

THE COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS GAMING COMMISSION
PUBLIC MEETING #101

CHAIRMAN

Stephen P. Crosby

COMMISSIONERS

Gayle Cameron

James F. McHugh

Bruce W. Stebbins

Enrique Zuniga

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BOSTON EXHIBITION AND CONVENTION CENTER

415 Summer Street, Room 160

Boston, Massachusetts

1 P R O C E E D I N G S :

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3 CHAIRMAN CROSBY: I am pleased to
4 call to order the 101st meeting of the
5 Massachusetts Gaming Commission on Thursday,
6 January 9:39 a.m. at the Boston Convention
7 Center. Happy New Year everybody and welcome
8 back. The first item on our agenda as always is
9 the approval of minutes, Commissioner McHugh.

10 COMMISSIONER MCHUGH: Before we do
11 that, Mr. Chairman, I would just like to take a
12 minute to make one or two comments. We haven't
13 been together since before -- well, for almost a
14 month. There was a period there where I thought
15 we would have to bring in cots, but we
16 mercifully escaped that and haven't been here
17 for about a month.

18 But during that one month period,
19 there's been some mention in the press about
20 Caesars litigation. And the Commission issued a
21 statement dealing with that. I don't want to go
22 back and talk about that statement, but there
23 are two points that I really wanted to make.

24 The first is that I have and I think

1 my colleagues share complete and absolute
2 confidence in you and in Karen Wells, the
3 Director of the IEB. I have worked with you on
4 a prior undertaking and I got to know you a bit
5 there. And I've worked with you intensely and
6 daily over the past 21 months.

7 We've disagreed on a lot of things.
8 We are going to continue to disagree on a lot of
9 things. But the disagreements, as I have
10 disagreed with everybody and we have a good
11 conversation on this Commission, but the
12 disagreements are continually centered on policy
13 and nothing else.

14 And there has never ever been in my
15 view a single hint of any factor in your
16 decision-making process other than what's in the
17 best interest of the Commonwealth and the
18 Commission and this gaming exercise we're trying
19 to introduce into Massachusetts. And I have
20 complete confidence in your outlook, your
21 motives, your judgment and the values that you
22 bring to this process.

23 I haven't known and worked with
24 Karen Wells for as long as I have with Steve,

1 but I have, since she became the head of the
2 IEB, had an opportunity to look at her on a very
3 frequent basis. And talk with her about matters
4 of policy from time to time and look at the work
5 product that she's produced with the team that
6 she heads in what has become our outstanding
7 Investigation and Enforcement Bureau.

8 And I have the same judgment, the
9 same feelings, the same confidence in her focus
10 and in her dedication to the public that you
11 bring to this task. And I have the same
12 confidence in the team that she has put together
13 and that she leads.

14 And that blends into the second
15 point that I wanted to make this morning. This
16 Commission operates as a team. We have one
17 visible spokesperson that's the Chair. The
18 Chair has some statutory responsibilities that
19 are different from those of the other
20 Commissioners.

21 But the Commission operates as a
22 team. Anybody that's been a careful watcher,
23 even a casual watcher of our meetings sees the
24 amount of stuff that plays out here in public

1 view insofar as the decision-making process is
2 concerned. And that's the head or the cap of a
3 process that has gone before things ever get to
4 us.

5 So, there's no possibility that some
6 one or two people go off into some room and
7 conjure up something that the rest of the team
8 doesn't have to participate in in order to get
9 done.

10 So, the notion that some one or two
11 people could skew the process or that some small
12 group of the Commission people could get
13 together and try to do something that would
14 benefit some person who most of us have never
15 heard of and wouldn't recognize if he were
16 standing on our foot is just preposterous. And
17 I am confident that that's the way it will play
18 out and be seen when all of this is finished.

19 When we came into this process, all
20 of knew that there would be litigation. You
21 can't undertake a new and complex process like
22 we are undertaking without that prospect. And
23 some of that litigation is based on differences
24 of opinion with respect to the interpretation

1 and application of an enormously complex brand-
2 new statute. Inevitably, there are going to be
3 disagreements and the courts resolve those
4 disagreements. We knew that.

5 We also knew that there would be
6 some litigation by people who were disappointed
7 or embarrassed by the things that we had done
8 and were going to bring lawsuits in order to
9 deal with that disappointment and embarrassment.
10 In my view, that lawsuit is a product of that.

11 But in either case, we can't be
12 distracted. And I trust we won't be distracted
13 by that. We're engaged in an important business
14 for the public good. We've achieved a great
15 deal. We'll talk more today about what we've
16 achieved. We're on the cusp of issuing the
17 first licenses. We're building an
18 infrastructure throughout the Commonwealth of
19 people who are ready to absorb and take the jobs
20 that this statute is designed to create. And we
21 need to keep moving and keep our focus on that
22 and I know we will.

23 So, I just wanted to make those
24 couple of comments at the beginning. I have

1 enormous confidence in the entire Commission. I
2 am privileged to work with Bruce and with
3 Enrique, with you Steve, with you Gayle and with
4 all of the fine staff that we've established
5 here and are watching grow daily in competence
6 and efficiencies. That's all I intended to say,
7 but I thought it was worthwhile saying as we
8 start things off.

9 CHAIRMAN CROSBY: Thank you,
10 Commissioner. I'm sure I can speak for Director
11 Karen Wells as well as myself when I say I
12 appreciate that.

13 COMMISSIONER CAMERON: I would just
14 like to second. Commissioner McHugh can say it
15 eloquently, but I feel strongly about it as well
16 that it's an excellent team with so much
17 integrity and it starts with the Chair. So, I
18 just wanted to second those thoughts, very well
19 said.

20 CHAIRMAN CROSBY: Thank you.

21 COMMISSIONER ZUNIGA: Well said as
22 well and I couldn't agree more.

23 CHAIRMAN CROSBY: Thank you.

24 COMMISSIONER STEBBINS: If I can

1 fourth a motion, I will.

2 CHAIRMAN CROSBY: Thank you. Well,
3 I very much appreciate that as you might imagine
4 we both do. So, thank you.

5 COMMISSIONER MCHUGH: And now the
6 minutes, Mr. Chair.

7 CHAIRMAN CROSBY: Now the minutes,
8 yes.

9 COMMISSIONER MCHUGH: So, the
10 minutes for the December 13 meeting are in the
11 book. And I move that subject to mechanical
12 corrections, typos and the like they be approved
13 as set out there.

14 CHAIRMAN CROSBY: Second?

15 COMMISSIONER STEBBINS: Second.

16 CHAIRMAN CROSBY: Any discussion?

17 All in favor, aye.

18 COMMISSIONER MCHUGH: Aye.

19 COMMISSIONER CAMERON: Aye.

20 COMMISSIONER ZUNIGA: Aye.

21 COMMISSIONER STEBBINS: Aye.

22 CHAIRMAN CROSBY: Opposed? The ayes
23 have it unanimously.

24 COMMISSIONER MCHUGH: Likewise, the

1 December 16 minutes are in the book. I make the
2 same motion with respect to them.

3 COMMISSIONER CAMERON: Second.

4 CHAIRMAN CROSBY: Any discussion?

5 All in favor, aye.

6 COMMISSIONER MCHUGH: Aye.

7 COMMISSIONER CAMERON: Aye.

8 COMMISSIONER ZUNIGA: Aye.

9 COMMISSIONER STEBBINS: Aye.

10 CHAIRMAN CROSBY: Opposed? The ayes
11 have it unanimously.

12 COMMISSIONER MCHUGH: And finally,
13 the December 19 minutes are in the book. And as
14 to those, I likewise make the same motion.

15 CHAIRMAN CROSBY: Second?

16 COMMISSIONER STEBBINS: Second.

17 CHAIRMAN CROSBY: Any discussion?

18 All in favor, aye.

19 COMMISSIONER MCHUGH: Aye.

20 COMMISSIONER CAMERON: Aye.

21 COMMISSIONER ZUNIGA: Aye.

22 COMMISSIONER STEBBINS: Aye.

23 CHAIRMAN CROSBY: Opposed? The ayes
24 have it unanimously.

1 Okay. Next on our agenda is
2 Research and Problem Gambling led by Mark Vander
3 Linden, our director. I just wanted to mention
4 for you but everybody else, I had a long
5 interview on WBZ radio this morning. And the
6 primary thing they were interested in is what
7 we're doing about problem gambling.

8 And I was pleased to be able to say
9 -- They said, well, we haven't heard very much
10 about this. And I was pleased to be able to say
11 that we've been deeply involved in this for more
12 than a year now. And that we have a nationwide
13 search to find the best possible director and
14 swipe him from Iowa.

15 People are really interested in
16 this. People understand this is a real issue.
17 I think people appreciate the fact that we were
18 straight up about it. We're facing it. We know
19 it's a reality. And we are going to do
20 everything in our power to deal with it. But I
21 was pleased that the radio interview was so
22 focused on it today. Director Vander Linden?

23 MR. VANDER LINDEN: Thank you, Mr.
24 Chairman and Commissioners. It is a really

1 important issue and one that I do feel like
2 since moving from Iowa has been front and center
3 on each of your minds in making sure that that
4 is considered to in the decision-making process.

5 One piece of that is what's on the
6 agenda this morning, the voluntary self-
7 exclusion regulation. This is the first draft
8 that we are presenting to you of the voluntary
9 self- exclusion regulations. Our hope is that
10 individuals gamble responsibly as a form of
11 entertainment. And I think indeed that the
12 process that we are engaged in and the
13 application process and ultimately the licensees
14 that we select will promote responsible
15 gambling, will promote individuals gambling
16 responsibly.

17 The reality is though that there
18 will be a number of individuals that will not be
19 able to do that that will have gambling
20 problems. So, then the question is what can we
21 do in order to mitigate that harm?

22 The voluntary self-exclusion is one
23 intervention. It's one tool in what will be a
24 much, much broader strategy. And part of that

1 it's included in our responsible gaming
2 framework. It will be included in all of our
3 efforts going forward through the research
4 agenda to make sure that we are paying attention
5 to that.

6 Again, the voluntary self-exclusion
7 is one intervention. It's not a clinical
8 intervention. It's predominantly an
9 administrative type of intervention. And I'll
10 explain a little bit more on that in a minute.

11 Our goal in developing the voluntary
12 self-exclusion regulation is to recognize that
13 it's primarily an administrative type of
14 intervention for persons with gambling problems.
15 But our hope is that individuals who choose to
16 be placed on this list will take an additional
17 step to get the help that they truly, truly do
18 need. So, we have built into these regulations
19 the ability to connect people with help, with
20 help, with information, with the resources that
21 will be available.

22 So, first off, what is voluntary
23 self-exclusion? Basically, it's one first and
24 foremost, it's voluntary. It's a list in which

1 people can have themselves placed on.
2 Basically, saying that they don't want to go
3 back into the casino. They don't want to go
4 back into the gaming facility because they fully
5 admit for themselves that they don't have the
6 capacity to gamble responsibly. And that it's
7 caused consequences in their lives. So, this is
8 one step that individuals can take in order to
9 cut off the gambling behavior.

10 So, this regulation basically
11 outlines the process in which somebody will be
12 able to put themselves on that voluntary self-
13 exclusion list.

14 So, my thought is that I will kind
15 of hit the highlights of the regulation. There
16 were a few points that Mr. Grossman and I had
17 some questions about. We would like to present
18 those to you.

19 I also wanted to point out that
20 these voluntary self-exclusion regulations are
21 built on what we consider the best practices not
22 just nationally but internationally. At the
23 responsible gaming forum back in October, we
24 invited Dr. Lia Nower. We invited Dr. Robert

1 Ladoucer, both of whom are recognized experts in
2 these areas internationally to give us some
3 feedback on what we should be consider when we
4 pull this together. We certainly did that. We
5 looked at other documents, what other states are
6 doing. I think that what we have is a very,
7 very promising start.

8 So, an individual whose name is
9 placed on the voluntary self-exclusion list
10 shall be prohibited from entering a gaming
11 establishment for the duration of the exclusion
12 period, and shall not collect any winnings or
13 recover any losses resulting from any gaming
14 activity at a gaming establishment in
15 Massachusetts.

16 So, basically if they go into the
17 gaming establishment, one, they would be
18 escorted off of the property. Any winnings that
19 they would have would be confiscated. And I'll
20 go through that in just a second here.

21 If you go to the next page section
22 133.03, the contents of the application,
23 basically, what we will do is we will collect
24 from them all of the basic information in order

1 for us to be able to identify them if they do
2 come back into the casino. This is going to be
3 carried out by the casino establishment. We
4 will be the central organizing body of it. The
5 casino establishment will be enforcing the
6 regulation.

7 The first point in which we are able
8 to introduce them to the clinical services, the
9 help that is available is when they present and
10 say that I want to be added to this list. At
11 which time, again, we will collect their
12 information. A lot of the demographic
13 information, the identifying information but
14 there will also be an opportunity, an offer to
15 introduce them to engage in problem gambling
16 assessment and additional counseling sessions
17 with a clinician credentialed by the
18 Massachusetts Department of Public Health.

19 What I see this as is an
20 opportunity. It's a window of opportunity in
21 which somebody is saying I have a problem. This
22 is the type of help that I want. We want to
23 introduce them to what other resources are
24 available at this period.

1 It's an offer. It's not mandatory,
2 recognizing that some people may say I don't
3 want any further help. This is what I want to
4 do right now. But it's also an offer to connect
5 them with additional services.

6 The duration of the self-exclusion
7 list is one piece of some controversy. And
8 that's on the top of page three, 133.04. If you
9 take you look across the country, the trend is
10 towards offering limited duration self-
11 exclusions. There's two states right now that
12 say all that we are going to offer is lifetime
13 and only lifetime. I think that there's a very
14 strong argument to provide people with different
15 options of self- exclusion.

16 We are recommending six months, one
17 year, three years or five years. One of the
18 questions is should we offer a lifetime option
19 for the self-exclusion? Most states do offer a
20 lifetime option in addition to shorter
21 durations. In consultation with our experts,
22 they had said that they were recommending not
23 having a lifetime option on there.

24 CHAIRMAN CROSBY: Why Mark?

1 MR. VANDER LINDEN: It's a good
2 question. Basically, it is lifetime. Lifetime
3 is built into this, any of these durations
4 because if they don't go through the process in
5 order to get off of the list, they stay on it
6 for lifetime.

7 I think that the rationale of Dr.
8 Ladoucer was that there are a number of people
9 who sign up for lifetime who then don't wish to
10 be on the list anymore. So, he was saying that
11 internationally the general trend is then to
12 just take that off the table.

13 CHAIRMAN CROSBY: I gather you're
14 comfortable with that.

15 MR. VANDER LINDEN: I am quite torn
16 about that actually. I have a feeling that
17 there's different ways to look at gambling
18 disorders. There's a way to look at it as a
19 situation that somebody is in. That they may
20 have gambled responsibly for a number of years
21 and something has changed within their lives, be
22 it divorce or a job loss or some type of
23 unfortunate situation where gambling then
24 becomes a problem because they're using it in a

1 way that is not responsible. And that that
2 situation may be resolved after a certain period
3 of time and they can return. That is one
4 scenario.

5 The other scenario is the one where
6 you recognize it as this sort of progressive
7 addiction in which individuals would not be able
8 to return to a casino and gamble responsibly, in
9 which a lifetime probably is the most
10 appropriate offering.

11 What we're saying though is that you
12 are on the list until you take the steps to get
13 off of the list. We create these steps in order
14 somebody has to go through in order to have
15 their names removed, which is another point at
16 which we provide some additional information and
17 provide an offer for help and assistance. And
18 I'll cover that in a moment.

19 COMMISSIONER ZUNIGA: Can I just I
20 want to point out, the states that still offer
21 the lifetime ban or still have that, are there
22 steps to get out of that list even when
23 individuals sign up for the lifetime ban?

24 MR. VANDER LINDEN: No, there are

1 not. Once you're on the lifetime ban, you're
2 always on the lifetime. Iowa is one of the
3 states that has a lifetime ban, only a lifetime
4 ban. I did have numerous situations in which
5 individuals said I didn't know what I was
6 signing up for.

7 COMMISSIONER ZUNIGA: Did it under
8 stress.

9 MR. VANDER LINDEN: Did it under
10 stress, there was a number of situations in
11 which people signed up for it, had wished they
12 did not sign up for it and then there is no way
13 off of that list. The general trend is towards
14 moving away from lifetime only to offering time-
15 limited bans.

16 COMMISSIONER MCHUGH: Is there a
17 therapeutic reason for that? In other words, is
18 the goal of getting off, feeling strong enough
19 to get off itself can it be part of a recovery
20 plan?

21 MR. VANDER LINDEN: I'd like to see
22 this as one tool in a larger toolbox. A lot of
23 individuals that seek out help will say they
24 choose to put themselves onto the self-

1 exclusion list as part of their treatment plan,
2 as part of their treatment. And so, I see this
3 as -- I don't like seeing self-exclusion
4 standalone without the opportunity for other
5 interventions that would be there, more
6 therapeutic interventions.

7 CHAIRMAN CROSBY: Just one other
8 thing on this. The petition for removal, there
9 is no discretion exercised. If they fill out a
10 petition to get off the list after their
11 timeframe has run and if they do an exit
12 interview, which I gather doesn't have -- does
13 the exit interview test whether or not the
14 interviewer thinks it's appropriate that they
15 get off the list?

16 MR. VANDER LINDEN: No, it does not
17 have an assessment to determine what --- It does
18 not have that type of assessment at the end.

19 CHAIRMAN CROSBY: So, self is really
20 the word of emphasis here.

21 MR. VANDER LINDEN: Right. It's
22 voluntary and we want to keep it that way. I
23 want there to be as few barriers for people to
24 get on the list as possible. That's another

1 reason that I like the time-limited options here
2 is that it removes some of these barriers.
3 There's very few requirements in order for
4 somebody to get on the list.

5 Going back to the petition for
6 removal, (D), there's two pieces to it. There's
7 the completion of the administrative piece, the
8 paperwork, but then there is also this exit
9 interview. And I would actually like to expand
10 a little bit on what I mean by this exit
11 interview.

12 Obviously, you're signed up for the
13 list. You've obviously felt that your gambling
14 has become out of control. That the amount of
15 consequences that you experience certainly
16 outweigh the benefits or the entertainment value
17 of gambling.

18 We want to make sure that when
19 somebody makes that conscious decision to say
20 okay, my time period is up. I filled out this
21 application in order to come off the list that
22 we provide them with information about what are
23 the risks of gambling? What does responsible
24 gambling look like? How do you know if you've

1 crossed that line again and gone to the point
2 where it's creating more consequences than help?
3 Then probably most importantly, what can you
4 possibly do about that? Where is the help
5 that's available?

6 Because honestly, there are going to
7 be people that will petition to come off the
8 list. They'll go back and they'll try to gamble
9 again. And it's going to continue to create the
10 same problems as it did prior to coming onto
11 that list.

12 We want to make sure that there's a
13 period -- I would not recommend that we have
14 some type of assessment to determine whether or
15 not they should come off the list because it's
16 voluntary in nature. But certainly, we should
17 be able to provide them with some information in
18 this informational session.

19 CHAIRMAN CROSBY: I assume you're
20 getting to this point, but I think if we use the
21 self-exclusion list as you say, as few barriers
22 as possible, so we capture the widest number of
23 possible people, and then use that as the medium
24 for getting people into a whole bunch of other

1 possible treatments and services and so forth,
2 then all the more I think that's valuable.

3 As you say, this isn't just a
4 standalone. But if this becomes a capture
5 mechanism by which we encourage as many people
6 as possible with trouble, they can even go on
7 for six months, which isn't that scary if you
8 begin to try to face your problem, then they
9 come into a network where have a whole host of
10 other interventions that makes this make a lot
11 of sense to me.

12 MR. VANDER LINDEN: And we are going
13 to have those resources that are there through
14 our partnership with the Department of Public
15 Health to make sure that there is that safety
16 net that's there to help people that have
17 gambling problems. So, we need to make sure
18 that we try to funnel those people into that
19 safety net that they can get the help they need.

20 CHAIRMAN CROSBY: Right. So, it
21 becomes a treatment entry point rather than sort
22 of a punitive structure, which is sort of the
23 one and done thing, sign once and you're out
24 forever.

1 MR. VANDER LINDEN: That's true. In
2 fact, some of the criticisms that I heard of
3 other self-exclusion programs around the country
4 is that it feels almost punitive.

5 One of the unique things about the
6 regulations that we've introduced here is that
7 there are numerous points that you can go sign
8 yourself up for the self-exclusion program.
9 It's not just within the casino environment,
10 which there are states where the only place that
11 you can go is to the security office at the
12 casino in order to put yourself onto the list,
13 which that's a barrier.

14 What I would like to see is that you
15 can come to the Commission; you could certainly
16 do it at the casino; you can do it at certain
17 providers that are approved by the Massachusetts
18 Department of Public Health and have received
19 training. I want to make sure that the
20 individuals that are administering this
21 understand who it is that they are administering
22 it to and know how to introduce the resources
23 that will be available.

24 So, another piece of this is that we

1 have a training requirement. A very brief
2 training requirement albeit for individuals that
3 would administer this. They don't need to be
4 clinicians. They don't need to be problem
5 gambling counselors, but they certainly need to
6 have an understanding of what the program is and
7 who it is and what condition they are in when
8 they sit down across the table from that person.

9 COMMISSIONER CAMERON: Director, I
10 had a question about the designated agents. I
11 was wondering as I read this who you envision
12 those persons being as members of the
13 Commission. Were they gaming agents that have
14 this training or were they --

15 MR. VANDER LINDEN: There's several
16 different groups that I would envision. Within
17 the casino, I think that it could be agents of
18 the Commission. It could be security personnel
19 of the casino, which is typically what it is.

20 Within the community, I would
21 envision it to be the Massachusetts Council on
22 Compulsive Gambling. I would envision it to be
23 agencies who have individuals trained to provide
24 problem gambling treatment and the appropriate

1 credentials. I would envision that within the
2 Commission that I would be an agent that could
3 provide that service.

4 All of us need to have that specific
5 training to make sure that we're doing it
6 appropriately, the administrative piece and that
7 we're presenting it correctly.

8 COMMISSIONER STEBBINS: Mark, I want
9 to go back to one of the points you raised about
10 the anecdotal scenario we heard of yes, sign up
11 for the self-exclusion list. It's past the slot
12 machines, around the table games and in the
13 back.

14 Can we look to our regulations on
15 internal controls to make sure that doesn't
16 happen? I was kind of looking for it in here,
17 but maybe it's best set aside for our
18 regulations on the internal controls of the
19 operators to make sure that doesn't happen.

20 MR. VANDER LINDEN: Yes, to make
21 sure that it's not escorting a person back
22 through the slot machines and past the table
23 games.

24 COMMISSIONER STEBBINS: Yes.

1 MR. VANDER LINDEN: Yes, I think
2 that that makes a lot of sense. What's
3 interesting, I'm glad you brought that up, is
4 how do we use the space within the casino that
5 is supposed to be set aside as the statute says
6 for counseling services? But I would envision
7 that that type of space would be an ideal
8 situation in order to administer the self-
9 exclusion. And where that is located in the
10 casino facility should be very strategically
11 placed. And that would make a lot of sense that
12 we try to couple those two.

13 COMMISSIONER STEBBINS: In your
14 discussion about access points, one of the
15 thoughts that just occurred to me is let's think
16 a little bit outside the box and think about
17 using local municipality departments of public
18 health to also be access points. We know where
19 these are going to be cited, but it might be an
20 opportunity for a city or town public health
21 office or public health official also to be an
22 access point.

23 MR. VANDER LINDEN: Yes, that would
24 be great.

1 COMMISSIONER MCHUGH: I had a
2 question. I had a number of minor questions
3 that I sent to Todd yesterday, but two, three
4 maybe that I wanted to talk about here.

5 The first has to do with the content
6 of the application and the notion that there
7 ought to be easy access to this. And I am
8 particularly focused on subsection (C) and
9 subsection (G) and (H) on page two, 133.03 (C),
10 (G) and (H). With respect to (G) and (H), I
11 take it that the words an offer for the
12 applicant really is an offer by the applicant.
13 It's the applicant's offer not somebody else's
14 offer? The applicant is saying I will do these
15 things.

16 MR. VANDER LINDEN: We would offer
17 it to the applicant. The applicant say yes or
18 no at that point.

19 COMMISSIONER MCHUGH: Okay. All
20 right. That would be clearer, it seems to me,
21 if we said who was going to do the offering.
22 But that answers that question.

23 Let's go back to (C). What happens
24 if a person comes in and says I want to get into

1 this self-exclusion program. I don't have a
2 problem, but I am afraid I might have a problem
3 someday. So, prophylactically I want to get
4 into a self-exclusion program.

5 MR. VANDER LINDEN: I would
6 recommend that we remove (C). In fact, I think
7 that I had intended to not include that. I
8 don't think it is important that somebody has to
9 acknowledge they're a problem gambler exactly
10 for the scenario that you state there.

11 MR. GROSSMAN: The only issue with
12 that, Commissioner, is that the statute -- This
13 is all based on the statute section 45 paragraph
14 (F) says that a person may request such person's
15 name to be placed on the list of self-excluded
16 persons by filing a statement with the
17 Commission acknowledging that the person is a
18 problem gambler and agreeing etc., etc. So,
19 we'd have to kind of work within the confines of
20 what that means.

21 COMMISSIONER MCHUGH: I don't know
22 that we are limited to the statute. Maybe
23 that's one thing we could take up with the
24 Legislature at some appropriate point. But it

1 seems to me we ought to design a regulation that
2 has a wide open door. But I see where you're
3 coming from. We need to think about that a
4 little bit more.

5 CHAIRMAN CROSBY: This is a great
6 conversation and I'm glad you caught it. I'm
7 glad you knew what we were doing with this.
8 Couldn't we interpret the -- Couldn't we make
9 the willingness to fill out the application, we
10 consider that a statement of a recognition that
11 they're a problem gambler. We don't make them
12 say the words. We don't put a blinker, a brand
13 on their head. But ipso facto, it's our
14 determination that if you decide to fill out
15 this form, you have met this condition.

16 MR. GROSSMAN: Yes, it doesn't
17 require any kind of clinical diagnosis or
18 anything like that. So, I think we would have
19 to work with the language somehow.

20 COMMISSIONER MCHUGH: Right.

21 CHAIRMAN CROSBY: Effectively,
22 eliminating (C) as an overt criteria I think
23 makes a lot of sense. And we get there by some
24 other sort of backdoor recognition that this is

1 in effect a statement which meets that statutory
2 criteria.

3 COMMISSIONER MCHUGH: The only other
4 question I had goes to the enforcement piece and
5 that's on the last page, page 5(H). This again
6 involves a policy issue, I think.

7 (H) says a gaming establishment
8 shall notify the Commission within 10 days,
9 yadda, yadda, yadda, if an agent knowingly fails
10 to exclude or reject a person on the list.

11 Suppose that after a person has been
12 on and left, somehow it internally turns up that
13 one of these people was in there. Somebody's
14 reviewing a tape for other reasons and sees two
15 weeks later that Joe Smith is there. And Joe
16 Smith is on the exclusion list. There is no
17 evidence that anybody knowingly excluded the
18 person -- failed to exclude the person.

19 What happens then? Should the
20 gaming establishment be required to report that?
21 Maybe a different action is taken by the
22 Commission. Maybe it's just recorded and
23 nothing more is done. They caught it. But
24 maybe a proliferation of those reports indicates

1 a structural weakness that the Commission would
2 want to look at. So, I just throw that out for
3 possible consideration. Is there a model
4 elsewhere for that?

5 MR. VANDER LINDEN: It is largely
6 self-monitored that casinos would provide that
7 report. I guess my thought is is that is
8 important that if you begin to see a trend
9 within a gaming establishment where people are
10 sliding through and in retrospect they've
11 slipped through somehow in there, there would be
12 technical assistance or some type of corrective
13 action to help them identify controls that would
14 limit access of persons who are self-excluded.

15 COMMISSIONER MCHUGH: Right. Okay.
16 I just throw that out for further consideration.

17 CHAIRMAN CROSBY: I agree. I think
18 that makes sense. We would want to report on an
19 accidental or inadvertent failures as well.

20 COMMISSIONER CAMERON: I think that
21 is the culture that we'll be looking for with
22 all of our compliance measures rather than I got
23 you. It is maybe a verbal warning and make sure
24 the person has proper training before you get

1 into actual sanctions.

2 I know that to work in effectively
3 in jurisdictions. And that could certainly be
4 the case here too that you want to work with the
5 casino staff. They will be more willing to
6 report when they know that you're going to
7 understand and work with them as opposed to just
8 saying I got you, here's the big fine. So,
9 that's an example where that could happen in
10 that manner.

11 COMMISSIONER ZUNIGA: I had a
12 question on 133.05 on subsection (B) in which
13 the gaming establishment may share the list with
14 other gaming establishments in Massachusetts.
15 Aside from making it a requirement, which I
16 understand why that might be difficult, could we
17 build a mechanism in which the self-excluding
18 person chooses to be self-excluded from one or
19 all or several of the gaming establishments in
20 Massachusetts? And if that's the case, then
21 require the gaming establishment to share that
22 information?

23 COMMISSIONER MCHUGH: In other
24 words, have an option on the where do you want

1 to be excluded from?

2 COMMISSIONER ZUNIGA: The way this
3 reads separately, this section reads is you come
4 to the establishment and then if you wanted to
5 be excluded from all you would have to go to
6 each one of them unless they were compelled to
7 share those lists with each other.

8 MR. VANDER LINDEN: I would
9 recommend that we take a look at this. What
10 you're recommending is like a property specific
11 self-exclusion versus a statewide self-
12 exclusion?

13 COMMISSIONER ZUNIGA: No, the other
14 way. I guess in the same venue of being as few
15 barriers as possible, the way I read this, it
16 feels like if somebody wanted to be excluded
17 from all three properties or four properties say
18 in Massachusetts they would probably have to go
19 or fill out a list for each of the properties.

20 MR. VANDER LINDEN: The intent is
21 that you go one place and you are on that list.
22 And that list is distributed through all of the
23 properties in Massachusetts. If it's not clear
24 then we probably need to go back through.

1 COMMISSIONER ZUNIGA: Then we need
2 to reinforce this very section and compare --
3 either we maintain a list then share or
4 everybody is required to share the list, not may
5 share but shall share.

6 MR. VANDER LINDEN: I would like to
7 revisit that. What I envision is that we are
8 the central hub, the holder of this list. And
9 that we monitor who's on it and who is coming
10 off of it, who is being added. And that we make
11 that list then available to each of the gaming
12 establishments including horseracing in
13 Massachusetts.

14 COMMISSIONER ZUNIGA: Great.

15 MR. VANDER LINDEN: So, we probably
16 need to come back to that.

17 CHAIRMAN CROSBY: That needs to get
18 clarified.

19 COMMISSIONER MCHUGH: Before we
20 leave (B), why the limitation to affiliates in
21 the line just next to the bottom?

22 MR. VANDER LINDEN: Why limit it to
23 affiliates?

24 COMMISSIONER MCHUGH: Yes. It says

1 may share the list with other gaming
2 establishments in Massachusetts or its
3 affiliates in other jurisdictions.

4 MR. VANDER LINDEN: It would be
5 both, so it would be and.

6 COMMISSIONER MCHUGH: I'm focusing
7 now on the word affiliates, why not or with
8 gaming establishment in other jurisdictions?

9 MR. GROSSMAN: That language came
10 from the statute. It was born from their --

11 COMMISSIONER MCHUGH: The statute
12 gets always in the way of good sense.

13 MR. GROSSMAN: It does, it does. I
14 know. The statute does talk about the fact that
15 the Commission shall pursue an interstate
16 compact for the purposes of sharing information
17 regarding excluded persons list. So, the way I
18 read it essentially was that each gaming
19 establishment can essentially share the
20 information with all of its own properties but
21 that we will pursue agreements with all of the
22 other jurisdictions so that we can share the
23 information we have with every other state.

24 COMMISSIONER MCHUGH: Okay.

1 MR. GROSSMAN: So, kind of a two-
2 step process. That's the way I read it. Why,
3 I'm not sure.

4 MR. VANDER LINDEN: The concept is
5 very good. It gets complicated because it's a
6 state-by-state regulation with different time
7 options in each of these different states. So,
8 that it's something that's going to be a hurdle
9 to try to make that happen. I am trying to get
10 information from each of the states now about
11 what are the different regulations in each of
12 these states been.

13 CHAIRMAN CROSBY: If we have people
14 in Massachusetts who are really making a good-
15 faith effort to stay out of trouble and they
16 sign up, they're automatically excluded from all
17 facilities in Massachusetts. That should be
18 clear. But it's relatively easy in
19 Massachusetts to go to Rhode Island or
20 Connecticut or soon to be maybe New York and to
21 a certain extent Maine. And if you've got a
22 compulsion, it's not that far way.

23 Would it be good to have or is it
24 necessary to have on the application some kind

1 of a place where you can authorize us to put you
2 on others state's lists? Is that implicit? If
3 it isn't implicit, should it be explicit?

4 MR. VANDER LINDEN: I think we could
5 explore that with the other jurisdictions if
6 they would accept that.

7 CHAIRMAN CROSBY: We're talking
8 about filling out the application form. You
9 don't want to have to go back and ask people
10 well. If we can't do it, that's fine. But what
11 we should be doing is asking the applicants who
12 are applying to get on the list whether that's
13 okay with them.

14 And if everybody checks the box
15 saying yes, you may add me to self-exclusion
16 lists in other jurisdictions then as soon as we
17 can do it, we do it. I gather there are
18 complications and we should be working on those
19 hard, but you want in on the intake form I would
20 think.

21 COMMISSIONER ZUNIGA: This goes back
22 to the compact idea. Let's flip it around and
23 what if somebody in Connecticut tells us there
24 is this person who wants to be self-excluded.

1 They just signed up here from the properties in
2 Massachusetts. We'd have to look at our
3 regulation and have some form of reciprocity.

4 CHAIRMAN CROSBY: But that's a
5 separate issue from just making sure we get
6 permission from the applicant to share. Both of
7 them are important. Others?

8 COMMISSIONER STEBBINS: Again, just
9 a couple of other quick questions. Now that I
10 look back to 133.06, the responsibility of the
11 gaming establishments, can we build into there
12 some language with respect to having them submit
13 to us plans as to where they would make the
14 self-exclusion application available? Again,
15 keeping away from that dreadful scenario of
16 walking through the gaming floor to get the
17 piece of paper.

18 MR. VANDER LINDEN: Yes.

19 COMMISSIONER STEBBINS: The other
20 question I had two more, one is somebody's on
21 the list, they check off the five-year box.
22 What requirement do we or what requirement does
23 the individual have to be in touch with us to
24 keep their information updated?

1 If we let them -- send them a letter
2 or say hey, your five years are up or what have
3 you, is there any responsibility on anybody's
4 part to keep that information updated?

5 MR. VANDER LINDEN: No, I don't
6 believe there is any responsibility. We would
7 have the basic demographic information but
8 obviously some of the other information, the
9 address information could change. And we don't
10 have a mechanism where they would be required to
11 give us an update on that. I'm not sure what
12 value it would be to take that step to make sure
13 people are updating their information.

14 CHAIRMAN CROSBY: Okay. Because we
15 are not going to notify them and say their term
16 is up. They're still on the list until they
17 take a proactive step to come and get off it.

18 COMMISSIONER STEBBINS: True. The
19 other question I had is in the statute there is,
20 obviously, the avenue by which the family or
21 relatives can pursue an exclusion option on
22 their family member. How does that fold in with
23 these regulations?

24 MR. VANDER LINDEN: You're referring

1 to the exclusion list versus the self-exclusion
2 list. And they will dovetail. It is going to
3 be one list but there is going to be different
4 requirements of those two lists. We have not
5 developed the draft regulations of the exclusion
6 list yet.

7 MR. GROSSMAN: The involuntary list.

8 MR. VANDER LINDEN: Yes, the
9 involuntary list.

10 MR. GROSSMAN: It's in the same
11 statute. It's all in section 45 of Chapter 23K,
12 but they are obviously very different. And it
13 includes what you are talking about the court
14 intervention, if you will, where a family member
15 can essentially petition a court to order an
16 individual's name be placed on the exclusion
17 list.

18 But it's different, I think and I
19 think Mark agrees conceptually with this, which
20 is a voluntary process.

21 COMMISSIONER STEBBINS: Okay.

22 CHAIRMAN CROSBY: Others? On page
23 four, 135.05 (A) each gaming licensee shall
24 provide the Commission the contact information

1 for an individual who should be responsible --
2 okay. So, this is the person for each licensee.
3 Who holds the master list? Who manages the
4 master list? Who takes the information, all of
5 the information, the new names, people who are
6 coming off, the failures to identify people,
7 etc.? Who manages that?

8 COMMISSIONER ZUNIGA: You're looking
9 at it.

10 MR. VANDER LINDEN: (Indicating)

11 CHAIRMAN CROSBY: Have you had any
12 conversations with anybody or I guess you did
13 this in Iowa, but how are we going to set up
14 this database? What's the link going to be? Is
15 there going to be an online link with the
16 licensees, etc.? Have you thought about that at
17 all yet?

18 MR. VANDER LINDEN: Yes, I have
19 thought about that. And the thought is that it
20 should fit within the data system that is being
21 developed through licensure. That's the likely
22 scenario that that's where it would lie. It
23 would be confidential with access only to
24 authorized individuals, but that it would lie

1 within that system.

2 CHAIRMAN CROSBY: Have you been in
3 conversation with Director -- the two directors
4 who are in charge of this?

5 MR. VANDER LINDEN: Yes. Director
6 Acosta and I have talked about it. It's
7 probably time to start talking again as this
8 begins to evolve.

9 CHAIRMAN CROSBY: Right, because
10 administratively it's something -- It's going to
11 be true of everything we're doing, but this is
12 one of those things where if it gets screwed up,
13 you get the name wrong, you get it late, it
14 would just be a nightmare if it's not a really a
15 buttoned up clean system that doesn't have
16 failures. It's really, really important.

17 MR. VANDER LINDEN: Right. It is
18 very detail oriented to make sure it's
19 administered properly that we take every
20 precaution to make sure that it's confidential
21 that individuals are being added quickly.

22 It certainly would be overseen by
23 myself. We have a position posting right now
24 for a more administrative type of person to come

1 in. That's on that job description that they
2 would help manage the self-exclusion list.

3 CHAIRMAN CROSBY: Great. Okay. My
4 last one is and this may just be me, but at the
5 bottom of page four section (F) about not
6 recovering losses and then on the bottom of page
7 five the one in yellow about not recovering
8 debts. So, (F) says a person who is prohibited
9 from a gaming establishment shall not be
10 entitled to recover losses as a result of
11 prohibited gaming based -- I don't understand
12 this.

13 MR. VANDER LINDEN: Todd and I went
14 back and forth on this one extensively.
15 Basically, what it says is if you are on the
16 self-excluded list, you don't have right to your
17 winnings but you also don't have right to say I
18 was on the self-excluded list and came in and I
19 lost \$5000. I want that money back because I
20 was prohibited from being here. It doesn't
21 entitle them to have access to their losses.

22 CHAIRMAN CROSBY: Why not just put
23 the period after losses, because from there on
24 out it got me confused.

1 MR. GROSSMAN: As always, the
2 statute says the person shall not collect any
3 winnings or recover any losses resulting from
4 any gaming activity at a gaming establishment.
5 That's what the statute says.

6 CHAIRMAN CROSBY: This is more
7 convoluted.

8 COMMISSIONER ZUNIGA: I think the
9 time element here is an important one, after
10 being placed on the self-exclusion list.

11 MR. GROSSMAN: We tried to clarify
12 it here. We may have --

13 CHAIRMAN CROSBY: Similarly on (I)
14 on the next page, the one that's in yellow, you
15 can't seek payment from a debt whose name is on
16 it if the debt was accrued by the individual
17 before their name was placed on the list but you
18 can after?

19 MR. GROSSMAN: This applies to, of
20 course, the gaming establishment and we
21 highlighted it because we wanted, of course, the
22 Commission's input.

23 This essentially says that in the
24 event that someone gambles even though they are

1 on the list, the gaming establishment can still
2 seek to collect any losses from that person if
3 the losses were accrued prior to the person
4 being placed on the list. So, that's the first
5 part of why we highlighted it to make sure that
6 that was something you were comfortable with.

7 CHAIRMAN CROSBY: Okay. I read it
8 wrong.

9 COMMISSIONER MCHUGH: Others are
10 likely to read it wrong as well. I would
11 recommend looking at that. I understand.
12 There's another place where we talk about
13 recovering losses in some other section. And it
14 might be worthwhile putting this concept in that
15 section, i.e., the gaming establishment can't
16 recover losses except losses incurred before the
17 person's name was placed on the list, something
18 like that so it's clear. The concept is a good
19 one, but the execution is unclear.

20 MR. VANDER LINDEN: Okay.

21 CHAIRMAN CROSBY: Mark, this is just
22 sort of future reference, I think. There is
23 this section in the statute that requires I
24 think it says a treatment center. That's

1 something that the applicants have pushed back
2 on and we're going to be talking about that.

3 But clarifying the role of the
4 operator, really clarifying the role of the
5 operator all the way along the process, but
6 particularly at the intake here. And then
7 helping us figure out how to implement that
8 statutory requirement in a way that gets it
9 hopefully more or less to the gist of what the
10 Legislature was looking at, but without creating
11 some kind of an irrational role for the operator
12 to be a treatment center.

13 If you could be sure to put your
14 mind to that. Because the whole business of
15 clarifying the operator's role is really
16 important particularly because of this peculiar
17 section in the law.

18 MR. VANDER LINDEN: Right. Okay.

19 COMMISSIONER MCHUGH: Doesn't that
20 same thought extend to what "treatment center"
21 in the establishment is? The operators say, I
22 think rightly, that the notion of putting a
23 treatment center in the middle of the casino is
24 not a great one. Maybe the treatment center is

1 an intake facility.

2 CHAIRMAN CROSBY: Right. We have to
3 define treatment center just like we have to
4 define admission of problem gambling.

5 COMMISSIONER CAMERON: Is this a
6 counseling rather than a treatment?

7 MR. VANDER LINDEN: I believe it
8 says counseling.

9 COMMISSIONER ZUNIGA: It's not a
10 treatment.

11 CHAIRMAN CROSBY: I thought the word
12 said treatment.

13 COMMISSIONER ZUNIGA: No, that came
14 from the applicant.

15 COMMISSIONER MCHUGH: But still, I
16 don't know. It seems to me it's important to
17 think about. The idea of going for counseling
18 sessions to the casino to deal with your problem
19 gambling strikes me as not the best venue.

20 MR. VANDER LINDEN: I don't think
21 that it would be the counseling center in the
22 traditional sense of counseling, but you can
23 seek counsel. You can seek information.

24 There are some models that we could

1 look to in other jurisdictions mostly
2 internationally, through Canada, through
3 Australia that I think can shed some light on
4 perhaps how this space could be maximized.

5 COMMISSIONER ZUNIGA: I think in
6 Ontario they call it a resource center, a
7 resource area like many others. And they're not
8 only exclusive to the casinos, obviously. They
9 have them elsewhere.

10 CHAIRMAN CROSBY: Anything else?

11 COMMISSIONER STEBBINS: Yes, one
12 last question and I apologize. I forgot about
13 this earlier. The restrictions from the gaming
14 establishment, gaming floor, hotel, restaurants,
15 everything on the property, is that consistent
16 with what other states do?

17 I kind of feel bad if I was on the
18 self-exclusion list and I can't go to a wedding
19 because it's in the hotel of the gaming
20 establishment.

21 MR. VANDER LINDEN: That's a point
22 that needs some clarification. And it's handled
23 differently in different jurisdictions. Are we
24 talking about just the gaming floor or are we

1 talking about the entire establishment? My
2 recommendation is that we have it for the gaming
3 floor.

4 COMMISSIONER STEBBINS: I know the
5 statute says establishment, but it seems pretty
6 restrictive in that respect.

7 MR. VANDER LINDEN: Yes, we need to
8 take a look at that.

9 CHAIRMAN CROSBY: Anything else?

10 COMMISSIONER MCHUGH: Great start.

11 CHAIRMAN CROSBY: How was the
12 inspection on your house?

13 MR. VANDER LINDEN: It went well.
14 We are moving forward.

15 CHAIRMAN CROSBY: There's a story to
16 be told, folks, but we won't tell you. Great,
17 thank you very much. Next on our list is
18 Director Griffin. And I'll leave you to
19 introduce your tope and your guests. I am just
20 going to go get coffee while you're talking.

21 MS. GRIFFIN: Good morning and Happy
22 New Year, Commissioners. My remarks today focus
23 on the implementation of the economic
24 development priorities of the Expanded Gaming

1 Act, specifically focusing on small business.

2 One of those strategies was focused
3 on creating an advisory group to ensure that we
4 do all we can to maximize vendor and supplier
5 opportunities for Massachusetts small businesses
6 including those that are certified or classified
7 as minority women and veteran business
8 enterprises.

9 Today, I am here to introduce
10 members of the Mass. Gaming Commission Vendor
11 Advisory Team, which includes about 25 statewide
12 business development agencies, government
13 organizations and other non-profits who have
14 agreed to work with the Commission to assist and
15 support small businesses who are interested in
16 conducting business with Class 1 and Class 2
17 gaming facilities.

18 So, we organized this Vendor
19 Advisory Team with the goal of providing input
20 to our regulatory process, to help assist small
21 businesses connecting with resources and also to
22 assist applicants in making that connection with
23 businesses across the state with Massachusetts
24 businesses.

1 So, I just wanted to note that we
2 are proactively engaging and working with these
3 business support resources to help applicants
4 maximize their impact on the Commonwealth's
5 economy. We really want to ensure that Class 1
6 and Class 2 licensees can find the qualified
7 businesses that have the capacity to support
8 their operations.

9 We also want to make sure that our
10 applicants can keep their commitments to spend
11 locally with Massachusetts businesses if they
12 are awarded the license.

13 So, the vendor advisory team focuses
14 their work in the following four areas: policy
15 and regulations. They've already provided us
16 valuable feedback regarding the licensing
17 regulations that pertain to vendors. They
18 provided us input and feedback pertaining to
19 policies and practices that will work to ensure
20 that the supplier bases are inclusive of the
21 diverse populations across Massachusetts.

22 They will and I know have been in
23 touch individually with applicants regarding
24 business identification. And I imagine they

1 will join with local towns and municipalities
2 and chambers of commerce to further identify
3 small businesses who are located close to a
4 casino operation and could potentially become a
5 vendor.

6 So, in addition to policy and
7 regulations and business identification, they
8 will be able to connect small businesses to
9 technical assistance programs and financing
10 assistance. Identify sources of financing to
11 help the businesses position themselves to serve
12 as a successful vendor to a resort casino or a
13 slots parlor.

14 And we believe that these resources
15 and this collaborative partnership really will
16 make a difference between being successful and
17 continuing not only getting the contract but
18 continuing their work with the casinos.

19 We know our applicants have reached
20 out to the businesses in their communities, and
21 we believe this team can further support their
22 efforts to connect with qualified and capable
23 small businesses.

24 So, if the Commissioners have no

1 further questions, I'd actually to introduce the
2 members of our Vendor Advisory Team.

3 CHAIRMAN CROSBY: Great.

4 MS. GRIFFIN: I am actually going to
5 ask them to introduce themselves with their name
6 and their organization.

7 MR. NUNNALLY: Thank you, Jill. My
8 name is Reggie Nunnally. I work for the
9 Massachusetts Supplier Diversity Office, which
10 is chiefly responsible for the certification of
11 minority and women as well as overseeing the
12 service-disabled veterans program.

13 MR. MARLOW: Good morning,
14 Commissioners. My name is Ron Marlow. I serve
15 as the assistant secretary for Access and
16 Opportunity, which is another way of saying
17 civil rights.

18 The office has responsibility for
19 coordinating and leading diversity and inclusion
20 efforts whether they be in the area of personnel
21 procurement and ensuring that citizens can enjoy
22 the services of the executive branch agencies
23 free from discrimination and full of equal
24 opportunity.

1 And it is a pleasure to work with
2 Commissioner Crosby, Commissioner Stebbins and
3 the other Commissioners and Jill in this
4 endeavor to ensure that the fullness of the
5 statute in terms of local business, minority
6 business enterprise, women business enterprise
7 and veteran business enterprise is realized
8 through what is an exciting period in
9 Massachusetts. So, thank you.

10 MS. GRIFFIN: I'm told you don't
11 need the mic. So, if you speak up, you'll be
12 fine.

13 MR. CAMP: I can do that. Good
14 morning. My name is Matt Camp. I am the
15 president of the Initiative for a Competitive
16 Inner City.

17 We are nonprofit research and
18 strategy organization based in Roxbury. Our
19 focus is to connect the private sector to inner-
20 city areas to create jobs. Most of our work
21 focuses on research and advisory work for cities
22 and economically distressed areas. And we also
23 have programs that are capacity building
24 programs for small businesses that we either run

1 ourselves or through our partners like Next
2 Street and others.

3 MR. PORTER: Good morning, Andre
4 Porter from the Massachusetts Office of Small
5 Business and Entrepreneurship. And the primary
6 focus there is on helping individuals who want
7 to start a business, grow a business here in the
8 state.

9 MR. JANEY: Good morning,
10 Commissioners. Greg Janey, vice president of
11 the Massachusetts Minority Contractors
12 Association. We are an advocacy group for
13 minority business enterprises in the
14 construction industry. We are also proud to be
15 a part of the Mass. Gaming Diversity Coalition.

16 MR. ACEEVEDO: Good morning. My
17 name is Nader Acevedo. I am the vice president
18 of the Hispanic-American Chamber Institute which
19 focuses on helping small businesses with
20 structure and financing.

21 MR. MCKINNEY: Good morning,
22 Commissioners. My name is Fred McKinney. I am
23 the president and CEO of the Greater New England
24 Minority Supplier Development Council. We are a

1 business nonprofit membership organization with
2 over 600 corporate members. I believe all of
3 the applicants for licenses are members of our
4 organization.

5 We have over 500 minority businesses
6 that we work with. Our mission is to connect
7 those minority businesses with corporate
8 opportunities to develop those businesses and to
9 advocate on behalf of those businesses. We also
10 are the program operator of the Minority
11 Business Development Agency Center here in
12 Boston.

13 MR. BACON: Good morning, everyone.
14 I'm Warren Bacon. I'm the director of the MBDA
15 Center that Greg just mentioned. Our mission is
16 funded out of the US Department of Commerce.
17 Our mission is to identify and help grow
18 minority owned businesses throughout New
19 England.

20 MS. BAIER: Good morning, my name is
21 Jodi Baier. I am with the Center for Women and
22 Enterprise. We represent over 300 certified
23 women-owned businesses that are certified
24 through a national organization called we think

1 WBENC, Women Business Enterprise National
2 Council.

3 We're a nonprofit. We work with
4 these businesses to help develop them similar to
5 Dr. Fred's organization, we work also with the
6 corporations and with the supplier diversity
7 programs and help kind of facilitate the
8 introductions for our women-owned businesses and
9 the corporations.

10 MS. JORDAN: Good morning,
11 Commissioners. My name is Mary Jordan, I am the
12 Director of the Division of Agricultural Markets
13 for the Massachusetts Department of Agricultural
14 Resources.

15 Our department works with the over
16 7000 farms, agricultural entities throughout
17 Massachusetts. And we did have the pleasure of
18 coming and presenting to you last year to give
19 you a taste of the different commodities that
20 are grown and produced here in Massachusetts.
21 And we look forward to working with our
22 agricultural businesses in partnering and
23 looking at opportunities with potential
24 applicants using locally grown foods, also

1 value-added products including many other
2 products that are produced here in the state.

3 CHAIRMAN CROSBY: You didn't
4 actually give us a taste, but we would welcome
5 that if you cared to come back.

6 MS. JORDAN: Maybe in the future.

7 MS. GRIFFIN: Good morning. I'm
8 Mary Griffin and I'm the Commissioner of the
9 Massachusetts Department of Fish and Game. I
10 believe as well you heard a presentation from my
11 Division of Marine Fisheries about the fisheries
12 economy of Massachusetts which we presented.
13 It's almost a \$2 billion a year industry. And
14 we have the largest value of landings port in
15 the nation in New Bedford. So, our agency is
16 participating with Commissioner Stebbins with
17 the task force and working with Jill to provide
18 information and serve as a resource about the
19 approvals that operators would take advantage of
20 local (INAUDIBLE) that supplies Massachusetts.

21 CHAIRMAN CROSBY: Great. There's
22 one more behind you.

23 MR. POLITAN: Good morning. My name
24 is David Politan. I am with US Small Business

1 Administration. We're a federal agency. We
2 help people start businesses and grow
3 businesses.

4 CHAIRMAN CROSBY: Thank you.
5 Anybody else?

6 MS. GRIFFIN: We have actually a
7 couple of members who weren't able to join us.
8 So, I will just mention their organizations, the
9 Associated Industries of Massachusetts, the US
10 General Services Administration, Mass. Growth
11 Capital Corporation and the NAACP New England
12 Area Conference, thank you.

13 CHAIRMAN CROSBY: We appreciate all
14 of the help. We've made a point of saying we
15 are trying to make sure that we don't just have
16 regulations which sort of sound good but don't
17 really have traction, don't really know where
18 the rubber meets the road. And you folks all
19 deal with where the rubber really meets the
20 road. And we really appreciate that.

21 Your help will help us make it
22 possible that these regs. really have teeth.
23 And this aspiration for local and a diverse
24 supplier base will be a reality. It's

1 important. Thank you very much.

2 You have another item on the agenda.

3 Are your Vendor Task Force going to stay here
4 during that, because there may be some questions
5 that they could speak to about that.

6 MS. GRIFFIN: The members who can
7 stay, we would like to have you stay.

8 CHAIRMAN CROSBY: Great.

9 MS. GRIFFIN: Commissioners, while
10 we are on the topic of maximizing opportunities
11 created by the introduction of casino gaming for
12 small businesses, I am here to present a funding
13 request for a Category 2 small business capacity
14 building program.

15 As we just discussed, to assist with
16 supporting potential casino vendors, we
17 assembled this Vendor Resource Team. To
18 complement the statewide efforts of this Vendor
19 Resource Team, Commissioner Stebbins and I have
20 developed a proposal for a locally driven
21 capacity building effort with a goal of
22 providing small businesses with the technical
23 assistance needed to enhance their management
24 capacity needed for a time of rapid expected

1 growth and in order to meet the supplier
2 requirements of a large anchor institution like
3 a slots parlor.

4 As you know, I've mentioned here
5 before, that small businesses dominate the
6 Massachusetts economy with more than 85 percent
7 employing 20 or fewer employees. So, we want to
8 ensure that these small businesses have all of
9 the resources that are needed to successfully
10 respond to the needs of a large business that is
11 coming to their community. And that they are
12 able to maintain and keep that contract.

13 So, to create a program to assist in
14 meeting with this goal, we would ask that local
15 economic development organizations, chambers of
16 commerce, business associations and other local
17 stakeholders partner with our Vendor Advisory
18 Team members to provide a program that assist
19 businesses in the local and surrounding
20 communities where are potential slot parlor
21 vendors.

22 The Mass. Gaming Commission would
23 award one grant to fund a program developed by
24 the local applicant that clearly identifies the

1 target audience, involves all key local business
2 development organizations and plans a
3 comprehensive program that demonstrates how they
4 will assist local entrepreneurs to win a
5 contract with a the Class 2 licensee.

6 Our Class 2 licensee is also welcome
7 to be a partner in the program application. So,
8 the program areas that we're interested in would
9 be one-on-one or group counseling with
10 businesses, training programs, identifying area
11 in Massachusetts businesses providing identified
12 goods and services that the applicant has
13 identified. Identifying and recruiting
14 minority-, women- and veteran-owned businesses.
15 Providing business plan development. Assessing
16 and securing the required financing needed,
17 planning for business expansion and concerning
18 other programs that may impact measurable
19 economic growth.

20 So, a review committee led by the
21 Mass. Gaming Commission will evaluate proposals
22 and recommend a grant recipient. The timing of
23 the small business capacity building grant award
24 is important since the slots parlor license is

1 expected to be awarded I believe still in early
2 March. The RFP needs to be advertised soon,
3 either in late January or early February, with
4 program funds released once the slots parlor
5 award - a license is awarded.

6 So, if successful, the Commission
7 could consider a similar program and grant
8 awards for the Class 1 resort casino host
9 communities. So, I am recommending that the
10 Commission dedicate \$20,000 to fund one pilot
11 capacity building program for the immediate and
12 surrounding communities where slots parlor is
13 awarded. I wonder if the Commissioners have any
14 questions.

15 COMMISSIONER ZUNIGA: Yes, I have a
16 couple. How do we know where does capacity need
17 to be built?

18 MS. GRIFFIN: I would also invite
19 Commissioner Stebbins. I think that is
20 something that the respondents to the RFP should
21 demonstrate. But I think they need to
22 demonstrate in working with the applicant where
23 the needs are, the types of businesses that are
24 potential vendors. But I think the respondents

1 are folks who know business, hopefully and know
2 what the needs are of the business that will
3 expand rapidly.

4 In some of the feedback that I've
5 heard from most of the applicants, a business
6 that contracts with a licensee has the
7 opportunity to grow very rapidly. In one case,
8 there was a company that described starting with
9 35 employees and in three years had over 200
10 employees. So, with that kind of rapid growth,
11 there are business needs in management and
12 finance. And that is the type of information
13 that we are looking for.

14 COMMISSIONER STEBBINS: Just to
15 circle back and maybe fly in at this from a
16 30,000-foot level. We have long spoken about
17 the fact that as regulators maybe we carry a
18 little bit of an additional responsibility in
19 helping our applicants meet everybody's
20 expectations.

21 I've always been fearful of sitting
22 a year after awarding a license and start to
23 hear desperate stories of well, we had this
24 local vendor and they didn't work out for some

1 reason. So, we had to drop them in favor of
2 somebody else. Perish the thought they have to
3 go with a vendor from out-of-state.

4 But not necessarily put all of the
5 onus on the applicants and just have us stand
6 back and potentially see them, see the applicant
7 falter in meeting not only the goals and
8 guidelines that they lay out in their
9 application but also in the surrounding
10 community agreements, their host community
11 agreements.

12 And not to pick on ICIC or pull them
13 out a little bit, but my experience working in
14 the city of Springfield is that ICIC had this
15 kind of capacity developing program for small
16 businesses who were looking to be potential
17 vendors with large anchor institutions. In this
18 case in Springfield it was with a hospital, a
19 very large hospital. Probably one of the
20 biggest employers in Western Mass.

21 So, trying to duplicate that program
22 and allow some respect to the local community,
23 the local chambers, the local banks as
24 participants to again partner up with many of

1 the folks who are in the room and joining us
2 this morning.

3 Again, it is to really have a lot of
4 this in the casino application process, be
5 locally driven but know that this Commission and
6 the folks around the table are all partners in
7 this process. Again, not wanting to see our
8 expectations not met at the end of the day or in
9 a year or two from now.

10 We're going to rely on the expertise
11 of the ICIC and other folks around the table to
12 make sure that a good program is built whether
13 it's helping to identify businesses, give them
14 the management technical assistance to be able
15 to manage the growth if they are a successful
16 vendor as well as identify their financing
17 needs.

18 As Jill highlights in her memo, this
19 is a pilot program. This hasn't really been
20 tried in any other state by a gaming commission.
21 It certainly is something that has some
22 successful models again based on ICIC's
23 experience. Again, if it works out, it's
24 helpful to the host community. If it doesn't,

1 it might require us to kind of go back to the
2 drawing board and rethink how the agencies in
3 the room and this Commission can work with our
4 applicants.

5 Clearly, it will be somewhat of a
6 locally driven process. Sorry to circle back
7 from the 30,000-foot view, but that's kind of
8 where we are coming from.

9 MS. GRIFFIN: If you don't mind,
10 I'll call on my colleague, Andre Porter, who
11 directs efforts for small business and
12 entrepreneurship across the state and actually
13 has directed a program like this.

14 MR. PORTER: This is sort of
15 analogous to what the state does every year. We
16 have a grant program. It's a statewide program
17 where providers as Jill referred to before,
18 propose a program based on their having an
19 assessment of the businesses in the area that
20 they serve. They could tell us who those
21 businesses are, the types of businesses there
22 are. What are their needs and how is she
23 program going to address those needs.

24 In this case, businesses are able to

1 competitively operate particularly for a large
2 vendor. In many cases, we've had businesses who
3 for them is a chance to take business from here
4 to here. And that happened very quickly and are
5 they equipped with both the management and the
6 financials to meet that challenge.

7 It's not a new per se but it is the
8 case that it would be directed towards the
9 gaming facilities and the businesses in those
10 regions that could potentially then be completed
11 for contracts to become vendors and serve those
12 institutions.

13 MS. GRIFFIN: And Greg Janey?

14 MR. JANEY: I think what has to be
15 transparent to the company is the criteria for
16 qualification. What happens is as they have to
17 be specific to the proposed vendors what the
18 criteria would be for subcontractors or sub-subs
19 on different levels, because that has to be
20 exposed.

21 I think the program has align itself
22 specifically with Mass. Gaming Commission. If
23 not, we may be going on different paths. So, we
24 mentioned that certainly during our testimony in

1 early November that flexibility will be key.
2 Not only flexibility but the transparency and
3 the ability to work with the licensing body as
4 well as the licensing criteria so we can make
5 sure that we (INAUDIBLE).

6 MR. NUNNALLY: Commissioners, again,
7 it's not a new program. It will be new to the
8 Gaming Commission. These things have been in
9 operating for a number of years now. And it
10 actually has demonstrated that is was a real
11 positive that comes out of those types of
12 programs.

13 I know for myself we have had an
14 affiliation with Next Street Financial as well
15 as some of the construction companies
16 throughout. And we can say for certain that we
17 had some real positive results.

18 Right now I have a database that has
19 approximately 2500 certified businesses both
20 minority as well as women. And their gross
21 annual revenue has increased to \$13.3 billion.
22 That's verifiable as to their taxes, their most
23 recent taxes. That also represents 65,000
24 employees.

1 So, if there's one thing that we can
2 attribute to the growth of these companies is
3 the fact that they've had some access to
4 technical assistance over the last number of
5 years.

6 So, as I've said, it's not a new
7 program. It is a program that has been going on
8 although new to the Gaming Commission. But it
9 does bear very positive results.

10 COMMISSIONER MCHUGH: Could I ask
11 Mr. Nunnally or any of the distinguished
12 panelist who are here today what the difference
13 in impact in a program like this and a program
14 of management consulting after a contract has
15 been awarded would be?

16 The one thing that I wanted to ask
17 is where does the number come from and how far
18 will that number go, the \$20,000? How far does
19 that go? And could the \$20,000 be better spent
20 on assisting minority businesses with management
21 consulting to deal with the rapid growth they're
22 likely to experience after they get a contract?

23 One of the things that stuck in my
24 mind after the last forum or the forum that we

1 had in this area and a long conversation I had
2 with an entrepreneur who had an advertising
3 business was the difficulty of breaking through
4 the network that was typically closed to
5 minority businesses and getting into the mix of
6 people who were recognized on a list to be
7 consulted for contracts when they come up.

8 So, that it seems to me is something
9 that this distinguished panel could help with
10 enormously. But I'm going on now a little bit
11 and wondering what the efficacy of a front-end
12 as opposed to a management consulting kind of
13 approach after the contract was awarded would
14 be.

15 COMMISSIONER STEBBINS: Let me just
16 take a minute. I'll answer the question about
17 the money and kind of where it came from, I
18 think. There's really -- I'd like to point out
19 that there is no scientific formula that we came
20 up with.

21 I think Jill and I when we
22 strategized about this looked at an overall
23 expenditure of about \$100,000 and splitting it
24 40/40 between the Class 1 applications or

1 licensees as they came in and using the balance
2 for the Class 2 licensee. That's kind of how we
3 arrived at the figure.

4 Again, not to blow the doors off the
5 bank vault, but to kind of being mindful of our
6 financial situation but to be helpful as much as
7 we can. So, that answers the question of the
8 dollar amount of where it came from.

9 MS. GRIFFIN: And I would add that
10 the \$20,000 is a modest request that will
11 perhaps supplement efforts that are ongoing. I
12 would invite members of the team to comment on
13 the advantages to work on the front-end.

14 COMMISSIONER MCHUGH: I'd love to
15 hear that, but my question -- I guess I should
16 have made my question sharper. I wondered if
17 the \$20,000 is enough for this kind of an
18 effort.

19 MR. PORTER: I think the \$20,000
20 when you look at it's really to give leverage to
21 what is already going on as opposed to something
22 new. So, for instance, let's just say the
23 central part of the state, they are already
24 businesses doing these services already. So,

1 we're not having to recreate a structure to
2 deliver it.

3 The question is could you, let's
4 say in the Bristol area, the identified need is
5 to help businesses improve their accounting
6 system. So, you could hire someone coming and
7 doing a class for local businesses and leverage
8 what is already being done in that very region.

9 If you were to try to do 10
10 different consultants to go in individually, you
11 obviously would spend 10 times that amount of
12 money. So, how can we leverage in this case
13 \$20,000 and make it go further with this network
14 of providers who are already doing this work
15 across the state.

16 COMMISSIONER MCHUGH: Okay.

17 CHAIRMAN CROSBY: So, your
18 anticipated bidders are people who are already
19 service providers in whatever the appropriate
20 region is. And this is just sort of an
21 incentive. Because I had the same thought.

22 MS. GRIFFIN: Absolutely.

23 CHAIRMAN CROSBY: So, if you're
24 talking about existing structures that already

1 do the work, have the domain expertise, but need
2 a little extra incentive and a little extra
3 money to alter a focus then I understand that.
4 That makes some sense.

5 MR. NUNNALLY: The \$20,000 is very
6 modest. And it is really geared to
7 supplementing an existing type of a program in
8 an area that really needs it. These programs
9 typically cost probably at a minimum of
10 \$150,000.

11 COMMISSIONER STEBBINS: We can put a
12 one in front of the 20, if that helps.

13 CHAIRMAN CROSBY: Is it anticipated
14 -- I'm trying to think, I'm a small business. I
15 hear there is going to be a slots parlor in my
16 catchment area. Who do I call? What do I do?
17 As a practical matter, what do I do? I've heard
18 a little bit about this. I've got a vague idea.
19 I can barely pay my bills. I'm as busy as hell.
20 What do I do?

21 MS. GRIFFIN: Applicants are
22 reaching out directly to potential vendors. And
23 there have been many vendor resource fairs that
24 have taken place.

1 But in terms of who do I reach out
2 to to get my business in order to make sure I am
3 prepared, you reach out to members of this
4 Vendor Resource Team; you reach out to your
5 local chamber. I guess that's the rationale
6 behind this program.

7 Many of the organizations that are
8 sitting around these tables run programs or can
9 connect people to programs that can assist small
10 businesses. The local chambers are interested
11 in these capacity building programs as well.
12 So, that's the rationale is that people around
13 these tables and also the local organizations
14 will be that resource.

15 CHAIRMAN CROSBY: I am sure it's
16 true that a fair number of these businesses do
17 have enough bandwidth to know where help is
18 available. But it seems to me that we ought to
19 be really targeted and really clear in our
20 messaging. If there's 18 access points, there's
21 no access points because it's too much.

22 But if each license has one focal
23 point, which is the object of this plan and the
24 Commission does a really good job -- we have a

1 great website. We have the capacity to add on a
2 vendor supplier development capacity. Every
3 time there's a contract that's up for bid, it
4 can be up on our site as well as on the
5 particular contact. Get all of these businesses
6 on our list.

7 On our databases, on our email
8 lists, we may take the initiative to contact
9 them. I just think it's got to be really,
10 really smart, really targeted, really hands-on,
11 in order to really reach out to these folks who
12 are swamped. And it's going to happen like
13 lightning.

14 The casinos, as soon as they get
15 their license, man, they're going to be off to
16 the races. If somebody doesn't return a call in
17 the first 35 minutes, they're off the list. So,
18 you have just got to be really buttoned up in
19 the way that we communicate the resource and
20 deliver the resource to folks

21 MR. PORTER: I think that's the part
22 (INAUDIBLE). Once we know who the licensee will
23 be, what area they will be in then that's when
24 we start through our network we start to talk to

1 those associations, chambers, providers who are
2 in that region to start to get the information
3 and outreach and publicize the resources that
4 are available to help businesses in those areas
5 should they choose or want to understand better
6 how to do business with the institution.

7 Again, it'll be after when we happen
8 to know where so we could be much more focused
9 on how --

10 CHAIRMAN CROSBY: Right.

11 COMMISSIONER STEBBINS: It comes
12 back to the relationship that we've talked about
13 that Jill and David need to have in terms of
14 helping our potential vendors and suppliers
15 understand the licensing process and what's
16 required there. So, that folds into a component
17 of the program as well.

18 MS. GRIFFIN: I think I understand
19 your point about having a central point of
20 information. But I think I am interested in
21 fully utilizing all of the state resources,
22 especially the state resources that we have.

23 So, Reggie's office that works with
24 minority and women business and Andre who

1 focuses on small businesses across the state, I
2 think it's important to really leverage those
3 focal points as well.

4 CHAIRMAN CROSBY: Yes. I agree with
5 that. I think that's great. That notion of
6 leverage is really important. But so is, I
7 think, sort of precision and clarity of
8 communication and clear lines of responsibility
9 and authority and accountability. So, our
10 target audience knows and so we know. Anymore
11 discussion?

12 MR. JANEY: I just wanted to add
13 that the \$20,000 really is a small amount of
14 money and is not, cannot be the solution.
15 That's not the solution to the problem of
16 developing the capacity of small, minority-,
17 woman-owned businesses to be effective suppliers
18 to the operators as primary vendors.

19 And I just wanted to reiterate that
20 as you look at the organizations around the
21 table, we spend millions of dollars a year
22 developing and working with minority- and women-
23 owned businesses. So, this is clearly a start
24 in an attempt to deal with an issue that I think

1 is very important to the Commission and to the
2 citizens of the Commonwealth.

3 CHAIRMAN CROSBY: Yes.

4 COMMISSIONER MCHUGH: Well, I agree
5 that this is a critically important undertaken.
6 This is something that we've been talking about
7 since the outset. It's something that the
8 statute recognizes the notion that we are going
9 to create jobs and then get a fair share of
10 those jobs into the hands of all citizens, and
11 in particular minority- and women-owned
12 businesses and veterans. I haven't heard much
13 about veterans. But I'll come back to that
14 later.

15 This is a critically important
16 component of our undertaking. So, the
17 harnessing of all of these efforts and these
18 different resources that exist and coordinating
19 them in a way that the Chairman just said I
20 think is a primary obligation that we have. And
21 I certainly fully support it.

22 COMMISSIONER ZUNIGA: If you haven't
23 already done or taken the steps towards this,
24 especially to the award of the license, perhaps

1 with all of the great members of this advisory
2 group, there could be already a list of all of
3 the businesses, the collective businesses and
4 disciplines that are out there.

5 All of these applicants have made as
6 part of their host and surrounding community
7 agreements made local hiring and vendor supply
8 commitments. So, they would be very interested
9 in knowing, I would imagine, who is out there.
10 And we ought to be ready, not to wait too much
11 for after the award.

12 MS. GRIFFIN: Absolutely. That's a
13 great idea.

14 MS. JORDAN: I just want to mention
15 the agricultural point of view, that our
16 department provides agricultural business
17 training classes for farmers and producers that
18 want to increase their production but looking at
19 all of the aspects of doing that. That's
20 something that we would be interested in looking
21 in providing to potential uses that would want
22 to work with the applicants in the future.

23 CHAIRMAN CROSBY: It doesn't say
24 vote on our agenda. Do we need a vote for this?

1 Or is this just something within sort of the
2 Commission's discretionary budgeting, director's
3 discretionary budgeting?

4 MR. DAY: Mr. Chairman, thanks for
5 asking. And as you were looking at it, I
6 noticed we don't have vote on there, but I would
7 much appreciate it. It's a new program that
8 we're trying to move forward with. So, I would
9 appreciate if the Commission could decide
10 whether to endorse this and give us direction to
11 move forward with a vote please, if that's
12 possible.

13 COMMISSIONER STEBBINS: Mr.
14 Chairman, I'll make a motion that I ask the
15 Commission dedicate \$20,000 to fund a pilot
16 capacity building program for the immediate and
17 surrounding communities where the slots parlor
18 is awarded in partnership with the members of
19 our vendor advisory group.

20 CHAIRMAN CROSBY: Second?

21 COMMISSIONER CAMERON: I second.

22 CHAIRMAN CROSBY: Any other
23 discussion? You've emphasized the time
24 sensitivity. And it will be the first week in

1 March that the decision will be made or it turns
2 out maybe a week or two before that. So, the
3 acquisition, the procurement process has to be
4 an expedited procurement process so that we can
5 get this done.

6 It's small money. We have got to
7 move it quickly. Also, going into it with some
8 metrics, some performance metrics. This is a
9 pilot program and you want to be able to say
10 yes, it really did produce A, B or C, whatever
11 it is that you are hoping for it to produce. I
12 think those two points are important.

13 MS. GRIFFIN: Absolutely.

14 CHAIRMAN CROSBY: Any other
15 comments? All in favor of Commissioner Stebbins
16 motion apropos of the pilot grant signify by
17 saying aye, aye.

18 COMMISSIONER MCHUGH: Aye.

19 COMMISSIONER CAMERON: Aye.

20 COMMISSIONER ZUNIGA: Aye.

21 COMMISSIONER STEBBINS: Aye.

22 CHAIRMAN CROSBY: Opposed? The ayes
23 have unanimously.

24 MS. GRIFFIN: Thank you,

1 Commissioners.

2 CHAIRMAN CROSBY: Think you very
3 much to your team for all of your time. We
4 appreciate it. Thanks for coming in.

5 COMMISSIONER MCHUGH: I would like
6 to pursue with the -- Director, I just have one
7 more question for you and need not detain the
8 members of your panel. But I am interested in
9 what we are doing with veterans. I didn't hear
10 anything about veterans in this last discussion.

11 And you don't have, as I heard it, a
12 representative of veterans' organizations on
13 this. That is a statutory component and also
14 there were a group of veteran-owned business
15 people at our diversity and outreach forum in
16 the fall. Could we get an update on that?

17 MS. GRIFFIN: Yes. Commissioner
18 McHugh, I think earlier when I was mentioning
19 the organizations who weren't able to attend,
20 there were several organizations or individuals
21 who work with veterans, directly with veterans.
22 Actually, many of these organizations also work
23 with veterans. The Department of Veterans
24 Services was not able to attend.

1 MR. NUNNALLY: The Supplier
2 Diversity Office through the Governor's
3 initiatives has established what we call a
4 service disabled veteran program that really is
5 geared to giving three percent of all of the
6 discretionary statewide contracts giving them a
7 preference, as well as giving them a preference
8 under our small business purchasing program.

9 We are in the process currently of
10 putting together the list of verifiable and
11 certified service disabled veterans throughout
12 Massachusetts. It's a very small group. There
13 is probably somewhere between 60 and 75 that are
14 actually certified in Massachusetts and
15 approximately 4400 that are certified throughout
16 the country.

17 We rely on Veterans Affairs in
18 Washington, DC for that certification.
19 Underneath these programs, they will be eligible
20 for all of the technical assistance that is
21 currently being provided by the Commonwealth
22 that will also ensure that they become part of
23 our database.

24 Right now, Ron has left, but Ron is

1 in the process of putting together an MOU with
2 the Federal Veterans Administration so that we
3 can get access to all of the information that's
4 available.

5 COMMISSIONER MCHUGH: Is that for
6 disabled veterans?

7 MR. NUNNALLY: That is specifically
8 for disabled veterans, yes.

9 COMMISSIONER MCHUGH: And I have
10 great respect for General Shinseki and he's done
11 a terrific job. But the Veterans Administration
12 is laboring under a number of handicaps that he
13 has not yet been able to solve. But that's a
14 terrific program. So, we ought to take full
15 advantage of it.

16 But I am also interested in
17 nondisabled veterans' organizations and
18 nondisabled veteran-owned businesses. The
19 individual about whom I spoke earlier was both a
20 minority and a retired Lieutenant Colonel, I
21 think, in the Air Force and was running his own
22 advertising business. And he was very eager to
23 ensure that business people like him and
24 businesses run by people like him were included

1 as the statute suggests in this outreach effort.

2 I think it's really important. Many
3 of these people have the kind of management
4 training and expertise and need to get into the
5 network in order to be successful. And I really
6 hope that we can include in our efforts both
7 through the state through your agencies and on
8 our own to reach out to these kinds of
9 businesses and include them in our efforts.

10 MR. PORTER: Commissioner, the SBA
11 under their auspices has a veteran business
12 service unit and we have one here in Boston.
13 So, through the SBA, we are connected to the
14 sort of national veterans' services group. So,
15 that's another way for us to go after not only
16 those veterans that are disabled but also
17 veterans in general through the SBA who is a
18 part of this team.

19 COMMISSIONER MCHUGH: Thank you.

20 CHAIRMAN CROSBY: Commissioner
21 Stebbins, this is something you've been
22 interested in too. Do you have --

23 COMMISSIONER STEBBINS: It's been, I
24 think, as Jill and I got into this early on and

1 obviously Reggie and Andre have done some
2 considerable work in this area. Minority and
3 women enterprise designation has been around for
4 a while. Veteran business designation is kind
5 of a relatively recent phenomenon mostly based
6 on the foreign conflicts we are still engaged
7 in.

8 But what we looked at is what was
9 out there at the federal level. Vetbiz.gov is a
10 program with the VA but it's really for those
11 veteran businesses looking to do business with
12 the Veterans Administration. So, it's not a bad
13 source for us to try to take advantage of.

14 Anybody else has to go through kind
15 of self-proclaim they're a veteran-owned
16 business through the government's procurement
17 system. Then it becomes reliant on whoever the
18 government contract manager is to go back and
19 verify that that person is a veteran.

20 When we were down in I believe it
21 was Raynham, we had somebody at the host
22 community meeting step up and say I'm a veteran-
23 owned business and unfortunately left before we
24 grabbed him. But trying to figure out what is a

1 way that measures or again helps us identify
2 those veteran-owned businesses, which are all
3 still relatively new and make sure they are part
4 of the equation and part of the outreach that
5 our applicants need to do.

6 So, the Urban League has a piece of
7 this. Reggie and Andre have a piece of this.
8 Some of the great folks we have on this team
9 that are leveraging their own resources are all
10 pulling different pieces of it in.

11 MS. GRIFFIN: Commissioner, your
12 point is really well taken. And I think we can
13 pull together members of the team that focus on
14 veterans and see if we can't be more visible
15 about our efforts.

16 COMMISSIONER MCHUGH: Great.

17 COMMISSIONER STEBBINS: One more
18 thing getting back to we talked about it earlier
19 with Mark taking advantage of a local Department
20 of Public Health. Most communities across
21 Massachusetts have a local veterans services
22 representative all funded mostly by the federal
23 government. They will be a key resource that we
24 can kind of pull into this as well once we know

1 where the license is being awarded.

2 CHAIRMAN CROSBY: And those all are
3 part of the organization that is run by whatever
4 the person -- it used to be A and F, the
5 Director of Veterans Affairs. I'm not sure it's
6 still in A and F. Does anybody know where it
7 is? HHS, whoever has that office now --

8 MS. GRIFFIN: I have spoken to
9 Commissioner Nee and he's been very helpful.

10 CHAIRMAN CROSBY: Okay, great. I
11 did add one thing too. There was on our seats
12 when we arrived a memo to Executive Director Day
13 and to Director Griffin from Action for Regional
14 Equity about the CORI information, the CORI
15 stuff. I just barely skimmed it. But it sounds
16 like you followed up with some of the people
17 that we talked to earlier. Because they're now
18 talking -- It acknowledges some of the
19 limitations that are in the legislation.

20 But it looked like they were trying
21 to do what we were talking about which is
22 bridging the gap between fancy language and the
23 real world of such folks. I hope you'll take
24 this into consideration and see what we can do.

1 MS. GRIFFIN: Chairman Crosby, we
2 met with members of Jobs Not Jails, the SEIU and
3 Action for Regional Equity the other day. They
4 understand the limitations of the statute. The
5 do have concerns. And we may hear from them
6 again.

7 So, they left you this letter. They
8 would like it to be entered into public record.
9 But their concerns are that the bar to
10 employment for a conviction for a kitchen
11 dishwasher is the same for the head of the
12 counting room is one of their comments. They
13 understand that this is in the statute. But
14 there are concerns that the communities of color
15 and poor communities will be particularly
16 impacted. So, they may take that up further in
17 their advocacy work.

18 But they also have some points that
19 they want the Commission to consider, as we are
20 looking at the rehabilitation of potential
21 employees. They further ask that if we decide
22 to return to the Legislature to consider changes
23 to the statute that we consider asking for more
24 flexibility regarding the CORI. So, I just

1 wanted to talk a little bit about that.

2 CHAIRMAN CROSBY: Okay. This should
3 be added. Artem, this memo should be added to
4 the record. We will be thinking about what if
5 anything we will be taking to the Legislature.
6 There are some issues that have begun to come
7 up, as you know, that we are beginning to think
8 about. Now is the time when they should with
9 you all tell us pretty quick what changes in the
10 statute you think might be appropriate. Within
11 the next 30 days max would be the time to do
12 that.

13 MS. GRIFFIN: Okay, great. So, we
14 are in communication with them and they are
15 willing to work with us. So, I'll report back.

16 MR. DAY: Mr. Chairman, this was a
17 topic we had anticipated that a representative
18 of the group would be interested in speaking.
19 And as I understand, they had decided not to do
20 that but had requested the letter be submitted
21 for the record.

22 CHAIRMAN CROSBY: Okay.

23 MR. DAY: I have one other
24 preliminary thing. I just want to step back, I

1 know you are trying to take a break. As long as
2 we are here, regarding the problem gambling
3 self- exclusion regulations. I'm anticipating
4 what you want us to do is deal with the various
5 issues that were raised and then bring back
6 another copy before we start down the formal
7 process. I just want to be sure that was
8 correct.

9 CHAIRMAN CROSBY: Yes. There was
10 enough substantive discussion. I think that
11 would be good.

12 MR. DAY: Thank you.

13 CHAIRMAN CROSBY: Think very much.
14 Thank you for coming. We'll take a quick break
15 and be back shortly.

16

17 (A recess was taken)

18 CHAIRMAN CROSBY: We are back to
19 work. It is about 11:35 and we're going to
20 reconvene starting with I think it is agenda
21 item number five. And we will be talking with
22 Director Acosta and friends.

23 MR. ACOSTA: Good morning.
24 Commissioners, we are here before you to

1 consider the licensing regulations that have
2 been before you. We have met with a number of
3 groups after the regulations were initially
4 presented. We have taken consideration of the
5 testimony, comments, suggestions that have been
6 made.

7 And some significant changes have
8 been made to the regulations. And we are here
9 to present these changes hopefully with the
10 understanding that if it is approved today that
11 we can go forward so that they can be sent to
12 the Secretary of State and we can move on with
13 the preparation of the applications as well.

14 As before, Todd is going to
15 highlight the changes that were made that were
16 not addressed or that were addressed and were
17 changed from the previous time that we were
18 before you.

19 CHAIRMAN CROSBY: Are you just going
20 to use the ones that were on your highlight memo
21 or are you doing others?

22 MR. GROSSMAN: There are a few
23 others. We got a number of comments. Some of
24 them one editorial. Some of them have some

1 substance that I just made notes on, just adding
2 a word or two here or there to clarify some
3 meaning. Those are some of the big-ticket
4 items.

5 And I thought we would cover those
6 as we work our way through and make sure that
7 everyone is on the same page with that. Or we
8 could start with those, whatever the
9 Commission's preference.

10 CHAIRMAN CROSBY: I just don't know
11 how much -- We've been through this several
12 times now. And I'm not sure how much everybody
13 wants to go. I think the ones that are in your
14 cover memo, in your memo we definitely should
15 address. I am open to suggestions. If others
16 want to go over others, it's fine.

17 COMMISSIONER MCHUGH: I am happy
18 with the ones that are in the memo. And if
19 there are editorial things, word changes or
20 something I'm not interested.

21 CHAIRMAN CROSBY: I think we can
22 delegate that.

23 MR. GROSSMAN: Okay.

24 CHAIRMAN CROSBY: Let's start out

1 with your memo. And either if any of us have
2 notes on anything else or if you feel really
3 strongly there's something else that you think
4 needs to get brought to our attention, but let's
5 focus on this.

6 COMMISSIONER ZUNIGA: Was the memo
7 in the packet?

8 CHAIRMAN CROSBY: No. It came
9 around last night, I think is there a spare or
10 the day before yesterday.

11 MR. GROSSMAN: The first thing that
12 came up was the addition of some language we
13 added into a number of different sections. It
14 reads for purposes of 205 CMR 134, which are
15 these regulations, a gaming licensee shall
16 include all qualifiers issued a positive
17 determination of suitability in accordance with
18 205 CMR 115.05 paragraph 3. And the reason we
19 did that was to ensure that we closed any
20 potential loophole.

21 It's based upon a read of the
22 governing statutes here and ensuring that we
23 read all of the statutes in harmony and give
24 meaning to the language that's included in

1 there.

2 If you read through it's both the
3 definitions section where the definitions of
4 gaming employees and key gaming employees and
5 gaming service employees are included, and then
6 you read section 30, which is the licensing and
7 regulations section, they both talk about
8 employment with both the gaming licensee and
9 employment at the gaming establishment.

10 And in order to afford meaning to
11 both of those, we thought it was important to
12 include the introductory language that you find
13 on page one relative to key gaming employee
14 licenses and on page three relative to gaming
15 employee licenses.

16 So, this language that I read
17 previously would ensure that in the event that
18 the gaming licensee brings on a management
19 company or some vendor to oversee a broad
20 segment of their operation, that all of the
21 folks who work for the management company would
22 still be included within the scope of the
23 licensing section. And that they wouldn't
24 somehow be excluded just by virtue of the fact

1 that they may be directly employed by a
2 management company as opposed to the gaming
3 licensee.

4 So, that's what this language is
5 intended to do. Nothing more than that. We've
6 inserted it in a couple of places, both the key
7 gaming employee section, the gaming employee
8 section and the vendor section.

9 COMMISSIONER MCHUGH: My reaction to
10 that was and Todd and I talked about it
11 yesterday, was that it's both confusing and
12 entirely unnecessary.

13 CHAIRMAN CROSBY: This amendment?

14 COMMISSIONER MCHUGH: Yes, this
15 language. I had real trouble when I read the
16 section trying to figure out what it was
17 intended to do. I understand now from
18 conversations with Todd and the little memo here
19 that it's designed to deal with this situation
20 in which a gaming licensee, the original
21 licensee subcontracts operation of the casino to
22 somebody else. And how do you ensure that those
23 people need a license before they act as the
24 cage manager or something.

1 And it seems to me all we need to do
2 is just say that the list of people that begins
3 with 134.01 (A) those people are key gaming
4 employees by whomever hired and employed and
5 they have to have a key gaming license.

6 The fact that the statute says that
7 certain people need key gaming employee licenses
8 doesn't prohibit us from saying that there are
9 other people who also need key gaming employee
10 licenses. And it seems to me that this language
11 just adds a level of stuff that is hard to
12 figure out and unnecessary.

13 CHAIRMAN CROSBY: So, you're talking
14 about the proposed change does that?

15 COMMISSIONER MCHUGH: Yes, I am
16 opposing the change. It just would require --
17 I'm just suggesting that this language in red,
18 it's the second sentence, Commissioners Zuniga,
19 in 134.01 the preamble that is unnecessary and
20 confusing. And I would recommend taking it out.

21 Just saying if you have these
22 positions, you need the key gaming employee
23 license. If you have these positions, you need
24 a gaming employee license. And we have broad

1 authority under the regulation delegation part
2 of the statute to do that, I think.

3 CHAIRMAN CROSBY: I had trouble with
4 this too, although you've gotten into it at
5 greater depth than I did. Does that solution
6 work? Are you all right with that? You guys
7 have already talked about this.

8 MR. GROSSMAN: It should be fine.
9 It's an unlikely loophole that anyone would
10 attempt to exploit.

11 COMMISSIONER MCHUGH: So, we'll take
12 it out, right?

13 MR. GROSSMAN: We'll take it out of
14 the three places --

15 COMMISSIONER MCHUGH: Every place
16 where it appears, right.

17 CHAIRMAN CROSBY: Okay.

18 MR. GROSSMAN: I'm sorry, Mr.
19 Chairman, just to clarify, you don't need me to
20 go through every editorial change. We've been
21 given authority to add certain words to clarify
22 meaning.

23 CHAIRMAN CROSBY: Yes, right.

24 MR. GROSSMAN: In that case --

1 CHAIRMAN CROSBY: However, if you
2 make any mistakes, you're accountable.

3 COMMISSIONER ZUNIGA: Whenever those
4 clarify, not confuse that should be the
5 overriding principle.

6 MR. GROSSMAN: I can't be held
7 responsible for what's confusing and what's not
8 confusing.

9 COMMISSIONER MCHUGH: That's a good
10 standard rule.

11 CHAIRMAN CROSBY: We should all
12 adopt that.

13 COMMISSIONER ZUNIGA: First do no
14 harm.

15 CHAIRMAN CROSBY: So, item two.

16 MR. GROSSMAN: In that case, item
17 two is on page four, I believe. This deals with
18 the vendor section. And a number of comments
19 were made relative to the timing at which a
20 vendor license would be required. And whether
21 it would be required upon the negotiation of
22 agreement with the gaming establishment or at
23 some other point in the future.

24 So, in an effort to kind of clarify

1 when a license would be established, we added
2 this language in. This is a policy
3 consideration. But it seemed to us that the
4 time we would be interested in having an entity
5 become licensed or registered is not when they
6 are negotiating an agreement or talking about it
7 or showing off their goods and trying to get an
8 agreement together. And not even at the point
9 when the contract is executed, but only when
10 goods or services begin to be provided or the
11 contract begins to be executed. And that's what
12 this language was intended to do.

13 It clarifies the term conducting
14 business to mean that it's only upon the
15 commencement of the performance of a contract or
16 the provision of a good or service. And that
17 would allow entities to discuss provision of
18 their goods or services with a gaming
19 establishment without having a vendor license.
20 Once they come to some kind of agreement and
21 they begin performance, then they would require
22 the license.

23 CHAIRMAN CROSBY: Is it required
24 before you actually start to deliver a good or

1 service? Or it is required after you started
2 delivering services?

3 MR. GROSSMAN: Before you deliver
4 the service.

5 CHAIRMAN CROSBY: You have to have
6 it before you deliver the services.

7 MR. GROSSMAN: But not before you
8 come to the agreement.

9 CHAIRMAN CROSBY: Okay.

10 MR. GROSSMAN: There's a corollary
11 section that I think is important to note too.
12 We also added vendors into the temporary license
13 section. So, a vendor could seek through the
14 licensee to be issued a temporary license as
15 well.

16 COMMISSIONER CAMERON: I had one
17 question, it started with this number two. You
18 probably explained this before why we use person
19 sometime and individual other times.

20 MR. GROSSMAN: The term person is
21 defined by statute to include both individual
22 people and entities. So, it was important that
23 we not use the term here to mean individual
24 people if we meant unless we meant individual

1 people. I think in I messed something up.

2 I guess the point is we try not to
3 use the person unless we mean individual or
4 entity. If we just me an individual person, we
5 just said individual. And that's why that
6 change was made.

7 COMMISSIONER CAMERON: I never heard
8 person used for a whole entity, but it's in the
9 statute.

10 MR. GROSSMAN: It's right in there.

11 CHAIRMAN CROSBY: Talk to Mitt
12 Romney and the Supreme Court of the United
13 States.

14 COMMISSIONER CAMERON: Thank you.

15 CHAIRMAN CROSBY: What is a person?
16 That one seems all right.

17 MR. GROSSMAN: On page five and six,
18 we talk about the gaming vendor secondary
19 license and the process that an entity would go
20 through to become designated a gaming vendor
21 secondary. I would just highlight that one
22 point that we added on at the end that in the
23 event that a vendor crosses the threshold, the
24 financial threshold and they're notified by the

1 Division of Licensing that they now have to file
2 an application, we clarified that they can do a
3 number of things.

4 They can just go ahead and file the
5 application for licensure as a gaming vendor
6 secondary.

7 Or they can petition to the Division
8 for the ability to remain a nongaming vendor by
9 arguing that they are not providing goods or
10 services on a regular or continuing basis, which
11 would mean that they could remain a nongaming
12 vendor.

13 So, if it's a one-time transaction
14 that may happen to cross the financial
15 threshold, an entity could come in and say look,
16 I'm selling a big-ticket item here. I don't
17 think I should have to become a gaming vendor
18 secondary, which comes along with a more
19 comprehensive application, background
20 investigation, higher licensing fee.

21 So, that is the reason we included
22 that language at the end there to provide a
23 little bit more flexibility to both the vendors
24 and the Division in making those determinations.

1 CHAIRMAN CROSBY: Seems fine.

2 COMMISSIONER STEBBINS: I like that
3 idea.

4 MR. GROSSMAN: On page 31, this is
5 the language that was generated as a result of
6 the conversation at the public hearing on these
7 regulations as to how so-called negative
8 information would be considered.

9 CHAIRMAN CROSBY: That's at page 30,
10 right? You're talking about section B?

11 COMMISSIONER MCHUGH: I think you
12 skipped one.

13 MR. GROSSMAN: Oh, did I skip one?

14 COMMISSIONER MCHUGH: Number four in
15 your memo.

16 MR. GROSSMAN: Okay. I skipped to
17 number five. We'll go back. So, this section
18 here on page 30 and it corresponds with language
19 on pages two and three deals with the situation
20 in which an individual who has gone through the
21 RFA-1 process as a qualifier now seeks to work
22 at the gaming establishment in a key gaming
23 employee position. And it clarifies how those
24 individuals are handled.

1 What it does is it says that those
2 individuals are not automatically licensed.
3 They still have to become licensed as a key
4 gaming employee. But in recognition of the
5 thorough background investigation that has
6 already taken place, there will be a more
7 condensed licensing application process.

8 And the language that we included in
9 here essentially just says that that particular
10 individual has to provide supplemental
11 information as directed by the Division of
12 Licensing as opposed to filing a whole new
13 application for a key gaming employee. That's
14 the purpose of that.

15 We also have language in here that
16 says that if an individual chooses to pursue
17 that path as opposed to filing the whole
18 application, then the term of the license is
19 shortened to begin at the time the person was
20 deemed suitable. So, you would lose whatever
21 period of time that is.

22 COMMISSIONER MCHUGH: I had one
23 minor and one other comment. In subsection (A),
24 the green language says supplemental licensing

1 information intended to update. Anything can be
2 intended to update. It seems to me we should
3 say that that updates.

4 The second and substantive question
5 is why should the licensing be shortened and
6 relate back to the time of either the finding of
7 qualification or the filing of the RFA-1? If
8 we're going to issue the person a key gaming
9 employee license based on the original RFA-1
10 application plus the supplemental information
11 the Division requires, why doesn't the license
12 like everybody else's key gaming employee
13 license start from the time it's issued?

14 MR. GROSSMAN: That's a great
15 question. I was actually thinking about that as
16 it was coming out of my mouth. And I was trying
17 to remember why we did that. I think we did
18 that at the time before we had come up with the
19 concept of supplementing the application.

20 COMMISSIONER CAMERON: Would it be
21 because all of that information has not been be
22 reverified at the time of the higher-level of
23 licensing? So, that they would be in cycle with
24 the whole new renewal from the time that the

1 original license was issued. It seemed me that
2 would be the reason. Director Acosta?

3 MR. ACOSTA: That's the way it was
4 practiced in a prior state that I worked in.
5 And that is that we only verifiable what they
6 updated. For that reason, we just gave that
7 term.

8 The individual has the option of applying
9 for a full-blown application if they wish
10 because they may find that they're near the end
11 of their term. And at that point, it's better
12 to just submit a new application so that they
13 can get the full benefit of the three years.

14 But somebody that got found
15 qualified six months and they've got two years
16 and six months left, at that point instead of
17 going through a normal investigation, they would
18 do that.

19 CHAIRMAN CROSBY: I am sure this is
20 nothing, but in the memo this section we've been
21 discussing is section (A) and in the regs. it's
22 section (B), I think.

23 MR. GROSSMAN: Clearly, it's (B).

24 CHAIRMAN CROSBY: Right, okay. Now

1 number five.

2 MR. GROSSMAN: That's on the next
3 page. This is in response to the concerns as to
4 how negative information would be considered.
5 And I think what this language does is it will
6 provide guidance to both the individual and the
7 Division of Licensing and/or Bureau and
8 ultimately the Commission when reviewing this
9 information and be able to put it within a
10 certain framework.

11 And it also provides some clarity to
12 all applicants in advance as to how certain
13 information that they may have whether it's on
14 their criminal record or elsewhere will be
15 handled by the Commission. And it ultimately,
16 hopefully will lead to a more uniform process
17 and more uniformity in the decisions that are
18 made.

19 So, the standard basically says that
20 we will look at the relevance of the information
21 to employment at a gaming establishment and/or
22 doing business with a gaming establishment,
23 whether there is a pattern evident in the
24 information and whether the applicant is likely

1 to be involved in gaming-related activity.

2 And if the answer is that it is
3 wholly irrelevant and the individual is unlikely
4 to be involved in gaming activity, then the
5 negative information takes on lesser
6 significance. And there's also language in here
7 that says that the information will be
8 considered in the light most favorable to the
9 applicant unless it can't be done so in
10 accordance with the statute.

11 All of that to say that we are
12 really looking for indicators that an individual
13 be unsuitable for the particular license or
14 registration that they seek. Certainly,
15 individuals who are applying for key gaming
16 employee licenses are involved in gaming
17 activities. So, anything that bears upon that
18 would be more relevant than someone who was
19 applying for a gaming service employee
20 registration. So, that's where this language
21 came from to provide a little more clarity to
22 the process.

23 There is also a provision in here
24 that provides that any adjudications of

1 delinquency that come out of juvenile court will
2 not be considered convictions for purposes of
3 the statute.

4 What that means is that the
5 information can still be considered as part of
6 the suitability process, but that it will not
7 serve as an automatic disqualifier under section
8 16 of Chapter 23K. So, it provides the
9 Commission and the Division of Licensing and
10 Bureau more discretion to determine how to
11 handle certain adjudications of delinquency.

12 One of the issues that's not
13 contained here relates to sealed records. And
14 we have not, as I said, addressed that issue
15 here. It may be an issue that the Commission
16 would like to include some language here whether
17 sealed records will or will not be considered.
18 I put that on the table for consideration.

19 COMMISSIONER MCHUGH: I don't know
20 whether we include it here or elsewhere or in
21 some other section, but I do think that we ought
22 to deal with it. And I do advocate us stating
23 that we are not going to consider sealed
24 records.

1 A sealed record is a record that
2 under the statute cannot be used as a
3 disqualification for any public position. And
4 it also is a record that entitles a job
5 applicant to answer in response to a query have
6 you ever been convicted of an offense allows the
7 applicant to answer no.

8 In other words, the sealed record is
9 designed to -- The record sealing process is
10 designed to remove whatever was sealed from
11 consideration in the employment decision. It
12 doesn't go away. It's not an expungement.
13 That's almost never done, but it does take the
14 record out of consideration in the employment
15 process.

16 The statute on its face says that
17 any -- that a record will be sealed on the
18 filing of a nolle pros, which is a prosecutorial
19 judgment that they are going to abandon the
20 prosecution or a finding of not guilty or other
21 things. That part has been held to be
22 unconstitutional that automatic sealing
23 provision.

24 So, the process for sealing a record

1 in Massachusetts is a vigorous process. And
2 institutionally it's one in which the forces are
3 arrayed against it. And the Commonwealth has a
4 strong public policy of openness of criminal
5 records of all court proceeding records so that
6 very, very few records are in fact sealed. And
7 they are sealed only if there is, as a practical
8 matter, a compelling reason for sealing them.

9 It seems to me that under those
10 circumstances it should not -- a sealed record
11 and the content of a sealed record should not
12 play any role in our licensing decision either.

13 It is an anomaly, it seems to me, to
14 have us take into consideration the content of a
15 sealed record when somebody applies to be a
16 blackjack dealer, but if someone applied to be
17 the Comptroller of Massachusetts, we couldn't
18 take the same record into account. So, I think
19 that we ought to as a policy matter say we're
20 not going to consider sealed records.

21 MR. GROSSMAN: Just to clarify
22 Commissioner, would that be sealed records in
23 Massachusetts or sealed records elsewhere?

24 COMMISSIONER MCHUGH: Certainly,

1 sealed records in Massachusetts. I haven't
2 thought about sealed records elsewhere. If
3 there is some scheme that routinely seals stuff
4 up, I think we ought to say -- I don't know how
5 to deal with that. I don't know what the regime
6 is elsewhere. But certainly a sealed
7 Massachusetts record is not something we should
8 consider. That would be my proposal.

9 CHAIRMAN CROSBY: I defer to your
10 judgment on that one.

11 COMMISSIONER CAMERON: After
12 learning how difficult it is in this state that
13 make sense to me as well.

14 COMMISSIONER ZUNIGA: Likewise.

15 CHAIRMAN CROSBY: Next?

16 MR. GROSSMAN: We're onto number
17 six, which is on page 40. This language was
18 added in response to a number of comments that
19 were made at the public hearing as well. And it
20 deals with the fees that are associated with
21 obtaining a license.

22 So, what we have proposed here is
23 that a system of payroll deduction be
24 established. And under this, this would only

1 apply to gaming employee applicants and gaming
2 service employee applicants. It would require
3 the gaming licensee and/or the vendor as the
4 case may be to submit the fee on behalf of the
5 applicant subject to a payroll deduction such
6 that --

7 CHAIRMAN CROSBY: Subject possibly
8 you said.

9 MR. GROSSMAN: Possibly, they may.
10 That's right.

11 CHAIRMAN CROSBY: You said it
12 requires them to set up a payroll deduction,
13 which it doesn't.

14 MR. GROSSMAN: That's right. They
15 may do it, if they choose to.

16 COMMISSIONER ZUNIGA: Requires to
17 pay.

18 CHAIRMAN CROSBY: Right. That's a
19 main point. The secondary point is they can get
20 it back if they choose to.

21 MR. GROSSMAN: They may recoup it.
22 That's what this says.

23 CHAIRMAN CROSBY: So, the process
24 now would be for these two categories is that

1 you apply for the job. You get accepted for the
2 job. Then you get licensed. And the license
3 fee would be paid by the person who has decided
4 -- the company that has decided they're going to
5 hire you.

6 And that company has the right to
7 get the money back through a payroll deduction
8 system if it wants; is that right that
9 sequencing? You apply first. You get the job.
10 Then you apply for the license, which is paid
11 for by the employer. Then the employer may get
12 it back.

13 MR. ACOSTA: That's correct.

14 MR. GROSSMAN: That's correct.

15 MR. DAY: That's correct.

16 COMMISSIONER STEBBINS: I think it
17 helps some people. Again, if we're targeting
18 people who have been underemployed or unemployed
19 for a long time, it doesn't really hit them in
20 the wallet directly. But having the payroll
21 deduction kind of keeps the employee's skin the
22 game, so to speak, that they become invested in
23 the job and the position.

24 CHAIRMAN CROSBY: I assume you feel

1 like this is responsive to what you've been
2 hearing.

3 MS. GRIFFIN: I think this is
4 responsive to some of the testimony that we
5 heard before the holidays.

6 COMMISSIONER MCHUGH: It strikes me
7 as a really good provision because it prevents
8 us from having to distinguish between people who
9 can afford it and people who can't afford it.
10 It puts everybody on an equal plain. It
11 eliminates any incentive for employers favoring
12 people who can pay for it out of their own
13 pocket. I think this is really important and
14 it's a good provision.

15 MR. DAY: One other topic is we
16 thought it would be worthwhile to mention is
17 we've had in the outreach process we have met
18 with state agency officials and talked about a
19 waiver process.

20 There is some examples of a waiver
21 process where if it's a certification from
22 another agency, Workforce Development that the
23 fee could be waived for that particular
24 individual. So, there wouldn't be a payment by

1 the licensee. It would be completely waived.

2 As we listen to that information, we
3 thought there was merit in further exploring
4 that concept and seeing if it would be something
5 that would apply as well. But we thought the
6 best process would be to mention it here to the
7 Commission that we'll be looking into it. And
8 then as we move forward, we think we can bring
9 that forward with another set of regulations if
10 in fact it looks like that'll work.

11 CHAIRMAN CROSBY: Okay.

12 MR. DAY: David, do you recall the
13 two agencies? I know you said they were very
14 enthusiastic about the potential of working with
15 us.

16 MR. ACOSTA: Yes. This was a model
17 that was used in New Jersey for many years in
18 which an individual who was deemed WEA-1
19 (PHONETIC), which would be income eligible as
20 well as long-term unemployed. And it's a small
21 group of people but it's a target group of
22 people that it can clearly be demonstrated that
23 they do not have the ability to pay the money,
24 the \$300 application fee even if they start

1 working. That is a hardship for those
2 individuals. Once the agency -- I'm trying to
3 remember the --

4 MS. GRIFFIN: We met with Jennifer
5 James who is the undersecretary for the
6 Department of Labor and Workforce Development.
7 And we also met with Alice Sweeney who is
8 Director of Career Services. That's the group
9 that oversees the federally funded One-Step
10 career centers. And they were very enthusiastic
11 about this potential.

12 MR. ACOSTA: It would be their
13 certification. It would be people that are in
14 their programs that would be entitled to these
15 types of services that would be waived.

16 So, they would notify us that this
17 is an individual that's in our program. They've
18 demonstrated through this agency that they are
19 income eligible. That have been considered
20 long-term unemployed. And that those
21 individuals through a process that will be
22 established with the unemployment service that
23 that application fee will be waived totally.

24 COMMISSIONER MCHUGH: Well, I would

1 welcome hearing more about that, but I'm worried
2 about that setting up a disincentive.

3 CHAIRMAN CROSBY: That defeats the
4 purpose that you were talking about before. The
5 only way you could do it would be if it were ex
6 post facto. After they submit, the employer
7 pays the fee. And at some later date finds out
8 to their pleasure that they are going to get the
9 money back.

10 MS. GRIFFIN: If I could add, this
11 is a very small pool of individuals. And there
12 are actually federal and state programs that
13 would give the applicant funds to hire
14 individuals like these. So, it may not be --

15 CHAIRMAN CROSBY: It may not be
16 onerous to the employee because they might get
17 some payment or benefit from hiring such a
18 person.

19 MS. GRIFFIN: Exactly. So, for
20 example, if you hire a veteran or someone who is
21 on welfare, there are funds that the applicant
22 can access for actually hiring an individual.

23 COMMISSIONER MCHUGH: But that would
24 change the dynamic dramatically but that is

1 something that would go into a waiver
2 regulation, it seems to me. So, that would be
3 great if we got something like that.

4 CHAIRMAN CROSBY: I agree with what
5 I think the Commissioner is saying. This is
6 very interesting. Conceptually, we like it, but
7 the devil's in the details. So, let's flesh
8 this out and hear more about it in more detail.

9 COMMISSIONER MCHUGH: Right.

10 MR. GROSSMAN: Number seven is not a
11 change but it's an area that we thought was
12 important just to flag to make sure it was a
13 well-understood area. That is the concept of
14 moral turpitude which we have included in the
15 regulations. It's included in the arena of
16 both --

17 CHAIRMAN CROSBY: Are we for it or
18 against it?

19 MR. GROSSMAN: That's the question.

20 COMMISSIONER MCHUGH: For moral
21 turpitude or for the resolution?

22 MR. GROSSMAN: It's on pages 34 and
23 36.

24 CHAIRMAN CROSBY: I just try to be

1 clear here.

2 MR. GROSSMAN: That's right. This
3 deals with crimes of moral turpitude. That is
4 any conviction essentially that doesn't fit into
5 the statutory automatic disqualifiers.

6 So, it's any crime that is not
7 already a felony or a crime involving
8 embezzlement, theft, fraud or perjury. There
9 are obviously a litany of other offenses that
10 would fit into that category.

11 So, the question would become how
12 would such convictions be handled, because
13 there's nothing to say that just because it's
14 not an automatic disqualifier that it won't be
15 considered in the suitability determination.
16 But it's out there without any clear direction
17 as to how it would be considered.

18 So, in an effort to somewhat
19 streamline that consideration, we included this
20 language here which says that in the overall
21 evaluation, essentially, consideration can be
22 paid to whether the applicant has been convicted
23 of a crime of moral turpitude. There is no
24 definition included in here, but the intent

1 would be if everyone liked the idea would be to
2 come up with a chart identifying all crimes, at
3 least in Massachusetts and that can be referred
4 to for crimes elsewhere, identifying those
5 crimes which the Commission believes to be
6 crimes of moral turpitude.

7 And by doing that, it may add some
8 uniformity into the application or the review of
9 those types of convictions. So, that if dealt
10 with on its own, a crime that is not a crime of
11 moral turpitude, if an individual has been
12 convicted of that that it would not likely on
13 its own serve as any kind of disqualifier.

14 It could in conjunction with a
15 number of other things be considered, but on its
16 own, if someone had a conviction for a crime
17 that has not been designated a crime of moral
18 turpitude in all likelihood it wouldn't serve to
19 disqualify them in any way.

20 On the contrary, if they had been
21 convicted of a crime of moral turpitude, it
22 would be an issue that would have to be paid
23 careful attention to and perhaps they would have
24 to come in and demonstrate their rehabilitation

1 from that.

2 One of the beauties if the crime of
3 moral turpitude as opposed to the automatic
4 disqualifiers is that anyone can come in and
5 demonstrate rehabilitation from any crime of
6 moral turpitude at any time.

7 So, the approach was intended to
8 provide some uniformity and some clarity to the
9 process both from the reviewer's side and on the
10 applicant's side. We just thought it was
11 important that we flush this issue out a little
12 more so that it's not just a concept that's
13 buried in here.

14 COMMISSIONER MCHUGH: This approach
15 led me to reconsider the desirability of that
16 qualification at all. And I have trouble as a
17 principal matter of deciding things by category
18 rather than by functional relationship.

19 And I don't see why we need that
20 moral turpitude thing as opposed to something
21 that parallels what we have in paragraph five of
22 your memorandum, which says that in looking at a
23 criminal conviction, perhaps excluding certain
24 kinds of misdemeanors categorically as just too

1 trivial to bother with, although if there is a
2 pattern they may not be, why we can't simply say
3 we take a look at the convictions or the
4 information. And the relevance to employment in
5 a gaming establishment whether there's a
6 pattern; whether the applicant is likely to be
7 involved in gaming related activity, and the
8 like. And take a look at these crimes, whatever
9 they are, and convictions whatever they are in
10 that functional light that relates them to what
11 the person is going to be doing.

12 So, that a crime might be an
13 exclusion we conclude for a job in the cage but
14 not an exclusion, the same crimes may not be an
15 exclusion for a job as a valet or a dealer or
16 something where you didn't require that kind of
17 trust.

18 I think that's a much, in my view a
19 much better approach than creating a category of
20 things that may or may not have any relationship
21 to what the person is doing and saying those are
22 going to be given heavier weight. And I think
23 doing that cuts directly against the kind of
24 inclusiveness that we're trying to reach in the

1 hiring and consideration for hiring of
2 underserved and underemployed populations.

3 So, I'd recommend instead of this
4 some kind of a functional relationship between
5 non-felony and other statutory bar crimes and
6 the employment decision.

7 COMMISSIONER CAMERON: Director
8 Acosta, do you have examples where this would be
9 relevant as a standalone, separated out?
10 There's a reason you put it in here. I'm just
11 wondering. I'd like to hear more as opposed to
12 just disregarding at this point. If there is a
13 reason, we can weigh that against using it as an
14 overall evaluation.

15 MR. ACOSTA: There's one example
16 that I've used. There was an individual who was
17 arrested numerous times for prostitution. And
18 she was applying for a chambermaid.

19 She was convicted of prostitution
20 significantly less time. But the number of
21 times that she was arrested for prostitution was
22 substantial. And the moral turpitude was used
23 to weigh in to her past. She was prohibited
24 from working for a period of time. She came

1 back after some time and demonstrated this was
2 something in the past. But that's an example of
3 moral turpitude.

4 I know in the state of Ohio, moral
5 turpitude was more defined as time went on and
6 as hearing officers started to hear and started
7 applying to the type of jobs, they were having
8 the type of jobs they were applying and the
9 types of crime. It took a definition over a
10 period of time.

11 But it was something that was
12 available to staff to say wait a minute, where
13 do we go if this were to happen? I do
14 understand Commissioner McHugh's argument that
15 in five there is some language there that sort
16 of bears some consideration when considering
17 this.

18 Again, moral turpitude was something
19 that was developed over time. It was helpful in
20 both other jurisdictions to have that particular
21 language there.

22 COMMISSIONER MCHUGH: I hear you and
23 that's a good example. But it seems to me that
24 you could reach and should reach the same result

1 without worrying about the label. Somebody who
2 has been arrested a half dozen times for
3 prostitution and convicted a few more times
4 probably shouldn't be working as a housekeeper
5 in a hotel.

6 But that is a functional
7 relationship between that job and that criminal
8 history. There might be other jobs for which
9 that wouldn't be a bar. Hard to think of one at
10 the moment, but there's a functional
11 relationship there. That's my concern.

12 COMMISSIONER CAMERON: As long as we
13 are able to assess that information somewhere in
14 this application, I am comfortable. As long as
15 we're able to look at patterns and look at risk,
16 it makes sense what Commissioner McHugh says
17 that as long as we can do it in number five, I'm
18 comfortable not using a label.

19 MR. DAY: Just to going briefly, my
20 perspective or experience is that crimes of
21 moral turpitude has been in most statutes that
22 I've worked with as well. One thing that I find
23 a little different if it's in this list, it does
24 at least provide clarity that's going to be

1 something that the Commission is going to
2 consider for the licenses. And those offenses
3 can be very important, I think, to a licensing
4 decision.

5 The consideration or concern that I
6 had with the language that's here is that it
7 comes as it is with no definition. So, to be
8 effective, I think, it does have to have some
9 kind of parameters put around it. But I think
10 on the other hand, it's awful general if we're
11 trying to tie into the good character reputation
12 of the applicant and specifically when we're
13 talking about criminal offenses. I'm not saying
14 that it can't be done. I'm just saying it would
15 be more clear I think if it was in the
16 regulation itself.

17 COMMISSIONER CAMERON: So you are
18 suggesting spelling out what we're talking
19 about? Are you talking about possibly listing
20 potential crimes?

21 MR. DAY: What Todd had talked about
22 -- my preference would be that in remain in the
23 list but that it be defined in some fashion in
24 furtherance the way Todd explained it or some

1 other fashion.

2 COMMISSIONER ZUNIGA: I'm not sure
3 if we're going around in circles a little bit.

4 CHAIRMAN CROSBY: It's happened
5 before.

6 COMMISSIONER ZUNIGA: It's happened
7 before. I like Commissioner McHugh's
8 conceptualizing this. If we could eliminate
9 misdemeanors and we know that there's statutory
10 crimes that are automatic disqualifiers, every
11 conviction in the middle is something that may
12 be considered by the Licensing Division and the
13 Commission for a plethora of reasons, the
14 trends, the convictions, the amounts.

15 COMMISSIONER CAMERON: And even
16 misdemeanors would lend to a trend. So, you
17 would be able to look at say 20 misdemeanors.
18 You need the ability to assess on a case-by-case
19 basis.

20 COMMISSIONER ZUNIGA: But if that's
21 being weighed against listing everything that
22 may be considered a disqualifier, we may be
23 going down a road that is too prescriptive for
24 practical purposes.

1 MR. GROSSMAN: They wouldn't be
2 disqualifiers per se.

3 COMMISSIONER ZUNIGA: Could be.

4 MR. GROSSMAN: They may be anyway.
5 The only reason it was included in the first
6 place for discussion is we could be getting
7 thousands of applications. And there could be a
8 number of people who are sitting and reviewing
9 these applications.

10 And I think we just need to make
11 sure that if an OUI is treated the same for
12 everybody, depending upon which license they are
13 applying for. And that one person doesn't have
14 a different opinion, philosophy about OUI
15 convictions as someone else who is reviewing.

16 That was why this approach was
17 developed to ensure that there is a uniform
18 approach. It's not necessarily the perfect
19 solution, but it will work the other way too,
20 absolutely if we just apply the principles we've
21 developed in the other paragraph.

22 MR. DAY: Todd, what about the
23 suggestion that we actually just put something
24 that says other criminal convictions and dispose

1 of the moral turpitude?

2 MR. GROSSMAN: That would certainly
3 clarify that we will consider other convictions.

4 CHAIRMAN CROSBY: You can try to put
5 in something that get to Commissioner McHugh's
6 point. It could be other crimes, the nature of
7 which suggest incompatibility with the job
8 definition or something like that.

9 I think it's really interesting in
10 theory whether it's really a practical reality.
11 The prostitution example made that point. Maybe
12 it's sort of pretty hard to figure out if you
13 steal cars a lot, does that mean you can do
14 certain jobs but not other jobs? I don't know.
15 I'm not sure how you get there.

16 But you could at least try to put
17 the language in there that at least guides the
18 reviewer to some extent. But I'm not exactly
19 sure that I'm comfortable with taking out
20 turpitude and putting in trying to figure out a
21 laundry list of every kind of crime that's
22 compatible or incompatible with every kind of a
23 job. I'm not sure how you do that.

24 But I have an earlier question,

1 which apparently I misunderstood for a long
2 time. I read this clause. I thought that
3 automatic disqualifiers were felons and people
4 who had committed other crimes involving
5 embezzlement, theft, fraud, perjury. Apparently
6 that's not the way we're reading this.

7 We are only reading this as felonies
8 -- The only felons who are automatically
9 precluded are felons that are involved in
10 embezzlement, theft, fraud or perjury.

11 MR. GROSSMAN: No.

12 COMMISSIONER CAMERON: No, the first
13 way you interpreted it.

14 CHAIRMAN CROSBY: Well, what crimes
15 of moral turpitude aren't felonies?

16 MR. GROSSMAN: Assault and battery.

17 CHAIRMAN CROSBY: That's not a
18 felony?

19 COMMISSIONER MCHUGH: Prostitution.

20 CHAIRMAN CROSBY: Oh, those aren't
21 felonies?

22 COMMISSIONER CAMERON: No.

23 CHAIRMAN CROSBY: Those are
24 misdemeanors?

1 COMMISSIONER ZUNIGA: Crimes of
2 moral turpitude. It's a crime but it's not a
3 felony.

4 MR. DAY: Certain drug offenses as
5 well.

6 MR. GROSSMAN: There are a lot of
7 misdemeanors.

8 COMMISSIONER MCHUGH: Prostitution
9 isn't a felony.

10 CHAIRMAN CROSBY: What is it? It's
11 a misdemeanor?

12 COMMISSIONER MCHUGH: Misdemeanor.
13 OUIs is not necessarily a felony.

14 COMMISSIONER CAMERON: There are
15 circumstances that would change.

16 CHAIRMAN CROSBY: If you're a felon,
17 you're automatically disqualified. If you are
18 guilty of a crime involving embezzlement, theft,
19 fraud or perjury, you're automatically
20 disqualified. But there's a category of other
21 crimes which incidentally include prostitution
22 and OUIs.

23 COMMISSIONER CAMERON: But it's a
24 pattern.

1 CHAIRMAN CROSBY: That's another
2 thing. I'm just talking about what's automatic.

3 MR. DAY: Some drug offenses.

4 CHAIRMAN CROSBY: Okay. Drug
5 offenses are crimes of moral turpitude?

6 MR. GROSSMAN: Right now, they're
7 nothing. They can be considered against someone
8 in judging someone's character, basically.

9 CHAIRMAN CROSBY: I don't know if
10 we've left you with much to work with. I think
11 the concept that Judge McHugh is talking about
12 is one that everybody is interested in. How do
13 you actually make it work? I don't know for
14 sure.

15 COMMISSIONER CAMERON: And it is
16 important to give the reviewer guidelines.
17 That's very important.

18 COMMISSIONER ZUNIGA: But is that
19 done by regulation or is that done by
20 administration? There's the Director of
21 Licensing who will be looking at a number of
22 exceptions through the individual reviewers.
23 There's an appeals process built into here as
24 well. I guess that's what we're wrestling with.

1 MR. DAY: I think that we also went
2 over the language that's actually in the
3 regulation itself that provides the Commission's
4 guidance on how those decisions are made.

5 MR. GROSSMAN: So, we should take it
6 out.

7 COMMISSIONER CAMERON: I don't know
8 that we came to that conclusion. That we should
9 just take it out? You were making a pretty good
10 argument there that this was necessary, Director
11 Day, to really give the reviewer guides as to
12 how to proceed in a consistent manner. Is that
13 what you were trying to make that point?

14 MR. DAY: I believe the concept
15 that's embodied there is important to have a
16 list of what is going to be considered. To me
17 the other direction would be for from the
18 Commission puts it in perspective of how it
19 applies to making a licensing decision in the
20 end. It's not a disqualifier, but it's a factor
21 that we need to consider.

22 COMMISSIONER MCHUGH: I've made my
23 point. If the consensus is we ought to leave it
24 in -- You have to say what you're going to do.

1 And if it's too cumbersome and the view of the
2 administrator is to simply say we are going to
3 consider crimes that have a functional
4 relationship to the job for which the person is
5 being considered, if that's too loose and
6 there's a risk that different license processors
7 are going to interpret that in widely disparate
8 ways, I leave it up to you.

9 I've made the point. It's just
10 troublesome to make decisions by labels, I
11 think, but maybe there's no better way to do it.
12 I don't feel strongly, but I've said what I've
13 said.

14 CHAIRMAN CROSBY: So, I guess we're
15 sort of saying you get the gist. If you can
16 figure out a better way to do it, do it.
17 Otherwise, I guess we're all right with this.

18 COMMISSIONER MCHUGH: Right.

19 COMMISSIONER CAMERON: We defer to
20 your expertise.

21 MR. DAY: Thank you.

22 CHAIRMAN CROSBY: Does anybody else
23 have any -- besides this is all of the issues in
24 the memo, are there anything else, any

1 Commissioner have anything else that they wanted
2 to raise?

3 Did we miss anything that you all
4 thought was particularly critical?

5 MR. DAY: We're just checking
6 Counsel's list.

7 MR. GROSSMAN: I don't know if this
8 would be put into the category of cleaning it
9 up, but there was an item relative to nonvoting
10 shareholders of gaming vendors that we were
11 going to propose removing from the application
12 process.

13 COMMISSIONER CAMERON: What page?

14 MR. GROSSMAN: It's on page 23.

15 COMMISSIONER MCHUGH: What section
16 is it?

17 MR. GROSSMAN: It's the highlighted
18 section.

19 CHAIRMAN CROSBY: Thirteen.

20 COMMISSIONER CAMERON: Reason?

21 MR. ACOSTA: I don't think in order
22 to make a determination of suitability that we
23 need to know class of nonvoting stocks,
24 percentage of shares especially of anybody of

1 nonvoting stocks. I think it's something that
2 we don't need to ask. We don't need to know.

3 If we do ask it is subject to the
4 public release and that kind of stuff. It's
5 something that after going back speaking with
6 staff that are going to be reviewing the
7 financial part, I don't think it's necessary.

8 I know that Commissioner Stebbins
9 had brought up certain areas as well. And this
10 was one that we did not discuss the first time
11 around. So, it goes more along the lines of
12 Commissioner Stebbins had brought up the first
13 around.

14 COMMISSIONER CAMERON: So, it
15 wouldn't have to redacted. So, you don't need
16 the information, so why gather it and then
17 redact it? Is that what you're saying?

18 MR. ACOSTA: Correct.

19 MR. DAY: It's really to some extent
20 a duplication of the information in the
21 paragraph before that are really the core of
22 what we're looking for in those applications.

23 COMMISSIONER MCHUGH: The gaming
24 vendor secondary as well.

1 MR. ACOSTA: That's correct.

2 COMMISSIONER MCHUGH: So, let's take
3 it out.

4 MR. GROSSMAN: I think that's all we
5 have for the regs. We do have a small business
6 impact statement we wanted to discuss as well.
7 That's actually the licensing registration regs.

8 There's a separate set of regs. that
9 deal with the existing regulations including the
10 definition of restricted area, which in the book
11 are after the licensing regs.

12 I don't have any comments on that.
13 I just wanted to point out that those are part
14 of this process as well.

15 COMMISSIONER MCHUGH: That certainly
16 seems to be a pretty good definition of
17 restricted.

18 COMMISSIONER ZUNIGA: It looks fine
19 to me.

20 CHAIRMAN CROSBY: Everyone all set
21 with that one?

22 COMMISSIONER MCHUGH: Fine with
23 that.

24 CHAIRMAN CROSBY: On page 22 and 23

1 on the gaming vendor secondary. I know I am
2 reverting to an earlier phase but do we really
3 need all this information? Do we need to know
4 if a vendor is a partnership, the amount of
5 interest of each partner, the amount of the
6 additional contribution, the amount and nature
7 of any anticipated future investments? Do we
8 really need to know all that stuff? There's a
9 bunch more, description, nature, type, terms and
10 conditions of securities options. Why would do
11 we need to know that stuff?

12 That was 17 and 19, but I just
13 picked two of them. There's a ton of similar
14 detail. Why do we need to know that? Take
15 those two for examples.

16 MR. ACOSTA: That's a good question.
17 It's one that we've asked the consultants, we've
18 asked people who investigate the financial
19 aspect of it. They've indicated and other
20 states have also indicated this is something
21 that they feel is important to know in
22 determining suitability.

23 Some of these vendors are big
24 people. The general contractor will be a

1 secondary and he will have a humongous contract.
2 He'll most likely be a partner. He'll most
3 likely be a publicly traded company. This will
4 go into determining who they are.

5 MR. DAY: I think part of it is to
6 create a more extensive or fuller, more complete
7 picture of who's involved in the business. I
8 know from the aspect of trying to formally get
9 all of the business documentation and determine
10 for instance who has an interest, who should be
11 a qualifier.

12 I think that's the idea behind
13 getting all of that information. Be able to
14 determine if there is any unreported interest,
15 if there is something attempting to be
16 concealed, it doesn't add up. It doesn't look
17 correct, allows more information to follow up
18 from a financial aspect.

19 CHAIRMAN CROSBY: The definition of
20 a gaming vendor secondary is what? Who falls
21 within that category?

22 MR. ACOSTA: A gaming vendor
23 secondary would be anybody who meets the
24 threshold of \$250,000, \$100,000 three months and

1 they're doing continuous business. And there's
2 a list of general contractors, linen operators.
3 There's a number of companies that are listed
4 as to who these potential people will be.

5 COMMISSIONER CAMERON: These are
6 areas where there have been issues around
7 organized criminal enterprises. So, I'm in
8 favor of collecting as much data as possible in
9 order to make sure they are the kind of
10 companies --

11 CHAIRMAN CROSBY: Take number 17. I
12 know this is what the industry does. We went
13 through this before when we first went through
14 the background checks.

15 COMMISSIONER CAMERON: Yes, that's
16 similar language.

17 CHAIRMAN CROSBY: I had a problem
18 with it then and I'm having a problem with it
19 now. I think the one that says the identity of
20 every person having a direct or indirect
21 interest in the business that makes a lot of
22 sense to me. And being clear about that is
23 fine.

24 But number 17 saying that -- We

1 would already know every interest and every
2 partner.

3 COMMISSIONER CAMERON: We would know
4 who they disclosed. We wouldn't necessarily
5 know everyone. If this lays out exactly what
6 each percentage is, then we could have a better
7 idea to make sure there isn't a partner that has
8 not been disclosed.

9 CHAIRMAN CROSBY: So, theoretically,
10 17 is a tool for checking whether they've done
11 it right on 12.

12 COMMISSIONER CAMERON: Correct.

13 COMMISSIONER STEBBINS: Picking up
14 on some of this discussion, what about number
15 19? Number 19 isn't necessarily helpful in
16 identifying individuals.

17 CHAIRMAN CROSBY: Not necessarily,
18 but if you take what Commissioner Cameron is
19 saying to its logical extreme, you're fleshing
20 out every possible kind of contingent,
21 reversionary, optional, etc. financial interest
22 that somebody might have.

23 COMMISSIONER STEBBINS: Isn't that
24 replicated in 18 or no?

1 CHAIRMAN CROSBY: Oh, in 18.

2 COMMISSIONER MCHUGH: I share some
3 of this concern that we're just getting all of
4 this information and getting it for no apparent
5 purpose. On the other hand, it is an industry
6 standard essentially. We are starting out. I
7 would rather over protect for a while, have
8 experience, get experience and get that
9 experience with an eye toward paperwork
10 reduction and information reduction. And see
11 after a year, 18 months whatever, revisit this
12 and see what we can eliminate from these forms
13 and still maintain a credible and thorough
14 vetting process rather than cutting stuff up
15 front before we get some experience and
16 accidentally omit stuff that is going to turn
17 out to be useful.

18 CHAIRMAN CROSBY: Hard to argue with
19 that. The Judge is cute, you've got to admit.

20 COMMISSIONER CAMERON: It's
21 important though. If we have a problem out of
22 the box because we decided to --

23 CHAIRMAN CROSBY: Right. I like the
24 idea. Once we get up and running, in 18 months

1 maybe we ought to try to pull together a
2 conference of regulators across the country and
3 say is it time for us to -- Do we really need
4 all of this or do we not? Maybe it's time to
5 take a look. The whole industry could take a
6 look.

7 COMMISSIONER CAMERON: That is
8 happening. The multijurisdictional form is
9 being revised as we speak with a group of
10 international regulators. So, there are efforts
11 along these lines to look at what really is
12 necessary. How has the industry changed over
13 the years?

14 CHAIRMAN CROSBY: Okay.

15 MR. ACOSTA: A number of states have
16 gone in that direction.

17 CHAIRMAN CROSBY: So, we go with it
18 now, but we do kind of keep in mind that
19 somewhere along the line here it makes sense to
20 rethink based on our experience about whether
21 all of this is really necessary or not. Okay.

22 MR. ACOSTA: In developing this
23 stuff, we've looked at a number of different
24 states to see what kind of stuff that they're

1 asking to Commissioner McHugh's point. I would
2 say that we are asking significantly less than
3 what other states have been asking for a long
4 time.

5 My experience has been, yeah, you've
6 been asking for long time. I remember Enrique's
7 common concern early is it just because somebody
8 else is asking for it, do we really need it?
9 We've taken a lot of the stuff out. My
10 experience has been is yeah, we've collected for
11 a number of years but we have never really had
12 any occasion to use it. So, why ask for it
13 again?

14 But these are some areas here that I
15 think are of some importance. Our consultants,
16 the people in staff right now that deal with the
17 financial background have indicated that there
18 is some importance and interest in this at this
19 time at least.

20 CHAIRMAN CROSBY: Okay. Well,
21 that's a useful conversation and I'm persuaded
22 on both Commissioner Cameron's and Commissioner
23 McHugh's points. That's good. We'll keep
24 thinking about this as the years go by.

1 Anything else before lunch?

2 MR. GROSSMAN: Just the small
3 business impact statement.

4 CHAIRMAN CROSBY: I said before
5 lunch?

6 MR. GROSSMAN: We can do it after.
7 I'll be here.

8 CHAIRMAN CROSBY: Which was it?

9 MR. DAY: The small business impact
10 statement, same tab as the last item.

11 MR. GROSSMAN: This is required by
12 statute to be filed prior to the final version
13 of the regs. being filed, which by the way I
14 think the Commission will need to vote on if
15 you're comfortable with those subject to any
16 changes that we'll make.

17 This statement identifies the five
18 areas that are contained in the statute. It's
19 Chapter 38 section 5 requires the Commission to
20 consider certain impacts on small businesses and
21 whether the regulations are crafted with those
22 sensitivities in mind.

23 CHAIRMAN CROSBY: I think we've just
24 been talking about, the fact that we just had

1 the conversation we just had indicates that we
2 are trying to be sensitive to those issues.

3 COMMISSIONER MCHUGH: The only thing
4 I would do picking up on that conversation, is
5 in paragraph one of this add that we are going
6 to continue to monitor the disclosure
7 requirements with an effort toward reducing
8 unnecessary burdens.

9 COMMISSIONER STEBBINS: Do we need
10 to reference the cost of the licenses? We've
11 had the discussion that we looked through the
12 paperwork and the cost of license might be
13 somewhat startling especially to a small
14 business. But when you realize that the license
15 is for a period of three years, it kind of takes
16 a little bite out of the bill.

17 MR. DAY: Plus we've also adjusted
18 the original proposal to provide for different
19 levels. And also to make it less of an imposing
20 situation for subcontractors to apply.

21 CHAIRMAN CROSBY: Do you need a
22 motion? Commissioner Stebbins.

23 COMMISSIONER STEBBINS: You just
24 need a vote on the small business impact or you

1 want the regs. as well?

2 MR. GROSSMAN: I think we'll need
3 one on both.

4 CHAIRMAN CROSBY: Commissioner
5 Stebbins, do you want to do a vote?

6 COMMISSIONER STEBBINS: Sure. I
7 move that the Commission approve regulations
8 under 205 CMR 134 to include the additional
9 changes discussed here this morning. I'm not as
10 eloquent as Judge McHugh.

11 COMMISSIONER MCHUGH: It sounds to
12 me like you are.

13 CHAIRMAN CROSBY: That's the
14 catchall phrase. Do we have a second?

15 COMMISSIONER CAMERON: Second.

16 CHAIRMAN CROSBY: Any further
17 discussion? All in favor, aye.

18 COMMISSIONER MCHUGH: Aye.

19 COMMISSIONER CAMERON: Aye.

20 COMMISSIONER ZUNIGA: Aye

21 COMMISSIONER STEBBINS: Aye.

22 CHAIRMAN CROSBY: Opposed? The ayes
23 have it unanimously.

24 COMMISSIONER STEBBINS: Secondly,

1 Mr. Chair, I move that Commission approve the
2 small business impact statement as included in
3 the packet with the edit -- with the appropriate
4 edits as discussed.

5 CHAIRMAN CROSBY: Second?

6 COMMISSIONER CAMERON: Second.

7 CHAIRMAN CROSBY: All in favor, aye.

8 COMMISSIONER MCHUGH: Aye.

9 COMMISSIONER CAMERON: Aye.

10 COMMISSIONER ZUNIGA: Aye.

11 COMMISSIONER STEBBINS: Aye.

12 CHAIRMAN CROSBY: The ayes have it.

13 COMMISSIONER CAMERON: Thank you all
14 lots of work here.

15 COMMISSIONER MCHUGH: And it's
16 important as we break, I think, to recognize
17 what we've done here. This was a lot of
18 detailed stuff that is eye glazing in its
19 impact.

20 But what we've now done is put in
21 place the structure so that we can begin the
22 licensing process in a coordinated,
23 comprehensive fashion that will reach out to
24 various groups who are looking for jobs who are

1 looking for licenses who are looking for supply
2 contracts. This is the structure. This is what
3 they have to understand they will be required to
4 provide.

5 And we can begin to now turn our
6 attention to the actual creation of the
7 machinery to take in the applications and to
8 process them. It's a very significant step it
9 seems to me that took place here right now even
10 though we were down in the weeds as we were
11 doing it. And a really important step forward
12 in our progress. So, I congratulate everybody
13 for your hard work.

14 COMMISSIONER STEBBINS: To expound
15 upon that. I want to congratulate David and
16 thank David and Todd and Jill because I know
17 they did a lot of work reaching out to some of
18 the groups that we can now go back and share
19 this information with. But really taking a
20 tremendous amount of time to sit down with
21 business groups and other civic groups around
22 the state, conference calls to get a lot of good
23 input back on all of this.

24 CHAIRMAN CROSBY: I want to

1 reinforce that. I am proud of the fact that we
2 have got so much feedback and incorporated so
3 much feedback from so many different kinds of
4 constituencies. It makes for a long process but
5 it's really good. And I'm proud of the fact
6 that we got that much participation and
7 feedback. So, thank you. I agree.

8 Let's take a 40-minute lunch break
9 and be back here at 1:30.

10

11 (A recess was taken)

12

13 CHAIRMAN CROSBY: I am happy to
14 reconvene the meeting at 1:40 on January 9. We
15 will go to item number six on our agenda, Racing
16 Division, Director Jennifer Durenberger.

17 DR. DURENBERGER: Good afternoon.

18 COMMISSIONER CAMERON: Good
19 afternoon.

20 COMMISSIONER MCHUGH: Good
21 afternoon.

22 DR. DURENBERGER: A brief
23 administrative update for you all. The racing
24 season will be upon us before we know it. So, I

1 just wanted to update you that we are going to
2 be starting the hiring process. Positions, the
3 higher level racing official positions that the
4 Commission employs are going to be posted either
5 Friday or Monday at the latest.

6 There will be a second round for
7 some of the other seasonal employees coming up
8 in February, but we are getting started on that.
9 The backstretch area of Suffolk Downs usually
10 opens early to mid-April depending on the
11 weather. Plainridge Racecourse will begin
12 qualifying races probably around late March in
13 anticipation of an April 14 start date. So,
14 that is going to be here before we know it, just
15 a couple of months away.

16 We have an amendment to Chapter
17 128C, Chapter 167 of the Acts of 2013 amended
18 section two of Chapter 128C. It increased the
19 number of running horse signals that the
20 greyhound licensee in Bristol County can import.
21 This was signed in November 26. With a 90-day
22 effective date, it looks like that would take
23 effect February 25 of this year.

24 CHAIRMAN CROSBY: So, what was that?

1 Plainridge --

2 DR. DURENBERGER: The Raynham
3 facility.

4 CHAIRMAN CROSBY: Raynham got
5 additional rights for importing signals.

6 DR. DURENBERGER: To import two
7 additional signals. So, you'll recall that when
8 we sent a report to the Legislature earlier this
9 year when we looked at harmonizing and
10 modernizing the existing statutes, one of the
11 recommendations we made was to look at having
12 unlimited simulcasting for our licensees.

13 The way the statute is currently
14 written has very specific things. You can take
15 two of these signals. You can take four of
16 those signals. This was an amendment to one of
17 those pieces there. So, it increased the number
18 of running horse signals before 4:00 PM that
19 that licensee could import from 4:00 to 6:00.

20 CHAIRMAN CROSBY: Is there a public
21 policy interest that you can articulate on why
22 the state should regulate how many signals you
23 import?

24 DR. DURENBERGER: I don't want to

1 mischaracterize it, but it's a bit of a relic to
2 a time when the business model was very
3 different which was one of the reasons that we
4 made the recommendation.

5 CHAIRMAN CROSBY: Right.

6 DR. DURENBERGER: We can have that
7 conversation.

8 CHAIRMAN CROSBY: But if it were up
9 to us, there wouldn't be that --

10 DR. DURENBERGER: That was the
11 recommendation that we've made, yes. What else
12 do we have going on? We have some legislative
13 things. I can move to item 6b, an interim
14 legislation proposal, bridging the gap I think
15 was a term I heard used earlier in a different
16 context by the Chairman. So, we'll call this
17 the bridging the gap discussion.

18 Commissioners, as you know, sections
19 39, 41 and 112 of the Expanded Gaming Act will
20 act in concert to repeal the existing pari-
21 mutuel and simulcast statutes on July 31 of this
22 year. And in the absence of any legislative
23 action, the scheduled repeal would necessitate
24 the cessation of all racing and wagering

1 activities in the Commonwealth.

2 This is objectionable to us on a
3 number of levels. But what would that look
4 like? My understanding is that there have been
5 shutdowns in the past when the simulcast
6 statutes and the pari-mutuel statutes have
7 sunsetted. They were temporary shutdowns as
8 evidenced by the fact that we have an industry
9 to regulate today.

10 These are different circumstances.
11 So, I would just like to give you a snapshot of
12 what that would mean if this business were to
13 cease.

14 The horseracing industry as it
15 exists in Massachusetts, last year this
16 Commission issued 3,118 occupational licenses in
17 horseracing. Approximately, 1500 individuals
18 received W-2s or 1099s for employment at our
19 three licensee facilities. That's over 4500
20 individuals who derive income directly from
21 horseracing at the Commonwealth's two racetracks
22 and one simulcast facility. And it doesn't
23 begin to touch the thousands more that are
24 employed at the breeding, layup, training and

1 aftercare facilities in the Commonwealth.

2 The combined membership of the
3 Harness Horseman's Association of New England,
4 which is the professional association of the
5 standardbred occupational licensees, the
6 Standardbred Owners of Massachusetts, which
7 represents the breeders, the New England
8 Horsemen's Benevolent and Protective
9 Association, which the thoroughbred occupational
10 licensees, and the Massachusetts Thoroughbred
11 Breeders Association is nearly 1500.

12 The majority of whom qualify as
13 small business owners. They create jobs at the
14 rate of .8 full-time equivalents per horse.
15 This is a labor-intensive industry. Our
16 racetrack licensees, the three of them
17 collectively pay over \$4 million a year to state
18 and local governments in the form of local aid
19 payments, real estate, payroll and sales and use
20 taxes.

21 And I'd like to point out something
22 that I think we never brought before the
23 Commission before and therefore not before the
24 public. All of this economic activity takes

1 place at no regulatory cost to the Commonwealth.
2 My operating budget for the Racing Division is
3 borne entirely by revenue derived from
4 percentage of handle, monies that are wagered on
5 horseracing. All of that is just what's on
6 track.

7 So, then we have all of the
8 agribusiness extensions, because what we see at
9 the racetrack begins on the farm. Racing has
10 significant and complex linkages to the
11 agricultural manufacturing sector, the
12 agricultural services sector and the rural
13 economy in general.

14 I was poking around and I found a
15 UMass Amherst Center for Agriculture website. A
16 fascinating fact of the day for you all which is
17 that the top two types of farming in
18 Massachusetts are hay farming and equine
19 production.

20 Hay farming, I'll have you know, is
21 not only the most common type of farming but
22 also holds the greatest amount of farmland in
23 the Commonwealth at 142,000 acres. That's 27
24 percent of the Commonwealth's farmland.

1 Equine production constitutes
2 another 28,000 acres or a little over five
3 percent. So, when you put those two together,
4 the equine industry in Massachusetts is
5 responsible for fully one-third of all of the
6 farmland acres in the Commonwealth.

7 And while not all of this acreage is
8 attributable to racehorses, when we look at
9 economic impact studies in other jurisdictions,
10 the majority of all equine production is either
11 directly or indirectly related to the racing
12 industry because of the dollars involved. It's
13 an economy of scale.

14 So, the tractor dealer, the feed
15 store, the veterinarian that service the
16 recreational horse farm, they set up shop where
17 they do because that farm is usually located in
18 proximity to the farms that are breeding the
19 racehorses.

20 So, I just wanted to put that on the
21 record. I think it's something that we haven't
22 really talked about in that kind of summary form
23 before. But this is why we think that we need
24 to do something in terms of the sunseting of

1 the statutes.

2 So, it is the Expanded Gaming Act
3 that has set these chapters for repeal this time
4 around. And we note that in the finding and the
5 declaration section of that Act, there is a
6 mandate to preserve jobs in existing industries.

7 And I hope that you find as we do
8 that this industry is very much worth
9 preserving. I can think of no greater harm, no
10 greater negative or unintended consequence of
11 the Expanded Gaming legislation than if we lost
12 the pari-mutuel industry and all of its
13 attendant jobs, livelihoods, green space and
14 family farms. So, to keep it going, we need
15 some enabling legislation.

16 And to that end, you'll recall that
17 this Commission was charged at the outset with
18 reviewing the existing chapters for efficacy and
19 need to replace. We completed that review last
20 spring. We sent a report to the Legislature.
21 We looked for ways to modernize the statutes to
22 conform to the changed business practices and
23 the technological advances of the industry as we
24 find it today. We also attempted to harmonize

1 the law to comport with the new regulatory
2 framework provided by Chapter 23K.

3 But we have a little bit of a timing
4 issue. That's why I come to you today. The
5 report rested on an important assumption. And
6 I'm going to refresh your memory about that. In
7 order for breeding and racing to continue, the
8 industry requires a sustainable purse structure.
9 A purse structure is what the prize money that
10 the owners of the horses get to run for.

11 And as we've said here before, the
12 purse structure in Massachusetts is simply
13 noncompetitive due in large part to neighboring
14 jurisdictions that have expanded gaming. As you
15 know, a percentage of monies from gaming go
16 toward purse supplements. Many mid-Atlantic and
17 East Coast racetracks benefit from these
18 supplements at the expense of jurisdictions
19 like Massachusetts.

20 And the Legislature recognized this
21 when it established the Racehorse Development
22 fund, a similar fund here. And that's in the
23 Gaming Act. But when we look ahead and we have
24 the experience of the last year gone by and we

1 have a little bit more clarity as to the
2 timeline of the awarding of the licenses, we
3 made the assumption in that report that the
4 purse structure would be supplemented by money
5 from the Racehorse Development Fund.

6 But due to the current timing of the
7 licenses, it looks to us now that that won't be
8 fully funded. And the anticipated levels won't
9 be reached until at least 2016. And if you look
10 at our statutes sunseting here in 2014, a two-
11 year extension would put us right about that
12 time when all of the anticipated monies would be
13 coming into the Racehorse Development Fund.

14 So, we think that the prudent course
15 at this point would be to seek a two-year
16 extension of Chapters 128A and C with some minor
17 modifications that we think are necessary in the
18 short-term to help stabilize the industry and
19 survive until such time as that Racehorse
20 Development Fund is fully funded in its
21 anticipated levels. And then follow that with
22 the replacement legislation.

23 We recognize that the Legislature
24 may be looking to this Commission to introduce

1 reform. And we would provide assurances that
2 that reform is coming. But again, as I said to
3 you in October, we just want to make sure that
4 we're fully informed by the landscape in which
5 that law would operate.

6 Ultimately, our ultimate goal here
7 would be to create a stable investment climate
8 for all of our stakeholders. Our horsemen work
9 on a five-year business cycle when they make
10 their plans. Because of the infrastructure
11 involved, our operators are necessarily long-
12 term looking as well. So, if we could create
13 that stable investment climate, that's our
14 ultimate goal here.

15 The Racing Division is actively
16 working on a strategic vision which I am going
17 to come to you later in the spring. We are
18 going to include some benchmarks to create
19 accountability for the industry. Compel it to
20 improve the quality of its product and then we
21 are going to propose some reforms in the
22 business model outside of the statute that would
23 be designed to grow the wager and create self-
24 sufficiency in the industry.

1 And we think that dovetails and
2 comports very nicely with the vision in the
3 Racehorse Development Fund and the purse
4 settlements. So, we look forward to beginning
5 that. But in the meantime, I think that a two-
6 year extension of the existing legislation with
7 the minor changes is the way to go. I will
8 pause there before I go into any further detail.

9 COMMISSIONER CAMERON: Just a quick
10 question, Director. Thank you, your summary was
11 excellent of where we were, where we thought we
12 would be and where we are in reality. The two-
13 year proposed extension, I know that you
14 discussed it with the stakeholders. Could you
15 give us a summary of their reaction?

16 DR. DURENBERGER: I can. So, I
17 think that all are in agreement that something
18 needs to be done. And that something would be
19 either an extension or replacement legislation.
20 We've identified five or six points of
21 discussion where we think the existing law might
22 benefit from modification and an extension.

23 And I'll be happy to go through
24 those with you. We've had preliminary

1 conversations with all of the stakeholder
2 groups. I divide them into eight different
3 groups, the Commonwealth, the three operators,
4 the standardbred occupational licensees,
5 standardbred breeders, thoroughbred occupational
6 licensees and thoroughbred breeders.

7 So, we've had preliminary
8 conversations with leadership. They knew what
9 we were going to talk about today. And my goal
10 here bringing this to you is to get
11 authorization from you all to put
12 recommendations in writing. Go back to the
13 stakeholder groups and then they would have
14 something they can put before their boards and
15 vote on. And our hope would be that they would
16 sign letters of support. And then we would come
17 back to you with the proposed language as well
18 as the stakeholder letters.

19 COMMISSIONER CAMERON: Think you.

20 CHAIRMAN CROSBY: Coordinating
21 somewhere in there with communications with the
22 Legislature about what we're planning on.

23 DR. DURENBERGER: Absolutely.

24 COMMISSIONER CAMERON: I think it's

1 a sound plan in talking to Director Durenberger
2 about it. And it makes sense for me that the
3 landscape is not settled and the monies will not
4 be available as timely as we thought they would
5 be and that this would be an appropriate way to
6 move forward.

7 CHAIRMAN CROSBY: Well, you haven't
8 laid out the particulars of the plan yet, right?

9 DR. DURENBERGER: Correct. I was
10 pausing because I saw a lot of note taking and I
11 didn't want to get ahead of you all before I
12 delve into section two.

13 CHAIRMAN CROSBY: Go ahead.

14 DR. DURENBERGER: So, there is five,
15 possibly six points now of discussion. They are
16 as follows. The first one is very easy which is
17 general cleanup. The existing statute still has
18 references to live greyhound racing. So, we
19 would do some general cleanup.

20 I would be remiss as the director of
21 an administrative agency to not look at some
22 revenue builders. The operating budget, as I
23 mentioned, is derived entirely from percentage
24 of handle as well as daily license fees and

1 assessments on our operators. So, we would just
2 need to take the opportunity if we were going to
3 open it up to look at the appropriateness of
4 those current levels of assessments.

5 I recognize that the operators are
6 not going to be seeing increased revenue during
7 this period of this extension, but I still think
8 we do need to look at.

9 COMMISSIONER MCHUGH: You still
10 think what?

11 DR. DURENBERGER: I still think we
12 do need to look at it.

13 COMMISSIONER MCHUGH: With an effort
14 to see whether it's too high, too low or too
15 low?

16 DR. DURENBERGER: Too low. I'm
17 anticipating it's been awhile since they've been
18 adjusted. We've significantly increased the
19 level of regulatory oversight, and that comes at
20 a cost. That operational oversight, that
21 increased regulatory scrutiny is designed
22 overall to add value to their product because we
23 are supposed to be increasing the confidence of
24 both participants and the pari-mutuel customers.

1 So, we do think it's fair to look at increasing
2 that.

3 Tax reform, we've discussed the
4 negative effects of the new state tax reporting
5 and withholding threshold on the pari-mutuel
6 industry. They don't appear in these chapters.
7 So, I am not sure how I would envision adding
8 that to these statutes or whether that's going
9 to move forward through the gaming side on its
10 own. But I do want to keep that issue out there
11 that its effects on the pari-mutuel industry are
12 negative.

13 We had difficulty quantifying the
14 effects, but we do know that all of our
15 stakeholders receive funding as a percentage of
16 handle. So, as handle declines so the industry
17 declines.

18 COMMISSIONER MCHUGH: The \$600
19 doesn't appear in 128A or C?

20 DR. DURENBERGER: It does not.

21 COMMISSIONER MCHUGH: Didn't 128A
22 and C get amended in some way by a provision --

23 DR. DURENBERGER: It did not.
24 Chapter 62 or was it 62B did. It was in the tax

1 statute where the change appeared. So, the
2 Expanded Gaming Act, there was an outside
3 section that amended either 62 or 62B. I
4 apologize for not having it right in my head.
5 So, there was nothing in 128A or C that was
6 affected by that.

7 COMMISSIONER MCHUGH: But that's a
8 part of this package. And I don't know where I
9 ultimately come out on that, but the fact that
10 it isn't in 128A or C doesn't seem to me to be
11 an impediment to what we're discussing.

12 CHAIRMAN CROSBY: I think the
13 impediment -- It's not an impediment. I just
14 think as Director Durenberger said, the
15 withholding issue is going to be addressed for
16 gaming across Massachusetts. And the time
17 sensitivity of the extension of 128A and C is
18 immediate and there's no reason to link those
19 two. The withholding is going to be a more
20 complicated question. So, we'll actually get to
21 the withholding on behalf of pari-mutuel and
22 gaming, but it'll be in its own context.

23 COMMISSIONER MCHUGH: Okay, got it.

24 DR. DURENBERGER: Thank you, Mr.

1 Chair. that's three. Raynham and Wonderland
2 simulcasting, section 92 of Chapter 194 of the
3 Acts of 2011 permits the former greyhound
4 licensees in Bristol and Suffolk counties to
5 continue to simulcast in the absence of live
6 racing through July 31, the same time that 128A
7 and C are repealed.

8 These licensees together contribute
9 37 percent of our operating budget. Raynham
10 Park alone contributes almost 28 percent of our
11 operating budget, about a half-million dollars a
12 year of the thoroughbred purse money, about
13 \$100,000 to the standardbreds.

14 They pay state and local aid and
15 taxes and they employ about 150 people year-
16 round. So again, it's not a 128A or C issue.
17 This section 92 of Chapter 194 of the Acts of
18 2011 essentially created a statutory simulcast
19 license. I think it's certainly worth looking
20 at whether that could be extended.

21 We do note that there's another
22 option available to these entities. As
23 previously licensed pursuant to Chapters 128A or
24 C, Chapter 23K section 7B does allow them to

1 apply to the Commission for a simulcast license.

2 There are some issues there.

3 The first iteration of section 7B
4 tied the takeout and the monies that went to all
5 of the stakeholders to Chapter 128C. So, in
6 other words, wager in that facility or whether
7 you placed it somewhere else on a racetrack
8 licensee, what happened to the money that the
9 state withholds was going to be identical.

10 There was an outside section in the
11 Acts of 2011 in Chapter 194 that actually
12 changed the language that was in there, added
13 the previous licensed entity a 128A or 128C
14 entity. So, it increased the group of people
15 that could potentially apply for that license.
16 But then it took away that tie to 128C and left
17 in its place a single requirement, which is 10
18 percent going to the Racehorse Development Fund,
19 which is great, but there isn't any other
20 takeout there for the Commonwealth for example
21 or any of the other stakeholder groups.

22 So, we would have to, and I see
23 Commissioner McHugh's wheels are turning, we
24 would have to think about --

1 COMMISSIONER MCHUGH: Wheels of
2 comprehension are turning.

3 CHAIRMAN CROSBY: Or
4 incomprehension.

5 COMMISSIONER MCHUGH: Or
6 Incomprehension.

7 DR. DURENBERGER: So, we'd have to
8 look at what that looks like. Is that something
9 we can address through regulation or not? I
10 don't know. But it's certainly something we
11 need to look at and consider because there will
12 also be I would think a Region A licensee that
13 may look to have a race book as well.

14 COMMISSIONER CAMERON: Would it be
15 more in trying to simplify, knowing we are just
16 going with a two-year plan, would it make more
17 sense to just request that that be continued as
18 well as opposed to starting a new process
19 through a new law?

20 DR. DURENBERGER: On its face, I
21 think that makes more sense. Item five, minimum
22 number of race days. As we've noted at many
23 past meetings, there's two primary reasons why
24 the industry has had to seek legislative relief

1 in each of the last three years from the minimum
2 number of race days requirement.

3 When we say minimum number of race
4 days requirement, again, just to bring everybody
5 to the same place, there appears in the existing
6 statute a requirement that an operator give 100
7 days of live racing and 900 races in order to be
8 able to simulcast.

9 So again, it's not a you must run
10 100 days. You can run any number of days you
11 want, but as we know over 90 percent of the
12 money is from simulcasting. That is what that
13 requirement reads.

14 The last three years, the industry
15 has gone to the Legislature requesting relief in
16 the form of an 80 day and 720 race requirement.
17 The two reasons for this, as we've talked about,
18 are the shortage of available horses and a
19 noncompetitive purse structure. The two
20 problems are not mutually exclusive by any
21 means. But the circumstances which have
22 effectuated that need for relief are going to be
23 unchanged, entirely unchanged in the short-term.
24 If anything, we have some additional

1 handicapping factors that may increase the
2 shortage of horses.

3 So, we have a couple of things. If
4 we are going to do this extension and we're
5 going to look at legislation that's affecting
6 the meet in 2014 and 2015, I can tell you today
7 that the 100 day, 900 race requirement is
8 unsustainable. And I think that my stakeholders
9 would be mostly in agreement with that.

10 One alternative would be to put the
11 80 days, 720 races requirement in the proposed
12 extension. I've looked at this back to front,
13 up and down. I've looked at it from all levels.
14 And I have to tell you that I think committing
15 the industry to a firm number for these next two
16 years, given all of the attendant unknowns that
17 surround both industries, I think that could put
18 us in a corner.

19 I would really hate to be in a
20 position where we make a recommendation, say
21 80/720, and then comes into effect on August 1,
22 and then all of a sudden we have to go back to
23 the Legislature, it may be in September because
24 some unanticipated circumstance occurred.

1 There's been a lot of unanticipated
2 circumstances that have occurred along the way
3 here. And I think that that would really deal
4 us a blow to our credibility.

5 If we recommended a firm number and
6 then there were some unique circumstances that
7 developed, to have to go back and seek
8 legislative relief on that in short order, I'm
9 concerned about that.

10 COMMISSIONER ZUNIGA: What would
11 that be?

12 DR. DURENBERGER: It could be any
13 number of things. The award of a Category 2
14 license is going to be right before that
15 particular licensee proposed to schedule its
16 live racing meet.

17 As we know, that live racing meet is
18 conditioned upon the award of the gaming
19 license. So, at that point, if there is no
20 racing at Plainridge Park, we still have to have
21 a different applicant perhaps come back to us
22 with an amended application. That would be the
23 Brockton racing group. And we don't know what
24 that application necessarily looks like at this

1 point.

2 They were awarded a license for one
3 day. And it encouraged to make use of the
4 provision that enables them to come back with a
5 supplemental application if the conditions on
6 which their application was premised come to
7 fruition. But perhaps those conditions won't
8 come to fruition. So, we don't know if there
9 would be another plan out there or not.

10 Let's say that both our existing
11 128A licensees got gaming licenses. There's
12 going to be construction scenarios. And those
13 construction scenarios are going to look very,
14 very different between the two tracks. The
15 facilities, the proximity to the racetrack
16 itself, the size, the scope, the timeline, very,
17 very unique between the two.

18 So, there are so many unknowns right
19 now that if we suggest a firm number, it takes
20 effect. And then suddenly that number doesn't
21 make sense for the industry, I'd hate to have to
22 go back and beg for relief on that.

23 COMMISSIONER CAMERON: So, what are
24 you suggesting? I think I missed that

1 recommendation.

2 DR. DURENBERGER: So, it would not
3 be unprecedented to not have a minimum number of
4 race day's requirement in the statute. It
5 wouldn't be unprecedented at all.

6 We would put onus on the industry,
7 on the operator and on the horsemen once their
8 particular situation has been figured out to
9 come back to us with the business case that
10 makes the most sense.

11 We see in other jurisdictions that
12 some states don't have any minimum statutory
13 requirement. It's interesting. The language in
14 Maine, for example, one of the things that the
15 Commission has to consider when thinking about
16 the number of race dates, the language in the
17 statute is that the Commission shall consider
18 the number of race worthy horses available,
19 which I think is fascinating language.

20 New Jersey has a mandate for the
21 Commission to consider the available purse level
22 divided by the number of race days and where
23 that puts that purse structure in terms of a
24 competitive situation with its neighboring

1 jurisdictions.

2 We see other states that don't have
3 minimum requirements. They have maximum
4 requirements. The Commission can award up to X
5 number of days. So, I recognize for our
6 breeders that it takes away the safety net and
7 the opportunities to race. And we can have that
8 discussion going forward. I think we'll have it
9 privately before we have it publicly. But I
10 think there is an excellent business case to be
11 made for our recommendation.

12 CHAIRMAN CROSBY: Just for the
13 record, I like that a lot. I know it's an
14 imperfect analogy, but we don't legislate 162
15 baseball games a year. To leave it up to the
16 industry, who better to make the decision than a
17 negotiation among the parties. I realize that
18 there are interest groups that feel that they're
19 not as strong as other parties. I realize all
20 that. But it does seem to me like a really
21 ideal solution. Let the industry work it out
22 themselves for what seems to work for the most
23 party to the best possible extent.

24 DR. DURENBERGER: And we recognize

1 that the Expanded Gaming Act, for example, has
2 increasing number of live day's requirement.
3 And this no day's suggestion would affect the
4 meets in 2014 and '15. Because of the time that
5 this would take effect this summer, it's a
6 really short-term issue.

7 CHAIRMAN CROSBY: And there's a
8 difference if the Commonwealth in effect is
9 contributing a lot of money towards the
10 Racehorse Development Fund that at least makes
11 -- arguably gives the Commonwealth sort of a
12 skin the game in terms of the negotiations.

13 But prior to that happening
14 particularly during this incredibly vulnerable
15 period when nobody knows for sure what's going
16 to be happening, on the face of it, it certainly
17 makes sense to me. But I realize there's lots
18 of people in the room who know a lot more about
19 this than I do. But conceptually, it makes a
20 lot of sense to me.

21 COMMISSIONER MCHUGH: Well, with all
22 of the construction that's going on. There's a
23 gazillion, well maybe not that many, but a lot
24 of variables.

1 CHAIRMAN CROSBY: It might be a
2 gazillion, a half-gazillion anyway.

3 DR. DURENBERGER: Again, this is
4 just acting as if when you think about the
5 difference in what construction scenarios would
6 look like at the two tracks in terms of timeline
7 and scope of the project, they're so unique.
8 What makes sense for one is going to look
9 totally different than what makes sense for
10 another.

11 And we hear stories about, and I'm
12 not picking on anyone in the room, but we hear
13 stories about when the parking garage was under
14 construction at Plainridge. And during training
15 hours there would be announcements made that
16 we're going to start blasting in 10 minutes, so
17 miserably back to the barn. And that worked,
18 and that was okay.

19 But that's not okay with me as a
20 regulator that training is going on out there
21 and you're brining in steel and you're blasting
22 things. I have concerns about that coming up.

23 COMMISSIONER ZUNIGA: You're
24 essentially recommending that we seek this

1 extension for two years of 128A and C. And the
2 five points of discussion being that we attempt
3 to address all of those five points in some form
4 or fashion even for the extension?

5 DR. DURENBERGER: Absolutely, these
6 are specifically designed for the extension.
7 So, these are the preliminary conversations
8 we've had with the stakeholders. And as I said,
9 I look to you today to vote to authorize me to
10 put them in writing and get them to the
11 stakeholders so they can put them before their
12 board for consideration.

13 Because there needs to be some
14 discussion obviously at the level on some of
15 these issues more than others. I had one more
16 thought, one more point. I know I had said
17 five, there is a sixth that I started
18 considering this week. I'm not quite sure how to
19 address it, but one of the recommendations that
20 we made in the report we sent to the Legislature
21 in April had to do the prohibition, the existing
22 prohibition on rebating and wagering on credit.

23 And of course those prohibitions do
24 not exist in Chapter 23K. So, in an attempt to

1 harmonize, one of the recommendations we made
2 was to remove that prohibition.

3 And it occurs to me that that may
4 make sense actually to remove that prohibition
5 as part of this extension, only because you may
6 have facilities that are operating gaming and
7 racing at the same time. That may be open and
8 operating in 2015, for example, when this
9 extension is still in place.

10 And it doesn't seem logical as we
11 pointed out in the report to be able to in one
12 side of the house, if you will, offer rebating
13 type programs or wagering on credit but if you
14 cross the line and go on the other side of the
15 carpet then that prohibition is in effect.

16 I don't know quite how to address
17 that, but I wanted to throw that out there as
18 something I've been thinking about this week.
19 It was a recommendation we made ultimately for
20 the replacement legislation.

21 CHAIRMAN CROSBY: Clearly, we have
22 to do something. There's no question about
23 that. We are clearly, I think, in favor of you
24 making some recommendation. And you've done a

1 tremendous job in immersing yourself in the
2 particulars here and in getting to know
3 perspectives of all of the constituent groups.
4 And I know you're talking to them constantly on
5 this.

6 I would say yes, please do go
7 forward. Please do formalize this
8 strategically. And again, there are people in
9 the room who know a lot more about this than I.
10 But strategically less is more, clearly.
11 There's a relationship between the likelihood of
12 success in the Legislature with the degree of
13 unanimity on the proposal. And the degree of
14 unanimity on the proposal is probably enhanced
15 by less too.

16 DR. DURENBERGER: Well said.

17 CHAIRMAN CROSBY: So, on two scores
18 less is more. But you'll figure that out. And
19 it may be best to leave battles for the future
20 where you can in order to get us through this
21 two-year complicated window. And try to get
22 maximum support for the two-year window with
23 whatever you think the minimum critical
24 variables are.

1 And leave the rest of it until the
2 time when everything shakes out and we know what
3 the lay of the land is and know whose got
4 licenses and who doesn't and can really go for
5 the macro long-term solution. I know you know
6 all that but --

7 DR. DURENBERGER: -- but it's duly
8 noted.

9 COMMISSIONER MCHUGH: I agree with
10 that. I just don't understand the dimensions of
11 the sixth point, I guess. I guess I'd like to
12 know a little bit more about that before
13 authorizing it.

14 There's nothing wrong with
15 negotiating it or talking about it with the
16 stakeholders, but I don't understand it at the
17 moment and would like to before signing off on
18 it. So, whenever the appropriate time is.

19 DR. DURENBERGER: You tell me. Is
20 the appropriate time to continue that discussion
21 now? Again, because this was preliminary I
22 didn't really bring any talking points in terms
23 of what it means dollars and cents wise other
24 than it's industry standard to permit both

1 practices in racing.

2 In the Gaming Act both practices are
3 permitted. And so in our original replacement
4 legislation, we made the recommendation to
5 remove the prohibition from the racing statutes
6 so that racing and gaming played by the same
7 rules on these two issues.

8 CHAIRMAN CROSBY: Is anybody opposed
9 to that?

10 DR. DURENBERGER: The horsemen have
11 concerns for example, with rebating about
12 whether that money, that rebate that's returned
13 -- So, rebating is the practice of returning
14 money to customers based on a percentage of
15 handle. So, if you bet \$1000, you get \$1 back
16 or however it works.

17 The horsemen just want to make sure
18 that their interests are protected and that that
19 money is coming out of the racetrack operators'
20 margin and not out of any money that would be
21 earned for purses, for example. And there's
22 very easy ways to do that in regulations. We
23 see that in other jurisdictions.

24 CHAIRMAN CROSBY: Does the operator

1 have the same view?

2 DR. DURENBERGER: I've actually not
3 talked to -- Other than when we made the
4 original recommendation, the operators had
5 submitted letters in support of removing that
6 prohibition.

7 CHAIRMAN CROSBY: And having it come
8 out of their share?

9 DR. DURENBERGER: That issue was
10 never addressed. So, that would be a discussion
11 to have going forward.

12 CHAIRMAN CROSBY: To me, the idea of
13 rationalizing it between the two types of
14 gambling makes perfectly good sense. Whether
15 Jennifer can orchestrate a consensus on this
16 right now is --

17 COMMISSIONER MCHUGH: I agree that
18 they ought to be the same in both places. But
19 you need to have regulations or statutory
20 language that indicates how it was going to
21 work, right?

22 DR. DURENBERGER: Absolutely.

23 COMMISSIONER MCHUGH: So, this would
24 be sort of -- And what might work for racing

1 would it necessarily work for the gaming side?

2 DR. DURENBERGER: I don't know the
3 structure of those programs.

4 COMMISSIONER MCHUGH: There's no
5 harm in dealing with it in principle, I suppose,
6 for the racing side temporarily. What do we do
7 on the gaming side because we are going to be
8 dealing with the slots parlor here soon, at a
9 slightly different take from the way it was
10 working on the racing side. I suppose that
11 would be okay too.

12 COMMISSIONER CAMERON: Well, I think
13 the idea to just put something in draft and then
14 take it to the stakeholders will probably answer
15 those questions for us. Because they'll come
16 back if they have an issue with the draft
17 language and make another suggestion.

18 COMMISSIONER MCHUGH: I think that's
19 right. I was just being inarticulate but that's
20 not unique. I guess what I'm trying to raise
21 the question about, we get something that's
22 acceptable to the horsemen in terms of rebating
23 and credit. And it works on the racing side.
24 But it's not going to work, the same plan is not

1 going to work on the gaming side. What do we do
2 then? Is it okay if we have a slightly
3 different or a significantly different way that
4 it works on both sides? That would be all
5 right?

6 COMMISSIONER ZUNIGA: There's
7 already rebating on the gaming side in the
8 gaming statute.

9 COMMISSIONER MCHUGH: Yes, that
10 permits it, but it doesn't --

11 COMMISSIONER ZUNIGA: It's not
12 fleshed out anywhere.

13 COMMISSIONER MCHUGH: It's not
14 fleshed out.

15 COMMISSIONER CAMERON: But I don't
16 know that they're exactly the same in all of the
17 -- So, would it make a difference if it was in
18 the same?

19 CHAIRMAN CROSBY: The gaming people
20 aren't going to care whether it comes out of the
21 breeders or not.

22 COMMISSIONER MCHUGH: Right, right.
23 The percentages might be different. You can
24 rebate up to X is acceptable on the racing side.

1 Rebate up to X isn't going to work on the gaming
2 side. It's not enough say. I don't know.

3 COMMISSIONER CAMERON: I suspect
4 they'll tell us. When this draft goes out,
5 they'll be time for input.

6 COMMISSIONER MCHUGH: On the racing
7 side, no question.

8 COMMISSIONER ZUNIGA: Well, the
9 report, how long ago were we looking at this?
10 The report that we submitted included a lot of
11 discussion on this and on a few other topics.

12 DR. DURENBERGER: Yes, it did.

13 COMMISSIONER ZUNIGA: So, perhaps I
14 for one would like to go revisit them and
15 understand that a little bit better. But to
16 Commissioner Cameron's point, perhaps what we
17 need to is a draft before us soon on all this
18 six topics and come back to it.

19 CHAIRMAN CROSBY: Well, you're going
20 to skip the withholding. So, it's five. All
21 you're looking for is the support in putting
22 together the proposal to take to your
23 constituents. And you might also float it by
24 the Legislature sort of how that timing works

1 out. Then it will come back to us at some point
2 with feedback from the constituents and possibly
3 the Legislature. And we'll deal with it at that
4 point.

5 And the regulations of how we
6 implement rebate programs for example, is a
7 whole other matter. We'll get to that on both
8 industries in due time.

9 COMMISSIONER ZUNIGA: Why are we
10 skipping the withholding?

11 CHAIRMAN CROSBY: Just because we
12 are going to get to the withholding whenever we
13 get to it once we're all teed up for everything
14 not just the pari-mutuel side, but the gaming
15 side.

16 So, there's no need to try to get a
17 withholding adjustment in this legislation.
18 It'll be done whenever we get around to getting
19 to the Legislature to address the withholding
20 issue. It's just they're on separate tracks.
21 They might happen to get together but at the
22 moment, they are on separate tracks.

23 COMMISSIONER ZUNIGA: I don't know
24 that they need to is my point, they need to be

1 on separate tracks.

2 COMMISSIONER MCHUGH: I think we're
3 better off going to the Legislature after we've
4 gotten all of the stakeholders to sign off and
5 we agree too, aren't we? So, if we put
6 something together and talk about it with the
7 stakeholders. Then it comes back to us, we
8 approve it. Maybe that's the best way to go.

9 And let the gaming side worry about
10 -- worry about the gaming side when we get
11 there. I guess that's the only thing we can do.
12 I'd hate to be in a position where we took
13 something up to the Legislature and then
14 reviewed it.

15 CHAIRMAN CROSBY: The only thing we
16 might do with the Legislature or some of the
17 legislators is say here's what we're thinking
18 about. What's your advice, what's your appetite?

19 COMMISSIONER MCHUGH: Sort of an
20 informal.

21 CHAIRMAN CROSBY: Yes. We wouldn't
22 go with a firm proposal that we might then not
23 support. If we get to the Legislature before we
24 got this buttoned up, then it would be advisory.

1 COMMISSIONER MCHUGH: Okay.

2 CHAIRMAN CROSBY: All right. Do you
3 need a vote or do you need just a sense of?

4 DR. DURENBERGER: I think Director
5 Day and I talked about this. And I think we
6 would feel more comfortable with a vote
7 authorizing me to put something in writing to
8 bring to the stakeholders.

9 Obviously, I would show it to you
10 first before we sent it out, but to have the
11 authority to do that. I didn't want to put the
12 cart ahead of the horse.

13 We've been having the preliminary
14 discussions. These are the topics. This is
15 probably the way I'm going to make the
16 recommendation. But I haven't yet produced any
17 written product for them to bring to their
18 stakeholders. These have just been
19 conversations with leadership.

20 So, I think having the authority of
21 the Commission behind that voting the Racing
22 Division authorizing that kind of more detailed
23 discussion would be beneficial.

24 CHAIRMAN CROSBY: It is important

1 and a vote of the Commission will help. It is
2 important for your constituents to know that we
3 feel very strongly about the need to get a two-
4 year extension in place.

5 We're flexible on what all is in
6 that extension. And that will depend as much on
7 our constituents as anything else. But we're
8 very much supportive on getting some proposal
9 together that everybody is behind and moving as
10 fast as we can. Commissioner Cameron?

11 COMMISSIONER CAMERON: Mr. Chair, I
12 move that we authorize Director Durenberger to
13 prepare a document for review by all of the
14 stakeholders to include a two-year extension and
15 the five issues that we talked about here today
16 and just to exclude tax deduction issue that
17 will be handled globally.

18 CHAIRMAN CROSBY: Second?

19 COMMISSIONER STEBBINS: Second.

20 CHAIRMAN CROSBY: Any other
21 discussion?

22 COMMISSIONER ZUNIGA: I was in favor
23 of that motion with the exception of the
24 exception or the exception of the exclusion.

1 But I think in principal giving you a direction,
2 I'm okay with that.

3 CHAIRMAN CROSBY: There's nothing
4 wrong with -- If we want to talk about the
5 withholding, we can. But the withholding issue
6 is a serious issue in terms of the gaming
7 revenues, the industry, the \$85 million
8 deposits, etc. So, it's going to get addressed.

9 Whether it's addressed at this
10 moment in time or not on behalf of the pari-
11 mutuel industry, it's going to get addressed.
12 That was my only point. That we needn't hook it
13 up to the two-year extension, but it doesn't
14 have to be kept out. I don't care if it's in or
15 out, but no need to have it get in the way of
16 the two-year extension.

17 COMMISSIONER ZUNIGA: That's fair
18 enough.

19 COMMISSIONER MCHUGH: I had a
20 slightly different point. The motion is fine so
21 long as it's clear that we're not authorizing
22 Director Durenberger to go and negotiate a deal
23 that then is binding on us.

24 In other words, the product of these

1 negotiations probably will be fully acceptable.
2 I have great confidence in Director Durenberger
3 and everything she's done. But I'm not prepared
4 to say go negotiate something and whatever you
5 negotiate I'm prepared to sign off on and send
6 up to the Legislature.

7 So, with that understanding, I'm
8 prepared to vote in favor of this motion. If
9 others are not and think we are giving Director
10 Durenberger more authority than that we ought to
11 get that squared away now so the stakeholders
12 understand.

13 COMMISSIONER CAMERON: I did not
14 mean the motion to include authorization for a
15 final. This would be a draft document for
16 review and consultation with stakeholders. So
17 that we would have the benefit of that
18 information before we move forward to authorize
19 the document.

20 COMMISSIONER MCHUGH: With that
21 clarification then I support what has been
22 proposed. It makes really good sense.

23 CHAIRMAN CROSBY: Any other
24 discussion? All in favor signify with aye, aye.

1 COMMISSIONER MCHUGH: Aye.

2 COMMISSIONER CAMERON: Aye.

3 COMMISSIONER ZUNIGA: Aye.

4 COMMISSIONER STEBBINS: Aye.

5 CHAIRMAN CROSBY: Opposed? The ayes
6 have unanimously.

7 DR. DURENBERGER: Thank you,
8 Commissioners.

9 COMMISSIONER MCHUGH: Thank you.

10 DR. DURENBERGER: Item C, transition
11 update, Mr. McErlean. Commissioners, as you
12 know on January 1 of this year, Springfield
13 Gaming and Redevelopment assumed the operation
14 of Plainridge Racecourse. They are our newest
15 Chapter 128A and C licensee. So, on behalf of
16 this licensee Mr. Chris McErlean is here today.

17 He's been in his current position as
18 vice president racing for Penn National since
19 2007. Having worked his way up in the industry
20 through a number of positions, as we all have
21 over the years, both harness and thoroughbred
22 racing, most notably a 14-year tenure with New
23 Jersey Sports and Exposition Authority. And in
24 his current position, he oversees the racing

1 operations at all of the Penn National tracks,
2 which includes now Plainridge Racecourse

3 So, he's here just to give us an
4 update on how the transition on 12/31 went and
5 also to introduce him to you all as our newest
6 licensee.

7 CHAIRMAN CROSBY: Who is the guy he
8 brought in with him?

9 MR. MCERLEAN: For those who don't
10 know, on my right is Mr. Steve O'Toole. Thank
11 you, Director Durenberger and thank you,
12 Chairman and members of the Commission. I will
13 make a very brief report on the transition at
14 Plainridge Racecourse.

15 When we were awarded our license in
16 early December, we went right to work in terms
17 of the transition. This was somewhat unique.
18 It wasn't a purchase, as you know. So,
19 basically with Ourway leaving the scene, all
20 contracts, permits, everything had to be redone
21 from the ground up. We spent a lot of time
22 getting all of those in place. We had several
23 meetings with employees during the month.

24 We had resources from our

1 accounting, human resources, simulcasting
2 working with Steve and his team to get things in
3 place for the 1/1 changeover.

4 I'm pleased to report that we did
5 rehire all of the employees at Plainridge
6 Racecourse. Approximately, right now there's
7 about 60 employees right now for the simulcast
8 only operation. All employees were brought back
9 at the same rate of pay, same job title, same
10 benefits for those who were receiving it. So,
11 everybody was kept whole in terms of the
12 transition from that standpoint.

13 I'm also pleased to report that Mr.
14 O'Toole is our general manager and has full
15 authority at the property for decision-making
16 capabilities on our behalf.

17 On January 1, actually on December
18 31 we did our money room changeover with Ourway.
19 Basically, the countdown of everything in the
20 money room. Everything went well. All of the
21 balances were brought over including the Win
22 Line balance for the account wagering as well as
23 accounting for the outs for the state that
24 expired on December 31, as well as the current

1 ones that are in effect for the current year
2 that don't expire until December 31 of this
3 year.

4 The only issue on the first, minor
5 hiccup, very minor but we'll just bring it up.
6 There was one simulcasting that was scheduled
7 that we were not able to take because of a
8 contractual issue on that trackside. It was a
9 dog signal. I'm not even sure which one it was
10 in St. John's Greyhound in Florida. So, other
11 than that signal not being able to be offered
12 for our customers, everything else was seamless
13 in terms of the front facing operations, no
14 problems. Since then, there's been no issues
15 whatsoever.

16 Going forward we just wanted to let
17 the Commission know we are hitting the ground
18 running. We do want to make sure that the
19 operation runs smoothly, both from a customer
20 point of view, from an employee point of view
21 and from a business point of view.

22 To that end, you'll probably start
23 hearing some advertising for Plainridge
24 Racecourse, probably the first time in many

1 years. It'll be starting next week on two of
2 the biggest sports radio stations in the
3 Boston/Providence market. So, that will be out
4 there starting next week, probably running for
5 about four or five weeks.

6 We ordered some new uniforms for
7 employees, trying to do some sprucing up around
8 the facility. We are also evaluating our
9 staffing levels and taking a look at it from the
10 business point of view and our internal
11 controls.

12 We are also putting some of our
13 purchasing contracts in effect that we have
14 corporate wise for the benefit of Plainridge.
15 We're also scheduling compliance training this
16 month. Title 26, the reportable transactions,
17 Title 31 is the gaming side. Title 26 is on the
18 pari-mutuel side.

19 Responsible gaming training for all
20 employees will be put in place this month. We
21 are going to be having OSHA training and our
22 internal audit team will be up before the end of
23 this month to review the first few weeks of
24 operation and make sure that everything is

1 conforming to our internal control procedures.

2 Just want to let you know that we
3 are taking this extremely seriously as we do all
4 of our operations, And we are implementing the
5 type of controls and policies and procedures
6 that we have at our other facilities around the
7 country. I'd be happy to answer any questions
8 that the Commissioners or Chairman may have.

9 CHAIRMAN CROSBY: Anybody?

10 COMMISSIONER MCHUGH: No. I was
11 going to ask a question about what the uniforms
12 look like.

13 MR. MCERLEAN: We'll save you one if
14 you want.

15 CHAIRMAN CROSBY: You probably, I
16 think, answered this sort of. But in the fact
17 that you promoted Mr. O'Toole implies the answer
18 to this. Did you find either operational
19 issues, internal control issues that were
20 problematic? Or were there significant
21 operational differences between your way of
22 doing business and the existing way of doing
23 business is?

24 MR. MCERLEAN: The answer is in

1 general no. Obviously, we had a good chance to
2 look at the operations. I will give Ourway
3 credit in two ways. One, their cooperation
4 during this transition was very professional and
5 we appreciate all of their help.

6 When the situation happened this
7 summer at Plainridge, I think the new upper
8 management for Ourway that was brought in to
9 institute some new standards and controls, they
10 did a good job getting that ball rolling. I
11 think we saw some ways that we could tweak some
12 things.

13 But in general we didn't find any
14 huge lapses or large concerns. But certainly we
15 think we can bring some additional standards and
16 some additional training that maybe wasn't done
17 before.

18 For example, the Title 26 training
19 to my knowledge was never done at Plainridge.
20 So, we think that's important and that's a
21 compliance issue for all of our properties,
22 especially being a publicly traded company as
23 well.

24 CHAIRMAN CROSBY: When is the

1 responsible gaming training?

2 MR. MCERLEAN: It should be
3 occurring this month. We don't have a specific
4 date set, but it will be probably by the third
5 week of this month.

6 CHAIRMAN CROSBY: That might be
7 something Mark would be interested in.

8 DR. DURENBERGER: He's attending,
9 because I know I forwarded from their other
10 properties their plan.

11 CHAIRMAN CROSBY: Anybody else?

12 COMMISSIONER MCHUGH: This really
13 sounds, on a serious note, this really sounds
14 very positive, very seamless transition. That's
15 great.

16 CHAIRMAN CROSBY: Appreciate you
17 coming in. Great. Thank you.

18 DR. DURENBERGER: Why don't you stay
19 for that. Item D proposed player rewards
20 program. So, there was Plainridge Racecourse
21 did offer player points program prior to January
22 1.

23 As the new group came in, they
24 looked at it and have come to the Commission

1 with some requests for clarification as to
2 what's appropriate. They don't want to flirt
3 with that rebating prohibition that we have just
4 spoken about in some detail.

5 So, in your packet is a memo dated
6 January 2 which outlines their vision for that
7 program. And we just wanted to put it in front
8 of you. Legal has also been looking at this.
9 So, I will defer to them if you have any
10 specific questions. Questions about the
11 program, I guess, we would address to Mr.
12 McErlean. Questions about the propriety of the
13 program, I guess, we would direct to General
14 Counsel.

15 COMMISSIONER CAMERON: I was just
16 going to ask if Counsel had a chance to look at
17 this and review it and found it to be in order.

18 MS. BLUE: We looked generally at
19 the statute itself and are comfortable that the
20 statute talks about money rebating. So, a point
21 kind of system to be used for other things we
22 think is appropriate.

23 We do acknowledge though that we do
24 need regulations around this under 128. So,

1 that's now on our list of things to do for
2 regulations but we think something going forward
3 along these lines would work until we get better
4 regulations in place.

5 COMMISSIONER MCHUGH: Does this
6 rebate program raise the out of who's pocket
7 does it come issue that you raised before?

8 DR. DURENBERGER: No. So, rebate is
9 a defined term in our statute and it's money
10 returned based on percentage wagered. This is
11 not money returned. So, there are some
12 merchandise items, racing programs, handicapping
13 materials, gift shop, food, beverage. So, my
14 understanding is that it wouldn't be rebating.

15 The rebating that would be of
16 concern to the horsemen has to do with -- they
17 have profit-sharing agreements, contractual
18 profit-sharing agreements with the operator.
19 And as part of the money that is earned for
20 purses, there are very specific things, monies
21 earned that go into that purse account.

22 So, the horsemen with rebating are
23 concerned as to whether or not the rebate comes
24 out of the money that's supposed to go -- that

1 they're splitting that they're doing the profit-
2 sharing or if it's coming out of what is going
3 to the operator as a result of the profit-
4 sharing.

5 COMMISSIONER MCHUGH: Yes. I guess
6 more precisely there's a cost associated with
7 these things. And the question is out of whose
8 pocket does the cost come if it comes out of
9 anybody's?

10 MR. MCERLEAN: Sure. There is a
11 cost. Obviously, there is a retail cost and an
12 actual cost for things like a racing program or
13 the daily racing form or a hotdog. That cost is
14 borne 100 percent by the operator. That's going
15 to be factored in however the program is
16 structured, the earning of these points to
17 redeem for these items, it will be based on the
18 value that they're getting back from that
19 standpoint.

20 Again, this falls in the line of
21 trying to do from a customer facing program,
22 this is not going to change the world, so to
23 speak. But we're think from a customer loyalty
24 point of view, customer appreciation point of

1 view is something that we can come back to them
2 and say we're trying. And it's a small reward
3 type situation.

4 In the past, it's been a popular
5 program. We are comfortable with controls that
6 we are going to put in to make sure that it's
7 run the right way. And we would ask for your
8 approval to move forward from that standpoint.

9 COMMISSIONER CAMERON: Quick
10 question, do you have similar programs on the
11 other properties in which you own and manage?

12 MR. MCERLEAN: We do. And it
13 depends on the size of the property. It depends
14 sometimes on regulations. I can say on some
15 properties we are allowed to do cash vouchers
16 for wagering. We offer other amenities. Some
17 of the points are used to have access for
18 special amenities, special clubs or dining
19 reservations or things like that. So, the
20 answer is yes, we do have it at other racing
21 facilities.

22 CHAIRMAN CROSBY: What does this
23 sentence mean: Based on our review it appears
24 some aspects of the original attendant program

1 were not followed and possibly circumvented
2 existing regs.

3 MR. MCERLEAN: Our understanding in
4 talking with Plainridge that there were certain
5 incentives or items offered that may in some
6 eyes may have been seen as a way of -- may have
7 been a rebate gift cards, things like that,
8 which we are not planning on offering from this
9 program standpoint. That's things that we heard
10 in the past. Had not been in effect after the
11 circumstances in August that that had been
12 totally stopped to my understanding.

13 CHAIRMAN CROSBY: Okay. Anybody
14 else?

15 COMMISSIONER MCHUGH: It seems like
16 a sound program within regulatory guidelines.

17 CHAIRMAN CROSBY: And an appropriate
18 cleanup. You don't need an action from us,
19 right?

20 MR. DAY: Mr. Chairman, just for
21 clarification. I guess with respect is it the
22 description that's provided by Chris in
23 paragraph five, in the first sentence except for
24 the last sentence, I guess, is that what we are

1 talking about for the program?

2 MR. MCERLEAN: Those would be the
3 items that would be included, yes.

4 MR. DAY: Then with the addition of
5 the qualification and the cost borne by the
6 operator.

7 MR. MCERLEAN: That is correct.

8 COMMISSIONER MCHUGH: Do we need a
9 motion for that?

10 MR. MCERLEAN: I think we were just
11 looking that we were on sound footing from that
12 standpoint.

13 COMMISSIONER MCHUGH: Okay, good.

14 MR. MCERLEAN: Thank you.

15 COMMISSIONER MCHUGH: Thank you very
16 much.

17 CHAIRMAN CROSBY: Are you finished?

18 DR. DURENBERGER: That concludes the
19 Racing Division update.

20 COMMISSIONER CAMERON: Thank you,
21 Director.

22 DR. DURENBERGER: Thank you for your
23 time.

24 CHAIRMAN CROSBY: Take a quick break

1 and try to be back in about five minutes.

2

3 (A recess was taken)

4

5 CHAIRMAN CROSBY: We are reconvening
6 at 2:47. And the first item on the agenda is
7 items seven, administration, Mr. Day.

8 MR. DAY: Thank you, Mr. Chairman,
9 good afternoon. I just want to first of all
10 make sure I wish a happy new year as we start
11 off on a new year.

12 I'd like to just make a couple of
13 notes as we move forward. One of them is, as I
14 happened to look at this, I thought in spite of
15 the weather, illness and holidays in December
16 the Commission continued to implement the
17 provisions of the Gaming Act, including the
18 completion of the suitability determinations for
19 Category 1 in Regions A and B. And I think also
20 to add the host community hearings.

21 And I think lots of times that
22 sounds simple, but of course those were streamed
23 that implemented the specifics of the stature
24 and are really significant accomplishments.

1 Commissioners now continue with the
2 evaluation process for the slots license. And
3 if my rudimentary calculations are correct you
4 are probably about 90 days through the process.
5 Of course, you are targeting, also on the
6 progress for the surrounding communities. The
7 goal is to eventually refer for -- excuse me, an
8 award decision in March, excuse me, February or
9 March. Also provides me an opportunity to make
10 sure I can talk correctly as I move forward.

11 CHAIRMAN CROSBY: Gives you some
12 practice.

13 MR. DAY: So, we know why I don't do
14 anything on the news channel. Besides that and
15 the items listed on the agenda, I also wanted to
16 mention a few more tasks that we've been able to
17 move forward with. One of those, of course, has
18 been noted in the media that we received three
19 Category 1 applications. And now our Licensing
20 Division is moving forward with the
21 administrative complete process to examine and
22 make sure that all of the material that the
23 Commission has requested is there under the
24 32,000 pages.

1 CHAIRMAN CROSBY: 32,000 pages?

2 MR. DAY: Yes. I find that number
3 quite substantial and I wish Mr. Acosta and his
4 crew the best as they move forward with that
5 process. And then of course I have to also move
6 that process on. And the ultimate goal is to --

7 CHAIRMAN CROSBY: Sorry, Kevin.
8 Yours was only 100 pages and the others are
9 31,000.

10 MR. DAY: I might one up Kevin a
11 little bit, but we are aware there is a second
12 section of response due in on the 21st. So, I'm
13 sure those totals will increase.

14 But the ultimate goal, of course, is
15 to move that information forward to the
16 Commission after they're ensured that they are
17 administratively complete. They'll be made
18 available to the Commissioners responsible for
19 each category and their related independent and
20 professional evaluators to begin the evaluation
21 process and ultimately the award of the license
22 for Category 1.

23 In the meantime, our licensing and
24 technical staff are also working closely with

1 our contractors to develop our licensing and
2 document management systems. And we anticipate
3 being able to provide the Commissioners with a
4 report hopefully by the end of the month on our
5 progress.

6 We've developed position
7 descriptions and open recruitment for the
8 Investigation and Enforcement Division assistant
9 directors responsible for financial
10 investigations and gaming unit agents
11 supervision. At this point, we are in the
12 process of screening about 83 applications. We
13 are screening and also in the process of
14 interviewing applicants for Accounts Payable
15 fiscal position.

16 You also, of course, heard from our
17 horseracing director that we're beginning
18 recruiting for those horseracing racing official
19 positions this Friday as a matter of fact.

20 We've also posted an RFR and formed
21 a procurement team to identify and ultimately
22 select the resources we need for monitoring the
23 private licensing projects as they move forward.
24 And we hope to be able to complete that in early

1 March.

2 With that that's just a few of the
3 administrative items that we are moving forward
4 with. I'd like to go ahead and touch on the
5 proposed organizational chart, if I might.

6 The first thing is our human
7 resources manager, Trupti Banda, is ill. So,
8 Derek and I are going to do our best here to
9 answer any questions you might have and also
10 talk about the organizational chart. It's in
11 your packet under item 7b.

12 At this point, part of the reason
13 we're coming forward is of course we've
14 completed our director level hiring, so we
15 thought we were at a good point to ask the
16 Commission to approve our organizational
17 structure at the divisional level. That's why
18 it's a pretty condensed organizational chart,
19 but it's intended to describe that division and
20 office level as we move forward.

21 One of the foundations of the
22 proposed structure has in fact in the effort of
23 the Commission to place an emphasis on key areas
24 of the statute like research and problem

1 gambling, workforce diversity, communication,
2 community outreach. So, that's why we have
3 directors in each of those areas as well.
4 we continue to develop the organization, the ^{As}
5 roles may change. And of course we may need to
6 reconsider how the various elements of the
7 agency continue to develop.

8 I might note in the structure that
9 you have seen, I'm just going to really quickly
10 go across, there's License Division, Racing
11 Division, Investigations and Enforcement Bureau,
12 which of course is statutory. Office of
13 Workforce Supplier and Diversity Development,
14 Office of Research and Problem Gambling,
15 Ombudsman, Information Technology, Finance
16 Division, Legal Division, Office of
17 Communications. One of the reasons that we
18 wanted to bring this chart forward is we are
19 making the decision and hope you will also
20 concur that our human resources office will be
21 part of our Finance Division under the
22 leadership of our CFAO.

23 CHAIRMAN CROSBY: This is tiny, but
24 it's Finance and Administration Division, which

1 makes human resources sound reasonable. It's
2 kind of funny to have human resources under
3 finance, but it's F and A.

4 MR. DAY: All right. We'll
5 definitely put that in. We have three dotted
6 lines. Dotted indicates a direct access and
7 direct involvement as we move forward with a
8 discussion in the organization. The first one
9 is the Ombudsman. The reason that direct
10 reporting line is there is really to take into
11 consideration the Ombudsman's role not just
12 today but in the future as well.

13 The Ombudsman is the liaison for
14 communities. But in the future also will
15 probably be the individual that is in the
16 position to react to complaints that are
17 received against the casinos.

18 And it just helps to provide both
19 the public and the communities visual effect
20 that there is a direct line to the Commission
21 whereas necessary for those complaints. So, I
22 wanted to make sure that I touched briefly on
23 why that dotted line is there.

24 Legal Division, of course, the

1 dotted line is there because legal counsel,
2 Chief Counsel is the counsel to the Commission
3 directly. Consequently, it makes sense that
4 that communication be in place as well.

5 Of course, media relations, our
6 media office at this point is directly involved
7 with the Commissioners and the Chairman in
8 particular regarding media issues. So, this is
9 to demonstrate as well that connection and
10 communication. As time wears on, and the
11 Commission moves out of this award period, some
12 of that emphasis may change over time.

13 But it seemed like the appropriate
14 spot to pause with the organization at least
15 where we're at since we completed our hiring.
16 We've got personnel in place and request the
17 Commission to approve it at this point. I'd be
18 happy to answer any questions. And Derek can
19 jump in with me if there's something I can't
20 answer.

21 CHAIRMAN CROSBY: Any issues?

22 COMMISSIONER ZUNIGA: One thought
23 was that this is a very flat organization with a
24 lot of direct reports to you, Director.

1 Ironically, I don't know which ones I would
2 reshuffle or consolidate or restructure. Plus
3 it's effectively how we have been operating to a
4 large degree. It's essentially what we have.

5 The only thing I would ask us to
6 consider is with that in mind as we grow it, how
7 can we make it as efficient as possible and as
8 reflective of where we need to be as well.

9 MR. DAY: Yes. I think,
10 Commissioner Zuniga, you and I have had chances
11 to talk. I've also had these discussions with
12 the Chairman is part of as we move this
13 organization forward in its structure, and bring
14 positions on, we want to do so only in a fashion
15 that reflects the regulatory process we need to
16 engage in and be ready to serve the industry
17 like we have to in the end. We don't want to
18 grow too fast and too quick and ultimately have
19 people that are on board but with not too much
20 to do.

21 As we add, because some of our
22 largest additions will eventually be the
23 Investigations and Enforcement Bureau, which
24 will then probably at the end make it one of the

1 largest if not the largest division in the
2 agency, and how that will actually impact -- how
3 the total agency will look in the future will
4 need to be taken a look at it then.

5 And as we move forward, we'll keep
6 looking at each one of these sections to make
7 sure that there isn't more appropriate
8 organizational structure. But at this point, it
9 is a flat organization which from my perspective
10 is actually good as we're moving forward
11 initially.

12 It gives me more of an opportunity
13 to be involved too with what's going on and I
14 think it reduces the number of steps you have to
15 go to get an answer in the organization. So, I
16 think where we're at right now, this is very
17 reflective of how things are moving forward and
18 I would encourage them to continue in that
19 fashion at this point not.

20 CHAIRMAN CROSBY: Okay.

21 MR. DAY: I am also very conscious,
22 I have to add, the three reporting lines, I
23 wouldn't want to indicate that the Ombudsman and
24 the Office of Communication, they do an awful

1 lot of communication, as you know, in response
2 to the Commission. So, it would be
3 inappropriate to say that I'm in direct touch
4 with them every day of the week. That would be
5 a misrepresentation.

6 CHAIRMAN CROSBY: Which helps a
7 little bit on the problem that Commissioner
8 Zuniga is addressing.

9 MR. DAY: Yes, it does.

10 CHAIRMAN CROSBY: I think it's
11 great. I think it's noncontroversial other than
12 the point that the Commissioner brought up and
13 you've already been anticipating. So, I don't
14 think you need a vote on this. This is your
15 job, but it looks great. In addition, all of
16 those people are really good. That's even more
17 important than where the boxes are.

18 MR. DAY: We have been fortunate to
19 assemble a great team. Thank you. We'll move
20 forward in that fashion. And then as we
21 continue to evolve, we'll have to be doing each
22 division, each structure. And it's my plan at
23 least to bring those forward to the Commission
24 and brief you about where we're at.

1 CHAIRMAN CROSBY: Great.

2 MR. DAY: That brings me to Internet
3 gaming and behind tab 7c you will find a draft.
4 The Commission has previously held informational
5 forums on topics like responsible gaming,
6 horseracing designed to enhance our knowledge
7 and to inform future decisions of the
8 Commission.

9 Several states have now moved
10 forward with different forms of Internet
11 gambling. And this spring seems like it would
12 be a good time to take the opportunity to bring
13 a forum regarding Internet gaming to
14 Massachusetts. So, what we have included here
15 is a proposed agenda for a proposed March forum
16 on Internet gambling.

17 The proposal lists the topics. I
18 just wanted to touch on those real quick. The
19 idea is to begin with what is Internet gaming
20 and social gaming. To have a demonstration and
21 a discussion, the comparison to social gaming so
22 as people move forward they have the knowledge
23 of what the difference is. To bring forward
24 speakers to talk about the state of gambling

1 nationally and around the global. And also fit
2 in the legal status of Internet gaming in
3 Massachusetts.

4 Hopefully, we'll be able to touch on
5 money-laundering and problem gambling which seem
6 to be two consistent issues that are much more
7 difficult to deal with relative to Internet
8 gaming and how the industry has either found it
9 to be a problem or has attempted to deal with it
10 as we move forward.

11 We want to move forward with a panel
12 discussion. Of course, we have states that are
13 presently have different combinations. One is
14 doing Internet poker only, other two states have
15 different combinations.

16 Hopefully, we can have people from
17 those states to talk about how the structures
18 are developed and how those processes are
19 actually, to the extent they can, how they've
20 actually been working in their states.

21 Hopefully, we can bring in the topic
22 of lottery Internet gambling. So, there is some
23 discussion involved here about how the lottery
24 might be involved or be impacted.

1 And in the end, we are hopeful that
2 we'll be able to obtain some comments on how the
3 industry might see Internet gaming being part of
4 the brick-and-mortar casino concept. So, it's a
5 little bit like this is what the structure of
6 casinos is going to be in Massachusetts. How
7 may Internet gaming fit in with the statutory
8 and the gaming structure here in Massachusetts
9 itself.

10 We have now just outlined -- We
11 haven't outlined speakers. The idea of
12 Commissioner McHugh and I is that we would run
13 this agenda by you, see if it's a direction you
14 wanted us to go. And then we would begin the
15 search for speakers that would go under each
16 topic. With that, Commissioner McHugh, I'm sure
17 you would have to articulate comments on this.

18 COMMISSIONER MCHUGH: No articulate
19 comments. Commissioner Zuniga, after this was
20 distributed -- not Commissioner Zuniga,
21 Commissioner Stebbins suggested, and it's a good
22 suggestion that the 11:00 to 12:00 topic include
23 underage gambling and geo location, making sure
24 that there wasn't any cross-the-border gambling.

1 I think we can and should broaden that topic to
2 include that issue as well. We can do that.

3 The only other thing is that we want
4 to, if the Commission approves this outline, if
5 you will, reach out to the lottery and invite
6 them to participate in thinking about this, and
7 certainly, in the 2:00 to 3:00 segment where we
8 talk about the lottery and the brick-and-mortar
9 people.

10 So, if this is approved, we'll reach
11 out to them and see what role, if any, they want
12 to participate in. I would hope they would.
13 This has got to be -- And we thought about this
14 from the beginning from time you, Commissioner
15 Zuniga, and you, Mr. Chairman, were on the
16 Treasurer's task force we thought about a
17 holistic approach to this. And it remains a
18 goal to have a holistic approach. And so we
19 need their help and input and participation to
20 figure out what that should be.

21 The overall idea of this is to
22 introduce the topic to Massachusetts in some
23 kind of a descriptive form, not as an advocacy
24 piece, but just here it is and we got to be

1 thinking about this. And invite not only the
2 community, media but also legislators to come
3 down and participate in the conversation and
4 thinking about this, because it's here. It's
5 going to continue to be here. It's going to
6 continue to play an ever-increasing role as we
7 need to know about it and think about it. And
8 think about the impact it's likely to have. So,
9 that's what this is designed to do.

10 COMMISSIONER CAMERON: I think the
11 program looks excellent. I really look forward
12 to learning more about this topic. And now that
13 there are three states and some provinces that
14 are undertaking this, I think it becomes even
15 more timely as well as more informative now that
16 there are test cases out there.

17 I know we don't have a date yet; is
18 that correct? We're waiting to see sometime in
19 March.

20 MR. DAY: We do have a March 11
21 tentative date.

22 COMMISSIONER CAMERON: March 11 is
23 tentative, great. I think this program looks
24 excellent and I for one look forward to it.

1 MR. DAY: And I would hope with the
2 panel discussion and representatives from other
3 states that we would be able to get information
4 about the topics we are talking about, really
5 about the underage, the money-laundering too and
6 the geo location identity and identification.
7 There's quite interesting methodologies that are
8 going in all jurisdictions.

9 COMMISSIONER MCHUGH: It's
10 fascinating on a number of levels.

11 COMMISSIONER ZUNIGA: Do we
12 anticipate to have industry participants, so,
13 our applicants for example?

14 MR. DAY: We did not anticipate
15 having applicant participants. For our
16 speakers, I think we were going to attempt to
17 tap sources that weren't in contention in
18 Massachusetts, at least I thought that's what
19 our basic direction was.

20 COMMISSIONER MCHUGH: I think that's
21 our basic direction. It'd be worthwhile to
22 think through one topic here. But the
23 presumption is no.

24 CHAIRMAN CROSBY: I actually had a

1 different expectation. I was about to ask the
2 same question, but from the other side. We'll
3 have one licensee, first of all. And they will
4 certainly have an interest in this as a licensee
5 not an applicant. But I was thinking that on
6 the industry perspective, how does Internet
7 gaming coexist with or amplify the business of
8 brick-and-mortars. What we care most about are
9 those people who will likely be within our
10 license oversights.

11 So, I'm less interested in knowing
12 what somebody who does business in Mississippi
13 thinks than I am about the people who we might
14 be overseeing. I was going to suggest that
15 maybe we would only have applicants or licensees
16 at least on that last panel.

17 COMMISSIONER MCHUGH: That's the one
18 that I was thinking we needed to discuss.
19 That's the area. It's an intriguing idea.

20 COMMISSIONER ZUNIGA: Or if it's
21 industry association representatives, the AGA
22 has been with us in a couple of different ways
23 before. But I think I'm most interested in the
24 last session also in social gaming, by the way.

1 CHAIRMAN CROSBY: And that's
2 consistent with -- Excuse me if I interrupted
3 you.

4 COMMISSIONER ZUNIGA: No go-ahead.

5 CHAIRMAN CROSBY: We've made a point
6 of saying that whatever happens in
7 Massachusetts, we think that our licensees ought
8 to be at the table, because they're going have
9 just made a huge investment on our behalf. And
10 whatever we do relative to Internet gaming, we
11 need to make sure that we've at least seriously
12 considered their points of view. So, to involve
13 them early on would be compatible with that view
14 point.

15 The other thing that occurs to me is
16 I wonder, at least in our mind's eye, if maybe
17 not on the program, but it would be nice to have
18 sort of a next step in mind. This will be
19 great. I'm really looking forward to this. I
20 think we'll learn a tremendous amount.

21 But everything moves so fast and the
22 world is moving so quickly around us that we
23 might want to think about designating one of our
24 existing staff people to take on Internet gaming

1 to work with Commissioner McHugh who is kind of
2 the point person at the Commission level or
3 something. To put together a workgroup made up
4 of X, Y and Z. I don't know what.

5 But I think we might want to at
6 least hard on the heels of this if not during
7 this think about next steps. What do we do with
8 this? Where do we go next?

9 COMMISSIONER MCHUGH: Yes, I think
10 that's a terrific idea because it is moving very
11 fast. Whatever we do, we need to be current on
12 what's happening and how to deal with it.

13 CHAIRMAN CROSBY: Right.

14 MR. DAY: We will move forward. And
15 I take it the input has been even that last
16 topic in particular is probably goes toward
17 speakers from either the applicants or licensee.

18 CHAIRMAN CROSBY: Yes, obviously
19 even-handed. It's a competitive situation and
20 everybody needs to be in.

21 MR. DAY: Right. We will move
22 forward with those additions. Thank you very
23 much.

24 CHAIRMAN CROSBY: Yes, that's

1 exciting.

2 MR. DAY: That brings me to item 7d
3 draft regulations for cost assessment. Just
4 brief comments. We've been working on an
5 effective method for assessing Commission costs
6 for several months. We've made several changes
7 since our first draft.

8 We think this proposal is much more
9 fleshed out. Part of the concerns we've had, of
10 course, is trying to find some way for a fair
11 distribution. The other side of it has been
12 trying to make sure we've got 121 already in
13 place. So, we want these regulations to work to
14 together without any duplication and make sure
15 there's a process for refund or credit.

16 With that I'd like to differ over to
17 Derek and ask him to go through a quick summary
18 of the proposal he's put forth.

19 MR. LENNON: What you have in your
20 packet is a brief memo outlining what this
21 regulation is doing. We also had two responses
22 to our request for public comment. Those
23 responses are in there as well. We have the
24 current regulation and the law that allows us to

1 assess our costs.

2 As the Commission is well aware, we
3 were established with a \$15 million
4 appropriation or startup costs. We are allowed
5 to charge back the costs of investigations. And
6 then the rest of our costs are generated either
7 through licensing fees, additional
8 investigations once the casinos are up and
9 running or assessing our costs back on our
10 licensees.

11 There is no other revenue source for
12 us. So, this regulation is pretty important for
13 our ability to continue operating.

14 What's included in it is an annual
15 budget process, sets our fiscal year July 1
16 through June 30 including accounts payable
17 period. It gives us some timing of when we will
18 go through our budget. Hopefully, develop one
19 before June 1 so that we can bill our licensees
20 within 30 days after that. Have money to begin
21 on July 1.

22 Because also the trust fund that
23 created us does not allow us to spend in a
24 deficit. So, we always have to have positive

1 cash balance on hand. That's the reason that we
2 put the timing that June 1 has to be when we do
3 our budget every year so we will always have
4 money by July 1 when our books open out.

5 And then what it's done is create
6 the annual slot fee, which is created by statute
7 section 56A I think it is. Yes, section 56A of
8 Chapter 23K requires us to charge \$600 per
9 approved slot on July 1. Then there's a
10 prorated piece where if we approve a slot, an
11 increase in slots throughout the year we can
12 charge based on a \$600 on a prorated basis.

13 We've defined that. It has to be a
14 daily prorated basis. So, you'd take the number
15 of days out of 365 that we approved them
16 multiply it by the 600 and that would be their
17 fee.

18 The third piece would be the
19 operating cost assessment, which is our biggest
20 one because we can charge, like I said, we can
21 charge licensing fees. We can charge a slot
22 fee. And on the balance between what our cost
23 estimate is for the year and those revenues that
24 we're going to generate is what we have to

1 assess back to our licensees. That's based on
2 their share of the total amount of gaming
3 positions that we've approved.

4 Another section in there is the
5 Public Health Trust Fund, which is required. We
6 have to contribute at least \$5 million a year to
7 the Public Trust Health Fund. We are
8 responsible for collecting that money and then
9 transferring it over. Once again, that goes by
10 the share of gaming positions, each licensee's
11 share of gaming positions.

12 Then we have a section in there that
13 makes sure licensees are aware that we won't
14 double bill them in a year. There's a current
15 regulation on the books that allows us to charge
16 a piece of an assessment, a slot fee and if we
17 so determined, contribution to the Public Health
18 Trust Fund when we license our applicants, when
19 we license our operators. This is just letting
20 people know we won't hit you with that fee and
21 then the annual assessment fee for costs
22 occurring in the same fiscal year.

23 CHAIRMAN CROSBY: Say that again,
24 Derek.

1 MR. LENNON: With the regulation
2 that was written prior to my joining here. It's
3 already on the books, 205 CMR 121 that allows us
4 with the licensing fee of \$25 million for a
5 slots parlor or \$85 million for a resort casino
6 to charge for cost assessments. So, if there's
7 a gap in our revenues for the year compared to
8 what our expenses are going to be, as well as a
9 slot fee for every machine that's approved in
10 the application.

11 Then there's another piece to it,
12 which we could discuss whether it's needed or
13 not, especially in the first year that would
14 allow us to charge the \$5 million contribution
15 to the Public Health Trust Fund. Since that's
16 on our books this year, there's a discussion of
17 whether we need to do that for any FY'14 people
18 that are licensed.

19 If it happened in FY'15 and we were
20 to -- the way we've written up the regulation as
21 well is we've allowed the Commission to
22 determine when we'd want to start assessing for
23 the \$5 million transfer to the Public Health
24 Trust Fund.

1 Our Problem Gambling Division, our
2 Problem Gaming Division has a large piece of
3 their budget that would come from the Public
4 Health Trust Fund that we have to build it into
5 our own budget. So, that's a discussion we
6 could have with the Commission, how we'd want to
7 do that. Do we want to assess it? Do we want
8 to just build it into our budget until we figure
9 out how that transfer will work and the MOUs
10 will work in the future?

11 COMMISSIONER ZUNIGA: The specific
12 question that you may be asking, Mr. Chairman,
13 was Derek was clarifying that we have an
14 existing regulation that will allow us to assess
15 them as soon as we issue a license for our
16 costs. But there's also a practical timeline
17 for that assessment, and that's July 1.

18 CHAIRMAN CROSBY: What do you mean
19 there's a practical timeline?

20 COMMISSIONER ZUNIGA: Because we
21 have a trust fund that cannot be spent on the
22 deficit. So, every year we have to make an
23 annual assessment. That's also a statutory
24 requirement.

1 COMMISSIONER MCHUGH: Where is the
2 trust fund?

3 COMMISSIONER ZUNIGA: The Gaming
4 Revenue Fund is a --

5 MR. LENNON: The Gaming Control
6 Fund.

7 COMMISSIONER ZUNIGA: The Gaming
8 Control Fund.

9 COMMISSIONER MCHUGH: The \$15
10 million.

11 COMMISSIONER ZUNIGA: Yes.

12 COMMISSIONER MCHUGH: Got it, got
13 it, okay.

14 COMMISSIONER ZUNIGA: That by
15 Comptroller rules cannot go into a deficit.

16 COMMISSIONER MCHUGH: Okay.

17 COMMISSIONER ZUNIGA: When you
18 overlay those requirements, Derek is clarifying
19 that our applicants would not be assessed twice
20 or double assessed. If they get assessed prior
21 to July 1 because they were awarded a license
22 before then and then on July 1 because now we
23 have gone through the yearly assessment process.
24 Is that a fair summary?

1 MR. LENNON: Correct.

2 MR. DAY: We're making sure the
3 duplications don't exist. It's two fiscal years
4 and two regulations. So, the regulation 121
5 deals with we'll attach to the award the
6 remaining costs that we have for fiscal year
7 2014.

8 CHAIRMAN CROSBY: For that year,
9 right.

10 MR. DAY: Then if we issue one
11 license or we subsequently issue others in that
12 same fiscal year, that we'll reimburse --
13 balance out, the payments according to
14 prorated --

15 CHAIRMAN CROSBY: I understood that.
16 I didn't understand the double billing part.
17 But it doesn't really matter as long as we're
18 not going to double bill.

19 COMMISSIONER ZUNIGA: Right. It
20 mostly has to do with timing on this fiscal year
21 and the next, which are hopefully going to be
22 steady state years.

23 MR. DAY: The first year is going to
24 be the touchiest or the most difficult to

1 manage.

2 COMMISSIONER ZUNIGA: The odd one.

3 MR. DAY: Once we get to the annual
4 assessment part that will be much clearer.

5 CHAIRMAN CROSBY: Right, once we
6 have a bunch of licensees.

7 MR. LENNON: We have a section that
8 deals with the annual reconciliation of
9 expenditures for revenues. That basically
10 states if we ever over collect, we'll make sure
11 that we either refund back to the licensees the
12 difference or we will credit their next year's
13 assessment. That's also contemplated in the
14 law.

15 And then there's a final piece that
16 just says the format that payments must be made
17 in. And a clause that says we have remedies if
18 they are not paid.

19 As far as the public comments go, we
20 received comments from all of the Category 2
21 applicants with concerns about the fairness of
22 how we would go about billing, as well as the
23 implications to putting in an annual assessment
24 when they're not up and running yet.

1 So, they had some concern there.
2 But as I noted before, we're given \$15 million
3 to start with. The only places we can generate
4 revenues are either through our investigations
5 or our licensing and our assessments.

6 COMMISSIONER ZUNIGA: That's a point
7 that I would emphasize. This is particularly
8 critical to the Category 2 applicants for a
9 number reasons and let me summarize.

10 They are the first ones that will be
11 licensed given our schedule. But they have a
12 higher tax rate than the Category 1's and a
13 smaller lifetime of the license by which to
14 recover their initial investments. They are
15 also limited by the number of slot machines that
16 they can have. So, the return on investment for
17 the Category 2 is quite different from the
18 Category 1.

19 And the prospect which is not our
20 intention, but the prospect of the one Category
21 2 carrying a lot of the burden initially is, as
22 some of them commented, perhaps unfair or
23 disproportionate. I wouldn't call it unfair,
24 perhaps disproportionate.

1 So, that bears into the discussion.
2 I think it's a comment duly noted. But by
3 necessity, we would assess our costs on the
4 licensees that we have when we have them. And
5 try to make the most fairness in terms of
6 apportioning costs as fair as we can.

7 COMMISSIONER MCHUGH: I think the
8 letters that we got from the three Category 2
9 applicants were very thoughtful. I don't accept
10 their position vis-à-vis the license fee for the
11 slot machines. I think we could do that as soon
12 as we authorize it.

13 The other assessment has, it seems
14 to me, a number of problems that they
15 identified, a number of issues that they
16 identified. One of which is the fairness issue.
17 Them carrying a structure and a set of costs
18 that would be wholly unnecessary if we were only
19 dealing with them. There is the issue of the
20 statutory language saying gaming positions at.
21 We've been through that. We've thought that
22 through, but it is a problem.

23 Then there's the third piece is
24 however you do this, is it fair to do this

1 upfront or quarterly or semiannual payments
2 along the way, a more equitable and fair way so
3 they can however we wind up on this pay out of
4 generated revenues once we get up and rolling.

5 Right now, I would really like to
6 think about that second piece, the taxing of all
7 of our expenses, operating expenses to them when
8 it's clear that a big chunk of those expenses
9 are the product of us gearing up to deal with
10 the casinos and not with them.

11 I don't have a specific answer to
12 it, but I do think it's a problem. I think we
13 need to talk about it.

14 COMMISSIONER ZUNIGA: One thought is
15 what we are doing or what we are facing is a
16 deficit for this year, but we're also facing a
17 licensing this year. And it's probably more
18 than one, in all likelihood three licensees we
19 will have this year.

20 COMMISSIONER MCHUGH: This fiscal
21 year.

22 COMMISSIONER ZUNIGA: This fiscal
23 year. And it is particularly this fiscal year
24 and whatever gap we may need to assess this year

1 that is at question here.

2 And the months in between the
3 awards, for example, may account for some
4 difference that we can always offset or try to
5 apportion proportionately.

6 Another way to think about it as
7 well, is of all of our budget that we have been
8 incurring since our inception really, but
9 especially for this fiscal year to try to
10 quantify all the investments that we have made
11 that are directly related for the future, to the
12 future or to everybody in the future, like our
13 investments in technology or our licensing
14 system. Those are more forward-looking. We
15 have to do them now, but they have a duration
16 and they have a life that applies to everybody.

17 All of those costs could be
18 segregated into a purely proportional
19 assessment. We may have to rely on whoever we
20 have at the time we have them as licensees. But
21 everybody would be assured that all of those
22 costs are being apportioned fairly and
23 proportionately.

24 CHAIRMAN CROSBY: Doesn't the

1 statute limit that for us?

2 MR. LENNON: For the annual
3 assessment, it has to be based on the year's
4 costs. One of the ideas, I wish I could take
5 credit for it, but I can't, it's been tossed
6 around, was that for the licensing fee we could
7 hit up an initial assessment.

8 CHAIRMAN CROSBY: Which fee are you
9 talking about?

10 MR. LENNON: The licensing fee.

11 CHAIRMAN CROSBY: The one-time \$25
12 million.

13 MR. LENNON: The onetime \$25 million
14 that also has an assessment clause built-in, a
15 slot fee clause built-in, but it's a one-time
16 hit and then you go to the annual assessment.

17 But for those you could build in a
18 condition of licensure that you have to pay
19 back, your proportional share for what the FY'14
20 base was. So that the first licensee would get
21 a repayment. It may not be right away, but as
22 we license a second, third, possibly fourth,
23 they would get their piece back based on the
24 total proportional pool of positions.

1 That wouldn't fall under the annual
2 assessment. So, I think that that's where we
3 would have some flexibility there. And the way
4 we have written the regulation doesn't require
5 us, and we can leave this up to the Commission,
6 for a billing period of when we would.

7 So, we determine the assessment as
8 of -- hopefully before June 1 so we could start
9 our billing cycle within 30 days and get some
10 money in. But we could bill on a monthly,
11 quarterly, semiannual basis a share of that
12 assessment, which would alleviate some of their
13 cash flow issues but it puts us once again in a
14 position, if I'm looking at our financial
15 standpoint, it puts us in a position of chasing
16 because we never have the ability to spend in a
17 deficit. So, we can never go in the red.

18 CHAIRMAN CROSBY: I don't think we
19 ought to build a system which assumes that we're
20 going to be chasing. We could have a pretty
21 serious penalty in there for people who don't
22 pay on time. I think we should assume we're
23 going to get paid on time and build the systems
24 on that.

1 If somebody is jerking us around,
2 then we have a penalty system in place. We are
3 going to get paid on time. This is not going to
4 be chasing payables business.

5 If we get all of the licenses
6 awarded this year, which we plan to, which we
7 hope to then the concerns of the Category 2
8 people are much less. They were very concerned
9 about the possibility it's unknown. How long
10 might this extend?

11 And I understood better after I read
12 their memos than when I talked to you about it
13 yesterday, Derek. But it does seem to me that
14 their notion of borrowing from the Pennsylvania
15 model, but rather than going to the Legislature,
16 we use the Rainy Day Fund.

17 We've got the Rainy Day Fund \$20
18 million. We've already decided that the
19 language permits us not to pay it back
20 immediately. What always hung me up on that was
21 if we use the Rainy Day Fund for a while, how
22 would be get it back?

23 But the bidders have said that in
24 Pennsylvania, it was a mortgage. And they

1 essentially paid back pro rata over a period of
2 time. So, it wasn't a big hit. But the
3 Pennsylvania Loan Fund or in our case the Rainy
4 Day Fund would get its money back. It would
5 just take a little while.

6 To me that's the simplest by far.
7 To assume that we're going to hang onto that \$20
8 million until we're out of this and use that to
9 cover whatever the downside. Don't penalize the
10 Category 2 people. Use the Rainy Day Fund. And
11 then we can figure out the details of how you
12 allocate shares going forward and they'll be
13 some tricks in there.

14 But that seems to me by far the
15 fairest and simplest. It always looked like it
16 was an easy solution. I just couldn't figure
17 out how you could back bill for time gone by.
18 But the industry has already said there's a norm
19 for that and had recommended that we use that
20 model. So, for at least a year or so that puts
21 the problem to bed pretty much.

22 COMMISSIONER MCHUGH: I agree with
23 that too subject to the mechanics of figuring
24 out how you repay it. It seems to me that's by

1 far the fairest. Then we can go ahead and -- We
2 could even make an assessment, it seems to me,
3 on the Category 2 licensee if we somehow didn't
4 get all of the licenses awarded this year,
5 looking at all of the gaming positions posited
6 in the applicants, taking some mean and using a
7 proportional that runs off of that and truing it
8 up later after the licenses are actually awarded
9 and they are up and running.

10 But somehow dipping into -- not
11 dipping into, holding it and then repaying it
12 later, it seems to me that's the cleanest,
13 fairest, best way to go.

14 MR. DAY: It might be as a move, I
15 think we've been talking about, if we were going
16 to move this proposal forward practically
17 speaking it'd be a good idea to attach to it
18 with another package.

19 So, we anticipated doing that with
20 the self-exclusion. And we're in the process of
21 going back and making corrections for the self-
22 exclusion group, bringing it back. That would
23 give us time to take a look at the concept of
24 the Rainy Day Fund and how it would practically

1 -- what fund it's in and how it would
2 practically be able to be counted on in the
3 budget, especially given we anticipate remaining
4 costs in this fiscal year and then significant
5 costs in fiscal year '15. So, I think we need
6 to take a real close look to see if those funds
7 handle the problem in addition.

8 If that's something the Commission
9 could be interested in, we can just kind of hold
10 onto this and plan on target moving it forward
11 when the self-exclusion regs. are ready to go.
12 In the meantime, we can do some analysis on the
13 Rainy Day Fund and tweak up the two regulations
14 and then see what we need to do from there.

15 CHAIRMAN CROSBY: That makes sense.

16 COMMISSIONER MCHUGH: That makes
17 sense to me too.

18 MR. DAY: We will do that.

19 CHAIRMAN CROSBY: Great, thank you.
20 I don't know if they're here, but thank you for
21 the folks who sent us the memos because they
22 were really helpful.

23 COMMISSIONER MCHUGH: They were.
24 They were very thoughtful and very helpful.

1 MR. DAY: Mr. Chairman, that brings
2 me to tax withholding. And I know we anticipate
3 some additional information. And we've done
4 some initial talks about the tax withholding
5 issue. I don't know if we're ready to do more
6 discussion today or if we want to move that.

7 CHAIRMAN CROSBY: I can give you my
8 two cents worth. We have got a submission.
9 Anybody else who is here for bidders, we are
10 taking very seriously the concern about the
11 withholding tax issue that has been raised by
12 multiple parties.

13 Any bidders who want to give us
14 information that helps us put together the
15 background in this issue, we would appreciate
16 it. We've gotten information from Wynn. I got
17 some very helpful stuff from AGA. Jennifer has
18 put together a lot of information relative from
19 the pari-mutuel perspective. And we're waiting
20 for a document from HLT. So, we're getting very
21 close.

22 Basically, when we get the HLT
23 document in, then we can start to pull together
24 a proposal for us to look at, for the Commission

1 to look at. And I think in our mind's eye, we
2 are sort of agreeing so far, tentatively with
3 the industry's concern.

4 We wanted to get together real facts
5 and a real serious understanding before we went
6 to the Legislature. So, I would hope that we
7 could get that together within a couple of
8 weeks. As soon as we get the HLT piece in then
9 I think we can get moving. If anybody else out
10 there has comments, particularly equity issues
11 across the country.

12 Our proposed legislation is so much
13 more onerous than virtually any other
14 jurisdiction in the country. But any other
15 information on that or what the likely negative
16 consequences would be of this that would be
17 helpful to us. That's where we're at.

18 We have told the Legislature that we
19 are concerned about this. They have heard about
20 it as well. They have asked us for feedback.
21 So, I think the ball is really in our court to
22 take the lead on how we think the response, what
23 the response should be.

24 MR. DAY: Would you like me to put

1 it on the agenda and bring it back on the 23rd
2 at that point?

3 CHAIRMAN CROSBY: Yes, putting the
4 pressure on me.

5 MR. DAY: It's a switch. With that,
6 I believe, unless the Commission has additional
7 questions with me that's the e end of my report.
8 And I think we're at item 8, Legal Division,
9 Catherine Blue.

10 CHAIRMAN CROSBY: Thank you,
11 gentlemen.

12 COMMISISONER MCHUGH: Thank you very
13 much.

14 MS. BLUE: So, in your Commission
15 package under tab 8, we have a draft of the
16 proposed form of license agreement. I want to
17 make a couple of general comments about it
18 before we go through it in a little detail.

19 The first comment is I want to thank
20 Danielle and Artem for their work on this
21 document. I tasked them with taking a look at
22 what we've done for Racing. And then asked them
23 to comb through the statutes and the other
24 regulations and other thoughts that we've had on

1 this and put it together into a document that
2 would have at least a concise form. And they've
3 done that and they've done an excellent job with
4 that. So, I want to thank them for their work
5 on it.

6 Second is that this is really the
7 first of probably several discussions on what
8 form this license will take. I want to stress
9 for the Commission's benefit and for those of
10 the folks who are here today and who are
11 watching us that there is nothing in this
12 document that is necessarily cast in stone nor
13 should anyone think that it implies any
14 particular decisions have been made by
15 Commission either way.

16 What I did was I asked Danielle and
17 Artem to put in everything that they could think
18 of in a format so that the Commission could see
19 it. So, it is at this point probably overly
20 broad.

21 Some of the items highlighted in
22 yellow, for example, are things that we would
23 like the Commission to focus on, and give us
24 some feedback and guidance on. But it doesn't

1 mean that the Commission has particularly made
2 decisions on those items. So, I just don't want
3 folks to get concerned.

4 Also, if folks that are watching or
5 reviewing this have comments, we're certainly
6 open to comments on that as well. This is set
7 up to look like a license for a Category 2, but
8 it would be the basis for what we would do with
9 Category 1 as well.

10 So, as we go through it, what you
11 will see is it is broken into different
12 sections. The first one is the authority. And
13 that is the authority under which the Commission
14 can grant the license. We have a section on
15 background that will discuss the process of how
16 the Commission got to the point of issuing an
17 award.

18 We have a section on findings. The
19 findings come in a couple of different -- in two
20 different parts. The first section on findings
21 list all of the statutory considerations that
22 the Commission has to review before it can issue
23 a license.

24 Then there is a section on findings

1 and this is the section that's highlighted in
2 yellow where we thought it might be appropriate
3 for the Commission to include the findings it
4 makes for a particular license.

5 So, these are based on the
6 evaluation criteria but they are obviously
7 flexible and we can make changes here if
8 necessary. But we thought it was also helpful
9 too because the statute requires that the
10 Commission issue findings of fact for situations
11 where a license is denied. We're thinking that
12 it might also be helpful to have specific
13 findings of fact for the license that is awarded
14 as well.

15 So, we've included that in the form.
16 And we've set it up in the beginning to mirror
17 what the evaluation criteria and sections were.
18 So, it's something for the Commission to look
19 at.

20 We have a section on what we call
21 the award and the scope of licensing. One of
22 the things that I want to point out in this
23 section is that we will define what the gaming
24 establishment is for that particular licensee.

1 Listening to our other regulations
2 this morning and seeing the other regulations we
3 have under review and under draft, we will need
4 to make sure that this definition works with the
5 other regulations we have going into effect.
6 So, it's a key definition.

7 You'll see a section on ownership
8 and control. These ownership, control,
9 construction, opening requirements, operation,
10 records and reporting, these are all
11 requirements that come out of our statute. They
12 also will have reference to regulations that we
13 have not yet drafted but will be on those
14 topics, likewise for issues regarding
15 enforcement.

16 We threw in a section on racing. We
17 understand that not every applicant will have a
18 racing component, but we wanted that in here so
19 we could look at that language in the event that
20 we do have an applicant that is awarded that has
21 a racing piece.

22 CHAIRMAN CROSBY: Catherine, this
23 might be an overreaction, but want to be so
24 sensitive to not giving any appearance of

1 anything. You said it two or three different
2 times. And I know what you mean. But maybe the
3 racing section should be applicable only in the
4 event -- Somehow or other we don't want any way
5 to imply that we are sort of presuming.

6 And I know you've said this. Maybe
7 it should be on the front page or something. I
8 don't want anybody who doesn't have racing in
9 their application to get their hair on end that
10 we're saying something here, because we
11 absolutely are not. And we can't overemphasize
12 that point.

13 MS. BLUE: We can add a legend to
14 the front page that talks about that. There's a
15 number of situations where we're not trying to
16 imply. So, we can add some language to that.

17 CHAIRMAN CROSBY: That would be
18 good.

19 MS. BLUE: And then you'll see there
20 are sections on responsible gaming. When you
21 get to page 13, there is a very key section.
22 And we label that licensee's specific
23 conditions.

24 This is where the Commission would

1 insert those conditions that are unique to that
2 particular licensee. And they could be any
3 number of things. One of the things that I
4 think we will include here is any specific
5 conditions that came up in suitability, for
6 example.

7 So, if a suitability determination
8 had certain reporting requirements, we could
9 insert them in this section of the license if we
10 thought that was appropriate. But there may be
11 other very specific conditions that we have for
12 a particular licensee.

13 Then we took what we call other.
14 These are conditions that are in our statute.
15 They don't fall into any one particular type of
16 category. But they are things that our statute
17 requires. We put those in there. This is the
18 general format. We welcome your comments and
19 your direction.

20 COMMISSIONER STEBBINS: I thought
21 this was a very good start. And you and I have
22 talked about a couple of the issues. I
23 certainly look at this document as somewhat the
24 basis for a report card of where we reviewed

1 this license and its ability to be renewed after
2 the five-year period.

3 Something that stood out for me that
4 was missing, or maybe it was meant not to be
5 included is some requirement or some obligation
6 to the licensee of meeting their obligations in
7 both the host community and surrounding
8 agreements as well as the impacted live
9 entertainment venue agreements.

10 We continue to hear or always have
11 the question posed to us as to how are we going
12 to make sure there's teeth either in the
13 agreement or in the ultimate license document.
14 I think it would maybe reassure the communities
15 out there that reflecting on the host community
16 agreements and the surrounding community
17 agreements give it a little more teeth as part
18 of the license package.

19 MS. BLUE: We can definitely add
20 that language.

21 CHAIRMAN CROSBY: Did Artem and
22 Danielle look at other state, regions, other
23 jurisdiction's licenses?

24 MS. BLUE: We didn't in particular.

1 We started with the format we used for Racing,
2 but we could definitely do that. I have looked
3 a little bit at some of New Jersey's, for
4 example. They're decisional, but we can look
5 more closely at what they include and how they
6 document.

7 CHAIRMAN CROSBY: That would be very
8 important. I'm not sure what it tells us, but
9 we won't know until we see it. Particularly the
10 more recent jurisdictions that have gone through
11 bidding processes of one sort or another.

12 I'm flying blind here, but the
13 concern that strikes me is we've got this
14 situation where we have said that the license is
15 awarded with the vote. And the 30 days runs
16 from the vote on.

17 But if we give them a 15-page
18 document, very different from anything they've
19 ever seen before in other jurisdictions, they're
20 going to want to negotiate the document, of
21 course. What happens if it doesn't get done
22 within 30 days? I can see a lot of issues
23 there.

24 Two things, one is is this more or

1 less the same as other jurisdictions? That will
2 help. But also, I think this is what you're
3 doing now is put this out to comment. This
4 needs to be essentially preapproved because
5 we've got such a short timeframe between the
6 license award and a nonrefundable multimillion
7 dollar deposit.

8 So, getting feedback will be great.
9 And people will see it and people are going to
10 be aware of it. But I think making sure that we
11 are not too outside the norm of -- anyway, you
12 get my drift. I think that would be helpful.

13 MS. BLUE: Yes, we can do that.

14 COMMISSIONER MCHUGH: I agree with
15 that. Although most of the license conditions
16 are statutory requirements, so whether they're
17 in the license or someplace else there's not a
18 lot of negotiating room for many of them. It's
19 the licensee specific ones which probably -- On
20 a minor level, is there a lottery section in
21 here? I didn't see it quickly.

22 MS. BLUE: I don't believe there is
23 a separate lottery section. There is language
24 from the statute on compliance, but we can make

1 it a separate lottery section if that helps.

2 COMMISSIONER MCHUGH: No. I only
3 meant is there a reference to being a lottery
4 agent.

5 MS. BLUE: Yes.

6 COMMISSIONER MCHUGH: I had a
7 thematic thought. And that is that the
8 background findings all of the way through page,
9 the end of page six I think is a terrific
10 framework for the decision. But I doubt that it
11 belongs in the license.

12 The Pennsylvania model for example,
13 and they've done competitive awards, took this
14 kind of format and had a separate document in
15 which they discussed all three and made on each
16 of the criteria. I'm not sure we want to do all
17 210, but at least the criteria made comparative
18 analyses and told why they chose one rather than
19 another. Something like that I think we ought
20 to do.

21 I don't think it belongs in here.
22 And I think that it confuses and raises the
23 possibility of serious misunderstandings if for
24 example there's a conflict between something in

1 the statute -- not something in the statute,
2 some license condition and some finding we've
3 made. Or somebody beginning to read something
4 from the findings of fact into an interpretation
5 of the requirements of the license.

6 So, I would take that part out,
7 although I would keep it as a terrific structure
8 to think about as we think about putting
9 together the findings of fact that we're going
10 to use to accompany this.

11 Then my only other question was on,
12 a thought and question was on page 13. And I
13 didn't really understand what paragraph 48, the
14 highlighted paragraph was intended to do.

15 MS. BLUE: So, paragraph 48 comes
16 out of our section 23K 17(F) in our regulation
17 118.06. This has to do with the MEPA filings
18 and findings that are made under that particular
19 statute.

20 So, we do need to look at this more.
21 This is in our statute. But I think we need to
22 flesh it out to make it more understandable.
23 Having just what our statute says is not as
24 helpful as it could be.

1 COMMISSIONER MCHUGH: Okay. Fair
2 enough. So, that's really a placeholder,
3 because the license needs to have the licensee
4 shall follow what the Commission says or
5 something like that.

6 MS. BLUE: Yes.

7 COMMISSIONER MCHUGH: Those are my
8 comments, my thoughts. It's exciting to take a
9 look at this and realize we're actually getting
10 down to this level.

11 COMMISSIONER STEBBINS: Catherine,
12 what's the purpose of putting in the background?

13 MS. BLUE: To set out really a
14 timeline of what we did and how we did it. When
15 you look at our statute, I was looking at it
16 again this morning, when you look at our
17 statute, it assumes that we had one process that
18 we bifurcated.

19 So, our statute talks about when you
20 issue the license you put in the suitability
21 findings, for example. Well, we already have a
22 separate suitability decision. So, the
23 background allows us to kind of spell out the
24 processes we went through. It's not mandatory

1 but it just does kind of describe what the
2 process was and how we got to it.

3 COMMISSIONER STEBBINS: Okay.

4 COMMISSIONER MCHUGH: I would put
5 the background in the findings.

6 CHAIRMAN CROSBY: Would you be sure,
7 you, Todd or John somebody be sure that this
8 goes out to all remaining applicants to get
9 comments? It may be no harm in people that are
10 applicants in Region C too. We want as much
11 comment and pre-awareness of this as possible.

12 MS. BLUE: We can do that. And we
13 can post it as well for comments. So, we'll do
14 both.

15 CHAIRMAN CROSBY: Okay. Great.
16 That's exciting.

17 COMMISSIONER MCHUGH: Would there
18 also be a little certificate they could hang on
19 the wall?

20 MS. BLUE: Yes. There is a posting
21 requirement. You wouldn't want the 13 pages
22 laid out or anything on the wall. We will do
23 something akin to what Racing did.

24 CHAIRMAN CROSBY: Actually, I think

1 Director Driscoll, you might put Jackrabbit to
2 work on the license.

3 COMMISSIONER CAMERON: Maybe it's a
4 big certificate.

5 CHAIRMAN CROSBY: Yes, big
6 certificate, something that works around that
7 logo.

8 COMMISSIONER ZUNIGA: With our
9 signatures.

10 CHAIRMAN CROSBY: Right. Okay,
11 thank you.

12 COMMISISONER MCHUGH: Thank you very
13 much.

14 CHAIRMAN CROSBY: Now Director
15 Glennon.

16 MR. GLENNON: I wasn't sure you were
17 going to get to me. So, thank you Mr. Chairman
18 and Commissioners. I have a bit of an opening
19 set of remarks here.

20 One of the first assignment that
21 Executive Director Day gave to me when I came on
22 board was to evaluate the gaming laboratory
23 operations in other jurisdictions, and to make a
24 recommendation to the Commission for an

1 operating model for a gaming laboratory to serve
2 the Commission and the Commonwealth of
3 Massachusetts.

4 I am here before today to report out
5 on what I've learned over the past few months
6 about the current state of the gaming device
7 regulation, best practices and innovative
8 approaches by other jurisdictions and the use of
9 uniform standards and technology to modernize
10 their ability to regulate.

11 During the course of my due
12 diligence, I have visited gaming laboratories in
13 Nevada, Pennsylvania and Washington. I've
14 initiated open and transparent discussions with
15 two of the industry's prominent independent test
16 laboratories -- We like to use acronyms, so
17 ITLs. -- several major manufacturers of gaming
18 devices and actually one of them has sent
19 representatives here today. There are two
20 representatives from IGT in the audience, and
21 the gaming Standards Association.

22 So, in your package, you have a trip
23 report as well as an addendum kind of
24 articulating that these conversations have been

1 held.

2 So, Chapter 66 of 26K gives the
3 Commission the flexibility to create a gaming
4 laboratory model that best meets the needs of
5 the Commonwealth from both a fiscal and
6 regulatory perspective. We truly have a
7 greenfield opportunity to use technology to
8 provide an automated workflow for business
9 processes involving operators, manufacturers and
10 independent test laboratories.

11 We should take advantage of the
12 ability to reconcile the previous day's
13 transactions and collect revenue daily. I
14 honestly believe we have the opportunity to use
15 best practices model that will provide a
16 superior ability to monitor, audit and regulate.

17 An effective operating model should
18 include collaborative workflow processes that
19 enable timely processing of slot and casino
20 operators license applications for gaming
21 devices to operate in a Massachusetts facility.

22 These are basically the people that
23 I talked to. I think it was a 360 discussion.
24 We talked with -- looked at other models around

1 the country. There's a lot of different models.
2 I think they vary widely.

3 In a study of 25 states, 22 states
4 use independent test laboratories. Ten use
5 independent test laboratories and operate a
6 state gaming laboratory. And only three in the
7 study Pennsylvania, Michigan and -- I put
8 Pennsylvania twice.

9 COMMISSIONER CAMERON: New Jersey?

10 MR. GLENNON: New Jersey operate
11 gaming laboratories and don't formally use ITLs.
12 Thirteen states only use ITLs and do not have
13 gaming laboratory operations. It's clear there
14 is a wide variety of operating models in the
15 country. Each is tailored to meet the best
16 needs of the jurisdiction.

17 My recommendation is to take the
18 best practices of these operating models and
19 create a hybrid model that works for
20 Massachusetts. Basically, three types of models
21 full-service gaming laboratory where all of the
22 testing and certification is done by the state.

23 And another model is the fully
24 outsourced model where the dependence for both

1 the certification and the approval is contracted
2 to the independent test laboratories.

3 What I'm going to recommend today is
4 a hybrid model where we leverage the ability of
5 the independent test laboratories to do the
6 majority of the work and testing, but leave the
7 option open to test or retest in a laboratory of
8 our own.

9 So, I am recommending that we hire a
10 gaming laboratory manager immediately. I think
11 regardless of how the model evolves, how much
12 square footage we allocate and how we operate,
13 we're going to need subject matter expertise to
14 contract with and develop a vendor relationship
15 with these independent test laboratories.

16 So, I think it's important that we
17 have that person on our staff. And I think we
18 need them in order to be able to respond to the
19 license that's going to issue for the slots
20 parlor in February.

21 Further, I'm going to recommend that
22 the Commission allocates space in our primary
23 location for a gaming laboratory that's equipped
24 with the infrastructure to set up and test any

1 device or platform that operators want to
2 install in their facilities in our state.

3 With regard to the size of the lab,
4 the current fit plans have a placeholder, but I
5 think the final square footage and other
6 relevant operating costs still need to be
7 determined. We've asked for and received input
8 from other states about their costs and revenues
9 from testing services. And as a part of the
10 budgeting process currently underway with CFAO
11 Lennon, we'll develop an operating budget for
12 the lab and bring that back to you.

13 I'm not going to go through the
14 bullet points on the slide that's up there, but
15 there's any number of good reasons why a hybrid
16 model, I think, is optimal for the Commonwealth.
17 I've had conversations with each of you. You
18 have briefing material in you packet. And I
19 will entertain any questions about the
20 recommendation at this time.

21 COMMISSIONER MCHUGH: So, the
22 recommendation at this point, as I understand
23 it, is simply to endorse a hybrid model with the
24 details and costs and time -- and phasing I

1 suppose is a better word to be forthcoming.

2 MR. GLENNON: Yes.

3 CHAIRMAN CROSBY: A couple of
4 things.

5 COMMISSIONER ZUNIGA: I was just
6 going to say I am in principal and conceptually
7 I like the idea of the hybrid model. I think
8 it's the safest from a where to start
9 perspective. I don't know that we could be on
10 either end of the spectrum of the continuum to
11 begin with, either contracting everything out
12 without getting a lot of knowledge in-house or
13 developing something right up front with an
14 imminent approval process before us.

15 But having said that, I am very
16 interested in the details that are forthcoming
17 relative to what you mean by the activities that
18 would take place and how much that would cost.
19 I think of course there is a learning curve that
20 we will benefit from initially for which we need
21 to be prepared. And hiring someone soon is also
22 important.

23 I look forward to those details as
24 you continue your research and budgeting,

1 including space allocation by the way. Which
2 reminds me, why do we feel it's necessary that
3 space be allocated in the primary location of
4 the Commission?

5 MR. GLENNON: I'm going to answer
6 that and then I'm also going to ask Rick to
7 weigh in. We had had some conversations about
8 locating the facility off-site. One of the
9 reasons to even put machines in in addition to
10 wanting to be able to do additional testing or
11 testing is for education of our staff and for
12 training.

13 And I think to have the facility and
14 to be able to manage the activities of that
15 facility, especially if it's under my oversight,
16 I would want that co-located where our
17 operations are and not in some satellite
18 location away.

19 Out in Las Vegas, I think the labs
20 are close to the manufacturers and even the
21 Commission. They're all kind of in one area. I
22 don't think that makes sense for us to have a
23 lab outside of where we're operating, where the
24 people that are working for the Commission are.

1 Director Day?

2 MR. DAY: John, I don't have too
3 much to add. But I think one of the points was
4 just from a practical basis. If this proposal
5 was proposing some 15,000 square-foot lab
6 something to that extent, I think it would be
7 even probably more practical to look at placing
8 it out away somewhere.

9 But what we're really talking about
10 is a much smaller operation. And for the cost
11 difference, it doesn't seem to make a lot of
12 sense to locate it in another location for
13 several dollars unknowing reduction in cost as
14 opposed to making sure we have an agency that's
15 altogether in one place. And we're not
16 duplicating communications channels, we're not
17 wasting staff time driving back and forth trying
18 to make conversations and make it efficient.

19 I think we would end up saving a
20 little bit of money but we'd lose a lot in the
21 consistency and clarity of our operation.
22 Obviously, I think if we were to locate the
23 entire agency at a location outside of our
24 current area then there would be savings that

1 might be significant. But on the other hand, we
2 have a lot of loss relative to where we have the
3 agency overall.

4 So, the simple thing is it seems to
5 me the space we're looking at at this point is
6 it's small enough that it best be incorporated
7 with the agency and it provides all of the
8 benefits I think of having staff there, training
9 there. People come and take a look at the
10 agency, they're able to see the Commission's
11 involvement with electronic gaming and knowledge
12 of electronic gaming. It does seem to me in the
13 long-term it would benefit the agency more if it
14 was co-located.

15 COMMISSIONER CAMERON: I know I'd
16 like to see those numbers. I just don't know of
17 any other agency that has labs in downtown
18 Boston with the cost.

19 When we're talking about training
20 our staff, the staff we are talking about gaming
21 agents are throughout the state at the casinos.
22 And I will tell you, it's a hardships for them
23 to come into Boston. There is no parking.

24 So, I for one would like to see the

1 comparison of an offsite lab with parking
2 available and easy access for folks to come in
3 and train. I absolutely see the value of
4 training. That's important. But like I said, I
5 would love to see those comparison numbers
6 before making a final decision.

7 We're talking loading docks and
8 folks getting in with machines into downtown
9 Boston. That is not easy to do. I know gaming
10 commissions that are in the city have labs
11 outside the city. I know that from the state
12 police laboratories.

13 And I frankly don't think it's a
14 real hardship to supervise staff at a different
15 location. I'm very, very familiar with that
16 model. And I know it can work well. So, I
17 would just like to see the difference before we
18 make that decision.

19 MR. GLENNON: Absolutely. There is
20 one more point I wanted to address and that's
21 the short-term need to be able to license
22 machines to be put in the slot parlor.

23 So, I think in addition to hiring a
24 gaming laboratory manager, I think we want to

1 look at a short-term engagement contract with
2 one of the testing laboratories to help us
3 support the licensing of the initial block of
4 slot machines. So, I think that's the other
5 proposal I'm going to make.

6 We're not going to have a full
7 process in time. So, I think that's a
8 consideration. So, the ask today I think is for
9 your approval to continue flesh out the model,
10 to hire somebody with industry expertise that
11 could help us with that and help us with the
12 request for proposal to engage with a vendor or
13 vendors to help us with the testing and the
14 certification of the machines.

15 And I will be prepared to come back
16 to you with more information, costs and more
17 details about this.

18 COMMISSIONER STEBBINS: John, I
19 appreciate this proposal. I like the idea of
20 the hybrid mix. For several of the arguments
21 that you raise both when you and I met and
22 today.

23 When you were looking at other
24 jurisdictions, I don't know why you went to

1 Washington State, but when you were looking at
2 other jurisdictions, did you find any
3 correlation between having their own lab based
4 on number of facilities, number of people that
5 they were doing testing for? They have their
6 own lab because of just the number of casinos
7 and slot machines in the area? Was there any
8 correlation between that and why they operated
9 on their own?

10 MR. GLENNON: I will say one of the
11 things is the business cycle for the
12 certification and approval process. For a lab
13 to be able to staff to handle the cycles of a
14 lot of machines and then no machines I think
15 became very difficult.

16 So, in Nevada for instance, they
17 changed their model. They were a full-service
18 laboratory. They had a staff of 40 people. In
19 2010, they changed that model to depend on
20 independent test laboratories just because they
21 couldn't handle the volume, and because a lot of
22 the testing is standard. There are standards.
23 The testing is done.

24 Now they focus on risk. So, their

1 staff is looking at new technology. They are
2 testing and evaluating higher risk scenarios in
3 the games that are being brought forward. So, I
4 think they are able to focus less on a
5 repetitive process of just testing and
6 certifying and more on understanding the changes
7 and the technology and the associated risks to
8 be able to make good decisions. And have
9 testing protocols that take into account the new
10 technologies.

11 I don't know if that answers your
12 question, but I think it's kind of a volume
13 related thing. To have a state laboratory that
14 tests only for that state seems to me to be a
15 waste of time because as you think about all of
16 the jurisdictions, there are many machines.

17 I think IGT told me they had 400
18 locations around the world that had their
19 machines in them. A certification for the
20 jurisdiction in Nevada is a higher bar than the
21 GLI standards, which a lot of the states use as
22 their foundational standard. And we'll talk
23 about standards and regulation framework. I
24 have a little bit on that later.

1 I think what we are doing makes the
2 best sense from an efficiency standpoint. I
3 think it also makes the best sense from a
4 collaboration and a workflow with the people who
5 are involved in the process, the labs, the
6 manufacturers and the operators.

7 COMMISSIONER STEBBINS: I love the
8 notion of having our staff trained, having them
9 onsite. IF something goes wrong with a machine,
10 the Commission's responses shouldn't be let me
11 get GLI on the phone and maybe they can tell you
12 what's wrong. So, I do like the idea of
13 building the expertise, the capacity, the
14 technology intelligence about these machines
15 going forward.

16 But like Commissioner Zuniga said
17 and Commissioner Cameron, I'm a little curious
18 on the operating costs of an actual facility in
19 downtown Boston as opposed to someplace else. I
20 can tell you you can get cheap space past 495.

21 MR. GLENNON: Somewhere out in the
22 Springfield area maybe.

23 COMMISSIONER MCHUGH: You said,
24 John, that you were thinking in the short-term

1 of getting a contract with one of the two labs
2 to do the certifications for the slots parlor.
3 Is it conceivable that you do both? I'm
4 thinking of the fact that some may be certified
5 by one and some by the other?

6 MR. GLENNON: We're going to conduct
7 an open procurement. So, we may end up awarding
8 the short-term contract to both or multiple
9 labs. There's more than just the two that I
10 mentioned that I talked with.

11 I think we'll award it on the
12 merits. I am not sure to manage just the 1250
13 machines whether that may be problematic to
14 manage two vendors to get that done but I don't
15 know. I think we have to have the conversation
16 with the operator who gets the license and also
17 with the manufacturers who are going to sell
18 them product.

19 COMMISSIONER ZUNIGA: That's
20 something that we should contemplate in the
21 procurement and leave ourselves the option to
22 prequalify more than one respondent for
23 different disciplines. Somebody could be a
24 testing. Somebody else could be doing an

1 exception basis retesting or reporting. There's
2 a number of things that we can contemplate on
3 the procurement.

4 COMMISSIONER MCHUGH: I just raised
5 it because there are some that are certified by
6 one and some that are certified by another. And
7 it would be a shame to have one that was
8 certified -- Unless there was a business case
9 for doing that, something that's certified by
10 one and have to be recertified by the other.

11 MR. GLENNON: I think the sharing of
12 certifications, it's not out of the question and
13 Rick and I had this conversation the other day
14 that we would look to some of the states to do
15 the full-service testing. If their testing a
16 machine, maybe we accept their certification for
17 a machine because it meets our standards and we
18 can validate that. That's a possibility too to
19 take the certification of other jurisdictions as
20 a part of our approval process to license.

21 CHAIRMAN CROSBY: You said that
22 Pennsylvania has it totally in-house, right?

23 MR. GLENNON: Yes, they do. They
24 have 10 staff. Their in-take in terms of

1 revenue because they do bill for testing so in
2 the relationship model, manufacturers pay for
3 the testing. So, in Pennsylvania manufacturers
4 pay to the state to have machines tested. But
5 what I was going to say is it's not a solvent
6 model. They run at a loss. Their lab runs at a
7 loss based on information that they provided us.

8 CHAIRMAN CROSBY: Would you include
9 them in your -- not maybe your short-term RFP,
10 but maybe your short-term RFP, but when we, and
11 maybe you said this, would we consider making a
12 deal with Pennsylvania to have them be our
13 primary tester?

14 MR. GLENNON: I wouldn't say
15 primary.

16 CHAIRMAN CROSBY: Why not?

17 MR. GLENNON: I'm not sure that they
18 have the capacity to be able to handle work
19 outside of their own jurisdiction. I think we
20 could look at machines that were being request
21 to be placed here that have been tested there.
22 And if their standards are complementary to ours
23 and we can validate that what they issue would
24 be a certification that we would accept in the

1 process then I think we would consider them.
2 But I'm not sure we would want to fund --- I
3 don't know.

4 COMMISSIONER CAMERON: One of the
5 drawbacks of a private lab in-house is that
6 technology changes so quickly very different
7 than 30 years ago that keeping your staff
8 trained is a real issue. It's one of the real
9 drawbacks. I think is why we're not
10 recommending doing that.

11 CHAIRMAN CROSBY: But you're
12 suggesting possibly that Pennsylvania can't do
13 the job for keeping up with the industry, which
14 may be right. I don't know.

15 COMMISSIONER CAMERON: I didn't
16 actually say that.

17 CHAIRMAN CROSBY: I thought that's
18 what you were implying was the point --

19 COMMISSIONER CAMERON: It's a
20 challenge. I wouldn't want to presume to know
21 their operation, but it is a challenge. And one
22 of the recommendations why we didn't go with our
23 own lab was the fact that it is constantly
24 changing technology.

1 CHAIRMAN CROSBY: I'm not suggesting
2 we go to our own lab. I have no idea how the
3 economics would work out. But if they are
4 fundamentally doing the job and there's an
5 economy of scale, phenomenally an economy of
6 scale to give them -- If their business is now X
7 that we can give them 40 percent more of X then
8 their arithmetic is immensely enhanced. And why
9 would we not contemplate that one as one of the
10 possibilities?

11 MR. DAY: If I might weigh in just
12 for a minute. I think what the concept is we
13 issue an RFR for the procurement of this, I
14 think we want to make it as broad as we can. I
15 don't foresee the RFR as just solely for testing
16 for the slots parlor.

17 I think there's other opportunities
18 for training as we bring our staff on,
19 responses. So, I think there are other elements
20 to the RFR besides that particular purpose.

21 I've heard several times about state
22 labs being unable to respond because of training
23 issues. I have to respectfully disagree. I
24 have oftentimes looked at the private lab

1 testing advertisements as they move forward. I
2 can appreciate the fact that they are in the
3 business of gaining more money.

4 But from my experience I have
5 clearly seen that a state lab has the ability to
6 keep and retain the experience necessary. As a
7 matter of fact a track experience from
8 manufacturers in order to be able handle it.

9 I think the different part is the
10 private labs really have the ability to bring a
11 lot of resources together all at once. And I
12 think the question is there's a practical level
13 that the Commission wants to be involved in,
14 even to be acquainted and experienced in, this
15 is an enterprise that we're talking about
16 probably 80 to 90 percent of the revenue that's
17 generated in the system. It's a huge part of
18 the Commission's regulatory task.

19 I think to recommend that it be
20 solely done either way but definitely solely
21 contracted out I would think delivers an element
22 that the Commission really needs to be aware of
23 how it does its job.

24 CHAIRMAN CROSBY: I'm not talking

1 about that just to be clear. We're going to do
2 the hybrid. I'm just talking about who's going
3 to do --

4 MR. DAY: I think what we're trying
5 to say is we're trying to say that either/or
6 John's not recommending, I don't recommend. We
7 recommend the model that leverages in the best
8 way we can the resources that are available out
9 of the private labs. Or if those are there,
10 make sure we have a reciprocal system with other
11 states that actually content sole testing. Mr.
12 Chairman, I think what you suggested is
13 something that should be explored.

14 MR. GLENNON: I agree. I think
15 collaboration with the other states, sharing
16 information. It goes on now informally. They
17 meet once a year out in Las Vegas, the
18 technology directors to talk about standards and
19 how the industry has evolved. So, I think it's
20 a conversation that's worth pursuing and
21 continuing. Pennsylvania was very cooperative
22 in opening up and telling us how they operate
23 their lab and how their staff works, etc.

24 But I think there's GLI and BMM and

1 the other labs have large staffs. They have
2 math departments with PhD's that are able to do
3 analysis on the algorithms that are built-in
4 behind the games. I think it's a complex -- You
5 have to be an engineer essentially. I'm a
6 computer guy. I'm a technology guy, but this
7 was a lot of learning for me.

8 My hope is that you will approve the
9 model and the hiring of a manager. And I can
10 come back to you in short order with an
11 operating model along with costs and some
12 recommendations on how the lab would function
13 and the business processes, etc.

14 COMMISSIONER MCHUGH: Isn't it also
15 true that the independent labs, not excluding
16 the state labs as a possible source, that the
17 independent labs between the two majors see
18 almost all of the machines that are put into
19 play. And the likelihood that they have start
20 from scratch some machines that'll going to one
21 of our places is much lower than if you go to a
22 particular state which may not have a particular
23 machine, right?

24 MR. GLENNON: Yes. So, that's the

1 ask for on the lab. We talk just a minute about
2 standards and regulations.

3 The recommendation I have on
4 standards is that we create a set of technical
5 standards for the Commonwealth using GLI's
6 standards as a foundation and referencing those.
7 But having as set of technical standards for the
8 Commonwealth where we are able to put in
9 anything that's specific to our desire to manage
10 such as social gaming, maybe limiting payout
11 tables or things like that for responsible
12 gaming.

13 A number of states have done this.
14 I think GLI even BMM in their communications and
15 conversations with me recognized GLI's published
16 standards as an industry standard set. So, I
17 think it's a good starting place. So, these are
18 the standards up on the board.

19 There are some that are unrelated.
20 So, we wouldn't do lottery based standards or
21 kiosks or things like that. So, I'd like to
22 have that direction that we could start to
23 develop a set of standards using GLI standards
24 as a foundation.

1 Then Artem is working with me on a
2 regulatory framework. These are just the high-
3 level categories. You have in your packet the
4 details of the framework. I would like
5 hopefully your approval to continue to flesh
6 that out, to put meat on those bones of the
7 regulatory framework so that we can have a
8 foundation to be able to regulate.

9 CHAIRMAN CROSBY: You're not going
10 to get me to second-guess that. It sounds good,
11 John, thank you.

12 MR. GLENNON: Thank you, Mr.
13 Chairman.

14 COMMISSIONER MCHUGH: I think that's
15 a good approach. You don't need vote on that,
16 do you?

17 MR. GLENNON: I guess if I get a go
18 forward from the group then we'll go forward and
19 we'll come back to you at a later date with some
20 more details. It's really at a conceptual level
21 at the moment.

22 MR. DAY: Part of the plan was to be
23 able to not like tomorrow or anything, but part
24 of the plan in moving forward with the hybrid

1 concept with a gambling lab manager. We would
2 like to be able to incorporate that in the
3 process as we move forward if you can consider
4 that within this.

5 CHAIRMAN CROSBY: Incorporate what?

6 MR. DAY: Incorporate recruiting and
7 obtaining a gambling lab manager.

8 CHAIRMAN CROSBY: That seems like it
9 was part of the deal, right. However this thing
10 works out, it sounded like we have approved.
11 You want to get that person on board quickly
12 because that person will be central in
13 overseeing however you want to tweak this
14 hybrid.

15 MR. GLENNON: So, you are delegating
16 the authority to hire them?

17 CHAIRMAN CROSBY: Yes.

18 COMMISSIONER STEBBINS: John, do you
19 have an interview group that will have enough
20 experience to hire a good person? Can we help
21 you find somebody?

22 MR. GLENNON: Do you know anybody?

23 COMMISSIONER STEBBINS: I'm thinking
24 maybe somebody from another state might help

1 with the interviews. We're treading into new
2 water here in a new position.

3 MR. GLENNON: Over the last couple
4 of months, I have developed some relationships
5 with some peers in other states that I'm sure
6 will be willing to help. They've been very
7 helpful up to this point. So, yes.

8 COMMISSIONER STEBBINS: Okay.

9 MR. GLENNON: Maybe we'll even get
10 some applicants from other states that have
11 experience.

12 CHAIRMAN CROSBY: I asked him the
13 same question and I had an idea he was holding
14 his cards close to his chest.

15 MR. GLENNON: Thank you very much.

16 CHAIRMAN CROSBY: Ombudsmen Ziemba?

17 MR. ZIEMBA: Thank you, Mr.
18 Chairman, members of the Commission. By way of
19 general update, we've had very significant
20 progress in regard to agreements on Category 2.
21 And we just obviously had a very important
22 deadline regarding Category 1.

23 For Category 2 just recently we had
24 four new surrounding community agreements that

1 were outstanding as of our last meeting Foxboro,
2 Easton, Bolton and Fitchburg as well. All told,
3 the applicants and communities have been working
4 very hard to have agreements between surrounding
5 community agreements and nearby agreements. I
6 think we have 20 agreements for the three
7 Category 2 applicants. That's 20 out of 21.

8 There remains one that is
9 outstanding. And as of about an hour so ago
10 it's been reported that conversations continue.
11 And I think what they're trying to do is they're
12 trying to negotiate before they get into full-
13 fledged arbitration.

14 They have the two parties,
15 Bridgewater and Raynham, selected an arbitrator.
16 The arbitrator has materials from both sides or
17 at least the materials that we have put
18 together. But they continue to have
19 conversations in order to avoid the true
20 arbitration of that matter.

21 So, there is some optimism that we
22 can perhaps award our license ahead of the
23 schedule that we outlined just recently.
24 Potentially, we could take some steps to further

1 the process if the Commission thinks that it's a
2 good idea. For example, we could consider
3 closing out the host community hearings for the
4 two applicants that have reached all of their
5 agreements. That might be a way of moving that
6 forward.

7 There are a couple of different
8 dates that we could consider in the next couple
9 of weeks. But I could work with Janice and the
10 Executive Director in order to come up with some
11 final dates for those hearings. As early as
12 maybe even next Wednesday we could go ahead and
13 close out one of those hearings.

14 CHAIRMAN CROSBY: Great.

15 COMMISSIONER MCHUGH: I think that
16 would be a terrific step, to go ahead and close
17 those, the hearings. The way we've left this is
18 that we will come back and close out the
19 hearing, but only deal with material that was
20 different from the circumstances that existed
21 when we had the last session of the hearing.

22 And for two of those communities
23 everything is done now. And we can go ahead and
24 do it and get ourselves much closer to the

1 license issuing process. And hopefully, the
2 last surrounding community agreement will fold
3 into place and we can close out that hearing and
4 move forward earlier with the license than we
5 thought we could or than we've been planning to.
6 That would be terrific if we could do that.

7 Again, very exciting. We've got the
8 license now and hopefully we can begin to close
9 this down. It's great.

10 MR. ZIEMBA: I've informally, told
11 the applicants that for the closeout of the
12 hearings I don't think we are expecting to
13 applicants to come forward with any sort of
14 other presentations.

15 I think we've asked a number of
16 questions of them informally -- excuse me,
17 through written method over the last month or
18 so. So, for the closeout of those hearings, it
19 would be if anyone wants to testify on those
20 surrounding community agreements that have been
21 reached, they can do so. The applicant
22 shouldn't feel that they have to get all of
23 their supporters excited about testifying again.
24 I think we've heard that testimony and that this

1 would be a way for us to finalize the record on
2 that hearing.

3 COMMISSIONER MCHUGH: Great.

4 MR. ZIEMBA: Good. So, in regard to
5 Category 1, we just moved forward the date for
6 surrounding community petitions by one calendar
7 day because we recently had a snow day. So, by
8 Monday, the close of business Monday the
9 application deadline for surrounding community
10 petitions that is the deadline.

11 That changes our schedule somewhat
12 such that by January 23 applicants will need to
13 provide any responses to surrounding community
14 petitions. We had initially anticipated that on
15 January 23 we would have presentations from
16 potential surrounding communities and applicants
17 on those petitions.

18 Since the response from applicants
19 will be due that day, perhaps we could schedule
20 that meeting on January 28, which would be a
21 Tuesday. And that would be a big day for all
22 surrounding community petitions applicants and
23 communities. Still as of now, we still have
24 scheduled February 6 as the date for decisions

1 on those surrounding communities. And that
2 would also be the date for written designations
3 of surrounding community status to those that
4 have been designated in applications, thus
5 ticking off the 30-day statutory period.

6 One other bit of good news that I
7 have to report is as of earlier today, West
8 Springfield has been designated as a surrounding
9 community or will be designated as a surrounding
10 community. In all likelihood that West
11 Springfield will assent to such designation.
12 So, that's one other community that will not be
13 part of the list of petitioning communities.
14 So, I think that that's great news.

15 We have recommended to applicants
16 that if they feel that a community has risen to
17 the level of impacts that they really should
18 indeed designate those communities as
19 surrounding communities. That's what's called
20 for in our regulations.

21 What's great news is that the
22 parties have agreed that those conditions exist
23 and that they're going to begin negotiations.
24 They've had negotiations, but they will continue

1 those negotiations.

2 Throughout the system, conversations
3 continue even with communities that have not
4 been designated in applications. For the fun
5 part of our presentation, I know it's been a
6 long day, in our application we have --

7 COMMISSIONER STEBBINS: John, a
8 quick question before you move ahead. Impacted
9 live entertainment venues on the same schedule
10 as surrounding?

11 MR. ZIEMBA: They're on the same
12 schedule as well. And we've received a couple
13 of petitions so far this week.

14 COMMISSIONER STEBBINS: Okay.
15 Thanks.

16 CHAIRMAN CROSBY: What petitions
17 have we received for surrounding communities,
18 any?

19 MR. ZIEMBA: So far as of earlier
20 today we've received Northampton and Malden for
21 the Mohegan Sun application.

22 CHAIRMAN CROSBY: How many else are
23 outstanding do we think?

24 MR. ZIEMBA: It could potentially be

1 as much as 15.

2 CHAIRMAN CROSBY: Yikes. Okay.

3 COMMISSIONER MCHUGH: It could be
4 but we need to be optimistic here.

5 MR. ZIEMBA: Very optimistic.

6 COMMISSIONER CAMERON: A lot of time
7 left.

8 MR. ZIEMBA: A lot of time between
9 now and Monday.

10 COMMISSIONER MCHUGH: And a lot of
11 goodwill out there.

12 CHAIRMAN CROSBY: A lot of goodwill.

13 MR. ZIEMBA: So, we will see.
14 That's perhaps a negative estimate. In our
15 application, what we call for is a choosing by
16 lot for the presentations. On January 22, we
17 are going to have presentations by the three
18 applicants of their proposals. Then following
19 that there will be surrounding community
20 hearings. And then following that there will be
21 host community hearings.

22 And the way that we did it with
23 Category 2 is that once we chose the order that
24 that stuck throughout the whole process. So, if

1 you're first to go in your presentation, you're
2 first to have your surrounding community hearing
3 and the like.

4 Here we have a little bit of a
5 different situation in that we have two regions.
6 And in Region B there is obviously just one
7 applicant. So, what we recommend is that that
8 we move Region B, that applicant will go first
9 in all of our order. For the remaining two
10 Region A applicants, we think that we should
11 choose a lot. That's what's called for in our
12 application on who goes first. So, can I have
13 Mr. Sangalang take it from here?

14 MR. SANGALANG: Good afternoon
15 Commissioners. So, the way we decided to this
16 is I have in my hand a two-faced chip. On one
17 side Mohegan Sun Massachusetts, on the other
18 side Wynn Everett. What we decided to do is
19 I'll flip the coin once and the applicant whose
20 logo appears on top once it hits the ground and
21 stays there hopefully, will have the choice of
22 either going first, going second or they can
23 take the play that Bill Belichick spoke and
24 defer the choice. So, without any further ado,

1 I think I'll do that now.

2 COMMISSIONER MCHUGH: What happens
3 if they defer the choice?

4 MR. SANGALANG: The representatives
5 from the other applicant will be able to choose
6 whether to go first or second.

7 COMMISSIONER MCHUGH: I see.

8 MR. ZIEMBA: I think we should call
9 the representatives to come down here. I think
10 we have a handshake before the coin toss.

11 MR. SANGALANG: (Tosses coin) It is
12 Wynn.

13 MR. ATANASOV: We'll go second.

14 CHAIRMAN CROSBY: Wynn will go
15 second.

16 MR. SANGALANG: Second of the group
17 or second?

18 MR. ATANASOV: Last.

19 MR. ZIEMBA: MGM goes first.

20 CHAIRMAN CROSBY: So, you get to
21 choose the wind. Thank you.

22 COMMISSIONER STEBBINS: I just want
23 to point out that Western Mass. was first this
24 time. That's great.

1 CHAIRMAN CROSBY: The last shall go
2 first. Okay. Anything else?

3 MR. ZIEMBA: That's it.

4 CHAIRMAN CROSBY: All right. Nice
5 long day, anything other Commissioners any other
6 unanticipated business?

7 COMMISSIONER MCHUGH: No, that was a
8 good day.

9 CHAIRMAN CROSBY: Thank you all.
10 Thank you guests. Thank you staff. Lots of
11 stuff got done.

12 COMMISSIONER MCHUGH: Motion to
13 adjourn.

14 CHAIRMAN CROSBY: Second?

15 COMMISSIONER CAMERON: Second.

16 CHAIRMAN CROSBY: All in favor, aye.

17 COMMISSIONER MCHUGH: Aye.

18 COMMISSIONER CAMERON: Aye.

19 COMMISSIONER ZUNIGA: Aye.

20 COMMISSIONER STEBBINS: Aye.

21 CHAIRMAN CROSBY: Again, unanimous.

22

23 (Meeting concluded at 4:33 p.m.)

24

1 ATTACHMENTS:

- 2 1. Massachusetts Gaming Commission January
3 9, 2014 Notice of Meeting and Agenda
- 4 2. Massachusetts Gaming Commission December
5 13, 2013 Meeting Minutes
- 6 3. Massachusetts Gaming Commission December
7 16, 2013 Meeting Minutes
- 8 4. 205 CMR Section 133 Voluntary Self-
9 Exclusion Regulations DRAFT
- 10 5. Massachusetts Gaming Commission Vendor
11 Advisory Team Outline
- 12 6. January 2, 2014 Massachusetts Gaming
13 Commission Memorandum Re: Category 2
14 Small Business Capacity Building Funds
15 Request
- 16 7. 205 CMR Section 134 Licensing and
17 Registration of Employees, Vendors, Junket
18 Enterprises and Representatives and Labor
19 Organizations Regulations DRAFT
- 20 8. 205 CMR Section 101.00 Adjudicatory
21 Proceedings DRAFT
- 22 9. 205 CMR Section 112 Required Information
23 Applicant Cooperation DRAFT
- 24 10. January 9, 2014 Small Business Impact

- 1 Statement
- 2 11. Massachusetts Gaming Commission Proposed
- 3 Organizational Chart January 6, 2014
- 4 12. Massachusetts Gaming Commission Proposed
- 5 Internet Forum Agenda
- 6 13. January 6, 2014 Massachusetts Gaming
- 7 Commission Memorandum Re: Regulation for
- 8 Cost Assessment (with attachments)
- 9 14. Massachusetts Gaming Commission Category 2
- 10 Gaming License DRAFT
- 11 15. January 9, 2014 Massachusetts Gaming
- 12 Commission Presentation - Gaming Lab
- 13 Recommendation
- 14 16. Massachusetts Gaming Commission Slot
- 15 Machine Regulation - DRAFT Framework
- 16 17. December 29, 2013 Massachusetts Gaming
- 17 Commission Memorandum Re: December 5 Trip
- 18 Report Addendum
- 19 18. December 5, 2013 Massachusetts Gaming
- 20 Commission Memorandum Re: Gaming
- 21 Laboratory Operations Review - Trip Report
- 22 and Recommendations
- 23
- 24

1 GUEST SPEAKERS:
2 George Atanasov, Wynn Resorts
3 MGC VENDOR ADVISORY TEAM:
4 Nader Acevedo, Hispanic-American Chamber
5 Institute
6 Warren Bacon, Boston MBDA Business Center
7 Jodi Baier, Center for Women and Enterprise
8 Matt Camp, Initiative for a Competitive Inner
9 City
10 Mary Griffin, Massachusetts Department of Fish
11 and Game
12 Greg Janey, Massachusetts Minority Contractors
13 Association
14 Mary Jordan, Massachusetts Department of
15 Agricultural Resources
16 Ron Marlow, Massachusetts Office for Access and
17 Opportunity
18 Fred McKinney, Greater New England Minority
19 Supplier Development Council
20 Reggie Nunnally, Massachusetts Supplier
21 Diversity Office
22 David Politan, US Small Business Administration
23 Andre Porter, Massachusetts Office of Small
24 Business and Entrepreneurship

1 MASSACHUSETTS GAMING COMMISSION STAFF:
2 David Acosta, Director of Licensing
3 Catherine Blue, General Counsel
4 Richard Day, Executive Director
5 Dr. Jennifer Durenberger, Director of Racing
6 John Glennon, Director of Information Technology
7 Jill Griffin, Director of Workforce, Supplier
8 and Diversity Development
9 Todd Grossman, Deputy General Counsel
10 Derek Lennon, Chief Finance and Accounting
11 Officer
12 Michael Sangalang, Digital Communications
13 Coordinator
14 Mark Vander Linden, Director of Research and
15 Problem Gambling
16 John Ziemba, Ombudsman

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C E R T I F I C A T E

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I, Laurie J. Jordan, an Approved Court Reporter, do hereby certify that the foregoing is a true and accurate transcript from the record of the proceedings.

I, Laurie J. Jordan, further certify that the foregoing is in compliance with the Administrative Office of the Trial Court Directive on Transcript Format.

I, Laurie J. Jordan, further certify I neither am counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken and further that I am not financially nor otherwise interested in the outcome of this action.

Proceedings recorded by Verbatim means, and transcript produced from computer.

WITNESS MY HAND this 13th day of January, 2014.

LAURIE J. JORDAN	My Commission expires:
Notary Public	May 11, 2018