discussed is prioritizing the applications for the Category 2 casino license. There are, of course, the variables that can impact processing time, but all efforts could be made to process the Category 2 license applications first and that license before any other. It is possible that the Category license could be issued two or three months earlier than the timeline indicates if this is done.

It is likely, however, that this prioritization would have tradeoffs that may be negative for other applicants. Applicants for a Category 1 license may have their licenses delayed for the same number of months. This is because the attention of the Commission, the investigative and legal teams, and all others involved in the different components of the processes would be focused on the Category 2 license even if the other applicants are ready and capable of completing the different processes in a timely and efficient fashion.

But there is one additional advantage to prioritizing the Category 2 license application: It is likely that a Category 2 casino facility, which can only have slot machines, can be built in less time than a Category 1 casino (see below discussion on construction time). Thus if a Category 2 license is issued at an earlier time it would mean that the casino facility can be built earlier and gaming revenue can be generated earlier.

Considering this advantage, the Commission may want to consider the prioritization of the Category 2 applications as another viable alternative.

The remainder of this chapter explains the timeframes that we foresee under Timeline Option 1 above. Timeframes for Option 2 are the same for Region B but significantly expanded for Region A, as illustrated under Option 2 in the timeline chart. The below does not consider the potential of other alternatives such as prioritizing the Category 2 license.

14. Construction for Category 2 License: Estimated Completion November 2014 or Later

The construction of a Category 2 license can take 9 to 12 months or longer. There are variables here also, but if an existing racetrack, for example, is awarded a license for a Category

2 license, the company owning that track may be able to build out a property in less than 12 months. Note that there are no guidelines in the statute for issuing a Category 2 license before or after any other license. Section 8 does require that the Commission shall first issue a request for the Category 2 application but does not address the timing of the awarding of the license.

15. Construction for a Category 1 License: 18 to 30 Months from Award Date

As explained above, the completion date for construction of a second Category 1 casino operation will be affected by whether the Commission awards the licenses concurrently or sequentially. In any case, however, we anticipate the construction of any Category 1 casino to take approximately 18 to 30 months, or even longer depending on many factors. Note that there is no provision in the statute for a temporary facility.

16. Process Gaming Vendor and Employee Licenses: Estimated Start Date March 2014

The gaming vendor license process will need to start with the submission of applications for companies that may be involved in the construction of a casino facility. These companies will need to qualify before construction starts. All other gaming vendor applications will have to be submitted at least six months and preferably nine months before a casino operation is anticipated to open. Because of the requirements in the Act to license gaming vendors and the individuals involved in the parent and subsidiary companies of these vendors, investigations will need to start well in advance. In addition there is no temporary license provided for in the Act for gaming vendors.

Temporary licenses may be issued by the Commission for key gaming and gaming employees under certain circumstances. However, applications for employee licenses should be submitted well in advance of a casino opening so that the Commission has sufficient time to consider the qualifications of a casino's staff.

17. Staff for Investigations and Licensing: Expected Date Early 2014

The Commission will need to hire staff to complete investigations and the licensing process of employee and vendor applications starting in early 2014.

18. Full complement of staff for Category 2 Licensee: Late 2014

A full complement of staff for the Category 2 casino operation will need to be hired by the Commission by approximately September 2014. This staff will include gaming agents, State Police, auditors and all other staff of the Commission except those specifically needed for the Category 1 casinos.

19. Staff needed for the Category 1 Casino Licensees: Expected by early to mid 2015

The gaming agents, State Police and auditors specifically needed for the Category 1 casinos will be needed at least 60 days before the opening of the Category 1 casinos.

20. State Police, Gaming Agent/Internal Controls, Casino Crimes Training: Needed for Category 2 Licensees Approximately November 2014

21. State Police, Gaming Agent/Internal Controls, Casino Crimes Training: Needed for Category 1 Licensees Approximately early to mid 2015

Internal controls and casino crimes training is recommended 60 days prior to opening of the casinos. As casino crimes and internal controls for casino operations are unique to the casino industry, specialized training is essential for all staff hired or under the purview of the Commission, even for experienced law enforcement and investigatory personnel.

IV. Preliminary Information Technology Plan

A. Near-Term

This information technology (“IT”) Plan has been prepared to assess the operational requirements of the Massachusetts Gaming Commission during the next six months. The plan also lists systems that will be needed for the long term and includes a discussion of general IT issues.

The Commission has already achieved good results with regard to IT in that important resources such as Internet connectivity, personal computers (“PCs”), and a website are currently in place while, additionally, work has commenced on the Document Management and Scheduling Systems. Listed below, in priority order, are the IT projects that will be required on a near-term basis:

1. **Security.** The inadvertent release of confidential information and the failure to follow procedures designed to protect this type of information are the main causes of security problems. Particular attention is needed to establish internal controls for handling confidential information related to the application process. Technical attacks on computer resources are always a possibility, but the first step is to insure that appropriate operational controls are in place as early as possible.

In order to assist in compliance with Massachusetts Executive Order 504, the Commission must place an emphasis on security and raise security awareness to help avoid the inadvertent disclosure of either proprietary or personally identifiable information. The disclosure of either type of information will result in seriously harmful consequence for the Commission.

2. **Criminal History Interface.** In order to receive information from criminal history systems such as those maintained by the State Police, Federal Bureau of Investigation and the IRS, a computer interface will have to be implemented along with the appropriate procedural controls. It will be particularly important to ensure that access to this information is strictly controlled and documented.
3. **Backup Systems for PC Documents.** The loss of key documents can be costly and time consuming. A backup policy should be developed and a secure facility should be available for backing all documents and emails stored on PCs.
4. **Web Enhancements.** The Commission’s website will provide two functions: It will provide a direct outlet for information about regulatory activities, thus assisting with

reputation management, and it will support document uploads/downloads, online applications and function as a portal to many important types of information.

Online applications pose a special problem because it is not easy to prove that the electronic version of the form is an exact copy of the information entered by the applicant. Applicants may repudiate statements contained on the form or claim they provided information that does not appear in the electronic copy of the document. These issues can be addressed but they require careful consideration.

The Massachusetts Information Technology Division (“ITD”) has published policies and procedures regarding website development which relate to the Commission’s activities in this area. Further, Massachusetts Executive Order 532 appears to allow the ITD approval authority for agency websites. In order to insure compliance with these policies, the Commission should schedule a meeting with the Information Technology Division at the earliest convenience.

5. **Document Management System.** A library system for emails, documents, and letters and meeting notes should be implemented as soon as possible. If this issue is not addressed at the start, it is difficult to go back and properly organize this material. Also, good document control will assist in answering requests filed under the Massachusetts Public Record Law.
6. **Scheduling System.** The Gaming Act establishes a large number of procedures tied to specific periods and deadlines and, therefore, a scheduling system will be an important for keeping these procedures on track.
7. **System Integration.** The Document Management System and the Scheduling System should be designed to support interfaces with other systems. For example, the Scheduling System will probably be linked to the Employee Licenses System and the Document Management System will have to support special applications in the Legal Division and IEB Division.
8. **File Sharing.** Sharing documents and files among Commission staff is an important convenience. Without a file-sharing resource, staff will be obliged to send documents to each other as email attachments or use USB drives, which are both poor options with regard to security.

B. Long-Term

The long-term IT projects are listed below in priority order. These projects will be implemented over two years.

1. **License System.** This will be the largest system implemented by the Commission and it will providing tracking functions, license-card printing, document management and

report generation. The License System will be linked to the website in order to receive applications that have been filed online.

2. **Fingerprint System.** This system can be integrated with this License System or, alternatively, it could function as standalone system.
3. **Vendor System.** The Vendor System will track and manage documents related both to gaming and non-gaming vendors. This system can be incorporated with the License System, but that decision will have to be deferred until the detailed design phase of the project.
4. **Financial System.** In addition to supporting audit and financial evaluation functions, the Financial System will also include an accounts/payable module to support the Revenue Collection Unit. The design of the audit and financial evaluation functions will be highly customized in accordance with the professional experience of the Financial Division staff. At a minimum, the Financial System will include casino gross revenue and quarterly revenue reports.
5. **Document Management System Phase II.** This system will be expanded to include support for the Legal Division and the IEB Division. Functions for the Document Management System will include control of draft regulations, correspondence and submissions. Access to LexisNexis can be considered in order to provide additional services.
6. **Inventory System/Bar Code Reader.** In order to efficiently meet various Inventory reporting requirements, an Inventory System with an integrated bar code reader and printer is recommended. When assets are acquired by the Commission, they will be labeled with bar code sticker. This simplifies asset control and reduces the burden of inventory reports.

C. Other Considerations

Although IT activities for 2014 and 2015 will mainly concern building the operational systems discussed above and developing a first-rate IT support staff, the Commission may also wish to consider the following issues:

1. **Central Systems.** There is a variety of systems for managing or monitoring gaming activities from a central site. Some gaming jurisdictions, including Pennsylvania and West Virginia, have selected the option of monitoring slot machine activities through a central system that is linked to the casino sites. The argument for a central system is mainly economic: As the number of casinos to be monitored increase, a point is reached where the central system becomes the less expensive option as compared with providing staff for each casino site.

It is not clear that the economics favor a central system in Massachusetts; however, there are aspects of this approach that could be helpful. For example, it will be important to develop a secure communications link between the Commission and the casinos in order to facilitate the transfer of financial, licensing and operational data.

2. **Computer-Assisted Audit.** Recent developments in computer-assisted audit techniques allow for near, real-time auditing. Computer assisted audit techniques, when coupled with fast communications links to the casinos, can provide some of the same statistical methods and controls available in centralized systems. It is possible that a hybrid design that incorporates some features of a central control system along with onsite staff is the best option in Massachusetts.
3. **Gaming Technology.** Casino gaming is moving rapidly toward more complex and more centralized systems. Examples of this trend include electronic table games, multi-casino progressive table games, and server-supported slot machines. These complex systems often raise difficult questions concerning the public interest versus the casino's obligation to seek competitive advantages. Although outside gaming laboratories will handle the technical evaluations, the final decision on these issues will always rest with the Commission.

The Commission should consider the option of forming an "interdisciplinary team" made up of staff from the Audit Unit, the IEB and IT to assist with the evaluation of questions that arise from new technology.

4. **Partnerships.** As is the case with all gaming regulatory agencies, the Commission has an opportunity to increase public trust and confidence by developing a reputation for excellence in various activities. Because it is located in one the higher-education capitals of the world, the Commission could partner with a nearby university to develop special programs. An example of this approach is the partnership between the Singapore Casino Regulatory Agency and the National University of Singapore to explore computer methods for auditing casino activities.

The Commission could find benefits by establishing a technology program similar to the one implemented in Singapore. These programs do not have to be large or expensive because they mainly depend on sharing ideas and experience. Further, the programs do not have to be limited to technology; they could also include the work undertaken by the Commission to assess the social impacts of gaming.

V. Budget

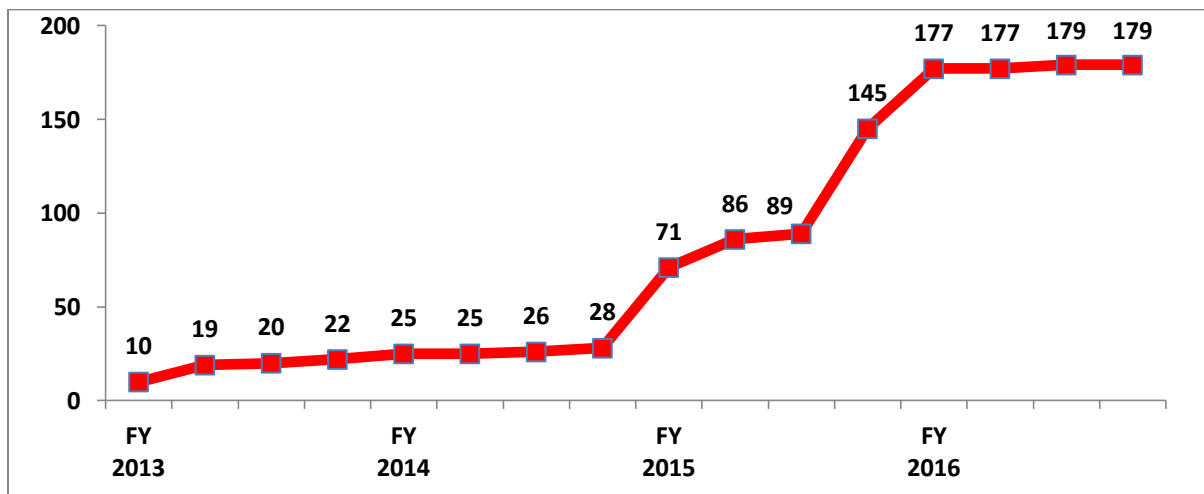
A. Summary

The operational budget for the Commission, exclusive of the Racing Commission, will reach an estimated \$20,600,000 in FY 2016, which is consistent with the cost of comparable gaming regulatory agencies in other states. The Commission will face a budget gap in FY 2014 as the result of unique circumstances that occur during the casino startup period. Because these circumstances were not anticipated in the legislation, it may be necessary to consider legislative changes or other options.

B. Budget Projection

The gaming consultants developed a budget projection for the Commission that reflects expenses including salaries, consultants, rent and other costs over the fiscal years 2013 through 2016. (See Exhibit 4, provided separately in an Excel file and in PDF format due to large format.) Salaries for staff, State Police and the Attorney General's Office are presented in the first section of the budget and costs are summarized in the subtotal. Each year, staffing will be increased in order to meet specific development milestones such as the submission of casino applications, the licensing process and casino openings. Staffing activities are expected to be complete in FY 2016.

Figure 1: Total commission staff, including State Police and Attorney General's Office staff



Source: Michael & Carroll, Spectrum Gaming Group

The second section concerns the costs associated with consulting activities and the development of IT systems. IT expenses are highest at the start, about \$500,000 in FY 2014, and decline to about \$170,000 in FY 2016.

Other technology-related items concern a projected allocation of \$60,000 in FY 2113 (line 2.22) plus smaller amounts in subsequent year to cover the consulting cost for identifying IT initiatives and developing a strategic framework for technology. If the decision is made to hire a CIO in FY 2013, then this item will be reduced.

Budget lines 2.16 and 2.17 list the funds allocated for ongoing gaming-consulting activities that do not include activities connected with the RFA-Phase 1 investigations. The \$630,000 figure is a placeholder for the actual cost of services, which will be determined later.

Budget lines 2.14 and 2.15 both represent contracts awarded to the gaming consultants for services related to the development of the strategic plan. Although both companies were awarded the same amount, billings submitted by Michael & Carroll in FY 2012 explain the \$125,000 difference shown in FY 2013 column of the projected budget.

Allocations for gaming equipment evaluations are found on budget line 2.18 for FY 2014 through FY 2016. These funds will be used to assist the Commission in assessing gaming equipment standards and for specialized training. The actual cost of the gaming equipment evaluations are born by the gaming equipment vendors.

The third section pertains to the logistical aspects of the Commission's activities and concerns items such as rent, supplies and communications equipment. These types of costs are expected to hold steady by FY 2014 and any increases after that will probably be controlled by the rate of inflation. The items following this section represent a number of other cost types that mainly relate to logistics.

The contour of the Commission budget is defined by the pace of casino development. The high-water mark for Commission expenditures is reached in FY 2016, the period in which the Category 1 casinos are expected to open. At this point total expenditures are estimated at \$20,600,000 (rounding to the nearest \$100,000).

The \$20,600,000 budget is consistent with cost of gaming regulation in other comparable states and, for example, places Massachusetts roughly on par with the current cost of operations

for the State of Michigan. Other states such as Nevada, Pennsylvania and Illinois rank higher in cost as compared with Massachusetts

As expected, salaries represent the major component of cost. In FY 2016, the salaries of Commission staff, State Police and the Attorney General's Office staff are estimated at \$17,400,000. Of this amount, \$4,100,000 will be required for State Police salaries. The State Police salary estimate does not include the cost of shift differentials or overtime but does include the scheduled 3 percent raise effective on December 31, 2012. The number of State Police needed will not be known until further discussions are held, but various staffing options are addressed in the Investigations and Enforcement Bureau portion of this report below.

Although the Gaming Act establishes a gaming liquor enforcement unit within the Alcoholic Beverages Control Commission, the responsibility for regulation and control of alcoholic beverages might be given the Commission's Gaming Agents. If this is a feasible option, it would help reduce operational costs. This is the option that is assumed in the budget projection.

The salary cost for the Attorney General's Office will not be known until further discussions are held later. An arbitrary estimate of six staff has been included in the budget in order to provide a starting point for this cost.

The timing of the hiring decisions will present a special challenge. Ideally, hiring can be done on a "just in time" basis to avoid the problem of underutilized staff or the more difficult problem of not having staff resources in place when they are needed. There is no easy solution to this problem; however, establishing competitive salary packages should help in attracting good candidates when they are needed.

The key assumption of this budget concerns the annual salary assigned to each position. Wherever possible, the gaming consultants developed an estimate for each position using the Massachusetts State Payroll Database. As a second step, every position was reviewed to determine if extensive casino experience would be required and, if this was the case, the salary was incremented above the state average. In addition, some salaries were incremented above the state average because they involved positions of trust or simply because they would require a more competitive salary than the state average. The purpose of this procedure is to develop a uniform set of salary estimates that can be used for the budget projection. The task of creating a

salary assessment for each position that accurately reflects issues such as span of control, duties and level of education and experience is beyond the scope of this project.

C. Cost of the IEB Staffing Alternatives

The same methods that are employed to create the MGC budget projection can also assist in the evaluation of the organization options in the Investigation and Enforcement Bureau.

The Gaming Agents/Audit Section is the largest component of the IEB, comprising as many as 71 positions depending on which staffing alternative is selected. (See Table of Organization chapter.) In order to determine the best organizational structure for this large and important section, three alternative options are under consideration. Here again, salaries are estimated and totaled in order to assess the cost of each alternative

Alternative Two is the most expensive option because it includes the most State Police and civilian staff. The lowest cost option is Alternative One which relies entirely on civilian staff. Alternative Three has the lowest overall staff count but it includes the same number of State Police as Alternative Two and represents the middle value in terms of cost.

Figure 2: Gaming Agents/Audit Section

	Civilian Staff plus State Police	State Police Assigned to Gaming Agents/Audit Section	Annual Cost of staff plus State Police
Alternative One	70	0	\$5,200,000
Alternative Two	71	25	\$6,068,466
Alternative Three	60	25	\$5,338,466

Source: Michael & Carroll, Spectrum Gaming Group

Regardless of which alternative is selected, we assume that all positions listed in the IEB State Police/Operational Investigations Section, with the exception of the Administrative Assistant position, the Fingerprint Unit Supervisor and Fingerprint Specialist, are filled with State Police Troopers and Officers. Although a range of staff counts are offered in the Tables of Organization, such as 58 to 62 positions in Alternative Three, the maximum staff count has been used in the budget calculations.

In order to provide a realistic estimate of expenses for the Massachusetts Gaming Commission, the costs connected with Alternative Two in the IEB Division were selected to be

included as opposed to either Alternative One or Three. Since the budget projection is set up as a spreadsheet model, any combination of positions, salaries or starting dates can be tested.

Apart from the three staffing alternatives described above, discussions with the Massachusetts State Police are being held to determine the appropriate number of State Police to be assigned to the casinos. One option under consideration would increase the total number of State Police assignments. Further analysis will be required to make a determination regarding number of State Police positions that will be required.

D. Funding

Having outlined the estimated expenditures in the budget projection, it is necessary to evaluate the funding that can be applied against these expenses. The Act establishes several special accounts including the Gaming Control Fund, the Gaming Revenue Fund and the Public Health Trust. Among all the funds that are established, only the Gaming Control Fund can be used to finance the operational activities of the Commission (Sec 57a).

The monies that are credited to the Gaming Control Fund include appropriations, bond proceeds, initial license fees, annual slot machine fees and other monies authorized by the general court. As of July 1, 2012, the appropriations credited to the Gaming Control Fund total \$14,203,277.

On the basis of an earlier study (Spectrum Gaming Group’s *Market Analysis and Gross Gaming Revenue Projections*, prepared for the Commonwealth in 2008 and updated in April 2010), the Commission may expect \$2,450,000 in initial application fees and \$800,000 in annual slot fees during the period shown by the table below. The \$2,450,000 figure is based on the assumption of seven application fees of \$400,000 minus the \$50,000 that is dedicated to the host and surrounding communities for negotiating community impact agreements. – Section 15.11)

Figure 3: Application fees and slot license fees

	FY 2013	FY 2014	FY 2015	FY 2016
Fees	\$2,450,000	0	\$800,000	\$800,000
Cost of Investigations	(\$2,450,000)	0		
Balance	0	0	\$800,000	\$800,000

Source: Michael & Carroll, Spectrum Gaming Group

Although the Commission is projected to receive \$2,450,000 in FY 2013 for initial license fees, these monies can be used only to offset the actual cost of the background investigations and cannot be considered a financial resource with regard to the operation expenses of the Commission. For this reason, the initial license fees of \$2,450,000 shown in Figure 3 are applied against the \$ 2,450,000 cost of investigations to leave a zero balance. Likewise, line 2.13 (the cost of the background investigations) is left blank in the budget projection because this item is revenue-neutral from the perspective of the Commission.

It should be noted the initial application fee of \$400,000 represents the minimum cost; the actual cost of the investigations could be higher. Also, the \$800,000 figure will increase significantly in FY 2017 as the Category 1 properties become eligible for the annual \$600 per-slot-machine license fee. (See Section 56(a))

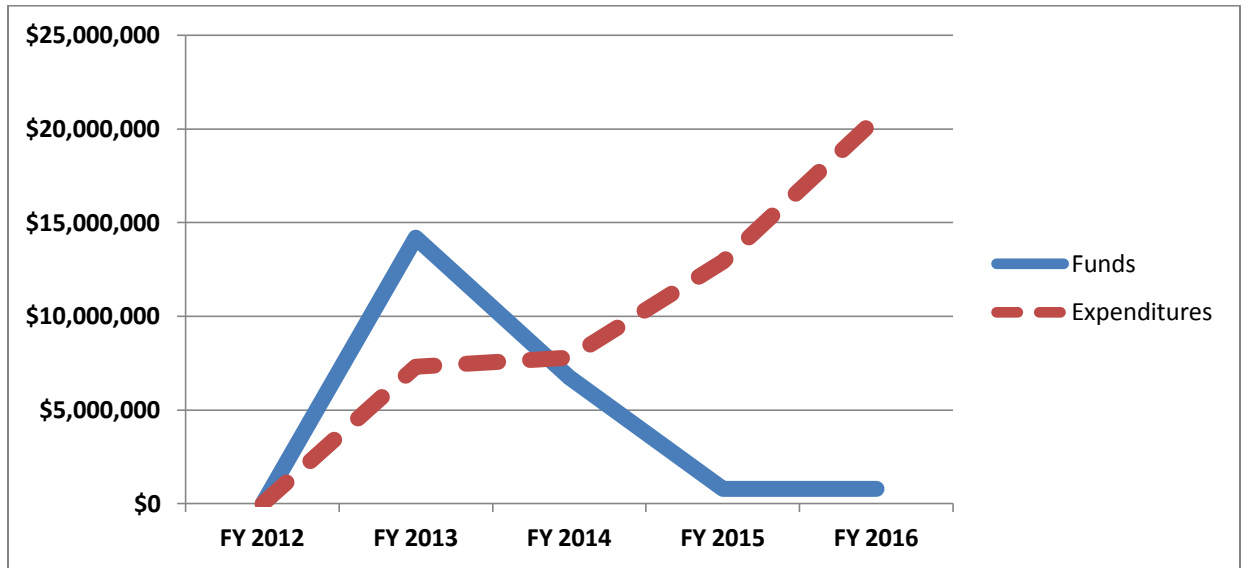
By combining the monies remaining in Massachusetts Gaming Control Fund (\$14,203,277) with the projected the revenues, expenditures can be covered only through FY 2013 as show in the following table. On the basis of these estimates, the Commission will be moving into a deficit situation by FY 2014.

Figure 4: Funds vs. expenditures

	FY 2013	FY 2014	FY 2015	FY 2016
Funds	\$14,203,277	\$6,725,294	\$800,000	\$800,000
Expenditures	\$7,321,186	\$7,801,041	\$12,914,991	\$20,584,863
Balance	\$6,882,091	(\$1,075,747)	(\$12,216,726)	(\$19,856,532)

Source: Michael & Carroll, Spectrum Gaming Group

Figure 5: Funds vs. expenditures, chart



Source: Michael & Carroll, Spectrum Gaming Group

The Act anticipates the circumstance where the Commission may not receive sufficient funding for operational costs by allowing, under Section 56(c), an assessment of the gaming licensees for costs not covered by other sources such as the slot fees. However, the assessment must be based on the apportioned number of gaming positions at each gaming establishment and this means that the Commission must wait until the casinos are operational before receiving funds under Section 56(c).

This feature of the Act creates a funding gap during which the initial appropriation is depleted while the opportunity for replenishment under Section 56(c) remains a year or two in the future. Even the slot fees are shifted forward because Section 56(a) allows these fees to be imposed only as of July 1 of each year and, in the worst case from the perspective of the Commission, a casino that opens soon after the start of a fiscal year, would not have to pay until the start of the next fiscal year.

Since there is no remedy within the Act to solve the funding gap, a change in legislation may be the best option for fixing this problem. Please see the section on recommend legislation changes.

On May 20, 2012, pursuant to St. 2011, c. 194, § 110, the Massachusetts Gaming Commission assumed all duties and responsibilities formerly carried out by the State Racing Commission. Although this is an important responsibility, it does not impact on the budget

situation because the operation costs of the State Racing Commission are paid by revenue derived from commissions, tracks and related sources. Further, all revenue collected by the State Racing Commission is dedicated to various funding recipients such as local aid to host communities or used for operational expenses and is not available for any other purposes.

The following table shows a combined budget projection for the Massachusetts Gaming Commission and the State Racing Commission. The revenue and expenses of the State Racing Commission are expected remain flat with little change in the future while, in contrast, the budget of the Gaming Commission shows the pattern of growth that is consist with the startup of a new agency.

Figure 6: Gaming Commission and Racing Commission budgets, FY 2013-16

	FY2013	FY 2014	FY2015	FY 2016
<i>Massachusetts Gaming Commission</i>				
Employee Compensation	\$ 2,338,655	\$ 3,413,656	\$ 10,001,201	\$ 17,433,812
All other Costs	\$ 4,982,531	\$ 4,387,385	\$ 2,913,790	\$ 3,151,051
Total Cost	\$ 7,321,186	\$ 7,801,041	\$ 12,914,991	\$ 20,584,863
<i>State Racing</i>				
Employee Compensation	\$ 806,550	\$ 806,550	\$ 806,550	\$ 806,550
All other Costs	\$ 522,609	\$ 522,609	\$ 522,609	\$ 522,609
Total Cost	\$ 1,329,159	\$ 1,329,159	\$ 1,329,159	\$ 1,329,159
Grand Total	\$ 8,650,345	\$ 9,130,200	\$ 14,244,150	\$ 21,914,022

Source: Michael & Carroll, Spectrum Gaming Group

Detailed revenue and expenditure information concerning the State Racing Commission for fiscal year 2012 is presented below.

Figure 7: State Racing Commission FY 2012 expenditures and revenue

FY 2012 Expenditures	
Regular employee compensation	\$785,939
Regular employee related expenses	\$6,008
Contractor payroll	\$224,680
Pension & insurance	\$20,611
Administrative expenses	\$45,316
Laboratory supplies	\$48,814
Rent on laboratory	\$88,999
Operational services	\$77,935
Equipment lease & maintenance	\$10,906
Information technology	\$19,949
Total Spending for SRC Operations	\$1,329,159
Fiscal Year 2012 Revenue	
State commissions	\$1,576,433
Track daily license fee	\$421,800
Assessments	\$752,053
Occupational licenses	\$76,135
Fines	\$5,375
Total Revenue	\$2,831,797

Source: Michael & Carroll, Spectrum Gaming Group

Following is a condensed version of the Massachusetts Gaming Commission budget project that has been discussed in this chapter. Our complete MGC budget projection is provided as Exhibit 4 and is attached separately in an Excel file due to the large format.

Figure 8: Massachusetts Gaming Commission FY 2013-16 budget, condensed version

Massachusetts Gaming Commission		FY2013	Subtotal	FY 2014	Subtotal	FY2015	Subtotal	FY 2016
1.00	Salaries and Fringe							
1.10	Direct Salaries	\$ 1,828,125		\$ 2,617,000		\$ 6,545,750		\$ 9,915,000
1.30	Fringe 27.27%	\$ 498,530		\$ 713,656		\$ 1,785,026		\$ 2,703,821
1.40	Prospective employee background checks	\$ 12,000		\$ 3,000		\$ 15,000		\$ 25,000
1.50	State Police Salaries					\$ 1,427,911		\$ 4,455,145
1.60	Attorney General's Office staff Salaries			\$ 80,000		\$ 320,000		\$ 400,000
	Subtotal Salaries	\$ 2,338,655		\$ 3,413,656		\$ 10,093,687		\$ 17,498,966
2.00	Consulting / Advisors / Service Providers							
2.10	Outside Counsel (start-up)	\$ 285,809		\$ 150,000				
2.11	Regulation phase 1	\$ 135,000						
2.12	Outside Counsel (ad-hoc, ongoing)	\$ 450,000		\$ 450,000		\$ 250,000		\$ 100,000
2.13	Gaming Consultants							
2.14	Spectrum Strategic Plan	\$ 250,000						
2.15	Michael & Carroll (local coordination)	\$ 125,000						
2.16	Spectrum Gaming (ongoing consultation)	\$ 630,000		\$ 400,000				
2.17	Michael & Carroll (on-going consultation)	\$ 630,000		\$ 400,000				
2.18	Gaming Equipment Evaluations			\$ 75,000		\$ 150,000		\$ 50,000
2.19	Auditor (internal controls / internal audit)	\$ 75,000		\$ 75,000		\$ 75,000		\$ 75,000
2.20	IT / Knowledge System	\$ 125,000		\$ 50,000		\$ 25,000		\$ 25,000
2.21	IT - Other	\$ 75,000		\$ 75,000		\$ 75,000		\$ 75,000
2.22	IT Strategic Planning	\$ 60,000		\$ 20,000		\$ 10,000		
2.23	IT Operational Systems							
2.24	Employee License System			\$ 175,000		\$ 50,000		\$ 10,000
2.25	Casino Service Industry System			\$ 100,000		\$ 50,000		\$ 5,000
2.26	Financial Evaluation System			\$ 80,000		\$ 60,000		\$ 50,000
2.27	Administration Systems			\$ 50,000		\$ 10,000		\$ 5,000
2.28	Criminal Database Interface			\$ 10,000		\$ 2,000		\$ 2,000
2.29	Executive Search Firm & HR Support	\$ 80,000						
2.30	Financial Consultant	\$ 250,000		\$ 500,000		\$ 10,000		
2.31	Project Management Firm	\$ 60,000		\$ 60,000		\$ 40,000		
2.32	Training	\$ 46,000		\$ 50,000		\$ 60,000		\$ 30,000
2.33	Procurement Consultant	\$ 25,000						
	Subtotal Service Providers	\$ 3,301,809		\$ 2,720,000		\$ 867,000		\$ 427,000
3.00	Rent / Office							
3.10	Rent 84 State Street	\$ 256,000		\$ 256,000		\$ 256,000		\$ 256,000
3.11	Additional rent (6th floor? 7th floor? Elsewhere?)	\$ 125,000		\$ 200,000		\$ 200,000		\$ 200,000
3.12	Utilities	\$ 5,400		\$ 5,400		\$ 5,400		\$ 5,400
3.20	Open Meeting Costs	\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000
3.30	Office Supplies	\$ 20,000		\$ 40,000		\$ 30,000		\$ 30,000
3.40	Parking	\$ 48,960		\$ 52,000		\$ 52,000		\$ 52,000
3.50	Incidentals - outreach	\$ 7,500		\$ 7,500		\$ 7,500		\$ 7,500
3.51	Outreach materials	\$ 10,000		\$ 10,000		\$ 10,000		\$ 10,000
3.60	Phones (land lines, data, cell phones)	\$ 9,600		\$ 9,600		\$ 9,600		\$ 9,600
3.70	Communications Budget							
3.71	Brand identity / Logo	\$ 35,000		\$ 35,000		\$ 35,000		\$ 35,000
3.72	Web Design, webmaster services	\$ 25,000		\$ 25,000		\$ 25,000		\$ 25,000
3.73	Subscriptions	\$ 2,500		\$ 2,500		\$ 2,500		\$ 2,500
3.74	Communications equipment	\$ 5,000		\$ 5,000		\$ 5,000		\$ 5,000
3.75	News service	\$ 4,000		\$ 4,000		\$ 4,000		\$ 4,000
	Subtotal Rent / Office	\$ 653,960		\$ 752,000		\$ 742,000		\$ 742,000
4.00	Chargebacks							
	Other chargebacks	\$ 7,500		\$ 7,500		\$ 7,500		\$ 7,500
	Subtotal Chargebacks	\$ 31,500		\$ 31,500		\$ 31,500		\$ 31,500
5.00	Capitalized costs							
5.10	Additional furniture for 84 State	\$ 60,000						
5.11	Furniture secondary space (84 state)	\$ 60,000		\$ 80,000		\$ 40,000		\$ 20,000
5.12	Fit out second space (7th floor)	\$ 125,000		\$ 10,000				
	Subtotal Capitalized Costs	\$ 245,000		\$ 90,000		\$ 40,000		\$ 20,000
6.00	Events / Hearings / Travel							
6.10	Public Education Forums	\$ 25,500		\$ 25,500		\$ 25,500		\$ 25,500
6.11	Staff in state Travel (reimbursements)	\$ 8,700		\$ 8,700		\$ 8,700		\$ 8,700
6.12	Hearings throughout State	\$ 18,400		\$ 18,400		\$ 18,400		\$ 18,400
6.13	Staff out of state travel	\$ 26,000		\$ 26,000		\$ 26,000		\$ 26,000
6.14	Associations / Memberships	\$ 6,100		\$ 6,100		\$ 6,100		\$ 6,100
	Subtotal Events & Travel	\$ 84,700		\$ 84,700		\$ 59,200		\$ 59,200
	Subtotal Direct Commission Costs	\$ 6,655,624		\$ 7,091,856		\$ 11,833,387		\$ 18,778,666
	Statewide Indirect Allocation (SWCAP)	\$ 665,562		\$ 709,186		\$ 1,183,339		\$ 1,877,867
	Projected Total Direct Commission Costs	\$ 7,321,186		\$ 7,801,041		\$ 13,016,726		\$ 20,656,532

Source: Michael & Carroll, Spectrum Gaming Group

VI. Regulations

A. Phase I Process

The Commission is required by Chapter 23K of the gaming Act to promulgate regulations for the administration of the law. Specifically, Section 5 of the Act mandates that:

“The commission shall promulgate regulations for the implementation, administration and enforcement of this chapter, including, without limitation ...” [Section 5(a).]

Section 5(a) then lists 18 specific areas for the regulations to address. Because the Commission determined that it would bifurcate the application process into two phases – the first phase directed at background integrity reviews and the second phase directed at evaluation of the developmental submissions – the regulation promulgation process must be similarly divided. The first phase of regulations, basically addressing subsections (1) through (7) of Section 5(a), have been drafted, offered for public comment, and have now been adopted and will be published in October 2012. The new regulations are set forth in 205 CMR 101.00-117.01 and cover the following specific areas:

1. Adjudicatory Proceedings, 205 CMR 101
2. Construction and Application, 205 CMR 102
3. Access To And Confidentiality Of Commission Records, 205 CMR 103
4. Delegation Of Authority, 205 CMR 104
5. Investigations And Enforcement Bureau, 205 CMR 105
6. Information And Filings, 205 CMR 106
7. Professional Practice, 205 CMR 107
8. Community And Political Contributions, 205 CMR 108
9. Issuance Of Request For Category 1 And Category 2 License Applications, 205 CMR 110
10. Phase 1 Application Requirements, 205 CMR 111
11. Required Information And Applicant Cooperation, 205 CMR 112
12. Fees, 205 CMR 114
13. Phase 1 Suitability Determinations, Standards And Procedures, 205 CMR 115
14. Persons Required To Be Licensed Or Qualified, 205 CMR 116
15. Phase 1 Determination Of Financial Stability, 205 CMR 117

In addition, as part of the drafting of the Phase 1 regulations, we have drafted, and the Commission has approved, a series of application forms. We have also submitted, and the Commission has approved, an Instruction Sheet and sample specimen forms that provide applicants with guidance regarding how to complete the forms. (See Exhibits 10-16.)

These forms should become the trigger for the Phase 1 background investigations. The information provided therein will constitute a starting point for the integrity review of the applicant entity; and all of the entity's owners, officers, directors, and financial sources that provide the applicant entity with direction and control. These persons and entities, whose qualification becomes a pre-condition of the applicant, are deemed to be "qualifiers." All entity qualifiers will be required to submit a Business Entity Disclosure Form – Entity. All individual qualifiers will be required to file both the Multi-Jurisdictional Personal History Disclosure Form and the Massachusetts Supplemental Form. We recommended the use of the Multi-Jurisdictional Form because it is used, as the name suggests, in most of the gaming jurisdictions in the country. This uniformity of use has proven to be efficient for the processing of the information provided, both for the applicant and for the regulator.

Finally, with regard to the application forms, we have provided to the Commission a separate draft specimen of each form that designates which information within it will be treated confidentially and which information will be publicly available. These determinations have been guided by the controlling language of Section 9(b), and by the need, within that context, to balance the dual goals of transparency and privacy.

B. Phase 2 Process

At this stage, therefore, the Commission will need to go through the same process for the regulations covering Phase 2. That process has already begun. The Commission must develop a list of the subject matters that Phase 2 regulations have to address. In general those subject matters will encompass areas of developmental and operational standards. Subject to the refinement that will come through the course of the promulgation process, we submit the following as those subject areas:

1. Standards for Gaming Facility Approvals
2. Determination of Gaming Facility Approvals

3. Hearings and Appeals for Phase 2 Determinations
4. Rules of the Games
5. Casino Internal and Accounting Controls
6. Exclusion of Persons
7. Gaming Equipment
8. Junket Enterprise Licensing
9. Employee Licensing
10. Vendor Licensing
11. Alcoholic Beverage Control
12. Equal Employment
13. Penalties and Remedies
14. Internet Gaming (potential)
15. Sports Betting (potential)
16. Criminal Law Enforcement Jurisdiction

C. Prioritization of Promulgation

Not all of the regulation categories listed here needs to be promulgated simultaneously. With the same policy objectives as undergirded the decision to bifurcate the application process into phases, the best way to continue to expedite would be to similarly divide the regulatory promulgation process. In fact, we propose that the areas covered by the rules be divided into four phases: (1) those needed in order to make the license selections; (2) those needed for casino preparation; (3) those needed for casino operations; and (4) those needed potentially for future operations.

We, therefore propose that the regulation topics listed above be prioritized and promulgated as follows:

Needed for the License Selection

- Standards for Gaming Facility Approvals
- Determination of Gaming Facility Approvals
- Hearings and Appeals for Phase 2 Determinations

Needed for Casino Preparation

- Employee Licensing

- Vendor Licensing
- Junket Enterprise Licensing
- Equal Employment

Needed for Casino Operations

- Rules of the Games
- Casino Internal and Accounting Controls
- Exclusion of Persons
- Gaming Equipment
- Penalties and Remedies
- Alcoholic Beverage Control

Needed Potentially for Future Operations

- Internet Gaming
- Sports Betting
- Commonwealth-Tribal Compact Gaming Regulations

D. Policy Determinations

The drafting of these regulations, however, will be anything but a mechanical exercise. There are numerous policy issues that will need to be resolved as a precondition to the eventual promulgation of the Phase 2 regulations, and these are not simple questions. We note that the areas to be covered by Phase 2 rules are substantially more unique to the Commonwealth than were the rules for Phase 1. Whereas the Phase 1 regulations addressed issues that are fairly common within the gaming industry in many jurisdictions, the Phase 2 rules will have to implement processes that raise distinctive questions of first impression. For example, the local election system is special to Massachusetts and has already engendered public concern over how it will be implemented. The Commission will need to decide whether to adopt regulations that would structure that process, and, if so, what type of structure to adopt. And this is just one of many similar concerns.

We offer these questions as a representative sample of the type that the Commission will need to determine:

1. Should the Commission rules provide specific mandates on such areas as numbers and types of games, rules of the games, internal and accounting controls, and numbers of hotel rooms, restaurants and other amenities, or should the rules simply allow the casino to submit its own proposals for Commission approval?
2. Should the Commission allow a facility to open in stages, with the casino opening prior to the hotel?
3. What types of “studies and reports” should the Commission require pursuant to Section 9(a)(13) of the Gaming Act?
4. Should the Commission increase the “minimum” license fee and capital investment requirements? If the amounts are increased, should they vary by Region?
5. Should the Commission further define and flesh out such areas as:
 - a. The standard for live entertainment venue areas?
 - b. The standard for “surrounding communities”?
 - c. The content of host and surrounding community agreements? Should the Commission provide a “template” of minimum required agreement terms or defer to the local government officials?
 - d. The extent to which an applicant has progressed in the federal, state or local permitting process?
 - e. A time limit or other rules addressing the Tribal Compacting process in Region C?
 - f. Whether a community can limit the number of developments submitted to public referendum?
 - g. Whether a Phase 1 determination should be made before a public referendum can be held?
 - h. Whether all license determinations should be made simultaneously or sequentially?
 - i. Whether a factor in issuing a license should be whether an applicant has an interest in a competitive casino in another jurisdiction?
 - j. How long of a period should elapse before the issuance of the Category 1 and Category 2 applications are issued?
 - k. Whether casinos should be required to be outlets for state lottery/keno tickets, or simply allow the casinos to be a lottery agent?
 - l. Whether host and surrounding community officials should be prohibited from gambling in the facilities in their defined, gaming Region?

- m. Whether the people on exclusion lists in other jurisdictions should be adopted by the Commission for its exclusion list?
- n. What process should be used for testing gaming equipment? If using independent labs, what review process should the Commission use for lab reports? Should a higher degree of vetting/background investigation will be required due to the sensitivity of this contractor?
- o. What should be the length of employee licenses?
- p. What categories of non-gaming vendors can be waived from licensing?
- q. To what extent should the rules clarify criminal prosecutorial jurisdiction as between the Commonwealth, local authorities or, should a compact be approved, tribal authorities? Is an MOU necessary? Should the Commission and Attorney General establish standards for case referrals to County District Attorney or retain for state level prosecution? Who will prosecute violations of state ABCC administrative and criminal liquor-law violations?
- r. To what extent, at this point, should regulations be drafted to deal with the Commission's regulatory, financial oversight, licensing and operational monitoring roles under the tribal compact?
- s. Should the Commission commence exploratory discussions with the Mashpee Tribe regarding a future relationship between the Commission and the to-be-established Tribal Gaming Commission?
- t. Should all or portions of facilities within a gaming establishment, that is, gaming floor, back of house, administrative areas, hotels, restaurants, public and private common areas, entertainment facilities etc, be designated smoke free?
- u. Should the Commission promulgate a regulation requiring certain mandatory minimum-security processes to protect against abandoned children in gaming establishments?
- v. Should the Commission "adopt" other major gaming jurisdictions established Exclusion Lists?

Again, these are just a sample of the types of issues that will have to be resolved. We have begun and will continue to assist the Commission in its resolution.

E. Potential Effects of Mashpee Wampanoag Tribe Compact upon Commonwealth Regulatory System

With the Massachusetts Governor and Legislature's July 2012 approval of the Compact between the Commonwealth and the Mashpee Wampanoag Tribe ("the Tribe"), the need for the

development of a thorough and efficient system of communication between the two sovereign governments, and especially between the Massachusetts Gaming Commission and the to-be-developed tribal gaming authority, is paramount. Experience in other jurisdictions indicates that these relationships have an enhanced likelihood of success if the sovereign regulatory authorities establish mutually respectful systems of cooperation and coordinated logistical interdependence.

However, with the October 12, 2012, decision of the US Department of Interior (“DOI”) via the formal letter from Assistant Secretary for Indian Affairs’ Kevin K. Washburn denying the required federal DOI approval of the negotiated Compact, it is unclear at this time when – and possibly if – such Compact will become effectual. We also note that no final decision has yet been made by the US Department of Interior regarding the Tribe’s request to have certain designated land placed into trust so as to qualify as “Indian Lands” and thus enable IGRA⁵ Class II and Class III casino gaming on such property. We note the Governor and the Tribe have publicly committed to seeking immediate remedial negotiations to correct the DOI-identified Compact deficiencies, but the outcome and timetable for such corrective actions, the land-in-trust application decision, and obviously further DOI review, cannot be predicted with precision.

Under all circumstances, and respecting the sincere commitments of the Commonwealth and Tribe to come to a mutually acceptable agreement that will achieve federal approval, the following observations and comments are made predicated upon the existing duties and obligations set forth in the now-disapproved Compact. We note that although the primary area for disapproval regarded the revenue sharing, some areas mentioned in the October 12 correspondence also touched upon the logistical and operational relationship of the parties and thus, potentially affects the duties of the Commission relating to the Compact (for example, Compact Part 5, “Construction, Maintenance and Operation of the Facility” and Part 7 “Licensing and Registration”) and other areas of interjurisdictional concern regarding civil/criminal/regulatory functioning. In sum, the below comments remain relevant unless and until a newly negotiated Compact alters the existing terms to comply with the federal mandates.

As a starting point, a Compact establishes a bridge between two sovereign governments and customarily is both long and highly technical. Accepting the assumption for the purposes of this Strategic Plan that the Compact and land-into-trust applications will be approved, the

⁵ Indian Gaming Regulatory Act, per a 1988 Act of Congress.

existing Compact terms will require significant operational and oversight involvement of the Commission and, if approved as presently formulated, will engender significant resource allocation by the Commission. The following areas are identified to enable the Massachusetts regulatory agency leadership to prudently plan to satisfy its obligations and role as required by the existing Compact, but as a general statement, mostly relate to areas that are not the subject of the October 12 disapproval. In some limited areas affected by the disapproval, these comments can, in the future, be revised or supplemented as dictated to achieve federal approval. (Note: The below cited sections correlate to the nomenclature set forth in the existing Compact.)

- **Section 3.3 and 4.1:** “Approved Gaming Site” is the single location and facility where the Tribe will be authorized to conduct casino gaming operations.
- **Section 4.1.1:** The MGC must review “Compact Games” (essentially casino-type games including slot machines, table games, etc., known in Indian gaming as Class III gaming).
- **Section 4.4:** The MGC must review the Tribe’s Notice of Intention to conduct Class III gaming, proposed gaming regulations, manner of the conduct of the gaming and the manner in which the gaming activity will be regulated. The MGC must state any objections to any of the foregoing within certain time periods (i.e., 30 days).
- **Section 4.8.3:** The MGC must monitor technical standards for the use of Tribal gaming devices.
- **Section 5.2.2:** The MGC must conduct review of Tribe’s intention to use alternative land intended for gaming activity.
- **Section 5.4.1:** The MGC must review Tribal certification that the design and construction of the gaming facility meets all applicable and appropriate Commonwealth building, fire, health and safety codes. This and the following subsections in Section 5 are affected by the recent DOI disapproval and will have to be revised through negotiation.
- **Section 5.4.2:** The MGC must review all Tribal Inspector reports of code compliance.
- **Section 5.4.5:** MGC must, prior to the commencement of the Tribal facility construction, review all plans, specifications and designs for the facility, all studies and reports regarding all local, regional, social environmental, traffic, and infrastructure impacts, National Environmental Policy Act (“NEPA”) compliance, National Historical Preservation Act Compliance, Comprehensive Environmental Response Compensation and Liability Act compliance, adherence to the established construction timeline, and all construction plans. (Note: As with many of these duties,

the MGC must hire specialized staff or retain third-party experts in each or many of these very technical and esoteric specialties).

- **Section 5.4.6:** Before commencement of any Tribal gaming operations, the MGC must substantively review all documentation supporting a Tribal Certification confirming emergency action plans, security of cash-handling procedures, cage hardware and operational systems, supervisory procedures, surveillance procedures and systems. Also, the MGC must create a method to mutually monitor the electronic surveillance systems to be used by the Tribe in its gaming facility.
- **Section 5.4.7:** The MGC must confirm the Tribe's compliance with NEPA and Massachusetts Environmental Policy Act regulations and rules.
- **Section 5.4.9 and 10:** The MGC must substantively review the Tribe's issuance of a Certificate of Occupancy; any deficiencies must be reported and dealt with.
- **Section 5.4.11:** Before opening, the MGC must confirm Tribal facility is in compliance with all submitted plans and specifications and that all impacts from the facility have been resolved or mitigated.
- **Section 5.6.3:** The MGC must review and monitor fire inspections and review any deficiency reports and evaluate remedial actions.
- **Section 5.7.1:** The MGC must review all facility construction records.
- **Section 5.8:** The MGC may provide inspectors to examine facility per Compact requirements. (This will obviously be necessary to satisfy the Compact inspection requirements.)
- **Section 5.9.1:** The MGC must review a verification of the Tribal facility license issued by the Tribal Gaming Commission.
- **Section 6.1:** This section (Part Six) sets forth numerous specific duties for the MGC.
- **Section 6.4.7:** Prior to the commencement of gaming activity, the MGC must review all Tribal internal control processes and facility security systems.
- **Section 6.5.8:** The MGC must provide oversight and review of all central-computer reporting and auditing of gaming devices in use at the Tribal facility.
- **Section 6.5.9:** The MGC must supervise Tribal compliance with Alcoholic Beverages Control Commission liquor laws.
- **Section 6.5.13:** The MGC must review the certified independent annual audit report of the Tribal facility's financial activities.

- **Section 6.6.2:** The MGC has the right to conduct inspections of the Tribal facility, the gaming operation, and all records pertaining to the gaming operation subject to certain stated conditions.
- **Section 7.00:** The Tribe has the primary duty to license and register employees, vendors, etc. This area was cited by the DOI as being excessive and will be amended for sure.
- **Section 7.5:** The MGC must confirm that licensing and registration term (length) are the same as otherwise used in the Commonwealth.
- **Section 7.11.3.** This is an important section. Quoted in part: “In lieu of completing its own background investigation, the Tribal Gaming Commission (“TGC”) may contract with the MGC for the conduct of some or all of its background investigations, or may rely on a license or registration previously issued to the applicant by the TGC or the MGC that is currently in effect.” The requirements of this provision will require detailed discussions and negotiations between the Commonwealth and the Tribe as the provision of these costly and resource-consuming services to the Tribe or, in the alternative, the decision that the Tribe will be performing these duties, has a profound effect upon the planning and cost estimates borne by the regulatory systems of both sovereign governments.
- **Section 7.13:** The MGC is required to cooperate with the TGC regarding the exchange of background information.
- **Section 7.14 and 7.14.2:** The MGC must establish a system to review each Tribal Notice of Intent to issue a TGC license, background file and application materials and a concomitant duty to pose objections where warranted.
- **Section 7.14.3:** The MGC must establish a system to review the Tribal Notice of Intent to issue a TGC registration, background file and application materials and a concomitant duty to pose objections where warranted.
- **Section 7.15:** The TGC must share applicant documents and financial materials with the MGC (which must establish a process to review such items).
- **Section 7.16:** The MGC has a duty to review all Tribal Notices to issue licenses and registrations and this provision sets forth the process for the MGC to file any objections.
- **Section 7.16.3:** The MGC and TGC must work cooperatively to resolve any differences regarding applicant licensing and registrations.
- **Section 7.17:** The MGC must review any TGC issuance of any temporary licenses or registrations.
- **Section 7.18:** The MGC must review any TGC issuance of an emergency registration.

- **Section 7.19:** This is another particularly important section: MGC must review all applications for licensing and registration applicants and this section provides that either or both the TGC and the MGC can deny, suspend or revoke a license or registration. The section provides for each regulatory agency to communicate its intentions or decisions to each other.
- **Section 7.19.1:** This specifically requires that, if the MGC intends to revoke, suspend, or condition a license or registration, the MGC must provide the TGC with a detailed explanation and evidence supporting the MGC decision.
- **Section 8.1:** Another important section: This provides for the Annual Oversight Assessment that requires the Tribe to reimburse the MGC for the costs of regulation relating to its obligations under the Compact. The MGC must submit a budget estimating its anticipated expenditures. Note: This may also require classification of such funding as another “source of revenue” albeit a reimbursement, for the MGC.
- **Section 9.2.1:** The MGC must establish and administer the Commonwealth’s receipt of the Tribal Revenue Allocation derived from the Tribe’s gaming activities and paid to the Commonwealth as part of the consideration for the execution of the Compact.
- **Section 9.5:** The MGC must administer the Tribe’s Certification of Quarterly Allocation payments.
- **Section 10:** The MGC must review the following records: 10.1.1 – Surveillance logs; 10.1.2- Compact Game payouts; 10.1.3-Gaming equipment maintenance logs; 10.1.4 – Security logs; 10.1.5 – Compact Games books and records; 10.1.6 – Any other documents generated in accordance with the Compact.
- **Section 11:** Confidentiality. This section will require review for consistency with the recently approved MGC regulations on this same topic (i.e., 205 CMR et. seq.).
- **Section 12.2:** The MGC “will expend” and distribute funds for the Community Mitigation Fund for surrounding communities impacted by the Tribal operation. This section also requires the Tribe to be responsible to pay for certain environmental processes under NEPA.
- **Section 15.1:** The MGC and the TGC shall cooperate on mutual Compact and enforcement and compliance.
- **Section 15.2:** The MGC must set up processes to conduct investigations of non-compliance with the Compact; the MGC must submit reports to the TGC; the MGC investigators must also be licensed by the TGC.
- **Section 15.3:** The MGC must administer the Dispute Resolution Process (Arbitration) or initiate Court action if disagreements on Compact compliance are

encountered. The MGC will have to set up a system for evaluation of such situations and available remedy choice.

- **Section 16.1:** The MGC shall review all audit reports.
- **Section 17:** Another particularly important section: The compact provides for the Commonwealth to have full criminal law prosecutorial jurisdiction over crimes at the Tribal gaming facility or involving Tribal gaming activity; the Tribe does retain criminal jurisdiction also, but the Commonwealth is afforded right to prosecute first under subsection 17.4. This section will require coordination with the Massachusetts State Police, Attorney General's Office and the District Attorney for the county wherein the facility will be located.
- **Section 17.7 and 17.8:** Although not required in the Act, a Tribal-Commonwealth law enforcement MOU will need to be drafted to clarify the relationship between the respective Commonwealth and Tribal law enforcement agencies.
- **Section 18.3:** The MGC and TGC shall share their respective exclusion lists.
- **Section 18.6:** The MGC must review Tribal Labor Relations Ordinance.
- **Section 19.1:** The MGC and TGC shall consult on establishing a Patron Dispute Resolution Process.
- **Section 19.3 and 3:** The Tribe consents to use the Commonwealth Worker's Compensation laws and courts. Tribe also consents to use of the Commonwealth's statutory Unemployment Compensation program. This will require further communication and perhaps memorialization of the processes to be followed by the Tribal workforce.
- **Section 19.5:** Another particularly important section: The Tribe expressly waives its Tribal sovereignty and Tribal Court Exhaustion defenses to allow limited tort and civil law liability exposure up to the limits of its insurance coverage's.
- **Section 20:** The MGC and Tribe shall consult on insurance coverage's and claims.
- **Section 21:** Dispute Resolution: MGC and the Commonwealth must set up a process to handle any disputes between the parties; Section 21.2 requires informal meetings to attempt to resolve disputes; Section 21.3 sets forth Arbitration as the remedy if impasse occurs; Section 21.7 provides for any decision of the Arbitrator(s) shall be final, binding and non-appealable. This also provides that such decision shall be enforceable exclusively in the US District Court in Massachusetts.
- **Section 21.10:** This provides that any determination by the MGC regarding Section 91(e) of MGL 23K, and concerning the failure to take land into trust shall not be subject to the Arbitration remedy above.

- **Section 24:** This provides for a 15-year term for the Compact, automatically renewable without objection being made.

As is obvious, the implementation of Tribal-compact-authorized gaming will engender a great deal of planning, negotiation and coordinated implementation to assure efficient use of resources, absolute assurances of integrity in all mutual processes, accurate financial reporting, and revenue accumulation and distribution. While planning for these important responsibilities is, to a large extent, dependent upon if and when the Compact and land-into-trust applications are approved by the DOI, this report at least provides a general orientation to the potential duties and obligations that will be required of the Commission. Actual planning and resource allocation cannot prudently begin until the DOI approvals are achieved and thus, as noted above, represent one relatively major area of uncertainty that this Strategic Plan cannot at this juncture address with further precision.

VII. Memorandums of Understanding

The planning for the development of Memorandums of Understanding (“MOUs”) must commence with a review of the requirements of the Massachusetts Gaming Act, M.G.L. 23K, and its specific directives and allocations. Such discussion is set forth below.

A. Within Massachusetts

The Gaming Act mandates interagency cooperation among key Commonwealth law enforcement and regulatory agencies. To achieve this objective, the Gaming Act essentially directs that the Commission coordinate the development of an operational organizational structure that includes sharing certain regulatory investigative functions as well as authorizing the creation of new specialized units within the Massachusetts’s Attorney General’s Office, the State Police, and the Massachusetts’s Alcohol Beverage Control Commission (“ABCC”). These latter two state agencies should designate regulatory specific personnel and integrate their operations with Commission personnel, all under the primary supervisory authority of the Deputy Director of the Commission’s Investigations and Enforcement Bureau (“IEB”). Further, the Act allocates state level criminal investigation and prosecutorial authority to the Attorney General’s Office Division of Gaming Enforcement (“DGE”), with the assistance of designated State Police criminal investigators. While the DGE will work in concert with the IEB, legal requirements mandate the need to separate criminal from regulatory duties; thus, the DGE is necessarily, a separate criminal investigative/prosecutive agency with independent investigative/enforcement, not licensing, authority. There will be occasions, certainly, when the Commission’s investigators (direct and third party), while engaged in the application investigation processes may need to obtain or exchange information with the MSP. Policies and regulations governing such sharing should be discussed before investigative activities commence.

The above-identified agencies all have defined functions. Again, the Commission will be primarily responsible to develop and foster cooperative relationships that will increase the efficiency of the Commission’s operations, and maximize communication among the various agencies, while respecting all applicable legal principles and laws.

The Gaming Act provides that the State Police will have exclusive criminal jurisdiction within a gaming establishment and appurtenant facilities. It further provides that the State Police shall share the impact of dealing with gaming related crimes and other “policing matters” by providing for concurrent State Police criminal authority with local police agencies of designated host communities. The Commission is advised that the consultant’s view is that the Act (at Section 6(f)) should be read to indicate that the shared, concurrent jurisdiction involves areas only external to the gaming establishment, notwithstanding that the Act does provide for the integration of local police officers into the State Police unit. To memorialize this relationship, the Act specifies that the Commission (with consultation with the State Police Colonel) enter into appropriate MOUs with the host community agencies to assure cooperative and coordinated law enforcement activities.

These MOUs should contain provisions controlling how the MSP/Commission relationship with local agencies will be structured to avoid duplication of duties, and promote the best use of law enforcement assets. For example, as required by M.G.L. 23K Section 6(f), these MOUs should memorialize mutual understandings so as to provide the following:

1. Enable timely referrals and reporting between such agencies;
2. Provide for first responder calls from the gaming establishment;
3. Cooperate to deal with emergencies occurring within the gaming establishment, and
4. Assist in investigations involving employees and patrons at the gaming establishment, including the gaming area.

Importantly, Section 6(f) also provides for the assignment of local host community police officers to the gaming enforcement unit of the State Police. This latter requirement has been discussed with State Police representatives and they are in agreement with this “state-local task force” concept at each gaming facility site.

Future MOUs should also provide the basic structure for:

5. State-local task force staffing and organization;
6. Funding;
7. Reporting;
8. Specific jurisdictional separation for criminal investigations;

9. The identification of the processes that will be put in place to facilitate arrests, charging and processing of offenders;
10. Temporary detention as needed;
11. Criminal court access and judicial availability for criminal procedure compliance; and
12. An attachment incorporated by reference consisting of a Commission document to be developed before any award of any gaming license that specifically sets forth the process of how gaming related criminal prosecutions would be reviewed by the Attorney General's Division of Gaming Enforcement and evaluated for either Commonwealth or County prosecution assignment and allocation of prosecution personnel.

Obviously, the Commission cannot negotiate or execute an MOU with any host community until the Commission identifies such host community. However, draft MOUs can be prepared for presentation to the Attorney General's Office, the State Police, and ABCC in order to present the Commission's recommendations for these future state-local agreements. It is recommended that that such draft MOUs contain, but not be limited to, the above provisions, and further should preferably be prepared and completed before the end of the RFA-Phase 1 process is completed.

B. With Other Jurisdictions

In addition to the intra-Commonwealth MOU development regarding the Commonwealth-local relationships, discussions between the Commonwealth and federal agencies such as the US Attorney's Office, the FBI, the Drug Enforcement Agency, Immigration and Customs Enforcement, and the Department of Homeland Security should also be scheduled within the next two months. It is particularly imperative that that the Commission confirm the relationship with the Department of Justice and FBI to establish meaningful access to the Commission and the State Police to critically important criminal history information. The MSP has advised that a sharing understanding already exists with these federal authorities, but it must be confirmed that the Commission's statutory classification as a Massachusetts's law enforcement agency is given the full measure of interagency respect for information sharing. Importantly these relationships with these sensitive federal agencies will only be accomplished if appropriate assurances of informational confidentiality can be given. This issue of confidentiality can be addressed in a formal Commonwealth-federal agency MOU, but this alternative must first

be fully discussed with the various federal agencies. It is recommended that contacts be made before the commencement of the issuance of the RFP-Phase 1 process applications.

In addition to the federal agency interaction, relationships should also be developed with gaming agencies in other states and countries. The introduction of the Massachusetts Gaming Commission to key gaming regulatory agencies should occur as soon as the Commissioners' schedules or their designees permit. While formal MOUs between these agencies are not the industry standard, many agencies will at least, need a basic introduction into the MGC intended processes and where possible, mutual assurances of informational protection.

C. Clarification Regarding Other Statutory MOU References

As noted above, M.G.L. 23K contains only a limited mention of MOUs, and where noted, specifies the parties to be involved and the general substance for inclusion. However, for complete clarity and to avoidance of any confusion, the Act does use the specific words “*memorandum of understanding*” in a other statutory subsections, but these references are more descriptive of other legally required agreements between casino gaming developers/applicants and local government stakeholders. Examples are set forth below:

In Section 15, it states that an applicant cannot be eligible to receive a gaming license unless various criteria are satisfied. Among such criteria an applicant “shall meet” is to “...*(6) demonstrate to the commission how the applicant proposes to address lottery mitigation, compulsive gambling problems, workforce development and community development and host and surrounding community impact and mitigation issues as set forth in the memoranda of understanding required under this chapter;*” (Emphasis added.)

In subsection 17 (a) the term is similarly used again: “...*(a) After a review of the entire application and any independent evaluations, the commission shall identify which communities shall be designated as the surrounding communities of a proposed gaming establishment, provided however, that any community that has negotiated a surrounding community memorandum of understanding with the applicant that was submitted with the application shall be considered a surrounding community by the commission.*” (Emphasis added.)

The above references to “memorandum of understanding” need to be put into their proper statutory context. First, the duties of the applicant to satisfy the applicable statutory criteria are

beyond a simple memorandum of understanding between the applicant and a host and surrounding community. Indeed, Section 15 mandates that the applicant must affirmatively meet numerous criteria for gaming license eligibility inclusive of “signed agreements” setting forth the “conditions,” “stipulations of responsibilities,” “stipulations of known impacts” between applicants and their host and surrounding communities. [Section 15(8)and(9)]. These agreements are to be binding between the parties and are key considerations in the Commission’s assessment of an applicant’s overall project suitability. These responsibilities are further amplified in Section 18, which contains a comprehensive listing of objectives that an applicant must satisfy before receiving a gaming license. The Commission would make such determinations in a “statement of findings” as to how each applicant will address each of the specified subject matters inclusive of each of those specific subjects mentioned above in the two quoted MOU references in Section 15 and 17.

In review of the uses of the phrase “memorandum of understanding,” it properly should be read to refer to initial understandings that will precede the “signed agreements” contemplated between the applicants and each respective host and surrounding community. If the local governments choose to utilize MOUs to precede the formal execution of legally binding signed agreements between the parties, such process is certainly permitted. However, it will be required to have whatever final relationship is entered into later memorialized in the binding signed agreement that will be a critical factor in the Commission’s final review process of an applicant’s overall project and its suitability to achieve the statutory and economic objectives of the Commonwealth.

VIII. Scope of Licensing

An application for a gaming license in the Commonwealth of Massachusetts will require the applicant to provide detailed information about the company. In addition, as part of the application process, numerous individuals and affiliated entities will be required to submit appropriate disclosure forms and be subject to an extensive suitability background investigation (as required by statute, M.G.L. c. 23K).

The scope-of-licensing process allows potential applicants for gaming licenses to have a clear and accurate picture of which entities and individuals will be required to file disclosure forms and be found qualified in connection with the applicant's submission. In order to provide a scope-of-licensing assessment, we reviewed M.G.L. c. 23K to determine the specific categories of entity and natural person qualifiers that would be required to file applications with the Commission. Generally, the persons and entities that have the ability to control or influence the business operations and decision-making of the gaming licensees and applicants are subject to strict regulatory scrutiny and oversight as qualifiers.

In order to facilitate this process it will also be necessary to identify interested applicants. Once those parties are identified, preliminary meetings should be held to review the organizational structure of potential applicants in order to give them an idea of the scope of licensing for their respective companies. This meeting would also provide the companies with an opportunity to begin to develop arguments as to why certain entities or individuals should not be required to file.

Following meetings with potential applicants, the Commission will be better able to develop recommendations concerning the applicable scope of licensing for a particular applicant. The consultants will thereafter review options with the Commission and gain consensus before writing the scope of licensing section of the plan.

It can also be anticipated that the identities of persons required to qualify may change during the course of the investigation. New financial sources may be identified. Board members or entity Officers may change.

(We have prepared a memo which more fully sets forth the process; the memo is attached hereto as Exhibit 9.)

IX. RFA Phase 1: Qualification Process

Pursuant to statute, the awarding of gaming licenses in Massachusetts is a two-pronged application process. The initial stage, RFA Phase 1, involves a preliminary determination of the suitability of the gaming license applicant and all of its required qualifiers, both natural persons and entities, as determined by the Commission. In this context, the gaming statute created comprehensive license requirements. Suitability determinations include an evaluation of integrity and financial issues. The bifurcated process is identical for Category 1 and Category 2 license applicants.

Upon a prerequisite finding of suitability, the gaming license applicants would then proceed to the RFA Phase 2 application process, which would require submission of additional information for the Commission's review and evaluation. After completion of the RFA Phase 2 evaluation process, including an administrative hearing by the Commission, the successful candidates would be selected. The RFA Phase 2 process is addressed in the following chapter of this report.

A. Determination of Qualifiers-Entities and Individuals

A critical aspect of the Phase 1 process involves a determination by the Commission regarding the identity of the qualifiers of the gaming license applicant, which is commonly referred to as the "scope of licensing." These qualifiers are the individuals and entities that are in position to exercise control or influence over the business affairs of the applicant, and generally include the applicant's holding and parent companies, as well as the officers, directors, partners, and major stockholders (defined as those persons and entities holding more than 5 percent of the common stock of the applicant or any of its parent companies) of the applicant and its parent companies. In addition, M.G.L. c. 23K, §14 requires anyone with a financial interest in a gaming establishment or with a financial interest in the business of the gaming license applicant to submit to the qualification process. Qualifiers are required to submit applications and undergo a rigorous background investigation as part of the license application process for gaming license applicants.

As noted in the scope of licensing section above, after reviewing the respective tables of organization for all potential applicants, and discussing the matter with the applicants, the

Commission representatives in conjunction with the gaming consultants will make recommendations to the Commission with respect to the list of qualifiers of the applicant. The recommendations will be based on the enumerated criteria in the statute, M.G.L. c. 23K, §9, §12, §14, and §16, which codify the widely accepted practice of utilizing the principles of influence and control as the determining factors in evaluating which persons and entities should be required to file applications. In this regard, we note that the tables of organization for gaming license applicants are generally complex and intricate, and contain unique aspects for each gaming license applicant.

The gaming applicants would then have an opportunity to raise any objections to the gaming consultants' list of qualifiers to the Commission for its determination. Based on our experience, there may be disputed issues concerning some of the natural persons and entities that are recommended for designation as qualifiers. It may also be necessary for the Commission to be able to conduct preliminary inquiries regarding applicant representatives, and, thus, some investigative personnel/assets will likely be needed even at this early stage of the process. The Commission would take formal action on any disputed issues a regular public meeting. We anticipate that such decisions could be rendered by December, or earlier if circumstances allow.

B. Submission of License Applications

Following the resolution of the scope of licensing issue, the applicants would then be in position to file their license applications for RFA Phase 1.⁶ During the scope-of-licensing process, the applicants will have already begun completing the application forms. As noted, the gaming license applications would necessarily include complete applications filed by all of the identified qualifiers, both natural persons and entities, as well as the applicant's separate business entity disclosure form. For individuals, the applications will include the Multi-Jurisdictional Personal History Disclosure Form and the Massachusetts Supplement to the Multi-Jurisdictional Personal History Disclosure Form. All of these forms will have been formally adopted by the Commission for utilization in the application process. The forms contain detailed informative instructions to assist the applicant. The application forms and general instructions are set forth as Exhibits to this report.

⁶ As each applicant's scope of filings are determined by the Commission, the application forms can be filed. There is no reason to delay the filings once these decisions are made.

The applications require the submission of considerable information about an entity or individual, including such matters as criminal record, litigation history, regulatory compliance history, prior employment, and detailed financial information. The applications are the starting point for collecting relevant information pertaining to suitability. The applications are reviewed to determine completeness. In certain instances, the applicants will be directed to provide additional information to render the applications complete. The applications are also reviewed to resolve any issues concerning confidentiality, consistent with Massachusetts law and the recently promulgated gaming regulations. 205 CMR §103.

We estimate that complete license applications for RFA Phase 1 will be submitted by the end of 2012. However, to act most prudently, the Commission should immediately plan on developing investigative resources for deployment upon the issuance of RFA Phase I applications (circa October 16, 2012) and related scope of licensing determinations as to enable the immediate commencement of the initial review process. Indeed, the timely recruitment, orientation and assignment of experienced gaming background investigators, both short-term contractual and permanent Commission FTEs, will be a vital component of standing up the Commission's licensing system.

C. Investigative Protocols

The gaming consultants will submit for the Commission's approval a list of investigative protocols which provide an overview and focus for the due diligence background investigations. Such protocols will include, but not be limited to such matters as: database research, document review, personal interviews of qualifiers, corporate site visits for review of documents, reference checks, and review of litigation, regulatory compliance, and criminal record histories. For publicly traded companies, there also would be an examination of all recent filings with the US Securities and Exchange Commission. These investigative protocols will be utilized by all assigned investigators and are designed to ensure consistency and thoroughness of all investigations. The investigative protocols are consistent with the investigative procedures utilized by other gaming regulators throughout the United States.

D. Conducting the Background Investigations

The Investigations and Enforcement Bureau of the Commission (“IEB”) is responsible for conducting the background investigations, but pursuant to the statute, the IEB should utilize the services of experienced gaming investigators to conduct the investigations. As noted in other areas of this Plan, to enable the most efficient commencement of such investigations, the Commission should follow successful models from other jurisdictions. It should commence this process with a hybrid team of short-term contract investigators and Commission permanent employees. These investigations would encompass detailed integrity and financial reviews, both for entities and natural persons. As noted above, all investigative personnel will need orientation to the nuances of the Massachusetts Gaming Act, and the newly developed Commission regulations before any investigative activities commence. Thus, the Commission should prioritize the recruitment and selection of its investigative component to allow for these ramp-up efforts so that they are completed before applicant submissions begin. These investigations would encompass integrity and financial reviews, both for entities and natural persons.

Apart from the initial investigative staffing needs, we anticipate that the investigations should commence on or before January 2013 and take approximately six months to complete, which would extend through June 2013. The timeframe may be impacted by the number of gaming license applicants, the number of qualifiers, and any significant investigative issues that may arise. Such issues, if applicable, would be immediately brought to the Commission’s attention. Factors that can slow down the investigative process include the following:

- a. The applicant’s ability to respond to document requests in a timely fashion
- b. Issues that may surface during the course of the investigations
- c. The complexity of the applicants and its parent and related companies’ organizational structure.

During the course of an investigation it may be necessary, with the Commission’s approval, to conduct sworn interviews of applicants in the event of significant investigative issues. Transcripts of such interviews would be provided for the Commission’s consideration.

It should be noted that the casino licensing investigations take from 9 to 18 months to complete in Nevada, New Jersey and most of the other gaming jurisdictions. We nevertheless believe that the six-month time allocated to the completion of the investigations is reasonable

and can be achieved through streamlining the investigative procedures without compromising integrity of the process. We also note from public reports that at least some of the applicants will be familiar with a licensing process having undergone similar reviews in other jurisdictions, possibly even in many jurisdictions.

E. Submission of Investigative Reports

Upon completion of the investigations, separate investigative reports will be submitted to the Commission by the IEB or third party contractor for each gaming license applicant, detailing the findings of the investigation and making recommendations as to the suitability of all relevant parties. In some instances, there may be recommended license conditions.

F. License Hearings

The Commission will then conduct public license hearings for each gaming license applicant. An ultimate finding of suitability for a gaming license applicant is predicated upon favorable assessments of the company and all of its qualifiers.

The hearings would be held from July through September 2013, as necessary.

X. RFA Phase 2: Process and Selection

The gaming consultants recommend that the processes and protocols that will govern the issuance of an RFA Phase 2, as well as the review of proposals, should be grounded in certain over-arching criteria:

1. **Transparency:** The process should be developed and conducted in a clear, comprehensible manner in which the public and all applicants can understand and support.
2. **Objectivity:** The development of criteria for submission and review should be developed without any appearance of, or hint of, favoritism.
3. **Comprehensiveness:** The RFA should encompass a full range of criteria that collectively are designed to ensure that the public interest is protected and enhanced on a wide variety of fronts.
4. **Fairness:** The evaluation process, to whatever extent is feasible and practical, should be limited to those criteria identified in advance, rather than have applicants being awarded or denied licenses based, in whole or in part, on criteria that were not spelled out in the RFA. Regulations will be promulgated that establish the relevant criteria, supplementing the criteria set forth in the statute. M.G.L. c. 23K, § 4(12).
5. **Supportability:** Projections regarding revenue, employment, investment and other quantifiable elements within proposals should be supportable through a clear delineation of the methodology in a manner that would allow independent parties to review the processes and findings.

Additionally, we recommend that the Commission clarify in advance certain guiding principles that are fundamental to the process:

1. The licenses to be awarded are each equivalent to a regional monopoly, which creates a concomitant responsibility on the part of the licensees to act in the public interest to whatever extent is feasible and realistic.
2. The Commission is not obligated to award a license if, in its collective judgment, none of the bids is sufficient in any or all of the key areas. M.G.L. c. 23K, § 19(a), § 20(a).

We recognize that the Commission is concerned about the apparent lack of potential competition for licenses in one or more regions. Such concerns are grounded in the notion that more competition will prompt bidders to be more creative in advancing their ability to exceed the

minimum standards in the identified criteria. The absence of competition, however, does not necessarily mean that the Commonwealth must settle for less than it would otherwise expect. The Commission could ideally achieve the same results by sending out the message that such bids should expect to be as robust and creative as possible in ensuring that the benefit to the public is optimized.

A. Transparency

The Commission has made it clear that it seeks to operate openly to avoid any appearance of violating the letter or spirit of all relevant statutes governing public access and participation in the process. In no area is this more important than in evaluations of proposals. We recognize the need to balance confidentiality of certain aspects of the licensing process with openness, but the RFA Phase 2 process – which would only involve bidders who have met the necessary probity standards – needs to be conducted, to whatever extent is feasible, in the full view of the public to help ensure against any notion of favoritism, or of ignoring relevant aspects of the bids.

B. Objectivity

The process in which bids are evaluated and contrasted should be grounded, to whatever extent possible, in a system that gives numerical weight to certain issues, based on their relative importance and the ability of each bid to meet those stated goals. (See Exhibit 17 for sample licensing criteria from Missouri, Pennsylvania and Singapore.)

An evaluation system that is based solely on ratings and quantifiable criteria is neither suggested nor desirable. Qualitative evaluations in such areas as policy goals, quality of design, and achievability of strategies are all essential and defy ratings. The Commission will have to strike a balance. Moreover, in keeping with the overall themes of fairness and transparency, all qualitative and quantitative criteria should be made clear in advance to bidders.

In Kansas, the Lottery Gaming Facility Review Board (“LGFRB”) was created by the state’s expanded gaming enabling legislation to review the applications forwarded from the Kansas Lottery Commission to determine the “best possible contract” for a “lottery facility” (i.e., a casino) in each of four designated gaming zones.

The casino management contract proposals were forwarded to LGFRB once the Kansas Lottery Commission signed and approved the contract. In determining whether to approve a management contract with a prospective casino manager, the Commission considered the following factors:

- The size of the proposed casino
- The proposed casino's location as a tourist and entertainment destination
- The estimated number of tourists that would be attracted by the proposed casino
- The number and type of games to be operated at the proposed casino
- Agreements related to ancillary casino operations

Between December 2007 and December 2010, the LGFRB held 39 days of public meetings and evaluated 13 casino management contract proposals for the four gaming zones established by the enabling legislation.

Since each finalist had myriad independent reports and supporting information, the LGFRB developed a matrix in an effort to evaluate the multiple finalists on a somewhat apples-to-apples basis. For example, each finalist had independent reports prepared by consultants; however, none of these reports was prepared on a uniform basis, with uniform metrics. The matrix was designed so that the LGFRB could pare all of the data down into uniform reporting so they could weigh the merits of each finalist side-by-side and ultimately choose the best option.

The matrix included required separate worksheets detailing the following:

- Timeline of the Project
- Description of the Facilities
- Visitation and Spending
- Economic Impact
- Employment at Large
- Payroll at Large
- Pro Forma Data (follows Nevada Gaming Board format)
- Construction Phase
- Public Sector
- Additional Information

- Most Important Features
- Summary

This matrix model served to further the goals of transparency, comprehensiveness and supportability. However, it is important to note that the proposers had to complete the worksheets in the latter stages of bidding process instead of advising them at beginning so that they would have had insight as to what needs to be prepared. We recommend that if Massachusetts decides to utilize this type of model, prospective casino operators be afforded ample time and opportunity to prepare the required documentation. Another consideration is what level of detail Massachusetts wants to require prospective casino operators to submit as part of this process.

Once the LGFRB awarded a contract to an operator, the Kansas Racing and Gaming Commission conducted a background investigation on the selected operator to determine the eligibility of that operator based upon the standards established by the enabling legislation. We note that this aspect of the process is not being followed in Massachusetts, where the determinations of suitability will necessarily precede the evaluations regarding Phase 2 and the ultimate awarding of the gaming licenses. M.G.L. c. 23K, § 12(c).

The following is a sample of a summary of proposal data included in a detailed 14-page worksheet matrix developed by the Kansas Lottery Commission, which was clearly designed to help ensure objectivity:

Figure 9: Kansas Lottery Facility Review Board sample proposal data

SUMMARY OF PROPOSAL DATA		
Proposer:		
Casino Project Name:		
<u>Project Description</u>	<u>Unit of Measure</u>	
From award of license to opening (in months)	#	
Temporary facility if applicable	#	
Permanent facility	#	
Total investment in project	\$	
Casino square footage	#	
No. of hotel rooms	#	
# food and beverage outlets	#	
Convention center square footage	#	
Retail square footage	#	
Event/entertainment facility square footage	#	
No. of covered parking spaces	#	
No. of surface parking spaces	#	
		1st Full Year of Operation
No. of annual visitors	#	Xxx
% within 100 miles	%	Xxx
% of overnight visitors	%	Xxx
Annual gross gaming revenue	\$	Xxx
Annual hotel occupancy	%	Xxx
Annual hotel revenue	\$	Xxx
Annual food and beverage revenue	\$	Xxx
Net income before federal income taxes	\$	Xxx
<u>Employment and Payroll</u>		
No. of FTE operating employees-total project	#	Xxx
Annual operating payroll-total project	\$	Xxx
<u>Economic and Fiscal Impacts</u>		
Total economic impact-construction	\$	
Total economic impact-operating	\$	Xxx
Total incremental public sector revenue-construction	\$	
Total incremental public sector costs-construction	\$	
Total incremental public sector revenue-operating	\$	Xxx
Total incremental public sector costs-operating	\$	Xxx
Three Most Important Features:		
1		
2		
3		

Source: Kansas Lottery Gaming Facility Review Board

C. Comprehensiveness

Recognizing that the Commission will get one opportunity to evaluate competing bids, it should do so in an effort to be as comprehensive as possible. This process offers a singular opportunity to ensure that bidders – whether or not they are in a competitive region – have thought about a number of areas that are important to advancing public policy in the Commonwealth.

We suggest the following major areas that bidders should be required to address:

1. Revenue projections
 - a. Gaming
 - b. Non-gaming
 - i. In-house
 - ii. Third parties
 1. On-site businesses, such as restaurants and retailers who are lessees of the applicant
 2. Off-site businesses, such as nearby hotels and tourist attractions
2. Tax revenue projections
 - a. Direct gaming tax
 - b. Other taxes, such as sales tax, employment tax
3. Employment
 - a. Direct
 - i. Plans for in-house upward mobility programs
 - ii. Diversity of workforce
 - iii. Working with local colleges, other agencies for training
 - iv. Plans for identifying, target areas of higher unemployment
 1. Providing access
 2. Providing training
 3. Other support services, such as child support
 - b. Indirect
 - c. Induced
 - d. Construction (including affirmative action program)
4. Purchases of goods and services
 - a. By category
 - b. By region
 - c. Outline any plans to work with local suppliers in such areas as creating preferred vendors, or training local suppliers to be competitive in cost, quality and level of required service and support.
 - d. Utilization of minority and women business enterprises

5. Amenities, design: Number, type and quality (M.G.L. c. 23K, § 9(a)(17))
 - a. Hotel rooms
 - b. Restaurants
 - c. Other amenities
6. Quality-of-life issues: minimizing negative impacts
 - a. Traffic, access
 - b. Demands on schools, other public services
 - c. Law enforcement
 - d. Traffic control
 - e. DWI, other issues
7. Tourism promotion and development
 - a. Conventions and meetings
 - b. Working with tourism agencies
8. Working with local businesses
 - a. Restaurants
 - b. Hotels
 - c. Local attractions
9. Dedicated programs to combat compulsive gambling (M.G.L. c. 23K, § 9(a)(8))
10. Games offered at gaming establishment (M.G.L. c. 23K, § 9(a)(16))
 - a. Type
 - b. Number

Note that this list is a combination of quantitative and qualitative factors, sometimes in combination with each other. This is necessary to ensure a complete picture as to what is being sought and what will be considered.

D. Fairness

The test for fairness should center on two questions:

1. Does the existence of certain criteria – or the ability to effectively address certain criteria – favor, or appear to favor, certain bidders?
2. Have regulators based their decisions on the criteria that were identified in the statute and regulations, M.G.L. c.23K, 205 CMR 101 et seq., and spelled out in advance in the RFA Phase 2 with the full knowledge of all bidders?

As to the first point, criteria should not be eliminated simply because most bidders fail to meet those requirements. An example would be: Does a site have sufficient acreage or highway access to accommodate its projected traffic volume, and would that traffic volume create undue

hardships for local residents at peak hours? Such a criterion raises valid questions. A potentially non-objective criterion might be: Is a site within a 30-minute drive of an existing convention center?

As to the second point, we suggest that the process, and the licensing decisions, could potentially be tainted if it becomes clear that regulators ultimately based their decisions in whole or in part on criteria that were never delineated early in the process.

An example can be found in Pennsylvania when, in early 2007, the Pennsylvania Gaming Control Board, through 7-0 votes, determined to award the at-large Category 2 licenses to two applicants, Sands Bethworks and Mount Airy, in large measure because those two applicants did not have sister properties in Atlantic City, NJ. As stated by then-Chairman Thomas A. Decker:

“Throughout the final hearing process and in comparative evidence, Sands Bethworks presented testimony concerning competition of Atlantic City casinos and cross marketing of properties. The issue raised was whether, if a casino operator such as Tropicana in Allentown owned a casino in Atlantic City, would that operator use its primary population market as a feeder market to gain patrons who would then be diverted to the Atlantic City property through promotional marketing in order to gain advantage of the lower tax rate for the casino in Atlantic City. In other words, the operator will obtain more profit from the same dollar gambled in Atlantic City than it will in Pennsylvania because of the much higher tax rate which the operator must pay here.

“The evidentiary record establishes that Tropicana’s parent company owns a casino property in Atlantic City. Sands Bethworks does not own or control any Atlantic City properties. With respect to the Philadelphia applicants where this issue was of more prominence given two casino applicants which had Atlantic City properties and a closer distance, the Board has considered the fact of competing Atlantic City properties as a negative factor for licensure. While the Board believes that each applicant desires to make a profit in Pennsylvania if granted a license, the Board also is cognizant of its duty to license casinos in Pennsylvania which are in the best interests of the Commonwealth. Although the distance from the Allentown/Bethlehem market to Atlantic City is greater than the Board encountered with the Philadelphia applicants, the Board does not find that it is so much further that patrons would not travel to Atlantic City or that the Atlantic City properties would not attempt to lure Pennsylvania patrons to Atlantic City to obtain the benefits offered by the more tax-friendly state. The Board also finds that Sand Bethworks, not having an Atlantic City casino, has great incentive to focus its entire efforts at the Bethworks site without distraction. Therefore, the Board finds that licensing a casino in the Allentown/Bethlehem market which does not have common ownership with Atlantic City facilities may further the interests of the

Commonwealth and the public which stands to benefit through increased revenues obtained by the Pennsylvania properties.”

Following that process, bidders whose projects were ultimately rejected felt a sense of unfairness, leading to the question: If New Jersey bidders were going to be rejected, or at least viewed unfavorably, why was that not disclosed earlier in the process? Filing comprehensive proposals is both relatively expensive and time-consuming, and losing bidders should not be left with a feeling that they had no realistic shot from the outset, without knowing it.

E. Supportability

The concept of “supportability” is tied to previous concepts, particularly that of “transparency.” Supportability means that any bidder must support its projections through documented, easily replicated modeling. The questions that should be asked are:

- What are the assumptions underlying each projection?
- What are the sources for each projection?
- Were alternative assumptions or models considered and rejected? If so, why?

Each bidder should be required to submit best case, worst case and moderate case scenarios for each of the following projections:

- Gaming revenue
- Non-gaming revenue
- Employment: direct, indirect and induced
- Hotel occupancy
- Spending on goods and services

The definitions of what constitutes a “best,” “worst” and “moderate” case scenarios should be established based on reasonable guidelines:

- A best-case scenario is one in which there is approximately a 25 percent likelihood of achieving or exceeding the projections.
- A moderate-case scenario is one in which there is approximately a 50 percent likelihood of achieving or exceeding the projections.
- A worst-case scenario is one in which there is approximately a 75 percent likelihood of achieving or exceeding the projections.

Bidders should anticipate and be prepared to answer questions regarding their projections. Such questions could include but would not be limited to:

- Have you taken into account the possible expansion of gaming in border or nearby states?
- Where have casinos achieved these or similar projections in other markets?
- What steps are you planning, or prepared to take, to help ensure that these projections would be reached?

These and other questions are essential to the process. Because bidders need to secure local approval, there is a very real risk of projections and similar standard forecasting measures being politicized, in that they may be – or may appear to be – skewed toward favorable outcomes. The Commission should make it clear from the outset that producing the most supportable projections that encompass a variety of revenue streams is more important than producing the highest gaming revenue projections.

We cannot predict whether any or all of the local governing bodies in potential host communities share these priorities, and indeed we can reasonably expect that they will adopt different criteria. Community leaders, by definition, place a priority on what occurs within their community's boundaries, and will likely focus on those potential impacts. However, because the Commission is the only agency with the ability and mandate to examine projections and their potential impact on the region and indeed on the entire Commonwealth, we suggest such comprehensive criteria are essential in making the final decision on licensure.

There is a significant issue for the Commission to resolve regarding the timing and process of the local elections provided for in Section 15(13) of the Act. The decision of this issue will likely have a profound impact upon the Phase 2 evaluation process.

Section 4(34) of the statute empowers the Commission to establish the parameters of the local elections addressed in Section 15(13) of the statute. The gaming consultants conclude that this authority necessarily extends to determining the timing of the holding of such local elections. In our opinion, this is a matter of genuine concern and paramount importance. Preliminarily, we note that, while their mutual interests may not always be reconciled, the statute provides for a certain level of interaction and dependency between the Commission and the host communities.

XI. Ongoing Operations and Regulatory Enforcement

A. Methodology for Identifying Best Practices

While operational issues will have to be addressed down the road once the casino licensees have been determined by the Commission, this section will address best practices and highlight decisions that the Commission will be making as the casino prepare to open.

While we identify the following as those best practices, we note, as well, that the issue of their regulatory implementation is something that the Phase 2 regulations will need to address. See Chapter IV herein. The policy question to resolve is whether the Commission's rules should mandate specific practices or allow casinos to submit their own individual practices, within certain broad guidelines, subject to Commission approval.

Best practices may be defined as a method, process or technique that over an extended period of time has achieved superior results compared to alternative methods, processes or techniques. Best practices may be general, in that they may apply across varying business enterprises and industries or they may have relevance only to specific industries or enterprises.

The casino industry is unique and therefore frequently requires best practices of a specific nature as they pertain to gaming operations. For the casino industry, a number of operational areas that require best practices include, but are not limited to, the following critical areas of operations, departments, or functions:

1. Surveillance Department (camera coverage)
2. Security Department
3. Sensitive Key Controls (keys to drop boxes, trolleys, casino cage and gaming equipment storage rooms)
4. Cash Controls (transporting currency in the casino and cage functions)
5. Personnel Assigned to Gaming Operations (for game integrity)
6. Gaming Equipment Controls (cards, dice, slot machines, chips, plaques, wheels)
7. Reliability and Control of Electronic Data Systems (slots, player ratings, accounting)
8. Accountable Document Controls (especially those used for revenue computation)
9. Assigning Accountability to Participants to Transactions (dual signatures)

10. Segregation of Incompatible Functions (departments and individuals)
11. Audit of casino transactions (revenue audit functions)
12. Control of Patron Gaming Credit (authorization, issuance, redemption and collections)

Best practices for those areas listed above and other critical areas can be found in a variety of locations within the gaming industry. The gaming consultants examined regulations and minimum internal control standards established by other gaming jurisdictions. We reviewed those respective guidelines to assess the applicability to Massachusetts and the overall validity of the processes required in those gaming jurisdictions. Where necessary, interviews with regulators were conducted. We also reviewed casino trade publications and books specializing in regulations, rules and casino operational procedures and relied upon our experiences as regulators. Sources included:

1. *Casino Accounting and Financial Management* by E. Malcolm Greenlees, 2nd edition
2. *Casino Operations Management* by Jim Kilby, Jim Fox and Anthony Lucas, 2nd edition
3. *Casino Financial Controls* by Steve Durham and Kathryn Hashimoto

Interviews were conducted with former clients of the gaming consultants to ascertain whether the systems in place at their respective casino enterprises are producing the desired results from a control perspective. Included in the interviews was an assessment of their organizational structure to identify whether it is effective in controlling and/or minimizing risk of loss, errors or omissions.

The consultants reviewed research conducted by the American Gaming Association for topics applicable to the establishment of best practices. We also scrutinized publications developed by professional organizations such as the Institute of Internal Auditors for their insight into determining best practices, such as *Auditing the Casino Floor*, by Craig Robinson, CIA, CFE, CPA. Finally, but not of least importance, the knowledge and cumulative experience of the consultants were applied to the concept of best practices.

Gaming regulations from the following jurisdictions were examined in determining best practices. They were selected based on reported gross gaming revenue in 2010 in billions of dollars: Nevada (\$10.7B), New Jersey (\$3.5B), Pennsylvania (\$3.0B), Indiana (\$2.7B) and

Louisiana (\$2.3B). In selecting these jurisdictions for review, we postulated that the jurisdictions with the greatest gross gaming revenue – and thus the ones with the greatest tax revenue to protect – would seek the best methods for minimizing exposure to loss due to impropriety. We do not imply that jurisdictions with smaller revenues are not as diligent in protecting enterprise assets and the reliability of reported revenues. Our knowledge of other jurisdictions’ best practices where gross gaming revenue is smaller reveals that they are not significantly different from those selected.

Over the course of time, and with the growth of casino gaming in the US, best practices have evolved and have become entrenched in regulations and minimum internal control standards established by many of the major gaming jurisdictions. Best practices in the casino environment include procedures for assigning accountability to personnel that participate, observe or review casino activities or transactions; ensuring that revenues are accurately accounted for; that documents prepared that are a basis for financial reporting are complete, authorized and accurate; and that where documents are pre-numbered they are controlled as to issuance and accounted for once issued and used in transactions.

It is a well established concept that to minimize risk of loss of assets or assure the validity of revenue, that in addition to assigning accountability to casino transactions whether originating at the casino cage or games, that there are “people watching people” either through surveillance or levels of supervision. It is our opinion that regulations of the gaming jurisdictions identified above contain best practices that include elements that seek to minimize exposure to loss.

The following is a discussion of the best practices from each of the 12 areas of casino operations listed above. Where M.G.L. c. 23K, specifically mandates a process or procedure, we will reference the citation applicable to the best practice.

1. Surveillance Department

Surveillance departments’ objectives should include the protection of company assets, monitoring for compliance and overall integrity of gaming operations. To accomplish those objectives, surveillance departments need to be independent of influences from operating department management. Best practices require the surveillance department report organizationally for policy, purpose, responsibility and authority to an independent audit

committee of the board of directors (or its equivalent if a non-corporate entity). To do otherwise subject surveillance to influences of operating management whose goals may not always coincide with the objectives of surveillance. If surveillance does not operate independently from operating management of the property, a casino manager or other casino executive, for example, could demand that table games managers be permitted control of surveillance cameras and allow games managers to move cameras at their discretion. Such a practice opens the opportunity for surveillance cameras to be moved at inopportune times such as when surveillance is monitoring what appears to be improper activity in the casino facility. The question then presented is whether the games manager intentionally moved the camera or was it coincidental. Questions such as these are eliminated with the independence of surveillance. Therefore, best practices require that only surveillance control cameras and surveillance activities/priorities.

Other best practices of the surveillance departments include:

1. A surveillance room secure from unauthorized access and not visible from the casino floor, furthering the clandestine nature of surveillance operations;
2. Employment of staff that is knowledgeable of equipment used, regulations, minimum internal control standards, company policy and procedure, rules of games and “tells,” which are unusual hand and/or body movements that may be indicative of cheating;
3. Backup power source necessary for lighting and movement of cameras and continual monitoring of operations;
4. Light-sensitive equipment with the ability to:
 - a. Display events in real-time with time and date generators;
 - b. Sufficient magnification to determine dollar and chip values, clear views of patrons’ hands and faces at the gaming tables, slot machines, transactions subject to their scrutiny, and other areas of the casino; and
 - c. Capable of viewing the cage, count room, slot machines, table games, movements and storage of chips, drop boxes, entrances, exits, and automated kiosks dispensing and accepting currency.
5. Equipment with, at a minimum, capable of seven-day storage of all that is recorded with quality equivalent to real-time views;
6. A surveillance log of activities monitored by each operator and a separate log of authorized visitors to the surveillance room; and

7. A secure method for storing evidence for alleged illegal activities recorded and stored for possible administrative or criminal proceedings.

Minimal surveillance requirements are set forth in M.G.L. c. 23K §25(c).

Recommendation:

Surveillance best practices should be adopted for effective independent oversight of casino operations to minimize risks from theft, fraud and errors of omission and commission.

2. Security Department

The security department has a significant role in gaming operations relating to security of the gaming area and involvement in certain internal control functions. Best practices of the security department require that its objectives be clearly stated. The security department is responsible for matters including but not limited to: protection of patrons and employees from illegal activity such as theft of chips; disorderly conduct; assistance in the enforcement of laws and regulations; preventing minors from entering a gaming facility or gambling therein; detaining or removing individuals suspected of violations of law or regulations; and to accompany the movement of assets or funds when transported within the gaming area or back of house for daily cash deposits.

Security departments should develop a plan for staff training, including a policy and procedures manual for security officers, to insure that they perform their jobs in accordance with regulations, company policy and procedures. A security department manual should be established containing, but not be limited to, emergency operation plans for various events: fire, flood, storm, and terror threat; job descriptions; investigative procedures; and development of and handling of evidence.

Security best practices require communication systems for use by security officers: A communication system that allows communication between security, surveillance and the regulatory authority on site is preferable. Best practices also require that security prepare comprehensive reports of investigations conducted, including identification of any evidence developed in support of the findings.

With respect to security and surveillance best practices, M.G.L. c. 23K §25(a) requires that gaming establishments shall not conduct gaming without implementation of all security precautions required by the Commission.

M.G.L. c. 23K §25(c) of The Act, requires that each gaming establishment shall arrange its gaming area in such a manner as to promote optimum security for gaming operations including, but not limited to, a closed circuit television system according to specifications approved by the Commission which includes that design specifications ensure that visibility in the gaming area is not obstructed in any way; and M.G.L. c. 23K §25(j) requires gaming establishments to develop and file an emergency response plan with the fire and police departments of the host community.

Recommendations:

The best practice security standards should be adopted so that risks to patrons' and employees' physical well being is minimized; and that assets are protected when security is a participant to gaming transactions.

3. Sensitive or Controlled Keys

Sensitive keys are defined as those keys that permit access to currency, chips, tokens, electronic gaming devices, gaming equipment (such as cards, dice, wheels), and communications systems controls of progressive jackpot meters. They refer specifically to controls of keys to count rooms, currency drop boxes, equipment storage rooms, casino cage, chip covers when chips are secured at tables and carts or trolleys to move currency drop boxes to count rooms. Inherent in casino best practices are elements that constitute controls to disclose errors, omissions or unlawful activity.

Significant best practices for key controls pertain to the authority for order, receipt, issuance to operating departments and accountability for keys once received. Authorization to order sensitive keys should be limited to supervisory employees. Sensitive keys received should be counted by representatives from different departments to assure the accuracy of the number of keys received before being forwarded to departments or individuals assigned custody of keys. Sensitive keys generally are controlled by security. Issuance to user departments is documented by sign-out and sign-in logs where signatures of the issuer and recipient are recorded along with

date and time; or by a computerized key-logging system that logs issuance and return of keys. Computerized key control systems provide a variety of reports which may be used by auditors in verifying appropriate use of keys. Authorized users of keys are restricted to accessing only keys necessary to perform their specific function. When keys are issued via computerized control systems, user IDs and passwords are assigned to restrict access to keys and to record the person accessing the key.

Sensitive keys best practices require a segregation of functions between those who maintain custody of keys from those who maintain the records of number and type of keys on hand (security has custody, while casino accounting maintains record of number and type of key on hand).

Destruction procedures for sensitive keys are essential to accountability. Destruction procedures require two individuals to participate. Each must sign a document that is evidence of his/her participation and attestation of the accuracy of the destruction process.

Best practices developed specify that sensitive keys are inventoried quarterly or semi-annually by internal audit. The number of keys counted must be compared to records of accountability and differences reconciled to assure that all keys are accounted for. Where it is determined that a key or keys is missing, locks should be rekeyed. Best practices mandate that replacement or spare sensitive keys are subject to the same controls and procedures as those keys initially placed in service.

Control of sensitive keys is essential to minimize the risk of misappropriation of assets and revenues of the gaming establishment. It is one of the many controls discussed herein. Each of the controls described is complementary and forms a system that lowers risk of improper actions by employees. Control of keys is significant because it is the last defense against access to assets and revenues. If one or more elements of the other controls fails, such as observations by surveillance, or the drop box collection team fails to account for a drop box to be collected, locks and control of their associated keys prevent unauthorized access to revenues. Under the authority of M.G.L. c. 23K §5(a)(9) the Commission shall promulgate regulations for the safeguarding of assets and revenues.

Recommendation:

The key control best practices should be adopted so that assets and revenues of the casino are not misappropriated, intentionally diverted for personal gain and to maintain the redundancy of casino controls specified in these best practices.

4. Cash (Currency) Controls Best Practices

Currency best practices may be segregated into two categories: Controls over currency that is stored in the cage or vaults, which at that point is accountable as an asset on the records of the entity; or currency that is contained in the table game drop boxes and slot machine slot cash boxes, but has yet to be counted.

Currency stored in uncounted drop boxes is a determinant for computing gross gaming revenue. For table games and slot machines, gross gaming revenue is not known until drop boxes are removed from the table or slot machine and counted in the count room. There is no cash register to log receipt of cash at the table game. So, best practices mandate that stringent controls be exercised over the removal of drop boxes, their transport to the count room and the count process to ensure the reliability of determining gross gaming revenue.

Currency maintained in the casino cage represents currency transferred from the count room to the casino cage after the count team has counted it and it has been verified by a casino cage cashier. It is an essential best practice that there be a segregation of functions whereby currency counted by the count team is verified by an employee operating independent of the count process. After the casino cage cashier verifies the total currency counted by the count team it is accepted into the casino cage accountability. The casino cage also houses other assets, the bankroll necessary for operations, chips used for table game wagers, gaming credit instruments and other negotiable instruments.

Many other best practices have been established to maintain control over currency and other cage assets irrespective of its source and where it resides in the casino, whether at the cage, drop boxes, satellite cages, free standing redemption machines, or kiosks. Following are discussions on the best practices for each of the currency topics noted in the Currency Best Practices introduction.

Transportation of Currency from Drop Boxes to Count Room

Established best practices require that table game drop boxes be secured to the gaming table by a single lock and that slot machine cash boxes be secured in the slot machine by a double lock system. Removal of these boxes may occur only at times requested by the entity and approved by the regulatory authority. Sensitive keys to remove the drop boxes from their secure location must adhere to key control best practices noted in the key control best practices section.

Before drop boxes may be transported to the count room, keys to the count room door, table drop box release lock, keys to locks securing slot cash boxes to the slot machine and keys to the drop trolley locks must be obtained by the drop removal team. Table drop boxes are generally secured to the gaming table with one lock. Only keys essential to the drop removal process may be accessed by the drop team in accordance with key control best practices. Where a dual lock system on drop trolleys is used for transporting slot cash boxes and table drop boxes placed in a drop trolley, one key shall be controlled by the finance department and the other key controlled by the security department. The consultants recommend the implementation of dual locks on drop trolleys to preserve the integrity of gaming revenue.

To assure that all drop boxes are removed and replaced by empty drop boxes, the drop team supervisor will verify that drop boxes removed equals the number of drop boxes scheduled for collection. Best practices require a minimum of two employees to transport the drop boxes immediately to the count room or other approved storage area. One employee must be a member of the security department and the other a member of the finance department. Frequently a third employee – typically a supervisor from the table games department – may be required to accompany table drop boxes to the count room; and for slot cash boxes a supervisor from the slot department may be required to accompany slot cash boxes to the count room.

Best practices specify that table drop boxes and slot cash boxes contain a single lock and key to access contents to the drop boxes. Drop team members are not permitted to have box-content keys until all drop boxes to be counted have entered the count room. Other best practices developed require drop boxes to have the following characteristics:

1. At least one lock securing the contents thereof;

2. An opening which permits acceptance of currency, vouchers, documents used for determining gross gaming revenue and coupons;
3. A mechanical device that prohibits removal of currency, voucher and coupons whenever the drop box is removed from the table game or slot machine;
4. An asset number that is permanently imprinted, affixed or impressed on the outside of the drop box; and
5. Be designed and installed in a manner that renders a slot machine inoperable in the event of the removal or absence of the slot cash storage box.

M.G.L. c. 23K §5(a)(9) of The Act, gives the Commission the authority to promulgate regulations that prescribe the minimum internal controls over the affairs of a gaming licensee which include provisions for safeguarding assets and revenues. An alternative method with respect to drop box content locks to item 1 immediately above for protecting revenues is to require two locks to access contents of drop boxes. Research disclosed that New Jersey and Indiana require only one drop box content lock which is controlled by the finance department. Pennsylvania, however, mandates drop boxes contain two locks to access drop box contents: one key maintained by the finance department with the second key controlled by the Casino Compliance Representative of the Pennsylvania Gaming Control Board.

M.G.L. c. 23K §4 (20)(i) of The Act authorizes the Commission through its inspectors and agents to be present at all times in gaming establishments to certify revenue. Therefore, it is not unreasonable to require dual locks to access drop box contents in the count process. The locks should be keyed differently, one key maintained by the finance department and the second key maintained by an agent or inspector of the Commission.

Count Room Characteristics

Best practices established require that count rooms be adjacent to or in close proximity to the casino cage. The design and construction of the count room to secure currency during the count requires a metal door on each entrance and exit with an alarm that audibly signals the surveillance department whenever a door to the count room is opened. Each door is to be equipped with two locks; the key to one lock maintained by security and the key to the second lock maintained by the finance department. Sign-out and sign-in logs are required as noted in

best practices for control of sensitive keys. The count room must contain a table constructed of clear glass or similar material for emptying; counting and recording the contents of each box counted and contain surveillance cameras which are able to monitor the entire count process and all areas of the count room.

Count of Currency Drop Boxes

Best practices pertaining to the currency count process require that the entity file a schedule indicating the times during which table and slot drop collections shall be counted. Changes to scheduled count times require approval by the regulatory authority.

Members of the count team must be licensed to a level approved to participate in the count. A list of count team members must be provided to the regulatory authority. Members of the count team are required to wear clothing with no pockets or compartments in which funds can be concealed. Excepted from this practice are regulatory staff, internal audit and security department officers. Persons entering the count room may not carry a handbag or other container into the count room unless it is transparent. Persons in the count room may not remove their hands from, or return them to, a position on or above the count table or counting equipment unless the backs and palms of the hands are first held straight out and exposed to the view of other members of the count team and a surveillance camera.

Best practices call for a count room team member to notify surveillance when the count is about to begin so surveillance can record the entire count process. The count process is to include a method for emptying and segregating the contents of each drop box on the count table; each drop box to be individually counted and recorded on a spreadsheet or if computerized, electronically recorded. As drop boxes are prepared to be opened, a count team member is to verbalize the game and table number of the table game drop box or the slot cash storage box number from the slot machine in a tone sufficient to be heard by other count team members and an audio recording device. Drop boxes emptied onto the count table are to be held up to the surveillance camera to assure all contents have been removed.

Best practices specify that if mechanical or electronic counting equipment is used for the count that the count devices be tested for accuracy and the test results recorded. A test must be performed by one count team member who selects a drop box at random and manually counts the

contents. Drop box contents may consist of currency, coupons, vouchers and other revenue related documentation. A second count team member using the contents of the selected drop box is required to verify the initial count by using a currency counting device. The totals of each independent count must be compared for accuracy. If in agreement the count of all drop boxes may begin.

After the counting device accuracy has been assured, best practices generally require that all drop boxes counted during the count process be confirmed by a second count either manually or by a counting device that automatically provides two separate counts.

Preparation of Master Game Report

A master game report, which is a record of table game win or loss, by game shall be prepared either manually or by computer from the contents of the drop box. Information to be entered on the master game report by game are: total value of currency, coin, coupons, the table-opening and -closing inventory forms, table fills/credits, complimentary vigorish forms, customer deposit withdrawal forms and issuance copies of gaming credit issued. The fills/credit forms are pre-numbered documents which include the value of chips being transported to/from the chip bank and table game. Fills/credits forms prepared by the chip bank and chips are transported by security officers to/from the cage or table game and sign the forms upon completing the transaction. Fill/credit forms are also signed by the preparer, dealer and game supervisor. Where computer systems have recorded previously upon issuance of the fills/credits, table openers/closers, issuance copies of credit issued, a count team member shall compare the documents removed from the drop box to a computer prepared master game report. Upon completion of the count, the count team shall sign the master game report attesting to the accuracy of the report. Some gaming jurisdictions permit the revenue/income audit department in accounting to compare documents removed from drop boxes to the computerized game reports.

Preparation of the Slot Cash Storage Box Report

Best practices specify that as the contents of each slot cash storage box are emptied and counted, a count team member shall manually record or cause a computer system to record on the slot cash storage box report the following: the asset number that corresponds to a slot machine or bill acceptor, value of each denomination of currency counted, total value of

currency counted for each denomination of slot machine, the number and total value of coupons counted, the total number and value of vouchers counted, the gaming date of items being recorded and the number of slot cash boxes opened and counted. Upon completion of the count, the count team shall sign the slot cash storage box report attesting to the accuracy of the report.

Transfer of Currency to Casino Cage

After all table drop boxes and slot cash boxes have been counted, best practices specify that the casino cage supervisor or main bank cashier is summoned to the count room. Practices require that the casino cage representative be permitted access to cash, coupons, and tokens to conduct a recount before being permitted access to the master game report or the slot cash storage box report. Upon completion of the recount by the cashier, the cashier will attest to the accuracy of the count by signing the master game report and the slot cash storage box report. Best practices require that any variance detected upon the cashier's recount be settled prior to transferring cash and coupons and acceptance by the cashier for transfer to the casino cage.

Transfer of Master Game and Slot Cash Box Reports

Best practices not only apply to control of funds but also to the documentation associated with movement of funds to assure they are accounted for timely and accurately. To assure timely and accurate recording, the master game report and slot cash box report along with documentation for fills/credits, table inventory slips, issuance copies of gaming credit, complimentary vigorish forms, gaming vouchers and any other documentation are transported directly to accounting. The practice of segregation of functions minimizes the risk of impropriety in establishing gross gaming revenue. None of the documents removed from the count of drop boxes should be available to cashier cage representatives.

With respect to the sections pertaining to: count room characteristics; currency count; preparation of the master game report and slot cash box report; transfer of those count room reports to accounting; and the transfer of drop box count to the casino cage, those best practices are essential to assuring that gaming revenue is accurately determined and not misappropriated where vulnerabilities may exist in the collection and count of drop boxes. The Commission is empowered, pursuant to M.G.L. c. 23K § 5(a)(9) to promulgate regulations for the effective control over the fiscal affairs of the gaming licensee for safeguarding of assets and revenues.

Casino Cashier Cage and Satellite Banks

Best practices require that locations that house currency, coupons, chips, customer deposits, patron checks and documents associated with cage functions be constructed to provide security for the activities and items stored therein. The cage, vault or satellite bank should be fully enclosed except for openings that permit currency, chips, tokens, patron checks, records and documents to be passed to service patrons and the gaming floor activities. Many gaming jurisdictions prevent access to the casino cage from the casino floor by placing bars or glass over the counter which separates the patron from the window cashier and prevent an individual from jumping over the cage counter into the cage area.

Security of cage assets has evolved to include the establishment of a double-door entry system known as a “mantrap,” an area outside the casino cage door but inside the door to the casino floor. The double-door entry and exit system will not permit a person to pass through the second door until the first door is securely locked. The first door – of both the double-door entry and exit system – adjacent to the casino floor is controlled by the security department, although in some jurisdictions, that responsibility has been assigned to surveillance. The second door of the double-door entry and exit system is controlled by cashiers working in the cashier’s cage. The mantrap area is monitored by closed circuit television coverage by the casino security department or surveillance department. If not controlled electronically, each door of the double door entry system is to have separate locks that are keyed differently from each other.

Cage Functions

Casino cages employ general cashiers, chip bank cashiers, check bank cashiers and a main bank cashier. Each cashier has a specified function to perform; cashiers are segregated as to functions they may perform, in most cases to minimize the performance of incompatible functions. Incompatible functions are those functions that if assigned to one individual enable the individual to commit fraud or errors of omission or commission and cause them to go undetected.

Best practices maintain that each of the identified cashiers be responsible for – and be accountable – for the assets under his or her control. To achieve that end, general cashiers operate on an imprest basis, which is a self-reconciling method in which a fixed balance is

maintained. The value of the funds assigned at the start of a cashiers shift will not change by the end of the shift. However, in an imprest system, the mix of denominations may change and documentation assigned a value may replace currency, but the balance of the fund at shift end is the same as the balance at the start.

Chip bank, check bank, and main bank cashiers operate from banks whose balances from start to end of shift will change. They are affected by receipts, disbursements and payments that cause the ending value to change. To assure that assigned funds are not misappropriated, best practices require that funds assigned to a cashier be documented on a count sheet at the beginning and ending of each shift. Count sheets signed by incoming and outgoing cashiers attest to the accuracy of the information and clearly assigns responsibility for funds received or passed on to another cashier.

The transfer of funds within the cage between cashiers, chip bank, check bank, main bank and general cashiers require documents be prepared and signed by the issuer and receiver involved in the transfer of funds. These transfer forms document the movement among cashiers and may be used to reconcile closing cashier balances when variances occur. Best practices prohibit undocumented even exchanges of funds among cashiers.

With respect to casino cage, satellite banks and cage function (currency) controls best practices discussion, M.G.L. c. 23K §25(f) requires gaming establishments to contain a count room and such other facilities as may be required by the Commission for the counting and storage of cash, coins tokens, checks plaques, gaming vouchers, coupons, and other devices or items of value. The term “such other facilities” can be broadly interpreted to include a casino cage, vault, or storage room for gaming equipment such as cards, dice, roulette balls or other gaming equipment although not specifically mentioned in The Act, M.G.L. c. 23K.

To limit risks to the validity and accuracy of revenue and to assure assets are adequately safeguarded, regulations, minimum internal control standards and gaming licensees’ internal control procedures should encompass the best practices identified. As noted in M.G.L. c. 23K §25(d), each applicant for a gaming license must submit to the Commission: (i) a description of its minimum system of internal procedures and administrative and accounting controls for gaming.

Recommendation:

The currency control best practices should be adopted to ensure that funds whether safeguarded in the casino cage or amounts deposited in slot cash boxes or table drop boxes are transferred to the count room for inclusion in the currency count for an accurate accounting of currency.

5. Personnel Assigned to Table and Slot Gaming Operations

Personnel assigned to perform functions specified herein should be licensed at the level appropriate to the position assigned. As stated in M.G.L. c. 23K §5(a)(11) and (12) the Commission has the obligation to promulgate regulations establishing licensure and work permits for employees working in the gaming establishment along with minimum training requirements; and requiring gaming establishment employees to be properly trained in their respective professions. Casino enterprises should maintain a level of staffing that ensures the sound operation and effective supervision of all authorized games. Best practices generally require that casinos establish the position of casino manager who has responsibility and authority for the supervision and management of the overall operation of the casino games department. The duties include: hiring and termination of personnel, creation of sound customer relations, employee team building, and positive morale. In the absence of a casino manager, a table games shift manager or slot shift manager will be designated as the person or persons responsible for overall operation of casino games.

Table Games Personnel

Best practices have identified the following personnel with the responsibility and authority to operate table games to ensure the integrity of the game:

1. Dealers to operate and conduct the game;
2. Stickperson and box person for conduct of the game of craps, the box person being the first-level supervisor responsible for the game of craps;
3. Floor person, a second-level supervisor for game of craps and first-level supervisor for all other table games;
4. Pit boss as the third-level supervisor of a craps game and the second-level supervisor assigned the responsibility for the overall supervision of the operation and conduct of all other table games other than poker;

5. Poker shift supervisor, who is the supervisor assigned and present during a shift with the responsibility for directly supervising all activities related to the operation and conduct of poker; and
6. Table games shift manager, who is the supervisor assigned to each shift with the responsibility for the supervision of table games conducted in the casino.

Best practices pertaining to minimum staffing levels of supervision differ among gaming jurisdictions. The size of the casino, the number of games authorized, the experience level of dealers, minimum bets and betting limits, and other factors may play into the regulatory requirements for minimum supervisor staffing levels.

Several gaming jurisdictions have removed the requirement for the box person to be on the game as the first line supervisor at the game of craps. We believe that the box person supervisory position should be required to ensure game integrity in that emerging casino jurisdictions may use inexperienced dealers on craps games. Other gaming jurisdictions have removed specific requirements as to minimum supervisory staffing, or do not provide specific minimum supervisory staffing levels as to table games supervision. Again, we recommend that minimum supervisory staffing levels be included in regulations in this emerging gaming jurisdiction. These issues should be reconsidered after the casinos have been open for two years.

Slot Operation Personnel

For slot operations, best practices generally require the following personnel to maintain and operate slot machines and bill changers:

1. Slot mechanics, assigned the responsibility for repairing and maintaining slot machines and bill changers;
2. Slot attendants, the persons assigned the responsibility for the operation of slot machines and bill changers;
3. Slot supervisors the first-level supervisors assigned the responsibility for directly supervising the operation of slot machines and bill changers.
4. Slot shift manager, the second-level supervisor with the responsibility for the overall supervision of the slot machine and bill changer operation for each shift
5. A slot department manager for gaming operations with an independent slot department.

Recommendation:

The gaming consultants recommend the adoption of personnel best practices identifying levels of supervision and the assignation of responsibilities of each to assure acceptable levels of customer relations management and integrity of games operation.

6. Gaming Equipment Controls

Cards and Dice

Best practices of the jurisdictions examined specify that decks used in play consist of 52 cards composed of four suits and with values from ace to king. The backs of cards of each deck are manufactured to be identical and without markings that will enable the detection or determination of the face value of a card.

Best practices of dice require they be of uniform size, in shape of perfect cube with minimum and maximum tolerances as to size. Dice should be transparent, all six sides perfectly flat, with edges square and spots of one to six flush to surface.

Because cards and dice outcomes are determinate as to entity win or loss, and outcomes of wagers affect gross gaming revenue, it is essential that they be physically controlled from unauthorized access. Unauthorized access to cards and dice can lead to manipulation that can alter gross gaming revenue to the detriment of the entity. Card markings, shaved dice or any of many other cheating practices can cause the entity to incur losses it otherwise would not.

Best practices associated with physical controls of all gaming equipment that can affect revenue must be protected and accounted for. Physical controls over cards, dice, roulette wheels, roulette balls, dealing shoes, big six wheel and other sensitive gaming equipment require they be stored in rooms with two locks so that one individual is prevented from entering alone. The two locks to gaming equipment rooms must be keyed differently and controlled by separate departments or other equal alternative means to prevent access by one individual.

Other associated gaming equipment best practices pertain to the ordering, receipt, storage, issuance and destruction of gaming equipment. Cards and dice ordered must be authorized by the appropriate authority. Gaming equipment received must be counted and verified by several individuals who must sign documents attesting to the accuracy of the quantity received. Received items must be stored in a secure room protected by dual locks keyed

differently, controlled by separate departments, with surveillance camera coverage of the room and entrance door. Issuance of gaming equipment from the storage room must be documented on forms signed by two individuals who transport it to the gaming floor. Acceptance at the tables is to be documented with signature of the recipient. Dice sent to the gaming floor must be inspected as to balance, and measured with calipers as to size tolerances. Unused cards and dice must be returned to the storage rooms with documentation similar with to procedures used for distribution to the gaming floor.

The collection procedures for used cards and dice require the participation of two individuals from separate departments. Cards are boxed and placed in clear plastic containers by games supervisors, attested to and collected by security department officers and transported to a destruction room where they are destroyed by shredding or similarly effective means. Destruction procedures are to be documented. Prior to destruction, cards are verified as to complete decks, inspected for tampering or unusual markings. Similar procedures apply to collection and destruction of used dice.

Perpetual inventory records of contents to rooms where gaming equipment is maintained must be compared to the physical counts at periodic intervals and attested to by signatures of those conducting and verifying the count that are not acting in an incompatible function.

The above practices are employed in various manners in many gaming jurisdictions to minimize risk pertaining to manipulation of cards and dice or other gaming equipment where the intent is to give an illegal advantage to patrons via cheating methods.

Control of and specifications for cards and dice are essential to the integrity of the game to minimize cheating or other table game scams. Standardized design and construction prevent the entrance of fraudulent cards and dice to games played. The introduction of fraudulent gaming equipment has a direct impact on gaming revenues to be realized. Shaved and marked cards or irregular and weighted dice provide the player with an illegal advantage which depresses gaming revenues.

Value Chips

Best practices applicable to chips and plaques include specifying size and color content and that they are approved by the gaming jurisdiction before placing them in service. Any chip

with a denomination on its face is a value chip. Chips and plaques manufactured must have a primary color and secondary color that is any color that is not the primary color, so as to enable identification of value when placed in use. Best practices require identifying characteristics that are clearly visible such as denomination of value, name of entity, and primary color.

Value chips should have a characteristic known as an edge spot clearly visible to surveillance in order to ascertain the value when placed in a stack. Best practices specify that diameters of chips above a specified value be different from diameters of chips below the established threshold and that they be in the form of a disk. Plaques which are high value chips may be in the form of a rectangle, ellipse or oval, and be serially pre-numbered to account for them. Generally plaque values begin at \$10,000 and may be in denominations of \$25,000, \$50,000, or \$100,000 as the gaming jurisdiction approves. The range of value of chips authorized is usually specified by the gaming jurisdiction. In addition to a primary set of value chips, a secondary set must be available which contains a different primary color.

Best practices in place at gaming jurisdictions require that gaming chips or plaques are issued or sold to a patron at his/her request of such and not be given as change in any other but a gaming transaction. Additionally, all wagering on authorized table games shall be conducted with gaming chips or plaques. Gaming jurisdictions require that each entity redeem its gaming chips and plaques only from known patrons.

Non-Value Chips

Non-value chips are chips which do not contain a denomination on either face and which are used for wagering at the game of roulette. (In the casino, the only game to use non-value chips is the game of roulette and the chips may not be redeemed outside the roulette game from which purchased.)

Each non-value chip should contain an identifying characteristic and include the entity name and logo. Best practices specify each non-value chip be assigned to a particular roulette table and be issued and used for gaming at that table only. Several different colors are available for purchase by patrons. All non-value chips utilized at a particular roulette table must have the same design, insert or symbol. Non-value chips are counted each month by a game supervisor and brought to initial inventory levels as a precaution against improper use of non-value chips by

patrons. Excess non-values are returned to the cage and any short stacks are replenished by non-value chips from the cage. Documentation of the inventory of non-value chips and its replenishment to authorized levels must be prepared and signed by the participants, a dealer and games supervisor.

Patrons may purchase non-value chips with currency or value chips. Generally issued in stacks of 20, the patron determines the value of the 20-stacks. If the patron offers \$100 for a 10-stack of non-value chips, each non-value at that time becomes worth \$5 during the course of his/her play and a button specifying the value is placed on the inventory by the dealer of the color purchased by the patron so its value for play can be determined by surveillance cameras. Non-value chips purchased by the patron must be exchanged for value chips before leaving the roulette table.

Cash is exchanged for value and non-value chips to expedite the game and to provide surveillance the capability to observe wager and payout amounts from their closed circuit television cameras. The requirement that chips have a primary color, contain edge spots and different colors represent different dollar value or denomination also facilitates surveillance oversight of game play and outcomes. Chip requirements advance table game supervisor's oversight of the games under their control in that they can quickly determine bet amount by the color of chips wagered. When black chips (\$100 value) or purple chips (\$500 value) are in play supervisors can quickly decide closer scrutiny of play is warranted. Wagers in white (\$1 value) or red(\$5 value) may not require the same degree of attention as those larger value chips. Conversely, orange chips (\$1000) and grey chips (\$5000) wagered always garner more supervisory and surveillance oversight in that those outcomes can significantly impact gaming revenues.

M.G.L. c. 23K §4 (21) empowers the Commission to inspect and have access to all gaming equipment in a gaming establishment. With powers to promulgate regulations as noted in M.G.L. c. 23K §5(a), the Commission may set the specifications for all gaming equipment.

Roulette Wheels and Ball

The roulette ball and wheel for tables not open for gaming activity must be secured by placing a cover over the entire wheel and securely locking such cover to the roulette table.

Before opening a roulette table the wheel and ball are subject to inspection. The wheel should be inspected for balance, ability to spin freely, devices that may affect the fair play, parts are secure, and the ball is not compromised in any manner. A log of inspections should be maintained to document the inspections and participants therein.

Control over roulette balls and wheels are important in maintaining the game is played in a fair and unbiased manner. Roulette wheels may become unbalanced causing outcomes not to be random but possibly predictable as to the segment of the wheel where the roulette ball may drop. Seasoned roulette players seek any advantage that may come to them due to lack of diligence of the casino establishment to assure game outcomes are truly random.

Recommendation:

The adoption of gaming equipment best practices is essential to ensuring that games are conducted fairly and without bias and to assure that cheating by a patron or operator is minimized.

Slot Machines

In many jurisdictions, it is illegal for persons to possess slot machines. When legally possessed, slot machines may be kept only in locations approved by regulators. Generally, slot machines may be in the possession of a holder or applicant for casino license; a gaming school for teaching purposes; a related casino service industry for manufacturing, distributing, repairing or servicing slot machines; a common carrier for transporting and an employee of the regulators during the conduct of his official duties.

To minimize the risk to unauthorized possession of slot machines, procedures for transporting and tracking the machines must be established. The procedures are to include the details as to the shipper and recipient, method of shipment, quantity of machines shipped, manufacturer's serial number, and reason for shipping and expected delivery date.

Control over location and shipment of slot machines minimizes the risk that they will be diverted for illegal use. To account for slot machines, they must contain a manufacturer's serial number for ease of identification. There are also federal requirements that apply to the shipment of machines across state lines (the Johnson Act). Gaming jurisdictions customarily establish a

database of slot machines located in their jurisdiction and adjust the database for movements into and out of its jurisdiction.

As noted in M.G.L. c. 23K §25(e), gaming equipment shall not be possessed, maintained or exhibited by any person on the premises of a gaming establishment except in a gaming area approved by the Commission.

Prior to permitting a slot machine or related mechanical or electronic gaming device to be operational in the gaming jurisdiction, it must be approved by either an independent testing laboratory (outsource) or a testing laboratory established by the regulatory authority (in-house). Gaming jurisdictions differ in their approach to who conducts testing of gaming equipment. Best practices vary whether to employ an outside lab or a lab that is staffed by regulator employees. Massachusetts has written the option of outsourcing into its Legislation.

Issues to consider in deciding whether to staff and equip an in-house testing lab or use an independent lab are, but not limited to, the following:

1. Cost of testing – is it cheaper to do in-house or outsource?
2. Speed with which equipment can be approved – is testing and approval quicker by outsourcing?
3. Capital budget available to the gaming jurisdiction to acquire testing equipment and frequency of upgrades due to advances in technology?
4. Ease with which manpower expertise for testing can be acquired?
5. Retention rate of in-house employees?
6. Confidence the gaming jurisdiction places in outsourcing testing?
7. Who assumes cost of testing, manufacturer, or regulator if in-house testing?
 - a. If in-house testing, better control of staff assignments.
 - b. In-house lab is a source for other investigators and executives on technological issues.
 - c. In-house provides onsite presence for immediate accessibility to staff

Other factors may affect the decision to provide in-house testing versus outsourcing testing. These are only meant to be a guide. Some gaming jurisdictions permit the regulators to outsource although they currently maintain a testing lab.

Recommendation:

After considering the various issues, the consultants believe the factors noted above favor the testing of slot machines by an outside laboratory.

Slot Machine Technical Standards

Best practices require that testing labs establish slot machine and associated equipment technical standards in conformity with either industry or regulatory standards. Before slot machines or associated equipment are placed into operation they must pass the test protocols. Because there are many technical aspects to slot machines and systems that would be too numerous to recount, listed below are a sample of the areas subject to testing under best practices protocols. Some are:

1. Slot machine control programs and operating systems;
2. Standards for slot machine meters;
3. Standards for bonus systems;
4. Multi-player system requirements;
5. Standards for a random number generator (“RNG”);
6. Requirements for alterable media; and
7. External touch screen systems.

Associated gaming equipment refers to among other items, electronic shuffling devices, electronic dealing shoes, table game player rating systems, and slot and table game accounting systems. Each requires vetting by the gaming laboratory and approval prior to placement into service.

For slot machines and other electronic gaming equipment, testing laboratories such as Gaming Laboratories International (“GLI”) and BMM developed standards for gaming jurisdictions to consider. The standards developed by testing labs are periodically updated as changes in technology require. Although gaming jurisdictions have the authority to develop or create their own standards, gaming jurisdictions may accept in whole or in part the testing-lab standards when writing their regulations. It is not uncommon for gaming jurisdictions to modify testing-lab standards in attempting to fit their regulatory scheme in proportion to their needs without compromising integrity, in essence deciding what suits their needs.

M.G.L. c. 23K §25(a) specifies that no gaming licensee shall conduct gaming without an operations certificate issued by the Commission. The operation certificate to be issued upon compliance with Chapter 25 includes implementation of all management controls required by the Commission including, without limitation, controls on accounting, wagering and auditing.

Recommendation:

Due to the complexity of electronic games and equipment, the adoption of slot machine and other electronic gaming equipment technical standards is essential to ensure that electronic games and equipment are as represented by the manufacturer and the casino operator in furtherance of game integrity and fairness. These standards must also evolve with the development of the increasingly sophisticated and diverse devices.

7. Reliability and Control of Electronic Data Systems

Best practices for electronic data systems require there be a management information system (“MIS”) department. Employees of the MIS department must be appropriately licensed in the gaming jurisdiction, and managed by an MIS manager. Best practices specify the MIS department is responsible for the integrity of all data, the reliability and accuracy of all computer systems and software in use by the entity. The MIS manager is assigned responsibility for the logical and physical security of the MIS system through the use of access codes, monitoring logs of user access, logs to document hardware and software modifications and software used in conduct of casino operations.

Management information system departments are crucial in accumulating data and preparation of financial statements and management reports or reports to be submitted to the Commission. Therefore, controls are necessary to assure the reliability and accuracy of data used in the production of financial statements and reports. M.G.L. c. 23K §5(a) empowers the Commission to promulgate regulations in the following areas:

M.G.L. c. 23K §5(a)(8) requires quarterly financial reports and an annual audit prepared by a certified public accountant;

M.G.L. c. 23K §5(a)(9) prescribes the minimum procedures for effective control over the internal fiscal affairs of a gaming licensee including provisions for the safeguarding of assets and revenues, the recording of cash, and evidence of indebtedness and maintenance of reliable

records, accounts, and reports of transactions, operations and events, including reports to the Commission; and

M.G.L. c. 23K §5(a)(10) provides for a minimum uniform standard of accounting procedures.

Recommendation:

The gaming consultants recommend the adoption of controls for electronic data systems due to the sensitivity of proprietary data of each licensee pertaining to financial and personnel data and all other information developed, recorded or gathered necessary for the conduct of the licensee.

8. Document Controls (Especially for Revenue Computation)

Best practices require that documents used in determination of gross gaming revenue be controlled so that there is a high degree of confidence in the computation of gross gaming revenue. Some documents are required to be pre-numbered and accounted for while others do not. Table game documents essential for computation of gross gaming revenue include:

1. Pre-numbered table fills slips, which are forms that document the movement of value chips from the chip bank to the gaming tables upon request from the gaming table or pit;
2. Pre-numbered table credit slips, which are forms that document the movement of chips from the gaming table to the chip bank in the casino cage;
3. Pre-numbered counter check (marker) issuance forms, which document gaming credit issued to patrons;
4. Pre-numbered customer deposit withdrawal forms, which document the withdrawal of funds deposited at the casino cage and withdrawn as chips at the gaming table;
5. Pre-numbered complimentary commission forms for unpaid patron vigorish at baccarat; and
6. Table opening and closing inventory forms.

Each of the listed documents along with currency and coupons are dropped into the table game drop box during gaming at the table and are removed from drop boxes in the count room and placed on the master game report for computation of gross gaming revenue.

Best practices require that all pre-numbered documents be controlled and issued in sequential order manually or if computer issued be assigned sequential numbers by the computer system. After issuance, those documents must be accounted for by a department or function not associated with issuance. Accounting for pre-numbered documents issued ensures that they are included in the computation for gross gaming revenue. Best practices warrant that missing pre-numbered documents be investigated to assure they were not used for misappropriation of assets. Historically, misappropriation schemes involved the use of unaccounted for and fictitious table credits or fills forms.

Table inventory forms documenting the opening and closing of table games are required by best practices and necessary in the computation to determine table game revenue. Chips, coins, and plaques remaining at the gaming table must be counted and recorded on a two-part table inventory form (closer/opener). Participants preparing the closer/opener and counting the table inventory must sign the form. The original (closer) is dropped into the drop box upon closing the table and the duplicate (opener) is placed on top of the inventory face up. A clear glass or plastic cover that is locked over the inventory secures the table inventory. The inventory form, under best practices, must include the date, prepared the shift ended (day, swing or grave), game and table number, value of items in total and by denomination. Best practices specify that when the table is opened, the locked cover is removed and the chips and coin are counted by the dealer and the count is verified by a game supervisor to the opener inventory form (duplicate) for accuracy. Each signs the opener and deposits it into the table drop box.

With respect to slot machine operations, the introduction of slot accounting systems has provided more confidence in the reliability and accuracy of slot gaming revenue. Slot machines are equipped with various meters that are activated upon acceptance of currency and play of the game. Best practices require: in-meters, drop meters, jackpot meters, win meters, vouchers, in/out meters, coupon meters, and bill meters, among others. Pre-numbered documents associated with determining slot gaming revenue include vouchers in/out, hand-paid jackpots and credits and where slot machines employ coin hoppers, hopper fill slips. Due to technological advancements, coin is rarely used in slot play and there is no need for hopper fills. Vouchers in/out are documents issued by slot machine voucher systems and are assigned a number when issued that specifies the amount, time date, and issuing number of the slot machine. These vouchers are equivalent to currency and may be redeemed at the casino cage or used for

subsequent slot play. Some examples of reports prepared by slot accounting systems provide listings of vouchers received/issued, bills accepted and hand paid jackpots. From the slot system reports, slot win can be computed and corroborated by computation in the count room or casino accounting.

Gaming revenue is not solely determined by the count of currency in the count room. Documents affecting the determination of table or slot win must be taken into consideration along with the cash count to arrive at table or slot win (gaming revenue). As noted immediately above, documents removed from the drop boxes must be added to or deducted from the cash count. It is therefore, imperative that all such documents affecting gaming revenue be accounted for by the pre-numbered series assigned to each type of document. As empowered by M.G.L. c. 23K §5(a)(8),(9) and (10), regulations promulgated should include controls for pre-numbered, sometimes called, accountable documents.

Recommendation:

The adoption of accountable-document best practices controls is critical to the computation of gaming revenue and to minimize risk of fraud or defalcation of casino funds. Those best practices assure the accurate recording of financial transactions

9. Assigning Accountability to Participants to Transactions (Dual Signatures)

A significant aspect of casino control involves surveillance through which closed circuit television (“CCTV”) cameras observe and record activities on the casino floor and other assigned areas, such as elevators and parking lots. Through their observations and retention of video, accountability as to who participated in transactions can be established. However, CCTV is not the only method for assigning accountability. Best practices in the area of accountability require that whenever employees participate in a casino transaction that requires a form to be completed, it must be signed by the participants. For the movement of assets, or drop boxes, cards, dice, chips, issuance of counter checks, customer deposits withdrawn, preparation of cage count sheets for incoming/outgoing cashiers, complimentaries authorized, payment of slot jackpots and many other functions, two employees must participate (generally a subordinate and supervisor or two employees each from a different department) and they must sign the document prepared by entering their first initial, full last name and gaming jurisdiction issued license

number. When documents are generated by computer systems, the employee's identification number or other such identifying method should be included on the document.

As an adjunct to document signatures, signature file cards are signed by all employees to be used for establishing identification and comparison at the time of hire. These signature cards are used to establish names of participants when the need arises to examine documents. Additionally, best practices require that on a test basis revenue/income audits compare signatures appearing on documents processed to signature cards of employees.

Signatures of participants to transactions facilitate investigations whenever it is necessary to determine who was involved in a transaction. For example: whenever the count of imprest cage funds at close of day or end of shift, does not agree with the imprest beginning balance, the signed inventory count sheet will identify who was responsible for the funds. Similarly, if total of chips delivered to a gaming table does not agree with the fill form when chips are counted at the gaming table, the employee who prepared the fill is readily identifiable. Again, M.G.L. c. 23K §5 (a) empowers the Commission to promulgate the regulations addressing this best practice.

Recommendation:

Adoption of the best practices for identification of participants to transactions to serve investigative purposes and for identifying employees needing training due to frequent errors or failure to comply with regulations.

10. Segregation of Incompatible Functions (Departments and Individuals)

Segregation of incompatible functions is a cornerstone of best practices. Incompatible functions are typically defined as those functions that place a person or department in a position to both perpetrate and conceal errors, or irregularities in the normal course of their duties. Examples of incompatible functions are allowing an employee who has physical control of assets to also maintain records of accountability while there is no compensating control to assure the accuracy of physical counts and records prepared by the one employee. Similarly, the failure to segregate the various functions to issuing credit may place an employee in an incompatible function. With respect to issuing casino credit to patrons, it is essential that those who most

benefit from the issuance of credit (games department) not be the department or employee who authorizes/approves credit limits. Allowing games or marketing departments whose function it is to maximize revenues to also authorize patron gaming credit is an incompatibility that can result in poor credit decisions. Individuals or departments promoting revenue may not place sufficient emphasis on an applicant's credit history in the approval process. Therefore best practices organizationally do not have finance or accounting personnel who oversee financial matters report to marketing or games. In other credit areas, those who authorize/approve credit should not be allowed to write-off uncollectible credit. Combining credit approval with ability to write-off uncollectible credit creates the opportunity for bribes and kickbacks.

It is a basic rule of accounting and administrative controls to segregate incompatible functions in the absence of compensating controls.

Recommendation:

Adoption of segregation of incompatible functions so that no one employee or person can perpetrate an irregularity or commit errors without detection.

11. Audit of Casino Transactions (Revenue Audit Functions)

Revenue/income audit is a segment of casino accounting that is charged with reconciling the daily documentation that is generated by casino transactions. It reports to the casino controller or director of finance and accounting for operations. It should not be confused with internal audit. Internal audit is a separate department with reporting lines to the audit committee or board of directors and is not under the control of operating management.

Best practices dictate that revenue/income audit performs its functions via preparation of checklists for the various reconciliations and comparisons they are to perform. The best practices of revenue/income audit include the test and verification of entries to the master game report for table games and slot win report for slot machine activity. Additionally, revenue/income audit compares the actual count of slot cash boxes to a meter report of currency accepted by the slot machine. Variance between meter drop and actual cash count require investigation. Entries on each of these reports are compared to documents forwarded from the count room for accuracy, validity and signatures required by regulation, minimum internal control standards or the entity's approved procedures. Along with comparing documents to entries on the win reports,

revenue/income audit accounts for all pre-numbered documents to assure that they are issued and processed in serially pre-numbered order. Missing or voided pre-numbered documents are to be investigated to satisfactorily account for their use. Unaccounted for documents may affect the computation and accuracy of reported revenue. Many misappropriations of entity assets have been associated with fictitious use and lack of accountability of pre-numbered documents, whether in the revenue computation function or control of casino cage assets.

Revenue/income audit functions also require the matching of multiple part forms. Many casino forms are multiple parts: original, duplicate, and triplicate or if computer issued, in lieu of a triplicate a computer system report serves as the triplicate control copy. Best practices require the matching of all copies of pre-numbered forms or comparison to computer reports of sequence numbers issued. All copies of multiple part forms must be accounted for by revenue/income audit. For example, a pre-numbered computer recorded fill form which is printed in the casino cage has at minimum two parts, the original is retained by the chip bank, while the duplicate is carried to the gaming table by security along with chips ordered and the duplicate is dropped into the table drop box upon verification of chips received by the table department representatives. Revenue/income audit under best practices has the duty to compare the fill slips received from the chip bank paperwork with the fill slips removed from the drop boxes and forwarded to revenue/income audit.

Other best practice revenue/income audit functions include, but are not limited to, verifying entries and totals on cage cash inventory forms received from the main bank, chip bank, check bank and window cashiers; maintenance of inventory records for sensitive keys, cards and dice; and reconciling slot system vouchers issued and redeemed.

The accounting department of gaming establishments are assigned, as one of their responsibilities, to determine that daily operations are conducted in accordance with regulations, minimum internal controls and the entity's internal control submission and to assure that revenues and assets are properly accounted for. The department so charged is either named revenue audit or income audit. It must, on a daily basis, examine all the paperwork produced by the previous day's casino transactions.

Again the Massachusetts Gaming Commission has authority under M.G.L. c. 23K §5 (a)(9) to prescribe the minimum procedures over the internal fiscal affairs of the gaming licensee.

Recommendation:

The gaming consultants recommend adoption of the audit function, which is one of the many redundant casino controls for the verification of transactions recorded, detection of regulation violations and errors or irregularities committed by employees.

12. Control of Patron Gaming Credit

The indiscriminate granting of casino credit can be considered an enticement for patrons to gamble beyond what is financially prudent or an enticement to those with little or no coping skills to refrain from gambling. As a result, the extension of credit to gaming patrons should be done with care and prudent judgment. Credit decisions should be made with sensitivity toward patrons with compulsive gambling tendencies to minimize the harmful effects credit may have on patrons' finances and mental well being. Therefore, credit applications must be carefully evaluated. Easy credit serves neither the patron nor the casino operators well. Credit evaluation should weigh whether the applicant is employed, the number of years employed, whether he or she is retired, or unemployed. Where inquiries into applicants' credit histories disclose issues with child support, part-time jobs, evidence of prior unpaid gaming credit, or recipients of government support programs, the privilege of credit should be denied credit.

Many states include in their regulations a framework for patron self-exclusion from all gaming or only credit issuance. Self-exclusion or self-banning programs were established as a supportive tool to assist individuals who seek to make a personal commitment to control their gambling issues. While self-exclusion programs may be all encompassing in that no gaming is to be permitted, some are nuanced and permit patrons to self-deny the issuance of gaming credit, thereby limiting their loss exposure to current bankrolls. They are designed specifically for individuals who believe they cannot modulate their gaming behavior without this support. Such programs are self-imposed restrictions; they are not restrictions placed on individuals by a regulatory authority or a casino licensee.

The primary objective of self-exclusion programs, including self-denial of gaming credit, is to assist individuals who cannot control their gaming impulses. However, these programs have an added benefit in that they protect the gaming industry from undesirable negative publicity associated with problem gambling.

With the understanding of the effects credit can have on patrons, it is understood that credit is crucial to the success of gaming operations but can be quite controversial. The credit issued to patron must be reasonable and should be issued through a process that evaluates the credit worthiness of the patron rather than their propensity to gamble. Gaming credit issued can account for a significant amount of table drop. Therefore, to minimize write offs from poor credit decisions, credit authorization should be documented. Credit best practices may be segregated into the following segments:

1. Application process
2. Verification, authorization
3. Issuance
4. Redemption
5. Collection
6. Write-offs

Each of these segments is discussed below.

Application Process

Prior to a patron receiving gaming credit, much like a department store or appliance store, the patron must fill out a credit application. Applications generally contain patron name, address, phone number, Social Security Number, employment information, income earned, banking information, credit limit requested, approximate outstanding debt and patron signature attesting to the accuracy of information entered. The patron's credit application serves multiple purposes. It allows the gaming licensee to "know its customer" via the information he/she enters on the application; and it is a requirement that whenever a patron establishes an account certain requirements become operative: obtain social security number, record patron transactions in chronological order and others.

Verification of Application Information

Credit best practices mandate that information entered on the credit application be verified by an employee who has no authority to approve/authorize credit limits. Verifications are conducted with banks, credit service bureaus and other sources to establish the veracity of the information entered. An employee who verifies credit information and approves/authorizes credit would be acting in incompatible functions unless there were compensating controls. Verifications performed are to be documented in the credit file along with signatures or computer codes of those who performed verifications along with date and time conducted.

Credit Authorization/Approval

Best practices require that prior to approving a credit limit, information obtained from the verification process be evaluated by those assigned to approve credit. Decisions to approve credit limits are to be based only on information contained in the patron's credit file. Credit approval is to be documented in the credit file with the signature or the computer codes of those approving credit. No patron should be issued credit until the application, verification and approval processes are complete and documented in the patron's credit file. The patron credit file should contain all the activity in chronological order associated with a patron's credit including issuances, redemptions, collections, and if necessary, write-offs.

Credit Issuance

Upon completion of best practices for application, verification and approval, patrons may be issued gaming credit at the tables or casino cage. In return for a patron signed counter check, sometimes referred to as markers, a patron can receive chips at the gaming tables or cash from the casino cage (or slot credit for play at slot machines).

In either case, whether credit is issued at the cage or gaming table, the patron's identity and his approved credit limit must be confirmed. Best practices generally require the patron to present to a cage or table supervisor identification credentials that includes a signature so that his/her identity can be confirmed. Upon confirmation of patron identity, the patron requested amount of credit must be compared to his/her approved and available credit limit. When these requirements are met, the counter check is prepared for the patron to sign. After the patron signature is entered on the counter check, the game or cage supervisor distributes the chips or

cash if at the casino cage to the patron. Best practices specify the counter check be a multiple-part form with an original (negotiable forwarded to check bank), issuance (inserted into drop box) and redemption (cage copy attached to original). For slot counter checks, the original check is sent to the check or main bank while the issuance copy is inserted into a box in the cage accessible only by accounting. On the original and all copies of the counter check, best practices mandate they include the name and signature of the patron, his bank name, address and account number, amount, date and time, game/table number or window location of cashier, signature of employee authorizing the check, and notation on the back of “for deposit only” to entity’s bank account. Counter checks are generally enforceable as negotiable instruments equivalent to personal checks since they are drawn on a patron’s bank checking account.

Redemption of Counter Checks

Best practices specify that patron counter checks may be redeemed via deposit into the entity’s operating bank account or via redemption at the casino cage. Counter checks have the same qualities as a patron’s personal check and when cleared are charged against the patron’s personal checking account. Where counter checks are redeemed via deposit, a deposit ticket for all counter checks to be deposited must be prepared and included with the entity’s daily cash deposit to its bank. Redemptions at the casino cage generally are required to be conducted by the patron who incurred the gaming debt. When redemptions occur at the casino cage, window cashiers must request the original counter check from the check bank or main bank (if originals are held by the main bank). The transfer of counter checks from the cage bank securing the check must be documented with a transfer form indicating the check number requested by the window cashier, the amount, the date requested, and bear the signatures of the cashier participating in the transfer. Best practices permit the window cashier to accept cash, cash equivalents, chips, plaques, and draw down against a patron’s deposited funds to redeem counter checks. Upon acceptance of the funds, the window bank cashier returns the counter check to the patron and includes the funds received in the window bank drawer.

Best practices of many gaming jurisdictions establish holding periods for counter checks before they are required to be deposited in the event they are not redeemed at the casino cage. Checks of differing monetary thresholds may be held for different periods of time before deposit requirements are met. For example, checks below \$1,000 may be held seven days from date of

issuance before sent for deposit if not redeemed at the casino cage sooner; checks between \$1,000 and \$5,000 may be held 14 days before deposit requirements are met; and so forth in accordance with gaming-jurisdiction mandates.

Other best practices surrounding redemption of checks permit consolidation of several counter checks into one larger check; partial redemption of counter checks; and to substitute a counter check with his/her personal check.

Collection of Returned Counter Checks

The redemption of counter checks does not always occur within the conditions upon which credit is issued. Patrons frequently do not redeem counter checks at the casino cage, thereby resulting in sending them to the bank for deposit. Once deposited, if a patron's bank account balances are insufficient to cover the amount of the counter check, it is returned by the bank to the entity unpaid and becomes a returned check and maintained by the check bank cashier or main bank cashier. Best practices require that when patron counter checks are returned from the bank unpaid, that his/her credit account be suspended until all unpaid counter checks are paid. The entity suspending patron credit privileges due to unpaid debt notifies a credit clearing house which sends notices to other casinos of the unpaid debt, and they may be required to suspend credit privileges as well.

Collection efforts by the issuing casino begin immediately upon return of a deposited counter check. Best practices specify that only casino employees licensed as collection representatives or an attorney at law may engage in collection efforts. Best practices pertaining to collection efforts provide that records of all contact with the patron be documented in the collection file in the casino accounting department. Items to be included in the collection file are statements sent, phone calls, emails, faxes, and any other forms of communication with the patron. Upon failure of reasonable efforts to collect unpaid counter checks, they become candidates for write-off. In cases where fraud is present, such as when it is determined that the bank account on which the check is drawn was closed prior to the issuance of the counter check, the matter should be timely reported to law enforcement authorities for further investigation. Prosecuting authorities in established gaming jurisdictions often bring charges for such conduct under existing "bad check" statutes; thus it is our recommendation that an opinion be sought from the Massachusetts Attorney General's Office as to whether casino counter checks qualify as

“checks” for the purpose of prosecution under Chapter 266, Section 37 (“Fraudulent checks, etc., drawing or uttering”), or whether a statutory amendment is necessary.

Write-Off of Uncollectible Counter Checks

Best practices require that before counter checks may be written-off that the collection file document the efforts put forth to collect the debt. Gaming debt uncollected and to be written-off may not be authorized/approved by one individual, but evaluated by a committee which may consist of the chief executive officer, a gaming executive, casino controller or any other such person of equivalent status, but without the authority to approve credit.

M.G.L. c. 23K §27(a) of The Act authorizes the Massachusetts Gaming Commission to issue credit in accordance with regulations promulgated. M.G.L. c. 23K §27(a)(1) states regulations shall include, but not be limited to:

1. Procedures for confirming that a patron has an established credit history in good standing;
2. The patron has a good credit history with the gaming establishment;
3. Procedures for authorizing credit instruments;
4. Methods for acknowledging a credit instrument and payment of debt; and
5. Information provided by the patron to the gaming establishment is shared with the Commission for auditing purposes.

M.G.L. c. 23K §27(h) specifies that debt collections shall be limited to key gaming employees or attorneys acting directly on behalf of the gaming licensee. It further restricts debt collections of gaming employees who serve as a junket representative for the gaming licensee.

Recommendation:

The gaming consultants recommend the adoption of casino credit best practices to limit exposure to losses from gaming credit. Liberal or conservative credit issuance policies of a licensee determines the significance of casino wagers from credit patrons. Gaming credit not fully repaid or written-off consumes gaming resources at the tables and slot machines and in collection efforts. To minimize expending resources on those patrons without sufficient ability to repay debt, credit procedures best practices serve to improve cash flow, efficient application of labor and lead to more productive wagering.

13. Summary of Best Practices

The best practices described above are those proven to be effective in managing casino operations. To do any less exposes the entity to unwarranted risk of loss of assets and may lead to the lack of public confidence in gaming operations. The long history of gaming is replete with stories of unsavory characters owning and operating casinos. The development of effective systems of controls, best practices and adoption of best practices into regulation has rendered the gaming industry a respectable business enterprise.

B. Interplay Between Regulatory Enforcement and Criminal Law Enforcement

Maintaining public confidence in the integrity of state-sanctioned gaming requires that casino regulatory authorities ensure licensees operate in compliance with all applicable laws, rules and regulations. Typically, this goal is achieved through the implementation of a system of regulatory investigations and regulatory prosecutions. There is also an equally important parallel need for effective enforcement of criminal laws related to gaming activities. While necessary interplay between these two areas is critical, there are fundamental differences that impact operational activities and exchange of information.

It is instructive to first examine how these areas of responsibility are allocated under Massachusetts law. M.G.L. c. 23K §6(a) provides that the Investigations and Enforcement Bureau (IEB) within the Commission shall be the Commission's primary enforcement agent for *regulatory* matters. M.G.L. c. 23K §6(a) also states that the IEB will be under the supervision and control of the Commission's deputy director of investigations and enforcement. M.G.L. c. 22C §70 specifies that the colonel of the State Police shall establish a gaming enforcement unit to investigate *criminal* violations of M.G.L. c. 23K or any other general or special law pertaining to gaming. M.G.L. c. 23K §6(f) provides that the gaming enforcement unit in the department of State Police shall have exclusive jurisdiction over any criminal activity relating to the operation of a gaming establishment or relating to games or gaming that occur inside the gaming establishment.⁷

⁷ The law further provides that the State Police shall have concurrent jurisdiction with the law enforcement agency of the host community on all other policing matters; and that the Commission in consultation with the Colonel of

With the obvious purpose of fostering cooperative efforts, M.G.L. c. 23K §6(c) mandates that officers and employees of the gaming enforcement unit of the State Police assigned to the Commission under the mandates of M.G.L. c. 22C §70 shall work with employees of the IEB to investigate violations taking place on the premises of a gaming establishment. Further, M.G.L. c. 23K §6(d) requires that the IEB shall notify the Division of Gaming Enforcement (“DGE”) in the department of the Attorney General of criminal violations by a gaming licensee; that the IEB and DGE shall cooperate on regulatory and criminal enforcement; and that the IEB and DGE may determine whether to proceed with civil or criminal sanctions, or both, against a licensee.

While cooperation between regulatory and criminal enforcement is necessary, there are restrictions that arise directly from the authority regulators wield. Personnel tasked with regulatory investigations will enforce strict adherence to the state laws and regulations relating to gaming, including the comprehensive minimum internal control standards. For example, regulatory investigators will ensure that only approved slot machines and table games are offered to the public; monitor games to verify they are being conducted properly; observe collection and count-room activities for compliance; monitor surveillance operations to ensure it is adequately staffed, efficient and structurally independent from gaming operations; check for underage gamblers; conduct audits; and address violations of the exclusion lists. Regulatory investigators will also probe patron complaints relative to the gaming operations. Finally, regulatory investigators will monitor for compliance with anti-money laundering regulations. To accomplish these mandates, laws in gaming jurisdictions typically grant regulators unrestricted access to all areas and records of the gaming facility, and further require licensees to cooperate with regulators as a condition of licensure. Massachusetts has followed this model. M.G.L. c. 23K provides, for example:

Section 4. The commission shall have all powers necessary or convenient to carry out and effectuate its purposes including, but not limited to, the power to: (...)

the State Police shall facilitate the execution of a memorandum of understanding with the law enforcement agency of the host community involving the assignment of officers of the host community to the gaming enforcement unit of the State Police involving, first responder calls from the gaming establishment, emergencies occurring in the gaming establishment, and criminal investigations involving employees or patrons of the gaming establishment.

(22) seize and remove from the premises of a gaming licensee and impound any equipment, supplies, documents and records for the purpose of examination and inspection;

(23) demand access to and inspect, examine, photocopy, and audit all papers, books and records of any affiliate of a gaming license or gaming vendor whom the commission suspects is involved in the financing, operation or management of the gaming license or gaming vendor; ...

Section 13. ...

(b) An applicant, licensee, registrant or any other person who shall be qualified under this chapter shall have the continuing duty to provide any assistance or information required by the commission and to cooperate in any inquiry or investigation conducted by the commission. Refusal to answer or produce information, evidence or testimony by an applicant, licensee, registrant or other person required to be qualified under this chapter may result in denial of the application or suspension or revocation of the license or registration by the commission.

IEB personnel thus have warrantless search and seizure authority, and licensees have a duty to cooperate under threat of license revocation. This necessarily broad scope of regulatory authority is a significantly different from the constitutional protections applicable to criminal law, in which police are constrained by federal and state constitutions. To illustrate, unlike regulators, police cannot conduct searches in the absence of a valid warrant based on probable cause (except in rare instances) and also must scrupulously honor one's constitutional right against self-incrimination.⁸ In addition to operating within those constitutional parameters, police and prosecutors must meet the highest burden of proof found in the legal system – proof beyond a reasonable doubt. Regulators, by comparison, only need to prove by a preponderance of the evidence that a regulatory violation has occurred. Due to the constitutional protections afforded criminal suspects/defendants, there are legal constraints on the exchange of information between police and regulators: sharing information already in the regulator's files is permissible under approved protocols; using regulatory powers to obtain information from licensees for immediate dissemination to law enforcement agencies is generally prohibited.

⁸ Licensees cede these rights – as a condition of licensure – for regulatory purposes only, but retain their constitutional rights in any related criminal proceedings.

We suggest the Commission seek counsel from the Attorney General's DGE on this issue, but generally Commission staff should not use their regulatory powers to gather evidence for a criminal prosecution that is not already in its possession. Put another way, if a Commission regulatory agent has unfettered access to a licensee's computer system for regulatory purposes, utilizing such regulatory access specifically to obtain evidence for a criminal prosecution will likely have constitutional implications. Likewise, law enforcement officials should not share with regulators information obtained via a grand jury subpoena or from electronic surveillance without conferring with counsel whether judicial disclosure orders are necessary. In a related issue triggered by the close working relationship among police and regulators, law enforcement personnel must be particularly careful when interviewing individuals holding casino licenses in custodial interrogation settings at the gaming facilities, as those license holders have a duty to cooperate with regulators under threat of license revocation. Police must ensure the licensee fully understands the interviewer is a law enforcement officer conducting a criminal investigation and that the employee has no duty to cooperate with the interviewer. Otherwise, any statement could be suppressed as involuntary.⁹

Despite the legal constraints on plenary exchange of information, an open dialogue between IEB, State Police Gaming Enforcement Unit, and DGE on matters of mutual interest will still be beneficial. For example, regulators have an interest in quickly suspending the licenses of casino employees charged with criminal offenses, and will require prompt receipt of investigative reports from the appropriate law enforcement agency to accomplish that task. In cases involving executive level employees, criminal investigators should keep regulators advised of those sensitive cases when appropriate so regulators may be prepared to move for suspension immediately after arrests. Law enforcement officers may encounter regulatory issues in criminal investigations; for example regulators should be routinely advised of arrests of slot machine cheats who take advantage of software flaws so the underlying issue could be addressed with the manufacturer of the games¹⁰.

⁹ Of course, *Miranda v. Arizona*, 384 US 436 (1966), and its progeny require for a statement to be admissible the interviewee must have knowingly, intelligently and voluntarily waived his constitutional right against self-incrimination. Choosing between remaining silent or losing a valuable casino employee license – and your ability to earn a living – casts grave doubt on the voluntariness of any statement.

¹⁰ The Commission may decide to place cheats on the exclusion list or may suspend gaming licenses of employees arrested for cheating pending the outcome of the criminal charges.

The Commission may likewise offer assistance to criminal investigators via sharing of information. Paramount would be the immediate notification of criminal activity discovered/suspected by regulators or licensees. Information gathered by regulators during the licensing process is also valuable; for example, Personal History Disclosure Forms filed by license applicants are often a wealth of information to police when conducting criminal investigations, and should be made available to police under information sharing protocols. This is a particularly effective information-gathering tool when investigating casino dealers for collusion; many collusion cases have been made when the patron benefiting from a dealer's "mistakes" is found to be listed on the dealer's application for a license as a reference or extended family member. The expertise regulators develop in casino operations is likewise important, and Commission auditors or accountants may lend assistance to law enforcement in complex cases by reviewing voluminous casino records for evidence.

Certain conduct may trigger both regulatory action and criminal prosecution, requiring coordination of efforts. For example, a casino cage cashier found stealing will not only face criminal prosecution, but a regulatory complaint against her employee license as well. It is important to note that due to the lesser standard of proof in a civil matter (a preponderance of evidence standard vs. the beyond a reasonable doubt standard required in criminal actions), in certain instances regulatory enforcement may succeed while insufficient evidence exists to proceed on the criminal matter. When both regulatory and criminal actions go forward against an employee, his/her gaming license will typically be suspended pending the outcome of the criminal prosecution. The respective criminal and regulatory prosecutors should coordinate their activities to ensure litigation strategy in one case does not negatively impact the other. For instance, if the criminal case rests on the testimony of a key witness, conducting a regulatory deposition of that witness prior to his criminal trial testimony will create a sworn record that may be used to impeach him at trial if inconsistencies, however innocuous, are present. Similarly, criminal prosecutors should not agree to accept a guilty plea with a provision (commonly called a civil reservation) that prohibits the use of the guilty plea against that person's interests in civil or administrative proceedings. Moving the criminal case first is advantageous, as if the defendant is found guilty or so pleads, the regulatory action may then quickly resolve. In the event the

criminal prosecution terminates favorably to the defendant, the regulatory action still may proceed, absent double jeopardy concerns.¹¹

Despite the inherent differences between regulatory enforcement and criminal law enforcement, all gaming jurisdictions do not segregate these duties. Certain gaming jurisdictions grant their enforcement personnel dual regulatory and criminal law enforcement responsibilities, while other segregate responsibilities in varied organizational structures. Our review of the methods employed by Pennsylvania, Indiana, and New Jersey follow, including respective procedures for sharing of information between regulators and criminal law enforcement officers. These gaming jurisdictions were selected due to significant revenues generated from gaming in a geographic area similar to Massachusetts and that they illustrate the differences in approach to enforcement.

1. Pennsylvania Gaming Control Board

The Pennsylvania Gaming Control Board (“PGCB”) has established a Bureau of Gaming Operations. The Bureau of Gaming Operations works with the Executive Director and other bureaus to oversee all aspects of ongoing casino operations. Staff performs audits and reviews internal controls and regulatory submissions for all 10 casino licensees. Under the direction of the Bureau of Gaming Operations is the Bureau of Casino Compliance. Casino Compliance Representatives (“CCRs”) are assigned to each casino throughout the state to ensure compliance with PGCB regulations. CCRs provide round-the-clock representation at each casino. It is the responsibility of CCRs assigned to each property to ensure compliance with PGCB regulations, and that the casino’s internal controls comply with regulations and that daily operations conform thereto. CCRs do not have law enforcement powers and therefore must refer criminal cases to the Pennsylvania State Police for investigation.

¹¹ Double jeopardy does not attach when the same conduct gives rise to both criminal and civil proceedings as long as the civil penalties sought are remedial rather than punitive in nature. *Hudson v. United States*, 522 US 93 (1997). For example, see *Waltier v. New York Police Dept.*, 856 F. Supp. 196 (SDNY 1994), *aff’d*, 52 F.3rd 311 (2d Cir. 1995); constitutional prohibition against double jeopardy did not bar administrative proceedings in which licensee’s pistol permits were revoked, even though the events that led to the revocation proceedings were also the subject of criminal charges of which licensee was acquitted.

Within the PGCB is the Office of Chief Counsel (“OCC”), which serves as legal counsel to the Pennsylvania Gaming Control Board on issues of policy and procedure including administration, personnel, budget, operations, gaming, licensing, regulatory enforcement, and all other matters that may emerge in the course of regulating casino gaming. The OCC has no criminal prosecutorial powers; therefore any criminal issues developed by any of its investigation bureaus must be referred to the Pennsylvania State Police for investigation and then to the appropriate prosecutorial agency.

In the PGCB regulatory model of administrative and criminal enforcement, the CCRs are assigned to each casino and share offices with the Pennsylvania State Police who are also onsite (11 at each casino). Information-sharing is an ongoing process. In discussions with members of the PGCB, the gaming consultants were advised that any criminal matter developed during the course of a compliance investigation would be referred immediately to the State Police for criminal investigation. A CCR report is prepared and forwarded to the State Police whereupon the State Police would begin the criminal investigation. The compliance investigation is suspended until the criminal investigation is concluded.

Criminal cases investigated by the State Police are prosecuted by the district attorney in the county wherein the criminal activity occurred. In instances where State Police discover regulatory violations in the course of criminal investigations, that information would be immediately forwarded to the CCR for investigation after completion of the criminal investigation.

2. Indiana Gaming Commission

The State of Indiana currently utilizes sworn gaming enforcement agents from the Indiana Gaming Commission to handle the investigation of gaming crimes and other criminal offenses at 13 geographically scattered casinos. The Indiana gaming enforcement agents serve both as regulators and law enforcement officers, responsible for criminal investigations as well as all regulatory compliance issues. Each casino is assigned a team of agents and one supervisor. In addition, there are enforcement investigators who supplement the work of the enforcement agents in complex cases as needed statewide. The task of casino law enforcement was originally the purview of the Indiana State Police, but in 2005 Indiana legislation transitioned those duties from the Indiana State Police to the Indiana Gaming Commission.

The Indiana Gaming Commission has segregated its organization into multiple divisions. The relevant divisions to our discussion are as follows:

The Compliance Division, which oversees the regulation of electronic game devices, table games, promotions/tournaments, patron complaints and the Voluntary Exclusion Program. The compliance division is responsible for review and approval of casino internal control submissions, review and testing of electronic gaming devices and the voluntary exclusion program for patrons, all of which are principally a regulatory function.

The Enforcement Division where the primary responsibility of enforcement agents is to ensure that casino gaming is conducted in strict compliance with the laws and regulations in Indiana. The enforcement division conducts regulatory and criminal investigations and is trained in gaming crimes and criminal investigations.

The Legal Division represents the Commission's interests on matters related to administrative proceedings; investigation and licensing of employees, owners and suppliers; disciplinary actions; exclusions of persons; charity gaming and boxing. The legal division of the Commission does not have prosecutorial powers and therefore, criminal cases developed by Commission agents are referred to the local county prosecutor. The method of referral is commonly done via letter along with the agents report along with evidence developed.

The Audit Division coordinates through field auditors with the department of revenue to ensure that each casino's daily tax payment is accurate and timely. The Audit Division audits electronically filed gaming revenue tax returns and are generally not involved in criminal cases.¹²

Indiana's model in which gaming control agents serve dual roles as regulators and law enforcement officers is also followed in Missouri, where such duties are handled by the Missouri State Highway Patrol's Gaming Division. From our discussions with the Indiana Gaming Commission's legal division (as well as an examination of the Commission's 2011 annual report) since agents assume dual roles there are no internal communication issues pertaining to the exchange of regulatory and criminal law enforcement matters. Referrals to local county prosecutors are necessary for criminal cases to be prosecuted. In our opinion, in view of the legal

¹² The Indiana Gaming Commission has other divisions, but none are relevant to the issue of coordination among regulatory and criminal responsibilities.

restrictions on sharing of information between police and regulators, we cannot advocate the commingling of regulatory and criminal law enforcement duties as a model for Massachusetts.

3. New Jersey Division of Gaming Enforcement

New Jersey's legalized casino gaming commenced in 1978, and since its inception regulatory and criminal law enforcement responsibilities have been segregated. The investigation and prosecution of crimes on the casino floor, or those otherwise relating to the gaming activities of the casino, have been the exclusive purview of State law enforcement agencies. The New Jersey Casino Control Act created the Division of Gaming Enforcement ("NJDGE"), which is charged with enforcing the provisions of the Casino Control Act and the regulations promulgated there under. Among its myriad duties are regulatory investigations and prosecutions, inspections, and audits.

Within the NJDGE is a Regulatory Enforcement Bureau ("REB"), which conducts investigations of regulatory matters. The REB assigns investigators to each casino to review casino operations for compliance with regulations and the entity's internal control procedures. To handle criminal investigations, the NJDGE has established the Criminal Enforcement Bureau ("CEB") to investigate criminal cases associated with casino operations or other crimes that take place in or about the casino facility. The CEB is staffed by New Jersey State Police ("NJSP") officers who are on call 24/7 from a central location in Atlantic City. Unlike the PBCB model, State Police are not assigned to particular casinos, but respond as needed. Although the NJSP work from a central location in Atlantic City, they also share office space with REB at each casino. As the need arises the NJSP will occupy those assigned offices to conduct their investigations. The NJSP develop cases from intelligence information received from their intelligence bureau, those developed by CEB itself and occasionally by receiving referrals from the REB unit. The two bureaus operate independently but concurrently: CEB on criminal matters, REB on regulatory issues. Interaction among the bureaus occurs when REB refers a criminal case to the NJSP and when NJSP officers operate from the casino assigned office. NJSP may also refer regulatory matters it uncovers to REB.

During the course of its compliance reviews, REB may determine that casino procedures deviated from regulatory requirements, but that a crime may also have been committed. For example, window cashiers are to accept chips in redemption for cash in an amount equal to the

chips presented. However, in one case REB observations disclosed that a cashier was intentionally disbursing cash to a confederate in an amount greater than the value of chips accepted in redemption. This occurred several times with the same patron. Therefore, the cashier violated regulations and committed a crime. In instances such as this, REB would refer the investigation findings to NJSP via phone to its central location or REB would schedule a meeting with NJSP to discuss the case to be referred. An REB report documenting its findings would also be forwarded to the NJSP. It has been the practice at NJDGE that where regulatory violations are detected in association with criminal acts, the regulatory investigation will be suspended until the criminal investigation has been completed. Upon completion of the criminal investigation and prosecution, irrespective of the outcome, the REB would continue its regulatory investigation and take action deemed appropriate to the circumstances.

Unlike many other states with legalized gaming, New Jersey utilizes a specific unit of state-level prosecutors to handle the prosecution of gaming-related crimes. The New Jersey Division of Criminal Justice (“DCJ”) was created in 1971 in an effort to assemble an agency of state prosecutors and investigators to prosecute matters of statewide importance, particularly organized crime and corruption cases. Each of New Jersey’s 21 counties has a County Prosecutor’s Office that handles the prosecution of crimes occurring in its respective jurisdiction; DCJ provides a state-level prosecuting agency tasked with handling matters that transcend county boundaries or whose time-consuming complexity would strain the resources of local agencies. Like its sister state agencies NJDGE and the State Police, DCJ is in the Department of Law and Public Safety, and also under the control of the Attorney General. DCJ has evolved over the years, and its focus on organized crime and corruption has expanded into varied subject matters including Casino Prosecutions. The Casino Prosecutions Unit is housed in Atlantic City along with State Police and DGE, and its deputy attorneys general handle the prosecution of gaming-related indictable crimes that are investigated by the State Police. Criminal Justice investigators perform trial preparation, extradition and fugitive tracking duties.

New Jersey’s arrangement of sister state agency parity among casino regulators, prosecutors and investigators have proven successful in practice. All develop a casino-centric expertise in their respective fields. Regulators uncovering suspected criminal activity immediately refer their findings to the State Police. Regulatory issues uncovered in criminal investigations are likewise referred to DGE. Supervisors of the three agencies meet regularly to

coordinate responses to casino crime. Since the Attorney General heads the Department of Law and Public Safety, he or she resolves any turf battles or disputes. Temporary reassignment of personnel for complex investigations requiring significant manpower frequently occurs, even drawing from other non-gaming-related bureaus of State Police and Criminal Justice.

4. Summary and Recommendation

The Pennsylvania, Indiana and New Jersey models for casino criminal law enforcement and regulatory enforcement responsibilities differ in significant ways. Indiana vests its investigators with both criminal and regulatory powers. Pennsylvania and New Jersey segregate criminal investigations from regulatory investigations, and operate differently with respect to assignment of State Police. Ostensibly the result of geographically diverse casinos in Pennsylvania (as opposed to the concentration of 11 venues in Atlantic City), Pennsylvania State Police has 11 officers on site at each casino for almost 24/7, while New Jersey State Police operates from a central office in Atlantic City. New Jersey utilizes state prosecutors to handle criminal prosecution of gaming cases, while Indiana and Pennsylvania utilize county prosecutors where the casinos are sited. From our experience and discussions with these State authorities, it appears that the methods outlined above have been effective in meeting the criminal and regulatory concerns of the respective jurisdictions.

We believe the method to be employed in Massachusetts (i.e., MGC undertaking regulatory responsibilities, the State Police exercising exclusive jurisdiction over gaming crimes, and the mandate that the State Police work in conjunction with the gaming enforcement unit of the Attorney General's Office to investigate criminal activity related to gaming), as well as clear lines of reporting (M.G.L. c. 22C §70 requires that IEB report to the MGC Deputy Director of Enforcement as well as the Colonel of the State Police) will likewise undergird an effective regulatory and law enforcement response to casino gaming. We believe the comprehensive structure will promote consistency in gaming investigations regardless of location, type or complexity, offer seamless coordination of investigations involving more than one jurisdiction, and undergird public confidence that investigation of criminal conduct relating to state-sanctioned gaming is uniform regardless of location. Additionally, we conclude that vesting the State Police with exclusive jurisdiction over gaming crimes provides the Commission with a

single informational source for all gaming-related criminal matters, an important consideration when identifying and pursuing associated regulatory issues.

Successful regulatory oversight of gaming operations requires teamwork and the sharing of information when legally appropriate. Regulators with an ongoing presence in the casinos and law enforcement officers who either are responders or who also are onsite must have an open and effective means of communication. If both disciplines are on site and share offices, appropriate information passes freely among the regulators and law enforcement officers. To facilitate communication among leadership of the agencies, effective practices should be established. Meetings should occur on a regular basis among the principals of each group to discuss cases currently under investigation. Prior to the periodic meetings, each agency should prepare a monthly report of investigations in progress, those suspended, or those completed. The monthly reports should be distributed to the principals of each group to prepare for the periodic meeting. As necessary, personnel conducting investigations may be present to provide further insight. When emergent issues arise that require coordination of response, meetings should be held immediately to formulate the appropriate action.

C. Anti-Money Laundering

The purpose of this section is to provide an overview of money laundering in the casino environment, discuss the reporting and compliance requirements of the federal Bank Secrecy Act, compare the procedures taken by selected gaming jurisdictions, and explore the benefits to the Commission of maintaining a separate and parallel regulatory system for reporting money laundering activities which may occur in licensed casinos. (See Exhibit 18.)

The US Government Accountability Office offers a concise definition of the crime of money laundering, which is a persistent threat in the casino environment: “Money laundering is the disguising or concealing of illicit income in order to make it appear legitimate.”¹³ While it is a crime itself, money laundering financially facilitates the Commission of a wide variety of crimes including drug trafficking, terrorism, embezzlement, and illegal gambling.

Casino money laundering takes numerous forms. To illustrate the breadth, in a most basic maneuver narcotics dealers may exchange small bills (from the street sale of drugs) for large

¹³ Government Accounting Office, October 1992, p. 2.

bills for easier transport. Embezzlers may place stolen funds on deposit at the casino cage via an embezzled check and seek to redeem the funds in currency. Con men who purchased legitimate traveler's checks with counterfeit instruments may redeem the traveler's checks for cash at the casino cage.

The anti-money laundering provisions of the federal Bank Secrecy Act applicable to casinos, discussed below, are designed to identify and thwart those involved in these types of activity in the gaming environment.

1. Bank Secrecy Act

The Financial Crimes Enforcement Network ("FinCEN") is the federal government agency designated to administer the federal Currency and Foreign Transactions Reporting Act, commonly known as the Bank Secrecy Act¹⁴ ("BSA"). Part of the Department of Treasury, one of FinCEN's most beneficial activities is the support of law enforcement through sharing and analysis of financial intelligence.

The BSA was enacted in 1970 and is a critical component in the fight against money laundering. Numerous other laws followed, all designed to improve the ability of law enforcement and regulatory agencies to detect and combat money laundering. Congress enhanced the BSA with the Money Laundering Control Act in 1986; the Anti-Drug Abuse Act of 1988; Anunzio/Wylie Anti-Money Laundering Act of 1992; the Money Laundering Suppression Act of 1994; Money Laundering and Financial Crimes Strategy Act of 1998; Tools to Restrict, Intercept and Obstruct Terrorism Act of 2001 (USA Patriot Act); and the Intelligence Reform & Terrorism Prevention Act of 2004. While the added legislation strengthened enforcement and broadened the scope of regulatory oversight, the one reform most significant to legalized gaming was including casino entities in the definition of a financial institution and thus subjecting them to the provisions of the BSA.

Under the Bank Secrecy Act, a licensed casino qualifies as a "financial institution" if it has more than \$1,000,000 in annual gross gaming revenue (see CFR 103 §1010.100(t)(5)(i) and (6)(i)). This is a threshold each of Massachusetts's casino venues will certainly reach. As such,

¹⁴ 31 USC. 5311, *et seq.*

each will be required to file BSA mandated Currency Transaction Reports as well as Suspicious Activity Reports with federal authorities.

2. Currency Transaction Report by Casinos

Most law enforcement personnel are familiar with the federal Currency Transaction Report (“CTR”), through which financial institutions report cash transactions over \$10,000. The requirement, designed to combat money laundering and financial fraud, originated with the passage of the Bank Secrecy Act in 1970. Originally applied to financial institutions, reporting requirements have since broadened to include businesses such as casinos and check cashing agencies. The specific Currency Transaction Report required to be filed by casinos is the Currency Transaction Report by Casinos¹⁵ (“CTRC”). A CTRC contains detailed information including the identity of the customer, whether the transaction was “cash in” (to the casino) or “cash out” (to the customer), and if “cash out,” the type of transaction (gaming chips redemption, front money withdrawal, safekeeping, etc.) as well as the amount involved. Of note, the CTRC filing requirement is based strictly on the amount of money involved in a transaction. If total cash in or total cash out exceeds \$10,000, a reportable transaction has occurred, regardless whether the transaction is deemed suspicious. The form must be filed within 15 days of the event. Known multiple transactions in one gaming day (a 24-hour period defined by the casino) are aggregated by law into one transaction. Thus, a patron cannot redeem \$1,000 in chips 11 times in one gaming day and evade a CTRC filing, nor can casinos plead ignorance to such activity by their patrons. In that regard, casinos are required by regulations promulgated under the Bank Secrecy Act to develop and implement an anti-money laundering compliance program. The compliance program must include: (1) development of internal controls; (2) training of the casino employees; (3) independent testing for compliance; (4) the appointment of a compliance officer who is responsible for day-to-day compliance with the BSA and the casino’s anti-money-laundering program; (5) procedures for using all available information to determine, when required, the name, address and social security number, and to verify the identity of a person; and (6) procedures for using all available information to determine any transactions or patterns of transactions required to be reported as suspicious, and procedures for using computers to aid in assuring compliance, if the casino has computerized systems. The information generated by

¹⁵ FinCEN Form 103

CTRC (and Suspicious Activity Report by Casino, discussed below) reporting can yield significant leads for criminal investigators. Ironically, criminals sometimes use the CTRC reporting requirement itself in an attempt to legitimize illicit income. To illustrate, a money launderer will enter a casino in the company of several co-conspirators, each of whom has been given currency in amounts just under the \$10,000 reporting requirement. The co-conspirators will each purchase gaming chips with the money, but will do very little gambling before giving all of the chips to the money launderer. He will then redeem all of the chips at the casino cage knowing a CTRC will be filed (in amounts greater than \$10,000) so he may then represent the money as documented proceeds of gaming activity.¹⁶

3. Suspicious Activity Report by Casinos

While certainly valuable to law enforcement, CTRCs have a significant weakness – their sole filing trigger is a threshold dollar amount designed to identify individuals engaging in large cash transactions. Money launderers soon learned to structure cash transactions to avoid the federal reporting requirements; for example, a patron could deposit \$9,900 in small bills once a day for weeks on end without triggering a CTRC. To identify questionable transactions that fell outside of CTRC reporting requirements, Bank Secrecy Act regulations were amended to require the identification of suspicious activity through the mandated filing of Suspicious Activity Reports. Applicable to financial institutions since 1997, the requirement was extended in March 2003 to all casinos nationwide, including Class II and Class III Indian casinos. While a CTRC has only monetary threshold trigger, a Suspicious Activity Report by Casino (“SARC”) must be filed in a transaction involving \$5,000 or more *if* the casino knows, suspects, or has reason to suspect that a transaction (or a group of related transactions):

1. Involves funds derived from illegal activity or is intended to conceal funds derived from illegal activity;
2. Is intended to avoid or prevent the filing of a Currency Transaction Report by Casino;
3. Has no apparent business or other lawful purpose;

¹⁶ This is the opposite of a much more common maneuver. To avoid the filing of a CTRC for privacy or tax reasons, large legitimate winners may distribute gaming chips to their friends in amounts less than \$10,000 for redemption, with all of the aggregated proceeds later returned to the winner, a process known as “smurfing.”

4. Is not the type normally expected from that particular customer; or
5. Involves the use of the casino to facilitate criminal activity.

Further, casinos are encouraged – but not mandated – to report suspicious activity that falls under the \$5,000 threshold. Unlike CTRCs, casinos are prohibited from informing a suspect a SARC has been filed.¹⁷ In the event the suspicious activity concerns an amount over \$10,000, a SARC and a CTRC must be filed. Typical reportable suspicious activity includes:

1. Large cash deposits followed by little casino play
2. Multiple individuals associating with each other and depositing currency in amounts just under the cash reporting requirement
3. Deposits of funds that are later wire transferred offshore
4. Use of cashier’s check to purchase chips or to make deposit for gaming with little corresponding play
5. Small bills exchanged for cashier’s check or large bills
6. Incoming wire transfers of large amounts with little corresponding play
7. Feeding small bills into slot machines, hitting the payout buttons, and then cashing in the coins/tickets for large bills.
8. Customer tries to influence, threaten, bribe, corrupt or conspire with a casino employee to not file CTRCs or SARCs
9. Customer asks about the time of day when a casino’s business or gaming day is concluded

4. Review of Massachusetts M.G.L. c. 267A (Money Laundering)

We have reviewed M.G.L. c. 267A, which criminalizes money laundering, to ascertain whether it facially contains sufficient elasticity to adequately incorporate casino gaming as well as the federally mandated CTRCs and SARCs that Massachusetts casinos will be required to file under federal law. As noted earlier, under the BSA a licensed casino qualifies as a “financial institution” subject to those filing requirements if it has more than \$1 million in annual gross gaming revenue. These filings, particularly the SARCs, are important assets for Massachusetts law enforcement agencies seeking to prevent the use of casinos for money laundering purposes.

¹⁷ 31 USC. 5318(g)(2)

Therefore, it is critical that concurrent state filing requirements (or access to federal reports) be in place as well as meaningful penal consequences.

In analyzing existing state law, M.G.L. c. 267A does provide significant criminal penalties for the crime of “money laundering.” An initial conviction for the crime allows a prison sentence up to six years as well as a fine of \$250,000 (or twice the amount transacted, whatever is greater). A second or subsequent conviction requires a mandatory minimum term of imprisonment of not less than two years, with a maximum of eight years as well as a fine of \$500,000 (or three times the amount transacted, whatever is greater). The scope of the crime of money laundering includes structuring, which are techniques designed to avoid transaction reporting requirements.

The statutory definition of “financial institution” found in M.G.L. c. 267A includes “an operator of a betting or gaming establishment”, which would appear to extend the state statute to casino gaming.¹⁸ We do note that M.G.L. c. 267A does not include an automatic requirement that all financial institutions file federally mandated transaction reports directly with the state. Rather, the statute recognizes that state law enforcement authorities will obtain those reports through FinCEN; and provides that if that ability is terminated the Massachusetts Attorney General may obtain the reports directly from a financial institution, but only on a “on a case-by-case basis”:

Section 3. (a) If the Financial Crimes Enforcement Network of the United States Department of the Treasury at any time no longer permits a law enforcement agency including, but not limited to, the attorney general, from entering into a memorandum of understanding to obtain reports required by the Currency and Foreign Transactions Act, set forth in 31 USC. S 531 1 to 5315, 31 C.F.R. chapter X, on a case-by-case basis, a financial institution, upon the request of the attorney general, shall file with the attorney general reports required by said Currency and Foreign Transactions Act, set forth in 31 USC. S 5311 to 5315, 31 CFR chapter X.

Gaming jurisdictions in the United States have taken varied approaches to the manner in which state authorities obtain these federally mandated filings. Some obtain the federal filings from FinCEN through a memorandum of understanding. Others require casino operators to file CTRCs and SARCs directly with state gaming regulators. New Jersey had such a direct file mandate, but recent legislation has abandoned that parallel filing requirement. We believe a

¹⁸ We recommend that the Commission seek a confirming opinion from the Attorney General.

review of practices by selected jurisdictions will prove instructive and illustrate the importance of parallel state access to CTRCs and SARCs.

5. Practices of Other Gaming Jurisdictions

Delaware Lottery Commission

Current Delaware Lottery Commission regulations and Minimum Internal Control Standards mirror the federal requirements for detecting and filing CTRCs and SARCs. Currently, both reports must be filed with the Director of Delaware Lottery Commission at the time they are filed with FinCEN. Sections 36.3 (CTRCs) and 36.7 (SARCs) of the Delaware Lottery Minimum Internal Control Standards (“MICS”) specify the concurrent filing with FinCEN and the Director of Delaware Lottery Commission unless otherwise directed.

Both reports received by Delaware’s Division of Gaming Enforcement, the law enforcement arm of the Delaware Lottery Commission, are subject to State Police intelligence analysis after they are reviewed for completeness and unusual or suspicious trends. The Delaware Division of Gaming Enforcement has access if needed to FinCEN’s database of filings at Delaware’s regional information sharing center, a central repository for intelligence information or fusion center. Fusion centers are a method of managing the flow of information and intelligence across various levels and sectors of government, federal, state or local, to integrate information for analysis.

West Virginia Lottery Commission

Current West Virginia MICS at Section 4.1(c) specify that: Each casino licensee shall file a report with the West Virginia Lottery and FinCEN of each currency transaction or multiple currency transactions, involving cash-in or cash-out in the same gaming day, of more than \$10,000. The MICS Section 4.2(a) also specify that: Each casino licensee shall file, with (FinCEN) and the West Virginia Lottery, to the extent and in the manner required by this section, a report of any suspicious transaction or transactions relevant to a possible violation of law or regulation.

Upon receipt from the licensed racetracks (racetracks are West Virginia’s plenary gaming venues), the filings are entered into a database for future reference. The database is queried by

the West Virginia State Police unit assigned to gaming, for name, address and any other piece of data included on the filing for subsequent investigation into money laundering or suspicious transactions. The State Police gaming unit or West Virginia Lottery audit unit do not have direct terminal access to the FinCEN data base of currency transaction filings.

Ohio Casino Control Commission

Ohio Casino Control Commission (“OCCC”) regulations at 3772-10-7 (J) and (K) require that each casino operator file copies of CTRCs and SARCs with the OCCC concurrent with the federal filing. Internal control standards for the casinos dictate that CTRCs be submitted by each casino compliance department to the OCCC when filed concurrently with the federal Department of Treasury using the FinCEN Form 103.

The OCCC utilizes its intelligence analyst to receive and conduct analysis of both CTRCs and SARCs received by the OCCC. The intelligence analyst gathers the information from the reports and compiles the data into an Excel spreadsheet. Preliminary analysis is conducted using the Excel pivot tables and then imports the data into an i2 Analysis program for further examination. Suspicious CTRCs and SARCs will be further investigated by the intelligence analyst who will research the subject and the transaction.

The OCCC is currently reviewing the process of obtaining direct FinCEN access. Once FinCEN access is granted, all SARC activity will be reviewed through an internal SARC committee at the OCCC. The OCCC works in conjunction with the Ohio Attorney General’s Bureau of Criminal Investigation to review appropriate CTRCs and SARCs. If necessary the investigators will work with local, state, and federal agencies in collaboration to investigate suspected crimes. In addition, the OCCC regulatory and compliance staff will regularly monitor CTRC and SARC compliance by casino operators.

New Jersey Division of Gaming Enforcement

On February 1, 2011, New Jersey enacted Bill S-12, which made significant changes to the regulation of casino gaming in Atlantic City, including termination of the requirement that casinos file CTRCs and SARCs with the Division of Gaming Enforcement (“NJDE”). Prior to this change, Atlantic City casinos engaged in simultaneous filings of CTRCs and SARCs - one of each report was filed with FinCEN while a duplicate of each was filed with the NJDE.

Prior to the amendment, the New Jersey Casino Control Act (NJSA 5:12-129.1 et seq.) required casino licensees to report suspicious transactions involving or aggregating at least \$5,000 to the Director of the Division of Gaming Enforcement. The rules promulgated thereunder at New Jersey Administrative Code (“NJAC”) 13:69 amplified the definition of a suspicious transaction and created a regulatory framework for reporting of same.

NJAC 13:69 was originally adopted by the Director of the NJDGE in 2000. Since that time and prior to Bill S-12, NJDGE continued to review and update its provisions. In specific, a set of amendments was adopted effective July 5, 2005, with the main object of these amendments creating an additional level of reporting on currency transactions involving or aggregating \$200,000 or more in a gaming day.

Initially, CTRCs were received in hard copy form. As FinCEN, casino licensees and New Jersey data technology evolved, CTRCs were filed electronically by the casinos with FinCEN and the NJDGE gained direct access to FinCEN’s data via a terminal sited at the NJDGE. However, SARCs continued to be received by the NJDGE regulatory enforcement unit in hard copy form.

The CTRCs and SARCs received by the NJDGE regulatory enforcement unit were subject to analysis including examination of trends, repeated names, completeness and possibility of structuring, or activity that was unusual for the type of player. This process was a prescreening of filings to identify those that appeared to be of interest to the New Jersey State Police. The result of that analysis was forwarded to the New Jersey State Police gaming unit, where they subjected it to their own intelligence analysis and commenced an investigation when they deemed investigation appropriate.

Subsequent to Bill S-12, casino licensees send CTRCs and SARCs only to FinCEN, and do so electronically. The NJDGE no longer receives either report, electronically or in hard copy, although the NJDGE continues to have FinCEN data access via electronic terminal. NJDGE still retains the authority to request such filings under record retention regulations.

Although the NJDGE’s direct access to FinCEN data remains, no regularly scheduled analysis is reportedly being undertaken for alleged money laundering activities by the administrative regulatory enforcement group of the DGE. In place of receiving and reviewing CTRCs and SARCs, the New Jersey State Police has placed emphasis on its interaction with

casino employees, or human intelligence for lead information that may pertain to money laundering or suspicious transactions. According to our research, the FinCEN data access the NJDGE maintains is currently used primarily in the vetting process for license applicants.

Summary and Recommendations

It is our opinion that there are meaningful benefits to a parallel CTRC/SARC reporting system. Mandating that a casino licensee file CTRCs and SARCs with FinCEN and the MGC simultaneously places a licensee's anti-money laundering reporting compliance directly under the authority of state gaming regulators while providing gaming regulators and their law enforcement officers with immediate access to such reports. For those reasons, we recommend the Commission consider pursuing appropriate legislative amendments to Section 3 of Chapter 267A to permit MGC regulations requiring casino licensees to file copies of federally mandated CTRCs and SARCs directly with the MGC. We also recommend that the Bureau of Investigation and Enforcement of the MGC evaluate CTRC/SARC filings upon receipt from casino licensees. The evaluation can be one of the functions assigned to IEB. The evaluative process should include creating a database of filings by name and be capable of search on each significant or relevant section appearing on the filing. When appropriate, criminal investigations may then be undertaken.

The proposed regulations should also provide that casino licensees must adhere to current federal AML regulation as specified in 31 CFR Chapter X 1000 to 1099. Each casino licensee or casino operator applicant's internal control system should include internal controls to meet the requirements of 31 CFR Chapter X, 1000 to 1099 and modified whenever changes are made to federal law or regulations.

Further, casino licensees are required to submit internal control procedures as specified in M.G.L. c. 23K §25(d). Regarding anti-money-laundering objectives, the internal controls should include at minimum, requirements to:

1. Establish a system of internal controls to assure ongoing compliance which includes concurrent transaction filing requirements with FinCEN and the MGC.
2. Employ an internal and/or external independent audit function to test for compliance;
3. Train licensed personnel in reportable currency transactions and identifying unusual or suspicious transactions;

4. Assign an individual or group of individuals to be responsible for day-to-day compliance; and
5. Employ the use of automated programs or systems to aid in assuring compliance when automated processing systems are in use.

D. Auditing Casino Operations: A Regulatory Perspective

An essential part of the regulatory process is to audit casino operations to assure that the casino entity is in compliance with legislative and regulatory mandates. Casino entities are audited by several different groups: the regulatory authority compliance or revenue department unit; the casino entity's internal audit; and the independent certified public accountants engaged by the casino entity. Each audit group has its own purpose and objective although there may be times when there are common interests.

Regulatory authority audits generally are compliance in nature. They seek to determine that casino operations are functioning in accordance with regulations promulgated, that revenues are accurately accounted for, reliable and the correct amount of taxes are paid; that only regulatory approved procedures are implemented by casino entities; that physical and accounting controls are in place; and that financial reports are based on the results of authorized and actual transactions. Audits conducted by regulators provide indicia as to the performance of the casino entity in terms of compliance and controls. Given a high degree of compliance to mandated procedures, the regulator can have confidence in the accuracy and reliability of financial reports submitted to the regulator.

Internal audit departments and regulatory audits have similar objectives. Internal auditors also seek to enhance efficiency of operations. Their responsibility, however, is to report their audit findings to the board of directors or an audit committee. The fact that internal audit objectives have some common interests with the regulators enables the regulators to use internal audit reports as lead information as to where problems in casino operations may exist. It is a common practice for gaming regulators to assess the internal audit function so it may, if it chooses to do so, factor internal audit findings into the regulator's audit plan.

The independent certified public accountants ("CPA") primary objective is to render an opinion on the financial statements of the casino entity. The CPA audit is to assess fairness of financial position, results of operations and changes in financial position. To accomplish their

goals, the CPA must evaluate the system of internal controls in order to determine the degree of reliance placed thereon and draw a conclusion as to the extent of testing that must be performed to formulate its opinion of the financial statements. The CPA review of internal controls generally is not as extensive as the regulator's review of internal controls in that regulators have an ongoing presence at the casino entity.

The regulatory bodies of many gaming jurisdictions require that CPA audit results be forwarded to the regulators at periodic intervals, usually three months after the end of the calendar or fiscal year of the casino entity audit. Internal audit results are accessible under regulations normally established that require regulators to have access to all books, records and documents prepared by the casino entity.

1. Regulatory Audits

Regulators should establish an annual plan specifying the area to be audited, the frequency of audit and time allotted to each audit. The annual plan should set aside hours for audits of areas requiring immediate attention due to unusual occurrence such as fraud, theft, embezzlement or receipt of information requiring immediate audit action.

The areas subject to regulatory audit include but are not limited to, the following:

Procedures for Ensuring The Accuracy and Reliability of Gaming Revenue

Determining gaming revenue is much different from determining revenue in most other business environments. Many other businesses create a record at the point of sale that documents the value of the transaction, such as an invoice, sales slip, or cash register tape. Therefore, sales or revenue amounts are readily determinable from documentation. No such documents are created at the point a gaming transaction occurs at the gaming table or slot machine. It is not until funds and documents contained in drop boxes are removed from the gaming device and counted in the count room that gaming revenue can be determined. As a result, the procedures over drop box security and transportation to the count room and count room process must be audited more frequently than other area of casino operations. Gaming revenue is the basis upon which the tax rate is applied and therefore requires a high degree of confidence in its accuracy.

To assure the validity of gaming revenue, some gaming jurisdictions place regulators in the count room to observe that the count is conducted in accordance with approved procedures. In addition to placing regulators in the count room, regulators accompany the drop team during the drop box removal and transportation to the count room.

Due to the sensitive nature of gaming revenue, audits of revenues and revenue related procedures should be audited at least semiannually. Semiannual audits should include: fills/credits, soft count, credit issuance, control of keys, vouchers in/out, meter readings, security over devices that determine slot machine outcomes and accounting for documents used in computation of gaming revenue. In New Jersey, gaming revenue audits are conducted by the New Jersey Division of Gaming Enforcement revenue audit unit; Pennsylvania gaming revenues are audited by the Department of Revenue which is separate from the Pennsylvania Gaming Control Board; and Indiana gaming revenue is audited by the Indiana Gaming Commission.

Procedures for Ensuring the Integrity of Card Games

Audits should include observation of and evaluation of supervision of card games to ensure the integrity of games played. Is the supervision in place in agreement with the regulations or what is reasonably expected due to the complexity of the game played? Card game audits should be conducted annually.

Race Books Audits

Race book audits should be conducted annually and include the procedures for accepting wagers, payouts, key control, and test of results for wagers accepted after event start times.

Accountability of Cage Assets

Audits should be conducted annually and include reviews of documents that support changes in the cage accountability. Included in the audit should be verification of signatures on documents to employee signature cards. At least once a year, regulators should observe the complete countdown of the casino cage, vaults or wherever cage assets are secured and reconcile that count to the general ledger.

Credit Issued

All facets of credit should be audited annually, from the application process, to the verification of credit worthiness, to authorizing a credit limit, issuance of gaming debt, redemption, return checks, collections and write-offs.

Control of Sensitive Keys

Annual audits of sensitive keys should be conducted. Sensitive keys refer to those keys primarily associated with gaming revenue, but may include others. Sensitive keys are: keys to remove drop boxes or bill acceptor boxes from the gaming device, drop trolley door keys, drop box content keys, count room door key, table chip tray cover keys, pit stand keys where extra dice or cards are stored, keys to the gaming equipment storage rooms (cards, dice, roulette wheels, etc) and keys to communication controllers for progressive jackpot meters. Audits should address the entire process from order, receipt, accountability of; issuance to appropriate departments, and return; and destruction.

Anti-Money Laundering Procedures

Using a risk-based approach to auditing, currency transaction and suspicious activity transaction reporting procedures should be audited at least annually. However, audits may be more frequent should a risk analysis determine that the casino entity may be vulnerable due to the location of the casino, nature of patrons engaged in play, the level of patron play and the kind of patron activity: attempts at structuring or frequent wire transfers in/out of the casino, for example. The audit scope should include an evaluation of the system of controls in place to capture reportable transactions; the appointment of individual(s) responsible for day-to-day money laundering detection activity; training of relevant employees; retention of records for required period; and frequency of internal or external audit by the casino entity. An important aspect to auditing internal controls is to ensure that reportable transactions are filed with the Commission and the Financial Crimes Enforcement Network.

Controls over Gaming Equipment (Cards, Dice, Slot Machines)

Annual audits of ordering gaming equipment, receipt, storage, movement and disposal should be planned. Audits should address authorization for ordering, documentation of numbers

of items received, security of storage areas, movement within/outside the casino and destruction of gaming equipment (cards and dice).

Computer Systems (Gaming and Non-Gaming).

Annual management information system audits should be conducted. Emphasis on access control, logical and physical security over equipment, data and programs should be addressed along with an assessment of the method for documenting program changes.

Complimentaries

Complimentaries can be segregated into two categories: comps granted to induce a patron to visit the casino to play and loyalty programs. Inducement comps are those associated with free or reduced price rooms, food, beverage and other services (air travel, cruises, etc). Loyalty program comps are those earned based on gaming activity and are normally associated with a players club card. Either of these programs should be audited at least annually. Audits should consider whether comps awarded were earned in accordance with established earnings schedules or parameters and where points are not accrued via computer programs, a test of manually awarded comps as to authorization and documentation of those amounts. Audits should include a test of the recorded value of comps to ascertain they are recorded at values in accordance with regulations.

Surveillance Procedures

Surveillance procedures should be audited at least annually. Particular attention paid to who accessed the surveillance department and why. Audits should have as its objective an assessment of the kinds of incidents that are documented in the daily surveillance monitor logs. Those logs, depending upon what is recorded, may be indicative of each surveillance operator's knowledge of game rules, play, internal controls and company policy. The absence of any recorded significant incidents, past-posting, payoff on losing wagers, irregular dealer hand movements and detection of card counters may mean the operator may not be sufficiently trained.

The audit process should include review of documents, observations, confirmations and interviews of the relevant personnel to the area under review. To facilitate audits and to establish

a degree of consistency in application of audit processes, checklists should be prepared for each area to be audited. Work papers in support of deviations from approved procedures or regulation should be prepared by the auditor. At the conclusion of the audit, the auditor should prepare an audit report to include the purpose or objective of the audit, the scope, findings and recommendations for corrective action. Any audit work performed should be reviewed by an auditor in a supervisory position to determine that the field work was performed in a manner consistent with audit standards. When audit supervisors are satisfied of the work performed, the report should be forwarded to the appropriate chain of command.

2. Summary

The above list of areas to audit in the casino is representative of the more significant areas and is not meant to be all inclusive. Other areas to audit will arise based on need. They may or may not fall under the umbrella of one of the topics listed, but the audit will be essential to control of casino operations.

The frequency of audits noted above is a minimum standard. Emerging gaming jurisdictions usually conduct audits more frequently at the commencement of gaming due to staff's lack of gaming experience. More frequent audits serve as on the job training and builds confidence for those new to gaming. In the past, the gaming consultants have served as mentors to auditors in several other emerging gaming jurisdictions to expedite the auditors' development.

E. Minimum Internal Controls/Rules of Game/Gaming Equipment

Internal controls are the accounting and administrative guidelines established to assure that assets are protected, revenue is reported accurately and that procedures are in place to assure the integrity of gaming play.

These goals are accomplished by:

1. The casino entity maintaining general accounting records with detailed subsidiary records;
2. Accounting records containing a chart of accounts;
3. Accounting controls which provide that transactions are authorized and executed in accordance with management's objectives;

4. Access to assets is permitted only in accordance with management authorization;
5. Assets are compared to the records of accountability at intervals established by management; and
6. Establishing sufficient levels of supervision over games and other operating departments.

Minimum internal controls are an outgrowth from gaming legislation which authorizes gaming and establishes broad powers and structure of the regulatory authority. From the legislative framework, regulations provide more specific details as to requirements outlined in the legislation. Regulations, however, may not go further than the authority established in the legislation.

Minimum internal controls provide more specificity in processes with which casino entities must comply. For example, with slot voucher systems the regulation may specify that slot voucher systems are acceptable and require slot machines to accept and issue vouchers. Minimum internal control standards (“MICS”) may describe the information that the voucher may contain, how it is to be issued, and redeemed. As noted earlier, the level of specificity in the minimum controls is a matter that will be resolved in the course of the Phase 2 regulations writing process.

Lastly, an internal control system must be developed by the casino entity which will be more detailed and tailored to the entity’s specific needs and operations. However, the internal control system may not deviate from the minimum internal controls established by the regulatory authority.

The benefits to the regulatory authority and the casino entities in developing regulations in conjunction with minimum internal control standards are to facilitate changes in procedures. The process to revise regulations in many jurisdictions is time consuming and requires more process than do changes in minimum internal controls. Therefore, many jurisdictions provide the Commission or Directors of Gaming to approve changes in minimum internal controls without the burdensome process necessary for regulation changes.

Following are the areas that regulations and minimum internal controls should address:

1. Definitions (terms associated with casino operations)
2. Accounting records (financial statements, ledgers, and accounting method)
3. Forms, records and documents (gaming related i.e. fills/credits, MGR)

4. Financial and statistical reporting (game performance, hold, drop Percent win)
5. Records retention (minimum period, index for easy access)
6. Complimentaries (room, food, beverage, & entertainment approval)
7. Surveillance and security (independent oversight, protection and integrity)
8. Casino entity organization structure (reporting lines, departments established)
9. Supervision of games and other personnel assigned (game integrity & security)
10. Cage and cashiering functions (control of cash and cash equivalents physical security over cage assets, wire transfers, & customer deposits)
11. Drop box removal and transportation to count room (protections & security)
12. Acceptance of cash at gaming tables (counted & assurance deposited in box)
13. Table inventory procedures (open/close, fills/credits, credit issuance)
14. Credit approval, issuance, redemptions, collection, and write-offs
15. Count room characteristics and procedures for counting drop boxes (walls and doors sufficient to prevent unwanted entrance; documented count process)
16. Slot machine controls, bill acceptors, boxes, & memory chips (movement, bill acceptor security, EPROMs [erasable programmable read-only memory chip] secure and tested)
17. Slot jackpots, credit meter payouts and progressive wagers (verification of major jackpots, payments of credits on meters & documenting winners)
18. Signature requirements of employees (signing documents prepared or transactions observed or participant to)
19. Computerized gaming voucher systems (tested and approved)
20. Control over sensitive keys (accounted for and controlled)
21. Revenue audit procedures (audit of prior day transactions)
22. Slot machine movement and accountability (minimize unauthorized movement)
23. Technical standards for electronic games and gaming systems (tested and approved prior to implementation)
24. Information management system responsibilities (logical and physical security of operations, change controls)
25. Gaming tournaments (prior approval, entry fees, prize money, tournament chips)
26. Anti money laundering reporting
27. Internal audit function

1. Rules of the Game

Regulations and MICS should specify the following topics which may pertain to all games:

1. Prohibition against use of electrical or mechanical devices that are used to assist in projecting the outcome at any table game or analyzing the cards dealt, or changing the probabilities of the game;
2. Game regulations should specify requirements of minimum and maximum bets or additional wager requirements;
3. Under circumstances where rules of games are changed, the casino entity should post a sign at the applicable table advising patrons of rules in effect at that table;
4. New games may be implemented upon petition to the Commission and subsequent approval there from along with appropriate details as to petitioner, description of game, odds, payout odds, and art work of game layout; and
5. Casino entities should have available for patrons upon request a complete text of all authorized games offered in the casino which includes all elements of play, odds and payout at a minimum.

2. Gaming Equipment

Regulations for gaming equipment should include the following:

1. Equipment standards for gaming equipment (cards, dice, chips, plaques, roulette ball, roulette wheel, player rating systems, shuffle devices, table characteristics, tiles, and table layouts);
2. Slot machines (possession, movement, seals, meters, bill acceptors, alterable media, and approval);
3. Standards for approving slot machines testing and density for gaming floor)
4. Standards and testing of gaming voucher redemption machines;
5. Controls over ordering, receipt, storage, distribution in the casino and return to storage; and
6. Periodic verification of gaming equipment to records of accountability (ledgers)

Each of the listed items is common to a sound regulatory scheme. For each topic, drafts of regulations and minimum internal control standards shall provide the detail essential to maintaining the integrity of gaming operations and therefore engender public confidence.

F. Rules of the Game

To analyze whether the Commission (“MGC”) should establish standard table games rules for all casino operators; or permit each casino operator to develop casino operator specific rules for table game play, table games rules can be segregated into two kinds of rules: The kind that applies to all table games irrespective of the type of the game, generally integrity based rules; and those that are specific to the particular game.

General rules comprise delivery of the cards or dice from the card/dice storage room to the table, the method of preparing the cards/dice for dealing the game (shuffling procedures); the method of dealing cards from either a dealing shoe, or hand deal; and the collection of cards/dice to be removed from service and ultimately destroyed. For table games such as roulette, craps and big six wheel, integrity related procedures would involve balancing the roulette wheel, inspecting the dice for balance and meeting mandated specifications. For the big six wheel it would be inspecting the clapper for appropriate operation.

Rules which are specific to game played include, but are not limited to, wagers, ranking of hands, dice play outcomes and payouts. Essentially, they are rules for how the particular game is played. For example: the number of cards dealt in the game; the array of cards in each player’s and dealer’s hand to determine the outcome (winner or loser); the placement of the cards on the gaming table (essential to blackjack splitting pairs or doubling down); the offering of special wagers (multiple odds in craps); and payout schedules for patron winning wagers.

The scope of our discussion centers on only those rules that deal with how the game is played and reasons for either establishing standardized rules or casino specific rules. Included below are results of research of several gaming jurisdictions and how they chose to address rules of games. As noted previously, integrity related table game rules should be standard throughout the jurisdiction.

1. Research of Jurisdictions Game Rules

Examination of various gaming jurisdictions indicates there is no consensus on how each jurisdiction address rules of the games. Some gaming jurisdictions (New Jersey, West Virginia, Pennsylvania and Delaware) require standardized and detailed table games rules either through regulation or MICS while other jurisdictions allow casino operators to develop game rules

(Illinois, Iowa, Ohio and Louisiana) subject to approval by the regulator. Where jurisdictions mandate game rules, they include, but are not limited to, permissible wagers, payout odds, dice selection, settlement of wagers, number of decks, dealing cards, permissible unusual wagers, opening/closing of table, procedures for completion of round of play and others.

Where regulators do not establish game rules, casino operators are required to submit game rules to the regulators for approval before play can begin. Presented below are four gaming jurisdictions that do not require standardized game rules, but permit operators to develop rules of the game. (The relevant section of each regulation is *shown in italics*.)

Illinois

Illinois Regulation: Title 86: Revenue Chapter IV: Illinois Gaming Board Part 3000 Riverboat Gambling Section 3000.605; Authorized Games states:

No holder of an Owner's License shall permit any Game to be played other than those approved by the Board. The Administrator shall maintain a list of Board-approved Games and the definitions of those Games. For each Game for which approval of the Board is sought, the holder of an Owner's License shall provide a definition of the Game as well as a set of Game rules to the Administrator 120 days in advance of the Game's proposed operation or within such time period as the Administrator may designate.

(Source: Amended at 21 Ill. Reg. 4642, effective April 1, 1997)

Illinois gaming oversight includes, enabling legislation, codified regulations and MICS. However, Illinois Gaming Board Minimum Internal Control Standards, Section D – Rules of the Game - do not specify detailed rules for playing the game. Rather, they are broad in concept.

Iowa

Iowa regulations Chapter 11, 491-11.4 (3); Gambling Game Submission states:

Prior to conducting a commission-authorized gambling game or for a trial period, a facility shall submit proposals for game rules, procedures, wagers, shuffling procedures, dealing procedures, cutting procedures, and payout odds.

Iowa's regulatory framework includes the enabling legislation and regulations. It does not include MICS in its regulatory scheme. Rather than include game rules in its regulations that require a time consuming revision process for gaming rule changes, it relies upon the internal control submission process where gaming rule changes can be addressed more quickly.

Additionally, it was implied that operators had more experience in game rules and game industry practices which facilitated their submission by casino operators.

Louisiana

Louisiana Regulations, Chapter 31, Rules of Play. Louisiana Section 3105; Submission of Rules states:

A. The Casino Operator shall submit in writing to the Division for review and approval the proposed rules of play prior to the commencement of Gaming Operations. The Casino Operator's rules of play shall be attached as an exhibit in the Casino Operator's internal controls. The Casino Operator's rules of play shall contain detailed procedures for each Game. ...

Louisiana's regulatory framework includes the enabling legislation and regulations. It does not include MICS in its regulatory scheme.

Ohio

Ohio Regulations, 3772-11-03; Approval of Table Games states:

(A) A casino operator licensee or applicant shall submit the rules for playing any table games that the casino operator wants to provide. Each table game, the rules of the game, and associated equipment shall be evaluated by the commission ...

(D) A casino operator shall not install a table game or associated equipment unless the table game, rules of the game, and associated equipment have been approved by the commission for use at the casino facility.

(E) A casino operator may only offer commission-approved table games for play, and must operate the games according to the approved rules.

Ohio's gaming oversight includes enabling legislation and regulations. MICS have not yet been developed at this time.

2. Necessity for Rules of the Game

Rules for games are instructions to how games are to be played and to insure game integrity. Without rules, chaos exists and game outcomes or any other aspect of play could be arbitrary and always interpreted by the casino operator to benefit the operator to the patron's detriment. Patrons who have previously played games in their homes, neighborhoods, and other

casinos bring their own expectations and experience in the game. And where new games are offered to the public, rules must be offered to aid in patron understanding play. Therefore, rules are necessary to dispel any misconceptions and accomplish that goal when consistently applied.

Game rules should be detailed in nature, provide answers to most, if not all, aspects of the game being played including: handling irregularities, dealer errors, permissible wagers, payout odds, number of cards dealt, invalid throw of dice, game outcomes (winning or losing) and many other situations. Regulations for rules of the games are essential to advance the integrity of the gaming industry. Promulgated rules are also important to law enforcement authorities in the prosecution of cheating offenses. For instance, if there were no rules on when wagering is no longer permitted during the play of a game, patrons could place winning wagers after the outcome of the game is known without exposing them to criminal prosecution for “past-posting,” a form of cheating.

Regulator Standardized Rules vs. Operator Established Rules

Following are considerations for adopting either approach to game rules development.

A. Regulator-Established/Codified Rules:

1. Are standardized and applicable to all casino operators;
2. Generally provide less flexibility to operators when included in administrative code of regulations; modifications are possible only with submission and regulatory approval and apply to all casino licensees;
3. Assist regulators in oversight of game play in that rules apply equally to all operators with no variability;
4. Eliminates training regulators on differences in rules among casino operators;
5. Result in fewer patron disputes in that game rules do not differ among casino operators; and
6. If codified in regulations, may require more time to amend than changes permitted through internal control submission process.

B. Operator-Established Rules:

1. May lack consistency in play of game, payout amounts, wagers and other aspects of game play, but, by the same token, this allows for diversity in gaming options offered to players;

2. May contribute to higher incidence of patron disputes due to confusion and variability of rules from casino to casino;
3. May result in competitive advantage to one or more casino operators resulting from different odds, different wagers, different payouts, etc. A sophisticated gambler may discern which casino offers the better odds at that particular game, but the average casino patron may not;¹⁹
4. Require additional training of regulators to detect deviations from rules due to variability in rules among casinos;
5. Game rules changes may be expedited when part of internal control submission review process as opposed to regulatory change process.²⁰

3. Recommendations

Whether the Commission includes detailed table game rules regulations or requires that each casino licensee submit its game rules as part of its internal control submission, approval of game rules should be subject to but not limited to the following:

1. An evaluation for compliance with regulations established, industry practices, and a complete mathematical analysis for the submitted game;
2. A review of manufacturer specifications for gaming equipment, cards, dice, wheel or ball;
3. Evaluation of the rules of play by game developer to include number of cards dealt, rank of hands, outcomes (whether winner or loser);
4. Payout schedules that support the mathematical analysis of expected play;
5. Calculation of house advantage;
6. Table layout including name of game, permissible wagers;
7. Number of decks of cards or dice used in the game; and
8. If submitted to a technical laboratory for analysis of game, the documents in support of that analysis.

¹⁹ This particular recommendation is a close call. Many, including some among the consultant group, believe that the best practice would be to allow casinos to submit individual rules. Individualization allows casinos within the same jurisdiction to distinguish themselves from each other, thus providing enhanced marketing opportunities. We look forward to further discussion of this area of the report with the Commission the appropriate time.

²⁰ See above.

XII. Responsible Gaming

Relative to other state gaming laws, the Massachusetts Gaming Act is unusually progressive and wide-ranging in the area of problem gambling (also called compulsive gambling in the Act). In addition to providing patrons with tools and protections, the Act places a high burden on the Commission, and by extension licensed gaming operators, to undertake certain actions and programs – including extensive annual research – in the area of problem gambling.

Pursuant to Section 15(6), the legislature expressly declared that one criterion for license applicants to obtain a gaming license is a demonstrable commitment to combat compulsive gambling and to minimize any potential negative consequences of their business operations. Gaming license applicants must set forth in their license applications their proposals for addressing this critical policy concern.

The overriding concern with the issue of compulsive gambling is further reflected in Section 21 of the Act, which imposes upon licensees certain conditions relating to this problem area. In this regard, Section 21(16) requires the Commission to include as a condition of licensure that the gaming licensee provide complimentary on-site space for an independent substance-abuse, compulsive-gambling and mental-health counseling service and establish a program to train gaming employees in the identification of and intervention with customers exhibiting problem gambling behavior. For the purposes of “mitigat[ing] the potential negative public health consequences associated with gambling,” including problem gambling, Section 21(17) requires licensees to keep conspicuously posted in the gaming area a notice containing the name and a telephone number for problem-gambling assistance, noting that the Commission may require the gaming licensee to provide this information in more than one language. In Section 21(18), licensees are also required to provide a process for individuals to exclude their names and contact information from the gaming licensee’s database or any other list held by the gaming licensee for use in marketing or promotional communications. Further, Section 21(19) mandates additional public health strategies as required by the Commission.

Section 29 requires licensees that offer cashless wagering – which, in reality, will be all of them – to allow patrons to set betting limits by the bet, hour, day, week and month. It further requires licensees to mail monthly wagering-activity statements (wins, losses, amount wagered)

to each patron who is a member of the casino's rewards program (i.e., registers for a loyalty card). Patrons can opt out at registration or, later, in writing at any time. The Act does not address the extent to which a licensee can advise a patron of the opt-out provision, and absent further regulation we believe there is the potential for licensees to aggressively – and inconsistently among the licensees – advise patrons of the opt out provision, which seems contrary to the legislative intent. For instance, one operator could have staff verbally ask patrons, “Do you want to receive monthly win-loss gambling statements?” and a response of “no” would be deemed an opt-out. Another licensee may limit the query to an opt-out check-box at the bottom of the written rewards-club application. We recommend that the Commission work with the licensees to develop a uniform methodology for allowing patrons to opt out. The Commission should also consider whether opting out from one licensee impacts the statements that would be mailed from another licensee, as numerous patrons will undoubtedly be registered at multiple Massachusetts gaming properties. We believe that the universal approach would be needlessly burdensome on both the Commission and the licensees – and may not be desirable from a patron standpoint.

In furtherance of the efforts to address compulsive gambling concerns, Section 45 (f) establishes a self-exclusion program for problem gamblers and requires the Commission to adopt regulations for the self-exclusion list including procedures for placement on the list, removal, and transmittal of information to gaming establishments. The Commission is empowered to take disciplinary action against gaming establishments which fail to exclude patrons on the self-exclusion list.

Section 45 (g) addresses prohibitions relating to marketing to excluded persons.

Although not a regulatory matter, per se, the Commission should be aware that the Act (Section 45) allows an immediate family member of a problem gambler to petition a district court for the problem gambler to be placed on the exclusion list, subject to a court hearing.

Section 56 (e) requires the Commission to assess an annual fee of not less than \$5,000,000 in proportional share against each gaming licensee in proportion to the number of gaming positions at each gaming establishment for the costs of services and public health programs dedicated to addressing problems associated with compulsive gambling or other

addiction services. The fees are to be deposited into a newly created state fund called the Public Health Trust Fund.

The Public Health Trust Fund (Section 58) consists of fees assessed under Section 56 and other monies credited to or transferred to the fund from any other source. The Secretary of Health and Human Services is to be the trustee of the fund. The fund may only expend money to assist social service and public health programs dedicated to addressing problems associated with compulsive gambling including but not limited to, gambling prevention and addiction services, substance abuse services, educational campaigns to mitigate the potential for addictive nature of gambling and any studies and evaluations necessary including the annual research agenda that examines numerous aspects of gambling behavior, including problem gambling, under Section 71.

Section 68 requires the Commission to establish a subcommittee on addiction services under the gaming policy advisory committee consisting of five members as follows: one representative from the department of public health's bureau of substance abuse services, one representative from the Massachusetts Council on Compulsive Gambling, one representative from the Commission, and two representatives appointed by the Governor who shall have professional experience in the area of gambling addictions. The subcommittee is charged with developing recommendations for regulations to be considered by the Commission in addressing issues related to addiction services as a result of the development of gaming establishments in the commonwealth, including but not limited to prevention and intervention services.

In light of the ambitious responsible-gaming program and protections required by the Act, the gaming consultants have recommended a full-time position (see Table of Organization chapter) devoted to responsible gaming and research. This position, and the Commission itself, should have no shortage of resources as it implements and maintains its responsible-gaming program. The community of problem-gambling organizations and professionals is close knit and active. We note that three prominent organizations are in the Commission's proverbial back yard: The Division on Addiction at the Cambridge Health Alliance, a Harvard Medical School teaching affiliate; the Massachusetts Council on Compulsive Gambling in Boston; and Gemini Research Ltd., a Northampton firm headed by prominent problem-gambling epidemiologist Rachel Volberg.

The National Council on Problem Gambling (of which the Massachusetts Council is an affiliate) provides a centralized resource for programs, tools and resources.

We note, too, that major gaming operators typically have in-house responsible-gaming programs and thus are well-versed in the programs, best practices and resources with regard to problem gambling. While it is natural to be skeptical of operators' intentions in this regard – i.e., the fox guarding the henhouse – we have found in our experience that operators do, in fact, go beyond what is required of them to identify and help those with gambling problems.

XIII. Areas of Suggested Legislative Action

By applicable standards, M.G.L. c. 23K is a highly technical statute that is broad in reach and scope. It provides the enabling authority for the establishment of a comprehensive regulatory structure that will ensure that future casino gaming operations in the Commonwealth are only conducted by qualified persons and entities meeting or exceeding the highest standards of good character, integrity and commercial and business responsibility. Although the statute sets forth numerous criteria, processes and useful organizational direction, after a thorough review (now with the benefit of the research and drafting of the various Phase 1 regulations that were authorized by the statute) it appears that some further legislative action regarding several recommended potential amendments may prove beneficial to promote consistency and to best achieve the stated goals and objectives. The suggested areas for consideration are as follows:

M.G.L. c.23 Sections:

- **3(h)** This section should be reviewed to determine if any additional provisions should be added to properly protect an applicant’s “confidential information” in the hearing/appeal process.
- **3(l)** This section should be amended to also cover the hiring prohibition for applicants who have a misdemeanor conviction less than 10 years before the applicant’s submission; more than 10 years is already included.
- **3(t)** This section should be expanded to extend prohibition from placing wagers to elected local officials of designated host and surrounding communities containing the gaming establishment.
- **5(a)(5)** In this section, there is language regarding other forms of identification besides fingerprints, allowing for a possible interpretation that other forms of identification could take the place of fingerprints; we suggest clarification of this section to require fingerprints.
- **10(c)** Due to the potential for unexpected delay, consideration is requested to amend this section’s prohibition against an applicant opening a temporary gaming facility pending completion of the permanent facility.
- **12(a)(6)** Non-discretionary directive language that prohibits reasonable waivers should be clarified by amendment to confirm that waiver provision in Section 14 is fully applicable.

- **14(e)** This section allows for a possible waiver of persons involved in financing of a gaming establishment, and specifies that the standards for evaluating a waiver request are those set forth in section 14(c); however those standards in Section 14(c) apply to the purchase of securities and not to loan transactions and other forms of financing. The section should be clarified setting forth standards for the waiver of banks and other licensed lending institutions acting in the ordinary course of business.
- **16(a)** As several jurisdictions already practice, consideration should be given to also allow for a significant period of rehabilitation/good conduct to mitigate otherwise disqualifying aged convictions or youthful offenses by gaming license or key employee applicants. For example, single convictions over 25 years old for minor theft offenses are often deemed remote and non-disqualifying, per se.
- **19** This section should be reviewed to determine if transferability of licenses was truly intended in original drafting. Transfer of a license can have significant consequences that may be unintended.
- **22** After an entity change of officers and/or directors, this section prohibits the incoming new principals from exercising any powers of office until qualified. Consideration should be given to allow a form of conditional approval to avoid prejudicial interruption of operations.
- **25(b)** This provision requiring a one-minute closure of the otherwise 24-hour facilities needs to be amended; required closure will cause significant operational disruption.
- **25(j)** Consideration should be given to clarify by amendment who can order an evacuation of the gaming establishment due to emergency circumstances.
- **26** The ABCC Fee should not be paid at time of RFA-1 filing. It should be paid no later than the conclusion of RFA-2 process; An amendment to this section is needed.
- **30(f)** This section also could be amended to set a durational period before a showing of rehabilitation from prior convictions can be made by a gaming employee. Notably, Section 16(b) provides for a 10-year term for applicants for lesser licenses or registrants other than applicants for a gaming license or key gaming license and who demonstrate sufficient rehabilitation, while no durational period is included in Section 30(f). Section 30(f) should be reconciled with Section 16.
- **94 (a)** The issue of additional funding for the Commission's operations needs to be addressed. We recommend an amendment to address the budget shortfall that the Commission will experience once the original \$15,000,000.00 appropriation in Section 94(a) is exhausted. One option might be for Section 94 (a) to be amended to provide for an additional appropriation until the gaming establishments are operational and paying the fees established in Section 56.

Exhibits

These exhibits appear on the following pages:

No.	Exhibit
1	Memo – Statutory Staffing Positions of the Commission
2	Memo – Near-Term Hires
3	Memo – Timeline options
4	Budget
5	Memo – Budget Item for FY 2013 for Baseline Study
6	Memo – Revenue Sources available to the Commission
7	Memo – Regulations
8	Massachusetts gaming regulations
9	Memo – Scope of Licensing for Massachusetts
10	Instructions for RFA Phase 1 Firms
11	Business Entity Disclosure Form
12	Business Entity Disclosure Form - with confidential
13	Multijurisdictional Disclosure Form
14	Multijurisdictional Disclosure Form – with confidential
15	Massachusetts Supplement Form
16	Massachusetts Supplement Form – with confidential
17	Sample License Requirements – Pennsylvania, Missouri, Singapore
18	Memo – Anti-Money Laundering

Exhibit 1: Memo – Satutory Positions



SPECTRUM GAMING GROUP

1201 New Road
Suite 308
Linwood, NJ 08221
USA

MEMO

To: Massachusetts Gaming Commission

From: Spectrum Gaming
Michael and Carroll, P.C.

Date: June 15, 2012

Re: Statutory Staffing Positions of the Gaming Commission.

This memo describes the mandatory positions established by Chapter 23 “Gaming Act” and the functions to be served by those positions.

There are only three staff positions within the Gaming Commission that are mandated by the Gaming Act. They are: Executive Director, Chief Financial and Accounting Officer, and Deputy Director of the Bureau of Investigations and Enforcement. They are each discussed below:

Executive Director

Sections 3 (i) and (j) directs that the Gaming Commission shall appoint an Executive Director. The same section further directs that the Executive Director is empowered to :

- a. appoint and employ a **Chief Financial and Accounting Officer**;
- b. employ other employees;
hire consultants, agents and advisors, including legal counsel; and

- c. establish the administrative units that it determines are necessary for its efficient and economical administration.

All of these internal determinations by the Executive Director are subject to the approval of the Gaming Commission.

Deputy Director of the Bureau of Investigations and Enforcement

Section 6(a) of the Gaming Act establishes that there shall be, within the Gaming Commission, an Investigations and Enforcement Bureau (“Bureau”). The Bureau is assigned as the primary enforcement agent for regulatory matters. The Bureau is directed to serve such functions as the “Chair” may determine necessary, including the investigation of all licensees. This Bureau is under the direction of a Deputy Director, hired by the Gaming Commission and working under the direction of the Chair.

It should be noted that the consultants share a concern with regard to the reporting line of the Deputy Director of the Bureau. We believe, as previously recommended in memorandum on legislative changes, that the Gaming Act should be amended to have the Deputy Director of the Bureau report to the Executive Director. If such amendment is not practicable before these positions are filled, then it may be permissible under Massachusetts Administrative Law for the Chair to delegate authority to the Executive Director to supervise the Deputy Director of the Bureau. This issue is also addressed in another memo to the Commission dated today related to the responsibilities and salary of the Executive Director.

Exhibit 2: Memo – Near-Term Hires



SPECTRUM GAMING GROUP

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MEMO

TO: Massachusetts Gaming Commission

FROM: Spectrum Gaming Group, LLC
Michael & Carroll, P.C.

DATE: May 30, 2012

RE: Near Term Hires

This memo will address potential hiring that the MGC should consider over the course of the next four months. The need for professional and support staff and the orderly staffing of the Commission is crucial. Our approach would generally be to keep staff hiring lean and in proportion to the work load of the Commission over the course of the next 6 to twelve months. The timeline that is part of the strategic plan will discuss staffing alternatives for staffing the Commission on a longer term basis through the opening of the casinos.

In our view, the most important aspects of staffing up include hiring the Executive Director and General Counsel for the Commission. These positions are critical to the successful functioning of the Commission and its inter-relationships with other stakeholders namely the Attorney General's Office and State Police.

Key Staff Functions

The Commission should hire key staff to address the work that will be needed in the immediate future. The “core group” will consist of personnel as follows¹:

1. Executive Director

The need for an Executive Director has already been established by the Commission. We reiterate here only that this position is needed from the earliest stages for planning and administrative purposes.

2. General Counsel

The hiring of a General Counsel is crucial at this stage of the process. During this time there are many legal and policy issues that the General Counsel should opine on and assist the Commission in formulating appropriate positions. Spectrum and Michael and Carroll can support the General Counsel during the initial phases of the process as the Office of General Counsel is staffed up during the pre-opening time period.

3. Director of Information Technology

Though we have not yet completed the portion of the work plan which entails recommending a table of organization, it is already apparent that the Commission’s needs for IT support will be very intense. There will be substantial IT needs by all staff including unique data collection, revenue collection, accounting for the specific funds required under the gaming statute and support systems throughout the agency. The position below will also be involved in some of these activities as well.

4. Revenue Collection Manager

As the Commission starts the RFA process considerable application fees will be collected. These fees include a non-refundable fee of \$400,000 to defray costs associated with the processing of the application and investigation of the applicant. Additional amounts shall also be paid to the Commission if the costs exceed the initial fee. We recommend the filling of a Revenue Collection Manager position who will have responsibility for overseeing and accounting for these revenue sources. Revenue collection will be an ongoing function as further applications are made for licensing for employee and vendors that are required to be licensed pursuant to the Act.

5. Human Resource Manager

The hiring of staff will be an ongoing and intensive function for the Commission. A Human Resource Manager should be part of the initial core group of staff so as to facilitate that process.

6. Legislative and Media Relations

¹ Spectrum and Michael and Carroll would be available to assist the Commission in the recruiting and preliminary interviews o and screening of applicants for these key positions. In our view the final interviews and the hiring decisions are the is the responsibility of the Commission.

The Commission is a highly visible agency with constant need for communication with the legislature and media in regard to all its decisions.

Additional Support Functions

The Commission will need additional support staff to assist the above positions in their daily operations, however we recommend against the hiring of more staff than is absolutely critical until the work plan is completed.

RFQ Process

The memo of May 20, 2012 on the Timing and Impact of the Proposed Request for Qualification (RFQ) process put forth a chart which addressed the steps the RFQ would create. Based on our experience, if the Commission were to follow the steps outlined in that memo, we can recommend certain short term hires that will be needed in the next six months.

Our assumptions in making this recommendation are as follows:

- * The Commission *will* issue a Request for Applications (RFA) within the 16 week strategic planning period.
- * As a result of the issuance of the RFA substantial investigatory resources will needed to be completed once the applications are received by the Commission.
- * In addition to investigatory functions the Commission will need a "core group" of staff that will address critical revenue collection, IT and other support functions.

Our recommendations for near term hires are balanced between the need for the Commission to complete it's critical functions against the need to limit staff (and therefore expenses), to those positions that will be needed on an ongoing basis. The investigative and core support functions are addressed below:

Investigative Functions

The issuance of an RFA will create a need for a quick response and intensive investigative function. The investigation functions will last during the RFA stage of the RFQ process, the duration of which, as indicated in the past, cannot be ascertained with precision. Our estimate has been that these investigations will take an approximate six (6) month period. After this time there will be other investigations that the Commission will need in other areas (e.g. for gaming vendors and other vendors who meet the threshold in section 31 (d) of the act and for employee applicants), however these investigations should not be as intensive and will take place after the entity investigations.

It is our recommendation that the Commission partially staff the Investigation and Enforcement Bureau (IEB), utilize State Police investigators and retain third party contractors to complete these initial investigations. We recommend the Commission fill the following positions:

Deputy Director, IEB

Supervisor of Investigations

Supervisor of Financial Investigations

Supervisor of Data

These management and supervisory positions will be used for the initial investigatory period and will be needed on an ongoing basis.

The Deputy Director, IEB, is a statutory function that will be wide ranging in nature, covering more than investigative functions. It will be critical for the Commission to fill this position in the next six months, however, so that this person is familiar with the background of each applicant company and the relevant investigative history. This position is among the most critical in the Commission's staff and will play an important part in the recommendation for the suitability of applicant companies.

The three other positions which are recommended above must work with the third party contractors to complete the initial investigations. These supervisory positions will have State Police assigned to their functions and should work in close communication with the third party contractors to complete the intensive initial investigations. The supervisory personnel will gain valuable insight into the corporate background of the applicant companies while relying on the experience and resources of third party contractors.

The Supervisor of Investigations will eventually oversee the bulk of interviewing and detailing of background information. State Police that will be assigned to the IEB should be largely supervised by this position, however the third party contractors will be a primary resource.

The Supervisor of Financial Investigations will ultimately oversee a financial analyst group comprised of individuals with financial investigative and accounting expertise and will address the financial stability and other financial background issue of applicants. For the initial investigative period the staff of the third party contractors will be the primary resource for this function.

The Supervisor of Data will ultimately oversee a group of data analysts that will perform database searches for recorded information, such as credit history. Again, for the initial investigative functions, the third party contractors can most efficiently serve as a resource.

We do not recommend that the Commission hire a large staff of investigators for the RFA process. The corporate investigations that are needed will be sufficiently unique so that they can be most efficiently outsourced. These contractors have familiarity with the details of the investigations needed on the corporate level and a demonstrated history of completing similar investigations within the timeframes the Commission needs.

One last function deserves mention. We anticipate that there will likely be challenges to determinations made during the RFP process. This will require some mechanism for hearings and appeals. Depending on the Commission's preferences, these matters can either be handled in-house or by independent hearing examiners. In either case, the Commission should prepare for this eventuality by identifying personnel during the RFQ phase so that any challenges during that process can be handled.

Exhibit 3: Memo – Timeline Options



SPECTRUM GAMING GROUP

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USA

MEMO

To: Massachusetts Gaming Commission

From: Spectrum Gaming Group
Michael and Carroll, P.C.

Date: August 21, 2012

Re: Timeline Options

The Timeline developed for the licensing process notes that the Commission has two options with regard to the issuance:

- Option 1: Issue two Category 1 license at or around the same time.
- Option 2: Issue the licenses in sequence, or consecutively.

We are not aware of any state that, as a matter of policy, predetermined to issue competitive licenses on a sequential basis. Internationally, however, we note that Singapore issued its two licenses for integrated resorts sequentially. In that instance, we further note that the second license was awarded to an entity – Genting – which had competed unsuccessfully for the first license. Still, we also note that, in Maryland, while the competitive bidding process did not expressly provide for the sequential awarding of licenses for different regions, there were various factors that ultimately contributed to the awarding of licenses for different regions on a non-concurrent basis.

As noted, the chief advantage of Option 1 is that it streamlines the overall process, and gets the entire gaming industry up and running at the earliest possible date. The chief disadvantage is that it effectively requires qualified bidders to pin their hopes on one license in one region, precluding qualified but unsuccessful bidders from any opportunity to compete for another license in the Commonwealth.

The chief advantage of Option 2 is that it would potentially foster more competition, and create multiple opportunities for qualified bidders, while the principal disadvantage is that it would add several months to the issuance of the second Category 1 license, depriving the Commonwealth of revenue and adding significant complexity to the entire licensing process.

This complexity, in part, would be due to a number of issues that have hitherto not been fully addressed:

- While the Commission has made it clear that it seeks to foster competition for the licenses, there are no guarantees that consecutive licensure – which would allow for new bidders to enter the process – would produce a competitive situation. Indeed, we recognize several factors that could dissuade bidders from entering, or re-entering the process:
 - A perception that one of the existing or anticipated bidders has a “lock” on the license, thus making it futile and expensive for other bidders to enter the process.
 - An inability to secure a sufficiently attractive or desirable site within another region.
 - The additional cost of developing and submitting a second bid.
 - The risk that an entity that seeks a second license would be at an immediate disadvantage, based on the perception that the second site was not its first, or best option.

- The statutory requirements for a public referendum also adds complexity, in part because it would add more focus to some of these concerns. An entity would have to decide at what point it seeks to lay the groundwork for any campaign seeking approval for the second license:
 - Would its second bid be kept secret until such time as it learns that it was not selected for the first license?
 - Would the time period allotted for a review of the bids for a second license be sufficient to mount an effective campaign?
 - Would opponents within the second proposed host community use the fact that the bidder failed in its initial effort and turn that into a campaign issue?

Additionally, we note another critical issue that must be considered with respect to these options:

Issuing a license in a non-competitive region would, by definition, be less complex and could theoretically be issued sooner than a license in a region where multiple bids have to be examined in relation to each other. That means that, if licenses are issued sequentially – with the non-competitive region being second on the list, construction of that project would be delayed by many months. That would further fuel pressure on the Commission to move quickly on the second license, and could further discourage a losing bidder in the first region from submitting a second bid: It would not want to be perceived as being the cause of further delays.

However, we also point out that, while months of delay could bring significant pressure to bear on the Commission, the licensing decisions made by the Commission in coming months will have repercussions that will last for decades.

The decision to be made on this issue then boils down to two alternatives: Select the option that is most likely to be the fastest, or select the option that is most likely to promote competition.

Exhibit 4: Commission Budget

The budget spreadsheet cannot adequately be inserted into this document; it is provided separately in an Excel file.

Exhibit 5: Memo – Baseline Study Funding



SPECTRUM GAMING GROUP

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MEMO

To: Commissioner Enrique Zuniga
Massachusetts Gaming Commission

From: Spectrum Gaming Group
Michael & Carroll, P.C.

RE: Budget Item for FY 2013 for Baseline Study

Date: September 7, 2012

This memo will address whether a line item for the Commission's fiscal 2013 budget is appropriate for a baseline study for compulsive gambling.

There are the following sections in the expanded gaming act which address the required study for compulsive gaming and the funding related thereto:

Section 56(e) provides that: in addition to the fees collected under this section and any additional costs of the commission, the commission shall assess an annual fee of not less than \$5,000,000 in proportional shares against each gaming licensee in proportion to the number of gaming positions at each gaming establishment for the costs of services and public health programs dedicated

to addressing problems associated with compulsive gambling or other addiction services. Such fees shall be deposited into the Public Health Trust Fund established in section 58.

Section 58 establishes the Public Health Trust Fund which consists of fees assessed under section 56 and all other monies credited or transferred to the fund from any other source under law.

Section 68 (a) establishes the gaming policy advisory committee. Section 68 (c) establishes a subcommittee on addiction services, charged with developing recommendations for regulations to be considered by the commission in addressing issues related to addiction services as a result of the development of gaming establishments in the commonwealth including but not limited to, prevention and intervention services.

Section 71 (1) provides that the objectives of the research agenda shall include, but not be limited to:

(1) a baseline study of the existing occurrence of problem gambling in the commonwealth; provided, however, that the study shall examine and describe the existing levels of problem gambling and the existing programs available that prevent and address the harmful consequences of problem gambling; provided further, that the commission shall contract with scientists and physicians to examine the current research as to the causes for problem gambling and the health effects of problem gambling and the treatment methods currently available in the commonwealth; provided further, that the commission shall report on the findings of the baseline study and provide recommendations 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 relative to methods to supplement or improve problem gambling prevention and treatment services;

It's worth noting that the statute does not specify when the baseline study needs to be completed. However, there are implications of requirements for an "annual" research agenda and an obligation to "annually" make recommendations to the Legislature in these areas. See Section 71. Further, as a practical matter, there must be enough time allotted to the start of the study so that the detailed data required by the statute can be acquired by scientists and physicians as indicated in section 71 (1). In addition, there must be sufficient time for the Gaming Commission to contract with the appropriate expert personnel.

We believe that the use of the term, "annual", in the Act obligates the Commission to begin its work on compulsive gambling within the 2013 fiscal year, and it would appear that funds do need to be allotted. Where can they come from? The Act contemplates that funding would come from the Public Health Trust Fund created under Section 58. That Fund is funded mainly from 56 (e), which comes from a proportional assessment charged to each licensee. Obviously, there will be no such fees during the 2013 budget year. However, Section 58 also says that the Fund can be funded as well from "other monies credited or transferred to the fund from any other source under law." It would be under this

authority that monies could be devoted to the Fund and, hence, to the study of compulsive gambling, from the Commission's budget.

Our above interpretations were reached as gaming consultants and not as experts in the interpretation of Massachusetts law. We therefore sought the counsel of Anderson & Kreiger, the legal consultants, for confirmation of our tentative conclusions. In their response to our inquiry they have indicated they concur with our above recommendations.

Thus, in summary, we believe that it would be prudent to devote at least some funds in the 2013 budget to the annual research agenda and the baseline study on compulsive gambling. But, even if not statutorily bound to do so, the issue of compulsive gambling is of sufficient public interest and concern that some effort on the Commission's part during the coming year would be worthwhile.

Exhibit 6: Memo – Commission Gaming Revenue Sources



SPECTRUM

GAMING GROUP

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MEMO

To: Massachusetts Gaming Commission

From: Spectrum Gaming Group
Michael & Carroll, P.C.

Date: June 15, 2012

Re: Revenue Sources available to the Massachusetts Gaming Commission to conduct the functions of the Commission.

This memo seeks to enumerate and explain the relevant revenue sources available to the Massachusetts Gaming Commission (“Commission”) as established throughout the Massachusetts gaming statute “(statute)”. In addition, the memo addresses the distribution of revenue collected pursuant to the statute, which is allocated for other uses besides the Commission’s operational needs.

The statute establishes different fees and designates what the fees are to be used for. In this regard, there are separate application, licensing and license renewal fees. These fees are specifically allocated to a Gaming Control Fund, a Casino Revenue Fund, or a Licensing Fund. These separate funds are detailed below. For clarification purposes, we have attached a chart setting forth the various fees imposed by the statute and their destinations.

Pursuant to section 94(a) of the statute, within 30 days after the effective date of the statute, the Commission shall receive \$15,000,000 from the Commonwealth Stabilization Fund for the start-up and operational costs of the agency. Pursuant to section 94(b), within 10 days after the effective date of the statute, the General Fund shall receive \$5,000,000 from the Commonwealth Stabilization Fund. Thereafter, pursuant to section 94(c), once the Commission receives sufficient license fees, the Commission is obligated to reimburse \$20,000,000 to the Commonwealth Stabilization Fund.

In section 57 of the statute, a Gaming Control Fund is established to finance the operational activities of the Commission, including the costs of processing license applications and conducting background investigations. Money generated from licensing and application fees, as well as from licensing fees for slot machines, is dedicated to the Gaming Control Fund. In addition, this section provides that funds are to be generated from appropriations, bond proceeds or other monies authorized by the general court. Moreover, as provided in section 56(c), in the event that insufficient funds are generated from the collection of these fees to perform its regulatory functions, the Commission shall require the gaming licensees to pay any remaining costs of the Commission through an annual assessment fee.

Unexpended funds at the end of the fiscal year shall carry over to the subsequent fiscal year. Unexpended funds for which assessments were made shall be credited against assessments in the subsequent fiscal year and the assessment in the following year shall be reduced by the unexpended amount.

Section 15 (11) provides that an applicant shall pay a non-refundable application fee of \$400,000 to cover the costs of processing the application and the background investigation. If the costs of the investigation exceed the initial application fee, the applicant shall pay the additional amount to the Commission within 30 days after notification of insufficient fees. From this application fee, a minimum of \$50,000 will be used to reimburse the host municipality. Pursuant to section 57(a), the application fee shall be placed into the Gaming Control Fund for Commission use. These application fees are for both category 1 and category 2 gaming licenses.

Section 30(i) requires the Commission to establish the fees for key gaming and gaming employee licenses which shall include costs incurred for conducting a background investigation

into an applicant for a license. Section 31 (m) requires the Commission to establish the fees for gaming vendor licenses and non-gaming vendor registrations which shall include costs incurred for conducting a background investigation into an applicant for the license. Although not expressly stated in sections 30 and 31, given the nature of the fees, we recommend that these fees should be placed into the Gaming Control Fund for use by the Commission. We make this recommendation because, typically, application and licensing fees are used to support regulatory activities. However, we note that the Act, in Section 10(d), does not direct Category 1 and 2 renewal fees to the Control Fund. Rather, it places them into the Gaming Revenue Fund. Our concerns about this Section 10(d) allocation are addressed later in this memorandum. a

Section 56(a) imposes an annual license fee of \$600 for each slot machine approved by the Commission for use by a gaming licensee at a gaming establishment. This fee may be adjusted annually for inflation. The fee shall be imposed as of July 1 of each year for all approved slot machines on that date and shall be assessed on a pro rata basis for any slot machines approved for use thereafter. This section also provides that the Commission shall establish fees for investigations into violations of this chapter or Commission regulations to be paid by the gaming licensee, including but not limited to billable hours by Commission staff involved in the investigation and the costs of services, equipment and other expenses. Further, pursuant to section 56(c), there is an annual assessment against each gaming licensee for any remaining costs of the Commission necessary to maintain regulatory control over gaming establishments that are not covered by: 1) fees established in Sections 56(a) and (b); 2) any other fees assessed under this chapter; or 3) any other designated sources of funding. The annual assessment is in proportion to the number of gaming positions at each gaming establishment. All of these fees enumerated in section 56, with the exception of the fee assessed pursuant to section 56(e), are to be deposited into the Gaming Control Fund, pursuant to section 56(f).

Section 56(e) assesses an additional fee of not less than \$5,000,000.00 in proportional shares against each licensee in proportion to the number of gaming positions at each gaming establishment for the cost of service and public health programs dedicated to addressing problems associated with compulsive gambling or other addiction services. These fees are to be deposited into the Public Health Trust Fund established in Section 58.

The Public Health trust Fund shall consist of the revenue from assessments under Section 56(e) and all other monies credited or transferred to it from any other source. The trustee shall be the Secretary of Health and Human Services and the fund may only expend monies in the fund to assist social services and public health programs dedicated to addressing problems associated with compulsive gambling including, but not limited to gambling prevention and addiction services, substance abuse services, educational campaigns to mitigate the potential addictive nature of gambling and any studies and evaluations necessary, including annual research agenda under Section 71, to ensure the proper and most effective strategies.

As noted, there is also a Licensing Fund established by the statute. Section 10 (d) of the statute sets the minimum licensing fee for a category 1 license for each region at \$85,000,000.00, which is to be paid within 30 days of the award of the license. Section 11(b) sets the minimum licensing fee for a category 2 license for each region at \$25,000,000.00, which is to be paid within 30 days of the award of the license. The licensing fees are deposited into the Gaming Licensing Fund pursuant to section 93(a), to be disseminated by the Commission to various specified funds according to a precise formula. The money is distributed as follows:

- a. 10% to the Community Mitigation Fund
- b. 14.5% to the Massachusetts Transportation Infrastructure and Development Fund
- c. 11% to the Local Capital Projects Fund
- d. 13% to the Manufacturing Fund
- e. 17% to the Community College Fund
- f. 1.5% to the Tourism Fund
- g. 23% to the Health care Payment Reform Fund
- h. 5% to the Local Aid Stabilization Fund
- i. 5% to the Race Horse Development Fund

There is an aspect of the Gaming Licensing Fund that bears mention here. By its own terms the Fund expires on December 31, 2015. The source of revenue for the Fund comes from the category 1 and 2 licensing fees, other than initial application fees, collected from applicants "in receipt of a category 1 or category 2 license." It appears, therefore, that the Legislature contemplated that the Commission would be granting licenses prior to December 31, 2015. Based on our present plans, we certainly believe that this schedule is achievable. However, we bring it to your attention because it appears to present a statutory, rather than a mere administrative, time deadline.

Other money collected by the Commission from various sources is dedicated to a Casino Revenue Fund pursuant to section 59. The money deposited into this fund cannot be used to fund Commission operations, but rather is to be used for specific enumerated purposes as provided in the statute. Revenues collected from the tax on gross gaming revenue received from gaming licensees are deposited in the Gaming Revenue Fund.

Pursuant to section 55(a), a category 1 licensee shall pay a daily tax of 25 percent on gross gaming revenues. Pursuant to section 55(b), category 2 licensees shall pay a daily tax of 40 percent of gross gaming revenues. The taxes collected are to be deposited in the Gaming Revenue Fund. In addition to the tax imposed under section 55(b), category 2 licensees shall pay a daily assessment of 9 percent of gross gaming revenues to the Race Horse Development Fund established in Section 60.

The Commission shall be the trustee of the Casino Revenue Fund and shall transfer the funds as follows:

100% of funds received from a Category 2 licensee to the Gaming Local Aid Fund

100% of funds received from Category 1 licensees to:

- j. 2% to the Massachusetts cultural council
- k. 1% to the Massachusetts tourism Fund
- l. 6.5% to the Community Mitigation Fund
- m. 4.5% to the Local Capital Projects Fund
- n. 20% to the Gaming Local Aid Fund
- o. 10% to the Commonwealth Stabilization Fund
- p. 14% to the Education Fund
- q. 9.5% to the Gaming Economic Development Fund
- r. 10% to be used for debt reduction (Commonwealth's)
- s. 15% to the Transportation Infrastructure and Development Fund
- t. 5% to the Public Health Trust Fund
- u. 2.5% to the Race Horse Development Fund

Pursuant to section 10(d), the Commission shall set a license renewal fee for category 1 licenses based on the cost of fees associated with the evaluation of the licensee. The renewal fees are to be deposited into the Gaming Revenue Fund. Similarly, pursuant to section 20(f), a license renewal fee for a category 2 license shall be set by the Commission based on the cost of fees associated with the evaluation of the licensee provided that the cost of renewal shall not be

less than \$100,000. The license renewal fee for a category 2 license shall be deposited into the Gaming Revenue Fund.

We have serious concerns with the allocation of these renewal fees, which are designed to cover the costs of evaluating the continued suitability of the licensee. In light of these express purposes, we believe the fees should properly be deposited into the Gaming Control Fund. Accordingly, we recommend a statutory amendment to this effect. We emphasize that under the current statutory scheme, gaming licensees would face having to be charged a special assessment under section 56 to cover the administrative costs of evaluating continued suitability to have a license renewed, in addition to paying the renewal fee. The present source of funding for the Commission (the one time initial application fees and the smaller fees associated with slot machines, violation investigations, employees and vendors) will likely be insufficient to support the agency's work. This would require, then, that the assessment against the casinos to make up the difference will have to be substantial. This can be problematic as it can be expected that the casinos will push back against such a situation.. We strongly recommend that this issue be addressed.

Sections 36, 37, 38, 39, 40, 41, 42 & 43 impose fines and or sanctions. Section 44 provides that all penalties collected under this chapter shall be deposited into the Gaming Revenue Fund established in Section 59. Notably, all money deposited into this separate fund is to be distributed according to a precise formula for various purposes, and cannot be earmarked to fund Commission operations.

Section 53 provides that for all cash and prizes which are not claimed after one year the cash equivalent is to be deposited in the Section 59 Gaming Revenue Fund.

Section 54 provides that for cash and prizes which are won by individuals under the age of 21 the prize or cash equivalent is to be deposited in the Section 59 Gaming Revenue Fund.

In addition to the foregoing, there are several funds created by the statute. The Race Horse Development Fund established in Section 60 shall be administered by the Commission and shall be funded by monies deposited pursuant to Section 55(c). Funds shall be distributed

to licensees under chapter 128A based on the recommendation of the horse racing committee.

The process of distribution shall be:

1. 80% of the funds approved by the Commission shall be deposited weekly into an account for the benefit of horsemen.
2. 16% deposited
 - a. for thoroughbred tracks, into the Mass. Thoroughbred Breeding Program authorized by the Commission
 - b. for standardbred tracks, into the Mass. Standardbred Breeding Program authorized by the Commission
3. 4% to fund health and pension benefits for the members of the horsemen's organizations' members, their families, employees and others under the rule and eligibility requirements of the organizations.

The Community Mitigation Fund, established in Section 61 shall consist of monies transferred pursuant to §59 and other monies credited and transferred to it from any other source. It shall be administered by the Commission to assist host communities and surrounding communities in offsetting costs related to the construction and operation of a gaming establishment, including but not limited to communities and water and sewer districts in the vicinity of a gaming establishment, local and regional education, transportation, infrastructure, housing, environmental and public safety.

The Transportation Infrastructure and Development Fund, established in Section 62, shall consist of monies transferred from the Gaming Revenue Fund. The Secretary of Transportation shall be the trustee of the fund.

The Gaming Local Aid Fund is established in Section 63 and shall consist of monies transferred from the Gaming Revenue Fund. The funds shall be distributed to cities and towns in accordance with the formula used to determine distribution of unrestricted general government aid under section 3 of the annual general appropriation act.

The Education Fund is established in Section 64 and shall be credited any monies transferred from the Gaming Revenue Fund. Expenditures from this fund shall be subject to appropriation. 35% of the funds received shall be appropriated for higher education to

supplement, not offset, any reduction in the general appropriation act from the previous fiscal year. Expenditures for K-12 shall be used to supplement and not offset any reduction in line-item 7061-0008 of the general appropriation act from the previous year's general appropriation act.

The several funds shall be the responsibility of the Commission. In addition to these functions the Commission will be required to produce several reports. The Commission will be required to report on a monthly basis to: the governor, the attorney general, the senate and house committees on ways and means, the chairs of the joint committee on revenue and the chairs of the joint committee on economic development and emerging technologies on the total gaming revenues, prize disbursements and other expenses for the preceding month. An annual report must also be prepared for the same group of recipients which should include a full and complete statement of gaming revenues, prize disbursements and other expenses, including such recommendations as the Commission considers necessary or advisable. Recommendations for immediate changes in the laws are to be reported to the foregoing group immediately.

In light of the above, we recommend that the table of organization for the Commission include a Revenue Unit which shall be responsible for the collection, management, distribution and audit of the several funds created by the statute and to assist with the preparation of the mandated reports.

Exhibit 7: Memo – Regulations

MEMORANDUM

TO: Commissioner McHugh
Steve Anderson, Anderson & Kreiger
William Lahey, Anderson & Kreiger

FROM: Michael & Carroll
Spectrum Gaming

DATE: July 31, 2012

SUBJECT: Regulations

In furtherance of our discussion yesterday, the Gaming Consultants submit the following areas that we have agreed to address during our meetings Wednesday and Thursday at the Commission offices. Areas not listed here are assumed to be acceptable at this point and are the joint recommendations of the Gaming and Legal Consultants.

1. Those areas about which either comments were offered or additional language was added by Anderson & Kreiger in its July 26 draft and the language added on the regulation draft revised by Michael & Carroll under cover e-mail of Saturday, July 28, 2012.
2. The comments of the Attorney General's office on both the full version of the first edition of the regulations and the separate comments on the Confidentiality regulations.
3. The supplemental suggestions regarding Fees and deliberations in executive session as sent by Anderson & Kreiger on Sunday, July 29, 2012.
4. The following supplemental issues identified by the Gaming Consultants during their meeting on July 30, 2012:
 - a. Page 2: Section 101.03 (1)(c) and (d) – We question whether the Intervention section is necessary. Those persons identified as having rights of intervention here should be parties to Phase 1 hearings anyway. Also, the Participation section seems better suited for Phase 2 than Phase 1. If we include these sections now, maybe we should clarify whether they apply to Phase 1 or Phase 2 or both.
 - b. Page 8: Section 101.04(k) – We need clarification of Section 30(g) of the Act to the extent that it says the Commission “may” review a Bureau decision “on the record”. Does this mean that the discretion lies in whether to review the decision at all, or just whether to review “on the record” or de novo. In either case, there should probably be standards for making either one of those determinations.

- c. Page 14: Section 102.02(2) – We suggest revising the definition of “qualifier” to read, “is defined as a person whose qualification must be established in evaluating the suitability of an applicant.”
- d. Pages 17 – 19: Section 103.02 – We are confused by the intended use of the different definitions for “Competitively-sensitive information”, “Confidential Information”, “Investigatory Material”, and “Proprietary Information”. As noted in some of our comments throughout the draft, we think there is some confusion about how these different categories are treated. We would prefer either one definition for all material to be treated confidentially or inclusion of all categories when there is any discussion of confidentiality.
- e. Pages 19 - 20: Section 103.03(3), (4), and (5) – We just need some explanation about the terminology used here in the cited Massachusetts code sections regarding confidential investigative and personal information.
- f. Page 38: Section 105.08(2)(h) – Should the Commission’s ethics provisions be applicable to the State Police as required here?
- g. Page 36: Section 105.05 (2)-the procedure for contesting a suspension could be simplified.
- h. Page 45: Section 106.05(2) – Can the Commission deliberate in Executive Session regarding making its final decision on the issuance of the proposed regulations?
- i. Pages 69-70: Section 111.04(2) and 11.05(1)(k) – We suggest removing 11.04(2) from where it is now under the Multi-Jurisdiction form, and placing it where it is applicable under 11.05 regarding the Massachusetts Supplement. In addition, we need to add that the form will contain (i) the affidavit of truth; (ii) the consent to inspections; (iii) the waiver of liability; and (iv) the release authorization. These forms should also be required for the Business Entity Application. There is a need to have release authorization specified to be included in the Supplement because it is not included in the Multi Jurisdictional Form.
- j. Page 71: Section 11.07(2) – We suggest adding to the end of this section regarding permission for withdrawal, “upon a finding of good cause”.
- k. Page 73: Section 112.01(1) – The word, “shall” in the next to last line should be “may”.
- l. Pages 73 – 74: Sections 112.02 and 112.03 – We believe we need to re-write these sections to make a clearer distinction between failure to cooperate, failure to provide information, failure to willfully provide information, and willfully providing

- false or misleading information. These are different concepts and the Commission's potential remedies in each case should be clarified.
- m. Page 76: Section 114.02 – We think we should make provision for electronic payment
 - n. Page 79: Section 115.02(3) – What is meant by notifying the public of the filing of completed applications. Again, in the context of our concern for confidentiality, what information do you contemplate would be made public?
 - o. Page 80: Section 115.04(1) – In addition to the comments we already made regarding this Section, we believe that the last sentence here is potentially damaging to the process. We see no need to make the Bureau's Report available to the public for review and comment.
 - p. Page 85: Section 116.03 – We need guidance on the interpretation to be given to Section 14(e) of the Act as regarding the waiver of qualification for lenders. We have drafted the regulations to allow for waivers of lenders if they establish that they have no control or influence over operations. However, on review of the Act, we note that Section 14(e) says that "all persons involved in the financing of a gaming establishment" must be qualified. It then does provide for waiver, but the waiver standards it utilizes are those found at Section 14(c). Section 14(c), in turn, only addresses waiver of equity holders, not debt holders. Therefore, is there statutory authority for the regulations we have drafted? If not, this will create a significant barrier to developers who are looking for financing.

cc: Kathy O'Toole

Exhibit 8: Phase 1 Proposed Regulations

1 **205 CMR: MASSACHUSETTS GAMING COMMISSION**

2
3
4 101.00: M.G.L. c. 23K ADJUDICATORY PROCEEDINGS

- 5
6 101.01: Hearings before the Commission
7 101.02: Hearings before the Bureau
8 101.03: Special Procedures for Hearings before the Commission
9 101.04: Special Procedures for Hearings before the Bureau

10
11 102.00: CONSTRUCTION AND APPLICATION

- 12
13 102.01: Authority
14 102.02: Definitions
15 102.03: Construction and Amendments
16 102.04: Words and Terms; Tense, Number and Gender
17 102.05: Computation of Time
18 102.06: Effective Date

19
20 103.00: ACCESS TO AND CONFIDENTIALITY OF COMMISSION RECORDS

- 21
22 103.01: Purpose, Authority and Applicability
23 103.02: Availability of Public Records
24 103.03: Official Custodians; Individual Responsible for Personal Data System
25 103.04: Determinations by the Official Custodian, the General Counsel and the Commission
26 103.05: Effect of Requests for Confidentiality
27 103.06: Postponing Denial of Confidentiality Pending Appeal
28 103.07: When Confidential or Exempt Information May Be Disclosed by the Commission
29 103.08: Confidential Information Subject to Promise of Confidentiality
30 103.09: Information Provided in Response to Requests for Applications – Phase 1
31 103.10: Requests for Protecting Confidential Information Defined in 205 CMR 102.02(2)
32 103.11: Procedure for Acting on Requests for Protecting Confidential Information
33 103.12: Reconsidering Confidentiality Determinations
34 103.13: Executive Session Consideration of Confidential or Exempt Information
35 103.14: Security Protocols; Restricted Access
36 103.15: Records Retention

37
38 104.00: DELEGATION OF AUTHORITY

- 39
40 104.01: Delegation of Commission Authority
41 104.02: Delegation of Chair’s Authority
42
43

44	105.00: INVESTIGATIONS AND ENFORCEMENT BUREAU
45	
46	105.01: Duties and Responsibilities
47	105.02: Subpoena Power
48	105.03: Authority to Require Testimony under Oath
49	105.04: Orders and Directives
50	105.05: Civil Penalties
51	105.06: Seizure of Unlawful Devices, Games or Machines
52	105.07: Coordination with the Massachusetts State Police
53	105.08: Coordination with the Massachusetts Attorney General
54	105.09: Coordination with the Massachusetts Alcoholic Beverages Control Commission
55	105.10: Authority to Retain and Utilize Contractor Investigators
56	
57	106.00: INFORMATION AND FILINGS
58	
59	106.01: Offices; Hours
60	106.02: Communications; Notices
61	106.03: Electronic Filing by Applicants during RFA-1 and RFA-2 Processes
62	106.04: Petitions for Adoption, Amendment or Repeal of Regulations
63	106.05: Advisory Services and Advisory Rulings
64	
65	107.00: PROFESSIONAL PRACTICE
66	
67	107.01: General Provisions
68	107.02: The Practice of Law
69	107.03: Notice of Appearance by Attorney
70	
71	108.00: COMMUNITY AND POLITICAL CONTRIBUTIONS
72	
73	108.01: Statement of Governing Principles
74	108.02: Prohibited Political Contributions and Solicitations
75	108.03: Mandatory Disclosure of Political Contributions and Community Contributions
76	
77	109.00
78	
79	[Reserved]
80	
81	110.00: ISSUANCE OF REQUEST FOR CATEGORY 1 AND CATEGORY 2 LICENSE
82	APPLICATIONS
83	
84	110.01: Phased Process for Request for Applications
85	110.02: Timing of the RFA-P1 Process
86	

87	111.00: PHASE 1 APPLICATION REQUIREMENTS
88	
89	111.01: Phase 1 Application Requirements
90	111.02: Business Entity Disclosure Form - Category 1 & Category 2 Entity Applicants and
91	Holding/Intermediary Companies
92	111.03: Multi-Jurisdictional Personal History Disclosure Form
93	111.04: Massachusetts Supplemental Form
94	111.05: Withdrawal of Application
95	
96	112.00: REQUIRED INFORMATION AND APPLICANT COOPERATION
97	
98	112.01: Additional Information
99	112.02: Obligation to Cooperate
100	112.03: Obligation to Provide Truthful Information
101	
102	113.00: APPLICATIONS FOR RENEWAL
103	
104	[Reserved]
105	
106	114.00: FEES
107	
108	114.01: Application Fees
109	114.02: Payment of Application Fees
110	114.03: Community Disbursements
111	114.04: Additional Fees for Investigations
112	114.05: Non-refundable Application Fees
113	
114	115.00: PHASE 1 SUITABILITY DETERMINATIONS, STANDARDS AND PROCEDURES
115	
116	115.01: Phase 1 Determination Standards
117	115.02: Phase 1 Procedures
118	115.03: Phase 1 Investigation and Recommendations by the Bureau
119	115.04: Phase 1 Proceedings by the Commission
120	115.05: Phase 1 Determination by the Commission
121	
122	116.00: PERSONS REQUIRED TO BE LICENSED OR QUALIFIED
123	
124	116.01: Persons Required to be Licensed
125	116.02: Persons Required to be Qualified
126	116.03: Waivers
127	116.04: Notification of Anticipated or Actual Changes in Directors, Officers or Equivalent
128	Qualifiers
129	116.05: Notification of New Financial Sources

130	116.06: Notification Concerning Certain New Qualifiers of Holding, Intermediary or
131	Subsidiary Companies and New Qualifying Entities
132	116.07 Qualification of New Qualifiers
133	
134	117.00: PHASE 1 DETERMINATION OF FINANCIAL STABILITY
135	
136	117.01 Phase 1 Determination of Financial Stability
137	
138	
139	
140	
141	

142 101.00: M.G.L. c. 23K ADJUDICATORY PROCEEDINGS

143

144 Section

145

146 101.01: Hearings before the Commission

147 101.02: Hearings before the Bureau

148 101.03: Special Procedures for Hearings before the Commission

149 101.04: Special Procedures for Hearings before the Bureau

150

151 101.01: Hearings before the Commission

152

153 (1) Except as set forth in M.G.L. c. 23K and 205 CMR 101.03, the commission will conduct
154 the following types of adjudicatory hearings in accordance with the procedures in 801 CMR 1.01
155 of the Standard Rules of Adjudicatory Practice and Procedure:

156

157 (a) Hearings before the commission pursuant to M.G.L. c. 23K, § 17(f), to contest any
158 findings of fact by the bureau relative to the suitability of the applicant for an initial
159 gaming license or the renewal of a gaming license, including without limitation,
160 recommendations and recommended conditions resulting from the RFA-1 process
161 pursuant to 205 CMR 115 and the RFA-2 process described in 205 CMR 110.

162 (2) Nothing in 205 CMR 101.00 shall govern or affect hearings conducted pursuant to 205
163 CMR 1.00 through 13.00.

164

165 101.02: Hearings before the Bureau

166

167 (1) Except as set forth in M.G.L. c. 23K and 205 CMR 101.00, the bureau will conduct the
168 following types of hearings in accordance with the procedures in 801 CMR 1.01 of the Standard
169 Rules of Adjudicatory Practice and Procedure:

170

171 (a) Hearings before the bureau pursuant to M.G.L. c. 23K Section 30(g) to contest the
172 findings of the bureau relative to a key gaming employee license or a renewal
173 application with respect thereto; and

174

175 (b) Hearings before the bureau pursuant to M.G.L. c. 23K, Section 31(h) to contest the
176 findings of the bureau relative to a gaming vendor license application or renewal.

177

178 (2) Except as set forth in M.G.L. c. 23K and 205 CMR 101.00, the bureau will conduct the
179 following types of hearings in accordance with the informal procedures in 801 CMR 1.02 of the
180 Standard Rules of Adjudicatory Practice and Procedure:

181

182

- 183 (a) Hearings before the bureau pursuant to M.G.L. c. 23K, § 30(g) to contest the findings
184 of the bureau relative to a gaming employee license, or a gaming service employee
185 registration or a renewal application with respect thereto; and
186
187 (b) Hearings before the bureau pursuant to M.G.L. c. 23K, § 31 to contest the findings of
188 the bureau relative to non-gaming vendor registration.

189 101.03: Special Procedures for Hearings before the Commission

190
191 (1) Hearings Concerning Phase 1 Determinations of Suitability: For hearings before the
192 commission pursuant to M.G.L. c. 23K, § 17(f) and 205 CMR 101.01(1)(a) concerning the
193 bureau's Phase 1 recommendations and findings of fact pursuant to 205 CMR 115, the following
194 provisions of M.G.L. c. 23K and 205 CMR 101.00 shall supersede any conflicting provisions of
195 801 CMR 1.01:

- 196
197 (a) Standing: No person other than an aggrieved applicant shall have automatic standing
198 to participate in the hearing under 205 CMR 101.03(1)(a).
199
200 (b) Presiding Officer: Pursuant to M.G.L. c. 23K § 3(h), the chair may direct that all of
201 the commissioners participate in the hearing and decision of the matter before the
202 commission. In the alternative, pursuant to M.G.L. c. 23K § 3(h), the chair with the
203 concurrence of one other commissioner may appoint a presiding officer to preside
204 over the hearing. The notice scheduling the time and place for the pre-hearing
205 conference shall specify whether the commission or a designated individual shall act
206 as presiding officer in the particular case.
207
208 (c) Burden of Proof: The applicant shall have the affirmative obligation to establish by
209 clear and convincing evidence both its affirmative qualification for licensure and the
210 absence of any disqualification for licensure.

211 101.04: Special Procedures for Hearings before the Bureau

212
213 (1) Formal Hearings: For hearings before the bureau pursuant to 205 CMR 101.02(1), the
214 following provisions of M.G.L. c. 23K and 205 CMR 101.00 shall supersede any conflicting
215 provisions of 801 CMR 1.01:

- 216
217 (a) Standing: Same as 205 CMR 101.03(1)(a).
218
219 (b) Presiding Officer: The deputy director shall appoint a presiding officer to preside
220 over the hearing who may be any of the following:
221
222 i. An attorney from the commission, the bureau, or the attorney general's office;
223 ii. An outside counsel;

- 224 iii. An administrative law judge from the Massachusetts Division of
225 Administrative Law Appeals;
226 iv. A retired Massachusetts or federal judge.
227

228 (c) Burden of Proof: Same as 205 CMR 101.03(1)(c).
229

230 (d) Decision: Pursuant to M.G.L. c. 23K, § 4(15), in its decision after the hearing, the
231 bureau may approve, deny, limit, condition, restrict, revoke or suspend such finding
232 of suitability, license or renewal as the bureau deems reasonable to effectuate the
233 purposes of M.G.L. c. 23K. Any orders by the bureau denying an application,
234 determination of suitability, license, or renewal shall be accompanied by an
235 explanation of the reasons that an applicant did not meet the qualifications for
236 licensure under M.G.L. c. 23K.
237

238 (e) Notice of Decision: The bureau shall notify the applicant in person or by mail of the
239 decision, of the applicant's right to appeal the decision to the commission and of the
240 30 day time limit on the right to appeal.
241

242 (f) Appeal to Commission from Bureau Decision: An applicant aggrieved by a decision
243 of the bureau after a hearing pursuant to 205 CMR 101.04 may appeal that decision to
244 the commission by filing a notice of appeal within 30 days of the date of the bureau's
245 notice of decision under 205 CMR 101.04(1)(e). The notice of appeal shall be filed
246 with the commission at its main office and a copy shall be simultaneously transmitted
247 to the bureau.
248

249 (g) Record Review: The commission shall hear and decide any appeal under 205 CMR
250 101.04(f) on the record of the bureau's hearing under 205 CMR 101.04(1).
251

252 (h) No Further Review: The decision of the commission on any appeal under 205 CMR
253 101.04(1)(f) shall be final and the applicant shall not be entitled to further review.
254

255 (i) Waiver: If no hearing is timely requested concerning the bureau's decision under 205
256 CMR 101.02(1), or if no appeal is timely filed from the bureau's decision after a
257 hearing under 205 CMR 101.04(1)(f), then the bureau's decision shall be the final
258 decision of the commission and the applicant shall not be entitled to further review.

259
260 REGULATORY AUTHORITY
261

262 205 CMR 101.00: M.G.L. c. 7, § 4H; c. 23K, §§ 3(h); 4(15), (28), (29), (37); 5;13; 17(f),
263 (g); 30(g); 31; 35(g); 36(c), (d), (e), (f); and c. 30A.
264

265 205 CMR 102.00: CONSTRUCTION AND APPLICATION

266

267 Section

268

269 102.01: Authority

270 102.02: Definitions

271 102.03: Construction and Amendments

272 102.04: Words and Terms; Tense, Number and Gender

273 102.05: Computation of Time

274 102.06: Effective Date

275

276 102.01: Authority

277

278 205 CMR 101.00 through 117.00 are issued pursuant to M.G.L. c. 23K, §§ 4(37) and 5, unless
279 otherwise specified.

280

281 102.02: Definitions

282

283 (1) As used in 205 CMR 101 through 117 the following words and shall have the
284 corresponding meaning as defined in M.G.L. c. 23K, § 2, unless the context clearly requires
285 otherwise:--

286

287 Affiliate

288

289 Applicant

290

291 Application

292

293 Bureau

294

295 Business

296

297 Category 1 license

298

299 Category 2 license

300

301 Capital expenditure

302

303 Cashless wagering system

304

305 Chair

306

307 Cheat

308
309 Cheating and swindling device or Cheating and swindling game
310
311 Close associate
312
313 Commission
314
315 Commissioner
316
317 Complimentary service or item
318
319 Conservator
320
321 Credit card
322
323 Credit instrument
324
325 Division
326
327 Executive Director
328
329 Gambling
330
331 Game
332
333 Gaming
334
335 Gaming area
336
337 Gaming device or gaming equipment
338
339 Gaming employee
340
341 Gaming establishment
342
343 Gaming license
344
345 Gaming licensee
346
347 Gaming position
348
349 Gaming service employee
350

351 Gaming vendor
352
353 Gaming vendor license
354
355 Governing body
356
357 Gross revenue or gross gaming revenue
358
359 Holding company
360
361 Host community
362
363 Impacted live entertainment venue
364
365 Institutional investor
366
367 Intermediary company
368
369 Junket
370
371 Junket enterprise
372
373 Junket representative
374
375 Key gaming employee
376
377 License
378
379 List of excluded persons
380
381 Lottery
382
383 Major policymaking position
384
385 Non-gaming vendor
386
387 Operation certificate
388
389 Person
390
391 Promotional gaming credit
392
393 Qualification or qualified

394
395 Rewards card

396
397 Slot machine

398
399 State Police

400
401 Subsidiary

402
403 Surrounding communities

404
405 Table game

406
407 Transfer

408
409 Wager

410
411 (2) As used in 205 CMR 101 through 117, the following additional words and phrases shall
412 have the following meaning, unless the context clearly requires otherwise:--

413
414 Bureau decision is defined in 205 CMR 115.03 and 101.00.

415
416 Bureau hearing is defined in 205 CMR 101.02.

417
418 Business entity disclosure form (“BED”) is defined in 205 CMR 111.01(3).

419
420 Candidate means a person seeking nomination or election to any local, county, or
421 Commonwealth public office in Massachusetts, but shall not include a person seeking
422 nomination or election to any Federal public office.

423
424 Chief executive officer means (1) As to gaming licensees or applicants the natural person
425 who is ultimately responsible for the daily conduct of the gaming establishment business of
426 one or more affiliated gaming licensees or applicants, regardless of the form of business
427 association of the gaming licensee or applicant or the particular title which that person or any
428 other person holds; and (2) As to gaming vendor licensees or applicants, the natural person
429 who bears ultimate responsibility for the organization and business activities of the
430 enterprise.

431
432 Chief financial and accounting officer means the chief financial and accounting officer of the
433 commission.

434
435 Community contribution means a political contribution or contribution in kind made by an
436 applicant for a gaming license to a municipality or a municipal employee as allowed by

437 M.G.L. c. 23K, § 47.

438

439 Competitively-sensitive information means all records which are, and those portions of
440 records which contain, confidential personal or business information which if made publicly
441 available would have a reasonable likelihood of placing a person at a competitive
442 disadvantage, or be detrimental to or otherwise cause substantial damage or irreparable harm
443 to the person such as identity theft, industrial espionage, unfair competition, or similar
444 adverse consequences. Competitively-sensitive information includes without limitation
445 social security numbers, passport numbers and other unique identifying information, research
446 and development information, financial records, banking or lending records, mortgage and
447 credit history, lists of customers or business contacts, pricing information and any other
448 unique information, methodology, technique, system, or feature which is restricted by
449 appropriate security measures in the ordinary course to the individual or person or to top
450 management, counsel, research and development staff, and expert consultants only.

451

452 Confidential Information means all records which are, and those portions of records which
453 contain, (1) trade secrets, competitively-sensitive information and other proprietary
454 information provided to the commission, the bureau, and their agents and employees in the
455 course of an application or an investigation; and (2) trade secrets and other information
456 protected from public disclosure by a nondisclosure agreement between the gaming licensee
457 and the commission pursuant to M.G.L. c. 23K, § 21(7).

458

459 Confidentiality claimant means any person who makes a claim that any records, material or
460 information submitted to the commission, the bureau, or their agents and employees
461 constitutes confidential information.

462

463 Contractor Investigator is defined in 205 CMR 105.10.

464

465 Contribution means a payment, transfer or pledge of money or a thing of value to or for the
466 benefit of a candidate or political organization.

467

468 Dependent person means a person who is:

469

470 (1) An employee or co-employee of a prohibited person;

471

472 (2) An employee or co-employee of a person affiliated with a prohibited person; or

473

474 (3) An enterprise or firm, or an officer, director, partner, owner or principal employee
475 of an enterprise or firm, that is a party to any contract with, or is bidding for or
476 seeking to enter any contract with, or regularly represents or provides services to,
477 a prohibited person.

478

479 Deputy director means the deputy director of the bureau.

480
481 Director of gaming enforcement means the assistant attorney general designated by the
482 attorney general as the director of gaming enforcement pursuant to M.G.L. c. 12, § 11M(b).
483

484 Director of security means an employee of a gaming establishment in charge of and with
485 overall supervisory responsibility for security of the gaming establishment.
486

487 Director of surveillance means an employee of a gaming establishment in charge of and with
488 overall supervisory responsibility for surveillance at the gaming establishment.
489

490 Financial stability is defined in 205 CMR 117.00.
491

492 Gaming enforcement unit means the gaming enforcement unit established by the colonel of
493 state police pursuant to M.G.L. c. 22C, § 70.
494

495 General counsel means the person designated by the commission as its general counsel.
496

497 Investigatory material means any document, record, transcript, complaint, evidentiary
498 material of any nature, correspondence, memoranda, report, work product, or other
499 information concerning any examination, any investigation (whether formal or informal), or
500 any related litigation, which pertains to or may disclose: (1) the possible violation by any
501 person of any provision of any statute, rule, or regulation administered by the commission or
502 the bureau, by any other federal, state, local or foreign governmental authority, by any
503 professional association, or by any securities industry self-regulatory organization as well as
504 all written communications from, or to, any person complaining of or otherwise furnishing
505 information respecting such possible violations; (2) information relating to an ongoing
506 investigation that could potentially alert subjects to the activities of investigative officials; (3)
507 confidential investigative techniques the disclosure of which would prejudice future law
508 enforcement efforts; (4) any details in witness statements, which if released create a grave
509 risk of directly or indirectly identifying a private citizen who volunteers as a witness; and (5)
510 the background of any person the disclosure of which would constitute an unwarranted
511 invasion of personal privacy.
512

513 Massachusetts Supplement Form (“PHD-MA-SUPP”) is defined in 205 CMR 111.01(3).
514

515 Money means cash or instruments that are convertible to cash in any negotiable currency.
516

517 Multi-Jurisdictional Personal History Disclosure Form (“PHD-MA”) is defined in 205 CMR
518 111.01(3).
519

520 Political contribution means a contribution as defined in M.G.L. c. 55, § 1, except for a
521 community contribution as defined herein.
522

523 Political organization means any committee of any political party in the Commonwealth of
524 Massachusetts, as structured and defined in accordance with M.G.L. c. 23K, §§ 46 and 47, or
525 any group committee or association organized in support of such political party or any
526 candidate.

527
528 Prohibited person means any applicant for or holder of a gaming license, or any holding,
529 intermediary or subsidiary company thereof; or any officer, director, key gaming employee
530 or qualifier of any of these companies; or any person or agent acting on behalf of any of these
531 companies or persons. This definition shall not include that class of licensees who, pursuant
532 to M.G.L. c. 55, § 7A are allowed to make contributions not to exceed \$200.00 per annum.

533
534 Proprietary information means all records which are, and those portions of records which
535 contain personal or business information which, owing to its confidential nature, is in the
536 ordinary course subjected to strict measures to preserve its confidentiality including,
537 confidentiality agreements, non-competition agreements, encryption and password protection
538 for electronic information, restriction of access to those with a need-to-know, and other
539 policies, procedures, security measures or markings designed to protect the secrecy of
540 information and to keep the information strictly confidential.

541
542 Qualifier is defined as a person whose qualification must be established in evaluating the
543 suitability of an applicant in accordance with the standards and criteria set forth in M.G.L. c.
544 23K, § 12(a) and 205 CMR 115.01(1)(d) and 116.02.

545
546 Record means a book, paper, map, photograph, recorded tape, financial statement, statistical
547 tabulation, or any other documentary material or data, regardless of physical form or
548 characteristics.

549
550 RFA-P1 or RFA-1 process is defined in 205 CMR 110.

551
552 Secretary means the secretary of the commission.

553
554 Security Protocols means the system for securing and preserving the confidentiality of
555 records in accordance with 205 CMR 103.14.

556
557 Solicitation means a request, suggestion or recommendation made to a particular person, by
558 any means of communication, that the person make a contribution; provided, however, that a
559 statement to a person expressing support for or opposition to the election of any candidate, or
560 support for or opposition to any political organization, which is made without reference to a
561 contribution or a statement intended for and given public dissemination encouraging all
562 persons to make contributions to any candidate or political organization, is not a solicitation.

563
564 Thing of value means:
565

- 566 (1) An item of real, personal or intellectual property that may be converted into
567 money by selling it or pledging it as security for a loan or other advance of funds;
568
- 569 (2) A loan of assets, property, personnel or facilities for use by a candidate or
570 political organization, such as, without limitation, office space, automobiles,
571 telephones or telephone services, or the time and effort of employees or consultants
572 who are paid by the person making the contribution;
573
- 574 (3) A personal or professional service that is not incidental to the expression of a
575 person's ideological beliefs or membership in a political organization, and that has a
576 value to the candidate or political organization;
577
- 578 (4) A non-reimbursed expense that is not incidental to the expression of a person's
579 ideological beliefs or membership in a political organization, and is of the type
580 normally incurred by the candidate or political organization; or
581

582 Any thing, service, expense or other item of value similar to that identified in paragraphs 1
583 through 4 above which may be identified by the commission in an advisory ruling or other
584 appropriate proceeding.
585

586 Trade secret means all records which are, and those portions of records which contain,
587 anything tangible or intangible or electronically kept or stored, which constitutes, represents,
588 evidences or records a secret scientific, technical, merchandising, production, manufacturing,
589 or management information, design, process, procedure, formula, invention, method or
590 improvement which its owner considers to be and treats as confidential and which is not
591 available to the public by any other source. This definition shall include anything which is a
592 trade secret pursuant to M.G.L. c. 266, § 30(4).
593

594 102.03: Construction and Amendments

- 595
- 596 (1) The commission's regulations, 205 CMR, shall be construed in accordance with
597 generally accepted principles of statutory construction in the Commonwealth of Massachusetts,
598 including those set forth in M.G.L. c. 23K.
599
- 600 (2) 205 CMR shall be liberally construed to permit the commission, the bureau, and their
601 agents and employees to effectively carry out their respective statutory functions and to secure a
602 just and expeditious determination of issues properly presented to the commission and the
603 bureau.
604
- 605 (3) Nothing in 205 CMR shall be construed to conflict with any provision of M.G.L. c. 23K.
606
- 607 (4) In special cases and for good cause shown, the commission or bureau may relax, waive or
608 permit deviations from 205 CMR.

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102.04: Words and Terms; Tense, Number and Gender

In construing 205 CMR 101 through 117, except when otherwise plainly declared or clearly apparent from the context: words in the present tense shall include the future tense; words in the masculine shall include the feminine and neuter genders; and words in the singular shall include the plural and the plural shall include the singular.

102.05: Computation of Time

(1) Unless otherwise specifically provided by law, computation of any time period referred to in 205 CMR 101 through 117 shall begin with the first day following the act which initiates the running of the time period. The last day of the time period is to be included unless it is a Saturday, Sunday, or legal holiday in which event the period shall run until the end of the next business day. When the time period is seven days or less, intervening Saturdays, Sundays, or legal holidays shall be excluded in the computation. When a time period is greater than seven days each intervening calendar day shall be included in the computation.

(2) Whenever a provision of 205 CMR 101 through 117 requires that an act or event occur on a specified day or date, and such day or date falls upon a Saturday or Sunday or legal holiday, such provision shall be construed to refer to the next business day immediately following such day or date.

102.06: Effective Date

The effective date of 205 CMR 101 through 117 is , 2012.

REGULATORY AUTHORITY

205 CMR 102.00: M.G.L. c. 12, § 11M; c. 23K, §§ 2, 4(37) 5, 9(b), 12(a), 21(7), 46, 47; c. 22C, § 70; c. 55, §§ 1, 7A; and c. 266, § 30.

641 205 CMR 103.00: ACCESS TO AND CONFIDENTIALTY OF COMMISSION RECORDS

642

643 Section

644

645 103.01: Purpose, Authority and Applicability

646 103.02: Availability of Public Records

647 103.03: Official Custodians; Individual Responsible for Personal Data System

648 103.04: Determinations by the Official Custodian, the General Counsel and the Commission

649 103.05: Effect of Requests for Confidentiality

650 103.06: Postponing Denial of Confidentiality Pending Appeal

651 103.07: When Confidential or Exempt Information May Be Disclosed by the Commission

652 103.08: Confidential Information Subject to Promise of Confidentiality

653 103.09: Information Provided in Response to Requests for Applications – Phase 1

654 103.10: Requests for Protecting Confidential Information Defined in 205 CMR 102.02(2)

655 103.11: Procedure for Acting on Requests for Protecting Confidential Information

656 103.12: Reconsidering Confidentiality Determinations

657 103.13: Executive Session Consideration of Confidential or Exempt Information

658 103.14: Security Protocols; Restricted Access

659 103.15: Records Retention

660

661 103.01: Purpose, Authority and Applicability

662

663 205 CMR 103.00 is promulgated pursuant to M.G.L. c. 23K, §§ 4(37), and 5. 205 CMR 103.00
664 are intended to assure that public access to, and the confidentiality of, records made or received
665 by the commission and the bureau are in conformity with M.G.L. c. 23K, § 9(b) and § 21(7);
666 M.G.L. c. 66, § 10; M.G.L. c. 4, § 7, cl. 26; and 950 CMR 32.00.

667

668 103.02: Availability of Public Records

669

670 All records made or received by the commission or the bureau shall be public records and shall
671 be available for disclosure on request pursuant to 205 CMR 103.00 and 950 CMR 32.00, except
672 the following, which shall be exempt from disclosure to the extent permitted by law:

673

674 (1) all records, including without limitation investigatory materials, specifically excluded
675 from the definition of “public record” pursuant to M.G.L. c. 4, § 7, cl. 26;

676

677 (2) all confidential information defined in 205 CMR 102.02(2);

678

679 (3) all records which are or which contain “criminal offender record information”,
680 “evaluative information”, or “intelligence information” pursuant to M.G.L. c. 6, § 167,
681 the disclosure of which would not be in compliance with M.G.L. c. 6, §§ 167 through
682 178;

683

- 684 (4) all records which are or which contain “personal data” pursuant to M.G.L. c. 66A, § 1,
685 the disclosure of which would not be in compliance with M.G.L. c. 66A; or which are or
686 which contain “personal information” pursuant to M.G.L. c. 93H, § 1, the disclosure of
687 which would not be in compliance with M.G.L. c. 93H; and
688
- 689 (5) all records specifically or by necessary implication exempted from disclosure by statute
690 including, but not limited to, the exemption (a) statutes listed by the supervisor of public
691 records in the Appendix to the official Guide to the Massachusetts Public Records Law.
692

693 103.03: Official Custodians; Individual Responsible for Personal Data System
694

695 (1) Pursuant to M.G.L. c. 66, § 6, and M.G.L. c. 23K § 3(f) and (i), subject to the oversight
696 of the chair, the secretary shall be the official custodian of all books, documents and papers filed
697 by the commission and of its minute book; the chief financial and accounting officer shall be the
698 official custodian of its books of account and accounting records; the deputy director shall be the
699 official custodian of all records of the bureau; and the executive director shall be the official
700 custodian of all other records of the commission. In the case of an absence or vacancy in the
701 office of an official custodian, or in the case of disability as determined by the commission, the
702 chair may designate an acting custodian to serve until the vacancy is filled or the absence or
703 disability ceases. Each official custodian may, with the permission of the chair, from time to
704 time delegate to another commissioner, employee or employees of the commission or the bureau
705 responsibility for the custody of some or all public records under his or her jurisdiction.
706

707 (2) Pursuant to M.G.L. c. 66A, § 2, subject to the oversight of the chair, the executive
708 director shall be the individual immediately responsible for any personal data system maintained
709 by the commission; the deputy director shall be the individual immediately responsible for any
710 personal data system maintained by the bureau; and each shall conform to the requirements of
711 M.G.L. c. 66A and 801 CMR 3.00 for preventing unauthorized access to or dissemination of
712 personal data under his or her jurisdiction. In the case of an absence or vacancy in the office of
713 an individual immediately responsible for any personal data system, or in the case of disability as
714 determined by the commission, the chair may designate an acting person to serve as the
715 individual immediately responsible for any personal data system until the vacancy is filled or the
716 absence or disability ceases. The executive director or the deputy director may, with the
717 permission of the chair, from time to time delegate to another commissioner or employee of the
718 commission or the bureau immediate responsibility for any personal data system under his or her
719 jurisdiction.
720

721 103.04: Determinations by the Official Custodian, the General Counsel and the Commission
722

723 (1) No information which is exempt from disclosure under 205 CMR 103.02 or which a
724 confidentiality claimant asserts to be confidential information defined in 205 CMR 102.02(2)
725 shall be disclosed in response to any request for public records unless the Commission has
726 expressly so authorized in accordance with 205 CMR 103.00.

727
728 (2) Subject to 205 CMR 103.04(1), the official custodian designated in accordance with 205
729 CMR 103.03 shall determine whether any particular record within his or her jurisdiction is
730 subject to disclosure as a public record or is exempt from disclosure as described in 205 CMR
731 103.02(1) through (5). Whenever the official custodian has a doubt or question about whether
732 any particular record is subject to disclosure as a public record or exempt from disclosure as
733 described in 205 CMR 103.02(1) through (5), and whenever any confidentiality claimant asserts
734 in writing that any particular record is exempt from disclosure as described in 205 CMR
735 103.02(1) through (5), the official custodian shall consult the commission's general counsel who
736 shall, subject to 205 CMR 103.04(1), resolve such doubt, question or dispute, and such request
737 shall be granted or denied, only in accordance with a written determination signed by the general
738 counsel; provided further that the general counsel may refer any such doubt, question or dispute
739 to the commission for its resolution.

740
741 103.05: Effect of Requests for Confidentiality

742
743 Whenever a confidentiality claimant requests in writing that particular records be deemed to be
744 or to contain confidential information defined in 205 CMR 102.02(2), such records or
745 information shall be treated as confidential and may not be deemed public records until the
746 confidentiality request has been approved or denied pursuant to 205 CMR 103.04, 103.10 and
747 103.11.

748
749 103.06: Postponing Denial of Confidentiality Pending Appeal

750
751 Whenever the commission denies a request to deem records to be or to contain confidential
752 information as defined in 205 CMR 102.02(2) exempt from disclosure as described in 205 CMR
753 103.02(1) through (5), such denial shall take effect ten days after the date thereof so that any
754 person aggrieved by said denial may appeal to another State agency with jurisdiction over the
755 subject matter thereof, or to a court of competent jurisdiction. During this ten-day period, the
756 records in question shall be treated as confidential and may not be deemed public records. This
757 ten-day period may be extended by the commission in extraordinary situations. Any extension
758 shall be in writing and signed by the commission's general counsel.

759
760 103.07: When Confidential or Exempt Information May be Disclosed by the Commission

761
762 (1) Notwithstanding any provision of 205 CMR 103.00 to the contrary, confidential
763 information as defined in 205 CMR 102.02(2) and information otherwise exempt from disclosure
764 as described in 205 CMR 103.02(1) through (5) shall be subject to disclosure by the commission
765 only:

- 766
767 (a) to the extent necessary to comply with Federal Law;
768 (b) to the extent necessary to comply with or carry out the responsibilities contained in
769 M.G.L. c. 23K or other state law;

- 770 (c) to the extent necessary for any enforcement action, whether criminal or civil, judicial or
771 administrative;
- 772 (d) upon presentation of proper identification, to the person who furnished the specific
773 information to the commission or the bureau; or
- 774 (e) upon presentation of a timely and duly executed and notarized authorization by the
775 person who furnished the specific information to the commission or the bureau, to any
776 other person making a written request for the specifically identified information.
777

778 (2) If confidential information is released or otherwise disclosed to any person under any
779 circumstances other than those identified in (1)(d) and (e) above, written notice of such release or
780 disclosure shall whenever practicable be given to the person who furnished the confidential
781 information to the commission or the bureau, unless such notice may prejudice the possibility of
782 effective law enforcement or otherwise imperil the integrity of the commission's or the bureau's
783 operations. To the extent known, the notice shall include:

- 784
- 785 (a) The name and address of the person to whom the information was released or disclosed;
- 786 (b) A description of the information released or disclosed; and
- 787 (c) The date of the release or disclosure.
788

789 (3) Whenever practicable, any such notice of confidential information to be released or
790 disclosed shall be given prior to the release or disclosure to provide an opportunity for review.
791

792 103.08: Confidential Information Subject to Promise of Confidentiality
793

794 For confidential information to be protected from public disclosure by a nondisclosure agreement
795 pursuant to M.G.L. c. 23K, § 21(7) or by other promise of confidentiality pursuant to M.G.L. c.
796 4, § 7, cl. 26(g), the nondisclosure agreement or other promise of confidentiality must be made in
797 writing and signed by the chair, the secretary or a person designated by the commission.
798

799 103.09: Information Provided in Response to Request for Applications — Phase 1
800

801 (1) In accordance with M.G.L. c. 23K, § 9(b), an application for a license in response to the
802 commission's Request for Applications-Phase 1, 205 CMR 110.00, shall be a public record
803 except those portions of the application containing information otherwise exempt from
804 disclosure pursuant to 205 CMR 103.02(1)-(5).
805

806 (2) As guidance to applicants and the public, the commission shall issue a set of specimen
807 annotated application forms and distribute such forms together with the Request for
808 Applications-Phase 1 pursuant to 205 CMR 111.00. These specimen annotated application
809 forms shall designate as "Exempt/Redact" all information or categories of information which, at
810 a minimum, the commission considers to be exempt from disclosure in accordance with 205
811 CMR 103.02(1) through (5).
812

813 (3) To assist the commission in protecting from inadvertent disclosure information subject to
814 205 CMR 103.02(1) through (5), applicants shall follow the procedures in 205 CMR 103.10(1)
815 in completing and submitting the required forms pursuant to 205 CMR 111.00.
816

817 (4) All information submitted by an applicant in the RFA Phase 1 application, other than that
818 described as "Exempt/Redact" in 205 CMR 103.09(2), shall be presumed to be available for
819 public disclosure on request unless a confidentiality claimant demonstrates or the commission
820 otherwise finds that a separable portion of the information is exempt from disclosure pursuant to
821 205 CMR 103.02(1) through (5). Confidentiality claimants shall make such a demonstration in
822 accordance with the provisions of 205 CMR 103.10 through 103.12.
823

824 103.10: Requests for Protecting Confidential Information as Defined in 205 CMR 102.02(2)
825

826 Except as set forth in 205 CMR 103.09, no record shall be deemed to be or to contain
827 confidential information as defined in 205 CMR 102.02(2) unless a person requests the
828 commission in writing to protect the information as confidential information. The request shall
829 be made and substantiated as follows:
830

- 831 (1) Each record containing information that is the subject of a confidentiality request
832 shall be clearly marked "CONFIDENTIAL". To assist the commission in complying
833 with 205 CMR 103.02, persons shall separately submit confidential portions of
834 otherwise non-confidential records. If submitted separately, the record that is the
835 subject of a confidentiality request shall be clearly marked "CONFIDENTIAL" and
836 the record from which confidential information has been redacted shall be clearly
837 marked "REDACTED".
838
- 839 (2) The request for confidentiality shall be supported with the following information,
840 which shall be treated as a public record:
841
- 842 (a) The time period for which confidential treatment is desired.
 - 843 (b) The reason the record was provided to the commission or the bureau, and the date
844 of submittal.
 - 845 (c) The basis for the claim that the record contains confidential information and, if
846 applicable, the basis for believing that the criteria in 205 CMR 103.12 are
847 satisfied.
 - 848 (d) The extent to which the person requesting that the record be kept confidential has
849 disclosed the contents of that record to other persons without a restriction as to
850 confidentiality imposed by agreement or by law.
 - 851 (e) A list of all other Federal, State and local agencies to which the same record or
852 contents thereof has been submitted, whether the confidentiality of the
853 information is protected by law in that jurisdiction, which of them have been
854 requested to keep that record confidential, the status of the requests, and a copy of
855 the responses by said agencies or the courts to the requests.

- 856 (f) A statement that the information is not required to be disclosed or otherwise made
857 available to the public under any other federal or state law.
- 858 (g) How making the record a public record would place the applicant at a competitive
859 disadvantage pursuant to M.G.L. c. 23K, § 9(b), be detrimental to a gaming
860 licensee if it were made public pursuant to M.G.L. c. 23K, § 21(7), or otherwise
861 cause irreparable harm or damage to the person requesting confidentiality.
- 862 (h) If the record was submitted voluntarily for use in developing governmental policy
863 and upon a promise of confidentiality pursuant to M.G.L. c. 4, § 7, cl. 26(g), and
864 not in compliance with a regulation or order of the commission or a court,
865 whether and if so why making the record a public record would tend to lessen the
866 availability to the commission or the bureau of similar records in the future.

867
868 103.11: Procedure for Acting on Requests for Protecting Confidential Information

869
870 The commission shall act on a confidentiality request made pursuant to 205 CMR 103.10 subject
871 to the following provisions:

- 872
873 (1) If the commission has received a request to inspect or copy a record which is the
874 subject of a confidentiality request on which the commission has not made a final
875 decision, the commission shall notify:
- 876
877 (a) the person who made the request to inspect or copy the record that:
- 878
879 1. the record in question is the subject of a pending confidentiality request, and
880 therefore not a public record,
881 2. the request to inspect or copy is initially denied, and
882 3. a final decision will be made when the commission determines whether the
883 record in question is entitled to confidentiality protection.
- 884
885 (b) the confidentiality claimant of the request to inspect or copy the record.
- 886
887 (2) The commission shall determine whether the record, if made public, would divulge
888 confidential information as defined in 205 CMR 102.02(2). The Commission shall
889 give notice of its determination(s) to the confidentiality claimant and all persons who
890 requested to inspect or copy the record.
- 891
892 (3) If the commission determines that a record would, if made public, divulge
893 confidential information as defined in 205 CMR 102.02(2), the record in question
894 shall be deemed confidential and may not be deemed a public record for such length
895 of time, and subject to such terms, conditions and limitations, as the commission may
896 include in the determination. The commission shall so notify the person who
897 submitted the record to the commission or the bureau, the confidentiality claimant,
898 and all persons making a request to inspect or copy the record in question.

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- (4) All notices given pursuant to 205 CMR 103.11(2) and (3) shall be in writing, shall be delivered by hand, by certified mail, return receipt requested, or by electronic mail, and shall include:
- (a) the reasons for the determination,
 - (b) notice that the determination constitutes a final decision of the commission,
 - (c) notice that the determination may be subject to review by one or more other State agencies or by the courts,
 - (d) if the determination is that the record in question, if made public, would not divulge confidential information as defined in 205 CMR 102.02(2), notice that, pursuant to 205 CMR 103.06, the record in question shall become a public record ten days after the date of the commission’s determination unless, a person aggrieved by said determination appeals the determination to another State agency with jurisdiction over the subject matter thereof, or to a court of competent jurisdiction. This ten-day period may be extended only in extraordinary situations, and any such extension must be in writing and signed by the commission’s general counsel pursuant to 205 CMR 103.04.

103.12: Reconsidering Confidentiality Determinations

If the commission determines that newly discovered information or changed circumstances make it appropriate for the commission to reconsider and possibly modify a prior grant of confidentiality, the commission shall so notify the person who submitted the record to the commission or the bureau, and the confidentiality claimant. The notice shall give the person and the confidentiality claimant a reasonable period of time to substantiate, pursuant to 205 CMR 103.10, keeping the record in question confidential. The amount of time originally established in the notice maybe reasonably extended by the commission. After this time has passed, or after the commission has received a written response from the confidentiality claimant, whichever occurs first, the commission shall make a new determination whether the record in question shall be deemed either confidential or a public record.

103.13: Executive Session Consideration of Confidential or Exempt Information

Pursuant to M.G.L. c 30A, § 21(a)(7), the commission may meet in executive session to review information which is exempt from disclosure as described in 205 CMR 103.02(1) through (5); or to conduct an in camera inspection of records to enable the commission to resolve matters as to confidentiality or exemption pursuant 205 CMR 103.04(1) or (2), to act on requests for protecting confidential information pursuant 205 CMR 103.11, or to reconsider confidentiality determinations pursuant 205 CMR 103.12.

103.14: Security Protocols; Restricted Access

942 (1) The executive director, subject to the direction of the commission, shall establish and
943 maintain secure storage areas, methodologies and procedures to protect tangible and electronic
944 confidential information defined in 205 CMR 102.02(2) and information otherwise exempt from
945 disclosure as described in 205 CMR 103.02(1) through (5) contained in the records of the
946 commission or the bureau. Records containing such information shall be kept, managed,
947 accessed and used in accordance with the security protocols.

948
949 (2) Records for which confidential information claims have been made and related
950 supporting materials, and information for which such claims have been finally adjudicated in
951 favor of the confidentiality claimant, shall be kept, managed, accessed and used in accordance
952 with the security protocols. Materials and information for which such claims have been finally
953 adjudicated against the confidentiality claimant may be permanently removed from the
954 protection of the security protocols.

955
956 (3) The executive director the deputy director and the official custodians shall be responsible
957 for implementing the security protocols for records under their respective custody.

958
959 (4) Personnel and authorized agents of the commission or the bureau who require
960 information contained within the secure tangible and electronic storage areas for the effective
961 performance of their duties may, upon request to its official custodian, examine documents
962 containing such information in accordance with the security protocols.

963
964 (5) The commission and the bureau shall keep the number of tangible and electronic copies
965 of confidential information defined in 205 CMR 102.02(2) and information otherwise exempt
966 from disclosure as described in 205 CMR 103.02(1) through (5) to a minimum and shall ensure
967 that all copies of such information are maintained in a manner consistent with the requirements
968 of the security protocols. No copies of such documents or information may be made or
969 transmitted except in accordance with the security protocols; where necessary to the authorized
970 duties and operations of the commission, the bureau, or their employees and authorized agents;
971 or where release of the confidential information is authorized pursuant to 205 CMR 103.00. Any
972 notes concerning such information made by commission or bureau employees or agents shall be
973 treated as confidential pursuant to 205 CMR 103.00.

974
975 (6) Commission or bureau employees or authorized agents who violate the procedures
976 required by 205 CMR 103.00 or the security protocols established pursuant thereto shall be
977 subject to disciplinary action.

978
979 103.15: Records Retention

980
981 The commission shall follow the records retention schedule set forth in the Massachusetts
982 Statewide Records Retention Schedule published by the Records Conservation Board in
983 conjunction with the Massachusetts Archives and the supervisor of public records, which records
984 retention schedule shall apply to all records within the commission's possession including all

985 records containing confidential information defined in 205 CMR 102.02(2) and information
986 otherwise exempt from disclosure as described in 205 CMR 103.02(1) through (5).

987

988 REGULATORY AUTHORITY

989

990 205 CMR 103.00: M.G.L. c. 4, § 7; c. 6, §§ 167-178; c. 23K, §§ 4(37); 5; 9(b),21(7); c.

991 30A, § 21; c. 66, § 10; c. 66A, § 1; and c. 93H, § 1.

992

993 205 CMR 104.00: DELEGATION OF AUTHORITY

994

995 Section

996

997 104.01: Delegation of Commission Authority

998 104.02: Delegation of Chair's Authority

999

1000 104.01: Delegation of Commission Authority

1001

1002 (1) Subject to M.G.L. cc. 23K and 30A, the commission may, in its discretion, delegate the
1003 authority of the commission to perform any of its functions under M.G.L. c. 23K or 205 CMR
1004 101 through 117, with the exception of final decisions regarding Phase 1 and Phase 2
1005 determinations of qualification for gaming licenses, to a commissioner or commissioners, or to
1006 the executive director, the bureau, the deputy director, or any other employee of the commission,
1007 on such terms and conditions as the commission may specify. Any action taken and
1008 determination made pursuant to such delegation shall not require further approval, ratification or
1009 other action by the commission.

1010

1011 (2) All delegations of commission authority made pursuant to 205 CMR 104.01(1) shall
1012 remain in effect until amended, suspended, modified or revoked by the commission.

1013

1014 (3) The commission may review, reconsider, amend, modify, suspend or revoke any action
1015 taken or determination made pursuant to such delegation.

1016

1017 (4) Whenever M.G.L. c. 23K or 205 CMR 101 through 117 requires that the commission
1018 provide notice of an action taken or determination made, and such action is taken or
1019 determination is made pursuant to delegation pursuant to 205 CMR 104.01(1), such notice shall
1020 be provided by the individual or entity exercising delegated authority.

1021

1022 (5) In any delegation to the bureau, pursuant to M.G.L. c. 23K, § 4(32), the commission shall
1023 not place any restriction upon the bureau's ability to investigate or prosecute violations of M.G.L.
1024 c. 23K or 205 CMR.

1025

1026 104.02: Delegation of Chair's Authority

1027

1028 (1) The chair may, in his or her discretion, delegate to another commissioner or
1029 commissioners or to the executive director the authority of the chair to perform any of his or her
1030 duties and responsibilities under M.G.L. c. 23K or 205 CMR.

1031

1032 (2) All delegations of made pursuant to 205 CMR 104.02(1) shall remain in effect until
1033 amended, suspended, modified or revoked by the chair.

1034

1035 (3) The chair may, on his or her own initiative, review, reconsider, amend, modify, suspend
1036 or revoke any action taken or determination made pursuant to such delegation.

1037

1038 (4) Whenever M.G.L. c. 23K or 205 CMR 101 through 117 requires that the chair provide
1039 notice of an action taken or determination made, and such action is taken or determination is
1040 made pursuant to delegation pursuant to 205 CMR 104.02(1), such notice shall be provided by
1041 the individual exercising delegated authority.

1042

1043

1044 REGULATORY AUTHORITY

1045

1046 205 CMR 104.00: M.G.L. c. 23K §§ 3(g), 3(h), 3(i), 4(32), 4(37), 5 and 6(a).

1047

1048 205 CMR 105.00: INVESTIGATIONS AND ENFORCEMENT BUREAU

1049

1050 Section

1051

1052 105.01: Duties and Responsibilities

1053 105.02: Subpoena Power

1054 105.03: Authority to Require Testimony under Oath

1055 105.04: Orders and Directives

1056 105.05: Civil Penalties

1057 105.06: Seizure of Unlawful Devices, Games or Machines

1058 105.07: Coordination with the Massachusetts State Police

1059 105.08: Coordination with the Massachusetts Attorney General

1060 105.09: Coordination with the Massachusetts Alcoholic Beverages Control Commission

1061 105.10: Authority to Retain and Utilize Contractor Investigators

1062

1063 105.01: Duties and Responsibilities

1064

1065 (1) The bureau shall be the primary enforcement agent for regulatory matters under M.G.L.
1066 c. 23K and 205 CMR 101 through 117 and shall have all of the powers and duties of the bureau
1067 enumerated in c. 194 of the Acts of 2011, M.G.L. c. 23K and 205 CMR 101 through 117.

1068

1069 (2) The bureau shall be under the supervision and control of the deputy director who shall be
1070 the executive and administrative head of the bureau and shall be responsible for administering
1071 and enforcing the laws relative to the bureau and to each administrative unit of the bureau. The
1072 duties of the deputy director shall be exercised and discharged subject to the direction, control
1073 and supervision of the chair or to the executive director by appropriate delegation of authority
1074 pursuant to 205 CMR 104.02.

1075

1076 (3) The bureau shall be a law enforcement agency and its employees shall have such law
1077 enforcement powers as necessary to effectuate the purposes of M.G.L. c. 23K, including the
1078 power to receive intelligence on an applicant or licensee, and to investigate any suspected
1079 violations of M.G.L. c. 23K.

1080

1081 (4) With respect to the investigation and enforcement of gaming establishments and
1082 licensees, the bureau may obtain or provide pertinent information regarding applicants or
1083 licensees from or to law enforcement entities or gaming authorities and other domestic, federal
1084 or foreign jurisdictions, including the Federal Bureau of Investigation, and may transmit such
1085 information to each other electronically or via other secure methods.

1086

1087 (5) The bureau shall conduct investigations into the qualifications and suitability of all
1088 applicants, qualifiers and other persons required to be registered or investigated in connection
1089 with any form of license or registration pursuant to M.G.L. c. 23K and 205 CMR 101 through
1090 117, including without limitation an investigation of qualifications and suitability to hold a

1091 gaming license pursuant to M.G.L. c. 23K.

1092

1093 105.02 Subpoena Power

1094

1095 (1) Pursuant to M.G.L. c. 23K, § 4(31) and M.G.L. c. 30A, § 12, the deputy director is
1096 authorized in the name of the commission to issue subpoenas, in the conduct of investigations
1097 and adjudicatory proceedings, to compel the attendance of witnesses and to produce documents
1098 and records, including but not limited to written materials, materials maintained and stored in
1099 any form of documentary or electronic media, internet, intranet, other electronic, analog or
1100 digital formats, and at any place or virtual location within the Commonwealth of Massachusetts.

1101

1102 (2) Subpoenas pursuant to 205 CMR 105.02(1) concerning an adjudicatory proceeding shall
1103 be issued in accordance with M.G.L. c. 30A, § 12, and 205 CMR 101.00.

1104

1105 (3) Subpoenas pursuant to 205 CMR 105.02(1) may be served by bureau employees and
1106 agents, including contractor investigators.

1107

1108 105.03: Authority to Require Testimony Under Oath

1109

1110 Pursuant to M.G.L. c. 23K, § 4(31) and M.G.L. c. 30A, § 12, the deputy director may designate
1111 specific bureau employees and agents, including contractor investigators, to require testimony
1112 under oath in bureau investigations and hearings.

1113

1114 105.04: Orders and Directives

1115

1116 The bureau shall have power and authority, without limitation, to issue orders and require
1117 compliance pursuant to and in accordance with M.G.L. c. 23K, § 35.

1118

1119 105.05: Civil Penalties

1120

1121 The bureau shall have power and authority, without limitation, to assess a civil administrative
1122 penalty pursuant to and in accordance with M.G.L. c. 23K, § 36.

1123

1124 105.06 Seizure of Unlawful Devices, Games or Machines

1125

1126 Pursuant to M.G.L. c. 23K, § 42, any device, game or gaming device possessed, used,
1127 manufactured, distributed, sold or serviced in violation of M.G.L. c. 23K shall be subject to
1128 seizure and forfeiture by the division or the bureau. Forfeiture proceedings shall be conducted as
1129 provided in M.G.L. c. 94C, § 47(b)-(j). For purposes of M.G.L. c. 94C, § 47(d) and c. 271A, § 3,
1130 the commission shall be considered a police department and shall be entitled to a police
1131 department's distribution of forfeiture proceedings.

1132

1133

1134 105.07 Coordination with the Massachusetts State Police

1135

1136 The bureau will coordinate with the Gaming and Enforcement Unit in accordance with the
1137 provisions of M.G.L. c. 22C, § 70, M.G.L. c. 23K, § 6, and M.G.L. c. 12, § 11M.

1138

1139 105.08 Coordination with the Massachusetts Attorney General

1140

1141 The bureau will coordinate with the division in accordance with the provisions of M.G.L. c. 12, §
1142 11M, c. 22C, § 70, and c. 23K.

1143

1144 105.09 Coordination with the Massachusetts Alcoholic Beverages Control Commission

1145

1146 The bureau will coordinate with the Gaming Liquor Enforcement Unit of the Massachusetts
1147 Alcoholic Beverages Control Commission in accordance with the provisions of M.G.L. c. 10,
1148 §72A and c. 23K.

1149

1150 105.10 Authority to Retain and Utilize Contractor Investigators

1151

1152 (1) The commission may, pursuant to M.G.L. c. 23K, § 4, and any applicable procurement
1153 procedures, retain qualified contractor investigators, either directly or pursuant to a contract or
1154 contracts with a private investigative business or businesses, to assist the bureau in conducting
1155 initial suitability, qualification, and background investigations of license applicants and qualifiers
1156 in accordance with the criteria set forth in M.G.L. c. 23K and 205 CMR 101 through 117.

1157

1158 (2) In retaining contractor investigators, the commission may establish minimum
1159 qualifications in terms of education, training, and experience in federal, state or local, civil or
1160 criminal, law enforcement, regulatory and investigative matters.

1161

1162 (3) Prior to entering a contract with the commission, each prospective contractor investigator
1163 and, if applicable, his or her related business shall be subject to an expedited background inquiry
1164 by the bureau through the gaming and enforcement unit, which shall include, without limitation,
1165 an examination of prior criminal history, financial stability, reputation for integrity, honesty,
1166 good character; and education, training, and experience in federal, state or local, civil or
1167 criminal, law enforcement, regulatory and investigative matters. If a contractor investigator and,
1168 if applicable, his or her business entity is deemed suitable and qualified by the bureau in its
1169 discretion based on this expedited background inquiry, then the commission on behalf of the
1170 bureau may enter into a contract for the professional services of the contractor investigator in a
1171 form and with terms such acceptable to the commission.

1172

1173 (4) Once retained, each contractor investigator shall be provided with the necessary authority
1174 and credentials to serve as an official agent of the bureau in conducting initial suitability,
1175 qualification, and background investigations of license applicants and qualifiers in accordance
1176 with the criteria set forth in M.G.L. c. 23K and 205 CMR 101 through 117.

1177
1178 (5) Immediately on being retained each contractor investigator shall be sworn to the faithful
1179 performance of his or her official duties under M.G.L. c. 23K and 205 CMR 101 through 117.
1180 Before a contractor investigator can participate in any investigation under M.G.L. c. 23K or 205
1181 CMR 101 through 117, the investigator shall execute a certification acknowledging his full
1182 understanding and acceptance of the authority given, applicable confidentiality provisions, and
1183 the limits to such an investigative authority.

1184
1185 (6) Each contractor investigator shall report to the deputy director of the bureau. In the case
1186 of an absence or vacancy in the office of the deputy director, each contractor investigator shall
1187 report to an interim supervisor designated by the chair to supervise such investigators and
1188 investigations.

1189
1190 (7) Any contract entered by the commission for the services of any contractor investigator
1191 may be terminated by the commission, without cause, liability or recourse.

1192
1193 REGULATORY AUTHORITY

1194
1195 205 CMR 105.00: c. 194 of the Acts of 2011; M.G.L. c. 10, § 72A; c. 12, § 11M; c. 22C,
1196 § 70; c. 23K §§ 4(37), 5, 6, 35, 36, 42; c. 30A, § 12; and c. 94C, § 47.
1197

1198 205 CMR 106.00: INFORMATION AND FILINGS

1199

1200 Section

1201

1202 106.01: Offices; Hours

1203 106.02: Communications; Notices

1204 106.03: Electronic Filing by Applicants during RFA-1 and RFA-2 Processes

1205 106.04: Petitions for Adoption, Amendment or Repeal of Regulations

1206 106.05: Advisory Services and Advisory Rulings

1207

1208 106.01: Offices; Hours

1209

1210 The commission will post on its website and from time to time update the address of the main
1211 office and the office hours of the commission and the bureau and the address and contact
1212 information for public information about the commission.

1213

1214 106.02: Communications; Notices

1215

1216 (1) Except as otherwise provided by 205 CMR 101 through 117 or as specified by the
1217 commission on its website, all applications, papers, process or correspondence relating to the
1218 commission or the bureau shall be addressed to, submitted to, filed with or served upon the
1219 commission or the bureau, respectively, at its main office.

1220

1221 (2) Service of process upon the commission or the bureau shall be made in accordance with
1222 Mass. R. Civ. P. 4(d)(3).

1223

1224 (3) Service of all papers, documents, notices and pleadings in adjudicatory proceedings
1225 involving the commission or the bureau shall be made in accordance with 205 CMR 101.00

1226

1227 (4) Except as set forth in 205 CMR 106.05, all other applications, papers, documents,
1228 notices, correspondence or filings shall be deemed to have been received by the commission
1229 when delivered to the main office of the commission or to the chair, a commissioner, or such
1230 employee or employees of the commission as may be designated by the chair and posted on the
1231 commission's website. Except as set forth in 205 CMR 106.05, all other applications, papers,
1232 documents, notices, correspondence or filings shall be deemed to have been received by the
1233 bureau when delivered to the main office of the bureau or to the deputy director or such
1234 employee, employees, or agents of the bureau as may be specified by 205 CMR 101.00 or as
1235 may be designated by the deputy director as posted on the commission's website.

1236

1237 (5) Except as otherwise specifically provided by M.G.L. c. 23K or 205 CMR 101 through
1238 117, the commission or the bureau as applicable (a) will send any notice of public hearing and
1239 any decision of the commission or the bureau concerning a specific applicant, licensee or
1240 registrant to the applicant, licensee or registrant either by in hand delivery, by certified,

1241 registered, or express mail, or by electronic mail to the address shown in the most recent
1242 application or notice of change of address received from such person, and (b) may send any other
1243 papers, documents, notices, or correspondence by any method specified in 205 CMR
1244 106.02(5)(a) or by first class mail, postage prepaid. Notices from the commission or the bureau
1245 shall be deemed to have been received upon the earlier of in hand delivery, electronic mail
1246 transmission, or deposit in the United States mail, postage prepaid, and the time specified in any
1247 such notice shall commence to run from that date.

1248
1249 (6) Applicants, licensee and registrants shall immediately notify the commission and the
1250 bureau in writing of any change of address, and shall specifically request that all future notices or
1251 other communications be sent by the commission or the bureau to the new address.

1252
1253 (7) Any applicant, licensee or registrant who desires to have notices or other communications
1254 from the commission or the bureau sent to an address other than that specified in the most recent
1255 application or notice of change of address on file with the commission and the bureau shall file
1256 with the commission and the bureau a written notice of change of address, and, within a
1257 reasonable time after receipt thereof by the commission and the bureau, subsequent notices and
1258 other communications from the commission or the bureau will be sent to the applicant, licensee
1259 or registrant at such address.

1260
1261 106.03: Electronic Filing by Applicants during RFA-1 and RFA-2 Processes

1262
1263 (1) The commission shall develop and post on its website administrative procedures pursuant
1264 to which all applications, papers, documents, correspondence and other information submitted by
1265 an applicant to the commission or the bureau during the RFA-1 process pursuant to 205 CMR
1266 115 and the RFA-2 process described in 205 CMR 110 must be filed by electronic means as
1267 provided therein. Any document required by 205 CMR 101 through 117 to be signed or
1268 notarized shall be signed or notarized, scanned and submitted in PDF form. All applicants must
1269 comply with those administrative procedures.

1270
1271 (2) All such electronic submissions shall be made in PDF format. Wherever possible, all
1272 such submissions shall be machine-readable and text searchable.

1273
1274 (3) In accordance with the administrative procedures, electronic submission may be made via
1275 the internet or by filing at the main office of the commission or the bureau, as applicable, a disk
1276 containing the electronic submission. For electronic submissions via the internet, the
1277 commission or the bureau will electronically transmit a Notice of Electronic Filing which will
1278 constitute confirmation of the filing of the submission with the commission or the bureau as
1279 applicable. In the event the applicant does not receive a Notice of Electronic Filing, it is the
1280 applicant's duty to take appropriate measures to confirm timely receipt of the electronic
1281 submission by the commission or the bureau as applicable.

1282
1283 (4) Electronic filing via the internet will be generally available 24 hours a day; however, that

1284 availability shall not alter any filing deadline, whether set by regulation, commission or bureau
1285 order, or the RFA itself. All electronic submissions of documents must be completed prior to
1286 5:00 p.m. to be considered timely filed that day.

1287

1288 106.04: Petitions for Adoption, Amendment or Repeal of Regulations

1289

1290 (1) Any interested person may file a petition with the commission pursuant to M.G.L. c.
1291 30A, § 4, for the adoption, amendment or repeal of any regulation. Such petition shall be in
1292 writing, be signed by the petitioner or petitioner's attorney, be submitted to the commission at its
1293 main office, and include the following information:

1294

1295 (a) The name and address of the petitioner and the petitioner's attorney;

1296

1297 (b) The substance of the requested adoption, amendment or repeal of a regulation;

1298

1299 (c) The reasons for the request;

1300

1301 (d) The specific interest of the petitioner affected by the requested regulation;

1302

1303 (e) Reference to the statutory authority under which the commission may take the requested
1304 action; and

1305

1306 (f) Such data, views and arguments as the petitioner thinks pertinent to the request.

1307

1308 (2) After receipt of a petition for the adoption, amendment or repeal of a regulation
1309 submitted in accordance with 205 CMR 106.04(1), the commission may consider the petition at
1310 an open meeting pursuant to M.G.L. c. 30A, § 20, and determine, in its discretion, whether or not
1311 to take any action on or as a result of the petition. At the meeting the commission may, but shall
1312 not be required to, entertain comments or questions from members of the public pursuant to
1313 M.G.L. c. 30A, § 20(f). Within 20 days after the meeting, the commission will notify the
1314 petitioner as to its determination, if any, concerning the petition. The commission may, but is
1315 not required to, explain the reasons for any determination on a petition.

1316

1317 (3) The submission of a petition for the adoption, amendment or repeal of any regulation
1318 pursuant to 205 CMR 106.04(1), and any action, inaction, determination or notice by the
1319 commission pursuant to 205 CMR 106.04(2) with respect thereto, shall not constitute a
1320 regulation and shall confer no legal rights, duties or privileges whatsoever on the petitioner or
1321 any other person.

1322

1323 106.05: Advisory Services and Advisory Rulings

1324

1325 The commission may, in its discretion, provide advisory services pursuant to M.G.L. c. 23K, §
1326 4(7), or make advisory rulings pursuant to M.G.L. c. 30A, § 8.

1327

1328 REGULATORY AUTHORITY

1329

1330 205 CMR 106.00: M.G.L. c. 23K, §§ 4(37), 5; and c.30A, §§ 4, 8.

1331

1332 205 CMR 107.00: PROFESSIONAL PRACTICE

1333

1334 Section

1335

1336 107.01 General Provisions

1337 107.02 The Practice of Law

1338 107.03 Notice of Appearance by Attorney

1339

1340 107.01 General Provisions

1341

1342 No person may practice law, accountancy, architecture, professional engineering, land surveying
1343 or any other profession or occupation regulated by the laws of the Commonwealth of
1344 Massachusetts before the commission in any manner other than in accordance with law, the
1345 ethical standards applicable to the particular profession and 205 CMR 101 through 117. Practice
1346 shall include any matter connected with the representation of the interest of a client, including
1347 the making of any appearance and the preparing or filing of any necessary written document,
1348 correspondence or other paper relative to such interests.

1349

1350 107.02 The Practice of Law

1351

1352 (1) No individual, other than a member, in good standing, of the bar of the Commonwealth
1353 of Massachusetts, shall practice law before the commission; provided, that a member of the bar,
1354 in good standing, of any other state may appear and practice, by permission of the commission,
1355 in any particular matter before the commission as set forth in 205 CMR 107.02(2).

1356

1357 (2) Notwithstanding 205 CMR 107.02(1), an attorney who is a member of the bar of the
1358 highest court of any state may appear and practice before the commission in a particular matter
1359 by leave granted in the discretion of the commission, provided he or she files a certificate that (a)
1360 he or she is a member of the bar in good standing in every jurisdiction where he or she has been
1361 admitted to practice; (b) there are no disciplinary proceedings pending against him or her as a
1362 member of the bar in any jurisdiction; and (c) he or she has read and is familiar with M.G.L. c.
1363 23K and 205 CMR 101 through 117; and provided further, that his or her application for leave to
1364 practice before the commission is on request of a member, in good standing, of the bar of the
1365 Commonwealth of Massachusetts, who shall (i) represent the client concurrently as its local
1366 counsel on the same particular matter, (ii) appear of record in the particular matter and (iii) be
1367 responsible for the conduct of the out-of-state attorney in the particular matter; and provided
1368 further that both such attorneys shall sign all papers submitted or filed by counsel with the
1369 commission on behalf of their mutual client.

1370

1371 (3) A natural person who is not a member of the bar and to whom 205 CMR 107.02(1) and
1372 (2) are not applicable may appear and practice before the commission only in his or her own
1373 behalf.

1374

1375 107.03 Notice of Appearance by Attorney

1376

1377 (1) Each attorney practicing law before the commission shall promptly file with the
1378 commission a notice of appearance in each particular matter and on behalf of each client
1379 represented and may be required to file evidence of his authority to act in such capacity. The
1380 address of each attorney, telephone number, and e-mail address shall be stated. The signature of
1381 an attorney to a document shall constitute an appearance by the attorney who signs it, unless the
1382 paper states otherwise, and shall constitute a certificate that the attorney has read the document
1383 and that to the best of his or her knowledge, information, and belief there is a good ground to
1384 support it.

1385

1386 (2) In the event an attorney changes his or her address during a particular matter in which he
1387 or she has appeared, the attorney shall immediately notify the commission in writing. Unless
1388 otherwise provided by 205 CMR 107, an attorney may withdraw from a particular matter by
1389 filing written notice of withdrawal with the commission, together with proof of service on his or
1390 her client and any other parties to the particular matter.

1391

1392

1393 REGULATORY AUTHORITY

1394

1395 205 CMR 107.00: M.G.L. c. 23K, §§ 4(37) and 5; c. 221, § 46A.

1396

1397 205 CMR 108.00: COMMUNITY AND POLITICAL CONTRIBUTIONS

1398

1399 Section

1400

1401 108.01: Statement of Governing Principles

1402 108.02: Prohibited Political Contributions and Solicitations

1403 108.03: Mandatory Disclosure of Political Contributions and Community Contributions

1404

1405 108.01: Statement of Governing Principles

1406

1407 (1) As specified in M.G.L. c. 23K, § 46, no applicant for a gaming license, nor any holding,
1408 intermediary or subsidiary company thereof, nor any officer, director, key gaming employee or
1409 principal employee of an applicant for a gaming license or of any holding, intermediary or
1410 subsidiary company thereof nor any person or agent on behalf of any such applicant, company or
1411 person, shall directly or indirectly, pay or contribute any money or thing of value to: (1) an
1412 individual who holds a municipal, county or state office; (2) any candidate for nomination or
1413 election to any public office in the Commonwealth of Massachusetts, including a municipal
1414 office; or (3) any group, political party, committee or association organized in support of any
1415 such candidate or political party; provided, however, that the provisions of this section shall not
1416 prohibit an individual who is a candidate for public office from contributing to the candidate's
1417 own campaign.

1418

1419 (2) All political contributions or contributions in kind made by an applicant for a gaming
1420 license to a municipality or a municipal employee, as defined in M.G.L. c. 268A, § 1 of the host
1421 community of the applicant's proposed gaming establishment shall be disclosed by the applicant
1422 to the commission in accordance with 205 CMR 111.03 and to the city or town clerk of the host
1423 community. Applicants shall also fully and completely comply with 970 CMR promulgated by
1424 the Office of Campaign and Political Finance so as to enable timely and expeditious public
1425 reporting.

1426

1427 108.02: Prohibited political contributions and solicitations

1428

1429 (1) No prohibited person shall, directly or indirectly, make any political contribution or
1430 solicit any person to make a political contribution on behalf of a prohibited person.

1431

1432 (2) A political contribution shall be considered to have been made on behalf of a prohibited
1433 person if, without limitation, it is made:

1434

1435 (a) With money or a thing of value that is owned or controlled by a prohibited person; or

1436

1437 (b) By any person in response to a solicitation by a prohibited person and under such
1438 circumstances as established that the political contribution was involuntary or would not have
1439 been made but for the influence of the prohibited person over the person making the political

1440 contribution.

1441

1442 (3) In determining whether a political contribution was made by a person on behalf of a
1443 prohibited person pursuant to 205 CMR 108.02(2) above, the commission shall consider all
1444 relevant facts and circumstances, including, but not limited to, the following:

1445

1446 (a) Whether the person making the political contribution is a dependent person with regard to
1447 the prohibited person;

1448

1449 (b) The nature and importance of any economic, business, personal, familial or other
1450 relationship between the person making the political contribution and the prohibited person
1451 that currently exists, that existed at the time the political contribution was solicited and made,
1452 or that is reasonably anticipated to exist in the foreseeable future;

1453

1454 (c) The timing and nature of any communications that may have occurred between the
1455 person making the political contribution and the prohibited person regarding the prohibited
1456 person's desire to raise funds for the candidate or political organization that received the
1457 political contribution;

1458

1459 (d) The ability or inability of the prohibited person to control or affect the actions of the
1460 person making the political contribution, and any evidence that any such ability played a role
1461 in the decision to make the political contribution;

1462

1463 (e) Any prior political contributions to or expressions of support for the candidate or political
1464 organization that was the recipient of the political contribution by the person making the
1465 political contribution, and the timing of any such prior political contributions or expressions
1466 in relation to the establishment of the relationship between the prohibited person and the
1467 person making the political contribution;

1468

1469 (f) Whether the person making the political contribution is a resident of Massachusetts or
1470 has significant property or business interests in Massachusetts;

1471

1472 (g) The timing and nature of any communications that may have occurred between the
1473 person making the political contribution and the recipient of the political contribution
1474 regarding the prohibited person's solicitations on behalf of or expressions of support for the
1475 candidate or political organization;

1476

1477 (h) Whether there is a pattern or regular course of conduct involving political contributions
1478 to one or more candidates or political organizations by the person making the political
1479 contribution;

1480

1481 (i) Whether there is a pattern or regular course of conduct involving political contributions
1482 to one or more candidates or political organizations on the part of employees, contractors or

1483 other dependent persons of a prohibited person or any affiliated person or entity thereof; and

1484

1485 (j) Whether the prohibited person has, directly or indirectly, reimbursed or offered to
1486 reimburse the person making the political contribution for all or any portion of the
1487 contribution.

1488

1489 108.03: Mandatory Disclosure of Political Contributions and Community Contributions

1490

1491 (1) An applicant or qualifier shall disclose to the commission in the Phase 1 application all
1492 political contributions and community contributions from November 22, 2011 through the date
1493 the Phase 1 application is filed. This duty of disclosure shall continue after the submission of the
1494 application and throughout the period of examination and investigation of the applicant and its
1495 qualifiers by the bureau and commission. The failure to make such disclosures shall constitute a
1496 violation of M.G.L. c. 23K, § 13 and 205 CMR 12.00, and may subject the applicant licensee or
1497 qualifier to a negative determination of suitability or denial of its application for a gaming
1498 license or to a revocation of a gaming license or determination of suitability for licensure, and
1499 any other remedial actions by the commission.

1500

1501 (2) The duty to disclose set forth in (1) above shall not prohibit disbursements to host or
1502 surrounding municipalities pursuant to 205 CMR 114.03.

1503

1504

1505 REGULATORY AUTHORITY

1506

1507 205 CMR 108.00: M.G.L. c. 23K, §§ 4(37), 5, 46 and 47.

1508

1509 205 CMR 109.00: [RESERVED]
1510
1511
1512
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1514

1515 205 CMR 110.00: ISSUANCE OF REQUEST FOR CATEGORY 1 AND CATEGORY 2
1516 LICENSE APPLICATIONS

1517
1518 Section

1519
1520 110.01: Phased Process for Request for Applications
1521 110.02: Timing of the RFA-P1 Process

1522
1523 110.01: Phased Process for Request for Applications

1524
1525 (1) The application process for both a category 1 license and a category 2 license shall
1526 proceed in two phases. The first phase shall be known as Request for Applications Phase 1
1527 (“RFA-1”) and the second phase shall be known as Request for Applications Phase 2 (“RFA-2”).
1528

1529 (2) Only those applicants that are found by the commission to be qualified pursuant to a
1530 determination of suitability at the conclusion of RFA-1 in accordance with 205 CMR 115 shall
1531 be permitted to proceed to the second phase, RFA-2.
1532

1533 110.02: Timing of the RFA-1 and RFA-2 Processes

1534
1535 (1) The commission shall issue a public request for applications including the availability of
1536 the RFA-1 or RFA-2 application forms, which shall be published in a manner designated by the
1537 commission.
1538

1539 (2) The issuance of the commission’s RFA-1 for category 2 license applications shall
1540 precede the issuance of the RFA-1 for category 1 license applications; and the issuance of the
1541 RFA-2 for category 2 license applications shall precede the issuance of the RFA-2 for category 1
1542 license applications.
1543

1544 (3) The commission shall establish a deadline for the submission of each type of application
1545 which shall be specified in the request under § 110.02(1).
1546

1547
1548 REGULATORY AUTHORITY

1549
1550 205 CMR 110.00: M.G.L. c. 23K, §§ 4(37), 5, 8(a), 12, and 14.
1551

1552 205 CMR 111.00: PHASE 1 APPLICATION REQUIREMENTS

1553

1554 Section

1555

1556 111.01: Phase 1 Application Requirements

1557 111.02: Business Entity Disclosure Form - Category 1 & Category 2 Entity Applicants and
1558 Holding/Intermediary Companies

1559 111.03: Multi-Jurisdictional Personal History Disclosure Form

1560 111.04: Massachusetts Supplemental Form

1561 111.05: Withdrawal of Application

1562

1563 111.01: Phase 1 Application Requirements

1564

1565 (1) The requirements set forth in this section apply to the Phase 1 determination of suitability
1566 issued by the commission unless otherwise noted.

1567

1568 (2) Commission consultation. The commission or its designees may conduct one or more
1569 consultation meetings to provide guidance on Phase 1 standards and procedures and answer any
1570 appropriate inquiries.

1571

1572 (3) Applicants must use the appropriate application forms issued or adopted by the
1573 commission. Each application shall be prepared and submitted in accordance with the applicable
1574 provisions of M.G.L. c. 23K and 205 CMR 101 through 117 and the instructions on the
1575 commission's forms. Applicants for a category 1 license or a category 2 license shall, at a
1576 minimum, submit the following completed forms to initiate RFA-1 review: Business Entity
1577 Disclosure Form ("BED") under 205 CMR 111.02; Multi-Jurisdictional Personal History Form
1578 ("PHD-MA") under 205 CMR 111.03; and a Massachusetts Supplemental Form ("PHD-MA-
1579 SUPP") under 205 CMR 111.04.

1580

1581 (4) At a minimum, the application must contain: (a) all the relevant information required in
1582 205 CMR 111; (b) the license fee pursuant to 205 CMR 114.00; and (c) disclosure of payments
1583 or contributions to local governments pursuant to 205 CMR 108.03.

1584

1585 (5) Applicants have an affirmative responsibility to submit a complete Phase 1 application in
1586 the forms specified under 205 CMR 111.02(3) by the deadline established by the commission.
1587 The commission shall have no obligation to accept or review an incomplete application
1588 submitted by the established deadline.

1589

1590 (6) The commission may, in its discretion, extend the time for filing a complete application
1591 to enable an applicant to cure a deficiency in its application, provided that the application was
1592 submitted and the applicable fee was paid before the established deadline, or to provide
1593 reasonable additional time for filing in cases in which extraordinary circumstances prevented a
1594 timely filing.

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111.02: Business Entity Disclosure Form – Category 1 and Category 2 Entity Applicants and Holding/Intermediary Companies

(1) A BED shall be in the format prescribed by the commission and may require the applicant to provide the following information and such additional information as the commission may, in its discretion, determine:

- (a) The name, title, phone number and e-mail address of a person to be contacted in reference to the application;
- (b) The current or former official trade names used by the business entity, and the dates of use;
- (c) The name of the license applicant and, if the applicant is other than the applicant business entity, the nature of the applicant’s business entity’s relationship to the license applicant;
- (d) The date of incorporation or formation;
- (e) The current or former business addresses and website of the business entity with relevant time frames;
- (f) A description of the present and former businesses engaged in by the business entity and its holding companies, subsidiaries and intermediary companies, including, but not limited to:
 - (1) Competitive conditions in the industry;
 - (2) The principal products produced, services rendered and methods of distribution;
 - (3) Information about raw materials essential to the business entity’s operation;
 - (4) Information relating to intellectual property rights;
 - (5) A description of any material changes to the business entity’s mode of conducting business;
 - (6) A description of any former business the business entity was engaged in during the last ten years and the reasons for the cessation of such business, including relevant time frames;
 - (7) The name, last known address, occupation and date of birth of each incorporator or founding member;

- 1638
1639 (8) The name, home address, business address, date of birth, occupation, race, gender,
1640 ethnicity and title of current and former directors, and trustees and the dates such
1641 position was held during the ten years and reason for leaving;
1642
- 1643 (9) The name, home address, business address, date of birth, race, gender, ethnicity
1644 and title of current officers of the business entity, and the dates of office;
1645
- 1646 (10) The name, last known home address, current business address, date of birth and
1647 occupation of former officers for the business entity for the last ten years, and the
1648 dates of office;
1649
- 1650 (11) The annual compensation of officers;
1651
- 1652 (12) The name, business address, date of birth and position of each person, other than
1653 an officer, who receives annual compensation of more than \$250,000.00 and the
1654 length of time employed and amount of compensation;
1655
- 1656 (13) A description of all bonus, profit sharing, pension, retirement, deferred
1657 compensation or similar plans;
1658
- 1659 (14) A description of the nature, type, number of shares, terms, conditions, rights and
1660 privileges of all classes of securities or other ownership interest issued or to be issued
1661 including the number of shares of each class authorized or to be authorized and the
1662 number of shares of each class outstanding;
1663
- 1664 (15) The name, home address and date of birth of each shareholder, the class held,
1665 number of shares held and the percentage of outstanding voting or non-voting
1666 securities or other ownership interest held;
1667
- 1668 (16) A description of the nature, type, terms, covenants, conditions and priorities of
1669 all outstanding debt and security devices utilized by the business entity;
1670
- 1671 (17) The name, address and date of birth of each person holding the debt or security
1672 devices in 205 CMR 111.03(1)(f)(16), the type of debt instrument held, the original
1673 debt amount and current balance;
1674
- 1675 (18) A description of the nature, type, terms and conditions of all securities options,
1676 including the title and amount of securities subject to option, the name and address of
1677 each option holder and the market value at the time of issuance;
1678

1679 (19) The following information for each account or the last ten years held in the name
1680 of the business entity or its nominee, or otherwise under the direct or indirect control
1681 of the business entity:

1682
1683 a. The name and address of the bank, savings and loan or other financial
1684 institution;

1685
1686 b. The type of account;

1687
1688 c. The account number; and

1689
1690 d. The dates held;

1691
1692 (20) The name and address of all persons with whom the business entity has contracts
1693 or agreements of \$250,000.00 or more in value, including employment contracts of
1694 more than one-year duration or who have supplied goods and services within the past
1695 six months, and the nature of such contract or the goods and services provided;

1696
1697 (21) The name and address of each company in which the business entity holds
1698 securities or other ownership interest, type of securities or other ownership interest
1699 held, purchase price per share or interest, number of shares held, and percentage of
1700 ownership, if more than five percent;

1701
1702 (22) Information regarding any transaction within the last five years involving a
1703 change in the beneficial ownership of the business entity's equity securities on the
1704 part of any current or former director, officer or beneficial owner of more than ten
1705 percent of any class of equity security;

1706
1707 (23) A description of any civil, criminal, administrative and investigatory proceedings
1708 in any jurisdiction, for the business entity and each director, trustee or officer as
1709 follows:

1710
1711 a. Any arrest, indictment, charge or conviction for any criminal or
1712 disorderly persons offense;

1713
1714 b. Any criminal proceeding in which such person has been a party or has
1715 been named as an unindicted co-conspirator;

1716
1717 c. Existing civil litigation to which the business entity is a party, if
1718 damages are reasonably expected to exceed \$250,000.00;

1719
1720 d. Any judgment, order, consent decree or consent order entered against
1721 the business entity pertaining to a violation or alleged violation of the

1722 Federal antitrust, trade regulation or securities laws or similar laws of
1723 any jurisdiction; and

1724
1725 e. Any judgment, order, consent decree or consent order entered against
1726 the business entity pertaining to a violation or alleged violation of any
1727 other state or Federal statute, regulation or code which resulted in the
1728 imposition of a fine or penalty of \$50,000.00 or more within the past
1729 ten years;

1730
1731 (24) For the business entity and any holding or intermediary company, information
1732 regarding any judgments or petitions for bankruptcy or insolvency and any relief
1733 sought under any provision of the Federal Bankruptcy Act or any state insolvency
1734 law; and any receiver, fiscal agent, trustee or similar officer appointed for the
1735 property or business of the business entity or any holding or intermediary company
1736 within the last ten years;

1737
1738 (25) During the last ten years, whether the business entity has had any license or
1739 certificate denied, suspended or revoked by any government agency in Massachusetts
1740 or any other jurisdiction, the nature of such license or certificate, the agency and its
1741 location, the date of such action, the reasons therefore and the facts related thereto;

1742
1743 (26) During the last ten years, whether the business entity or any director, officer,
1744 employee or any person acting for or on behalf of the business entity has made any
1745 payments, bribes or kickbacks to any employee, company, organization or
1746 government official, foreign or domestic, and regardless of whether such incident or
1747 incidents was lawful in the jurisdiction of its occurrence, to obtain favorable
1748 treatment or to obtain a competitive advantage;

1749
1750 (27) During the last ten years, whether the business entity, its parent, any subsidiary
1751 or related entity or individual has:

1752
1753 a. Donated or loaned the business entity's funds or property for the use or
1754 benefit of or in opposing any government, political party, candidate or
1755 committee either foreign or domestic;

1756
1757 b. Made any loans, donations or disbursements to its directors, officers or
1758 employees for the purpose of making political contributions or
1759 reimbursing such individuals for political contributions, either foreign
1760 or domestic; or

1761
1762 c. Maintained a bank account or other account, either foreign or
1763 domestic, not reflected on the books or records of the business entity,

1764 or maintained any account in the name of a nominee of the business
1765 entity;

1766
1767 (28) The names and addresses of any current or former directors, officers, employees
1768 or third parties who would have knowledge or information concerning 205 CMR
1769 111.03(1)(f)(27)(c);

1770
1771 (29) A copy of the following:

1772
1773 a. Annual reports to shareholder for the last five years;

1774
1775 b. Any annual reports prepared within the last five years on Form 10K
1776 pursuant to Sections 13 or 15d of the Securities Exchange Act of 1934;

1777
1778 c. An audited financial statement for the last fiscal year, including, without
1779 limitation, an income statement, balance sheet and statement of
1780 sources and application of funds, and all notes to such statements and
1781 related financial schedules;

1782
1783 d. Copies of all annual financial statements prepared in the last five fiscal
1784 years, any exceptions taken to such statements by an independent
1785 auditor retained by the business entity and the management response
1786 thereto;

1787
1788 e. The most recent quarterly unaudited financial statement prepared by or
1789 for the business entity which, if the business entity is registered with
1790 the Securities Exchange Commission (“SEC”) may be satisfied by
1791 providing a copy of the most recently filed Form 10Q;

1792
1793 f. Any current report prepared due to a change in control of the business
1794 entity, acquisition or disposition of assets, bankruptcy or receivership
1795 proceedings, changes in the business entity’s certifying accountant, or
1796 other material events, which, if the business entity is registered with
1797 the SEC, may be satisfied by providing a copy of the most recent filed
1798 Form 8K;

1799
1800 g. The most recent Proxy or Information Statement filed pursuant to
1801 Section 14 of the Securities Exchange Act of 1934;

1802
1803 h. Registration Statements filed in the last five years pursuant to the
1804 Securities Act of 1933;

1805

- 1806 i. All reports and correspondence not otherwise submitted in the last five
1807 years by independent auditors for the business entity which pertain to
1808 the issuance of financial statements, managerial advisory services or
1809 internal control recommendations;
1810
1811 j. The name, address and telephone number of the current outside
1812 auditor(s);
1813
1814 (30) A certified copy of the articles of incorporation, charter and bylaws, and all
1815 amendments and proposed amendments thereto;
1816
1817 (31) If a business entity:
1818
1819 a. A current ownership organization chart of the business entity, its
1820 parent company and each subsidiary of the business entity;
1821
1822 b. A functional table of organization for the business entity, including
1823 position descriptions and the names of persons holding such positions;
1824
1825 (32) If a corporation: copies of Internal Revenue Service Forms 1120 (Corporate
1826 Income Tax Return) and 941 (Employer's Quarterly Federal Tax Return) filed for the
1827 last five years;
1828
1829 (33) If a partnership, copies of Internal Revenue Service Forms 1065 (Partnership
1830 Return Form) and 941 (Employer's Quarterly Federal Tax Return) filed for the last
1831 five years;
1832
1833 (34) If a limited liability company, copies of its Federal returns for the last five years;
1834 and
1835
1836 (35) A listing of any records, documents or other information submitted as
1837 appendices to the BED
1838
1839 (2) In addition to the information in (1) above, a completed BED shall include the following
1840 documents, which shall be dated and signed by the president, chief executive officer, partner,
1841 general partner or sole proprietor, and notarized:
1842
1843 (a) A release authorization directing all courts, probation departments, selective service
1844 boards, employers, educational institutions, banks, financial and other institutions and all
1845 governmental agencies, Federal, state, and local, both foreign and domestic, to release any
1846 and all information pertaining to the business entity as requested by the commission, the
1847 bureau, and their agents and employees;
1848

1849 (b) A waiver of liability as to the Commonwealth of Massachusetts and its instrumentalities
1850 and agents for any damages resulting from any disclosure and publication of information
1851 acquired during the license or investigation process;

1852
1853 (c) Consent to inspection, searches and seizures and the supplying of handwriting exemplars;
1854 and

1855
1856 (d) A signed, dated and notarized affidavit of truth.

1857
1858 111.03: Multi-Jurisdictional Personal History Disclosure Form

1859
1860 (1) A PHD-MA shall be submitted by each category 1 and category 2 qualifier and shall be in a
1861 format prescribed by the commission and may require the applicant to provide the following
1862 information and such additional information as the commission may, in its discretion, determine:

1863
1864 (a) Name, including maiden name and any aliases or nicknames and applicable dates of use;

1865
1866 (b) Date of birth;

1867
1868 (c) Physical description;

1869
1870 (d) Current address and residence history;

1871
1872 (e) Social Security Number, which information is voluntarily provided in accordance with 5
1873 U.S.C. § 552a;

1874
1875 (f) Citizenship and, if applicable, information regarding resident alien status, including
1876 information regarding passports;

1877
1878 (g) Martial history, dependents and other family data;

1879
1880 (h) The gaming licensee or applicant, gaming vendor licensee or applicant or holding
1881 company, as applicable, with which the applicant is affiliated, and the nature of the
1882 applicant's position with or interest in such entity;

1883
1884 (i) Telephone number at the current place of employment;

1885
1886 (j) Employment history of the applicant and applicant's immediate family;

1887
1888 (k) Education and training;

1889
1890 (l) Record of military service;

1891

- 1892 (m) Government positions and offices presently or previously held, and the offices,
1893 trusteeships, directorships or fiduciary positions presently or previously held with any
1894 business entity;
1895
- 1896 (n) Trusteeships or other fiduciary positions held by the applicant and the applicant's spouse,
1897 and any denial or suspension of, or removal from, such positions;
1898
- 1899 (o) Current memberships in any social, labor or fraternal union, club or organization;
1900
- 1901 (p) Licenses and other approvals held by or applied for by the applicant or, where specified,
1902 the applicant's spouse, in the Commonwealth of Massachusetts or any other jurisdiction, as
1903 follows:
1904
- 1905 (1) Any professional or occupational license held by or applied for the by the
1906 applicant or the applicant's spouse;
1907
- 1908 (2) Motor vehicle registrations and operator licenses held by or applied for the by the
1909 applicant or the applicant's spouse, and any revocation or suspension thereof;
1910
- 1911 (3) Possession or ownership of any pistol or firearm, or any application for any
1912 firearm permit, firearm dealer's license, or permit to carry a pistol or firearm;
1913
- 1914 (4) Any license, permit, approval or registration required to participate in any lawful
1915 gambling operation in the Commonwealth of Massachusetts or any jurisdiction held
1916 by or applied for by the applicant; and
1917
- 1918 (5) Any denial, suspension or revocation by a government agency of a license, permit
1919 or certification held by or applied for by the applicant or the applicant's spouse, or
1920 any entity in which the applicant or the applicant's spouse was a director, officer,
1921 partner or any owner of a five percent or greater interest;
1922
- 1923 (q) Any interest in or employment presently or previously held by the applicant with any
1924 entity which has applied for a permit, license, certificate or qualification in connection with
1925 any lawful gambling or alcoholic beverage operation in the Commonwealth of Massachusetts
1926 or any other jurisdiction; and any current employment or other association by the applicant's
1927 family with the gambling or alcoholic beverage industries in the Commonwealth of
1928 Massachusetts or any other jurisdiction;
1929
- 1930 (r) Civil, criminal and investigatory proceedings in any jurisdiction, as follows:
1931
- 1932 (1) Arrests, charges or offenses committed by the applicant or any member of the
1933 applicant's immediate family;
1934

- 1935 (2) Any instance where the applicant has been named as an unindicted party or co-
1936 conspirator in a criminal proceeding or held as a material witness;
1937
1938 (3) Any appearance before, investigation by or request to take a polygraph
1939 examination by any governmental agency, court, committee, grand jury or
1940 investigatory body, and any refusal to comply with a request to do so;
1941
1942 (4) Any pardons, dismissals, suspensions or deferrals of any criminal investigation,
1943 prosecution, or conviction;
1944
1945 (5) Lawsuits to which the applicant was or is a party;
1946
1947 (6) Any citation or charge for a violation of a statute, regulation or code of any
1948 jurisdiction, other than a criminal disorderly persons, petty disorderly persons or
1949 motor vehicle violation; and
1950
1951 (7) Any use, distribution, or possession of any narcotic, hallucinogenic, drug,
1952 barbiturate, amphetamine or other substance listed in M.G.L. c. 94C other than
1953 pursuant to a valid prescription issued by a licensed physician;
1954
1955 (s) Any exclusion or barring from any casino, gaming establishment or gambling/gaming
1956 related entity in any jurisdiction; and
1957
1958 (t) Financial data, as follows:
1959
1960 (1) All assets and liability of the applicant, and the applicant's spouse and dependent
1961 children as indicated on the net worth statement and supporting schedules in a format
1962 prescribed by the commission, including cash, bank accounts, notes payable and
1963 receivable, real estate and income taxes payable, loans, accounts payable and any
1964 other indebtedness, contingent liabilities, securities, real estate interests, real estate
1965 mortgages and liens, life insurance, pension funds, vehicles and other assets;
1966
1967 (2) Bank accounts, including any right of ownership in, control over or interest in any
1968 foreign bank account, and safe deposit boxes;
1969
1970 (3) Real estate interests held by the applicant or the applicant's spouse or dependent
1971 children;
1972
1973 (4) Businesses owned;
1974
1975 (5) Copies of Federal tax returns and related information;
1976

- 1977 (6) Judgments or petitions for bankruptcy, insolvency or liquidation concerning the
1978 applicant or any business entity in which the applicant held a five percent or greater
1979 interest, other than a publicly traded corporation, or in which the applicant served as
1980 an officer or director;
1981
1982 (7) Any business entity in which the applicant was an owner, director or officer
1983 which has been placed under some form of governmental administration or
1984 monitoring;
1985
1986 (8) Any garnishment or attachment of wages, charging order or voluntary wage
1987 execution, including the amount, court, nature of the obligation and the holder of the
1988 obligation;
1989
1990 (9) Any repossessions of real or personal property;
1991
1992 (10) Any guarantees, co-signatures or insuring of payments of financial obligations of
1993 any persons or business entities;
1994
1995 (11) Status as executor, administrator or fiduciary of any estate;
1996
1997 (12) Life insurance policies on the applicant's life which name someone other than
1998 the applicant's family as a beneficiary;
1999
2000 (13) Positions held, assets held, or interest received in any estate or trust;
2001
2002 (14) Whether the applicant has ever been bonded for any purpose or been denied any
2003 type of bond, including the nature of the bond and if applicable, the reason for denial;
2004
2005 (15) Insurance claims in excess of \$100,000.00 by the applicant or the applicant's
2006 spouse or dependent children;
2007
2008 (16) Referral or finder's fees in excess of \$10,000.00;
2009
2010 (17) Loans in excess of \$10,000.00 made or received by the applicant, the applicant's
2011 spouse or dependent children;
2012
2013 (18) Gifts in excess of \$10,000.00 given or received by the applicant or the
2014 applicant's immediate family;
2015
2016 (19) Brokerage or margin accounts with any securities or commodities dealer;
2017
2018 (20) Currency exchanges in an amount greater than \$10,000.00;
2019

2020 (21) Information regarding any instance where the applicant or any entity in which
2021 the applicant was a director, officer or holder of a five percent or greater interest has
2022 traded in foreign currencies or in a foreign commodities exchange, sold or purchased
2023 discounted promissory notes or other commercial paper, or been a party to any
2024 leasing arrangements in excess of \$50,000.00; and
2025

2026 (22) Information regarding any ownership interest or financial investment by the
2027 applicant in any entity which holds or is an applicant for a license issued by the
2028 commission, or in any gambling venture which does not require licensure by the
2029 commission, including persons providing or reasonably anticipated to provide the
2030 applicant with support in the financing of such investment or interest; the extent and
2031 nature of the applicant's involvement in the management and operation of the entity;
2032 whether the applicant has or has agreed to assign, pledge or hypothecate such interest
2033 or investment, the nature and terms of any such transaction and a copy of any such
2034 agreement.
2035

2036 (2) In addition to the information in (1) above, a completed PHD-MA shall include the
2037 following:
2038

2039 (a) The name, address, occupation and phone number of persons who can attest to the
2040 applicant's good character and reputation; and
2041

2042 (b) A waiver of liability as to the Commonwealth of Massachusetts and its instrumentalities
2043 and agents for any damages resulting from any disclosure and publication of information
2044 acquired during the license or investigation process;
2045

2046 (c) Consent to inspection, searches and seizures and the supplying of handwriting exemplars;
2047 and
2048

2049 (d) A signed, dated and notarized affidavit of truth.
2050

2051 111.04: Massachusetts Supplemental Form
2052

2053 A PHD-MA-SUPP shall be submitted by each category 1 and category 2 license qualifier in a
2054 format prescribed by the commission and may require the applicant to provide the following
2055 information and such additional information as the commission may, in its discretion, determine:
2056

2057 a. Name, including maiden name and any aliases or nicknames and applicable dates of use;
2058

2059 b. Date of birth;
2060

2061 c. Physical description, including a color photograph taken within the past six months;
2062

- 2063 d. Current address, mailing and home, if different;
2064
2065 e. Home and work telephone numbers;
2066
2067 f. Social Security Number, which information is voluntarily provided in accordance with 5
2068 U.S.C. § 552a;
2069
2070 g. The gaming license applicant or holding company, as applicable, with which the
2071 applicant is affiliated, and the nature of the applicant's position with or interest in such entity;
2072
2073 h. Citizenship and, if applicable, resident alien status, including any employment
2074 authorization with expiration date; country of which the applicant is a citizen, place of birth,
2075 port of entry to the United States, and name and addresses of sponsor(s) upon the applicant's
2076 arrival;
2077
2078 i. Whether during the last ten years any entity in which the applicant has been a director,
2079 officer, principal employee or a holder of five percent or more interest has:
2080
2081 1. Made or been charged with (either itself or through third parties acting for it)
2082 bribes or kickbacks to any government official, domestic or foreign, to obtain
2083 favorable treatment or to any company, employee or organization to obtain a
2084 competitive advantage;
2085
2086 2. Held a foreign bank account or has had authority to control disbursements from a
2087 foreign bank account;
2088
2089 3. Maintained a bank account or other account, whether domestic or foreign, which
2090 is not reflected on the books or records of the business or which is in a name other
2091 than the name of the business;
2092
2093 4. Donated, loaned or used funds or property for the use or benefit of or in opposing
2094 any government, political party, candidate or committee either domestic or
2095 foreign;
2096
2097 5. Compensated any of its directors, officers or employees for time and expenses
2098 incurred in performing services for the benefit of or in opposing any government
2099 or political party domestic or foreign; or
2100
2101 6. Made any loans, donations or other disbursement to its directors, officers or
2102 employees for the purpose of making political contributions or reimbursing such
2103 individuals for political contributions whether domestic or foreign;
2104

- 2105 j. Copies of Federal and foreign tax returns and related information for the last five years;
2106 and
2107
2108 k. A signed, dated and notarized release authorization which shall direct all courts,
2109 probation departments, military organizations, selective service boards, employers,
2110 education institutions, banks, financial and other institutions and all governmental
2111 agencies, Federal, state and local, both foreign and domestic, to release any and all
2112 information pertaining to the applicant as requested by the commission, the bureau or a
2113 contractor investigator.
2114
2115 l. A completed PHD-MA-SUPP shall include the following: (i) The name, address,
2116 occupation and phone number of persons who can attest to the applicant's good character
2117 and reputation; and (ii) a waiver of liability as to the Commonwealth of Massachusetts
2118 and its instrumentalities and agents for any damages resulting from any disclosure and
2119 publication of information acquired during the license or investigation process; and (iii) a
2120 signed, dated and notarized affidavit of truth.
2121

2122 111.05: Withdrawal of Application
2123

- 2124 (1) Except as provided in (2) below, a written notice of withdrawal of an application or
2125 renewal papers may be filed by an applicant, qualifier, licensee or registrant at any time prior to
2126 final commission action thereon.
2127
2128 (2) A withdrawal request submitted in accordance with (1) above shall be permitted without
2129 the need for commission approval except under the following conditions, in which cases no
2130 withdrawal will be allowed without express commission approval upon a finding of good cause:
2131
2132 (a) If a hearing on an initial application or renewal has been requested by a party or directed
2133 by the bureau or commission;
2134 (b) If the application or renewal matter has been transmitted to a bureau presiding officer;
2135 (c) If the application or renewal matter has been assigned to any other hearing examiner
2136 authorized by law to hear such matter; or
2137 (d) If the commission has made a determination to hear the application or renewal matter
2138 directly.
2139
2140 (3) If the commission agrees to grant withdrawal under any of the circumstances in (2), the
2141 commission may condition that withdrawal with appropriate terms it deems necessary, including,
2142 but not limited to, a period of time within which the applicant may not re-apply.
2143
2144 (4) Any person or entity holding a credential issued by the commission, including, without
2145 limitation, a license or registration as a key gaming employee, a gaming employee, a gaming
2146 vendor, gaming service employee, or a non-gaming vendor may offer to surrender such
2147 credential by written request signed by the credential holder or a person authorized to sign on

2148 behalf of an entity. Surrender shall be for a term of five years from the date the request is
2149 granted by the commission. No refund of any kind shall be authorized or granted in connection
2150 with the surrender of a credential. Surrender shall be granted at the sole discretion of the
2151 commission.

2152

2153 REGULATORY AUTHORITY

2154

2155 205 CMR 111.00: M.G.L. c. 23K, §§ 4(37), 5, 9, and 12.

2156

2157
2158 205 CMR 112.00: REQUIRED INFORMATION AND APPLICANT COOPERATION
2159

2160 Section

- 2161
2162 112.01: Additional Information
2163 112.02: Obligation to Cooperate
2164 112.03: Obligation to Provide Truthful Information
2165

2166 112.01: Additional information
2167

2168 (1) The commission, the bureau or their agents and employees may request additional
2169 information and documents from an applicant throughout the application review process
2170 including after the application has been deemed administratively complete under 205 CMR 111.
2171 Failure by the applicant to timely submit the additional information as requested by the
2172 commission, the bureau or their agents and employees may be grounds, in the discretion of the
2173 commission, for denial of the application.
2174

2175 (2) All applicants, licensees, registrants and qualifiers under M.G.L. c. 23K and 205 CMR
2176 101 through 117 shall comply with all requests of the commission, the bureau and their agents
2177 and employees for information and documents as authorized by the M.G.L. c. 23K and 205 CMR
2178 101 through 117.
2179

2180 112.02: Obligations to Cooperate
2181

2182 (1) Applicants, licensees, registrants and qualifiers shall respond as soon as practicable to the
2183 information requests by the commission, the bureau and their agents and employees under 205
2184 CMR 112.01.
2185

2186 (2) All applicants, licensees, registrants and qualifiers under M.G.L. c. 23K shall have a
2187 continuing duty to provide all information and documents requested by the commission, bureau,
2188 and their agents and employees and to cooperate in any investigation or hearing conducted by the
2189 commission, bureau, and their agents and employees, as authorized by M.L.G. c. 23K. Without
2190 limitation, an applicant, licensee, registrant and qualifier shall have a continuing duty to provide
2191 updated information to the commission, the bureau and their agents and employees in connection
2192 with the Phase 1 investigation by the bureau pursuant to 205 CMR 115.03 and any hearing by
2193 the commission or the bureau pursuant to 205 CMR 101.00.
2194

2195 (3) If the commission determines that an applicant, licensee, registrant, or qualifier has
2196 knowingly withheld information, knowingly failed to provide information or documents
2197 requested by the commission, bureau, or their agents and employees, or knowingly failed to
2198 cooperate with any investigation or hearing conducted by the commission, bureau, or their agents
2199 and employees, the commission may, with respect to such person:

- 2200
2201 (a) Find that person ineligible to hold a license or registration or be qualified in connection
2202 with a license;
2203
2204 (b) Suspend the relevant license, registration or qualification; or
2205
2206 (c) Revoke the relevant license, registration or qualification.
2207

2208 112.03: Obligation to Provide Truthful Information
2209

- 2210 (1) No applicant, licensee, registrant or qualifier shall knowingly provide materially false or
2211 misleading information to the commission, the bureau, or their agents and employees.
2212
2213 (2) If the commission determines that an applicant, licensee, registrant, or qualifier has
2214 knowingly provided materially false or misleading information to the commission, the bureau, or
2215 their agents and employees, the commission shall, with respect to such person:
2216
2217 a. Find that person ineligible to hold a license or registration or be qualified in connection
2218 with a license;
2219
2220 b. Suspend, condition or revoke the relevant license, registration or qualification.
2221

2222
2223 REGULATORY AUTHORITY
2224

2225 205 CMR 112.00: M.G.L. c. 23K, §§ 4(37), 5, and 13.
2226

2227 205 CMR 113.00: APPLICATIONS FOR RENEWAL

2228

2229 [Reserved]

2230

2231

2232

2233 205 CMR 114.00: FEES

2234

2235 Section

2236

2237 114.01: Application Fees

2238 114.02: Payment of Application Fees

2239 114.03: Community Disbursements

2240 114.04: Additional Fees for Investigations

2241 114.05: Non-refundable Application Fees

2242

2243 114.01: Application Fees

2244

2245 Pursuant to M.G.L. c. 23K, § 15(11), each applicant for a gaming license shall pay to the
2246 commission a nonrefundable application fee of \$400,000 to defray the costs associated with the
2247 processing of the application and investigation of the applicant; provided, however, that if the
2248 costs of the investigation exceed the initial application fee, the applicant shall pay the additional
2249 amount to the commission within 30 days after notification of insufficient fees or the application
2250 shall be rejected.

2251

2252 114.02: Payment of Application Fees

2253

2254 For a gaming license, the applicant shall pay the initial non-refundable application fee of
2255 \$400,000 by certified check or secure electronic funds transfer made payable to the
2256 “Massachusetts Gaming Commission.” The applicant shall submit this initial non-refundable
2257 application fee with its initial application and response to the RFA-1 process set forth in 205
2258 CMR 110; provided, however, that an applicant for a gaming license may submit the initial non-
2259 refundable application fee before the submission of the initial application and response to the
2260 RFA-1 process provided that such early submission shall be accompanied by a certification in a
2261 form required by the commission confirming the applicant’s intention to apply for a gaming
2262 license pursuant to M.G.L. c. 23K and the applicant’s acknowledgement that the fee is non-
2263 refundable.

2264

2265 114.03: Community Disbursements

2266

2267 (1) Pursuant to M.G.L. c. 23K, § 15(11), not less than \$50,000 of the initial application fee
2268 for a gaming license shall be used to reimburse the host and surrounding municipalities in
2269 accordance with 205 CMR 114.03 for the cost of determining the impact of a proposed gaming
2270 establishment and for negotiating community mitigation impact agreements.

2271

2272 (2) Based on a letter of authorization to the commission signed by authorized representatives
2273 of an applicant and a host or surrounding municipality, the commission may, at any time and
2274 from time to time, make community disbursements to that host or surrounding municipality from
2275 available amounts paid by that applicant to the commission for community disbursements. If the

2276 total amount of payments authorized by an applicant exceeds the initial \$50,000 amount, the
2277 applicant shall immediately pay to the commission all such additional amounts authorized by
2278 such letters of authorization for community disbursements. If the applicant fails to pay any such
2279 additional amount to the commission within 30 days after notification from the commission of
2280 insufficient funds, the application shall be rejected.

2281
2282 (3) If thirty days have elapsed after the final issuance, denial or withdrawal of an application
2283 for a gaming license and there remains a balance of funds previously paid by the applicant for
2284 community disbursements and not previously encumbered or disbursed pursuant to 205 CMR
2285 114.03(2), the commission in its discretion may disburse the remaining balance of such funds to
2286 the applicant's host or surrounding municipalities as the commission in its discretion may
2287 determine and in accordance with such policies and procedures as the commission may
2288 determine.

2289
2290 (4) The provisions of this paragraph do not prohibit community contributions permitted and
2291 reported in accordance with M.G.L. c. 23K, § 47, and 205 CMR 108.03.

2292
2293 114.04: Additional Fees for Investigations

2294
2295 (1) Pursuant to 205 CMR 114, the applicant shall be responsible for paying to the
2296 Commission all costs incurred by the commission, directly or indirectly, for conducting any
2297 investigation into an applicant. As required by the procedure established pursuant to 205 CMR
2298 114.04(5), the applicant shall pay to or reimburse the commission for all such investigation costs
2299 that exceed the initial application fee.

2300
2301 (2) For purposes of 205 CMR 114, the costs for conducting any investigation into an
2302 applicant shall include, without limitation:

2303
2304 (a) All costs for conducting an investigation into an applicant and its qualifiers, the
2305 applicant's affiliates and close associates, and any other person subject to the
2306 jurisdiction of the commission under M.G.L. c. 23K relating to the application in
2307 question; and

2308
2309 (b) All fees for services, disbursements, out of pocket costs, allocated overhead,
2310 processing charges, administrative expenses, professional fees, and other costs
2311 directly or indirectly incurred by the commission, including without limitation all
2312 such amounts incurred by the commission to and through the bureau, the division, the
2313 gaming enforcement unit, the gaming liquor enforcement unit, and any contractor
2314 investigator.

2315
2316 (3) The commission in its discretion shall establish, post on its website and from time to time
2317 amend a schedule of hourly fees, wages, applicable fringe benefits, payroll taxes, overhead rates

2318 and other charges to be assessed by the commission to applicants for in-house personnel,
2319 services and work of the commission, the bureau, the division, the gaming enforcement unit, and
2320 the gaming liquor enforcement unit for conducting investigations into an applicant pursuant to
2321 205 CMR 114.
2322

2323 (4) The commission shall assess to the applicant all other costs paid by or for the
2324 commission, directly or indirectly, to any other person for conducting an investigation into an
2325 applicant plus an appropriate percent for overhead, processing and administrative expenses.
2326

2327 (5) The commission in its discretion shall establish, post on its website, and from time to
2328 time amend a procedure by which it will calculate, assess, invoice, collect, require payment for,
2329 account for and reconcile payments by applicants to the commission for the costs for conducting
2330 any investigation pursuant to 205 CMR 114. In the case of a gaming license applicant, this
2331 procedure may include, without limitation, the requirement for the applicant to fund in advance a
2332 force account held by the commission and to maintain therein and replenish a minimum required
2333 balance of at least \$100,000 against which the commission may charge, with interest at 1% per
2334 month and late payment penalties, any costs for conducting the investigation not timely paid by
2335 the applicant in response to an invoice from the commission.
2336

2337 114.05: Non-refundable Application Fees
2338

2339 (1) All required application fees and community disbursements pursuant to 205 CMR 114
2340 shall be non-refundable, due and payable notwithstanding the withdrawal or abandonment of any
2341 application.
2342

2343 (2) In connection with an application for a gaming license, the applicant, its affiliates, and
2344 each party to any agreement to purchase or lease the land for a gaming establishment, to own the
2345 gaming establishment, or to manage the gaming establishment shall be jointly and severally
2346 liable for any amounts chargeable to the applicant pursuant to 205 CMR 114.
2347

2348 REGULATORY AUTHORITY
2349

2350 205 CMR 114.00: M.G.L. c. 23K, §§ 4(26), 4(37), 5, 10(d), 15(11), 19(b), 20(f), 21(b),
2351 22, 23(c), 26, 30, 31, and 47.
2352

2353 205 CMR 115.00: PHASE 1 SUITABILITY DETERMINATION, STANDARDS AND
2354 PROCEDURES

2355
2356 Section

2357
2358 115.01: Phase 1 Determination Standards

2359 115.02: Phase 1 Procedures

2360 115.03: Phase 1 Investigation and Recommendations by the Bureau

2361 115.04: Phase 1 Proceedings by the Commission

2362 115.05: Phase 1 Determination by the Commission

2363

2364 115.01: Phase 1 Determination Standards

2365

2366 (1) Phase 1 Determination Standards. The commission shall not issue an affirmative
2367 determination of suitability for any category 1 or category 2 applicants unless:

2368

2369 (a) The applicant meets the standards in M.G.L. c. 23K, §§ 12, 16, 46 and 47.

2370

2371 (b) The applicant complies with the provisions of 205 CMR 111 and 115.

2372

2373 (c) The commission has determined that the applicant has demonstrated financial stability
2374 pursuant to 205 CMR 117.

2375

2376 (d) All qualifiers under 205 CMR 116.02 have been determined to be suitable by the
2377 commission or received a waiver under 205 CMR 116.03.

2378

2379 (2) Burden of Proof. All applicants for a Phase 1 suitability determination must establish
2380 their qualifications by clear and convincing evidence.

2381

2382 115.02: Phase 1 Procedures

2383

2384 (1) When a completed RFA-1 application is filed, the application shall be referred by the
2385 commission to the bureau for a determination of completeness and investigation.

2386

2387 (2) Determination of Administrative Completeness. After receiving the application
2388 containing the information required by 205 CMR 111.02 the bureau will either determine that the
2389 application is sufficiently complete for purposes of initiating substantive review or request
2390 additional information from the applicant.

2391

2392 (3) Notice. After the bureau has determined the application to be administratively complete
2393 pursuant to 205 CMR 111.02(2), the commission shall notify the applicant of the determination
2394 and notify the public that an application has been filed.

2395

2396 115.03: Phase 1 Investigation and Recommendations by the Bureau

2397

2398 (1) The bureau shall conduct an investigation into the qualifications and suitability of all
2399 applicants and qualifiers, as provided for in M.G.L. c. 23K, §§ 12 and 16. The bureau may refer
2400 the application for investigation, in whole or in part, to a contractor investigator pursuant to 205
2401 CMR 105.11 or retain the application for investigation by the bureau.

2402

2403 (2) At the completion of the bureau's investigation, it shall submit a written report to the
2404 commission. At a minimum, this report will include: recommendations pursuant to M.G.L. c.
2405 23K, §§ 12, 14 (i) and 16 and findings of fact pursuant to M.G.L. c. 23K, § 17(f) relative to the
2406 suitability of the applicant for a gaming license.

2407

2408 115.04: Phase 1 Proceedings by the Commission

2409

2410 (1) After the commission has received the bureau's report under 205 CMR 115.03(2) it shall
2411 provide a copy to the applicant and shall initiate a process for the adjudicatory proceeding.

2412

2413 (2) Applicant's notice of claim. If the applicant contests any of the bureau's
2414 recommendations or findings of fact it shall file a notice of claim with the commission within 30
2415 days of receipt of the bureau's report.

2416

2417 (3) Adjudicatory Proceeding. The commission shall conduct an adjudicatory proceeding
2418 pursuant to 205 CMR 101.03(1) on each Phase 1 report by the bureau pursuant to 205 CMR
2419 115.03(2). The commission will issue a public notice in advance of the adjudicatory proceeding
2420 stating the date, time and place of the hearing.

2421

2422 115.05: Phase 1 Determination by the Commission

2423

2424 (1) After the proceedings under 205 CMR 115.04, the commission shall issue a written
2425 determination of suitability pursuant to M.G.L. c. 23K, §§ 4(15), 12 and 17.

2426

2427 (2) Negative Determination. If the commission finds that an applicant failed to meet its
2428 burden of demonstrating compliance with the suitability standards in M.G.L. c. 23K and 205
2429 CMR 115, the commission shall issue a negative determination of suitability.

2430

2431 (3) Positive Determination. If the commission finds that an applicant has met its burden of
2432 demonstrating compliance with the suitability in M.G.L. c. 23K and 205 CMR 115, the
2433 commission shall issue a positive determination of suitability which may include conditions and
2434 restrictions.

2435

2436 (4) The commission shall not entertain a Phase 2 application for any applicant unless and
2437 until the commission has issued a positive suitability determination on that applicant.

2438

2439 (5) No appeal from Commission's Determination of Suitability. Pursuant to M.L.G. c. 23K,
2440 § 17(g) the applicant shall not be entitled to any further review.

2441

2442

2443 REGULATORY AUTHORITY

2444

2445 205 CMR 115.00: M.G.L. c. 23K, §§ 4(37), 5, 12, 13, 16, 17, 46 and 47.

2446

2447 205 CMR 116.00: PERSONS REQUIRED TO BE LICENSED OR QUALIFIED

2448

2449 Section

2450

2451 116.01: Persons Required to be Licensed

2452 116.02: Persons Required to be Qualified

2453 116.03: Waivers

2454 116.04: Notification of Anticipated or Actual Changes in Directors, Officers or Equivalent
2455 Qualifiers

2456 116.05: Notification of New Financial Sources

2457 116.06: Notification Concerning Certain New Qualifiers of Holding, Intermediary or Subsidiary
2458 Companies and New Qualifying Entities

2459 116.07: Qualification of New Qualifiers

2460

2461 116.01: Persons Required to be Licensed

2462

2463 No category 1 or category 2 license shall be issued by the commission or shall remain in effect
2464 unless and until the applicant and all qualifiers identified in 205 CMR 116.00 have been found
2465 by the commission to meet all standards necessary for a Phase 1 determination of suitability
2466 under 205 CMR 115.00.

2467

2468 116.02: Persons required to be Qualified

2469

2470 (1) The following persons shall be required to qualify as part of the Phase 1 determination
2471 for a category 1 or category 2 license:

2472

2473 (a) If the applicant is a corporation:

2474

2475 (1) Each officer

2476

2477 (2) Each director

2478

2479 (3) In the judgment of the commission in accordance with this M.G.L. c. 23K:

2480

2481 (a) each shareholder holding 15% or more of the common stock of the
2482 company

2483

2484 (b) each lender

2485

2486 (c) each holder of evidence of indebtedness

2487

2488 (d) each underwriter

2489

2490 (e) each close associate

2491

2492 (f) each executive

2493

2494 (g) each agent

2495

2496 (h) each employee

2497

2498 (b) If the applicant is a limited liability corporation:

2499

2500 (1) Each Member

2501

2502 (2) Each transferee of a Member's interest

2503

2504 (3) Each Director

2505

2506 (4) Each Manager

2507

2508 (5) In the judgment of the commission in accordance with M.G.L. c. 23K:

2509

2510 (a) each lender

2511

2512 (b) each holder of evidence of indebtedness

2513

2514 (c) each underwriter

2515

2516 (d) each close associate

2517

2518 (e) each executive

2519

2520 (f) each agent

2521

2522 (c) If the applicant is a limited partnership:

2523

2524 (1) Each General Partner

2525

2526 (2) Each Limited Partner

2527

2528 (3) In the judgment of the commission in accordance with this M.G.L. c. 23K:

2529

2530 (a) each lender

2531

2532 (b) each holder of evidence of indebtedness

- 2533
- 2534 (c) each underwriter
- 2535
- 2536 (d) each close associate
- 2537
- 2538 (e) each executive
- 2539
- 2540 (f) each agent
- 2541

2542 (d) If the applicant is a partnership:

- 2543
- 2544 (1) Each Partner
- 2545
- 2546 (2) In the judgment of the commission in accordance with this M.G.L. c. 23K:
- 2547
- 2548 (a) each lender
- 2549
- 2550 (b) each holder of evidence of indebtedness
- 2551
- 2552 (c) each underwriter
- 2553
- 2554 (d) each close associate
- 2555
- 2556 (e) each executive
- 2557
- 2558 (f) each agent
- 2559

2560 (e) In all cases, any person who, in the opinion of the commission, can exercise control or
2561 provide direction to a gaming licensee or applicant for a gaming license or holding,
2562 intermediary or subsidiary companies thereof.

2563

2564 (2) Other Qualifiers. The commission may, at its sole discretion, require other persons or
2565 companies that have a business association of any kind with the applicant to undergo a Phase 1
2566 review and determination process under 205 CMR 115. These affiliated companies or persons
2567 include, but are not limited to, holding, intermediary or subsidiary companies of the applicant.

2568

2569 116.03: Waivers

- 2570
- 2571 (1) The commission may waive qualification requirements for the following persons under
- 2572 the following conditions:
- 2573
- 2574 (a) In the case of applicant corporations and holding, intermediary and subsidiary
- 2575 corporations, those persons holding less than 5% of the common stock of the company;

- 2576
2577 (b) In the case of institutional investors, if the institutional investor holds less than 15% of
2578 the stock of the applicant, holding, intermediary or subsidiary company;
2579
2580 (c) Persons involved in the financing of the gaming establishment; or
2581
2582 (d) Any person that, in the opinion of the commission cannot exercise control or provide
2583 direction to a gaming licensee or applicant for a gaming licensee or a holding, intermediary
2584 or subsidiary company thereof.
2585

2586 (2) In determining whether to waive qualification requirements under 205 CMR 116.03(1) ,
2587 the commission shall consider whether the person seeking the waiver obtained its interest for
2588 investment purposes only and does not have any intention to influence or affect the affairs of the
2589 applicant or any affiliated companies thereof.
2590

2591 (3) Any party granted a waiver under 205 CMR 116.03 which subsequently anticipates
2592 engaging in any activity that will or could influence or affect the affairs or operations of the
2593 applicant or the holding, intermediary or subsidiary company thereof, shall provide not less than
2594 30 days' notice to the commission of such intent and the party shall not exercise any influence or
2595 effect on the affairs or operations of the applicant or the holding, intermediary or subsidiary
2596 company thereof unless and until the commission issues a determination of suitability under 205
2597 CMR 115 for said party.
2598

2599 116.04: Notification of Anticipated or Actual Changes in Directors, Officers or Equivalent
2600 Qualifiers
2601

2602 (1) Each category 1 and category 2 applicant or licensee shall notify the commission, in
2603 writing, as soon as practicable, of the proposed appointment, appointment, proposed nomination,
2604 nomination, election, intended resignation, resignation, incapacitation or death of any qualifier.
2605

2606 (2) Upon receipt of a notice under 205 CMR 116.04(1), the commission shall refer the matter
2607 to the bureau for appropriate handling including, but not limited to, a notice to the new qualifier
2608 requiring the filing of an appropriate application and the subsequent investigation of that
2609 application.
2610

2611 116.05: Notification of New Financial Sources
2612

2613 (1) Each category 1 and category 2 applicant or licensee shall immediately notify the
2614 commission, in writing, as soon as it becomes aware that it intends to enter into a transaction
2615 bearing any relation to its gaming establishment project that may result in new persons involved
2616 in the financing of the gaming establishment.
2617

2618 (2) Upon receipt of a notice under 205 CMR 116.05(1), the commission shall refer the matter
2619 to the bureau for appropriate handling, including, but not limited to, a notice to the new financial
2620 source requiring the filing of an appropriate application and the subsequent investigation of that
2621 application.

2622

2623 116.06: Notification concerning Certain New Qualifiers of Holding, Intermediary or Subsidiary
2624 Companies and New Qualifying Entities

2625

2626 (1) Each category 1 and category 2 applicant or licensee shall immediately notify the
2627 commission, in writing, as soon as it becomes aware of any new persons required to be qualified
2628 in connection with the holding, intermediary or subsidiary company of that category 1 or
2629 category 2 applicant or licensee in accordance with M.G.L. c. 23K.

2630

2631 (2) Upon receipt of a notice under 205 CMR 116.06(1), the commission shall refer the matter
2632 to the bureau for appropriate handling, including, but not limited to, a notice to the new person
2633 requiring the filing of an appropriate application and the subsequent investigation of that
2634 application.

2635

2636 116.07: Qualification of New Qualifiers

2637

2638 No new qualifiers may perform any duties or exercise any powers relating to the position that
2639 said qualifier is seeking to assume until qualified by the commission.

2640

2641 REGULATORY AUTHORITY

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2643 205 CMR 116.00: M.G.L. c. 23K, §§ 4(37), 5, 12, 14, and 16.

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205 CMR 117.00: PHASE 1 DETERMINATION OF FINANCIAL STABILITY

117.01: Phase 1 Determination of Financial Stability

(1) General. An applicant for a category 1 or category 2 license must demonstrate that it has the financial stability to construct and operate a gaming establishment.

(2) Phase 1 Financial Stability Standards. In determining whether an applicant is financially stable at the time of the Phase 1 determination, the bureau and the commission shall review the Phase 1 application in accordance with the following standards:

- (a) The ability to maintain a typical gaming establishment payroll and equivalent provisions adequate to pay winning wagers to gaming establishment patrons when due.
- (b) The ability to meet ongoing operational expenses which are essential to the maintenance of continuous and stable gaming establishment operations.
- (c) The ability to pay, as and when due, all local, state and federal taxes, including the taxes and other fund payments imposed by M.G.L. c. 23K.
- (d) The ability to make necessary capital and maintenance expenditures in a timely manner which are adequate to ensure maintenance of a superior, first-class facility of exceptional quality.
- (e) To the extent known at the time, the ability to pay, exchange, refinance, or extend debts, including long-term and short-term principal and interest and capital lease obligations, which are expected to mature or otherwise come due and payable during the license term, or to otherwise manage such debts and any default with respect to such debts.
- (f) Any other relevant matters that the commission may deem appropriate for evaluation.
- (g) The bureau and commission may also evaluate the applicant’s historic gaming industry or commercial performance, if any, that are relevant to the criteria set forth in 205 CMR 117(2).

(3) Any finding of financial stability for purposes of the Phase 1 determination of suitability, shall not be binding on any finding of financial stability for purposes of any Phase 2 determination of suitability by the bureau or the commission.

REGULATORY AUTHORITY

205 CMR 117.00: M.G.L. c. 23K §§ 4(37), 5, 9 and 12.

Exhibit 9: Memo – Scope of Licensing



SPECTRUM

GAMING GROUP

1201 New Road
Suite 308
Linwood, NJ 08221
USA

MEMO

To: Massachusetts Gaming Commission

From: Spectrum Gaming Group
Michael and Carroll, P.C.

Date: May 29, 2012

Re: Scope of Licensing for Massachusetts

The issue involving scope of licensing pertains to a determination, pursuant to the Massachusetts gaming statute, of the various entities and individuals who should be required to file license applications or otherwise be found qualified in connection with an application for a gaming license in the state. As provided in Section 1 (1) of the statute, the paramount policy objective of the statute is ensuring public confidence in the integrity of the gaming licensing process and in the strict oversight of all gaming establishments. This can only be accomplished if the persons and entities that have the ability to control or influence the business operations and decision-making of the gaming licensees and applicants are subject to strict regulatory scrutiny and oversight through the statute's

qualification requirements. With that salient principle embodied in the statute, the Massachusetts Gaming Commission has the necessary authority to make judgments regarding the proper scope of licensing for gaming license applicants.

Section 14 sets forth the various categories of entities and individuals that will be required to be found qualified with respect to an application for a gaming license. As set forth above, the overriding concern is to ensure that those persons having the ability to exercise control or influence over the applicant or its holding companies are subject to regulatory oversight. In addition, the sources of financing for the casino establishment are subject to the regulatory purview of the Massachusetts Gaming Commission, pursuant to section 1(2) of the statute.

Section 14(a) requires qualification of any person having a financial interest in a gaming licensee or applicant or a person able to exercise a significant influence over the management or operation of a gaming establishment or a business licensed under the statute. Section 14(b) extends the qualification requirement to all officers, directors and partners of the applicant entity. Section 14(c) requires all shareholders owning greater than five percent of the applicant or of its holding company, other than institutional investors which may seek a waiver of qualification, to be found qualified. A holding company is defined as any entity that owns, has the power or right to control, or has the power to vote any significant part of the outstanding voting securities of the applicant or licensee. Section 14(e) provides that any person who is involved in financing the gaming establishment must be found qualified. Lastly, section 14(h) provides that any person who can exercise control or influence over the licensee or applicant must be found qualified.

As can be seen from the recitation of the statutory guidelines, the terminology used there is broad and general. This is typical and necessary. Determinations in this area must be left, at the end of the day, to the discretion of the gaming agency. Recognizing this, however, it is important that the applicants have some advance notice of a narrower range within which those discretionary determinations will be made. Therefore, prior to the issuance of the RFQ, regulations should be promulgated that

provide, while not precise definitions of who must qualify, at least some statement of standards that will be used by the agency in making its judgments.

The ultimate determination of which entities and individuals are required to qualify under the gaming statute is a pre-requisite that should take place prior to any filings being received by the Commission. In this context, the respective applicants would be required at the outset to provide their tables of organization, setting forth their corporate ownership structure and identifying any parent, intermediary and subsidiary companies. The applicants should be required to identify all of their corporate officers and directors, as well as all shareholders owning greater than five percent of their voting securities. They would also be required to specify any financial sources for the casino project. In addition, they are required to list any close associates, as that term is defined in the statute to include any person able to exercise a significant influence over management or operation of a gaming establishment or business licensed under the statute.

Upon receipt of the tables of organization, representatives from the Commission, Spectrum and Michael and Carroll would meet with the applicants to review the list of potential entity and natural person qualifiers and discuss the scope of licensing issue.

Following the meetings with the prospective applicants, we would prepare a memorandum to the Massachusetts Gaming Commission addressing the issue of scope of licensing and making recommendations as to the various entities and natural persons who should be required to submit to the qualification process under the statute. Our recommendations would comport with the statutory requirements contained in section 14, as discussed herein. The applicants would be afforded an opportunity to file legal briefs contesting any of the recommendations made by representatives of the Commission, Spectrum and Michael and Carroll. Thereafter, the Massachusetts Gaming Commission would render appropriate rulings setting forth the list of people and entities required to be found qualified in connection with the application for a gaming license.

Once the scope of the filings is determined by the Commission, the application forms can be filed and the investigative process can commence.

Exhibit 10: Instructions for RFA Phase 1 Forms

Instructions for Applicants for a Gaming License-RFA Phase 1 Application

An Applicant for a Category 1 or Category 2 gaming license is required to submit as part of the RFA Phase 1 application the following:

1. A non-refundable initial application fee of \$400,000, payable to the Massachusetts Gaming Commission. An Applicant may pay the nonrefundable application fee either by certified check or by secure electronic transfer made payable to the Massachusetts Gaming Commission. If the fee is submitted in advance of filing the application, the Applicant must sign a certification stating that it will be applying for a gaming license and that it understands that the application fee is nonrefundable.
2. A complete and accurate Massachusetts Business Entity Disclosure Form for the Applicant, including an executed and notarized Release Authorization; Consent to Inspections, Searches And Seizures; Statement Of Truth; and Waiver Of Liability, initialing at the bottom of each page of the application form as indicated.
3. A complete and accurate Massachusetts Business Entity Disclosure Form for each holding and parent company of the Applicant, and for any proposed operating company of the gaming establishment or other entity designated by the Commission to be an entity qualifier of the Applicant, including an executed and notarized Release Authorization; Consent To Inspections, Searches And Seizures; Statement Of Truth; and Waiver Of Liability, initialing at the bottom of each page of the application form as indicated. Please place the Release Authorization as the last page of the application form.
4. For each natural person qualifier of the Applicant or of a holding or parent company of the Applicant, or of a proposed operating company of the gaming establishment, as identified by the Commission:
 - a. A complete and accurate Multi-Jurisdictional Personal History Disclosure Form, including an executed and notarized Statement Of Truth; and
 - b. A complete and accurate Massachusetts Supplemental Form to the Multi-Jurisdictional Personal History Disclosure Form, including an executed and notarized Release Authorization, Statement of Truth, Waiver of Liability and Consent to Inspections.

Copies of the above forms are available for downloading from the Commission's website. Please click the download icon at the bottom of the page. Application documents will be sent to your internet browser in either PDF or Word format. Complete instructions on how to prepare the application and where to send it are included in the document. Please comply fully with said instructions. If you have any questions regarding completion of the application form, or with any of the instructions, please call the Commission at: (617) 979-8400.

The deadline for filing the RFA Phase 1 application is **Nov 30, 2012**. Please note that the initial application fee is due no later than when the application is submitted.

All applicants for a gaming license, and all of the qualifiers of the applicant, both natural person and entity qualifiers, shall be subject to a thorough background investigation by the Investigations and Enforcement Bureau of the Commission, or by its designated agents. The

Instructions for Applicants for a Gaming License-RFA Phase 1 Application

licensing fee shall be used to defray the costs of said investigations and any additional costs shall also be borne by the Applicant.

Applicants are obligated to establish their suitability for a gaming license and the suitability of all qualifiers by clear and convincing evidence.

The awarding of gaming licenses is a two phase process. In Phase 1, the Commission will evaluate the qualifications and suitability of a gaming license applicant and all of its natural person and entity qualifiers.

All applicants found suitable by the Commission, according to the standards set forth in the Massachusetts Gaming Act, M.G.L. c. 23K, will be eligible to proceed to Phase 2 of the process and submit RFA Phase 2 applications.

In Phase 2, the Commission will review an applicant's proposal, focusing on the merits of an applicant's proposed gaming establishment, compliance with all statutory and regulatory criteria, and other matters within the Commission's jurisdiction.

It is highly recommended that applicants review the details of the application process set forth in the Massachusetts Gaming Act, M.G.L. c. 23K, and its attendant regulations, 205 CMR 101.00 through 117.00. This information is available on the Commission's website.

All application forms must be filed electronically, by the following method:

Document Shipments

1. All documents must be submitted on CDs, DVDs or USB Drives. Please do not send documents via email because this format does not lend itself well to our internal control processes. Furthermore, email is not very secure and, for this reason, it is a poor choice for confidential documents.
2. Both USB 2.0 and USB 3.0 drives are acceptable.
3. All CDs, DVDs and USBs should be labeled with the entity name and any other practical identifying information. Labeling should be applied to a CD, itself, rather than the dust jacket or plastic case. Labeling information can be hand written on a CD or USB using a permanent marker pen. Printed labels are appreciated but not required.
4. Each shipment of documents should be accompanied by a cover memo stating: who is sending the material, the number of CDs or USB drives and a brief description of the contents.
5. The mailing address for shipments of CDs and USBs is:

Massachusetts Gaming Commission
84 State Street, Suite 720
Boston, Massachusetts 02109

Instructions for Applicants for a Gaming License-RFA Phase 1 Application

Instructions for Applicants for a Gaming License-RFA Phase 1 Application

Security

Documents submitted to the Commission may be encrypted if a high level of security is required. In order to simplify password management, once a password has been selected, please use that same password for any subsequent documents that are encrypted.

File Standards.

1. If a large number of files are being shipped they should be organized into folders. Most often, folders will be used to help separate the qualifiers, companies and holding companies.
2. File names should not be longer than 35 characters and should not contain characters such as: \ ~! @#\$%^&*()+{}|<>”=/. If a date is used in a file name it can be written in the following format: Jan 25, 2012. Please do not use coded file names such as “003r334ff4/1/12.”
3. File names should be descriptive and consist of two parts: (1) the document type and (2) the name of the applicant or the company name. For example, “Federal Tax 2001 Ruth Mendez” would be the file name of the federal tax return filed by an applicant named Ruth Mendez. For the most common types of documents please use the standard file names listed below. If a document does not correspond to one of these standard names then use a name that is descriptive of the document type.
 - a) MJPHD Adam Smith
 - b) SMJPHD Alex Twifford
 - c) Release Forms Jordan Quill
 - d) Birth certificate Adam Smith
 - e) Federal Tax 2001 Ruth Mendez
 - f) State Tax 2001 Ruth Mendez
 - g) Bank Statement Ruth Mendez
 - h) IRS Form 4506 Alex Twifford
 - i) SEC 10 2008 Jordan Quill
 - j) Driver’s License Jordan Quill
 - k) Family Trust Adam Smith
 - l) Organizational Chart XYZ Corp
 - m) Operating Agreement XYX Corp
 - n) Articles of Organization XYZ Corp.

Exhibit 11: Business Entity Disclosure Form

MASSACHUSETTS GAMING COMMISSION



BUSINESS ENTITY DISCLOSURE FORM

ENTITY

BUSINESS ENTITY DISCLOSURE FORM - ENTITY

NAME OF ENTITY*

(DO NOT ABBREVIATE)

*Name as it appears on the certificate of incorporation, charter, by-laws or other official document.

D/B/A OR TRADE NAME(S)**PERSON TO BE CONTACTED IN REFERENCE TO THIS APPLICATION**

Name

Title

E-Mail Address

Telephone: (Area code) Number

FAX Number

THE PRINCIPAL BUSINESS ADDRESS OF THE ENTITY

Street Location (Number/Street)

City

State

Zip

Country

Telephone: (Area Code) Number

FAX Number

Mailing address (if different)

City

State

Zip

Web Site (URL)

Check the appropriate box:

<input type="checkbox"/>	This form is being submitted as an initial application for a gaming license.
<input type="checkbox"/>	This form is being submitted as an application for the renewal of a gaming license. The current gaming facility license expires on: _____
<input type="checkbox"/>	The above named entity holds stock in _____, which is an applicant for an initial gaming license or renewal.
<input type="checkbox"/>	Other. Explain: _____

ITEM 1. FORMATION

A. Provide the date and place of formation.

Date: _____

Place of formation: _____

B. Persons Forming the Entity

Use Attachment 1 B to provide the following information for each incorporator of the corporation:

NAME	LAST KNOWN ADDRESS	OCCUPATION(S)	DATE OF BIRTH
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ITEM 2. OTHER NAMES AND ADDRESSES OF THE ENTITY

A. List all other names under which the entity has done business and give the approximate time periods during which these names were being used.

B. Use Attachment 2B to provide the following information about all other addresses presently used by the entity and all addresses from which the entity is presently doing business.

NUMBER AND STREET	CITY	STATE	ZIP
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C. Use Attachment 2C to provide the following information on all addresses, other than those listed in Item 2B, which the entity held or from which it was conducting business during the last ten year period, and give the approximate time periods during which such addresses were held.

NUMBER AND STREET	CITY	STATE	ZIP	DATES	
				FROM	TO:

ITEM 3. DESCRIPTION OF PRESENT BUSINESS

Provide as Attachment 3 a description of the business done and intended to be done by the entity and its parent, holding, subsidiary and intermediary entities and the general development of such business during the past five years, or such shorter period as the entity or its parent, subsidiary and intermediary entities may have been engaged in business. The description shall include information on matters such as the following:

- A. Competitive conditions in the industry or industries involved and the competitive position of the entity, if known.
- B. The principal products produced and services rendered by the entity and its parent, intermediary and subsidiary entities, the principal markets for said products or services and the methods of distribution.
- C. The sources and availability of raw materials essential to the business of the entity.
- D. The importance to the business and the duration and effect of, all material patents, trademarks, licenses, franchises and concessions held.
- E. In describing developments, provide information such as the following: the nature and results of any bankruptcy, receivership or similar proceedings with respect to the entity or its parent, intermediary or subsidiary entities; the nature and results of any other material reorganization, readjustment or succession of the entity or any of its subsidiaries; the acquisition or disposition of any material amount of assets otherwise than in the ordinary course of business; and any material changes in the mode of conducting the business.

ITEM 4. DESCRIPTION OF FORMER BUSINESS

Provide as Attachment 4 a description of any former business, not listed in response to Item 3, which the entity or any parent, intermediary or subsidiary company engaged in during the last ten year period and the reasons for the cessation of such business. Also indicate the approximate time period during which each such business was conducted.

ITEM 5. DIRECTORS AND TRUSTEES

Use Attachment 5 to provide the following information for each director and trustee of the corporation. (NOTE: Each director and trustee of the entity must complete a PHD-MA and PHD-MA-SUPP.)

NAME AND HOME ADDRESS	BUSINESS ADDRESS	DATES DIRECTORSHIP OR TRUSTEESHIP HELD		OCCUPATION OR TITLE, POSITION OR ASSOCIATION WITH THE CORPORATION	DATE OF BIRTH
		FROM:	TO:		

ITEM 6. FORMER DIRECTORS AND TRUSTEES

Use Attachment 6 to provide the following information for each person, not listed in response to item 5, who held the position of director or trustee of the entity during the last ten years:

NAME AND HOME ADDRESS	OCCUPATION & BUSINESS ADDRESS	DATES DIRECTORSHIP OR TRUSTEESHIP HELD		DATE OF BIRTH	REASON FOR LEAVING
		FROM:	TO:		

ITEM 7. OFFICERS

Use Attachment 7 to provide the following information for each officer of the entity. Officers include all persons serving as president, secretary, treasurer, chairman of the board, vice-president, general/corporate counsel or any such other officers as may be prescribed by the entity’s governing documents. (NOTE: A PHD-MA and PHD-MA-SUPP must be completed by every person noted below. In addition, the Commission may, in its discretion, order additional persons associated with the entity to file such a form if it appears that such persons should be qualified in order to effectuate the purposes of Chapter 23K.)

NAME AND HOME ADDRESS	TITLE	DATES OFFICE HELD		BUSINESS ADDRESS	DATE OF BIRTH
		FROM:	TO:		

ITEM 8. FORMER OFFICERS

Use Attachment 8 to provide the following information for each person, not listed in response to item 7, who was an officer of the entity during the last ten year period. Officers include all persons serving as president, secretary, treasurer, chairman of the board, vice-president or any such other offices as may be prescribed by the entity’s governing documents.

NAME AND LAST KNOWN HOME ADDRESS	OFFICE HELD	DATES OFFICE HELD		PRESENT OCCUPATION & BUSINESS ADDRESS	DATE OF BIRTH
		FROM:	TO:		

ITEM 9. COMPENSATION OF OFFICERS AND DIRECTORS

Use Attachment 9 to provide the following information regarding the amount of total annual compensation received during the last calendar year and the amount to be received during the subsequent calendar year by each director, trustee and officer of the entity, whether such compensation is in the form of salary, wages, commissions, fees, stock options, bonuses or otherwise.

NAME	COMPENSATION LAST CALENDAR YEAR	COMPENSATION SUBSEQUENT CALENDAR YEAR	FORM OF COMPENSATION
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ITEM 10. COMPENSATION OVER \$250,000

Use Attachment 10 to provide the following information for each person, other than those listed in response to Item 9, who currently receives, or who reasonably can be expected to receive within one calendar year from the date of this form, compensation as described in Item 9 that exceeds \$250,000 per year.

NAME	DATE OF BIRTH	BUSINESS ADDRESS	POSITION AND LENGTH OF TIME EMPLOYED WITH THE ENTITY	AMOUNT OF COMPENSATION
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ITEM 11. BONUS, PROFIT SHARING, PENSION, RETIREMENT, DEFERRED COMPENSATION & SIMILAR PLANS

Provide as Attachment 11 a description of all bonus, profit sharing, pension, retirement, deferred compensation and similar plans in existence or to be created by the entity. This description shall include, but not be limited to:

1. the title or name of the plan;
2. the identity and address of the trustee of the plan or the person administering such plan;
3. the material features of the plan;
4. the methods of financing the plan;
5. the identify of each class of person who is or will participate in the plan;
6. the approximate number of persons in each such class;
7. the amounts distributed under the plan to each class of persons during the last fiscal year if the plan was in effect during that time.

ITEM 12. STOCK/OWNERSHIP DESCRIPTION

Describe the nature, type, number of authorized and issued shares, terms, conditions, rights and privileges of all classes of voting, non-voting and other stock issued, or to be issued, or other similar indicia of ownership by the entity including the number of shares of each class of stock authorized or to be authorized and the number of shares of each class of stock outstanding (i.e., not held by or on behalf of the issuer) or other similar information applicable to other indicia of ownership as of this date.

If the right of holders of any class of stock or other indicia of ownership may be modified otherwise than by a vote of a majority or more of the outstanding shares so affected, voting as a class, so state and explain briefly.

ITEM 13. VOTING OWNERS

Use Attachment 13 to provide the following information for each person or entity holding of record or having a beneficial interest in any voting stock or other indicia of ownership issued by the entity. This information must be provided as of a date no more than 60 days prior to the date of this application. (NOTE: If the entity submitting this form is an applicant for a gaming license, or is a non-public holding or intermediary entity of such an applicant, then a completed PHD-MA and PHD-MA-SUPP or Business Entity Disclosure Form, as the case may be, must be filed for each person or entity holding or having a beneficial interest in the voting ownership of the entity. If the entity submitting this form is a publicly traded holding company of an applicant for a gaming license, then a completed PHD-MA and PHD-MA-SUPP or Business Entity Disclosure Form, as the case may be, must be filed for each person or entity holding or having a beneficial interest in the voting ownership of the entity unless the Commission has granted a waiver of the qualification requirement as to such persons or entity.)

NAME AND HOME ADDRESS	DATE OF BIRTH	CLASS OF OWNERSHIP HELD	NUMBER SHARES HELD	% OF OUTSTANDING VOTING RIGHTS HELD
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ITEM 14. NON-VOTING OWNERS

Use Attachment 14 to provide the following information for each person or entity holding of record or having a beneficial interest in any non-voting indicia of ownership issued by the entity. This information must be provided as of a date no more than sixty (60) days prior to the date of this application. (NOTE: If the entity submitting this form is an applicant for a gaming license, or is a non-public holding or intermediary entity of such an applicant, then a completed PHD-MA and PHD-MA-SUPP or Business Entity Disclosure Form, as the case may be, must be filed for each person or entity holding or having a beneficial interest in the non-voting ownership of the entity. If the entity submitting this form is a publicly traded holding company of an applicant for a gaming license, then a completed PHD-MA and PHD-MA-SUPP or Business Entity Disclosure Form, as the case may be, must be filed for each person or entity holding or having a beneficial interest in the non-voting ownership of the entity unless the Commission has granted a waiver of the qualification requirement as to such persons or entity.)

NAME AND HOME ADDRESS	DATE OF BIRTH	CLASS OF NON-VOTING OWNERSHIP INTERESTS HELD	NUMBER OF OWNERSHIP INTERESTS HELD	% OF OUTSTANDING NON-VOTING RIGHTS HELD
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ITEM 15. DESCRIPTION OF LONG TERM DEBT

Provide as Attachment 15 a description of the nature, type, terms, covenants, conditions and priorities of all outstanding bonds, loans, mortgages, trust deeds, notes, debentures or other forms of indebtedness issued or executed (including loans made by owners), or to be issued or executed, by the entity, which mature more than one year from the date of issuance or which, by their terms, are renewable for a period of more than one year from the date of issuance. (OR, in the space below provide a specific cross-reference to the applicable document(s) filed with this application that contain(s) all of the requested information.)

ITEM 16. HOLDERS OF LONG TERM DEBT

Use Attachment 16 to provide the following information for each person or entity holding any outstanding bonds, loans, mortgages, trust deeds, notes, debentures or other forms of indebtedness executed or issued by the entity, which mature more than one year from the date of issuance or which, by their terms, are renewable for a period of more than one year from the date of issuance. (NOTE: Some or all of the persons or entities listed below may be required by either the Commission or Investigations and Enforcement Bureau to submit a completed PHD-MA or PHD-MA-SUPP or Business Entity Disclosure Form, as the case may be.)

NAME AND ADDRESS	DATE OF BIRTH	TYPE AND CLASS OF DEBT INSTRUMENT HELD	DOLLAR AMOUNT OF DEBT HELD (Both Original Amount and Current Balance)
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ITEM 17. OTHER INDEBTEDNESS AND SECURITY DEVICES

Provide as Attachment 17 a description of the nature, type, terms, conditions and covenants of all outstanding loans, mortgages, trust deeds, pledges, lines of credit, or other evidence of indebtedness or security devices utilized by the entity other than those described in response to Items 15 and 16. (OR, in the space below provide a specific cross-reference to the applicable document(s) filed with this application that contain(s) all of the requested information .)

ITEM 18. HOLDERS OF OTHER INDEBTEDNESS

Use Attachment 18 to provide the following information with respect to each holder of any outstanding loan, mortgage, trust deed, pledge or other evidence of indebtedness or security device described in response to Item 17. (NOTE: Some or all of the persons listed in response to this item may be required by the Commission or Investigations and Enforcement Bureau to submit a completed PHD-MA and PHD-MA-SUPP or Business Entity Disclosure Form, as the case may be.)

NAME AND ADDRESS	DATE OF BIRTH	TYPE OF DEBT INSTRUMENT HELD	DOLLAR AMOUNT OF DEBT HELD (Both Original Amount and Current Balance)
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ITEM 19. SECURITIES OPTIONS

- A. Provide as Attachment 19A a detailed description of any options existing or to be created with respect to securities issued by the entity which description shall include, but not be limited to the title and amount of securities subject to option, the year or years during which the options were or will be granted, the conditions under which the options were or will be granted, the consideration for granting the option and the year or years during which, and the terms under which, optionees became or will become, entitled to exercise the options, and when such options expire. (OR include as Attachment 19A copies of any outstanding option plans or proxy statements that provide the requested information.) NOTE: For the purpose of this application, option shall mean right, warrant or option to subscribe to or purchase any securities or other form of ownership issued by the entity.
- B. Use Attachment 19B, to provide the following information regarding all persons holding the options described in Item 19A.

NAME	BENEFICIAL OWNER'S ADDRESS	OPTIONS HELD	MARKET VALUE AT ISSUANCE
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ITEM 20. FINANCIAL INSTITUTIONS

Use Attachment 20 to provide the following information with respect to each bank, savings and loan association or other financial institution, whether domestic or foreign, in which the entity has or has had an account over the last ten year period regardless of whether such account was held in the name of the entity, a nominee of the entity or was otherwise under the direct or indirect control of the entity.

NAME AND ADDRESS	TYPE OF ACCOUNT(S)	ACCOUNT NUMBER(S)	TIME PERIOD ACCOUNT HELD	
			FROM:	TO:

ITEM 21. CONTRACTS AND SUPPLIERS

Use Attachment 21 to provide the following information with respect to all persons with whom the entity has contracts or agreements of \$250,000 or more in value or from whom the entity has received \$250,000 or more in goods or services in the past six months.

Employment contracts need only be listed if, by their terms, they exceed one year in duration.

ITEM 22. OTHER OWNERSHIP INTERESTS HELD BY THE ENTITY

Use Attachment 22 to provide the following information about each entity in which the entity holds stock:

NAME AND ADDRESS OF ENTITY	TYPE OF OWNDERHIP HELD	PURCHASE PRICE PER INTEREST	NUMBER OF OWNERHSIP INTERESTS HELD	% OF OWNERSHIP MORE THAN 5%
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ITEM 23. INSIDER TRANSACTIONS

Use Attachment 23 to provide the following information for each change that occurred within the last five (5) years preceding this application in the beneficial ownership of the equity of the entity on the part of any person who is indirectly or directly a beneficial owner of more than ten per cent (10%) of any class of interest in the entity or who is or was within that period a director or officer of the entity. [Include changes resulting from (a) gift, (b) purchase, (c) sale, (d) exercise of an option to purchase, (e) exercise of an option to sell, (f) grant or receipt of a put or (g) grant or receipt of a call.]

DATE OF TRANSACTION	NATURE OF TRANSACTION	PARTIES TO TRANSACTION (INCLUDE POSITIONS)	NUMBER OF OWNERSHIP INTERESTS INVOLVED
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ITEM 24. CRIMINAL HISTORY

The next question asks about any charges or offenses the entity or any of its directors, trustees or officers may have committed or had filed against them. Prior to answering this question, carefully review the definitions and instructions that follow.

DEFINITIONS: For purposes of this question:

- A. “Charge” includes any indictment, complaint, information, summons, or other notice of the alleged commission of any “offense.”
- B. “Offense” includes all felonies, crimes, high misdemeanors, disorderly persons offenses, and petty disorderly offenses.

- INSTRUCTIONS:
- 1. Answer “yes” and provide all information to the best of your ability EVEN IF:
 - A. The entity, its directors, trustees, or officers did not commit the offense charged;
 - B. The charges were dismissed;
 - C. The entity, its directors, trustees, or officers were not convicted;
 - D. The charges or offenses happened a long time ago.
 - 2. Answer “no” IF:
 - A. The records relating to the charges have been expunged or sealed by court order; **AND**
 - B. Attached to this application is a copy of the expungement or sealing order labeled as Attachment 24.

Has the entity or any of its subsidiaries, directors, trustees or officers ever been indicted, charged with or convicted of a criminal or disorderly persons offense or been a party to or named as an unindicted co-conspirator in any criminal proceeding in this commonwealth or any other jurisdiction?

_____ Yes _____ No

If yes, use Attachment 24A to provide the following information for each indictment, charge or conviction:

NAME OF CASE AND DOCKET NUMBER	NATURE OF CHARGE OR COMPLAINT	DATE OF CHARGE OR COMPLAINT	NAME AND ADDRESS OF LAW ENFORCEMENT AGENCY OR COURT INVOLVED	DISPOSITION (ACQUITTED, CONVICTED, DISMISSED, ETC.)	SENTENCE
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ITEM 25. TESTIMONY, INVESTIGATIONS OR POLYGRAPHS

Has the entity, any of its subsidiaries, directors, trustees or officers ever been called to testify before, been the subject of an investigation conducted by, or requested to take a polygraph exam by any governmental agency, court, committee, grand jury or investigatory body (municipal, state, county, provincial, federal, national, etc.) other than in response to minor traffic related offenses?

_____ Yes _____ No

If yes, use Attachment 25 to provide the following information about any such testimony, investigation or polygraph exam:

NAME AND ADDRESS OF COURT OR OTHER AGENCY	NATURE OF PROCEEDINGS OR INVESTIGATION	WAS TESTIMONY GIVEN?	DATE ON WHICH TESTIMONY WAS GIVEN	APPROXIMATE TIME PERIOD OF INVESTIGATION
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ITEM 26. TESTIMONY, INVESTIGATIONS OR POLYGRAPH REFUSALS

Has the entity, or any of its subsidiaries, directors, trustees or officers ever refused to testify before, to answer a question asked by, or to take a polygraph exam administered by any governmental agency, court, committee, grand jury or investigatory body (municipal, state, county, provincial, federal, national, etc.)?

_____ Yes _____ No

If yes, use Attachment 26 to provide the following information about any such testimony, investigation or polygraph refusal:

NAME AND ADDRESS OF COURT OR OTHER AGENCY	NATURE OF PROCEEDINGS/ INVESTIGATION	DATE OF PROCEEDINGS/ INVESTIGATION	CIVIL OR CRIMINAL CONTEMPT CITATION? (SPECIFY)	DISPOSITION OF CONTEMPT CITATION
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ITEM 27. EXISTING LITIGATION

Provide as Attachment 27 a description of all existing civil litigation to which the entity, its parent or any subsidiary is presently a party whether in this commonwealth or in another jurisdiction. Do not include any litigation in which the damages may not reasonably be expected to exceed \$100,000, or litigation in which damages may be expected to exceed \$100,000, but which involve claims against the entity which are fully and completely covered under an insurance policy held by the entity with a licensed insurance carrier. This description must include the title and docket number of the litigation, the name and location of the court before which it is pending, the identity of all parties to the litigation and the general nature of all claims being made.

ITEM 28. ANTITRUST, TRADE REGULATION & SECURITIES JUDGMENTS; STATUTORY AND REGULATORY VIOLATIONS

A. Has the entity ever had a judgment, order, consent decree or consent order pertaining to a violation or alleged violation of the federal antitrust, trade regulation or securities laws, or similar laws of any state, province or country entered against it? _____ Yes _____ No

B. In the past ten years, has the entity had a judgment, order, consent decree or consent order pertaining to any state or federal statute, regulation or code that resulted in a fine or penalty of \$50,000 or more entered against it? _____ Yes _____ No

If yes to either question, use Attachment 28 to provide the following information for each judgment, order, consent decree or consent order:

DATE OF OFFENSE	NATURE OF OFFENSE	TITLE OF CASE AND DOCKET NUMBER	NAME AND ADDRESS OF COURT OR AGENCY	NATURE OF JUDGMENT, DECREE OR ORDER	DATE ENTERED
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ITEM 29. BANKRUPTCY OR INSOLVENCY PROCEEDINGS & APPOINTED RECEIVER, AGENT OR TRUSTEE

- A. Has the entity, its parent or any intermediary entities had any petition under any provision of the Federal Bankruptcy Code or under any state insolvency law filed by or against it in the last ten year period?
 _____ Yes _____ No
- B. Has the entity, its parent or any intermediary company sought relief under any provision of the Federal Bankruptcy Code or under any state insolvency law in the last ten year period?
 _____ Yes _____ No

If yes to either question, use Attachment 29A to provide the following information for each bankruptcy or insolvency proceeding:

DATE PETITION FILED OR RELIEF	TITLE OF CASE AND DOCKET NUMBER	NAME AND ADDRESS OF COURT OR AGENCY	NATURE OF JUDGMENT OR RELIEF	DATE ENTERED
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ITEM 29. BANKRUPTCY OR INSOLVENCY PROCEEDINGS & APPOINTED RECEIVER, AGENT OR TRUSTEE

(Cont.)

C. Has any receiver, fiscal agent, trustee, reorganization trustee, or similar officer been appointed in the last ten year period by a court for the business or property of the entity or its parent, holding, intermediary or subsidiary entities?

_____ Yes _____ No

If yes to any of the above questions, use Attachment 29C to provide the following information for each proceeding:

NAME OF PERSON APPOINTED	DATE APPOINTED	COURT	REASON FOR APPOINTMENT
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ITEM 30. LICENSES

A. During the last ten year period, has the entity, its parent or any subsidiary ever had any license or certificate issued by a government agency in this commonwealth or any other jurisdiction, denied, suspended or revoked?

_____ Yes _____ No

If yes, use Attachment 30A to provide the following information for each license or certificate denied, suspended or revoked:

TYPE OF LICENSE OR CERTIFICATE	NAME AND LOCATION OF GOVERNMENTAL AGENCY	ACTION TAKEN	DATE	REASON FOR ACTION TAKEN
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B. Has the entity, its parent or any subsidiary ever applied in any jurisdiction for a license, permit or other authorization to participate in lawful gambling operations (including casino gaming, horse racing, dog racing, parimutuel operation, lottery, sports betting, etc.)?

_____ Yes _____ No

If yes, use Attachment 30B to provide the following information about each license, permit or other authorization applied for:

NAME AND ADDRESS OF LICENSING AGENCY	DATE OF APPLICATION	DISPOSITION (GRANTED, DENIED, PENDING)	TYPE OF GAMBLING ACTIVITY	IF ISSUED, GIVE APPROPRIATE LICENSE, PERMIT OR OTHER SUCH NUMBER AND THE EXPIRATION DATE
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ITEM 31. CONTRIBUTIONS AND DISBURSEMENTS OF ENTITY

A. During the last ten year period, has the entity, its parent or any subsidiary, director, officer, or employee or any third party acting for or on behalf of the entity made any bribes or kickbacks or made any payments alleged to have been bribes or kickbacks to any employee, company or organization to obtain favorable treatment?

_____ Yes _____ No

B. During the last ten year period, has the entity, its parent or any subsidiary, director, officer or employee or any third party acting for or on behalf of the entity made any bribes or kickbacks or made any payments alleged to have been bribes or kickbacks to any government official, domestic or foreign to obtain favorable treatment?

_____ Yes _____ No

C. During the last ten year period, has the entity, its parent company, any subsidiary or related entity or individual donated or loaned funds for the purpose of opposing or supporting any government, political party, candidate or committee, either domestic or foreign?

_____ Yes _____ No

D. During the last ten year period, has the entity, its parent company, any subsidiary or related entity or individual donated or loaned property or any other thing of value for the purpose of opposing or supporting any government, political party, candidate or committee, either domestic or foreign?

_____ Yes _____ No

E. During the last ten year period, did the entity, its parent or any subsidiary, make any loans, donations or other disbursements to directors, officers or employees for the purpose of reimbursing such individuals for political contributions either foreign or domestic?

_____ Yes _____ No

F. During the last ten year period, has the entity, its parent or any subsidiary, made any loans, donations or other disbursements to directors, officers or employees for the purpose of reimbursing such individuals for political contributions either foreign or domestic?

_____ Yes _____ No

ITEM 35. INTERIM REPORTS

Provide as Attachment 35 a copy of any current report prepared due to the occurrence of any of the following events: change in control of the entity, acquisition or disposition of assets, bankruptcy or receivership proceedings, changes in the entity's certifying accountant or other material events. If the entity is a registrant with the SEC, a copy of the most recent Form 8K filed with the SEC may be provided in response to this item.

ITEM 36. PROXY AND INFORMATION STATEMENT

Provide as Attachment 36 a copy of the last definitive Proxy or Information Statement filed pursuant to Section 14 of the Securities Exchange Act of 1934.

ITEM 37. REGISTRATION STATEMENT

Provide as Attachment 37 a copy of all Registration Statements filed in the last five years pursuant to the Securities Act of 1933.

ITEM 38. REPORTS OF ACCOUNTANTS

Provide as Attachment 38 a copy of all reports and correspondence, other than those previously included in this application, submitted in the last five years by independent auditors for the entity which pertain to the issuance of financial statements, managerial advisory services, or internal control recommendations. Include the name, address and telephone number of the current outside auditor(s).

ITEM 39. ARTICLES OF INCORPORATION, CHARTER, BY-LAWS

Provide as Attachment 39 a certified copy of the Articles of Incorporation, Charter and By-Laws of the entity, or, if entity is in other than corporate form, all governing documents, with all amendments and proposed amendments to date.

ITEM 40. ORGANIZATIONAL CHART

- A. Provide as Attachment 40A a current ownership organizational chart of the entity, its parent entity and each subsidiary of the entity.
- B. Provide as Attachment 40B a functional table of organization for the entity filing this Business Entity Disclosure Form including position descriptions and the names of persons holding such positions.

ITEM 41. TAX RETURNS

Provide as Attachment 41 a copy of all federal IRS tax returns files by the entity within the past 5 years, including, but not limited to, all 1120 Forms (U.S. Corporate Income Tax Return) and 941 Forms (Employer's Quarterly Federal Tax Return).

ITEM 42 BUSINESS ENTITY DISCLOSURE FORM CORPORATE – ATTACHMENTS

On the following chart indicate with a checkmark which attachments are included with this application. If an attachment is not applicable, indicate N/A. Please note that attachment numbers with an asterisk (*) are attachments you are to provide or create and do not contain corresponding charts.

ATTACHMENT NUMBER	ATTACHMENT DESCRIPTION	√ IF ATTACHED N/A IF NOT APPLICABLE
1B	Persons Forming the Entity	
2B	Other names and addresses of the entity (Presently used)	
2C	Other names and addresses of the entity (Past 10 years)	
3*	Description of business done and intended to be done	
4*	Description of any former business engaged in during the last 10 years and the reason for cessation of the business	
5	Directors and trustees	
6	Former directors and trustees	
7	Officers	
8	Former officers	
9	Compensation of officers and directors	
10	Compensation over \$259,000	
11*	Description of all bonus, profit sharing, pension, retirement, deferred compensation and similar plans	
13	Voting owners	
14	Non-voting owners	
15*	Description of long term debt	
16	Holders of long term debt	
17*	Other indebtedness and security devices	
18	Holders of other indebtedness	
19A*	Securities options - description	
19B	Persons holding securities options	
20	Financial institutions	
21	Contracts and suppliers	
22	Other ownership interests held by the entity	
23	Insider transactions	

ITEM 42 BUSINESS ENTITY DISCLOSURE FORM CORPORATE – ATTACHMENTS (Cont.)

ATTACHMENT NUMBER	ATTACHMENT DESCRIPTION	√ IF ATTACHED N/A IF NOT APPLICABLE
24*	Expungement or sealing orders	
24A	Criminal history	
25	Testimony, investigations or polygraphs	
26	Testimony, investigations or polygraph refusals	
27*	Existing Litigation	
28	Antitrust, trade regulations and securities judgments; statutory and regulatory violations	
29A	Bankruptcy or insolvency proceedings & appointed receiver, agent or trustee (Bankruptcy or insolvency)	
29C	Bankruptcy or insolvency proceedings & appointed receiver, agent or trustee (Appointed receiver, agent or trustee)	
30A	Licenses (Government)	
30B	Licenses (Other gaming)	
32A*	Audited financial statement for the last fiscal year	
32B*	Financial statements for the last five years	
33A*	Annual reports for the last five years	
33B*	Annual reports prepared on the SEC's form 10K for the last five years	
34*	A copy of the last quarterly unaudited financial statement	
35*	Copy(ies) of any interim reports	
36*	A copy of the last definitive Proxy or information statement (SEC)	
37*	A copy of all registration statements for the last five years filed in accordance with the Securities Act of 1933	
38*	Copies of all other reports prepared in the last five years by independent auditors of the entity	
39*	Certified copies of the Articles of Incorporation, Charter and By-laws, and all amendments and proposed amendments	
40A*	Current ownership table of organization	
40B*	Functional table of organization for entity filing this form, job descriptions and names of employees	
41*	Copies of 1120 forms and 941 forms filed with the IRS in the last five years	

ITEM 43. AFFIDAVITS AND SIGNATURES

Pursuant to the regulations of the Commission *205 C.M.R. 111.02(2)* this form must be sworn to or affirmed, signed and dated before a person legally competent to take an oath or affirmation who shall himself date the signature of the affiant and indicate the basis of his authority to take oaths and affirmations.

The documents on pages 22 through 25 are to be signed in accordance with these regulations. The documents are:

AFFIDAVIT

RELEASE AUTHORIZATION

CONSENT TO INSPECTIONS, SEARCHES AND
SEIZURES WAIVER OF LIABILITY

The President or any officer of the entity authorized to affirm may complete the affidavit. The remaining documents are to be signed by the President or Chief Executive Officer.

AFFIDAVIT

STATE OF _____:

SS:

COUNTY OF _____:

I, _____, the _____ of
(Name) (TITLE/POSITION)
the entity being duly sworn according to law, on my oath, deposes and says that I make
this statement on behalf of the entity, and that the above statements are true and correct
to the best of my knowledge and belief, and that this statement is executed with the
knowledge that any misrepresentation or failure to reveal information may be deemed
sufficient cause for the refusal to issue, or the revocation of, a license. Further, that I am
voluntarily submitting this statement and understand that misleading statements may
subject me to criminal or other sanctions or punishment.

NAME OF ENTITY

By _____
Signature

Title

Date

Accountant Preparing Form, if any

Date

Attorney Preparing Form, if any

On this ____ day of _____ 20__, before me, the undersigned notary public, personally
appeared _____(name of document signer), proved to me
through satisfactory evidence of identification which was _____, to be the
person who signed the preceding or attached document in my presence, and who swore or
affirmed to me that the contents of the document are truthful and accurate to the best of (his)(her)
knowledge and belief.

Notary Public
My Commission Expires: _____

RELEASE AUTHORIZATION

To All Courts, Probation Departments, Selective Service Boards, Employers, Educational Institutions, Banks, Financial and Other Such Institutions, and all Governmental Agencies – federal, state and local, without exception, both foreign and domestic.

On behalf of _____,
(NAME OF ENTITY)

I, _____ have
(NAME OF PRESIDENT OR CHIEF EXECUTIVE OFFICER)

authorized the Massachusetts Gaming Commission, its Investigations and Enforcement Bureau and its agents and representatives to conduct a full investigation into the background of said entity.

Therefore, you are hereby authorized to release any and all information pertaining to the said entity, documentary or otherwise, as requested by any employee, agent or representative of the Massachusetts Gaming Commission and its Investigations and Enforcement Bureau provided that he or she certifies to you that said entity has an application pending before the Massachusetts Gaming Commission or that said entity is presently a licensee or registrant required to be qualified under the provisions of Chapter 23K of the laws of the Commonwealth of Massachusetts.

This authorization shall supersede and countermand any prior request or authorization to the contrary.

A photostatic copy of this authorization will be considered as effective and valid as the original.

DATE

SIGNATURE

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____ (name of document signer), proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he)(she) signed it voluntarily for its stated purpose.

Notary Public
My Commission Expires: _____

CONSENT TO INSPECTIONS, SEARCHES AND SEIZURES

On behalf of _____,
(NAME OF ENTITY)

I, _____, hereby consent to all inspections, searches and
(NAME OF PRESIDENT OR CHIEF EXECUTIVE OFFICER)
seizures and the supplying of handwriting exemplars as authorized by Chapter 23K of the laws of the Commonwealth of Massachusetts and by the rules and regulations of the Massachusetts Gaming Commission.

The said entity is aware of its right secured by the Constitution of the United States and by the Constitution of the Commonwealth of Massachusetts not to consent to such inspections, searches and seizures and I expressly waive and forego that right on behalf of said entity.

DATE

SIGNATURE

On this ___ day of ____ 20__, before me, the undersigned notary public, personally appeared _____ (name of document signer), proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he)(she) signed it voluntarily for its stated purpose.

Notary Public
My Commission Expires: _____

WAIVER OF LIABILITY

On behalf of _____,
(NAME OF ENTITY)

I, _____,
(NAME OF PRESIDENT OR CHIEF EXECUTIVE OFFICER)

hereby waive liability as to the Commonwealth of Massachusetts and its instrumentalities and agents, for any damages resulting to the said entity from any disclosure or publication in any manner, other than a willfully unlawful disclosure or publication, of any material or information acquired during the licensing process or during any inquiries, investigations or hearings.

DATE

SIGNATURE

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____ (name of document signer), proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he)(she) signed it voluntarily for its stated purpose.

Notary Public
My Commission Expires: _____

ATTACHMENT 1B PERSONS FORMING THE ENTITY

NAME	LAST KNOWN ADDRESS	OCCUPATION(S)	DATE OF BIRTH

ATTACHMENT 2B OTHER NAMES AND ADDRESSES OF THE ENTITY (Presently Used)

NUMBER AND STREET	CITY	STATE	ZIP

ATTACHMENT 2C OTHER NAMES AND ADDRESSES OF THE ENTITY (Past 10 years)

NUMBER AND STREET	CITY	STATE	ZIP	DATES	
				FROM:	TO:

ATTACHMENT 5 DIRECTORS AND TRUSTEES

NAME AND HOME ADDRESS	BUSINESS ADDRESS	DATES DIRECTORSHIP OR TRUSTEESHIP HELD		OCCUPATION OR TITLE, POSITION OR ASSOCIATION WITH THE ENTITY	DATE OF BIRTH
		FROM:	TO:		

ATTACHMENT 6 FORMER DIRECTORS AND TRUSTEES

NAME AND HOME ADDRESS	OCCUPATION & BUSINESS ADDRESS	DATES DIRECTORSHIP OR TRUSTEESHIP HELD		DATE OF BIRTH	REASON FOR LEAVING
		FROM:	TO:		

ATTACHMENT 7 OFFICERS

NAME AND HOME ADDRESS	TITLE	DATES OFFICE HELD		BUSINESS ADDRESS	DATE OF BIRTH
		FROM:	TO:		

ATTACHMENT 8 FORMER OFFICERS

NAME AND LAST KNOWN HOME ADDRESS	OFFICE HELD	DATES OFFICE HELD		PRESENT OCCUPATION & BUSINESS ADDRESS	DATE OF BIRTH
		FROM:	TO:		

ATTACHMENT 9 COMPENSATION OF OFFICERS AND DIRECTORS

NAME	COMPENSATION LAST CALENDAR YEAR	COMPENSATION SUBSEQUENT CALENDAR YEAR	FORM OF COMPENSATION

ATTACHMENT 10 COMPENSATION OVER \$250,000

NAME	DATE OF BIRTH	BUSINESS ADDRESS	POSITION AND LENGTH OF TIME EMPLOYED WITH THE ENTITY	AMOUNT OF COMPENSATION

ATTACHMENT 13 VOTING OWNERS

NAME AND HOME ADDRESS	DATE OF BIRTH	CLASS OF VOTING OWNERSHIP HELD	NUMBER OF SHARES HELD	% OF OUTSTANDING VOTING STOCK HELD

ATTACHMENT 14 NON-VOTING OWNERS

NAME AND HOME ADDRESS	DATE OF BIRTH	CLASS OF NON-VOTING OWNERSHIP HELD	NUMBER OF NON-VOTING OWNERSHIP INTERESTS HELD	% OF OUT-STANDING NON-VOTING OWNERSHIP INTEREST HELD

ATTACHMENT 16 HOLDERS OF LONG TERM DEBT

NAME AND ADDRESS	DATE OF BIRTH	TYPE AND CLASS OF DEBT INSTRUMENT HELD	DOLLAR AMOUNT OF DEBT HELD (Both Original Amount and Current Balance)

ATTACHMENT 18 HOLDERS OF OTHER INDEBTEDNESS

NAME AND ADDRESS	DATE OF BIRTH	TYPE OF DEBT INSTRUMENT HELD	DOLLAR AMOUNT OF DEBT HELD (Both Original Amount and Current Balance)

ATTACHMENT 19B SECURITIES OPTIONS

NAME	BENEFICIAL OWNER'S ADDRESS	OPTIONS HELD	MARKET VALUE AT ISSUANCE

ATTACHMENT 20 **FINANCIAL INSTITUTIONS**

NAME AND ADDRESS	TYPE OF ACCOUNT(S)	ACCOUNT NUMBER(S)	TIME PERIOD ACCOUNT HELD	
			FROM:	TO:

ATTACHMENT 21 CONTRACTS AND SUPPLIERS

NAME	ADDRESS	NATURE OF CONTRACT OR GOODS OR SERVICES SUPPLIED

ATTACHMENT 22

OTHER OWNERSHIP INTERESTS HELD BY THE ENTITY

NAME AND ADDRESS OF COMPANY	TYPE OF INTEREST HELD	PURCHASE PRICE PER INTEREST	NUMBER OF INTERESTS HELD	% OF OWNERSHIP MORE THAN 5%

ATTACHMENT 23

INSIDER TRANSACTIONS

DATE OF TRANSACTION	NATURE OF TRANSACTION	PARTIES TO TRANSACTION (INCLUDE POSITIONS)	NUMBER OF INTERESTS INVOLVED

ATTACHMENT 24A CRIMINAL HISTORY

NAME OF CASE AND DOCKET NUMBER	NATURE OF CHARGE OR COMPLAINT	DATE OF CHARGE OR COMPLAINT	NAME AND ADDRESS OF LAW ENFORCEMENT AGENCY OR COURT INVOLVED	DISPOSITION (ACQUITTED, CONVICTED, DISMISSED, ETC.)	SENTENCE

ATTACHMENT 25

TESTIMONY, INVESTIGATIONS OR POLYGRAPHS

NAME AND ADDRESS OF COURT OR OTHER AGENCY	NATURE OF PROCEEDINGS OR INVESTIGATION	WAS TESTIMONY GIVEN?	DATE ON WHICH TESTIMONY WAS GIVEN	APPROXIMATE TIME PERIOD OF INVESTIGATION

ATTACHMENT 26**TESTIMONY, INVESTIGATION OR POLYGRAPH REFUSALS**

NAME AND ADDRESS OF COURT OR OTHER AGENCY	NATURE OF PROCEEDINGS OR INVESTIGATION	DATE OF PROCEEDINGS OR INVESTIGATION	CIVIL OR CRIMINAL CONTEMPT CITATION? (SPECIFY)	DISPOSITION OF CONTEMPT CITATION

ATTACHMENT 28

ANTITRUST, TRADE REGULATION AND SECURITIES JUDGMENTS; STATUTORY AND REGULATORY VIOLATIONS

DATE OF OFFENSE	NATURE OF OFFENSE	TITLE OF CASE AND DOCKET NUMBER	NAME AND ADDRESS OF COURT OR AGENCY	NATURE OF JUDGMENT, DECREE OR ORDER	DATE ENTERED

ATTACHMENT 29A BANKRUPTCY OR INSOLVENCY PROCEEDINGS & APPOINTED RECEIVER, AGENT OR TRUSTEE

DATE PETITION FILED OR RELIEF SOUGHT	TITLE OF CASE AND DOCKET NUMBER	NAME AND ADDRESS OF COURT OR AGENCY	NATURE OF JUDGMENT OR RELIEF	DATE ENTERED

ATTACHMENT 29C BANKRUPTCY OR INSOLVENCY PROCEEDINGS & APPOINTED RECEIVER, AGENT OR TRUSTEE

NAME OF PERSON APPOINTED	DATE APPOINTED	COURT	REASON FOR APPOINTMENT

ATTACHMENT 30A LICENSES(Government)

TYPE OF LICENSE OR CERTIFICATE	NAME AND LOCATION OF GOVERNMENTAL AGENCY	ACTION TAKEN	DATE	REASON FOR ACTION TAKEN

ATTACHMENT 30B LICENSES (Other gambling)

NAME AND ADDRESS OF LICENSING AGENCY	DATE OF APPLICATION	DISPOSITION (GRANTED, DENIED, PENDING)	TYPE OF GAMBLING ACTIVITY	ISSUED, GIVE APPROPRIATE LICENSE, PERMIT OR OTHER SUCH NUMBER AND EXPIRATION DATE

Exhibit 12: Business Entity Disclosure Form, with Confidential Areas Marked

MASSACHUSETTS GAMING COMMISSION



BUSINESS ENTITY DISCLOSURE FORM

ENTITY

BUSINESS ENTITY DISCLOSURE FORM - ENTITY

NAME OF ENTITY*

(DO NOT ABBREVIATE)

*Name as it appears on the certificate of incorporation, charter, by-laws or other official document.

D/B/A OR TRADE NAME(S)**PERSON TO BE CONTACTED IN REFERENCE TO THIS APPLICATION**

Name

Title

E-Mail Address

Telephone: (Area code) Number

FAX Number

THE PRINCIPAL BUSINESS ADDRESS OF THE ENTITY

Street Location (Number/Street)

City

State

Zip

Country

Telephone: (Area Code) Number

FAX Number

Mailing address (if different)

City

State

Zip

Web Site (URL)

Check the appropriate box:

<input type="checkbox"/>	This form is being submitted as an initial application for a gaming license.
<input type="checkbox"/>	This form is being submitted as an application for the renewal of a gaming license. The current gaming facility license expires on: _____
<input type="checkbox"/>	The above named entity holds stock in _____, which is an applicant for an initial gaming license or renewal.
<input type="checkbox"/>	Other. Explain: _____

ITEM 1. FORMATION

A. Provide the date and place of formation.

Date: _____

Place of formation: _____

B. Persons Forming the Entity

Use Attachment 1 B to provide the following information for each incorporator of the corporation:

NAME	LAST KNOWN ADDRESS	OCCUPATION(S)	DATE OF BIRTH
------	--------------------	---------------	---------------

ITEM 2. OTHER NAMES AND ADDRESSES OF THE ENTITY

A. List all other names under which the entity has done business and give the approximate time periods during which these names were being used.

B. Use Attachment 2B to provide the following information about all other addresses presently used by the entity and all addresses from which the entity is presently doing business.

NUMBER AND STREET	CITY	STATE	ZIP
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C. Use Attachment 2C to provide the following information on all addresses, other than those listed in Item 2B, which the entity held or from which it was conducting business during the last ten year period, and give the approximate time periods during which such addresses were held.

NUMBER AND STREET	CITY	STATE	ZIP	DATES	
				FROM	TO:

ITEM 3. DESCRIPTION OF PRESENT BUSINESS

Provide as Attachment 3 a description of the business done and intended to be done by the entity and its parent, holding, subsidiary and intermediary entities and the general development of such business during the past five years, or such shorter period as the entity or its parent, subsidiary and intermediary entities may have been engaged in business. The description shall include information on matters such as the following:

- A. Competitive conditions in the industry or industries involved and the competitive position of the entity, if known.
- B. The principal products produced and services rendered by the entity and its parent, intermediary and subsidiary entities, the principal markets for said products or services and the methods of distribution.
- C. The sources and availability of raw materials essential to the business of the entity.
- D. The importance to the business and the duration and effect of, all material patents, trademarks, licenses, franchises and concessions held.
- E. In describing developments, provide information such as the following: the nature and results of any bankruptcy, receivership or similar proceedings with respect to the entity or its parent, intermediary or subsidiary entities; the nature and results of any other material reorganization, readjustment or succession of the entity or any of its subsidiaries; the acquisition or disposition of any material amount of assets otherwise than in the ordinary course of business; and any material changes in the mode of conducting the business.

ITEM 4. DESCRIPTION OF FORMER BUSINESS

Provide as Attachment 4 a description of any former business, not listed in response to Item 3, which the entity or any parent, intermediary or subsidiary company engaged in during the last ten year period and the reasons for the cessation of such business. Also indicate the approximate time period during which each such business was conducted.

ITEM 5. DIRECTORS AND TRUSTEES

Use Attachment 5 to provide the following information for each director and trustee of the corporation. (NOTE: Each director and trustee of the entity must complete a PHD-MA and PHD-MA-SUPP.)

NAME AND HOME ADDRESS	BUSINESS ADDRESS	DATES DIRECTORSHIP OR TRUSTEESHIP HELD		OCCUPATION OR TITLE, POSITION OR ASSOCIATION WITH THE CORPORATION	DATE OF BIRTH
		FROM:	TO:		

ITEM 6. FORMER DIRECTORS AND TRUSTEES

Use Attachment 6 to provide the following information for each person, not listed in response to item 5, who held the position of director or trustee of the entity during the last ten years:

NAME AND HOME ADDRESS	OCCUPATION & BUSINESS ADDRESS	DATES DIRECTORSHIP OR TRUSTEESHIP HELD		DATE OF BIRTH	REASON FOR LEAVING
		FROM:	TO:		

ITEM 7. OFFICERS

Use Attachment 7 to provide the following information for each officer of the entity. Officers include all persons serving as president, secretary, treasurer, chairman of the board, vice-president, general/corporate counsel or any such other officers as may be prescribed by the entity’s governing documents. (NOTE: A PHD-MA and PHD-MA-SUPP must be completed by every person noted below. In addition, the Commission may, in its discretion, order additional persons associated with the entity to file such a form if it appears that such persons should be qualified in order to effectuate the purposes of Chapter 23K.)

NAME AND HOME ADDRESS	TITLE	DATES OFFICE HELD		BUSINESS ADDRESS	DATE OF BIRTH
		FROM:	TO:		

ITEM 8. FORMER OFFICERS

Use Attachment 8 to provide the following information for each person, not listed in response to item 7, who was an officer of the entity during the last ten year period. Officers include all persons serving as president, secretary, treasurer, chairman of the board, vice-president or any such other offices as may be prescribed by the entity’s governing documents.

NAME AND LAST KNOWN HOME ADDRESS	OFFICE HELD	DATES OFFICE HELD		PRESENT OCCUPATION & BUSINESS ADDRESS	DATE OF BIRTH
		FROM:	TO:		

ITEM 9. COMPENSATION OF OFFICERS AND DIRECTORS

Use Attachment 9 to provide the following information regarding the amount of total annual compensation received during the last calendar year and the amount to be received during the subsequent calendar year by each director, trustee and officer of the entity, whether such compensation is in the form of salary, wages, commissions, fees, stock options, bonuses or otherwise.

NAME	COMPENSATION LAST CALENDAR YEAR	COMPENSATION SUBSEQUENT CALENDAR YEAR	FORM OF COMPENSATION
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ITEM 10. COMPENSATION OVER \$250,000

Use Attachment 10 to provide the following information for each person, other than those listed in response to Item 9, who currently receives, or who reasonably can be expected to receive within one calendar year from the date of this form, compensation as described in Item 9 that exceeds \$250,000 per year.

NAME	DATE OF BIRTH	BUSINESS ADDRESS	POSITION AND LENGTH OF TIME EMPLOYED WITH THE ENTITY	AMOUNT OF COMPENSATION
------	---------------	------------------	--	------------------------

ITEM 11. BONUS, PROFIT SHARING, PENSION, RETIREMENT, DEFERRED COMPENSATION & SIMILAR PLANS

Provide as Attachment 11 a description of all bonus, profit sharing, pension, retirement, deferred compensation and similar plans in existence or to be created by the entity. This description shall include, but not be limited to:

1. the title or name of the plan;
2. the identity and address of the trustee of the plan or the person administering such plan;
3. the material features of the plan;
4. the methods of financing the plan;
5. the identify of each class of person who is or will participate in the plan;
6. the approximate number of persons in each such class;
7. the amounts distributed under the plan to each class of persons during the last fiscal year if the plan was in effect during that time.

ITEM 12. STOCK/OWNERSHIP DESCRIPTION

Describe the nature, type, number of authorized and issued shares, terms, conditions, rights and privileges of all classes of voting, non-voting and other stock issued, or to be issued, or other similar indicia of ownership by the entity including the number of shares of each class of stock authorized or to be authorized and the number of shares of each class of stock outstanding (i.e., not held by or on behalf of the issuer) or other similar information applicable to other indicia of ownership as of this date.

If the right of holders of any class of stock or other indicia of ownership may be modified otherwise than by a vote of a majority or more of the outstanding shares so affected, voting as a class, so state and explain briefly.

ITEM 13. VOTING OWNERS

Use Attachment 13 to provide the following information for each person or entity holding of record or having a beneficial interest in any voting stock or other indicia of ownership issued by the entity. This information must be provided as of a date no more than 60 days prior to the date of this application. (NOTE: If the entity submitting this form is an applicant for a gaming license, or is a non-public holding or intermediary entity of such an applicant, then a completed PHD-MA and PHD-MA-SUPP or Business Entity Disclosure Form, as the case may be, must be filed for each person or entity holding or having a beneficial interest in the voting ownership of the entity. If the entity submitting this form is a publicly traded holding company of an applicant for a gaming license, then a completed PHD-MA and PHD-MA-SUPP or Business Entity Disclosure Form, as the case may be, must be filed for each person or entity holding or having a beneficial interest in the voting ownership of the entity unless the Commission has granted a waiver of the qualification requirement as to such persons or entity.)

NAME AND HOME ADDRESS	DATE OF BIRTH	CLASS OF OWNERSHIP HELD	NUMBER SHARES HELD	% OF OUTSTANDING VOTING RIGHTS HELD
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ITEM 14. NON-VOTING OWNERS

Use Attachment 14 to provide the following information for each person or entity holding of record or having a beneficial interest in any non-voting indicia of ownership issued by the entity. This information must be provided as of a date no more than sixty (60) days prior to the date of this application. (NOTE: If the entity submitting this form is an applicant for a gaming license, or is a non-public holding or intermediary entity of such an applicant, then a completed PHD-MA and PHD-MA-SUPP or Business Entity Disclosure Form, as the case may be, must be filed for each person or entity holding or having a beneficial interest in the non-voting ownership of the entity. If the entity submitting this form is a publicly traded holding company of an applicant for a gaming license, then a completed PHD-MA and PHD-MA-SUPP or Business Entity Disclosure Form, as the case may be, must be filed for each person or entity holding or having a beneficial interest in the non-voting ownership of the entity unless the Commission has granted a waiver of the qualification requirement as to such persons or entity.)

NAME AND HOME ADDRESS	DATE OF BIRTH	CLASS OF NON-VOTING OWNERSHIP INTERESTS HELD	NUMBER OF OWNERSHIP INTERESTS HELD	% OF OUTSTANDING NON-VOTING RIGHTS HELD
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ITEM 15. DESCRIPTION OF LONG TERM DEBT

Provide as Attachment 15 a description of the nature, type, terms, covenants, conditions and priorities of all outstanding bonds, loans, mortgages, trust deeds, notes, debentures or other forms of indebtedness issued or executed (including loans made by owners), or to be issued or executed, by the entity, which mature more than one year from the date of issuance or which, by their terms, are renewable for a period of more than one year from the date of issuance. (OR, in the space below provide a specific cross-reference to the applicable document(s) filed with this application that contain(s) all of the requested information.)

ITEM 16. HOLDERS OF LONG TERM DEBT

Use Attachment 16 to provide the following information for each person or entity holding any outstanding bonds, loans, mortgages, trust deeds, notes, debentures or other forms of indebtedness executed or issued by the entity, which mature more than one year from the date of issuance or which, by their terms, are renewable for a period of more than one year from the date of issuance. (NOTE: Some or all of the persons or entities listed below may be required by either the Commission or Investigations and Enforcement Bureau to submit a completed PHD-MA or PHD-MA-SUPP or Business Entity Disclosure Form, as the case may be.)

NAME AND ADDRESS	DATE OF BIRTH	TYPE AND CLASS OF DEBT INSTRUMENT HELD	DOLLAR AMOUNT OF DEBT HELD (Both Original Amount and Current Balance)
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ITEM 17. OTHER INDEBTEDNESS AND SECURITY DEVICES

Provide as Attachment 17 a description of the nature, type, terms, conditions and covenants of all outstanding loans, mortgages, trust deeds, pledges, lines of credit, or other evidence of indebtedness or security devices utilized by the entity other than those described in response to Items 15 and 16. (OR, in the space below provide a specific cross-reference to the applicable document(s) filed with this application that contain(s) all of the requested information .)

ITEM 18. HOLDERS OF OTHER INDEBTEDNESS

Use Attachment 18 to provide the following information with respect to each holder of any outstanding loan, mortgage, trust deed, pledge or other evidence of indebtedness or security device described in response to Item 17. (NOTE: Some or all of the persons listed in response to this item may be required by the Commission or Investigations and Enforcement Bureau to submit a completed PHD-MA and PHD-MA-SUPP or Business Entity Disclosure Form, as the case may be.)

NAME AND ADDRESS	DATE OF BIRTH	TYPE OF DEBT INSTRUMENT HELD	DOLLAR AMOUNT OF DEBT HELD (Both Original Amount and Current Balance)
------------------	---------------	------------------------------	---

ITEM 19. SECURITIES OPTIONS

A. Provide as Attachment 19A a detailed description of any options existing or to be created with respect to securities issued by the entity which description shall include, but not be limited to the title and amount of securities subject to option, the year or years during which the options were or will be granted, the conditions under which the options were or will be granted, the consideration for granting the option and the year or years during which, and the terms under which, optionees became or will become, entitled to exercise the options, and when such options expire. (OR include as Attachment 19A copies of any outstanding option plans or proxy statements that provide the requested information.) NOTE: For the purpose of this application, option shall mean right, warrant or option to subscribe to or purchase any securities or other form of ownership issued by the entity.

B. Use Attachment 19B, to provide the following information regarding all persons holding the options described in Item 19A.

NAME	BENEFICIAL OWNER'S ADDRESS	OPTIONS HELD	MARKET VALUE AT ISSUANCE
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ITEM 20. FINANCIAL INSTITUTIONS

Use Attachment 20 to provide the following information with respect to each bank, savings and loan association or other financial institution, whether domestic or foreign, in which the entity has or has had an account over the last ten year period regardless of whether such account was held in the name of the entity, a nominee of the entity or was otherwise under the direct or indirect control of the entity.

NAME AND ADDRESS	TYPE OF ACCOUNT(S)	ACCOUNT NUMBER(S)	TIME PERIOD ACCOUNT HELD	
			FROM:	TO:

ITEM 21. CONTRACTS AND SUPPLIERS

Use Attachment 21 to provide the following information with respect to all persons with whom the entity has contracts or agreements of \$250,000 or more in value or from whom the entity has received \$250,000 or more in goods or services in the past six months.

Employment contracts need only be listed if, by their terms, they exceed one year in duration.

ITEM 22. OTHER OWNERSHIP INTERESTS HELD BY THE ENTITY

Use Attachment 22 to provide the following information about each entity in which the entity holds stock:

NAME AND ADDRESS OF ENTITY	TYPE OF OWNERSHIP HELD	PURCHASE PRICE PER INTEREST	NUMBER OF OWNERSHIP INTERESTS HELD	% OF OWNERSHIP MORE THAN 5%
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ITEM 23. INSIDER TRANSACTIONS

Use Attachment 23 to provide the following information for each change that occurred within the last five (5) years preceding this application in the beneficial ownership of the equity of the entity on the part of any person who is indirectly or directly a beneficial owner of more than ten per cent (10%) of any class of interest in the entity or who is or was within that period a director or officer of the entity. [Include changes resulting from (a) gift, (b) purchase, (c) sale, (d) exercise of an option to purchase, (e) exercise of an option to sell, (f) grant or receipt of a put or (g) grant or receipt of a call.]

DATE OF TRANSACTION	NATURE OF TRANSACTION	PARTIES TO TRANSACTION (INCLUDE POSITIONS)	NUMBER OF OWNERSHIP INTERESTS INVOLVED
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ITEM 24. CRIMINAL HISTORY

The next question asks about any charges or offenses the entity or any of its directors, trustees or officers may have committed or had filed against them. Prior to answering this question, carefully review the definitions and instructions that follow.

DEFINITIONS: For purposes of this question:

- A. “Charge” includes any indictment, complaint, information, summons, or other notice of the alleged commission of any “offense.”
- B. “Offense” includes all felonies, crimes, high misdemeanors, disorderly persons offenses, and petty disorderly offenses.

INSTRUCTIONS:

- 1. Answer “yes” and provide all information to the best of your ability EVEN IF:
 - A. The entity, its directors, trustees, or officers did not commit the offense charged;
 - B. The charges were dismissed;
 - C. The entity, its directors, trustees, or officers were not convicted;
 - D. The charges or offenses happened a long time ago.
- 2. Answer “no” IF:
 - A. The records relating to the charges have been expunged or sealed by court order; **AND**
 - B. Attached to this application is a copy of the expungement or sealing order labeled as Attachment 24.

Has the entity or any of its subsidiaries, directors, trustees or officers ever been indicted, charged with or convicted of a criminal or disorderly persons offense or been a party to or named as an unindicted co-conspirator in any criminal proceeding in this commonwealth or any other jurisdiction?

_____ Yes _____ No

If yes, use Attachment 24A to provide the following information for each indictment, charge or conviction:

NAME OF CASE AND DOCKET NUMBER	NATURE OF CHARGE OR COMPLAINT	DATE OF CHARGE OR COMPLAINT	NAME AND ADDRESS OF LAW ENFORCEMENT AGENCY OR COURT INVOLVED	DISPOSITION (ACQUITTED, CONVICTED, DISMISSED, ETC.)	SENTENCE
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ITEM 25. TESTIMONY, INVESTIGATIONS OR POLYGRAPHS

Has the entity, any of its subsidiaries, directors, trustees or officers ever been called to testify before, been the subject of an investigation conducted by, or requested to take a polygraph exam by any governmental agency, court, committee, grand jury or investigatory body (municipal, state, county, provincial, federal, national, etc.) other than in response to minor traffic related offenses?

_____ Yes _____ No

If yes, use Attachment 25 to provide the following information about any such testimony, investigation or polygraph exam:

NAME AND ADDRESS OF COURT OR OTHER AGENCY	NATURE OF PROCEEDINGS OR INVESTIGATION	WAS TESTIMONY GIVEN?	DATE ON WHICH TESTIMONY WAS GIVEN	APPROXIMATE TIME PERIOD OF INVESTIGATION
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ITEM 26. TESTIMONY, INVESTIGATIONS OR POLYGRAPH REFUSALS

Has the entity, or any of its subsidiaries, directors, trustees or officers ever refused to testify before, to answer a question asked by, or to take a polygraph exam administered by any governmental agency, court, committee, grand jury or investigatory body (municipal, state, county, provincial, federal, national, etc.)?

_____ Yes _____ No

If yes, use Attachment 26 to provide the following information about any such testimony, investigation or polygraph refusal:

NAME AND ADDRESS OF COURT OR OTHER AGENCY	NATURE OF PROCEEDINGS/ INVESTIGATION	DATE OF PROCEEDINGS/ INVESTIGATION	CIVIL OR CRIMINAL CONTEMPT CITATION? (SPECIFY)	DISPOSITION OF CONTEMPT CITATION
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ITEM 27. EXISTING LITIGATION

Provide as Attachment 27 a description of all existing civil litigation to which the entity, its parent or any subsidiary is presently a party whether in this commonwealth or in another jurisdiction. Do not include any litigation in which the damages may not reasonably be expected to exceed \$100,000, or litigation in which damages may be expected to exceed \$100,000, but which involve claims against the entity which are fully and completely covered under an insurance policy held by the entity with a licensed insurance carrier. This description must include the title and docket number of the litigation, the name and location of the court before which it is pending, the identity of all parties to the litigation and the general nature of all claims being made.

ITEM 28. ANTITRUST, TRADE REGULATION & SECURITIES JUDGMENTS; STATUTORY AND REGULATORY VIOLATIONS

A. Has the entity ever had a judgment, order, consent decree or consent order pertaining to a violation or alleged violation of the federal antitrust, trade regulation or securities laws, or similar laws of any state, province or country entered against it? _____ Yes _____ No

B. In the past ten years, has the entity had a judgment, order, consent decree or consent order pertaining to any state or federal statute, regulation or code that resulted in a fine or penalty of \$50,000 or more entered against it? _____ Yes _____ No

If yes to either question, use Attachment 28 to provide the following information for each judgment, order, consent decree or consent order:

DATE OF OFFENSE	NATURE OF OFFENSE	TITLE OF CASE AND DOCKET NUMBER	NAME AND ADDRESS OF COURT OR AGENCY	NATURE OF JUDGMENT, DECREE OR ORDER	DATE ENTERED
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ITEM 29. BANKRUPTCY OR INSOLVENCY PROCEEDINGS & APPOINTED RECEIVER, AGENT OR TRUSTEE

- A. Has the entity, its parent or any intermediary entities had any petition under any provision of the Federal Bankruptcy Code or under any state insolvency law filed by or against it in the last ten year period?
 _____ Yes _____ No
- B. Has the entity, its parent or any intermediary company sought relief under any provision of the Federal Bankruptcy Code or under any state insolvency law in the last ten year period?
 _____ Yes _____ No

If yes to either question, use Attachment 29A to provide the following information for each bankruptcy or insolvency proceeding:

DATE PETITION FILED OR RELIEF	TITLE OF CASE AND DOCKET NUMBER	NAME AND ADDRESS OF COURT OR AGENCY	NATURE OF JUDGMENT OR RELIEF	DATE ENTERED
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ITEM 29. BANKRUPTCY OR INSOLVENCY PROCEEDINGS & APPOINTED RECEIVER, AGENT OR TRUSTEE

(Cont.)

C. Has any receiver, fiscal agent, trustee, reorganization trustee, or similar officer been appointed in the last ten year period by a court for the business or property of the entity or its parent, holding, intermediary or subsidiary entities?

_____ Yes _____ No

If yes to any of the above questions, use Attachment 29C to provide the following information for each proceeding:

NAME OF PERSON APPOINTED	DATE APPOINTED	COURT	REASON FOR APPOINTMENT
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ITEM 30. LICENSES

A. During the last ten year period, has the entity, its parent or any subsidiary ever had any license or certificate issued by a government agency in this commonwealth or any other jurisdiction, denied, suspended or revoked?

_____ Yes _____ No

If yes, use Attachment 30A to provide the following information for each license or certificate denied, suspended or revoked:

TYPE OF LICENSE OR CERTIFICATE	NAME AND LOCATION OF GOVERNMENTAL AGENCY	ACTION TAKEN	DATE	REASON FOR ACTION TAKEN
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B. Has the entity, its parent or any subsidiary ever applied in any jurisdiction for a license, permit or other authorization to participate in lawful gambling operations (including casino gaming, horse racing, dog racing, parimutuel operation, lottery, sports betting, etc.)?

_____ Yes _____ No

If yes, use Attachment 30B to provide the following information about each license, permit or other authorization applied for:

NAME AND ADDRESS OF LICENSING AGENCY	DATE OF APPLICATION	DISPOSITION (GRANTED, DENIED, PENDING)	TYPE OF GAMBLING ACTIVITY	IF ISSUED, GIVE APPROPRIATE LICENSE, PERMIT OR OTHER SUCH NUMBER AND THE EXPIRATION DATE
--------------------------------------	---------------------	--	---------------------------	--

ITEM 31. CONTRIBUTIONS AND DISBURSEMENTS OF ENTITY

A. During the last ten year period, has the entity, its parent or any subsidiary, director, officer, or employee or any third party acting for or on behalf of the entity made any bribes or kickbacks or made any payments alleged to have been bribes or kickbacks to any employee, company or organization to obtain favorable treatment?

_____ Yes _____ No

B. During the last ten year period, has the entity, its parent or any subsidiary, director, officer or employee or any third party acting for or on behalf of the entity made any bribes or kickbacks or made any payments alleged to have been bribes or kickbacks to any government official, domestic or foreign to obtain favorable treatment?

_____ Yes _____ No

C. During the last ten year period, has the entity, its parent company, any subsidiary or related entity or individual donated or loaned funds for the purpose of opposing or supporting any government, political party, candidate or committee, either domestic or foreign?

_____ Yes _____ No

D. During the last ten year period, has the entity, its parent company, any subsidiary or related entity or individual donated or loaned property or any other thing of value for the purpose of opposing or supporting any government, political party, candidate or committee, either domestic or foreign?

_____ Yes _____ No

E. During the last ten year period, did the entity, its parent or any subsidiary, make any loans, donations or other disbursements to directors, officers or employees for the purpose of reimbursing such individuals for political contributions either foreign or domestic?

_____ Yes _____ No

F. During the last ten year period, has the entity, its parent or any subsidiary, made any loans, donations or other disbursements to directors, officers or employees for the purpose of reimbursing such individuals for political contributions either foreign or domestic?

_____ Yes _____ No

G. During the last ten year period, has the entity, its parent or any subsidiary maintained any bank account, domestic or foreign, not reflected on the entity's books or records?

_____ Yes _____ No

H. During the last ten year period, has the entity, its parent or any subsidiary, maintained any numbered account or any account in the name of a nominee for the entity?

_____ Yes _____ No

I. List the names and addresses of any present or former directors, officers, employees or third parties who would have knowledge or information concerning the questions affirmatively answered under this item.

ITEM 32. FINANCIAL STATEMENTS

A. Provide as Attachment 32A an audited financial statement which shall include but not be limited to an income statement, balance sheet, statement of sources and application of funds and all notes to such statements and related financial schedules, for the last fiscal year prepared in accordance with Regulation S-X under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Company Act of 1940.

B. Provide as Attachment 32B copies of all financial statements prepared in the last five years with respect to the entity and any exceptions taken to such statements by the independent auditor retained by the entity, and the management response thereto.

ITEM 33. ANNUAL REPORTS

A. Provide as Attachment 33A a copy of all annual reports of the entity that were submitted to shareholders or other persons during the last five years.

B. In addition to the information required in Item 33A, an entity that is a registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934 is to submit a copy of all annual reports prepared on Form 10K pursuant to Sections 13 or 15(d) of the Securities Exchange Act of 1934 and filed within the last five years. Identify these as Attachment 33B.

ITEM 34. QUARTERLY REPORTS

Provide as Attachment 34 a copy of the last quarterly unaudited financial statements prepared by or for the entity. If the entity is a registrant with the Securities Exchange Commission (SEC), a copy of the Form 10Q last filed with the SEC may be provided in response to this item.

ITEM 35. INTERIM REPORTS

Provide as Attachment 35 a copy of any current report prepared due to the occurrence of any of the following events: change in control of the entity, acquisition or disposition of assets, bankruptcy or receivership proceedings, changes in the entity's certifying accountant or other material events. If the entity is a registrant with the SEC, a copy of the most recent Form 8K filed with the SEC may be provided in response to this item.

ITEM 36. PROXY AND INFORMATION STATEMENT

Provide as Attachment 36 a copy of the last definitive Proxy or Information Statement filed pursuant to Section 14 of the Securities Exchange Act of 1934.

ITEM 37. REGISTRATION STATEMENT

Provide as Attachment 37 a copy of all Registration Statements filed in the last five years pursuant to the Securities Act of 1933.

ITEM 38. REPORTS OF ACCOUNTANTS

Provide as Attachment 38 a copy of all reports and correspondence, other than those previously included in this application, submitted in the last five years by independent auditors for the entity which pertain to the issuance of financial statements, managerial advisory services, or internal control recommendations. Include the name, address and telephone number of the current outside auditor(s).

ITEM 39. ARTICLES OF INCORPORATION, CHARTER, BY-LAWS

Provide as Attachment 39 a certified copy of the Articles of Incorporation, Charter and By-Laws of the entity, or, if entity is in other than corporate form, all governing documents, with all amendments and proposed amendments to date.

ITEM 40. ORGANIZATIONAL CHART

- A. Provide as Attachment 40A a current ownership organizational chart of the entity, its parent entity and each subsidiary of the entity.
- B. Provide as Attachment 40B a functional table of organization for the entity filing this Business Entity Disclosure Form including position descriptions and the names of persons holding such positions.

ITEM 41. TAX RETURNS

Provide as Attachment 41 a copy of all federal IRS tax returns files by the entity within the past 5 years, including, but not limited to, all 1120 Forms (U.S. Corporate Income Tax Return) and 941 Forms (Employer's Quarterly Federal Tax Return).

ITEM 42 BUSINESS ENTITY DISCLOSURE FORM CORPORATE – ATTACHMENTS

On the following chart indicate with a checkmark which attachments are included with this application. If an attachment is not applicable, indicate N/A. Please note that attachment numbers with an asterisk (*) are attachments you are to provide or create and do not contain corresponding charts.

ATTACHMENT NUMBER	ATTACHMENT DESCRIPTION	√ IF ATTACHED N/A IF NOT APPLICABLE
1B	Persons Forming the Entity	
2B	Other names and addresses of the entity (Presently used)	
2C	Other names and addresses of the entity (Past 10 years)	
3*	Description of business done and intended to be done	
4*	Description of any former business engaged in during the last 10 years and the reason for cessation of the business	
5	Directors and trustees	
6	Former directors and trustees	
7	Officers	
8	Former officers	
9	Compensation of officers and directors	
10	Compensation over \$259,000	
11*	Description of all bonus, profit sharing, pension, retirement, deferred compensation and similar plans	
13	Voting owners	
14	Non-voting owners	
15*	Description of long term debt	
16	Holders of long term debt	
17*	Other indebtedness and security devices	
18	Holders of other indebtedness	
19A*	Securities options - description	
19B	Persons holding securities options	
20	Financial institutions	
21	Contracts and suppliers	
22	Other ownership interests held by the entity	
23	Insider transactions	

ITEM 42 BUSINESS ENTITY DISCLOSURE FORM CORPORATE – ATTACHMENTS (Cont.)

ATTACHMENT NUMBER	ATTACHMENT DESCRIPTION	√ IF ATTACHED N/A IF NOT APPLICABLE
24*	Expungement or sealing orders	
24A	Criminal history	
25	Testimony, investigations or polygraphs	
26	Testimony, investigations or polygraph refusals	
27*	Existing Litigation	
28	Antitrust, trade regulations and securities judgments; statutory and regulatory violations	
29A	Bankruptcy or insolvency proceedings & appointed receiver, agent or trustee (Bankruptcy or insolvency)	
29C	Bankruptcy or insolvency proceedings & appointed receiver, agent or trustee (Appointed receiver, agent or trustee)	
30A	Licenses (Government)	
30B	Licenses (Other gaming)	
32A*	Audited financial statement for the last fiscal year	
32B*	Financial statements for the last five years	
33A*	Annual reports for the last five years	
33B*	Annual reports prepared on the SEC's form 10K for the last five years	
34*	A copy of the last quarterly unaudited financial statement	
35*	Copy(ies) of any interim reports	
36*	A copy of the last definitive Proxy or information statement (SEC)	
37*	A copy of all registration statements for the last five years filed in accordance with the Securities Act of 1933	
38*	Copies of all other reports prepared in the last five years by independent auditors of the entity	
39*	Certified copies of the Articles of Incorporation, Charter and By-laws, and all amendments and proposed amendments	
40A*	Current ownership table of organization	
40B*	Functional table of organization for entity filing this form, job descriptions and names of employees	
41*	Copies of 1120 forms and 941 forms filed with the IRS in the last five years	

ITEM 43. AFFIDAVITS AND SIGNATURES

Pursuant to the regulations of the Commission *205 C.M.R. 111.02(2)* this form must be sworn to or affirmed, signed and dated before a person legally competent to take an oath or affirmation who shall himself date the signature of the affiant and indicate the basis of his authority to take oaths and affirmations.

The documents on pages 22 through 25 are to be signed in accordance with these regulations. The documents are:

AFFIDAVIT

RELEASE AUTHORIZATION

CONSENT TO INSPECTIONS, SEARCHES AND
SEIZURES WAIVER OF LIABILITY

The President or any officer of the entity authorized to affirm may complete the affidavit. The remaining documents are to be signed by the President or Chief Executive Officer.

AFFIDAVIT

STATE OF _____:

SS:

COUNTY OF _____:

I, _____, the _____ of
(Name) (TITLE/POSITION)
the entity being duly sworn according to law, on my oath, deposes and says that I make this statement on behalf of the entity, and that the above statements are true and correct to the best of my knowledge and belief, and that this statement is executed with the knowledge that any misrepresentation or failure to reveal information may be deemed sufficient cause for the refusal to issue, or the revocation of, a license. Further, that I am voluntarily submitting this statement and understand that misleading statements may subject me to criminal or other sanctions or punishment.

NAME OF ENTITY

By _____
Signature

Title

Date

Accountant Preparing Form, if any

Date

Attorney Preparing Form, if any

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____(name of document signer), proved to me through satisfactory evidence of identification which was _____, to be the person who signed the preceding or attached document in my presence, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of (his)(her) knowledge and belief.

Notary Public
My Commission Expires: _____

RELEASE AUTHORIZATION

To All Courts, Probation Departments, Selective Service Boards, Employers, Educational Institutions, Banks, Financial and Other Such Institutions, and all Governmental Agencies – federal, state and local, without exception, both foreign and domestic.

On behalf of _____,
(NAME OF ENTITY)

I, _____ have
(NAME OF PRESIDENT OR CHIEF EXECUTIVE OFFICER)

authorized the Massachusetts Gaming Commission, its Investigations and Enforcement Bureau and its agents and representatives to conduct a full investigation into the background of said entity.

Therefore, you are hereby authorized to release any and all information pertaining to the said entity, documentary or otherwise, as requested by any employee, agent or representative of the Massachusetts Gaming Commission and its Investigations and Enforcement Bureau provided that he or she certifies to you that said entity has an application pending before the Massachusetts Gaming Commission or that said entity is presently a licensee or registrant required to be qualified under the provisions of Chapter 23K of the laws of the Commonwealth of Massachusetts.

This authorization shall supersede and countermand any prior request or authorization to the contrary.

A photostatic copy of this authorization will be considered as effective and valid as the original.

DATE

SIGNATURE

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____ (name of document signer), proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he)(she) signed it voluntarily for its stated purpose.

Notary Public
My Commission Expires: _____

CONSENT TO INSPECTIONS, SEARCHES AND SEIZURES

On behalf of _____,
(NAME OF ENTITY)

I, _____, hereby consent to all inspections, searches and
(NAME OF PRESIDENT OR CHIEF EXECUTIVE OFFICER)
seizures and the supplying of handwriting exemplars as authorized by Chapter 23K of the laws of the Commonwealth of Massachusetts and by the rules and regulations of the Massachusetts Gaming Commission.

The said entity is aware of its right secured by the Constitution of the United States and by the Constitution of the Commonwealth of Massachusetts not to consent to such inspections, searches and seizures and I expressly waive and forego that right on behalf of said entity.

DATE

SIGNATURE

On this ___ day of _____ 20___, before me, the undersigned notary public, personally appeared _____ (name of document signer), proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he)(she) signed it voluntarily for its stated purpose.

Notary Public
My Commission Expires: _____

WAIVER OF LIABILITY

On behalf of _____,
(NAME OF ENTITY)

I, _____,
(NAME OF PRESIDENT OR CHIEF EXECUTIVE OFFICER)

hereby waive liability as to the Commonwealth of Massachusetts and its instrumentalities and agents, for any damages resulting to the said entity from any disclosure or publication in any manner, other than a willfully unlawful disclosure or publication, of any material or information acquired during the licensing process or during any inquiries, investigations or hearings.

DATE

SIGNATURE

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____ (name of document signer), proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he)(she) signed it voluntarily for its stated purpose.

Notary Public
My Commission Expires: _____

ATTACHMENT 1B PERSONS FORMING THE ENTITY

NAME	LAST KNOWN ADDRESS	OCCUPATION(S)	DATE OF BIRTH

ATTACHMENT 2B OTHER NAMES AND ADDRESSES OF THE ENTITY (Presently Used)

NUMBER AND STREET	CITY	STATE	ZIP

ATTACHMENT 2C OTHER NAMES AND ADDRESSES OF THE ENTITY (Past 10 years)

NUMBER AND STREET	CITY	STATE	ZIP	DATES	
				FROM:	TO:

ATTACHMENT 5 DIRECTORS AND TRUSTEES

NAME AND HOME ADDRESS	BUSINESS ADDRESS	DATES DIRECTORSHIP OR TRUSTEESHIP HELD		OCCUPATION OR TITLE, POSITION OR ASSOCIATION WITH THE ENTITY	DATE OF BIRTH
		FROM:	TO:		

ATTACHMENT 6 FORMER DIRECTORS AND TRUSTEES

NAME AND HOME ADDRESS	OCCUPATION & BUSINESS ADDRESS	DATES DIRECTORSHIP OR TRUSTEESHIP HELD		DATE OF BIRTH	REASON FOR LEAVING
		FROM:	TO:		

ATTACHMENT 7 OFFICERS

NAME AND HOME ADDRESS	TITLE	DATES OFFICE HELD		BUSINESS ADDRESS	DATE OF BIRTH
		FROM:	TO:		

ATTACHMENT 8 FORMER OFFICERS

NAME AND LAST KNOWN HOME ADDRESS	OFFICE HELD	DATES OFFICE HELD		PRESENT OCCUPATION & BUSINESS ADDRESS	DATE OF BIRTH
		FROM:	TO:		

ATTACHMENT 9 COMPENSATION OF OFFICERS AND DIRECTORS

NAME	COMPENSATION LAST CALENDAR YEAR	COMPENSATION SUBSEQUENT CALENDAR YEAR	FORM OF COMPENSATION

ATTACHMENT 10 COMPENSATION OVER \$250,000

NAME	DATE OF BIRTH	BUSINESS ADDRESS	POSITION AND LENGTH OF TIME EMPLOYED WITH THE ENTITY	AMOUNT OF COMPENSATION

ATTACHMENT 13 VOTING OWNERS

NAME AND HOME ADDRESS	DATE OF BIRTH	CLASS OF VOTING OWNERSHIP HELD	NUMBER OF SHARES HELD	% OF OUTSTANDING VOTING STOCK HELD

ATTACHMENT 14 NON-VOTING OWNERS

NAME AND HOME ADDRESS	DATE OF BIRTH	CLASS OF NON-VOTING OWNERSHIP HELD	NUMBER OF NON-VOTING OWNERSHIP INTERESTS HELD	% OF OUT-STANDING NON-VOTING OWNERSHIP INTEREST HELD

ATTACHMENT 16 HOLDERS OF LONG TERM DEBT

NAME AND ADDRESS	DATE OF BIRTH	TYPE AND CLASS OF DEBT INSTRUMENT HELD	DOLLAR AMOUNT OF DEBT HELD (Both Original Amount and Current Balance)

ATTACHMENT 18 HOLDERS OF OTHER INDEBTEDNESS

NAME AND ADDRESS	DATE OF BIRTH	TYPE OF DEBT INSTRUMENT HELD	DOLLAR AMOUNT OF DEBT HELD (Both Original Amount and Current Balance)

ATTACHMENT 19B SECURITIES OPTIONS

NAME	BENEFICIAL OWNER'S ADDRESS	OPTIONS HELD	MARKET VALUE AT ISSUANCE

ATTACHMENT 20 FINANCIAL INSTITUTIONS

NAME AND ADDRESS	TYPE OF ACCOUNT(S)	ACCOUNT NUMBER(S)	TIME PERIOD ACCOUNT HELD	
			FROM:	TO:

ATTACHMENT 21 CONTRACTS AND SUPPLIERS

NAME	ADDRESS	NATURE OF CONTRACT OR GOODS OR SERVICES SUPPLIED

ATTACHMENT 22 OTHER OWNERSHIP INTERESTS HELD BY THE ENTITY

NAME AND ADDRESS OF COMPANY	TYPE OF INTEREST HELD	PURCHASE PRICE PER INTEREST	NUMBER OF INTERESTS HELD	% OF OWNERSHIP MORE THAN 5%

ATTACHMENT 23 INSIDER TRANSACTIONS

DATE OF TRANSACTION	NATURE OF TRANSACTION	PARTIES TO TRANSACTION (INCLUDE POSITIONS)	NUMBER OF INTERESTS INVOLVED

ATTACHMENT 24A CRIMINAL HISTORY

NAME OF CASE AND DOCKET NUMBER	NATURE OF CHARGE OR COMPLAINT	DATE OF CHARGE OR COMPLAINT	NAME AND ADDRESS OF LAW ENFORCEMENT AGENCY OR COURT INVOLVED	DISPOSITION (ACQUITTED, CONVICTED, DISMISSED, ETC.)	SENTENCE

ATTACHMENT 25 TESTIMONY, INVESTIGATIONS OR POLYGRAPHS

NAME AND ADDRESS OF COURT OR OTHER AGENCY	NATURE OF PROCEEDINGS OR INVESTIGATION	WAS TESTIMONY GIVEN?	DATE ON WHICH TESTIMONY WAS GIVEN	APPROXIMATE TIME PERIOD OF INVESTIGATION

ATTACHMENT 26 TESTIMONY, INVESTIGATION OR POLYGRAPH REFUSALS

NAME AND ADDRESS OF COURT OR OTHER AGENCY	NATURE OF PRECEEDINGS OR INVESTIGATION	DATE OF PROCEEDINGS OR INVESTIGATION	CIVIL OR CRIMINAL CONTEMPT CITATION? (SPECIFY)	DISPOSITION OF CONTEMPT CITATION

ATTACHMENT 28**ANTITRUST, TRADE REGULATION AND SECURITIES JUDGMENTS; STATUTORY AND REGULATORY VIOLATIONS**

DATE OF OFFENSE	NATURE OF OFFENSE	TITLE OF CASE AND DOCKET NUMBER	NAME AND ADDRESS OF COURT OR AGENCY	NATURE OF JUDGMENT, DECREE OR ORDER	DATE ENTERED

ATTACHMENT 29A BANKRUPTCY OR INSOLVENCY PROCEEDINGS & APPOINTED RECEIVER, AGENT OR TRUSTEE

DATE PETITION FILED OR RELIEF SOUGHT	TITLE OF CASE AND DOCKET NUMBER	NAME AND ADDRESS OF COURT OR AGENCY	NATURE OF JUDGMENT OR RELIEF	DATE ENTERED

ATTACHMENT 29C BANKRUPTCY OR INSOLVENCY PROCEEDINGS & APPOINTED RECEIVER, AGENT OR TRUSTEE

NAME OF PERSON APPOINTED	DATE APPOINTED	COURT	REASON FOR APPOINTMENT

ATTACHMENT 30A LICENSES(Government)

TYPE OF LICENSE OR CERTIFICATE	NAME AND LOCATION OF GOVERNMENTAL AGENCY	ACTION TAKEN	DATE	REASON FOR ACTION TAKEN

ATTACHMENT 30B LICENSES (Other gambling)

NAME AND ADDRESS OF LICENSING AGENCY	DATE OF APPLICATION	DISPOSITION (GRANTED, DENIED, PENDING)	TYPE OF GAMBLING ACTIVITY	ISSUED, GIVE APPROPRIATE LICENSE, PERMIT OR OTHER SUCH NUMBER AND EXPIRATION DATE

Exhibit 13: Multi Jurisdictional Personal History Disclosure Form

MULTI JURISDICTIONAL

PERSONAL HISTORY DISCLOSURE FORM

MULTI JURISDICTIONAL PERSONAL HISTORY DISCLOSURE FORM

This application is designed to allow applicants for casino/gaming qualification to complete one form that is acceptable to several jurisdictions. The questions contained in this form have been designed to satisfy the variety of filing and informational requirements of the different jurisdictions that have agreed to accept this form as an application for qualification.

Each jurisdiction accepting this form may require unique information and documentation that is not requested in this standardized form. Prior to completing this form, you should contact the appropriate agency in the jurisdictions where you are seeking qualification, licensure or approval and obtain copies of any documentation or forms that are supplemental to this standardized form. In addition, copies of this multi jurisdictional form and all supplemental forms used by the jurisdictions accepting this form may be found on the Internet at www.iagr.org

APPLICATION INSTRUCTIONS

PLEASE READ ALL INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS FORM.

I. COMPLETING THIS FORM:

- a. You must make accurate statements and include all material facts. Any misrepresentation, or the failure to provide requested information, may result in the denial of your application.
- b. Read each question carefully prior to answering. Answer every question completely. Do not leave blank spaces. If a question does not apply to you, indicate "Does Not Apply" in response to that question. If there is nothing to disclose in response to a particular question, indicate "None" in response to that question. Failure to provide a response to every question could result in the rejection of your application.
- c. All entries on this form, except initials and signatures, must be typed or printed in block lettering using dark ink. If your application is not legible, it will not be accepted.
- d. You must use blue ink to personally initial, date and identify the gaming agency to which your application is being submitted in the space provided on the bottom of each page of the form.
- e. If the space available is insufficient to respond to a question, you are to supply the required information on an attachment page and clearly identify which question you are answering. The blank page on page 65 may be used to provide this additional information. You must use blue ink to personally initial, date and identify the gaming agency to which your application is being submitted at the bottom of each of these attachment pages.
- f. If you make any modification to the pre-printed questions or information contained in this form, your application will be rejected. Once your application is accepted, it becomes the property of the gaming agency with which it has been filed and will not be returned.

Initials _____ Gaming Agency _____ Date _____

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II. BE SURE TO:

- a. Attach a recent (within the past six months) color photograph of yourself in the space provided on page 5.
- b. Sign the Statement of Truth form on page 66 in the presence of a notary public, justice of the peace, commissioner for declarations or other person legally authorized to notarize your signature.
- c. Check to ensure that you have placed your initials, the date, and identified the gaming agency to which you are applying, on the bottom of each page of this form in the space provided and on any attachment pages.

III. BEFORE YOU SUBMIT THIS FORM TO THE GAMING AGENCY TO WHICH YOU ARE APPLYING, BE SURE THAT:

- a. You have reviewed the particular gaming agency's filing instructions for the type of license, approval or qualification that you are seeking.
- b. You have included all required attachments listed in this form.
- c. The Statement of Truth form is notarized on the original application.
- d. Every question has been answered completely.
- e. You retain a completed copy of your application package for your own records.
- f. You have completed any ancillary forms for the individual jurisdictions.

IV. TIPS FOR COMPLETING THIS FORM:

- a. Keep a blank copy of the form. When you need to update information, you can use the appropriate pages from the blank form to provide the information.
- b. Once all questions have been answered, make sufficient copies for all jurisdictions where you will file your application. Note that you should do this BEFORE the form is signed, dated and notarized. Since each jurisdiction must receive an application containing original signatures, it is advisable to make copies before signing the form.
- c. Keep an unsigned copy of your completed application. Should you need to file with another jurisdiction at some point in the future, you can then update the information rather than complete the form all over again.
- d. Be sure to use blue ink where you sign, initial, date and identify the gaming agency where you are filing your application. Using blue ink will make it clear to the jurisdiction where you are filing that your application is to be considered an original and not a photocopy.

**MULTI JURISDICTIONAL
PERSONAL HISTORY DISCLOSURE FORM**

**PLEASE PRINT OR TYPE THE ANSWERS TO THE
FOLLOWING QUESTIONS IN THE SPACES PROVIDED**

PERSONAL DATA

NAME: LAST (INCLUDE SR., JR., ETC., IF APPLICABLE) FIRST MIDDLE

MAILING ADDRESS/POSTAL ADDRESS:
NUMBER AND STREET APT #/FLAT # CITY/TOWN STATE/PROVINCE ZIP/POSTAL CODE

HOME ADDRESS: (IF DIFFERENT THAN MAILING ADDRESS/POSTAL ADDRESS)
NUMBER AND STREET APT #/FLAT # CITY/TOWN STATE/PROVINCE ZIP/POSTAL CODE

PRESENT BUSINESS ADDRESS:
NUMBER AND STREET APT #/FLAT # CITY/TOWN STATE/PROVINCE ZIP/POSTAL CODE

HOME TELEPHONE NUMBER: (AREA CODE) (NUMBER) CURRENT BUSINESS TELEPHONE NO. AT PLACE OF EMPLOYMENT: (AREA CODE) (NUMBER) (EXTENSION) FAX NUMBER: (AREA CODE) (NUMBER)

DATE OF BIRTH: (MO)(DAY)(YEAR) E-MAIL ADDRESS (OPTIONAL):

HAVE YOU BEEN KNOWN BY ANY OTHER NAME OR NAMES? YES NO IF YES, LIST THE ADDITIONAL NAMES BELOW AND SPECIFY DATES OF USE FOR EACH. (INCLUDE MAIDEN NAME, ALIASES, NICKNAMES, OTHER NAME CHANGES, LEGAL OR OTHERWISE.)

SEX	COLOR OF EYES	COLOR OF HAIR	HEIGHT ____ FT ____ IN/ ____ CM	WEIGHT ____ LBS/ ____ KG
-----	---------------	---------------	------------------------------------	-----------------------------

DO YOU HAVE ANY SCARS, TATOOS, OR OTHER DISTINGUISHING MARKS AND/OR CHARACTERISTICS? IF SO, PLEASE DESCRIBE.

IMPORTANT

FAILURE TO ANSWER ANY QUESTION ON THIS FORM COMPLETELY AND TRUTHFULLY WILL RESULT IN DENIAL OF YOUR APPLICATION.

AFFIX A COLOR PHOTOGRAPH
HERE THAT WAS TAKEN WITHIN
THE PAST SIX MONTHS.

PRINT YOUR NAME ON THE FRONT
BOTTOM BORDER OF THE
PHOTOGRAPH BEFORE
ATTACHING IT.

1. Of what country are you a citizen? _____

A. Please indicate:

1. Date of birth: _____
DAY MONTH YEAR

2. Place of birth: _____
CITY/TOWN STATE/PROVINCE COUNTRY

3. Country of birth: _____

2. Have you ever been issued a passport? Yes No

If yes, provide the following information about your passport(s):

PASSPORT NUMBER	COUNTRY OF ISSUE	PLACE ISSUED	DATE ISSUED	EXPIRATION DATE

Initials _____ Gaming Agency _____ Date _____

RESIDENCE DATA

3. Beginning with your current residence(s) and working backward, provide the following information with respect to each place where you have lived (including residences while attending college or while in military service) during the past fifteen (15) years or since the age of 18, whichever is less.

DATES		ADDRESS <small>(NO., STREET, APT#/FLAT#, CITY/TOWN, STATE/PROVINCE, COUNTRY & ZIP/POSTAL CODE)</small>	OWN OR RENT	NAME, ADDRESS & TELEPHONE NO. OF LANDLORD OR MORTGAGE/BOND HOLDER, IF KNOWN
FROM: <small>(MO/YR)</small>	TO: <small>(MO/YR)</small>			

Initials _____ Gaming Agency _____ Date _____

FAMILY/SOCIAL DATA

4. What is your current marital status: Single Married Legally Separated Divorced Widow/Widower Engaged

How many times have you been married? _____

A. CURRENT MARRIAGE

Provide the information below regarding your current marriage and spouse:

Date of Marriage: _____ Where Married: _____

CITY/TOWN
COUNTY
STATE/PROVINCE
COUNTRY

Name of Spouse: _____ Spouse's Occupation: _____

FIRST
MIDDLE
MAIDEN

Date of Birth: _____ Place of Birth: _____

DAY
MONTH
YEAR
CITY/TOWN
STATE/PROVINCE
COUNTRY

Home Address: _____ Telephone Number: _____

STREET
CITY/TOWN
STATE/PROVINCE
ZIP/POSTAL CODE
AREA CODE
NUMBER

B. PREVIOUS MARRIAGES

Provide the information below regarding your previous marriages:
 (Do **NOT** include current spouse.)

NAME OF FORMER SPOUSE(S) (INCLUDE MAIDEN NAME, IF APPLICABLE)	DATE AND PLACE OF MARRIAGE	DATE OF BIRTH	IF ANNULLED, SEPARATED OR DIVORCED,, INDICATE DATE AND JURISDICTION WHERE SUCH ACTION WAS TAKEN	DOCKET/CASE # OF DIVORCE ACTION (IF KNOWN)	PRESENT ADDRESSES OF FORMER SPOUSE(S) (NO., STREET, APT#/FLAT#, CITY/TOWN, STATE/PROVINCE, COUNTRY, ZIP/POSTAL CODE)

Initials _____ Gaming Agency _____ Date _____

5. a. In the chart below, list the names of all your children, step-children and adopted children and the amount of support, if dependent. Also list all other persons who you are supporting or contributing to the support of, and provide the amount of support.

NAME	DATE OF BIRTH	BIRTH PLACE	ADDRESS (NO., STREET, APT., CITY, STATE, COUNTRY, ZIP CODE)	AMT. OF SUPPORT (IF A DEPENDENT)

5. b. Please mark the appropriate response regarding your child support obligations:

- I am not subject to a court order for the support of a child.
- I am subject to a court order for the support of one or more children and am in compliance with a plan approved by the public agency/court enforcing the order for the repayment of the amount owed pursuant to the order (indicate amount in 5a. above); or
- I am subject to a court order for the support of one or more children and am NOT in compliance with the order or a plan approved by the public agency/court enforcing the order for the repayment of the amount owed pursuant to the order.

Identify the public agency/court responsible for enforcing the child support order:

Name _____

Address _____

Contact Person _____

Initials _____ Gaming Agency _____ Date _____

6. List names, residence addresses, dates of birth, and most recent occupations of parents, parents-in-law, former parents-in-law*, or legal guardians, living or deceased. If retired or deceased, list last address and occupation:

NAME (INCLUDE MAIDEN)	DATE OF BIRTH	ADDRESS (NO., STREET, APT#/FLAT#, CITY/TOWN, STATE/PROVINCE, COUNTRY, ZIP/POSTAL CODE)	PHONE NUMBER	OCCUPATION
Father:				
Mother:				
Father-in-law:				
Mother-in-law:				
Former Parents-in-law*:				

* For former parents-in-law only provide names.

Initials _____ Gaming Agency _____ Date _____

7. List names, dates of birth, home addresses and phone numbers, and the most recent occupations of brothers and sisters and of their respective spouses:

NAME (INCLUDE MAIDEN)	DATE OF BIRTH	ADDRESS (NO., STREET, APT#/FLAT#, CITY/TOWN, STATE/PROVINCE, COUNTRY, ZIP/POSTAL CODE)	PHONE NUMBER	OCCUPATION
Sibling:				
Spouse:				
Sibling:				
Spouse:				
Sibling:				
Spouse:				
Sibling:				
Spouse:				
Sibling:				
Spouse:				
Sibling:				
Spouse:				
Sibling:				
Spouse:				
Sibling:				
Spouse:				
Sibling:				
Spouse:				
Sibling:				
Spouse:				

Initials _____ Gaming Agency _____ Date _____

MILITARY SERVICE DATA

8. Have you ever served in a military organization of any country or have you been an active or inactive member of a reserve force of any country? Yes No

If yes, provide the following information:

Country of Service: _____

Branch of Service: _____ Service Serial #: _____

Highest Rank Held: _____

Period(s) of Active Service: From: _____ To: _____

From: _____ To: _____

9. Date and type of discharge or separation (Honorable, Dishonorable, Honorable Conditions, Medical, etc.) from Military Service(s):

Date of each discharge/separation: _____

Type of discharge(s): _____

Attach a copy of your military records* labeled as Exhibit 9M. If unavailable, attach a copy of a letter to the appropriate branch of the military requesting a copy of your military records* labeled as an Exhibit 9M. If in reserves, please attach a copy of your discharge papers.

10. Have you ever been tried by military court martial or have you had charges** filed against you? Yes No

If yes, complete the following chart:

NATURE OF CHARGE OR ARREST	DATE AND LOCATION OF CHARGE OR ARREST	NAME OF MILITARY ORGANIZATION FILING CHARGES	DISPOSITION (CONVICTED, ACQUITTED, DISMISSED, PLEADING, ETC.)	SENTENCE

*In the United States, a military record is called a DD214. If you have served in the U.S. military, you should provide a copy of this record. If your military service was in another country, you should provide a copy of whatever official documentation was provided to you at the time of your discharge.

** Charges filed against you by the military authorities in any country would fall under the Code of Military Justice applicable to that jurisdiction. In the United States, this means any charges filed against you under Article 15 of the Uniform Code of Military Justice (summary court, deck court, captain's mast, company punishment, etc.)

EDUCATIONAL DATA

11. Beginning with secondary school (high school), provide the information listed below with respect to each school, college, graduate or post graduate school you have attended.

DATES		NAME AND ADDRESS OF SCHOOL, TRAINING PROGRAM, ETC.	DESCRIPTION OF EDUCATION PROGRAM	LIST ANY DEGREE OR CERTIFICATION ATTAINED	GRADUATED YES OR NO
FROM: (MO/YR)	TO: (MO/YR)				

Initials _____ Gaming Agency _____ Date _____

OFFICES AND POSITIONS

12. List all offices, trusteeships, directorships or fiduciary positions (including non-profit charitable entities and family trusts) held by you with any firm, corporation, association, partnership or other business entity during the last ten year period. Begin with the most recent and work backward.

DATES		TITLE OF OFFICE OR POSITION HELD	NAME AND ADDRESS OF FIRM, CORPORATION, ASSOCIATION, PARTNERSHIP OR OTHER BUSINESS ENTITY	COMPENSATION RECEIVED
FROM: (MO/YR)	TO: (MO/YR)			

Initials _____ Gaming Agency _____ Date _____

12. (Cont.)

DATES		TITLE OF OFFICE OR POSITION HELD	NAME AND ADDRESS OF FIRM, CORPORATION, ASSOCIATION, PARTNERSHIP OR OTHER BUSINESS ENTITY	COMPENSATION RECEIVED
FROM: (MO/YR)	TO: (MO/YR)			

13. List all government positions and offices, whether salaried or unsalaried, held by you during the last ten year period. Begin with the most recent and work backward.

DATES		TITLE OF OFFICE OR POSITION HELD	NAME AND ADDRESS OF GOVERNMENT AGENCY/ORGANIZATION
FROM: (MO/YR)	TO: (MO/YR)		

Initials _____ Gaming Agency _____ Date _____

EMPLOYMENT AND LICENSING DATA

14. Have you ever been employed by a casino or gaming/gambling related company* in any jurisdiction? Yes No

*Casino or gaming/gambling related company includes any form or type of casino, gaming/gambling related operation, any manufacturer of gaming/gambling equipment, junket enterprise, horse racing, dog racing, pari-mutuel operation, lottery, sports betting, Internet gaming, etc.

NAME OF GAMING/GAMBLING GAMING RELATED COMPANY AND COUNTRY/STATE WHERE YOU WERE EMPLOYED	NAME, MAILING ADDRESS AND TELEPHONE NUMBER OF EMPLOYER(S)	DATES		TITLE/POSITION HELD AND DESCRIPTION OF DUTIES	NAME OF SUPERVISOR	REASON FOR LEAVING
		FROM (MO/YR)	TO (MO/YR)			

Initials _____ Gaming Agency _____ Date _____

15. In the chart below, provide the information regarding your employment for the past twenty years or from age 18, whichever is less. Begin with your present job and work backwards. Give dates of any unemployment between jobs in proper sequence. Include all part-time and full-time employment and any military service. For any casino or gaming/gambling related employment identified in the previous question, you are only required to fill in the dates of employment and the name of the casino or gaming/gambling related company on this chart.

DATES		NAME, MAILING ADDRESS, AND TELEPHONE NUMBER OF EMPLOYER(S)	TITLE/POSITION HELD AND DESCRIPTION OF DUTIES	NAME OF SUPERVISOR	REASON FOR LEAVING/ COMPENSATION AT DEPARTURE
FROM: (MO/YR)	TO: (MO/YR)				

Initials _____ Gaming Agency _____ Date _____

15. (Cont.)

DATES		NAME, MAILING ADDRESS, AND TELEPHONE NUMBER OF EMPLOYER(S)	TITLE/POSITION HELD AND DESCRIPTION OF DUTIES	NAME OF SUPERVISOR	REASON FOR LEAVING/ COMPENSATION AT DEPARTURE
FROM: (MO/YR)	TO: (MO/YR)				

If additional space is needed, please provide an attachment.

Initials _____ Gaming Agency _____ Date _____

16. With regard to the previously listed employment:

- a. Were you ever discharged, suspended or asked to resign from employment? Yes No
- b. During the last ten year period, were you ever charged with any infraction in relation to any employment which was the subject of any disciplinary action? Yes No

If yes to either question, complete the following chart as to each such time you were discharged, suspended, asked to resign or disciplined:

DATE OF DISCHARGE, SUSPENSION, RESIGNATION OR DISCIPLINARY ACTION	NAME AND ADDRESS OF EMPLOYER	NAME OF SUPERVISOR	REASON FOR DISCHARGE, SUSPENSION, RESIGNATION OR DISCIPLINARY ACTION

Initials _____ Gaming Agency _____ Date _____

17. List any and all compensated employment, of whatever nature, held by your spouse during the past twelve month period. Begin with your spouse's current employer.

DATES		NAME, ADDRESS AND TELEPHONE NUMBER OF EMPLOYER	TITLE/ POSITION HELD
FROM: (MO/YR)	TO: (MO/YR)		

18. To the best of your knowledge, have you or has your spouse served as a trustee or other fiduciary officer in any capacity during the last twelve month period?

Yes No

If yes, complete the following chart:

DATES		CAPACITY	NATURE OF TRUST OR OTHER FUND	INCOME RECEIVED	FOR WHOM HELD
FROM: (MO/YR)	TO: (MO/YR)				

Initials _____ Gaming Agency _____ Date _____

19. a. Have you or your spouse ever sought and been denied a position as a trustee or other fiduciary officer? Yes No

b. Have you or your spouse ever been suspended or removed from a position as a trustee or other fiduciary officer? Yes No

If yes to either question, complete the following chart:

DATE	CAPACITY	NATURE OF TRUST OR OTHER OFFICE	REASON FOR DENIAL, SUSPENSION OR REMOVAL

20. Have you or has your spouse ever made application for, or held, any **NON-GAMING** professional or occupational license, permit or certification, in any jurisdiction, including but not limited to the following: real estate broker or salesman, accountant, attorney, medical, boxing promoter, manager or matchmaker, race horse owner, trainer or manager, jockey, race dog owner, securities dealer, contractor, pilot, insurance, or any other type of professional license. (Do not include alcoholic beverage or driver's license). You must answer "YES" to this question if you ever applied and your application was granted, denied, returned to you by the licensing agency for any reason, withdrawn or is currently pending.

Yes No

If yes, complete the following chart:

NAME ON LICENSE	TYPE OF LICENSE	DATES		NAME AND ADDRESS OF LICENSING AGENCY/ORGANIZATION	DISPOSITION OF THE APPLICATION
		FROM: (MO/YR)	TO: (MO/YR)		

Initials _____ Gaming Agency _____ Date _____

21. Have any of the licenses, permits or certifications applied for, or held by you or your spouse, as identified in the previous question ever been denied, suspended, revoked or subject to any conditions in any jurisdiction?

Yes No

If yes, complete the following chart as to each denial, suspension, revocation or conditions:

TYPE OF LICENSE, PERMIT OR CERTIFICATE	NAME & ADDRESS OF GOVERNMENTAL AGENCY/ORGANIZATION	DATE OF DENIAL, SUSPENSION, REVOCATION OR CONDITION	REASON(S) FOR DENIAL SUSPENSION OR REVOCATION

22. Has any entity in which you, or your spouse, is/was a director, officer, partner or an owner of a 5% or greater interest ever had any license, permit or certificate issued by a governmental agency in any jurisdiction denied, suspended, revoked, or subject to any conditions?

Yes No

If yes, complete the following chart as to each denial, suspension or revocation:

NAME OF ENTITY	POSITION HELD BY YOU OR YOUR SPOUSE	TYPE OF LICENSE, PERMIT OR CERTIFICATE	TYPE OF ACTION TAKEN	NAME AND ADDRESS OF GOVERNMENT AGENCY/ORGANIZATION TAKING ACTION	DATE OF ACTION	REASON(S) FOR ACTION

Initials _____ Gaming Agency _____ Date _____

23. List any group, firm, partnership, corporation or any other businesses in which you have held an ownership interest of 5% or more for the past twenty years, or since the age of 18, whichever is less. (Do **not** include publicly traded corporations in which you owned stock.)

DATES		NAME(S) & ADDRESS(ES) OF BUSINESS(ES)	CURRENT STATUS OF BUSINESS(ES)	% INTEREST HELD BY YOU	NAME(S) OF OTHER OWNERS	ADDRESS(ES) OF OTHER OWNERS	STATE/PROVINCE AND COUNTRY OF ORGANIZATION OR INCORPORATION
FROM: (MO/YR)	TO: (MO/YR)						

Initials _____ Gaming Agency _____ Date _____

24. Have you or has your spouse ever made application for, or held, a license, permit, registration, finding of suitability, qualification or other authorization to participate in any form or type of casino, gaming/gambling related operation (including any manufacturer of gaming/gambling equipment, junket operation, horse racing, dog racing, pari-mutuel operation, lottery, sports betting, Internet gaming, etc.) or alcoholic beverage operation in any jurisdiction? You must answer "YES" to this question if you ever applied and your application was granted, denied, returned to you by the gaming agency for any reason, withdrawn or is currently pending.

Yes No

If yes, complete the following chart:

NAME & ADDRESS OF LICENSING AGENCY/ORGANIZATION (INCLUDING COUNTRY, STATE/PROVINCE, COUNTY OR MUNICIPALITY/TOWN)	TYPE OF LICENSE, PERMIT, APPROVAL OR REGISTRATION	DATE OF APPLICATION	DISPOSITION (GRANTED, DENIED OR PENDING, ETC.)	LICENSE, PERMIT, APPROVAL OR REGISTRATION NUMBER

Initials _____ Gaming Agency _____ Date _____

25. For each casino, gaming/gambling related or alcoholic beverage operation application, license, permit, registration, finding of suitability, qualification or other authorization identified in the previous question, were you or your spouse ever called to appear to testify, or otherwise participate in a hearing or proceeding, before the licensing agency or commission to which you were applying?

Yes No

If yes, complete the following chart:

NAME AND ADDRESS OF LICENSING AGENCY OR COMMISSION	DATE OF APPEARANCE(S)	NATURE OF HEARING	WAS TESTIMONY GIVEN?

Initials _____ Gaming Agency _____ Date _____

26. To the best of your knowledge, in the past twenty years or since the age of 18, whichever is less, have you held a direct or indirect financial or ownership interest in any group, firm, corporation, partnership or other business entity that has applied to any licensing agency in any jurisdiction for any license, permit, registration, finding of suitability, or qualification in connection with any form or type of a casino, gaming/gambling related operation (including any manufacturer of gaming/gambling equipment, junket operation, horse racing, dog racing, pari-mutuel operation, lottery, sports betting, Internet gaming, etc.), or alcoholic beverage operation? (Do not include publicly traded corporations or entities in which you held less than 1% of the stock.)

Yes No

If yes, complete the following chart:

NAME AND ADDRESS OF BUSINESS ENTITY	NATURE OF YOUR INTEREST	DATE OF APPLICATION	NAME & ADDRESS OF LICENSING AGENCY TO WHICH APPLICATION WAS MADE	TYPE OF LICENSE APPLIED FOR	DISPOSITION OF APPLICATION

Initials _____ Gaming Agency _____ Date _____

27. a. Are any members of your family (spouse, parents, grandparents, children, grandchildren, siblings, uncles, aunts, nephews, nieces, fathers-in-law, mothers-in-law, sons-in-law, daughters-in-law, brothers-in-law and sisters-in-law whether by whole or half blood, by marriage, adoption or natural relationship) associated with or employed in any form or type of casino or gaming/gambling related operation as defined in question 26 in any jurisdiction?

Yes No

b. Do you or any members of your family (spouse, parents, grandparents, children, grandchildren, siblings, uncles, aunts, nephews, nieces, fathers-in-law, mothers-in-law, sons-in-law, daughters-in-law, brothers-in-law and sisters-in-law whether by whole or half blood, by marriage, adoption or natural relationship) have an ownership interest in any alcoholic beverage entity in any jurisdiction?

Yes No

If yes to either question, complete the following chart:

NAME OF PERSON	RELATIONSHIP	NAME OF GAMING/GAMBLING OR ALCOHOLIC BEVERAGE BUSINESS AND ADDRESS	BUSINESS TELEPHONE

Initials _____ Gaming Agency _____ Date _____

CIVIL, CRIMINAL AND INVESTIGATORY PROCEEDINGS

The next question asks about any arrests, charges or offenses you, your spouse or your children may have committed. Prior to answering this question, carefully review the definitions and instructions which follow.

DEFINITIONS: For purposes of this question:

- A. "Arrest" includes any detaining, holding, or taking into custody by any police or other law enforcement authorities to answer for the alleged performance of any "offense."
- B. "Charge" includes any indictment, complaint, information, summons, or other notice of the alleged commission of any "offense."
- C. "Offense" includes all felonies, crimes, high misdemeanors, misdemeanors, disorderly persons offenses, petty disorderly offenses, driving while intoxicated/impaired motor vehicle offenses and violations of probation or any other court order. Juvenile offenses that occurred within the most recent 10 year period are also included within the definition of "offenses."

INSTRUCTIONS:

1. Answer "YES" and provide all information to the best of your ability EVEN IF:
 - A. You did not commit the offense charged;
 - B. The charges were dismissed or subsequently downgraded to a lesser charge;
 - C. You completed a Pretrial Intervention (PTI) or equivalent diversionary program in other jurisdictions;
 - D. You were not convicted;
 - E. You did not serve any time in prison or jail; or
 - F. The charges or offenses happened a long time ago.
2. Answer "NO" IF any records relating to a charge, an arrest or conviction have been expunged or otherwise officially sealed by a court or government agency .

* Some jurisdictions permit the gaming agency to obtain information about the expungement or sealing order as part of the licensing process. You should confer with the gaming agency to which you are applying to determine the applicable law.

IMPORTANT

The gaming agency will make inquiries to establish whether the applicant has had any involvement with law enforcement agencies.

Failure to disclose any such involvement will be taken into account in assessing your character, honesty and integrity.

Initials _____ Gaming Agency _____ Date _____

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28. Have you ever been arrested or charged with any crime or offense in any jurisdiction?

Yes No

If yes, complete the following chart:

NATURE OF CHARGE OR OFFENSE/ LOCATION OF WHERE INCIDENT OCCURRED	DATE OF CHARGE OR OFFENSE	NAME AND ADDRESS OF LAW ENFORCEMENT AGENCY OR COURT INVOLVED	DISPOSITION (CONVICTED, ACQUITTED, DISMISSED, PENDING, PARDONED, ETC.)	SENTENCE

Initials _____ Gaming Agency _____ Date _____

29. To the best of your knowledge, has a criminal indictment, information or complaint ever been filed or returned against you, but for which you were not arrested or in which you were named as an unindicted party or unindicted co-conspirator in any criminal proceeding in any jurisdiction?

Yes No

If yes, complete the following chart:

NAME AND ADDRESS OF GOVERNMENTAL AGENCY/ORGANIZATION INVOLVED	NATURE OF PROCEEDING	DATE

30. Have you ever been the subject of an investigation conducted by any governmental agency/organization, court, commission, committee, grand jury or investigatory body (local, state, county, provincial, federal, national, etc.) other than in response to a traffic summons?

Yes No

If yes, complete the following chart:

NAME AND ADDRESS OF COURT OR OTHER AGENCY	NATURE OF PROCEEDING OR INVESTIGATION	WAS TESTIMONY GIVEN?	DATE ON WHICH TESTIMONY WAS GIVEN	APPROXIMATE TIME PERIOD OF INVESTIGATION

Initials _____ Gaming Agency _____ Date _____

31. a. Have you ever been called to testify before, or otherwise been questioned, interviewed, deposed, or requested to take a polygraph exam by any governmental agency/organization, court, commission, committee, grand jury or investigative body (local, state, county, provincial, federal, national, etc.) in any jurisdiction other than in response to a traffic summons?

Yes No

b. Have you ever been subpoenaed to appear or testify before a federal, national, state, county grand jury, or other criminal investigatory agency or body, or any board or commission, or any civil, criminal or administrative proceeding or hearing?

Yes No

If yes to either question, complete the following chart:

NAME AND ADDRESS OF COURT OR OTHER AGENCY/ORGANIZATION	NATURE OF PROCEEDING OR INVESTIGATION	WAS TESTIMONY GIVEN?	DATE ON WHICH TESTIMONY WAS GIVEN	APPROXIMATE TIME PERIOD OF INVESTIGATION

32. Have you ever received a pardon, or has any government agency/organization agreed to dismiss, suspend or defer any criminal investigation or prosecution against you for any criminal offense?

Yes No

If yes, complete the following chart:

DATE OF PARDON, DISMISSAL, SUSPENSION, OR DEFERAL	TYPE OF ACTION TAKEN	NAME AND ADDRESS OF GOVERNMENT AGENCY/ORGANIZATION GRANTING PARDON, DISMISSAL SUSPENSION OR DEFERAL

Initials _____ Gaming Agency _____ Date _____

33. Has your spouse or any of your children, step-children or adopted children ever been arrested or charged with any crime or offense (as defined at the beginning of this section) in any jurisdiction?

Yes No

If yes, complete the following chart:

NAME OF PERSON	RELATIONSHIP	NATURE OF CHARGE OR OFFENSE	DATE OF CHARGE OR OFFENSE	NAME & ADDRESS OF LAW ENFORCEMENT AGENCY OR COURT INVOLVED	DISPOSITION (CONVICTED, ACQUITTED, DISMISSED, PENDING, PARDONED, ETC.)	SENTENCE

Initials _____ Gaming Agency _____ Date _____

34. In the past fifteen (15) years, have you as an individual, member of a partnership, or owner, director, or officer of a corporation, ever been a party to a lawsuit, as either a plaintiff or defendant or an arbitration as either a claimant or defendant? (Include matrimonial matters, negligence matters, auto accident matters, contract matters, collection matters, debt matters, bankruptcies, etc.)

Yes No

If yes, complete the following chart:

DATE FILED	NAME & ADDRESS OF COURT	DOCKET/CASE NUMBER	OTHER PARTIES TO SUIT	NATURE OF SUIT	DISPOSITION	DATE OF DISPOSITION

Initials _____ Gaming Agency _____ Date _____

35. In the past fifteen (15) years, has any general partnership, business venture, sole proprietorship or closely held corporation, which you were associated with as an owner, officer, director or partner, been a party to a lawsuit, arbitration or bankruptcy?

Yes No

If yes, complete the following chart:

NAME OF ENTITY	TYPE OF ENTITY	APPROXIMATE DATE(S) OF LAWSUIT/ARBITRATION/BANKRUPTCY	WHERE ACTION FILED (CITY/TOWN, STATE/PROVINCE, COUNTY)

Initials _____ Gaming Agency _____ Date _____

36. In the past ten years, have you been cited or charged with, or formally accused of, any violation of a statute, regulation or code of any local, state, county, municipal, provincial, federal or national government other than a criminal, disorderly persons, petty disorderly person or motor vehicle violation?

Yes No

If yes, complete the following chart:

GOVERNMENTAL AGENCY/ORGANIZATION	NATURE OF CHARGE	DATE	DISPOSITION

Initials _____ Gaming Agency _____ Date _____

37. Have you ever been barred or otherwise excluded, for any reason, other than for the denial, suspension or revocation of a license or registration, from any form or type of casino or gaming/gambling related operation in any jurisdiction? (Check "YES" even if the disbarment or exclusion is no longer in effect or has been lifted.)

Yes No

If yes, complete the following chart:

GAMING/GAMBLING AGENCY	DATE OF EXCLUSION	REASON FOR EXCLUSION

VEHICLE OPERATOR DATA

38. In the chart below, list all current motor vehicle operator licenses (automobiles, motorcycles, airplanes, boats, recreational vehicles, etc.) issued to you in any jurisdiction:

DATE LAST ISSUED	LICENSE NUMBER	TYPE OF LICENSE	JURISDICTION ISSUING LICENSE	EXPIRATION DATE OF LICENSE

Initials _____ Gaming Agency _____ Date _____

FINANCIAL DATA

39. Have any individual, local, city, county, provincial, state, Federal, national, or any other governmental liens/debts been filed against you as an individual, sole proprietor, member of a partnership, or owner of a corporation in any jurisdiction?

Yes No

If yes, complete the following chart:

NATURE OF LIEN/DEBT	WHEN FILED	WHERE FILED	CURRENT STATUS

Initials _____ Gaming Agency _____ Date _____

40. Have you personally ever been adjudicated bankrupt or filed a petition for any type of bankruptcy, insolvency or liquidation under any bankruptcy or insolvency law in any jurisdiction?

Yes No

If yes, complete the following chart:

DATE FILED	DOCKET/CASE NUMBER	NAME AND ADDRESS OF COURT	NAME AND ADDRESS OF TRUSTEE

41. In the past twenty years or since the age of 18, whichever is less, has any business entity in which you held a 5% or greater ownership interest, or in which you served as an officer or director been adjudicated bankrupt or filed a petition for any type of bankruptcy or insolvency under any bankruptcy or insolvency law?

Yes No

If yes, complete the following chart:

DATE FILED	DOCKET/CASE NUMBER	NAME AND ADDRESS OF COURT	NAME AND ADDRESS OF FILING PARTY	NAME AND ADDRESS OF TRUSTEE

Initials _____ Gaming Agency _____ Date _____

42. Have you as an individual, member of a partnership, or owner, director or officer of a corporation ever been in a business entity that has been in liquidation, receivership or been placed under some form of governmental administration or monitoring?

Yes No

If yes, complete the following chart:

NAME AND ADDRESS OF BUSINESS ENTITY	YOUR RELATIONSHIP TO BUSINESS ENTITY	DATE PLACED UNDER LIQUIDATION, RECEIVERSHIP, ETC.	REASON PLACED UNDER LIQUIDATION, RECEIVERSHIP, ETC.	PRESENT STATUS

43. Have your wages, earnings, or other income been subject to garnishment, attachment, charging order, voluntary wage execution or the like during the past ten year period?

Yes No

If yes, complete the following chart:

DATE FILED	DOCKET/CASE NUMBER	NAME AND ADDRESS OF COURT	NATURE OF OBLIGATION	AMOUNT OF OBLIGATION	NAME AND ADDRESS OF HOLDER OF OBLIGATION

Initials _____ Gaming Agency _____ Date _____

44. In the past ten years, have you ever had any property, real or personal, repossessed by a finance company in any jurisdiction?

Yes No

If yes, complete the following chart:

TYPE OF PROPERTY	DATE REPOSSESSED	NAME AND ADDRESS OF COMPANY REPOSSESSING PROPERTY	REASON FOR REPOSSESSION

45. During the last ten year period, have you been:

- a. An executor(trix), administrator or other fiduciary of any estate;
- b. A beneficiary or legatee under a will or received any thing of value under an intestacy statute; or
- c. A settlor/grantor, beneficiary or trustee of any trust?

Yes No

If yes, complete the following chart as to each estate and trust:

NAME AND LOCATION OF ESTATE/TRUST	POSITION/ INTEREST HELD	DATE(S) ON WHICH POSITIONS WERE HELD OR INTEREST WAS RECEIVED	AMOUNT OF COMPENSATION OR NATURE AND VALUE OF BENEFIT GRANTED/RECEIVED

Initials _____ Gaming Agency _____ Date _____

46. Do you own, hold, or have an interest in any assets in a trust in any jurisdiction? (You may exclude those assets disclosed in your answer to question 45).

Yes No

If yes, complete the following chart:

DESCRIPTION OF TRUST	LOCATION OF TRUST	NAME OF TRUSTEE(S)	NAMES OF OTHER(S) WITH INTERESTS IN TRUST

47. Do you hold, manage or control in trust, or otherwise, any assets or liabilities for another person or entity in any jurisdiction? (You may exclude those assets or liabilities disclosed in your answer to question 45).

Yes No

If yes, complete the following chart:

DESCRIPTION OF TRUST	LOCATION OF TRUST	NAMES OF OTHER(S) WITH INTEREST IN TRUST

Initials _____ Gaming Agency _____ Date _____

48. a. Please state your country of residence _____

b. During the last ten year period have you had any right of ownership in, control over or interest in any bank account(s), which are located outside the country of residence identified in a. above?

Yes No

If yes, complete the following chart:

DATES		NAME AND ADDRESS OF INSTITUTION HOLDING ACCOUNT	ACCOUNT NUMBER	NAME AND ADDRESS OF EACH PERSON/ENTITY APPEARING ON THE ACCOUNT	PRESENT AMOUNT HELD/ AMOUNT HELD BEFORE CLOSING
FROM: (MO/YR)	TO: (MO/YR)				

Initials _____ Gaming Agency _____ Date _____

c. Do you own, manage or control any assets, or are you responsible for any liabilities, located outside the country of residence as identified in a. above (excluding any foreign bank accounts identified in b. above)?

Yes No

If yes, complete the following chart:

DESCRIPTION OF ASSET/LIABILITY	LOCATION OF ASSET/LIABILITY

49. During the last ten year period, have you or has your spouse or any of your children, while dependent, received a loan in excess of \$25,000USD?

(If you are applying in a jurisdiction other than the United States, the amount you are required to report is the equivalent to \$25,000USD in the national currency of the jurisdiction where you will be filing this application.)

Yes No

If yes, complete the following chart:

DATE RECEIVED LOAN	NAME AND ADDRESS OF LENDER	NAME OF BORROWER AND ALL CO-SIGNERS	ORIGINAL AMOUNT OF LOAN	INTEREST RATE (%)	TERMINATION DATE OF LOAN

Initials _____ Gaming Agency _____ Date _____

50. During the last ten year period, have you or has your spouse or any of your children, while dependent, made any loan in excess of \$10,000USD?
 (If you are applying in a jurisdiction other than the United States, the amount you are required to report is the equivalent of \$10,000USD in the national currency of the jurisdiction where you will be filing this application.)

Yes No

If yes, complete the following chart:

DATE OF LOAN	NAME AND ADDRESS OF BORROWER	ALL CO-PARTIES TO LOAN	NAME OF LENDER	ORIGINAL AMOUNT OF LOAN	INTEREST RATE (%)	TERMINATION DATE OF LOAN	SECURITY PLEDGED

51. Have you individually ever exchanged currency in an amount of more than \$10,000USD within the past ten years? (If you are applying in a jurisdiction other than the United States, the amount you are required to report is the equivalent of \$10,000USD in the national currency of the jurisdiction where you will be filing this application.)

Yes No

If yes, complete the following chart:

DATE AND AMOUNT OF EXCHANGE	LOCATION WHERE EXCHANGE MADE	REASON FOR EXCHANGE	DID YOU FILL OUT OR FILE ANY GOVERNMENTAL REPORTING DOCUMENT

Initials _____ Gaming Agency _____ Date _____

52. Do you maintain a brokerage or margin account with any securities or commodities dealer?

Yes No

If yes, complete the following chart:

TYPE OF ACCOUNT	NAME AND ADDRESS OF DEALER	AMOUNT OF MARGIN

53. Have you or has your spouse or children, while dependent, filed any claims in excess of \$100,000USD under any fire, theft, automobile or insurance policy within the past ten year period? (If you are applying in a jurisdiction other than the United States, the amount you are required to report is the equivalent of \$100,000USD in the national currency of the jurisdiction where you will be filing this application.)

Yes No

If yes, complete the following chart:

DATE OF CLAIM	NATURE OF CLAIM	NAME AND ADDRESS OF INSURANCE CARRIER	DISPOSITION

Initials _____ Gaming Agency _____ Date _____

54. During the last five year period, have you, your spouse or dependent children given or received any gift or gifts, whether tangible or intangible which either individually or in the aggregate exceeded \$10,000USD in value in any one year period? (If you are applying in a jurisdiction other than the United States, the amount you are required to report is the equivalent of \$10,000USD in the national currency of the jurisdiction where you will be filing this application.)

Yes No

If yes, complete the following chart as to each gift:

NAME OF THE DONOR OR DONEE	DATE GIFT GIVEN/RECEIVED	DESCRIPTION OF GIFT	APPROXIMATE VALUE

55. a. Do you have any safe deposit boxes in your name in any jurisdiction?

Yes No

b. Do you have access to the funds in any other safe deposit boxes in any jurisdiction?

Yes No

If yes to either question, complete the following chart:

NAME AND ADDRESS OF BANK OR OTHER INSTITUTION/BUSINESS WHERE LOCATED	NAME(S) IN WHICH ACCOUNT(S) OR SAFE DEPOSIT BOX(ES) HELD	TYPE OF ACCOUNT, (SAVINGS, CHECKING, SAFE DEPOSIT, ETC.)	ACCOUNT NO. OR SAFE DEPOSIT BOX NO.

Initials _____ Gaming Agency _____ Date _____

56. In the past ten years, or since the age of 18, whichever is less, have you received any referral or finder's fee in excess of \$10,000USD
 (If you are applying in a jurisdiction other than the United States, the amount you are required to report is the equivalent of \$10,000USD. In the national currency of the jurisdiction where you will be filing this application.)

Yes No

If yes, complete the following chart:

NAME AND ADDRESS OF ALL PARTIES INVOLVED	NATURE OF GOODS OR SERVICES PROVIDED	AMOUNT RECEIVED	DATE RECEIVED

57. Have you, in the past ten years or since the age of 18, whichever is less, given a guarantee, co-signed or otherwise insured payment of a loan, debt or other financial obligation in any jurisdiction?

Yes No

If yes, complete the following chart:

NATURE OF OBLIGATION (PERSONAL GUARANTEE, ETC.)	DATE OBLIGATION MADE	NAME(S) OF PERSON RESPONSIBLE FOR OBLIGATION	STATUS OF UNDERLYING OBLIGATION

Initials _____ Gaming Agency _____ Date _____

NET WORTH STATEMENT -- ASSETS AND LIABILITIES

NOTE: Complete the financial statements on pages 49 through 63 and copy the totals in the appropriate space below.

58. Please list all assets, tangible and intangible, in which a direct or indirect interest is held by you, your spouse or your dependent children. For each line item, list both the cost of the asset and the present market values as of the date of this statement unless this cannot reasonably be done, in which case any special valuation date should be noted in the column provided. Detail each line entry on the appropriate schedule.

ASSET	COST AT DATE ACQUIRED OR PURCHASED (A)	CURRENT MARKET VALUE (B)	SPECIAL VALUATION DATE, IF ANY
1. Cash			
a) On Hand		a)	
b) In bank (Schedule A)		b)	b)
2. Loans, Notes and Other Receivables (Schedule B)			
3. Securities (Schedule C)			
4. Real Estate Interests (Schedule D)			
5. Cash Value Life Insurance (Schedule E)			
6. Cash Value Pension/ Retirement Funds (Schedule F)			
7. Furniture and Clothing (Reasonable Estimate)			
8. Vehicles (Schedule G)			
9. Other (Schedule H)			
TOTAL ASSETS			

59. Please list all liabilities of you, your spouse and your dependent children. Enter the amount as of the date of this statement. Detail each line entry on the appropriate schedule.

LIABILITY	ORIGINAL AMOUNT OF LIABILITY (C)	AMOUNT OUTSTANDING (D)
10. Notes Payable (Schedule I)		
11. Loans and Other Payables (Schedule J)		
12. Taxes Payable (Schedule K)		
13. Mortgages or Liens on Real Estate (Schedule L)		
14. Loans Against Insurance/Pensions (Schedule M)		
15. Other Indebtedness (Schedule N)		
TOTAL LIABILITIES		
NET WORTH		
Total Assets (From Column B) less		
Total Liabilities (From Column D)		
16. Contingent Liabilities (Schedule O)		

Date of Statement _____

Please provide the name, address and phone number of the person completing this statement if it is completed by someone other than you.

Name _____
 Address _____
 Phone _____

SCHEDULE "A" - CASH IN BANK

60. List below all bank accounts (checking, savings, time deposits, certificates of deposit, money market funds, etc.) foreign and domestic, maintained by you, your spouse or dependent children. Identify with an asterisk (*) any check writing accounts held with brokerage houses, insurance companies, etc.

NAME AND ADDRESS OF INSTITUTION	NAME OF PERSON(S) AND TAX IDENTIFICATION NUMBER(S) APPEARING ON ACCOUNT	ACCOUNT NUMBER	INTEREST RATE (%)	GENERAL NATURE OF ACCOUNT	DATE OF BALANCE	BALANCE
						\$ _____
						TOTAL CURRENT BALANCE (Enter this figure in item 1b, column B on page 48.)

Initials _____ Gaming Agency _____ Date _____

SCHEDULE "B" – LOANS, NOTES AND OTHER RECEIVABLES

61. List below all loans, notes and other receivables held by you, your spouse or dependent children.

CHECK IF HELD BY SPOUSE OR DEPENDENT CHILD	NAME AND ADDRESS OF DEBTOR	INTEREST RATE (%)	ORIGINAL LOAN AMOUNT	ORIGINAL DATE OF LOAN/NOTE RECEIVABLE	TOTAL PAYMENTS	DATE DUE	NATURE OF ADVANCE AND NATURE OF SECURITY, IF ANY (INDICATE IF UNSECURED)	CURRENT BALANCE
			\$ _____					\$ _____
			TOTAL ORIGINAL LOAN AMOUNT(S) (Enter this figure in items 2, column A on page 48.)					TOTAL CURRENT BALANCE (Enter this figure in items 2, column B on page 48.)

Initials _____ Gaming Agency _____ Date _____

SCHEDULE "C" - SECURITIES

62. Provide the information in the table below for all stocks, bonds, mutual funds, commodity accounts, options, warrants, etc., held or controlled by you, your spouse or dependent children in any jurisdiction. Whenever interest exists through a mutual fund or holding company, the individual stocks or bonds held by such mutual fund or holding company need not be listed; whenever such interest exists through a beneficial interest in a trust, the securities held in such trust shall be listed if you, your spouse or dependent children have knowledge of what securities are so held. INDICATE PUBLICLY TRADED SECURITIES BY AN ASTERISK(*).

CHECK IF HELD BY SPOUSE OR DEPENDENT CHILD	NUMBER OF SECURITIES OR CONTRACTS HELD	TYPE OF SECURITY	NAME OF ISSUING COMPANY OR GOVERNMENT AGENCY/ORGANIZATION	MARKET VALUE AT TIME OF ACQUISITION	DATE OF AND PRICE AT PURCHASE	% OF OWNERSHIP IF GREATER THAN 5%	REGISTERED OWNER	DATE OF VALUATION	CURRENT MARKET VALUE
					\$ _____				\$ _____
					TOTAL PURCHASE PRICE (Enter this figure in item 3, column A on page 48.)				TOTAL CURRENT MARKET VALUE (Enter this figure in item 3, column B on page 48.)

Initials _____ Gaming Agency _____ Date _____

SCHEDULE "D" - REAL ESTATE INTERESTS

63. Indicate below the location, size, general nature, acquisition date and other information requested regarding any real property in any jurisdiction in which any direct, indirect, vested or contingent interest is held by you, your spouse or dependent children, along with the names of all individuals or entities who share a direct, indirect, vested or contingent interest therein.

CHECK IF HELD BY SPOUSE OR DEPENDENT CHILD	ADDRESS PARCEL/LOT NUMBER	LOT SIZE/ STAND NO./ SQUARE FOOTAGE OF BUILDING	TYPE OF PROPERTY	DATE ACQUIRED/ DOWN PAYMENT	INDIVIDUALS OR ENTITIES SHARING INTEREST (INCLUDE % OF OWNERSHIP FOR EACH)	PURCHASE PRICE OF % OWNED	MONTHLY RENTAL INCOME, IF ANY	ESTIMATED MARKET VALUE OF % OWNED
						\$ _____		\$ _____
						TOTAL PURCHASE PRICE (Enter this figure in item 4, column A on page 48.)		
								TOTAL CURRENT MARKET VALUE (Enter this figure in item 4, column B on page 48.)

Initials _____ Gaming Agency _____ Date _____

SCHEDULE "E" - CASH VALUE - LIFE INSURANCE

64. Indicate below the information requested with regard to the cash value of all life insurance policies held by you, your spouse or your dependent children.

CHECK IF HELD BY SPOUSE OR DEPENDENT CHILD	DATE PURCHASED	INSURANCE CARRIER POLICY NUMBER	BENEFICIARY(IES)	FACE VALUE	ANNUAL PREMIUM PAYMENTS	CASH SURRENDER VALUE	EFFECTIVE DATE OF CASH SURRENDER VALUE
						\$ _____	
						TOTAL CASH SURRENDER VALUE (Enter this figure in item 5, column B on page 48.)	

Initials _____ Gaming Agency _____ Date _____

SCHEDULE "F" - CASH VALUE - PENSION/RETIREMENT FUNDS

65. Indicate below the information requested with regard to the cash value of all retirement/investment/pension funds* held by you or your spouse.

CHECK IF HELD BY SPOUSE	TYPE OF FUND	TYPE OF SECURITIES HELD AND ACCOUNT NUMBER, IF ANY	EMPLOYER/ INSTITUTION	CUMULATIVE EMPLOYEE CONTRIBUTION	CUMULATIVE EMPLOYER CONTRIBUTION	CURRENT CASH VALUE	EFFECTIVE DATE OF CASH VALUE
				\$ _____		\$ _____	
				TOTAL CUMULATIVE EMPLOYEE CONTRIBUTION (Enter this figure in item 6, column A on page 48.)			TOTAL CURRENT CASH VALUE (Enter this figure in item 6, column B on page 48.)

*If you are filing this application in the United States, the information is to include IRA, 401K and KEOGH plans.

Initials _____ Gaming Agency _____ Date _____

SCHEDULE "G" - VEHICLES

66. Indicate below the information requested with regard to all vehicles owned or leased by you, your spouse, or your dependent children.

CHECK IF HELD BY SPOUSE OR DEPENDENT CHILD	TYPE OF VEHICLE	SPECIFY IF OWNED OR LEASED*	DATE OF PURCHASE/LEASE	MODEL YEAR	MAKE/ MODEL OF VEHICLE	COST**	IF OWNED, CURRENT MARKET VALUE
						\$ _____	\$ _____
<p>*If leased, specify in this column the length of the lease, total lease costs, down payments, monthly payments and number of payments over the life of the lease.</p> <p>**If leased, enter the sum of the down payment plus monthly payments to date as the total cost.</p>						TOTAL COST OF VEHICLES (Enter this figure in Item 8, column A on page 48.)	TOTAL CURRENT CASH VALUE (Enter this figure in Item 8, Column B on page 48.)

Initials _____ Gaming Agency _____ Date _____

SCHEDULE "H" - OTHER ASSETS

67. List below the information requested regarding all other assets, including any business investments in which any direct, indirect, vested or contingent is held by you, your spouse or your dependent children. Business interests should include, but not be limited to, joint ventures, partnerships, sole proprietorships, corporations and LLCs. Other assets should include, but not be limited to, art collections, coin collections, and antiques.

CHECK IF HELD BY SPOUSE OR DEPENDENT CHILD	NATURE OF ASSET	DATE OF ACQUISITION	COST	% OF OWNERSHIP INTEREST	DATE OF VALUATION	CURRENT MARKET VALUE
			\$ _____			\$ _____
			TOTAL COST(S) OF OTHER ASSETS (Enter this figure in item 9, column A on page 48.)			TOTAL CURRENT MARKET VALUE OF OTHER ASSETS (Enter this figure in item 9, column B on page 48.)

Initials _____ Gaming Agency _____ Date _____

SCHEDULE "I" - NOTES PAYABLE

68. List below the information requested with regard to all notes payable for which you, your spouse or dependent children are obligated.

CHECK IF OWED BY SPOUSE OR DEPENDENT CHILD	NAME & ADDRESS OF CREDITOR	ACCOUNT NUMBER, IF ANY	DATE INCURRED	DUE DATE	INTEREST RATE (%)	AMOUNT OF PERIODIC PAYMENT/PAY PERIOD	ORIGINAL AMOUNT OF NOTE	NATURE OF SECURITY, IF ANY	TOTAL PAYMENTS	OUTSTANDING AMOUNT OF LIABILITY	
							\$ _____			\$ _____	
							TOTAL ORIGINAL AMOUNT OF NOTES PAYABLE (Enter this figure in item 10, column C on page 48.)				TOTAL AMOUNT OF OUTSTANDING NOTES PAYABLE (Enter this figure in item 10, column D on page 48.)

Initials _____ Gaming Agency _____ Date _____

SCHEDULE "J" - LOANS AND OTHER PAYABLES

69. List below the information requested with regard to all accounts payable (include lines of credit, installment loans, revolving charge accounts and any other accounts) for which you, your spouse or your dependent children are obligated.

CHECK IF OWED BY SPOUSE OR DEPENDENT CHILD	NAME & ADDRESS OF CREDITOR	ACCOUNT NUMBER, IF ANY	DATE OPENED OR INCURRED	DUE DATE	INTEREST RATE (%)	NATURE OF ACCOUNT	ORIGINAL AMOUNT OF LIABILITY	NATURE OF SECURITY, IF ANY	TOTAL PAYMENTS	CURRENT AMOUNT OUTSTANDING	
							\$ _____			\$ _____	
							TOTAL ORIGINAL AMOUNT OF LIABILITY (Enter this figure in item 11, column C on page 48.)				TOTAL AMOUNT OF OUTSTANDING LOANS AND OTHER PAYABLES (Enter this figure in item 11, column D on page 48.)

Initials _____ Gaming Agency _____ Date _____

SCHEDULE "K" - TAXES PAYABLE

70. List below the information requested with regard to all taxes payable for which you, your spouse, or your dependent children are obligated.
Only real estate and income taxes need to be included.

CHECK IF OWED BY SPOUSE OR DEPENDENT CHILD	TAXING AUTHORITY	NATURE OF TAX	DATE AND AMOUNT OF ORIGINAL OBLIGATION	FINES, PENALTIES AND INTEREST, IF ANY	TOTAL AMOUNT DUE
			\$ _____		\$ _____
			TOTAL ORIGINAL TAX OBLIGATION(S) (Enter this figure in item 12, column C on page 48.)		
			TOTAL AMOUNT OF TAXES PAYABLE (Enter this figure in item 12, column D on page 48.)		

Initials _____ Gaming Agency _____ Date _____

SCHEDULE "L" - MORTGAGES OR LIENS PAYABLE ON REAL ESTATE

71. List below the information requested with regard to all mortgages or liens due and owing on real estate for which you, your spouse or your dependent children are obligated.

CHECK IF OWED BY SPOUSE OR DEPENDENT CHILD	NAME AND ADDRESS OF MORTGAGEE OR LIEN HOLDER	ACCOUNT NUMBER	DATE INCURRED	ORIGINAL AMOUNT OF LIABILITY	DESCRIPTION/ ADDRESS OF REAL ESTATE	TERM OF MORTGAGE/ INTEREST RATE (%)	AMOUNT OF PERIODIC PAYMENT/ PAY PERIOD	CURRENT MORTGAGE BALANCE	
				\$ _____				\$ _____	
				TOTAL ORIGINAL MORTGAGES OR LIENS PAYABLE ON REAL ESTATE (Enter this figure in item 13, column C on page 48.)					TOTAL MORTGAGES OR LIENS PAYABLE ON REAL ESTATE (Enter this figure in item 13, column D on page 48.)

Initials _____ Gaming Agency _____ Date _____

SCHEDULE "M" - LOANS AGAINST INSURANCE/PENSION PLANS

72. List below the information requested with regard to all loans against life insurance policies, pension plans, etc., taken by you, your spouse or your dependent children.

CHECK IF OWED BY SPOUSE OR DEPENDENT CHILD	INSURANCE CARRIER/ PENSION PLAN	PURPOSE OF LOAN	ORIGINAL AMOUNT OF LOAN	INTEREST RATE (%)	DATE OF LOAN	PERIODIC PAYMENT AMOUNT/ PAY PERIOD	CURRENT LOAN BALANCE
			\$ _____				\$ _____
			TOTAL ORIGINAL LIABILITY INSURANCE/PENSION LOANS (Enter this figure in item 14, column C on page 48.)				TOTAL AMOUNT OUTSTANDING INSURANCE/PENSION LOANS (Enter this figure in item 14, column D on page 48.)

Initials _____ Gaming Agency _____ Date _____

SCHEDULE "N" - ANY OTHER INDEBTEDNESS

73. List below the information requested with regard to any other indebtedness for which you, your spouse or your dependent children are obligated.

CHECK IF OWED BY SPOUSE OR DEPENDENT CHILD	NAME AND ADDRESS OF CREDITOR	INTEREST RATE (%)	DESCRIPTION OF LIABILITY, TYPE OF OBLIGATION AND NATURE OF SECURITY, IF ANY	DUE DATE	AMOUNT OF PERIODIC PAYMENT/ PAY PERIOD	ORIGINAL AMOUNT OF LIABILITY	OUTSTANDING AMOUNT OF INDEBTEDNESS
						\$ _____	\$ _____
						TOTAL ORIGINAL AMOUNT OTHER INDEBTEDNESS (Enter this figure in item 15, column C on page 48.)	TOTAL AMOUNT OUTSTANDING OTHER INDEBTEDNESS (Enter this figure in item 15, column D on page 48.)

Initials _____ Gaming Agency _____ Date _____

SCHEDULE "O" - CONTINGENT LIABILITIES

74. List below the information requested with regard to all contingent liabilities for which you, your spouse or your dependent children are obligated.

CHECK IF OWED BY SPOUSE OR DEPENDENT CHILD	NAME AND ADDRESS OF CONTINGENT CREDITOR	DATE INCURRED	ACCOUNT NUMBER	PRIMARY DEBTOR	DESCRIPTION OF OBLIGATION INCLUDING NATURE OF SECURITY, IF ANY	ORIGINAL AMOUNT OF CONTINGENT OBLIGATION	CURRENT AMOUNT OF CONTINGENT OBLIGATION
						\$ _____	\$ _____
						TOTAL ORIGINAL CONTINGENT LIABILITIES (Enter this figure in item 16, column C on page 48.)	TOTAL AMOUNT OF OUTSTANDING CONTINGENT LIABILITIES (Enter this figure in item 16, column D on page 48.)

Initials _____ Gaming Agency _____ Date _____

75. Provide the names and other information requested of three (3) references over the age of 18 who have known you for at least one year and can attest to your good character and reputation. No person can be a reference who is a member of your family. (Spouse, parents, grandparents, children, grandchildren, siblings, uncles, aunts, nephews, nieces, fathers-in-law, mothers-in-law, sons-in-law, daughters-in-law, brothers-in-law and sisters-in-law whether by whole or half blood, by marriage, adoption or natural relationship.)

REFERENCE ONE

Name _____ Business Address _____
Address _____

Telephone No. _____ Occupation _____
How long have you known the reference?

REFERENCE TWO

Name _____ Business Address _____
Address _____

Telephone No. _____ Occupation _____
How long have you known the reference?

REFERENCE THREE

Name _____ Business Address _____
Address _____

Telephone No. _____ Occupation _____
How long have you known the reference?

76. As indicated in the instructions on page 2 of this form, this page is to be used by you for any questions which require additional space to answer. The number of the question must be stated immediately prior to your answer. If additional pages are needed, photocopy this page or add paper of similar size and identify these pages with corresponding numbers and letters. **You must use blue ink to personally initial, date and identify the gaming agency to which your application is being submitted at the bottom of any new page added.**

IDENTIFY ALL ANSWERS BY ORIGINAL QUESTION NUMBERS

USE ADDITIONAL PAGES IF NECESSARY

STATEMENT OF TRUTH

STATE/PROVINCE OF _____:

SS:

COUNTY/DISTRICT OF _____:

_____, being duly sworn according to law deposes and says:

1. I am the applicant who is submitting this application form.
2. I personally supplied the information contained in this form.
3. I understand and read the English language or I have had an interpreter read, explain and record the answer to each and every question on this application form.
4. Any document accompanying this Multi Jurisdictional Casino/Gaming License Personal History Disclosure Form that is not an original document is a true copy of the original document.
5. I swear (or affirm) that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

DATED: _____ (LEGAL SIGNATURE)
(Signature of Applicant)

Subscribed and sworn to
before me this _____ day
of _____,

NOTARY PUBLIC, JUSTICE OF THE PEACE/
COMMISSIONER FOR DECLARATIONS OR OTHER
PERSON AUTHORIZED TO TAKE DECLARATIONS

STATE/PROVINCE, COUNTRY

Initials _____ Gaming Agency _____ Date _____ Page 66

**Exhibit 14: Multi Jurisdictional Personal History Disclosure Form,
with Confidential Areas Marked**

MASSACHUSETTS GAMING COMMISSION



**MASSACHUSETTS SUPPLEMENTAL FORM
TO MULTI-JURISDICTIONAL
PERSONAL HISTORY DISCLOSURE FORM
FOR KEY GAMING EMPLOYEES AND QUALIFIERS**

MASSACHUSETTS SUPPLEMENTAL FORM
TO MULTI-JURISDICTIONAL
PERSONAL HISTORY DISCLOSURE FORM

This form is a supplement to the Massachusetts Multi-Jurisdictional Personal History Disclosure Form (“PHD-MA”) and is identified as the Massachusetts Supplemental Form (“PHD-MA-SUPP”). Both the PHD-MA and the PHD-MA-SUPP forms must be filed with the Massachusetts Gaming Commission (“Commission”) as parts of an application for a key gaming employee license or a Category 1 or Category 2 license qualification.

Copies of the forms used in Massachusetts are available on the Internet at the Commission’s website at: <http://www.mass.gov/gaming/>. You may also request the forms be mailed to you by calling (617) 979-8400.

APPLICATION INSTRUCTIONS

PLEASE READ ALL INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS FORM.

I. COMPLETING THIS FORM:

- A. You are to complete this form and a Multi-Jurisdictional Personal History Disclosure Form if you are:
 - 1. A qualifier of an applicant for a Category 1 or Category 2 gaming license; or
 - 2. A qualifier of a Category 1 or Category 2 gaming licensee; or
 - 3. An applicant for a key gaming employee license; or
 - 4. Directed to do so by the Commission.

- B. Read each question carefully prior to answering. Answer every question completely. Do not leave blank spaces. If a question does not apply to you, indicate “Does Not Apply” in response to that question. If there is nothing to disclose in response to a particular question, indicate “None” in response to that question. Failure to provide a response to every question could result in the rejection of your application.

- C. All entries on this form, except initials and signatures, must be typed or printed in block lettering using dark ink. If your application is not legible, it will not be accepted.

- D. If you make any modification to the pre-printed questions or information contained in this form, your application will be rejected.

- E. If the space available is insufficient to respond to a question, you are to supply the required information on an attachment page and clearly identify which question you are answering.

- F. All attachments requested in this form are to be labeled with an exhibit number and attached to the back of the form.

II. BEFORE YOU SUBMIT THIS FORM TO THE COMMISSION, BE SURE THAT:

- A. All attachments required in this form and in the Multi-Jurisdictional Personal History Disclosure Form are labeled with an exhibit number.
- B. You have signed and notarized the Statement of Truth, Release Authorization and Waiver of Liability forms included with the Massachusetts Supplemental Form and the Statement of Truth included with the Multi-Jurisdictional Personal History Disclosure Form.
- C. You have answered every question completely.
- D. You have attached a recent (within the past six months) color photograph of yourself in the space provided on page 5.
- E. You initial and date each page of this form in the spaces provided.
- F. You retain a completed copy of this form for your records.

III. FILING THIS FORM WITH THE COMMISSION

- A. A complete application for a key gaming employee license or a Category 1 or Category 2 license qualifier consists of:
 - 1. The Multi-Jurisdictional Personal History Disclosure Form with all required attachments;
 - 2. This Massachusetts Supplemental Form with all required attachments;
 - 3. For key gaming employee license applicants, the required application fee.
- B. The fees relating to an application for a key gaming employee license are set forth in 205 CMR 114.01.
- C. Once your application is accepted, it becomes the property of the Commission and may not be withdrawn without the permission of the Commission.
- D. Pursuant to 205 CMR 106.03, the complete application **must** be filed electronically in PDF format pursuant to procedures posted on the Commission's website.

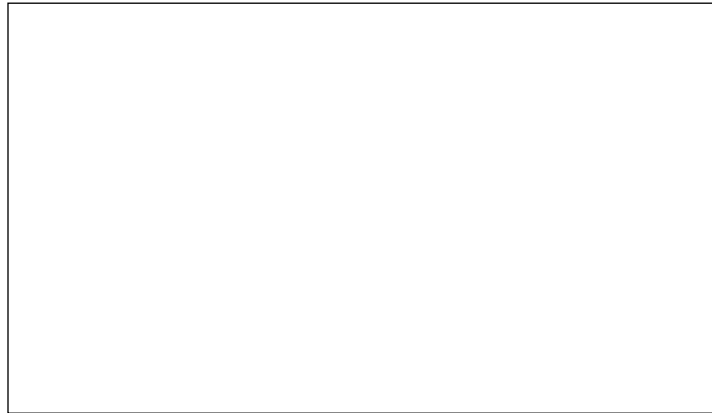
IV. IMPORTANT NOTICES

- A. If you do not fully understand this form in English, it is your responsibility to acquire adequate means of translation.
- B. All notices regarding your application will be sent to the address that you provide on this form. You must immediately notify the Commission of any change of address.
- C. Pursuant to 205 CMR 103, certain information submitted, collected, or gathered as part of an application to the Commission is confidential and not subject to disclosure as a public record. If you seek to protect information provided on this form as confidential, you must follow the procedures in 205 CMR 103 for doing so.
- D. In accordance with the Privacy Act of 1974, 5 U.S.C. 552a, disclosure of your social security number is voluntary. Failure to disclose your social security number is not grounds for denial of your application. If provided, the Commission will use your social security number to obtain and verify information in your application. The absence of a social security number on the application may delay the final determination of your application.
- E. An applicant or qualifier is required to disclose all political contributions made from November 22, 2011 through the date the Phase 1 application is filed. This duty of disclosure shall continue after the submission of the application and throughout the period of examination and investigation of the applicant or qualifier, and the applications of all other applicants and qualifiers with whom you are affiliated in any manner, by the Investigations and Enforcement Bureau and the Commission.

- F. A knowing failure to answer any question completely and truthfully will result in denial of your application.
- G. A license or a finding of qualification issued by the Commission is a revocable privilege and is not transferable. No licensee or qualifier has a vested right in or under a key gaming employee license or finding of qualification issued by the Commission.

AFFIX A COLOR PHOTOGRAPH
HERE THAT WAS TAKEN WITHIN
THE PAST SIX MONTHS.

PRINT YOUR NAME ON THE FRONT
BOTTOM BORDER OF THE
PHOTOGRAPH BEFORE
ATTACHING.



MASSACHUSETTS SUPPLEMENTAL FORM PERSONAL HISTORY DISCLOSURE FORM

PLEASE PRINT OR TYPE THE ANSWERS TO THE FOLLOWING QUESTIONS IN THE SPACES PROVIDED

PERSONAL DATA

NAME: LAST (INCLUDE SR., JR., ETC., IF APPLICABLE) FIRST MIDDLE

MAILING ADDRESS/POSTAL ADDRESS:
NUMBER AND STREET CITY/TOWN STATE/PROVINCE ZIP/POSTAL CODE

HOME ADDRESS: (IF DIFFERENT THAN MAILING ADDRESS/POSTAL ADDRESS)
NUMBER AND STREET CITY/TOWN STATE/PROVINCE ZIP/POSTAL CODE

PRESENT BUSINESS ADDRESS:
NUMBER AND STREET CITY/TOWN STATE/PROVINCE ZIP/POSTAL CODE

HOME TELEPHONE NUMBER: TELEPHONE NUMBER: AT CURRENT PLACE OF EMPLOYMENT FAX NUMBER:
(AREA CODE) (NUMBER) (AREA CODE) (NUMBER) (EXTENSION) (AREA CODE) (NUMBER)

DATE OF BIRTH: (MO) (DAY) (YEAR) E-MAIL ADDRESS (OPTIONAL):

HEIGHT (FT-IN) WEIGHT (LBS) SOCIAL SECURITY NUMBER*

HAVE YOU BEEN KNOWN BY ANY OTHER NAME OR NAMES? YES NO
IF YES, LIST THE ADDITIONAL NAMES BELOW AND SPECIFY DATES OF USE FOR EACH. (INCLUDE MAIDEN NAME, ALIASES, NICKNAMES, OTHER NAME CHANGES, LEGAL OR OTHERWISE.)

PLEASE CHECK OR COMPLETE APPROPRIATE SPACE

HAIR COLOR

- (BK) BLACK
- (BR) BROWN
- (BD) BLOND
- (RD) RED
- (WH) WHITE
- (BA) BALD

EYE COLOR

- (BK) BLACK
- (BR) BROWN
- (HZ) HAZEL
- (BL) BLUE
- (GY) GRAY
- (GR) GREEN

SEX:**

- (M) MALE
- (F) FEMALE

RACE:**

- (C) CAUCASIAN
- (B) BLACK
- (H) HISPANIC
- (A) ASIAN
- (N) NATIVE AMERICAN

*UNDER THE PRIVACY ACT, DISCLOSURE OF YOUR SOCIAL SECURITY NUMBER IS VOLUNTARY.
**YOUR RESPONSE IS OPTIONAL.

1. Provide the following information about the gaming license applicant or licensee with which you are, or are seeking to be, associated:

 Name of Entity

 Address of Entity Number and Street City State Zip Code

 Nature of Applicant's Position With or Interest in Such Entity

2. Check the appropriate box in either A or B below indicating the reason for submitting this application.

A. I am a qualifier because I am a:

- | | |
|-----------------------------------|---|
| <input type="checkbox"/> Owner | <input type="checkbox"/> Principal Employee |
| <input type="checkbox"/> Investor | <input type="checkbox"/> Stockholder |
| <input type="checkbox"/> Officer | <input type="checkbox"/> Partner |
| <input type="checkbox"/> Director | <input type="checkbox"/> Other |

OR

B. I am an applicant for a key gaming employee license.

C. If applicable, the name of the holding company(ies) of the gaming license applicant or licensee with which the applicant is associated and the nature of the position with or interest in such entity

 3. Do you have any ownership interest, financial interest or financial investment in any business entity applying to, or presently licensed, by the Massachusetts Gaming Commission? Yes No

If yes, complete the following chart:

NAME OF BUSINESS ENTITY	NATURE AND AMOUNT OF YOUR INTEREST/INVESTMENT	% OF OWNERSHIP IN THE BUSINESS ENTITY	GAMING AGENCY

4. Are you a citizen of the United States? Yes No

5. If you are a naturalized citizen of the United States, attach a copy of your Certificate of Naturalization to this form and label as Exhibit 5N.

6. If you are not a citizen of the United States, please indicate:

a. The country of which you are a citizen: _____

b. Place of birth: _____

c. Port of entry to the United States: _____

d. Name and address of sponsor upon your arrival:

7. If you are not a United States citizen, but you are legally authorized permanent resident alien or you are authorized to be employed in the United States, please provide your INS "A" number or other INS authorization in the space provided below, and attach to this form a copy of your INS identification card and/or any other INS documents that conditions or restricts your employment labeled as Exhibit 7N.

INS "A" number: _____

8. During the last ten year period, have you held a 5% or greater interest in or been a director, officer or principal employee of any entity that:

a. Has made or has been charged with (either itself or through third parties acting for it) bribes or kickbacks to any government official, domestic or foreign, to obtain favorable treatment or to any company, employee or organization to obtain a competitive advantage? Yes No

b. Has held a foreign bank account or has had authority to control disbursements from a foreign bank account? Yes No

c. Has maintained a bank account, or other account, whether domestic or foreign, which was not reflected on the books or records of the business? Yes No

d. Has maintained a domestic or foreign numbered bank account or other bank account in a name other than the name of the business? Yes No

e. Has donated or loaned corporate funds or corporate property for the use or benefit of, or for the purpose of opposing, any government, political party, candidate or committee either domestic or foreign? Yes No

f. Has compensated any of its directors, officers or employees for time and expenses incurred in performing services for the benefit of or in opposition to any government or political party domestic or foreign? Yes No

g. Has made any loans, donations or other disbursements to its directors, officers or employees for the purpose of making political contributions or reimbursing such individuals for political contributions? Yes No

9. State when you filed your last Federal Income Tax Return Form 1040, to what IRS Center it was sent and the tax period it covered.

Date Filed: _____ Period Covered: _____

IRS Office Location: _____

Attach to the back of this form and label as Exhibit 9N, a copy of each IRS Form 1040 and 1040X (Amended Return) and all appropriate schedules filed by you in the last five years. If you and your spouse filed separate tax returns for any year in the last five years, also attach a copy of your spouse's tax returns.

10. Has your Federal Income Tax Return ever been audited or adjusted? Yes No

If yes, for what tax year(s)? _____

11. Have you ever failed to file Federal or State Income Tax Returns? Yes No

If yes, for what year(s)? _____

12. Have you, or your spouse, ever filed any type of tax return, statement or form in any jurisdiction outside the United States within the last ten years? Yes No

If yes, complete the following chart:

TAX YEAR(S) FILED	COUNTRY FILED	AMOUNT OF TAX

Attach to the back of the Form and label as Exhibit 12N a copy of each such tax return and all appropriate schedules or other attachments required by the tax authorities of the foreign jurisdiction.

13. Do you understand that, with respect to political contributions in Massachusetts, you are classified as a "Prohibited Person" as defined in 205 CMR 102.02, meaning "any applicant for or holder of a gaming license, or any holding, intermediary or subsidiary company thereof; or any officer, director, key gaming employee or qualifier of any of these companies; or any person or agent acting on behalf of any of these companies or persons"? Yes No

As a "Prohibited Person," do you certify to the truth, completeness and accuracy of your answers to items in 13(a) – 13(d) recited below? Yes No

a. I hereby certify that, from November 22, 2011 through the date of the filing of this application, and other than as disclosed in Section 13(b) below, neither I nor any person, entity, company, organization or agent acting on my behalf or any entity with which I am affiliated in any manner, has directly or indirectly, paid or contributed any money or thing of value to:

1) any individual who holds a municipal, county or state office in the Commonwealth of Massachusetts; or

2) any candidate for nomination or election to any public office in the Commonwealth of Massachusetts, including a municipal office; or

3) any group, political party, committee, or assembly organized or acting in support of any such candidate;

b. I hereby further certify that, from November 22, 2011 through the date of the filing of this application, the only political contributions in any form or in kind, that I have directly or indirectly made either myself or through any other person, agent, entity or organization of any type, have been fully disclosed and documented in writing to the Commission and to any city or town clerk of any municipality or community designated as a host or surrounding community for a gaming facility in accordance with 205 CMR 108.03 and as required by the Massachusetts Office of Campaign and Political Finance on forms prescribed in 970 CMR. A summary listing by date, amount and recipient of all such contributions are depicted in Exhibit 13N to this application form.

c. I hereby further certify that I have read, understood and complied with the provisions set forth in 205 CMR 108.00 and relating to Community and Political contributions and that I have had the opportunity to resolve any questions or concerns regarding the disclosures required herein by advice from a licensed attorney or other professional adviser of my choosing.

d. I hereby further certify that I fully understand and acknowledge that my duty of timely and complete disclosure of all such contributions shall continue after the submission of this application form and throughout the period of examination and investigation by the Investigations and Enforcement Bureau and Commission of my application and of the applications of all other applicants and qualifiers with whom I am affiliated in any manner.

14. Are you a member of any social, labor, or fraternal union, club or organization? Yes No

If yes, please complete the following chart:

NAME OF UNION/CLUB OR ORGANIZATION	YEARS OF MEMBERSHIP	POSITION HELD

15. Has any motor vehicle license registration or operator license held by or applied for by you **or your spouse** ever been revoked or suspended? Yes No

If yes, please complete the following chart:

APPLICANT OR SPOUSE	MOTOR VEHICLE LICENSE OR REGISTRATION	LICENSE NUMBER OR REGISTRATION NUMBER	REVOCATION OR SUSPENSION	STATE OF MOTOR VEHICLE AGENCY	DATE OF REVOCATION OR SUSPENSION

16. Have you or **your spouse** ever possessed or owned any pistol or firearm or made any application for any firearm permit, firearm dealer's license, or permit to carry a pistol or firearm? Yes No

If yes, please complete the following chart:

APPLICANT OR SPOUSE	DATE OF APPLICATION	DISPOSITION OF APPLICATION

17. Has any license, permit or certificate held by or applied for by you or **your spouse**, or any entity in which you or your spouse was a director, officer, partner or any owner of a five percent or greater interest ever been denied, suspended or revoked by a government agency? Yes No

If yes, please complete the following chart:

APPLICANT OR SPOUSE OR ENTITY (NAME OF ENTITY)	TYPE OF LICENSE, PERMIT OR CERTIFICATE	GOVERNMENT AGENCY	DATE OF AGENCY ACTION	DENIAL, SUSPENSION OR REVOCATION	REASON FOR DENIAL SUSPENSION OR REVOCATION

18. Have you ever been bonded for any purpose or been denied any type of bond?

Yes No

If yes, please complete the following chart:

NATURE OF BOND	DATE OF BONDING OR DENIAL	REASON FOR DENIAL

19. Have you ever voluntarily been placed on a self-exclusion list maintained by a casino gaming regulatory agency or gaming establishment. The Commission considers this information to be confidential and exempt from public disclosure. Yes No

If yes, please complete the following chart:

GAMING REGULATORY AGENCY OR GAMING ESTABLISHMENT	DATE OF PLACEMENT ON LIST	TIME PERIOD FOR SELF EXCLUSION

20. The names and other information requested of three (3) references over the age of 18 who have known you for at least one year and can attest to your good character and reputation. No person can be a reference who is a member of your family or resides in your household. (Family members include spouse, parents, grandparents, children, grandchildren, siblings, uncles, aunts, nephews, nieces, fathers-in-law, mothers-in-law, sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law whether by whole or half blood, by marriage, adoption or natural relationship.)

REFERENCE ONE

Name _____

Business Address _____

Address _____

Telephone No. _____

Occupation _____

How long have you known the reference?

REFERENCE TWO

Name _____

Business Address _____

Address _____

Telephone No. _____

Occupation _____

How long have you known the reference?

REFERENCE THREE

Name _____

Address _____

Telephone No. _____

Business Address _____

Occupation _____

How long have you known the reference?

WAIVER OF LIABILITY

I hereby waive the Commonwealth of Massachusetts and its instrumentalities and agents, including but not limited to the Massachusetts Gaming Commission, the Investigations and Enforcement Bureau and their agents, representatives and employees, both individually and collectively, from any and all liability for damages of whatever kind, resulting at any time from any disclosure and publication of information acquired during the application or investigation process.

DATED: _____

(Signature of Applicant)

TYPE, STAMP OR PRINT NAME

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____ (name of document signer), proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he)(she) signed it voluntarily for its stated purpose.

(Signature of Notary)

STATEMENT OF TRUTH

STATE OF _____:

SS:

COUNTY OF _____:

_____, being duly sworn according to law deposes and says:

1. I hereby swear (or affirm) that the information contained herein and accompanying this application is true.
2. I personally supplied and reviewed the information contained in this form.
3. I understand and read the English language or I have had in interpreter read, explain and record the answer to each and every question on this application form.
4. Any document accompanying this Massachusetts Supplemental Form that is not an original document is a true copy of the original document.
5. I swear (or affirm) that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are false, this application may be denied.

(SIGNATURE)

(TYPE, STAMP OR PRINT NAME)

(DATE)

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____(name of document signer), proved to me through satisfactory evidence of identification which was _____, to be the person who signed the preceding or attached document in my presence, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of (his)(her) knowledge and belief.

(Signature of Notary)

CONSENT TO INSPECTIONS, SEARCHES AND SEIZURES

I, _____, hereby consent to all inspections, searches and seizures and the supplying of handwriting exemplars as authorized by the Massachusetts Gaming Law, M.G.L. c. 23K, and by the rules and regulations of the Commission.

I am aware of my rights secured by the Constitution of the United States and by the Commonwealth of the State of Massachusetts not to consent to such inspections, searches and seizures and I expressly waive and forego that right.

DATE

SIGNATURE

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____(name of document signer), proved to me through satisfactory evidence of identification which was _____, to be the person who signed the preceding or attached document in my presence, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of (his)(her) knowledge and belief.

(Signature of Notary)

RELEASE AUTHORIZATION

To All Courts, Probation Departments, Military Organizations, Selective Service Boards, Employers, Educational Institutions, Banks, Financial and Other Such Institutions, All Gaming regulatory Agencies, and All Governmental Agencies – federal, state and local, without exception, both foreign and domestic (the “issuing entity”).

I, _____ have
(Print Name)

authorized the Massachusetts Gaming Commission and Investigations and Enforcement Bureau (Bureau) to conduct a full investigation into my background and activities.

I acknowledge that the Commission and/or Bureau may contract or may have contracted with third parties for the purpose of conducting due diligence suitability investigations on behalf of the Commission and/or Bureau in connection with my application filed with the Commission.

I authorize the release of any and all information pertaining to me, documentary or otherwise, as requested by any employee or agent of the Commission or Bureau, provided that he or she certifies to you that I have an application pending before the Commission or that I am presently a licensee or person required to be qualified.

I release any issuing entity, the Commission, the Bureau and their agents, representatives and employees, both individually and collectively, from any and all liability for damages of whatever kind, which may at any time result because of compliance with this authorization for release of information.

I acknowledge that this authorization shall supersede and replace any prior release authorization executed by me for the Commission and/or Bureau.

A photocopy of this authorization will be considered as effective and valid as the original.

DATED: _____
(Signature of Applicant)

TYPE, STAMP OR PRINT NAME

On this ___ day of _____ 20___, before me, the undersigned notary public, personally appeared _____ (name of document signer), proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he)(she) signed it voluntarily for its stated purpose.

(Signature of Notary)

**Exhibit 15: Massachusetts Supplement to the Multi Jurisdictional
Personal History Disclosure Form**

MASSACHUSETTS GAMING COMMISSION



**MASSACHUSETTS SUPPLEMENTAL FORM
TO MULTI-JURISDICTIONAL
PERSONAL HISTORY DISCLOSURE FORM
FOR KEY GAMING EMPLOYEES AND QUALIFIERS**

MASSACHUSETTS SUPPLEMENTAL FORM
TO MULTI-JURISDICTIONAL
PERSONAL HISTORY DISCLOSURE FORM

This form is a supplement to the Massachusetts Multi-Jurisdictional Personal History Disclosure Form (“PHD-MA”) and is identified as the Massachusetts Supplemental Form (“PHD-MA-SUPP”). Both the PHD-MA and the PHD-MA-SUPP forms must be filed with the Massachusetts Gaming Commission (“Commission”) as parts of an application for a key gaming employee license or a Category 1 or Category 2 license qualification.

Copies of the forms used in Massachusetts are available on the Internet at the Commission’s website at: <http://www.mass.gov/gaming/>. You may also request the forms be mailed to you by calling (617) 979-8400.

APPLICATION INSTRUCTIONS

PLEASE READ ALL INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS FORM.

I. COMPLETING THIS FORM:

- A. You are to complete this form and a Multi-Jurisdictional Personal History Disclosure Form if you are:
 - 1. A qualifier of an applicant for a Category 1 or Category 2 gaming license; or
 - 2. A qualifier of a Category 1 or Category 2 gaming licensee; or
 - 3. An applicant for a key gaming employee license; or
 - 4. Directed to do so by the Commission.

- B. Read each question carefully prior to answering. Answer every question completely. Do not leave blank spaces. If a question does not apply to you, indicate “Does Not Apply” in response to that question. If there is nothing to disclose in response to a particular question, indicate “None” in response to that question. Failure to provide a response to every question could result in the rejection of your application.

- C. All entries on this form, except initials and signatures, must be typed or printed in block lettering using dark ink. If your application is not legible, it will not be accepted.

- D. If you make any modification to the pre-printed questions or information contained in this form, your application will be rejected.

- E. If the space available is insufficient to respond to a question, you are to supply the required information on an attachment page and clearly identify which question you are answering.

- F. All attachments requested in this form are to be labeled with an exhibit number and attached to the back of the form.

II. BEFORE YOU SUBMIT THIS FORM TO THE COMMISSION, BE SURE THAT:

- A. All attachments required in this form and in the Multi-Jurisdictional Personal History Disclosure Form are labeled with an exhibit number.
- B. You have signed and notarized the Statement of Truth, Release Authorization and Waiver of Liability forms included with the Massachusetts Supplemental Form and the Statement of Truth included with the Multi-Jurisdictional Personal History Disclosure Form.
- C. You have answered every question completely.
- D. You have attached a recent (within the past six months) color photograph of yourself in the space provided on page 5.
- E. You initial and date each page of this form in the spaces provided.
- F. You retain a completed copy of this form for your records.

III. FILING THIS FORM WITH THE COMMISSION

- A. A complete application for a key gaming employee license or a Category 1 or Category 2 license qualifier consists of:
 - 1. The Multi-Jurisdictional Personal History Disclosure Form with all required attachments;
 - 2. This Massachusetts Supplemental Form with all required attachments;
 - 3. For key gaming employee license applicants, the required application fee.
- B. The fees relating to an application for a key gaming employee license are set forth in 205 CMR 114.01.
- C. Once your application is accepted, it becomes the property of the Commission and may not be withdrawn without the permission of the Commission.
- D. Pursuant to 205 CMR 106.03, the complete application **must** be filed electronically in PDF format pursuant to procedures posted on the Commission's website.

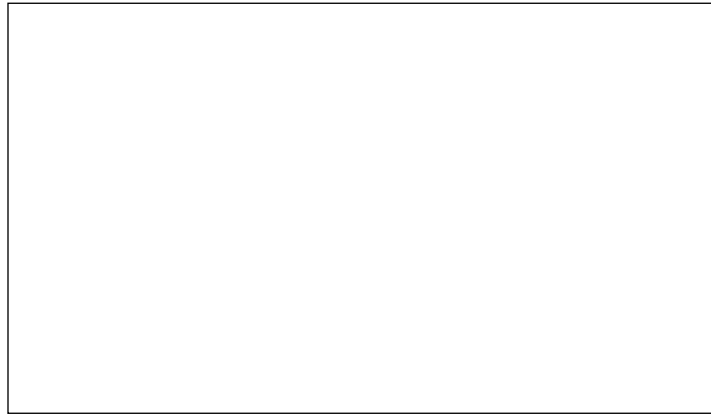
IV. IMPORTANT NOTICES

- A. If you do not fully understand this form in English, it is your responsibility to acquire adequate means of translation.
- B. All notices regarding your application will be sent to the address that you provide on this form. You must immediately notify the Commission of any change of address.
- C. Pursuant to 205 CMR 103, certain information submitted, collected, or gathered as part of an application to the Commission is confidential and not subject to disclosure as a public record. If you seek to protect information provided on this form as confidential, you must follow the procedures in 205 CMR 103 for doing so.
- D. In accordance with the Privacy Act of 1974, 5 U.S.C. 552a, disclosure of your social security number is voluntary. Failure to disclose your social security number is not grounds for denial of your application. If provided, the Commission will use your social security number to obtain and verify information in your application. The absence of a social security number on the application may delay the final determination of your application.
- E. An applicant or qualifier is required to disclose all political contributions made from November 22, 2011 through the date the Phase 1 application is filed. This duty of disclosure shall continue after the submission of the application and throughout the period of examination and investigation of the applicant or qualifier, and the applications of all other applicants and qualifiers with whom you are affiliated in any manner, by the Investigations and Enforcement Bureau and the Commission.

- F. A knowing failure to answer any question completely and truthfully will result in denial of your application.
- G. A license or a finding of qualification issued by the Commission is a revocable privilege and is not transferable. No licensee or qualifier has a vested right in or under a key gaming employee license or finding of qualification issued by the Commission.

AFFIX A COLOR PHOTOGRAPH
HERE THAT WAS TAKEN WITHIN
THE PAST SIX MONTHS.

PRINT YOUR NAME ON THE FRONT
BOTTOM BORDER OF THE
PHOTOGRAPH BEFORE
ATTACHING.



**MASSACHUSETTS SUPPLEMENTAL FORM
PERSONAL HISTORY DISCLOSURE FORM**

PLEASE PRINT OR TYPE THE ANSWERS TO THE FOLLOWING QUESTIONS IN THE SPACES PROVIDED

PERSONAL DATA

NAME: LAST (INCLUDE SR., JR., ETC., IF APPLICABLE) FIRST MIDDLE

MAILING ADDRESS/POSTAL ADDRESS:
NUMBER AND STREET CITY/TOWN STATE/PROVINCE ZIP/POSTAL CODE

HOME ADDRESS: (IF DIFFERENT THAN MAILING ADDRESS/POSTAL ADDRESS)
NUMBER AND STREET CITY/TOWN STATE/PROVINCE ZIP/POSTAL CODE

PRESENT BUSINESS ADDRESS:
NUMBER AND STREET CITY/TOWN STATE/PROVINCE ZIP/POSTAL CODE

HOME TELEPHONE NUMBER: TELEPHONE NUMBER: AT CURRENT PLACE OF EMPLOYMENT FAX NUMBER:
(AREA CODE) (NUMBER) (AREA CODE) (NUMBER) (EXTENSION) (AREA CODE) (NUMBER)

DATE OF BIRTH: (MO) (DAY) (YEAR) E-MAIL ADDRESS (OPTIONAL):

HEIGHT (FT-IN) WEIGHT (LBS) SOCIAL SECURITY NUMBER*

HAVE YOU BEEN KNOWN BY ANY OTHER NAME OR NAMES? YES NO
IF YES, LIST THE ADDITIONAL NAMES BELOW AND SPECIFY DATES OF USE FOR EACH. (INCLUDE MAIDEN NAME, ALIASES, NICKNAMES,
OTHER NAME CHANGES, LEGAL OR OTHERWISE.)

PLEASE CHECK OR COMPLETE APPROPRIATE SPACE

HAIR COLOR

- (BK) BLACK
- (BR) BROWN
- (BD) BLOND
- (RD) RED
- (WH) WHITE
- (BA) BALD

EYE COLOR

- (BK) BLACK
- (BR) BROWN
- (HZ) HAZEL
- (BL) BLUE
- (GY) GRAY
- (GR) GREEN

SEX:**

- (M) MALE
- (F) FEMALE

RACE:**

- (C) CAUCASIAN
- (B) BLACK
- (H) HISPANIC
- (A) ASIAN
- (N) NATIVE AMERICAN

*UNDER THE PRIVACY ACT, DISCLOSURE OF YOUR SOCIAL SECURITY NUMBER IS VOLUNTARY.
**YOUR RESPONSE IS OPTIONAL.

1. Provide the following information about the gaming license applicant or licensee with which you are, or are seeking to be, associated:

 Name of Entity

 Address of Entity Number and Street City State Zip Code

 Nature of Applicant's Position With or Interest in Such Entity

2. Check the appropriate box in either A or B below indicating the reason for submitting this application.

A. I am a qualifier because I am a:

- | | |
|-----------------------------------|---|
| <input type="checkbox"/> Owner | <input type="checkbox"/> Principal Employee |
| <input type="checkbox"/> Investor | <input type="checkbox"/> Stockholder |
| <input type="checkbox"/> Officer | <input type="checkbox"/> Partner |
| <input type="checkbox"/> Director | <input type="checkbox"/> Other |

OR

B. I am an applicant for a key gaming employee license.

C. If applicable, the name of the holding company(ies) of the gaming license applicant or licensee with which the applicant is associated and the nature of the position with or interest in such entity

 3. Do you have any ownership interest, financial interest or financial investment in any business entity applying to, or presently licensed, by the Massachusetts Gaming Commission? Yes No

If yes, complete the following chart:

NAME OF BUSINESS ENTITY	NATURE AND AMOUNT OF YOUR INTEREST/INVESTMENT	% OF OWNERSHIP IN THE BUSINESS ENTITY	GAMING AGENCY

4. Are you a citizen of the United States? Yes No

5. If you are a naturalized citizen of the United States, attach a copy of your Certificate of Naturalization to this form and label as Exhibit 5N.

6. If you are not a citizen of the United States, please indicate:

a. The country of which you are a citizen: _____

b. Place of birth: _____

c. Port of entry to the United States: _____

d. Name and address of sponsor upon your arrival:

7. If you are not a United States citizen, but you are legally authorized permanent resident alien or you are authorized to be employed in the United States, please provide your INS "A" number or other INS authorization in the space provided below, and attach to this form a copy of your INS identification card and/or any other INS documents that conditions or restricts your employment labeled as Exhibit 7N.

INS "A" number: _____

8. During the last ten year period, have you held a 5% or greater interest in or been a director, officer or principal employee of any entity that:

a. Has made or has been charged with (either itself or through third parties acting for it) bribes or kickbacks to any government official, domestic or foreign, to obtain favorable treatment or to any company, employee or organization to obtain a competitive advantage? Yes No

b. Has held a foreign bank account or has had authority to control disbursements from a foreign bank account? Yes No

c. Has maintained a bank account, or other account, whether domestic or foreign, which was not reflected on the books or records of the business? Yes No

d. Has maintained a domestic or foreign numbered bank account or other bank account in a name other than the name of the business? Yes No

e. Has donated or loaned corporate funds or corporate property for the use or benefit of, or for the purpose of opposing, any government, political party, candidate or committee either domestic or foreign? Yes No

f. Has compensated any of its directors, officers or employees for time and expenses incurred in performing services for the benefit of or in opposition to any government or political party domestic or foreign? Yes No

g. Has made any loans, donations or other disbursements to its directors, officers or employees for the purpose of making political contributions or reimbursing such individuals for political contributions? Yes No

9. State when you filed your last Federal Income Tax Return Form 1040, to what IRS Center it was sent and the tax period it covered.

Date Filed: _____ Period Covered: _____

IRS Office Location: _____

Attach to the back of this form and label as Exhibit 9N, a copy of each IRS Form 1040 and 1040X (Amended Return) and all appropriate schedules filed by you in the last five years. If you and your spouse filed separate tax returns for any year in the last five years, also attach a copy of your spouse's tax returns.

10. Has your Federal Income Tax Return ever been audited or adjusted? Yes No

If yes, for what tax year(s)? _____

11. Have you ever failed to file Federal or State Income Tax Returns? Yes No

If yes, for what year(s)? _____

12. Have you, or your spouse, ever filed any type of tax return, statement or form in any jurisdiction outside the United States within the last ten years? Yes No

If yes, complete the following chart:

TAX YEAR(S) FILED	COUNTRY FILED	AMOUNT OF TAX

Attach to the back of the Form and label as Exhibit 12N a copy of each such tax return and all appropriate schedules or other attachments required by the tax authorities of the foreign jurisdiction.

13. Do you understand that, with respect to political contributions in Massachusetts, you are classified as a "Prohibited Person" as defined in 205 CMR 102.02, meaning "any applicant for or holder of a gaming license, or any holding, intermediary or subsidiary company thereof; or any officer, director, key gaming employee or qualifier of any of these companies; or any person or agent acting on behalf of any of these companies or persons"? Yes No

As a "Prohibited Person," do you certify to the truth, completeness and accuracy of your answers to items in 13(a) – 13(d) recited below? Yes No

a. I hereby certify that, from November 22, 2011 through the date of the filing of this application, and other than as disclosed in Section 13(b) below, neither I nor any person, entity, company, organization or agent acting on my behalf or any entity with which I am affiliated in any manner, has directly or indirectly, paid or contributed any money or thing of value to:

1) any individual who holds a municipal, county or state office in the Commonwealth of Massachusetts; or

2) any candidate for nomination or election to any public office in the Commonwealth of Massachusetts, including a municipal office; or

3) any group, political party, committee, or assembly organized or acting in support of any such candidate;

b. I hereby further certify that, from November 22, 2011 through the date of the filing of this application, the only political contributions in any form or in kind, that I have directly or indirectly made either myself or through any other person, agent, entity or organization of any type, have been fully disclosed and documented in writing to the Commission and to any city or town clerk of any municipality or community designated as a host or surrounding community for a gaming facility in accordance with 205 CMR 108.03 and as required by the Massachusetts Office of Campaign and Political Finance on forms prescribed in 970 CMR. A summary listing by date, amount and recipient of all such contributions are depicted in Exhibit 13N to this application form.

c. I hereby further certify that I have read, understood and complied with the provisions set forth in 205 CMR 108.00 and relating to Community and Political contributions and that I have had the opportunity to resolve any questions or concerns regarding the disclosures required herein by advice from a licensed attorney or other professional adviser of my choosing.

d. I hereby further certify that I fully understand and acknowledge that my duty of timely and complete disclosure of all such contributions shall continue after the submission of this application form and throughout the period of examination and investigation by the Investigations and Enforcement Bureau and Commission of my application and of the applications of all other applicants and qualifiers with whom I am affiliated in any manner.

14. Are you a member of any social, labor, or fraternal union, club or organization? Yes No

If yes, please complete the following chart:

NAME OF UNION/CLUB OR ORGANIZATION	YEARS OF MEMBERSHIP	POSITION HELD

15. Has any motor vehicle license registration or operator license held by or applied for by you or your spouse ever been revoked or suspended? Yes No

If yes, please complete the following chart:

APPLICANT OR SPOUSE	MOTOR VEHICLE LICENSE OR REGISTRATION	LICENSE NUMBER OR REGISTRATION NUMBER	REVOCATION OR SUSPENSION	STATE OF MOTOR VEHICLE AGENCY	DATE OF REVOCATION OR SUSPENSION

16. Have you or your spouse ever possessed or owned any pistol or firearm or made any application for any firearm permit, firearm dealer's license, or permit to carry a pistol or firearm? Yes No

If yes, please complete the following chart:

APPLICANT OR SPOUSE	DATE OF APPLICATION	DISPOSITION OF APPLICATION

17. Has any license, permit or certificate held by or applied for by you or your spouse, or any entity in which you or your spouse was a director, officer, partner or any owner of a five percent or greater interest ever been denied, suspended or revoked by a government agency? Yes No

If yes, please complete the following chart:

APPLICANT OR SPOUSE OR ENTITY (NAME OF ENTITY)	TYPE OF LICENSE, PERMIT OR CERTIFICATE	GOVERNMENT AGENCY	DATE OF AGENCY ACTION	DENIAL, SUSPENSION OR REVOCAION	REASON FOR DENIAL SUSPENSION OR REVOCAION

18. Have you ever been bonded for any purpose or been denied any type of bond?

Yes No

If yes, please complete the following chart:

NATURE OF BOND	DATE OF BONDING OR DENIAL	REASON FOR DENIAL

19. Have you ever voluntarily been placed on a self-exclusion list maintained by a casino gaming regulatory agency or gaming establishment. The Commission considers this information to be confidential and exempt from public disclosure. Yes No

If yes, please complete the following chart:

GAMING REGULATORY AGENCY OR GAMING ESTABLISHMENT	DATE OF PLACEMENT ON LIST	TIME PERIOD FOR SELF EXCLUSION

20. The names and other information requested of three (3) references over the age of 18 who have known you for at least one year and can attest to your good character and reputation. No person can be a reference who is a member of your family or resides in your household. (Family members include spouse, parents, grandparents, children, grandchildren, siblings, uncles, aunts, nephews, nieces, fathers-in-law, mothers-in-law, sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law whether by whole or half blood, by marriage, adoption or natural relationship.)

REFERENCE ONE

Name _____

Business Address _____

Address _____

Telephone No. _____

Occupation _____

How long have you known the reference?

REFERENCE TWO

Name _____

Business Address _____

Address _____

Telephone No. _____

Occupation _____

How long have you known the reference?

REFERENCE THREE

Name _____

Address _____

Telephone No. _____

Business Address _____

Occupation _____

How long have you known the reference?

WAIVER OF LIABILITY

I hereby waive the Commonwealth of Massachusetts and its instrumentalities and agents, including but not limited to the Massachusetts Gaming Commission, the Investigations and Enforcement Bureau and their agents, representatives and employees, both individually and collectively, from any and all liability for damages of whatever kind, resulting at any time from any disclosure and publication of information acquired during the application or investigation process.

DATED: _____

(Signature of Applicant)

TYPE, STAMP OR PRINT NAME

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____ (name of document signer), proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he)(she) signed it voluntarily for its stated purpose.

(Signature of Notary)

STATEMENT OF TRUTH

STATE OF _____:

SS:

COUNTY OF _____:

_____, being duly sworn according to law deposes and says:

1. I hereby swear (or affirm) that the information contained herein and accompanying this application is true.
2. I personally supplied and reviewed the information contained in this form.
3. I understand and read the English language or I have had in interpreter read, explain and record the answer to each and every question on this application form.
4. Any document accompanying this Massachusetts Supplemental Form that is not an original document is a true copy of the original document.
5. I swear (or affirm) that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are false, this application may be denied.

(SIGNATURE)

(TYPE, STAMP OR PRINT NAME)

(DATE)

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____(name of document signer), proved to me through satisfactory evidence of identification which was _____, to be the person who signed the preceding or attached document in my presence, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of (his)(her) knowledge and belief.

(Signature of Notary)

CONSENT TO INSPECTIONS, SEARCHES AND SEIZURES

I, _____, hereby consent to all inspections, searches and seizures and the supplying of handwriting exemplars as authorized by the Massachusetts Gaming Law, M.G.L. c. 23K, and by the rules and regulations of the Commission.

I am aware of my rights secured by the Constitution of the United States and by the Commonwealth of the State of Massachusetts not to consent to such inspections, searches and seizures and I expressly waive and forego that right.

DATE

SIGNATURE

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____(name of document signer), proved to me through satisfactory evidence of identification which was _____, to be the person who signed the preceding or attached document in my presence, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of (his)(her) knowledge and belief.

(Signature of Notary)

RELEASE AUTHORIZATION

To All Courts, Probation Departments, Military Organizations, Selective Service Boards, Employers, Educational Institutions, Banks, Financial and Other Such Institutions, All Gaming regulatory Agencies, and All Governmental Agencies – federal, state and local, without exception, both foreign and domestic (the “issuing entity”).

I, _____ have
(Print Name)

authorized the Massachusetts Gaming Commission and Investigations and Enforcement Bureau (Bureau) to conduct a full investigation into my background and activities.

I acknowledge that the Commission and/or Bureau may contract or may have contracted with third parties for the purpose of conducting due diligence suitability investigations on behalf of the Commission and/or Bureau in connection with my application filed with the Commission.

I authorize the release of any and all information pertaining to me, documentary or otherwise, as requested by any employee or agent of the Commission or Bureau, provided that he or she certifies to you that I have an application pending before the Commission or that I am presently a licensee or person required to be qualified.

I release any issuing entity, the Commission, the Bureau and their agents, representatives and employees, both individually and collectively, from any and all liability for damages of whatever kind, which may at any time result because of compliance with this authorization for release of information.

I acknowledge that this authorization shall supersede and replace any prior release authorization executed by me for the Commission and/or Bureau.

A photocopy of this authorization will be considered as effective and valid as the original.

DATED: _____
(Signature of Applicant)

TYPE, STAMP OR PRINT NAME

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____ (name of document signer), proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he)(she) signed it voluntarily for its stated purpose.

(Signature of Notary)

**Exhibit 16: Massachusetts Supplement to the Multi Jurisdictional
Personal History Disclosure Form, with Confidential Areas
Marked**

MASSACHUSETTS GAMING COMMISSION



**MASSACHUSETTS SUPPLEMENTAL FORM
TO MULTI-JURISDICTIONAL
PERSONAL HISTORY DISCLOSURE FORM
FOR KEY GAMING EMPLOYEES AND QUALIFIERS**

MASSACHUSETTS SUPPLEMENTAL FORM
TO MULTI-JURISDICTIONAL
PERSONAL HISTORY DISCLOSURE FORM

This form is a supplement to the Massachusetts Multi-Jurisdictional Personal History Disclosure Form (“PHD-MA”) and is identified as the Massachusetts Supplemental Form (“PHD-MA-SUPP”). Both the PHD-MA and the PHD-MA-SUPP forms must be filed with the Massachusetts Gaming Commission (“Commission”) as parts of an application for a key gaming employee license or a Category 1 or Category 2 license qualification.

Copies of the forms used in Massachusetts are available on the Internet at the Commission’s website at: <http://www.mass.gov/gaming/>. You may also request the forms be mailed to you by calling (617) 979-8400.

APPLICATION INSTRUCTIONS

PLEASE READ ALL INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS FORM.

I. COMPLETING THIS FORM:

- A. You are to complete this form and a Multi-Jurisdictional Personal History Disclosure Form if you are:
 - 1. A qualifier of an applicant for a Category 1 or Category 2 gaming license; or
 - 2. A qualifier of a Category 1 or Category 2 gaming licensee; or
 - 3. An applicant for a key gaming employee license; or
 - 4. Directed to do so by the Commission.

- B. Read each question carefully prior to answering. Answer every question completely. Do not leave blank spaces. If a question does not apply to you, indicate “Does Not Apply” in response to that question. If there is nothing to disclose in response to a particular question, indicate “None” in response to that question. Failure to provide a response to every question could result in the rejection of your application.

- C. All entries on this form, except initials and signatures, must be typed or printed in block lettering using dark ink. If your application is not legible, it will not be accepted.

- D. If you make any modification to the pre-printed questions or information contained in this form, your application will be rejected.

- E. If the space available is insufficient to respond to a question, you are to supply the required information on an attachment page and clearly identify which question you are answering.

- F. All attachments requested in this form are to be labeled with an exhibit number and attached to the back of the form.

II. BEFORE YOU SUBMIT THIS FORM TO THE COMMISSION, BE SURE THAT:

- A. All attachments required in this form and in the Multi-Jurisdictional Personal History Disclosure Form are labeled with an exhibit number.
- B. You have signed and notarized the Statement of Truth, Release Authorization and Waiver of Liability forms included with the Massachusetts Supplemental Form and the Statement of Truth included with the Multi-Jurisdictional Personal History Disclosure Form.
- C. You have answered every question completely.
- D. You have attached a recent (within the past six months) color photograph of yourself in the space provided on page 5.
- E. You initial and date each page of this form in the spaces provided.
- F. You retain a completed copy of this form for your records.

III. FILING THIS FORM WITH THE COMMISSION

- A. A complete application for a key gaming employee license or a Category 1 or Category 2 license qualifier consists of:
 - 1. The Multi-Jurisdictional Personal History Disclosure Form with all required attachments;
 - 2. This Massachusetts Supplemental Form with all required attachments;
 - 3. For key gaming employee license applicants, the required application fee.
- B. The fees relating to an application for a key gaming employee license are set forth in 205 CMR 114.01.
- C. Once your application is accepted, it becomes the property of the Commission and may not be withdrawn without the permission of the Commission.
- D. Pursuant to 205 CMR 106.03, the complete application **must** be filed electronically in PDF format pursuant to procedures posted on the Commission's website.

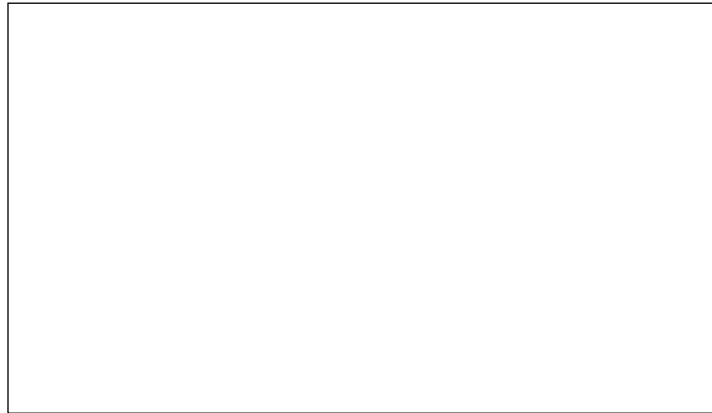
IV. IMPORTANT NOTICES

- A. If you do not fully understand this form in English, it is your responsibility to acquire adequate means of translation.
- B. All notices regarding your application will be sent to the address that you provide on this form. You must immediately notify the Commission of any change of address.
- C. Pursuant to 205 CMR 103, certain information submitted, collected, or gathered as part of an application to the Commission is confidential and not subject to disclosure as a public record. If you seek to protect information provided on this form as confidential, you must follow the procedures in 205 CMR 103 for doing so.
- D. In accordance with the Privacy Act of 1974, 5 U.S.C. 552a, disclosure of your social security number is voluntary. Failure to disclose your social security number is not grounds for denial of your application. If provided, the Commission will use your social security number to obtain and verify information in your application. The absence of a social security number on the application may delay the final determination of your application.
- E. An applicant or qualifier is required to disclose all political contributions made from November 22, 2011 through the date the Phase 1 application is filed. This duty of disclosure shall continue after the submission of the application and throughout the period of examination and investigation of the applicant or qualifier, and the applications of all other applicants and qualifiers with whom you are affiliated in any manner, by the Investigations and Enforcement Bureau and the Commission.

- F. A knowing failure to answer any question completely and truthfully will result in denial of your application.
- G. A license or a finding of qualification issued by the Commission is a revocable privilege and is not transferable. No licensee or qualifier has a vested right in or under a key gaming employee license or finding of qualification issued by the Commission.

AFFIX A COLOR PHOTOGRAPH
HERE THAT WAS TAKEN WITHIN
THE PAST SIX MONTHS.

PRINT YOUR NAME ON THE FRONT
BOTTOM BORDER OF THE
PHOTOGRAPH BEFORE
ATTACHING.



MASSACHUSETTS SUPPLEMENTAL FORM PERSONAL HISTORY DISCLOSURE FORM

PLEASE PRINT OR TYPE THE ANSWERS TO THE FOLLOWING QUESTIONS IN THE SPACES PROVIDED

PERSONAL DATA

NAME: LAST (INCLUDE SR., JR., ETC., IF APPLICABLE) FIRST MIDDLE

MAILING ADDRESS/POSTAL ADDRESS:
NUMBER AND STREET CITY/TOWN STATE/PROVINCE ZIP/POSTAL CODE

HOME ADDRESS: (IF DIFFERENT THAN MAILING ADDRESS/POSTAL ADDRESS)
NUMBER AND STREET CITY/TOWN STATE/PROVINCE ZIP/POSTAL CODE

PRESENT BUSINESS ADDRESS:
NUMBER AND STREET CITY/TOWN STATE/PROVINCE ZIP/POSTAL CODE

HOME TELEPHONE NUMBER: TELEPHONE NUMBER: AT CURRENT PLACE OF EMPLOYMENT FAX NUMBER:
(AREA CODE) (NUMBER) (AREA CODE) (NUMBER) (EXTENSION) (AREA CODE) (NUMBER)

DATE OF BIRTH: (MO) (DAY) (YEAR) E-MAIL ADDRESS (OPTIONAL):

HEIGHT (FT-IN) WEIGHT (LBS) SOCIAL SECURITY NUMBER*

HAVE YOU BEEN KNOWN BY ANY OTHER NAME OR NAMES? YES NO
IF YES, LIST THE ADDITIONAL NAMES BELOW AND SPECIFY DATES OF USE FOR EACH. (INCLUDE MAIDEN NAME, ALIASES, NICKNAMES, OTHER NAME CHANGES, LEGAL OR OTHERWISE.)

PLEASE CHECK OR COMPLETE APPROPRIATE SPACE

- | | | | |
|--|--|---|---|
| <p><u>HAIR COLOR</u></p> <p><input type="checkbox"/> (BK) BLACK
 <input type="checkbox"/> (BR) BROWN
 <input type="checkbox"/> (BD) BLOND
 <input type="checkbox"/> (RD) RED
 <input type="checkbox"/> (WH) WHITE
 <input type="checkbox"/> (BA) BALD</p> | <p><u>EYE COLOR</u></p> <p><input type="checkbox"/> (BK) BLACK
 <input type="checkbox"/> (BR) BROWN
 <input type="checkbox"/> (HZ) HAZEL
 <input type="checkbox"/> (BL) BLUE
 <input type="checkbox"/> (GY) GRAY
 <input type="checkbox"/> (GR) GREEN</p> | <p><u>SEX:**</u></p> <p><input type="checkbox"/> (M) MALE
 <input type="checkbox"/> (F) FEMALE</p> | <p><u>RACE:**</u></p> <p><input type="checkbox"/> (C) CAUCASIAN
 <input type="checkbox"/> (B) BLACK
 <input type="checkbox"/> (H) HISPANIC
 <input type="checkbox"/> (A) ASIAN
 <input type="checkbox"/> (N) NATIVE AMERICAN</p> |
|--|--|---|---|

*UNDER THE PRIVACY ACT, DISCLOSURE OF YOUR SOCIAL SECURITY NUMBER IS VOLUNTARY.
 **YOUR RESPONSE IS OPTIONAL.

1. Provide the following information about the gaming license applicant or licensee with which you are, or are seeking to be, associated:

 Name of Entity

 Address of Entity Number and Street City State Zip Code

 Nature of Applicant's Position With or Interest in Such Entity

2. Check the appropriate box in either A or B below indicating the reason for submitting this application.

A. I am a qualifier because I am a:

- | | |
|-----------------------------------|---|
| <input type="checkbox"/> Owner | <input type="checkbox"/> Principal Employee |
| <input type="checkbox"/> Investor | <input type="checkbox"/> Stockholder |
| <input type="checkbox"/> Officer | <input type="checkbox"/> Partner |
| <input type="checkbox"/> Director | <input type="checkbox"/> Other |

OR

B. I am an applicant for a key gaming employee license.

C. If applicable, the name of the holding company(ies) of the gaming license applicant or licensee with which the applicant is associated and the nature of the position with or interest in such entity

 3. Do you have any ownership interest, financial interest or financial investment in any business entity applying to, or presently licensed, by the Massachusetts Gaming Commission? Yes No

If yes, complete the following chart:

NAME OF BUSINESS ENTITY	NATURE AND AMOUNT OF YOUR INTEREST/INVESTMENT	% OF OWNERSHIP IN THE BUSINESS ENTITY	GAMING AGENCY

4. Are you a citizen of the United States? Yes No

5. If you are a naturalized citizen of the United States, attach a copy of your Certificate of Naturalization to this form and label as Exhibit 5N.

6. If you are not a citizen of the United States, please indicate:

a. The country of which you are a citizen: _____

b. Place of birth: _____

c. Port of entry to the United States: _____

d. Name and address of sponsor upon your arrival:

7. If you are not a United States citizen, but you are legally authorized permanent resident alien or you are authorized to be employed in the United States, please provide your INS "A" number or other INS authorization in the space provided below, and attach to this form a copy of your INS identification card and/or any other INS documents that conditions or restricts your employment labeled as Exhibit 7N.

INS "A" number: _____

8. During the last ten year period, have you held a 5% or greater interest in or been a director, officer or principal employee of any entity that:

a. Has made or has been charged with (either itself or through third parties acting for it) bribes or kickbacks to any government official, domestic or foreign, to obtain favorable treatment or to any company, employee or organization to obtain a competitive advantage? Yes No

b. Has held a foreign bank account or has had authority to control disbursements from a foreign bank account? Yes No

c. Has maintained a bank account, or other account, whether domestic or foreign, which was not reflected on the books or records of the business? Yes No

d. Has maintained a domestic or foreign numbered bank account or other bank account in a name other than the name of the business? Yes No

e. Has donated or loaned corporate funds or corporate property for the use or benefit of, or for the purpose of opposing, any government, political party, candidate or committee either domestic or foreign? Yes No

f. Has compensated any of its directors, officers or employees for time and expenses incurred in performing services for the benefit of or in opposition to any government or political party domestic or foreign? Yes No

g. Has made any loans, donations or other disbursements to its directors, officers or employees for the purpose of making political contributions or reimbursing such individuals for political contributions? Yes No

9. State when you filed your last Federal Income Tax Return Form 1040, to what IRS Center it was sent and the tax period it covered.

Date Filed: _____ Period Covered: _____

IRS Office Location: _____

Attach to the back of this form and label as Exhibit 9N, a copy of each IRS Form 1040 and 1040X (Amended Return) and all appropriate schedules filed by you in the last five years. If you and your spouse filed separate tax returns for any year in the last five years, also attach a copy of your spouse's tax returns.

10. Has your Federal Income Tax Return ever been audited or adjusted? Yes No

If yes, for what tax year(s)? _____

11. Have you ever failed to file Federal or State Income Tax Returns? Yes No

If yes, for what year(s)? _____

12. Have you, or your spouse, ever filed any type of tax return, statement or form in any jurisdiction outside the United States within the last ten years? Yes No

If yes, complete the following chart:

TAX YEAR(S) FILED	COUNTRY FILED	AMOUNT OF TAX

Attach to the back of the Form and label as Exhibit 12N a copy of each such tax return and all appropriate schedules or other attachments required by the tax authorities of the foreign jurisdiction.

13. Do you understand that, with respect to political contributions in Massachusetts, you are classified as a "Prohibited Person" as defined in 205 CMR 102.02, meaning "any applicant for or holder of a gaming license, or any holding, intermediary or subsidiary company thereof; or any officer, director, key gaming employee or qualifier of any of these companies; or any person or agent acting on behalf of any of these companies or persons"? Yes No

As a "Prohibited Person," do you certify to the truth, completeness and accuracy of your answers to items in 13(a) – 13(d) recited below? Yes No

a. I hereby certify that, from November 22, 2011 through the date of the filing of this application, and other than as disclosed in Section 13(b) below, neither I nor any person, entity, company, organization or agent acting on my behalf or any entity with which I am affiliated in any manner, has directly or indirectly, paid or contributed any money or thing of value to:

1) any individual who holds a municipal, county or state office in the Commonwealth of Massachusetts; or

2) any candidate for nomination or election to any public office in the Commonwealth of Massachusetts, including a municipal office; or

3) any group, political party, committee, or assembly organized or acting in support of any such candidate;

b. I hereby further certify that, from November 22, 2011 through the date of the filing of this application, the only political contributions in any form or in kind, that I have directly or indirectly made either myself or through any other person, agent, entity or organization of any type, have been fully disclosed and documented in writing to the Commission and to any city or town clerk of any municipality or community designated as a host or surrounding community for a gaming facility in accordance with 205 CMR 108.03 and as required by the Massachusetts Office of Campaign and Political Finance on forms prescribed in 970 CMR. A summary listing by date, amount and recipient of all such contributions are depicted in Exhibit 13N to this application form.

c. I hereby further certify that I have read, understood and complied with the provisions set forth in 205 CMR 108.00 and relating to Community and Political contributions and that I have had the opportunity to resolve any questions or concerns regarding the disclosures required herein by advice from a licensed attorney or other professional adviser of my choosing.

d. I hereby further certify that I fully understand and acknowledge that my duty of timely and complete disclosure of all such contributions shall continue after the submission of this application form and throughout the period of examination and investigation by the Investigations and Enforcement Bureau and Commission of my application and of the applications of all other applicants and qualifiers with whom I am affiliated in any manner.

14. Are you a member of any social, labor, or fraternal union, club or organization? Yes No

If yes, please complete the following chart:

NAME OF UNION/CLUB OR ORGANIZATION	YEARS OF MEMBERSHIP	POSITION HELD

15. Has any motor vehicle license registration or operator license held by or applied for by you or your spouse ever been revoked or suspended? Yes No

If yes, please complete the following chart:

APPLICANT OR SPOUSE	MOTOR VEHICLE LICENSE OR REGISTRATION	LICENSE NUMBER OR REGISTRATION NUMBER	REVOCATION OR SUSPENSION	STATE OF MOTOR VEHICLE AGENCY	DATE OF REVOCATION OR SUSPENSION

16. Have you or **your spouse** ever possessed or owned any pistol or firearm or made any application for any firearm permit, firearm dealer's license, or permit to carry a pistol or firearm? Yes No

If yes, please complete the following chart:

APPLICANT OR SPOUSE	DATE OF APPLICATION	DISPOSITION OF APPLICATION

17. Has any license, permit or certificate held by or applied for by you or **your spouse**, or any entity in which you or your spouse was a director, officer, partner or any owner of a five percent or greater interest ever been denied, suspended or revoked by a government agency? Yes No

If yes, please complete the following chart:

APPLICANT OR SPOUSE OR ENTITY (NAME OF ENTITY)	TYPE OF LICENSE, PERMIT OR CERTIFICATE	GOVERNMENT AGENCY	DATE OF AGENCY ACTION	DENIAL, SUSPENSION OR REVOCATION	REASON FOR DENIAL SUSPENSION OR REVOCATION

18. Have you ever been bonded for any purpose or been denied any type of bond?

Yes No

If yes, please complete the following chart:

NATURE OF BOND	DATE OF BONDING OR DENIAL	REASON FOR DENIAL

19. Have you ever voluntarily been placed on a self-exclusion list maintained by a casino gaming regulatory agency or gaming establishment. The Commission considers this information to be confidential and exempt from public disclosure. Yes No

If yes, please complete the following chart:

GAMING REGULATORY AGENCY OR GAMING ESTABLISHMENT	DATE OF PLACEMENT ON LIST	TIME PERIOD FOR SELF EXCLUSION

20. The names and other information requested of three (3) references over the age of 18 who have known you for at least one year and can attest to your good character and reputation. No person can be a reference who is a member of your family or resides in your household. (Family members include spouse, parents, grandparents, children, grandchildren, siblings, uncles, aunts, nephews, nieces, fathers-in-law, mothers-in-law, sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law whether by whole or half blood, by marriage, adoption or natural relationship.)

REFERENCE ONE

Name _____

Address _____

Telephone No. _____

Business Address _____

Occupation _____

How long have you known the reference?

REFERENCE TWO

Name _____

Address _____

Telephone No. _____

Business Address _____

Occupation _____

How long have you known the reference?

REFERENCE THREE

Name _____

Address _____

Telephone No. _____

Business Address _____

Occupation _____

How long have you known the reference?

WAIVER OF LIABILITY

I hereby waive the Commonwealth of Massachusetts and its instrumentalities and agents, including but not limited to the Massachusetts Gaming Commission, the Investigations and Enforcement Bureau and their agents, representatives and employees, both individually and collectively, from any and all liability for damages of whatever kind, resulting at any time from any disclosure and publication of information acquired during the application or investigation process.

DATED: _____

(Signature of Applicant)

TYPE, STAMP OR PRINT NAME

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____ (name of document signer), proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he)(she) signed it voluntarily for its stated purpose.

(Signature of Notary)

STATEMENT OF TRUTH

STATE OF _____:

SS:

COUNTY OF _____:

_____, being duly sworn according to law deposes and says:

1. I hereby swear (or affirm) that the information contained herein and accompanying this application is true.
2. I personally supplied and reviewed the information contained in this form.
3. I understand and read the English language or I have had in interpreter read, explain and record the answer to each and every question on this application form.
4. Any document accompanying this Massachusetts Supplemental Form that is not an original document is a true copy of the original document.
5. I swear (or affirm) that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are false, this application may be denied.

(SIGNATURE)

(TYPE, STAMP OR PRINT NAME)

(DATE)

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____(name of document signer), proved to me through satisfactory evidence of identification which was _____, to be the person who signed the preceding or attached document in my presence, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of (his)(her) knowledge and belief.

(Signature of Notary)

CONSENT TO INSPECTIONS, SEARCHES AND SEIZURES

I, _____, hereby consent to all inspections, searches and seizures and the supplying of handwriting exemplars as authorized by the Massachusetts Gaming Law, M.G.L. c. 23K, and by the rules and regulations of the Commission.

I am aware of my rights secured by the Constitution of the United States and by the Commonwealth of the State of Massachusetts not to consent to such inspections, searches and seizures and I expressly waive and forego that right.

DATE

SIGNATURE

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____(name of document signer), proved to me through satisfactory evidence of identification which was _____, to be the person who signed the preceding or attached document in my presence, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of (his)(her) knowledge and belief.

(Signature of Notary)

RELEASE AUTHORIZATION

To All Courts, Probation Departments, Military Organizations, Selective Service Boards, Employers, Educational Institutions, Banks, Financial and Other Such Institutions, All Gaming regulatory Agencies, and All Governmental Agencies – federal, state and local, without exception, both foreign and domestic (the “issuing entity”).

I, _____ have
(Print Name)

authorized the Massachusetts Gaming Commission and Investigations and Enforcement Bureau (Bureau) to conduct a full investigation into my background and activities.

I acknowledge that the Commission and/or Bureau may contract or may have contracted with third parties for the purpose of conducting due diligence suitability investigations on behalf of the Commission and/or Bureau in connection with my application filed with the Commission.

I authorize the release of any and all information pertaining to me, documentary or otherwise, as requested by any employee or agent of the Commission or Bureau, provided that he or she certifies to you that I have an application pending before the Commission or that I am presently a licensee or person required to be qualified.

I release any issuing entity, the Commission, the Bureau and their agents, representatives and employees, both individually and collectively, from any and all liability for damages of whatever kind, which may at any time result because of compliance with this authorization for release of information.

I acknowledge that this authorization shall supersede and replace any prior release authorization executed by me for the Commission and/or Bureau.

A photocopy of this authorization will be considered as effective and valid as the original.

DATED: _____
(Signature of Applicant)

TYPE, STAMP OR PRINT NAME

On this ____ day of _____ 20__, before me, the undersigned notary public, personally appeared _____ (name of document signer), proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he)(she) signed it voluntarily for its stated purpose.

(Signature of Notary)

**Exhibit 17: Sample License Requirements – Pennsylvania,
Missouri, Singapore**

The gaming consultants examined the license consideration criteria in three other representative jurisdictions that used competitive bidding. They are summarized as follows:

Pennsylvania

In addition to the eligibility requirements otherwise provided in this part, the Pennsylvania Gaming Control Board may also take into account the following factors when considering an application for a slot machine license:

- (1) The location and quality of the proposed facility, including, but not limited to, road and transit access, parking and centrality to market service area.
- (2) The potential for new job creation and economic development which will result from granting a license to an applicant.
- (3) The applicant's good faith plan to recruit, train and upgrade diversity in all employment classifications in the facility.
- (4) The applicant's good faith plan for enhancing the representation of diverse groups in the operation of its facility through the ownership and operation of business enterprises associated with or utilized by its facility or through the provision of goods or services utilized by its facility and through the participation in the ownership of the applicant.
- (5) The applicant's good faith effort to assure that all persons are accorded equality of opportunity in employment and contracting by it and any contractors, subcontractors, assignees, lessees, agents, vendors and suppliers it may employ directly or indirectly.
- (6) The history and success of the applicant in developing tourism facilities ancillary to gaming development if applicable to the applicant.
- (7) The degree to which the applicant presents a plan for the project which will likely lead to the creation of quality, living-wage jobs and full-time permanent jobs for residents of this Commonwealth generally and for residents of the host political subdivision in particular.
 - 1 The Section 1325(c) factors are factors which the Board may take into consideration in determining whether the grant of a license is in the public interest or otherwise in accordance with the objectives of the Act. In addition, and more important to the Category 2 licenses where competition exists, the 1325(c) factors permit a basis for comparison of applicants to determine, in the Board's discretion, which applicants' projects are best-suited for the licenses.
- (8) The record of the applicant and its developer in meeting commitments to local agencies, community-based organizations and employees in other locations.
- (9) The degree to which potential adverse effects which might result from the project, including costs of meeting the increased demand for public health care, child care, public transportation, affordable housing and social services, will be mitigated.
- (10) The record of the applicant and its developer regarding compliance with:
 - (i) Federal, State and local discrimination, wage and hour, disability and occupational and environmental health and safety laws; and
 - (ii) State and local labor relations and employment laws.
- (11) The applicant's record in dealing with its employees and their representatives at other locations.

Missouri

Missouri Gaming Commission - Action Required of Commission for Prioritizing Applicants

The commission, to prioritize the order in which applications are to be investigated and evaluated, shall consider:

- The support or opposition of the governing body of the home dock city or county.
- The availability and suitability of a docking site.
- The financial resources of the applicant, including the ability to develop and operate the facility successfully, considering: 1) Ownership and control structure; 2) Amounts and reliability of development costs; 3) Certainty of site acquisition or lease; 4) Current financial condition; 5) Sources of equity and debt funds, amounts, terms and conditions, and certainty of commitment; 6) Provisions for cost overruns, non-receipt of expected equity or debt funds, failure to achieve projected revenues, or other financial adversity; and 7) Feasibility of financial plan.
- The applicant's experience in managing a licensed gaming operation;
- The applicant's history of regulatory compliance in Missouri and/or other jurisdictions;
- The economic impact to the state, as well as the economic impact on the home dock city or county and the surrounding region, including local businesses, and local governments, including: 1) The employment created; 2) The purchases of goods and services, including Missouri goods and services; 3) Private and public investment; and 4) Taxes generated.
- The quality and scope of the proposed development;
- The status of governmental actions required for the facility, including: 1) Necessary road improvements; 2) Necessary public utility improvements; 3) Required governmental approvals for development, ownership, and operation; and 4) Acceptance of any required environmental assessment and preparation of any required environmental impact statement.
- The integrity of the applicant and any personnel employed to have duties and responsibilities for the operation of gaming, including: 1) Any criminal record including any federal, state, county, city violations to include ordinance violation(s) of any individual; 2) The involvement in litigation over business practices by the applicant or any individuals or entities employed by the applicant; 3) The involvement in proceedings in which unfair labor practices, discrimination or regulations of gambling was an issue; and 4) Failure to satisfy any judgments, orders or decrees of any court
- The types and varieties of games which the applicant may offer;
- The imminence of completion of the facility and any of its improvements;
- Management ability of the applicant, including: 1) Qualifications of managers, consultants, and other contractors to develop and own a gaming facility and the likelihood of projected operation; 2) Security plan; 3) Plans for marketing, promotions and advertising; 4) Concession plan; 5) Plan for training personnel; 6) Equal employment and affirmative action plan;
- Compliance with applicable statutes, rules, charters and ordinances;

- The extent of any public support or opposition;
- Effects on competition, including: 1) Number, nature and relative location of other Class B licensees; and 2) Number, nature and relative location of gaming facilities in other states.

The **Riverboat Gaming Application** is 43 pages in length, contains 68 questions requiring 93 exhibits, some exhibits having more than 40 parts, with one part of one exhibit requiring the inclusion of state and federal tax returns for the previous five years. Each exhibit is painstakingly reviewed by commission personnel and summarized for each commissioner’s review. Often, Document Request Forms are generated asking that applicants submit even more documentation.

Singapore

Summary of Key RFP Specifications for the Integrated Resort at Marina Bay

	Key Specification	Description
1.	Achieving a World-class, Iconic Development	The IR at Marina Bay is envisaged to be modern and contemporary in style, incorporating an external architectural treatment that is appropriate to its prime downtown location and complementary to the modern image of Singapore as a leading Asian city. The IR Operator has to comply with URA’s planning specifications and guidelines, which include design requirements and urban planning controls.
2.	Site Parameters	The site area is 20.6 ha (subject to final survey) with maximum Gross Floor Area of 570,000sqm and minimum Gross Floor Area of 270,000sqm. The land tenure is for 60 years.
3.	Public Facilities	The IR Operator will be required to provide a landmark public attraction (i.e. a cultural centre, museum, art gallery, contemporary art centre, performance theatre, arena, science centre, maritime museum, planetarium or aquarium) at the Bayfront Promontory as well as public facilities such as the Waterfront Promenade around the Bay and Event Plaza, a landscaped deck link to the new Waterfront Garden at Marina South and pedestrian links as part of development works.
4.	Casino Concession and Casino Licence	The IR operator will have the concession to operate a casino for 30 years. Apart from this concession, the IR operator has to apply to the Casino Regulatory Authority for a Casino Licence to operate the casino. During the period of 10 years from the date of the signing of the second (i.e. Sentosa) Agreement, only 2 Casino Licences will be issued.
5.	Law and Order Requirements	The IR Operator must comply with the Regulator’s requirements and standards in areas such as surveillance systems, security personnel and anti-money laundering program.
6.	Restrictions on Gaming Area and Machines	<ul style="list-style-type: none"> ▪ The maximum gaming area allowed is 15,000 sqm. ▪ The maximum number of gaming machines allowed is 2,500.

	Key Specification	Description
7.	Social Safeguards	<p>The IR Operator must comply with the following:</p> <ul style="list-style-type: none"> ▪ Prohibit entry to the casino for those below 21 years. ▪ Collection of a casino entry levy of \$100 per day or \$2000 per year for Singapore residents. ▪ Provision of self and third party exclusion schemes. ▪ Display on information on problem gambling, help services, rules of games and odds of winning. ▪ Restrictions on advertising of casino and casino gambling. ▪ Restrictions on extension of gaming credit to Singapore Residents, with the exception of premium players. ▪ No ATMs allowed within the casino. ▪ Provision of a system to allow loss limits to be set voluntarily.
8.	Casino Tax	<p>The IR Operator shall pay a casino tax of:</p> <ul style="list-style-type: none"> ▪ 15% on monthly gross gaming revenue from regular players ▪ 5% on monthly gross gaming revenue from premium players <p>The Government is committed not to raise this casino tax for at least 15 years.</p> <p>The prevailing GST will also be applicable to gross gaming revenue.</p>
9.	Cross Shareholding Restrictions	<p>The Controlling Shareholder of one IR will not be permitted to hold an interest or a management contract for operating the casino in the other IR. The Controlling Shareholder is defined as the single entity that owns the largest direct and indirect stake of the voting shares in the Successful Proposer.</p>
10.	Commencement Requirements	<p>The IR Operator can apply for the Casino Licence only when at least half of the proposed Gross Floor Area has been completed and ready to receive visitors and at least half of the committed investment has been expended. The IR operator is required to expend 100% of its committed development investment three years after the casino licence has been issued.</p>
11.	Evaluation Criteria	<p>The evaluation criteria include:</p> <ul style="list-style-type: none"> ▪ Tourism appeal and contribution. ▪ Level of development investment. ▪ Architectural and urban design, Concept excellence. ▪ Strength of consortium and partners' track record.

Exhibit 18: Memo – Anti-Money Laundering

Anti-Money Laundering

Purpose

To explore the benefits to the Massachusetts Gaming Commission of maintaining a separate and parallel system for reporting anti-money laundering activities which may occur in licensed casinos for more timely detection and investigation.

Background

Enforcement of Anti-Money Laundering Laws

The Financial Crimes Enforcement Network (FinCEN) is the federal government agency designated to enforce the Bank Secrecy Act (BSA). The BSA was established in 1970 and is most formidable in the fight against money laundering. Since then, numerous other laws were passed to improve the ability of law enforcement and regulatory agencies to detect and combat money laundering. Since the passage of the BSA in 1970, Congress has enhanced that law with additional legislation in 1986 with the Money Laundering Control Act; the Anti-Drug Abuse Act of 1988; Anunzio/Wylie Anti-Money Laundering Act of 1992; the Money Laundering Suppression Act of 1994; Money Laundering and Financial Crimes Strategy Act of 1998; Tools to Restrict, Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act); and the Intelligence Reform & Terrorism Prevention Act of 2004. While each of the added legislation strengthened enforcement and broadened the scope of activities that were to address money laundering, the one element most relevant to casinos was including casino entities in the definition of a financial institution and subjecting them to the BSA.

Definition of Money Laundering

Money laundering is the process of taking the proceeds of a specific unlawful activity (i.e. "dirty money") and giving those proceeds the appearance that they were the results of lawful activity (i.e. "clean"). Money laundering generally involves three steps: **placement**, **layering** and **integration**. The first step of the laundering process (**placement**) is to introduce the illegitimate funds into the legitimate financial system. Then, the money is moved many times by various means (**layering**), occasionally by wiring or transferring it through numerous accounts or enterprises. Finally, the process of re-entering the illegal proceeds (**integration**) into the financial system through additional transactions until the "dirty money" appears legitimate. Money laundering can facilitate crimes such as drug trafficking, terrorism, and illegal gambling.

Summary of Title 31 Federal AML Regulations

Under federal anti-money laundering regulations casinos are required to establish compliance programs to identify and file: currency transaction reports for currency transactions meeting the reportable threshold; currency transactions structured to evade the filing of what would otherwise be reportable transactions; and suspicious transactions reports as defined in the regulations.

Summary of Chapter 267A Money Laundering Commonwealth of Massachusetts

Chapter 267A of the General Laws for the Commonwealth of Massachusetts mirrors the federal anti-money laundering legislation and regulations, in similar language in the areas of definitions and elements that constitute money laundering. Section 2 of Chapter 267A provides

that the crime of money laundering occurs whenever a person knowingly: 1) transports or possesses a monetary instrument or other property that was derived from criminal activity with the intent to promote, carry on or facilitate criminal activity; 2) engages in a transaction involving a monetary instrument or other property known to be derived from criminal activity: (i) with the intent to promote, carry on or facilitate criminal activity; or (ii) knowing that the transaction is designed in whole or in part either to: A) conceal or disguise the nature, location, source, ownership or control of the property derived from criminal activity; or (B) avoid a transaction reporting requirement of this chapter, of the United States, or of any other state; or (3) directs, organizes, finances, plans, manages, supervises or controls the transportation in, monetary instruments or other property known to be derived from criminal activity or which a reasonable person would believe to be derived from criminal activity...

However, with respect to filing requirements, section 3 allows a subtle difference and appears as follows:

Section 3. (a) If the Financial Crimes Enforcement Network of the United States Department of the Treasury at any time no longer permits a law enforcement agency including, but not limited to, the attorney general, from entering into a memorandum of understanding to obtain reports required by the Currency and Foreign Transactions Act, set forth in 31 U.S.C. S 531 1 to 5315, 31 C.F.R. chapter X, on a case-by-case basis, a financial institution, upon the request of the attorney general, shall file with the attorney general reports required by said Currency and Foreign Transactions Act, set forth in 31 U.S.C. S 5311 to 5315, 31 CFR chapter

Chapter 267A section 3 differs from the federal reporting requirements in that Section 3, in the absence of a memorandum of understanding between FinCEN and law enforcement or the Attorney General, specifies that the filing of reportable transactions by financial institutions shall be upon request of the Attorney General on a case by case basis. Federal requirements specify that financial institutions (casinos in this instance) have a duty bound obligation to file reportable transactions with FinCEN and no request from FinCEN is necessary.

Practices of Other Gaming Jurisdictions

New Jersey Division of Gaming Enforcement

On February 1, 2011, New Jersey Governor Chris Christie signed into law Bill S-12, which made significant changes to the regulation of casino gaming in Atlantic City which terminated the requirement that casinos file Currency Transaction Reports and Suspicious Activity Reports with the Division of Gaming Enforcement (DGE).

Prior to this regulatory change, Atlantic City casinos engaged in simultaneous filings of Currency Transaction Reports (CTRC'S) and Suspicious Activity Reports (SARC'S). One of each report was filed with FinCEN while a duplicate of each was filed with the DGE.

The Casino Control Act (ACT), P.L. 1999,c.352, N.J.S.A. 5:12-129.1 et seq., required casino licensees to report suspicious transactions involving or aggregating at least \$5,000 to the Director of the Division of Gaming Enforcement. The rules promulgated thereunder at N.J.A.C. 13:69 amplified the definition of a suspicious transaction and created a regulatory framework for reporting same.

N.J.A.C. 13:69 was originally adopted by the Director of the Division in 2000. See 32 N.J.R. 3869(b). Since that time and prior to Bill S-12, the Director of the Division continued to review and update its provisions. In specific, a set of amendments was adopted effective July 5, 2005. See 37 N.J.R. 2552(a). The main object of these amendments was to achieve an additional level of reporting on currency transactions involving or aggregating \$200,000 or more in a gaming day.

When the DGE commenced receipt of these filings, currency transactions reports were received in hard copy form. As FinCEN, casino licensees and New Jersey data technology evolved, currency transactions reports to FinCEN were filed electronically by the casinos and the DGE gained direct access to FinCEN'S data via a terminal at the DGE. However, Suspicious Activity Reports continued to be received by the DGE regulatory enforcement unit in hard copy form.

The CTRC'S and SARC's received by the DGE regulatory enforcement unit were subject to analysis, looking for trends, repeated names, completeness and possibility of structuring, or activity that was unusual for the type of player. This process was a prescreening of filings to identify those that appeared to be of interest to the New Jersey State Police. The result of that analysis was forwarded to the New Jersey State Police gaming unit, where they subjected it to their own intelligence analysis and commenced an investigation when they deemed investigation appropriate. However, Chapter 69, Suspicious Transaction Reporting by Casino Licensees expired on November 28, 2010.

Subsequent to Bill S-12, licensees send CTRC's and SARC's only to FinCEN electronically. The DGE no longer receives either report, electronically or in hard copy, although the DGE continues to have FinCEN data access via electronic terminal. DGE still retains the authority to request such filings under record retention regulations.

Although the DGE's direct access to FinCEN data remains, no regularly scheduled analysis is being undertaken for alleged money laundering activities by the administrative regulatory enforcement group of the DGE. In place of receiving CTRC's and SARC's, the NJSP has placed emphasis on its interaction with casino employees, or human intelligence for lead information that may pertain to money laundering or suspicious transactions. The FinCEN data access the DGE maintains is currently used in the vetting process for licensed applicants according to our research.

Delaware Lottery Commission

Current Delaware Lottery (Lottery) regulations and Minimum Internal Control Standards mirror the federal requirements for detecting and filing CTRC'S and SARC'S. Currently both reports must be filed with the Director of Delaware Lottery at the time they are filed with FinCEN. Sections 36.3 (CTRC'S) and 36.7 (SARC'S) of the Delaware Lottery Minimum Internal Control Standards (MICS) specify the concurrent filing with FinCEN and the Director of Delaware Lottery unless otherwise directed.

Both reports received by Delaware's Division of Gaming Enforcement, the law enforcement arm of gaming enforcement, are subject to state police intelligence analysis after they are reviewed for completeness and unusual or suspicious trends. The Delaware Division of Gaming Enforcement has access if needed to FinCEN's data base of filings at Delaware's regional information sharing center, a central repository for intelligence information or fusion centers. Fusion centers are a method of managing the flow of information and intelligence across

various levels and sectors of government, federal, state or local, to integrate information for analysis.

West Virginia Lottery Commission (Lottery)

Current West Virginia MICS at section 4.1(c) specify that: Each casino licensee shall file a report with the West Virginia Lottery and FinCEN of each currency transaction or multiple currency transactions, involving cash-in or cash-out in the same gaming day, of more than \$10,000. The MICS section 4.2(a) also specify that: Each casino licensee shall file, with (FinCEN) and the West Virginia Lottery, to the extent and in the manner required by this section, a report of any suspicious transaction or transactions relevant to a possible violation of law or regulation.

Upon receipt from the licensed racetracks, the filings are entered into a data base for future reference. The data base is queried by West Virginia State Police (WVSP) unit assigned to gaming, for name, address and any other piece of data included on the filing for subsequent investigation into money laundering or suspicious transactions. The WVSP gaming unit or Lottery audit unit do not have direct terminal access to the FinCEN data base of currency transaction filings.

Ohio Casino Control Commission (Commission)

The Commission regulations at 3772-10-7 (J) and (K) require that each casino operator file copies of CTRC's and SARC's concurrent with the federal filing. To combat money laundering schemes, the Ohio Casino Control Commission (OCCC) uses the following approach in accordance with its laws and rules.

Internal control standards for the casinos dictate that CTRC's be submitted by each casino compliance department to the OCCC which are filed concurrently with the Federal Department of Treasury using the FinCEN Form 103.

The OCCC utilizes its intelligence analyst to receive and conduct analysis of both CTRC's and SARC's received by the OCCC. The intelligence analyst gathers the information from the CTRC's and compiles the data into an Excel spreadsheet. Preliminary analysis is conducted using the Excel pivot tables and then imports the data into a program named i2 Analysis for final analysis. Suspicious CTRC's will be further investigated by the intelligence analyst who will research the subject and the transaction.

The OCCC is currently reviewing the process of obtaining FinCEN access. Once FinCEN access is granted, all SARC activity will be reviewed in FinCEN and through an internal SARC committee at the OCCC. The OCCC will be requesting terminal access to FinCEN. Currently, the OCCC works in conjunction with the Ohio Attorney General's Bureau of Criminal Investigation to submit and query from FinCEN. When the OCCC has received FinCEN terminal access, the SARC information will be collected, shared, and analyzed by the OCCC intelligence analyst. SARC information will be addressed upon receipt of the documents and will be followed up on a case by case basis. The investigators will work with local, state, and federal agencies in collaboration to investigate the suspected crimes. In addition, the OCCC regulatory and compliance staff will regularly review CTRC compliance by the casino operator.

Summary

The gaming jurisdictions surveyed disclosed that either a parallel CTRC/SARC reporting system was in place or was replaced by reliance upon human intelligence to monitor patron activity of alleged money laundering or suspicious transactions.

It is our opinion that there are benefits to a parallel CTRC/SARC reporting system.

1. The gaming regulator can be the “canary in the coal mine” for alleged money laundering or suspicious transactions. It has the earliest opportunity to vet transactions.

2. It may take months or years before the federal authority can be aware of alleged money laundering activities to commence an investigation;

3. Gaming regulators can conduct investigations while perpetrators may still be active in the casinos;

4. Gaming regulators have at their disposal other casino records and casino employees on a real-time basis which can supplement information on CTRC’s or SARC’s;

5. Federal anti-money laundering regulations require casinos to “know your customer”. Hence, it would be logical that gaming regulators would be the first line of defense in investigation of alleged money laundering activities emanating from casinos; and

6. The gaming regulator has leverage in any investigation with licensed employees where regulations require an affirmative responsibility for licensees to cooperate with any investigation.

As an added benefit, development of money laundering cases before federal authorities become engaged in any investigation enhances the public confidence in the ability of casino regulators to perform its function reliably and effectively.

Recommendations

It is recommended that the Massachusetts Gaming Commission establish regulations that specify casino licensees must adhere to current federal AML regulation as specified in 31 C.F.R. Chapter X 1000 to 1099. Each casino licensee or casino operator applicant’s internal control system should include internal controls to meet the requirements of 31 C.F.R. Chapter X, 1000 to 1099 and modified whenever changes are made to federal law or regulations. Casino licensees are required to submit internal control procedures as specified in Section 25(d) of Chapter 23K of the Massachusetts Gaming Commission,

To accomplish AML objectives, internal controls should include, at minimum:

1. Establish a system of internal controls to assure ongoing compliance which includes concurrent filing requirements with FinCEN and the MGC.

2. Employ an internal and/or external independent audit function to test for compliance;

3. Train licensed personnel in reportable currency transactions and identifying unusual or suspicious transactions;

4. Assign an individual or group of individuals to be responsible for day-to-day compliance; and
5. Employ the use of automated programs or systems to aid in assuring compliance when automated processing systems are in use.

The Investigation and Enforcement Bureau (IEB) of the MGC should evaluate CTTC/SARC filings upon receipt from casino licensees. The evaluation can be one of the functions assigned to IEB.

The evaluation process should include creating a database of filings by name and be capable of search on each significant or relevant section appearing on the filing. Upon completion of entering and querying the database, any questionable developments therefrom should be further investigated under the powers specified in Section 6. Chapter 23K.