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COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS GAMING COMMISSION
PUBLIC MEETING #179

CHAIRMAN
Stephen P. Crosby

COMMISSIONERS
Gayle Cameron
Lloyd Macdonald
Bruce W. Stebbins
Enrique Zuniga

February 18, 2016 10:00 a.m. to 1:10 p.m.

MASSACHUSETTS GAMING COMMISSION
101 Federal Street, 12th Floor
Boston, Massachusetts

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

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4 CHAIRMAN CROSBY: We are calling to
5 order the 179th meeting of the Massachusetts
6 Gaming Commission at our offices on Federal
7 Street at 10:00 on February 18.

8 The first item on the agenda, as
9 always is the minutes, Commissioner Macdonald.

10 COMMISSIONER MACDONALD: I move that
11 we approve the minutes of the February 4, 2016
12 meeting of the Commission subject to
13 corrections, typographical errors and other
14 nonmaterial matters.

15 CHAIRMAN CROSBY: Second?

16 COMMISSIONER CAMERON: Second.

17 CHAIRMAN CROSBY: Any discussion? I
18 will recuse from this vote since I was not in
19 attendance. All in favor?

20 COMMISSIONER MACDONALD: Aye.

21 COMMISSIONER CAMERON: Aye.

22 COMMISSIONER ZUNIGA: Aye.

23 COMMISSIONER STEBBINS: Aye.

24 CHAIRMAN CROSBY: Opposed? The ayes

1 have it four to zero.

2 MR. BEDROSIAN: Mr. Chairman, I
3 think weâ€™re going to go slightly out of order.
4 Ms. Griffin is waiting for a couple of more
5 folks on agenda item 3. So, if we could skip
6 to agenda item 4, I could at least start my
7 brief update. And then we can figure out where
8 we can go from there. Howâ€™s that?

9 CHAIRMAN CROSBY: So, you just give
10 us a heads-up when you want to interrupt him.

11 MR. BEDROSIAN: So, just for my
12 general update from Commission business, I will
13 comment that you mightâ€™ve known the Gaming
14 Commission like other entities this past
15 weekend suffered from the record cold weather.
16 We had a water leak in the building that
17 affected a number of areas, including one of
18 our own areas.

19 Iâ€™d like to notice Janice Reilly who
20 came in Monday early and worked with building
21 staff who was very responsive, worked with our
22 own folks, Derek Lennon and our IT staff to
23 relocate people. The building folks have been
24 incredibly responsive. Our area is well

1 underway of being remediated.

2 And our employees have been
3 incredibly accommodating. And there is a
4 potential that we could be fully remediated by
5 early next week, which would be a week from
6 incident to remediation, which I would credit a
7 lot of people for would be an incredible
8 response.

9 So, I think in the scheme of things,
10 weâ€™ll look at the glass as half full. It could
11 have been much worse. And this will maybe
12 known as the Valentineâ€™s Day flood of 2016.

13 CHAIRMAN CROSBY: Thank you, Ed.
14 Iâ€™d just add to that that on Monday, which was
15 a holiday, was the day that the most damage was
16 done. And first thing in the morning, Janice
17 Reilly was here. Shortly after she arrived, Ed
18 arrived. And shortly after Ed arrived, several
19 of our state troopers arrived.

20 The team of them worked the better
21 part of the day on Monday to try to get this
22 thing under control. So, thanks to all of you.

23 MR. BEDROSIAN: Sure. Thank you.
24 And with this agenda item 4(b), Iâ€™ll turn it

1 over to Commissioner Zuniga.

2 COMMISSIONER ZUNIGA: Thank you.

3 Iâ€™m going to distribute a memorandum that I
4 prepared in conjunction and consultation with
5 Director Bedrosian and Counsel Blue about an
6 ongoing set of procedures that we have
7 undertaken. Iâ€™m overseeing these as the risk
8 officer of the Commission.

9 This is merely an update, a status
10 report on an internal audit and quality
11 assurance type of procedures. It is here for
12 your consideration. And I would suggest that
13 we discuss it at the next Commission meeting.

14 Should I add anything else, Director
15 Bedrosian?

16 MR. BEDROSIAN: No, I think thatâ€™s
17 correct. This is the beginning of a
18 discussion. So, weâ€™re just providing you with
19 a memorandum that Commissioner Zuniga and I
20 have been working on, ask that you review it
21 and we could have a more fulsome discussion at
22 the next meeting.

23 CHAIRMAN CROSBY: Sounds good.

24 Weâ€™ll put that on the agenda.

1 MR. BEDROSIAN: Mr. Chair, I
2 apologize for those streaming. Can we just
3 take a very quick break?

4 CHAIRMAN CROSBY: Yes, I see Laurie
5 back there. Weâ€™ll break until our stenographer
6 can get all set up.

7 MR. BEDROSIAN: It should be no more
8 than five minutes or so. Thank you.

9
10 (A recess was taken)

11
12 CHAIRMAN CROSBY: We are reconvening
13 meeting 179. And we will go back to item
14 number 4(c), the Region C update from Ombudsman
15 Ziemba.

16 MR. ZIEMBA: Good morning Chairman
17 and Commissioners. I provide the following
18 update regarding Region C. We continue to
19 remain on target for the determination on
20 Region C by March 31. On March 1, as we
21 previously reported, we will have a host
22 community hearing in Brockton.

23 I further note that we have received
24 the arbitratorsâ€™ reports from the two Region C

1 arbitrations involving Mass Gaming and
2 Entertainment and the communities of Easton and
3 West Bridgewater. The parties had until
4 February 16 to reach an agreement after the
5 filing of the arbitration report. As no
6 further arrangements have been made, the
7 arbitration reports become the surrounding
8 community agreements pursuant to our
9 regulations.

10 We understand that West Bridgewater
11 is in the process of executing the agreement
12 that resulted from the arbitration.

13 I note that the Commission received
14 an objection to the Easton arbitration results
15 from counsel representing the town of Easton.
16 The objection requested that the Commission
17 reject the final decision of the arbitration
18 panel. That request is beyond today's update
19 that was scheduled for this Commission meeting
20 and will need to be addressed separately.

21 Finally, we'll continue to accept
22 further comments at MGC comments on the MG&E
23 application in advance of the public hearing
24 and indeed after the public hearing.

1 COMMISSIONER ZUNIGA: John, I think
2 I heard you say that the public hearing was on
3 March 31. That's an error.

4 MR. ZIEMBA: No. The host community
5 hearing is on March 1. We continue to remain
6 on target for a March 31 determination on the
7 Region C license application.

8 COMMISSIONER ZUNIGA: Yes, thank
9 you.

10 CHAIRMAN CROSBY: We have heard
11 nothing from the Tribe on their construction
12 plans, schedule, aspirations?

13 MS. BLUE: We have heard nothing
14 further from the tribe. They did come in about
15 a week or so ago to meet with the licensing
16 folks. And they had a good conversation on
17 that, but we have not heard anything further
18 since that time.

19 CHAIRMAN CROSBY: Anything else on
20 Region C?

21 MR. ZIEMBA: No, that's it.

22 CHAIRMAN CROSBY: All right. Next
23 up item 4(d).

24 MR. ZIEMBA: Commissioners, I

1 provide the following update regarding Wynn's
2 permitting and a recent permitting appeal.

3 First, in the February 10
4 Massachusetts Environmental Policy Act, MEPA
5 Environmental Monitor, the Massachusetts
6 Department of Transportation published draft
7 Section 61 Findings for the proposed Wynn
8 Everett project. A 15-day public comment
9 period commenced on February 10. Following the
10 closing of the comment period, MassDOT will
11 hold a public hearing on March 10 to hear
12 additional comments. We will monitor this
13 hearing as part of our ongoing Section 61
14 review.

15 In the next few weeks, MassDOT will
16 host another meeting to focus on the longer-
17 range transportation plans around Sullivan
18 Square. As you're aware, this planning group
19 was created as a result of the Secretary of
20 Energy and Environmental Affairs certificate on
21 Wynn's second supplemental filing environmental
22 impact report submission.

23 We anticipate a robust discussion of
24 transportation and development plans for the

1 region involving many of the region's impacted
2 communities.

3 Finally, I note that the city of
4 Somerville has filed a request with the
5 Massachusetts Department of Environmental
6 Protection, MassDEP for an adjudicatory hearing
7 regarding Wynn's Chapter 91 license application
8 for the project.

9 Public reports indicate that the
10 timeframe for this review could last six months
11 or more perhaps up to one year. I have
12 included Somerville's filing in your packet.

13 In the Somerville submission,
14 Somerville contests the length of the 85-year
15 term of the Chapter 91 license. Somerville
16 also argues that the record is insufficient to
17 support a determination that the casino serves
18 a proper public purpose which provides greater
19 benefits than detriment to the rights of the
20 public.

21 Somerville also asserts that Wynn's
22 application is incomplete regarding
23 quantification of the projected wind and shadow
24 effects of the project; and that the

1 determination failed to demonstrate that there
2 will be no impact of the building on navigation
3 due to wind, glare and other conditions.

4 Somerville also questions the
5 Secretary's public benefit determination,
6 validity of Everett's municipal harbor plan and
7 the MEPA approvals for the proposed Wynn
8 facility. The city of Somerville is requesting
9 that DEP's written determination for the Wynn
10 project be vacated and remanded back to DEP's
11 Chapter 91 program. In separate filing,
12 Somerville has also raised concerns regarding
13 Wynn's potential traffic.

14 In public reports, Wynn stated its
15 support for the work done by many state
16 agencies and noted that this filing will have
17 an impact on the schedule for construction of
18 the facility and the economic benefits
19 associated with this project.

20 At our last meeting, representatives
21 from Wynn referenced that the value of these
22 benefits can exceed \$660 million annually.
23 Following that meeting, we asked the Wynn team
24 for more details regarding that number. They

1 noted this estimate includes approximately \$211
2 million in annual gaming taxes, \$31 million in
3 other taxes, \$170 million in payroll including
4 benefits and \$248 million in operating
5 expenditures.

6 I note that these are Wynn's
7 estimates, not the Commission's estimates. For
8 example, we have consistently carried a more
9 conservative estimate of \$176 million in annual
10 gaming taxes versus Wynn's higher projections.

11 In any regard, both Wynn's and the
12 Commission's estimates for annual gaming
13 revenues and other benefits are significant.
14 With these concerns and potential benefits as a
15 backdrop, we, our outside Counsel and our
16 consultant teams will continue to review the
17 Section 61 Findings required under MEPA and
18 will continue to participate in the group
19 review and the long-term plan for the Sullivan
20 Square area. As part of this review, there
21 will be opportunities for public comment. We
22 welcome comments from Somerville and other
23 parties.

24 CHAIRMAN CROSBY: Issues, questions

1 about Wynn?

2 COMMISSIONER ZUNIGA: Does that
3 quantification of the \$600 million figure, does
4 that include, for example, the cleanup of the
5 contaminated site?

6 MR. ZIEMBA: No, that does not.
7 That is revenue impacts, tax impacts, payroll.

8 COMMISSIONER ZUNIGA: These are all
9 opportunity costs which are substantial.

10 MR. ZIEMBA: The Wynn also has a
11 figure for indirect benefits that wasn't
12 included in that 660 that exceeds that. Again,
13 those are Wynn's estimates not our estimates.

14 CHAIRMAN CROSBY: This is payroll,
15 taxes to the Commonwealth and local
16 expenditures. On this point, can you clarify
17 for everybody the impact on schedule? We've
18 all been hanging on the Section 61 Findings
19 conclusion in order to give the final go-ahead
20 for Wynn where full construction could start,
21 as I understand it. This relates to the
22 Section 61 process how?

23 MR. ZIEMBA: It was anticipated.
24 Wynn in its last quarterly report put forward a

1 construction period beginning in May.
2 Potentially, they could have exceeded that and
3 began in April, maybe even at the beginning of
4 April.

5 So, under the schedule that is
6 mandated under the environmental certificate,
7 DOT must first publish its findings in the
8 Monitor as I noted. Then they have to have a
9 public comment period. Then they have to have
10 a public hearing.

11 At the end of that within 40 days of
12 publishing, their draft Section 61 Findings,
13 they shall finalize the Section 61 Findings.
14 So, we in turn have our own process that also
15 involves public comment, a presentation from
16 our consultants and a hearing that we also are
17 mandated to have on Section 61 Findings.

18 So, assuming that the MassDOT
19 proceedings could conclude on or about 25
20 March, ours could have followed or could follow
21 shortly thereafter. And if indeed it were
22 determined that the Commission approves the
23 draft Section 61 Findings that could happen as
24 early as the very end of March, perhaps even in

1 the beginning of April. But it would coincide
2 with Wynn's expected construction schedule.

3 CHAIRMAN CROSBY: But the Somerville
4 lawsuit which is the Chapter 91 appeal is a
5 precondition as we are construing it for the
6 Section 61. So, Section 61 final findings,
7 which may well have been as soon as March could
8 be delayed by however many months the
9 Somerville appeal takes.

10 MS. BLUE: We are reviewing that Mr.
11 Chairman with outside counsel. We think that
12 that may not be the case. That the Commission
13 may perhaps be able to finish its Section 61s.
14 Chapter 91 permit is what we refer to as a
15 gating permit.

16 So, without that permit, Wynn may
17 not necessarily be able to go forward, but
18 we're still looking at that too. But it may be
19 possible for the Commission to issue its
20 Section 61s and get them done in the same
21 timeframe that we've anticipated.

22 MR. ZIEMBA: But there's a Chapter
23 91 area. And pursuant to the Chapter 91
24 permit, they cannot begin construction on that

1 area until after Chapter 91 appeals have been
2 concluded.

3 CHAIRMAN CROSBY: But it may be, may
4 is the operative word here, but it may be
5 possible that other construction that would be
6 permitted by the final 61 Findings could
7 continue.

8 MR. ZIEMBA: Yes. We're in the
9 process of evaluating that. And obviously, the
10 Wynn team had put forward when they had given
11 their last quarterly report was based on what
12 they were anticipating they could do for their
13 schedule. And the most critical elements are
14 obviously within the gaming site area.

15 CHAIRMAN CROSBY: Right.

16 COMMISSIONER MACDONALD: So, if this
17 appeal had not been filed, John, what was the
18 expected date for beginning of construction,
19 full construction?

20 MR. ZIEMBA: Well, the Wynn team in
21 its quarterly report noted May as that
22 beginning of construction. But they had
23 indicated that that estimate could have
24 occurred almost immediately after we issued our

1 Section 61 determinations. That could have
2 been as early as the first week of April.

3 CHAIRMAN CROSBY: So, April 1 to May
4 1.

5 MR. ZIEMBA: April 1 is a Friday.
6 April 4 is a Monday and generally you don't
7 start your construction on a Friday.

8 COMMISSIONER MACDONALD: Returning
9 to the issue of economic impact of this appeal
10 under the assumption that the appeal causes a
11 delay of a year, what would the economic impact
12 of that appeal be?

13 MR. ZIEMBA: According to the Wynn
14 estimates, there's at least \$660 million worth
15 of economic impact. In terms of general
16 revenue numbers, if we wanted to just focus on
17 our numbers, I think our estimate for Wynn's
18 annual gaming taxes is \$176 million per year.

19 So, if it's six months, you divide
20 that by two, 88. If it's a full-year, it's
21 \$176 million. That \$176 million includes
22 payments for community mitigation fund, all of
23 the other. The transportation development and
24 infrastructure fund that payment would've been

1 or could be approximately \$26 million at the
2 lowest or higher estimates -- under higher
3 estimates of up to \$30 million or exceeding
4 that.

5 So, again, there are benefits. And
6 as we have noticed throughout our proceedings,
7 we evaluate both the benefits of facilities and
8 we also take a look at any concerns that are
9 raised. In the process of our Section 61
10 reviews, we will continue to review any
11 comments that we receive from Somerville and
12 other groups as part of those proceedings.

13 COMMISSIONER ZUNIGA: Those are only
14 opportunity costs because you are quantifying a
15 monthly figure and estimating a potential
16 delay. There are in the genesis or in the
17 claim of Somerville, there is an argument that
18 the public benefits are less, I guess, than the
19 public nuisance, if you will.

20 And thereâ€™s in my view a lot of
21 mitigation that comes in on the current site
22 that is a public benefit that is also
23 quantifiable. But that will be the subject of
24 this appeal.

1 CHAIRMAN CROSBY: I think weâ€™re in
2 the situation weâ€™re always in which is weighing
3 costs and benefits. We have always taken the
4 position that getting this right is more
5 important than getting it fast.

6 And I think that should continue to
7 be our overriding principle. We have been
8 consistent on that time after time after time.
9 On the other hand, at some point you have got
10 to get moving on these projects. And the cost
11 to the Commonwealth is real money whether itâ€™s
12 \$250 million every six months or \$300 million
13 every six months, never mind other associated
14 loss that might be incurred by not doing the
15 fixing up of this monstrous site. There are
16 real costs here.

17 But Somerville, like everybody else,
18 has a legitimate right to exercise their
19 rights, and to have their interests protected.
20 I have reached out to Mayor Curtatone in the
21 past to say if thereâ€™s anything that we can do
22 to talk about how we could accommodate you
23 concerns, please let us know.

24 I think that we should continue to

1 do that. It is better if we can resolve
2 through negotiation than the pursuit of various
3 kinds of legal action.

4 So John, I assume Wynn is already
5 doing that. But I would certainly encourage
6 our staff to do everything they can to reach
7 out to Somerville and see whether thereâ€™s
8 anything that we can do to try to understand
9 what the really critical variables are in their
10 concerns. And is there a way that we can
11 address them. Since if we can address them,
12 the benefits to the Commonwealth of moving
13 forward are extraordinary.

14 MR. ZIEMBA: I do note that they can
15 provide comments to us as they have in the
16 past. They can testify at the MassDOT hearing.
17 At the hearing that we will have, they can
18 testify at that. Obviously, we are in the
19 context of some litigation involving
20 Somerville. To the extent that there is
21 anything in regard to that, weâ€™d have to
22 carefully evaluate that with our outside
23 counsel.

24 CHAIRMAN CROSBY: I understand that.

1 But we would try not to let legal stuff get in
2 the way of common sense and of simply talking
3 to people who generally have some concerns.

4 And if these things can be addressed
5 or discussed or preferably even may be resolved
6 by reasonable people sitting down and talking,
7 there should be a real priority on that.
8 Sometimes it's easier done when it's initiated
9 at a staff level than at a more senior level.
10 Sometimes it's easier if it's done at a more
11 senior level.

12 I'd certainly do anything in my
13 power to help, and I'm sure other Commissioners
14 would be willing too. So, I hope you will take
15 this as an initiative that we want to be -- to
16 outreach as aggressively as we can to
17 understand and if possible address their issues
18 so that this project can get going.

19 MR. ZIEMBA: Of course. And we're
20 in the process of reevaluating everything that
21 occurred in the arbitration between Wynn and
22 Somerville, taking a look at all of the
23 comments that were submitted.

24 We noted in public reports that the

1 Mayor had referenced that arbitration over the
2 last couple of days. We'll take a look at
3 that. Counsel is reviewing that.

4 I just want to further note for the
5 record, I did see in a public report, I haven't
6 been able to locate a regulation that governs
7 the adjudicatory process at the MassDEP, but
8 according to at least one public report
9 mediation is a possibility between the parties
10 in that adjudicatory hearing.

11 So, potentially there's some room
12 for the parties to work on that. Given the
13 fact that there are numerous items of
14 litigation that are pending outside of that one
15 appeal, mediation might be possible on that
16 while others proceed. Who knows?

17 CHAIRMAN CROSBY: As Boston
18 demonstrated to us, even the toughest of
19 confrontations can be resolved sometimes.

20 COMMISSIONER ZUNIGA: And on that
21 note, some of the publicly reported concerns of
22 the city, there are processes ongoing like the
23 working group you just mentioned briefly. But
24 it's very important as a process for addressing

1 big, big concerns of the region, not just of
2 the city which I understand they participate
3 actively, the city.

4 MR. ZIEMBA: That's exactly right.

5 CHAIRMAN CROSBY: So, I think the
6 net of it is we certainly understand and
7 appreciate Somerville's concerns and rights.
8 We will be as collaborative as we can possibly
9 be within the limits of the rules and economics
10 and so forth, because the cost of further delay
11 is extraordinary. And anything we can do to
12 move this forward is in, I think, everybody's
13 interest. Anybody else? Okay.

14 MR. ZEIMBA: Thank you.

15 MS. BLUE: Mr. Chairman, Executive
16 Director Bedrosian advises me that we should
17 next go to Director Griffin's presentation.

18 CHAIRMAN CROSBY: Great. We are
19 going to the Director of Workforce, Supplier
20 and Diversity Development Jill Griffin.

21 MS. GRIFFIN: Good morning.
22 Commissioners, you will remember that in
23 December 2014 you unanimously voted to
24 establish an Access and Opportunity Committee

1 with a primary function of monitoring diversity
2 and giving advice to the licensees on how to
3 best meet their diversity goals.

4 You'll remember that the committee
5 is comprised of participants with expertise in
6 labor, workforce development and supplier
7 diversity. It's composed of community and
8 state representation as well.

9 I have here today some special
10 guests to give you a flavor for what's been
11 going on since that time. I would like to
12 introduce Ron Marlowe, the former chair, the
13 outgoing chair of the Access and Opportunity
14 Committee. Ron is also the Undersecretary of
15 Labor and Workforce Development for the
16 Commonwealth.

17 I have also Jennie Peterson, the
18 Manager of Development for Wynn Everett and
19 Beverly Johnson, President of the Massachusetts
20 Minority Contractors Association.

21 Ron is here actually because we want
22 to thank him for his service and his wise
23 counsel over the time. And I just wanted to
24 say a few personal comments and then turn it

1 over to Commissioner Stebbins to join me as
2 well.

3 Commissioners, one of the first
4 meetings I had as a new staff person at the
5 Gaming Commission, first external meetings was
6 with someone who had his fingerprints on the
7 diversity language of the Expanded Gaming Act.
8 He was well respected for his work to ensure
9 that more people had a seat at the table.

10 Ron served as the Assistant
11 Secretary for Access and Opportunity in the
12 Patrick administration at the time. In there,
13 he was responsible for creating and overseeing
14 a coordinated and strategic approach to
15 ensuring nondiscrimination and equal
16 opportunity in all aspects of the executive
17 agency operations.

18 So, he acted as an informal advisor
19 to me and he also accepted a formal role as the
20 first chair of our Gaming Commission's Access
21 and Opportunity Committee. Ron also played an
22 integral role in guiding the Commission staff
23 regarding setting up the infrastructure and
24 processes to encourage inclusion and diversity

1 during casino development.

2 His leadership has assisted me in
3 fulfilling important aspects of the Gaming
4 Commission's mission of transparency and
5 economic inclusion.

6 I would like to personally thank
7 Ron. At the last Access and Opportunity
8 Committee in Springfield, all of the committee
9 members signed this construction helmet with
10 personal messages for you, Ron, as a momentum.
11 We know you can't accept anything of monetary
12 value, but this has emotional value. And I
13 think you can look at it every day and
14 hopefully display it proudly.

15 We invite you to come back to visit
16 the construction sites at any time and see the
17 fruits of your labor. I'll also ask
18 Commissioner Stebbins if you want to say a few
19 words.

20 COMMISSIONER STEBBINS: Knowing
21 Ron's commute issues and today on the commuter
22 rail, he might have needed the helmet to help
23 get through that.

24 I echo everything Jill just

1 mentioned. Since the beginning of this
2 Commission's work, Ron has now found himself in
3 his third different job. However, regardless
4 of where he goes, either we are good at finding
5 him or he is good at circling back with us.
6 But he has been an unbelievable leader on this
7 whole topic.

8 He has assisted us beyond just the
9 responsibilities of chairman of the Access and
10 Opportunity Committee. He's been a thoughtful
11 sounding board. He has given us guidance and
12 direction on any number of issues. Now he
13 finds himself in a position where we'll
14 hopefully have the opportunity to work closely
15 with him as we look ahead to the operational
16 workforce development stage of these projects.

17 But I am pleased to offer a small
18 token of our appreciation on behalf of the
19 Commission to recognize Ron Marlowe, your
20 commitment to diversity, your exceptional
21 leadership provided as the chairman of the
22 Mass. Gaming Commission's Access and
23 Opportunity Committee, your guidance in
24 fulfilling an important aspect of the

1 Commission's mission of economic inclusion is
2 greatly appreciated. Signed by the five of us.
3 I regret to say we didn't have a frame.

4 CHAIRMAN CROSBY: That would've made
5 it too expensive.

6 COMMISSIONER STEBBINS: We had
7 debates about walnut, gilded, nobody liked my
8 idea of de coupage on a piece of oak, but we
9 are pleased to present this to you.

10 CHAIRMAN CROSBY: Before you say
11 anything, Ron, I'll add my own two cents worth.
12 As we've talked about a lot in this
13 organization, the Commissioners, that
14 commitments to diversity among the workforce
15 and supplier base are way too often than not
16 honored more in the breach than in the reality,
17 honored more often as words than real actions
18 and commitments.

19 We have wanted very much not to fall
20 into that trap, into that failure. It's not
21 easy work. And it takes thoughtfulness and
22 aggressiveness, pushiness sometimes, diplomatic
23 skills. And you've brought all of those to
24 help us do this.

1 To resolve the issues that impede
2 diversity in a workforce and a supplier base is
3 not simple. It doesnâ€™t happen just by saying
4 it. It is challenging work for a host of
5 reasons running from just pragmatic problems to
6 racism. Having your kind of direction and
7 commitment is really, really helpful.

8 We know you are tremendously busy.
9 You took on this responsibility which in a way
10 was a microcosm when youâ€™re dealing with
11 macrocosms. And you put in a lot of hard work
12 and voted with your feet.

13 And we really appreciate and respect
14 your commitment to this and to us.

15 MR. MARLOWE: So, wow. I am not
16 usually at a loss for words although I try to
17 tell people I am actually shy by nature.

18 Let me say to you, Mr. Chairman and
19 the Commission members to the staff that when
20 you do this work, you never do it alone. There
21 are always those who partner with you,
22 sometimes publicly, sometimes privately. Mr.
23 Chairman, you have been a tremendous leader on
24 this question as has the other Commission

1 members.

2 And I won't let you forget that it
3 was the very early part of 2012 when you formed
4 an informal working group to start to think
5 through what the diversity and inclusion
6 elements might look like, should look like.

7 It was you and your leadership and
8 the Commission who partnered with the state.
9 You may recall in September 2012 when we were
10 at the Boston Convention Exhibition Center then
11 talking about the opportunities that would be
12 available three and four years hence so that we
13 could actually get people who do this work day
14 in and day out on behalf of others to really be
15 prepared.

16 We said that the one thing that
17 people can't do is wait until the opportunities
18 are actually present to try to get ready. And
19 you partnered with the state and that
20 opportunity to say you have three years, four
21 years tops to really make sure that those you
22 care about and those on behalf you work are
23 ready to take advantage of the opportunities.

24 And I think you planted the seeds

1 then. And we are reaping really what youâ€™ve
2 sown in those opportunities.

3 It has been a pleasure to serve as
4 the chair of the Access and Opportunity
5 Committee. I tell people all the time that the
6 way you describe Jill, I actually thought it
7 was very interesting because I describe her in
8 the same way.

9 Jill has this way where sheâ€™ll wave
10 her hand, and the next thing you know youâ€™re
11 doing something you had not thought about doing
12 that she thought you should be doing. And yes,
13 for those who are familiar with the Star Wars,
14 itâ€™s the Jedi mind trick. And Jill is very
15 good at it.

16 But itâ€™s a pleasure. The most
17 difficult Access and Opportunity Committee that
18 Iâ€™ve been a part of not because the work is any
19 harder but because the stakes are so much
20 higher because the dollars in play are so much
21 greater than the two previous access and
22 opportunity committees that Iâ€™ve been connected
23 to.

24 And I think the Commission members,

1 in particular Commissioner Stebbins, who is
2 always present and involved in these
3 conversations and your director, Jill Griffin,
4 have handled what can be very trying
5 circumstances at time because all people want
6 is their piece of the pie. They recognize that
7 the pie is big enough for everyone to have a
8 piece, and that if everyone is willing to give
9 a little bit we can all achieve a great deal.

10 So, I say thank you for allowing me
11 to serve in that capacity. I will tell you
12 that you all were so great that I almost feel
13 like I should say can I rescind my resignation
14 and then resign six months from now and we do
15 this again.

16 CHAIRMAN CROSBY: The answer is yes.

17 MR. MARLOWE: But in all
18 seriousness, I do say this, I will always be
19 available to you Mr. Chairman and members of
20 the Commission and your staff if you have
21 questions, thoughts, ideas you wish to by. I
22 do expect we will work very closely together in
23 my formal day job as Undersecretary for
24 Workforce Development as we think about long

1 and hard how do we ensure that the residents of
2 the Commonwealth, in particular those who are
3 far too often on the outside looking in, are
4 able to take advantage of the employment
5 opportunities that will be realized through
6 this spectacular Wynn project, the spectacular
7 MGM project, whatever happens in Region C and
8 our friends down in Plainville, because we
9 cannot forget them in that they led the way.
10 And the results they achieved could not have
11 happened without the leadership of this
12 Commission.

13 The last thing that I would say,
14 because as you will note that you give me an
15 ability I can go on is that I would be remiss
16 if I did not encourage, urge, cajole and
17 otherwise prod you to name your director, Jill
18 Griffin, as the next chair of the Access and
19 Opportunity Committee. Iâ€™ve watched Jill very
20 closely. I still believe she is probably the
21 nicest person youâ€™ll ever meet in state
22 government broadly defined.

23 Jill brings an incredible amount of
24 patience, dedication, commitment and passion

1 dare I say to the work. She hears those who
2 sometimes havenâ€™t been heard before. She gives
3 them leave to do their advocacy. And then she
4 brings her judgment to the table in helping
5 make sure that the Commission is walking that
6 fine line between regulatory entity and
7 advocate for the things that we all care about,
8 because I do know the five Commission members
9 to be advocates for the diversity and inclusion
10 elements.

11 So, if you really want to ensure
12 that the committee is in good hands, you should
13 definitely put it in the care and trust of Jill
14 Griffin.

15 And with that I will just once again
16 say thank you. It has been a pleasure. Iâ€™m
17 only at Ashburton Place. So, Iâ€™m always
18 available to you. Thank you.

19 CHAIRMAN CROSBY: Thank you, again,
20 Ron.

21 COMMISSIONER ZUNIGA: Thank you.
22 Great comments. I want to pick up on your
23 offer to remain connected and the thought of we
24 cannot do this alone. I think my view and

1 understanding of the evolution of the Access
2 and Opportunity Committee is we place a lot on
3 the licensees for good reason. They come in
4 and report periodically. They do a lot of
5 efforts. They exercise their own leverage with
6 their own contractors for example.

7 But it is broader than that. I
8 think there's a big role that we play, for
9 example, in our own regulations and how those
10 regulations get implemented that end up in
11 resulting access and opportunity to vendors to
12 the casinos, for example.

13 So, your feedback at a high level on
14 issues like that would always be very important
15 to us. And we really look forward to it and
16 welcome it.

17 MR. MARLOWE: Thank you,
18 Commissioner.

19 CHAIRMAN CROSBY: Well, I guess we
20 can go home after that.

21 MS. GRIFFIN: Thanks again, Ron. We
22 brought two other guests to give you a flavor
23 of some of the discussions and the value of the
24 Access and Opportunity Committee. So, I think

1 I will turn it over to Jennie. This is Jennie
2 Peterson.

3 MS. PETERSON: Good morning,
4 Commissioners. It's great to be here. And
5 thank you, Jill, for inviting me to come and
6 share some thoughts on our experience with the
7 Access and Opportunity Committee.

8 I'll echo all of the gratitude to
9 Ron. Thank you so much. It was really
10 wonderful to be on a well-organized and a very-
11 well lead Access and Opportunity Committee for
12 the last year. Ron was really helpful and I
13 know sat down individually with the Wynn team
14 to talk through our strategy and some of things
15 we could be doing, and has been tremendously
16 helpful. So, thank you.

17 When Jill asked me to talk a little
18 bit about our experience, there were a few
19 things that came to mind. The first was the
20 network and the great group of people that Jill
21 has selected for the Access and Opportunity
22 Committee.

23 It's really a group of stakeholders
24 that are able to support licensees in our

1 efforts to meet and exceed our diversity goals,
2 and to implement the strategies that we put
3 forth last year and that you approved.

4 I found the AOC to be a really
5 wonderful place to meet on a regular basis with
6 people that share our common goal of ensuring
7 that the economic opportunities created by the
8 Wynn development are broadly shared.

9 Again, Jill has brought together a
10 really wonderful group of people that represent
11 of course the Gaming Commission, minority-,
12 woman- and veteran-owned businesses, diverse
13 and local workforce and community members and
14 the building trades.

15 Commissioner Zuniga, as you
16 mentioned, thereâ€™s a lot of different roles to
17 be played here and we all have -- a lot of the
18 responsibility falls on the licensees but
19 thereâ€™s a role for everybody. We all
20 contribute to making this a success.

21 So, again, itâ€™s very helpful and key
22 to our diversity efforts that we are able to
23 meet with this group and discuss our project
24 and our progress and any challenges we might be

1 facing.

2 So, the next thing I thought of was
3 some of the great ideas that come out of these
4 monthly meetings that really helped contribute
5 to our success. At the monthly meetings, we
6 give an update on the numbers. Then we also
7 have a chance to discuss, and great ideas come
8 up all the time that sort of take us forward
9 through the next months as we continue to work
10 towards our goals.

11 I wanted to bring up a specific
12 example. Last spring, the idea came up from
13 Bev, actually, and a few others of getting
14 together many of the different diverse business
15 groups to put on an event where we would bring
16 in minority-, woman- and veteran-owned
17 businesses and give them a chance to get really
18 connected with the decision-makers on some
19 specific bid opportunities.

20 So, the groups that we were working
21 with that all sit on the committee that Jill
22 has created the Center for Women and
23 Enterprise, Greater New England Minority
24 Supplier Development Council, and the MBBA, the

1 Supplier Diversity Office, the Hispanic
2 American Institute and Mass. Minority
3 Contractors. So, we took this idea and we
4 worked all together with these groups.

5 And we put on a breakfast last June
6 where we brought in minority-, woman- and
7 veteran-owned consultants and contractors who
8 were interested in four very specific bid
9 opportunities including remediation and roadway
10 improvements engineering.

11 The result of that single event has
12 been so far two contracts with minority-owned
13 businesses and one contract with a woman-owned
14 business. Those three contracts total over
15 \$5.6 million. And weâ€™re continuing to see
16 contracts come out of the networking and the
17 connections that were made at that event.

18 So, Iâ€™m really grateful to the
19 Access and Opportunity Committee for bringing
20 together creative minds that care deeply about
21 creating equal access and opportunity and that
22 help us by offering concrete suggestions for
23 how we can move forward on our goals.

24 Finally, I also thought about the

1 Access and Opportunity Committee as a forum for
2 accountability and support. So, as you know,
3 we report every month to Jill. It's great to
4 have a monthly forum for presenting on our
5 progress. That helps us keep us accountable.

6 It is not only to see our progress
7 towards our goal and to celebrate some of the
8 successes, but it is also very helpful to shine
9 a light on some areas where we might be facing
10 challenges in meeting our goals.

11 An example to illustrate that is a
12 few months ago, one of our on-site
13 subcontractors was struggling to meet one of
14 their workforce diversity goals, the female
15 goal in particular. And the challenge was
16 highlighted during the monthly meetings where
17 we were looking at the numbers. And the group
18 sort of reviewed and discussed what was going
19 on with our workforce participation.

20 The committee made a number of
21 helpful suggestions to support our efforts to
22 get this particular contractor back on track.
23 The union representatives made some
24 recommendations for more effective

1 communication with the union business agent
2 that was providing labor for the project. And
3 the committee also suggested that we hold a
4 corrective action meeting with this contractor.

5 We were able to implement those
6 recommendations. And our contractor improved
7 from having zero percent female participation
8 on the site a few months ago to they are at
9 over 11 percent female participation over the
10 last six weeks. So, huge improvement. We had
11 concrete recommendations and support from the
12 Access and Opportunity Committee. And that was
13 hugely helpful.

14 So, I credit the AOC with first
15 holding us accountable and second giving us
16 some real support and recommendations when we
17 faced a challenge like that.

18 I know we have a lot of work ahead
19 of us to reach and hopefully far exceed our
20 diversity goals, especially considering the
21 magnitude of this project. We are thrilled to
22 be part of the AOC and to have the support and
23 the guidance of this wonderful group that Jill
24 has selected to serve on the committee.

1 CHAIRMAN CROSBY: Great. Thank you,
2 Jennie.

3 MS. GRIFFIN: Thank you, Jennie.

4 MS. JOHNSON: Good morning. I was
5 hoping I didnâ€™t have to come last, but oh well.
6 I would like to thank the Gaming Commission for
7 the opportunity to speak before you this
8 morning.

9 And when Jill made the call -- And
10 when she makes the call, you say yes. -- the
11 first thing that came to mind is commitment. I
12 attended the kickoff meeting of the Access and
13 Opportunity Committee that was chaired by
14 Chairman Crosby.

15 And he made the statement that our
16 job as members of the committee was to make
17 sure the licensees lived up to the commitments
18 that they had made. And that has happened
19 based on the commitment of the Gaming
20 Commission represented through Jill and I know
21 Commissioner Stebbins has been attending some
22 of our meetings.

23 Itâ€™s just really comforting to know
24 that we have what I consider to be a safety net

1 and a beacon of light in trying to address the
2 issues of inclusion with the two casinos.

3 They are both mega projects. So,
4 just being able to focus on the scope and
5 substance of what's available for minority and
6 woman and veteran businesses is a task unto
7 itself. Thanks to the work of the Commission,
8 we've been able to do that because as Jennie
9 said they come in every month. And they make
10 the reports.

11 So, we are getting the most up-to-
12 date information. We don't have to chase
13 information. It's provided to us. It gives us
14 an opportunity to evaluate what's coming down
15 the pipeline so we can prepare our members so
16 that they are prepared to try and take
17 advantage of the opportunities.

18 The Chairman mentioned this morning
19 that advocacy is challenging. It's hard. It's
20 tough. Sometimes it's scary. So, anytime you
21 can get support and guidance and technical
22 assistance, it really makes a big difference in
23 terms of your ability to get out here every day
24 and continue to do this. I mean I'm running a

1 firm, but I am also doing the advocacy and
2 wouldn't have it any other way.

3 There are a couple of other points
4 that I wanted to make. First of all, Jill has
5 just been tremendous in her work with each of
6 us collectively, independently. She's always
7 available. And I appreciate that. And I want
8 to express my gratitude for that.

9 I also want to say that based on her
10 personality and her goals, I've been able to
11 develop a close relationship with Jennie. So,
12 we are working very closely together to see how
13 we can include the MBE contractors in this.
14 For instance, Jennie has identified 150 small
15 contracts that are being pulled out of larger
16 contracts so that more of our contractors will
17 be able to qualify.

18 CHAIRMAN CROSBY: That's great.

19 MS. JOHNSON: Yes. She's going to
20 be speaking at our membership meeting next week
21 to really give the members information about
22 what those contracts are, what are the dollar
23 values, what's the prequalification process,
24 etc.

1 So, that to me is really sort of the
2 scope and substance of really trying to get
3 results. Getting people in a pipeline. All of
4 them are not going to come out with a contract
5 but some of them will.

6 Very quickly, I donâ€™t want to take
7 up a lot of time, I also want to say that Jill
8 works with us as a partner. For instance, MMCA
9 decided it would make sense to have a joint
10 venture workshop because part of this whole
11 opportunity pipeline is focused on whether
12 union contractors and nonunion contractors can
13 joint venture to increase opportunities.

14 So, Mass. Gaming was a cosponsor of
15 that workshop. We selected a very good
16 husband-and-wife training group. They are
17 lawyers. They did a great job.

18 So, now we want to try and do the
19 same thing in Springfield. Jill is in the
20 process of scheduling a listening session so
21 that she can have a one-on-one conversation
22 with our contractors to get their perspective
23 on and their experience on trying to work on
24 projects of this size that are primarily union.

1 Sheâ€™s also going to be attending our
2 membership meeting next week. And Iâ€™m very
3 pleased that she is going to do that. Our
4 members always get a nice buzz when they see
5 someone like her turn up at our meetings.

6 So, thank you so much. I enjoy the
7 work Iâ€™m doing with the committee and look
8 forward to continuing.

9 CHAIRMAN CROSBY: Thank you very
10 much.

11 MS. GRIFFIN: Just one thing we have
12 -- Jennie, we your event brochure. Did you
13 want to talk a little bit about yesterdayâ€™s
14 fantastic event?

15 MS. PETERSON: Thanks Jill.
16 Following up on the event that I had mentioned
17 that we hosted last June, we wanted to do
18 something similar but on a much larger scale
19 for all of the construction contracts that are
20 coming up.

21 So, we worked with Suffolk and we
22 put on an event yesterday. We invited really
23 the entire subcontractor community, so
24 minority-, woman- and veteran-owned businesses

1 but then some of the larger perhaps non-diverse
2 subs that will be looking for M, W, and VBE
3 partners to come in and bid with them.

4 So, we hosted that yesterday at
5 Everett High School. We had the full Suffolk
6 estimating team there. So, all of their -- I
7 think they have 15 different department of
8 estimators. We gave a general presentation.
9 Then there were sort of two hours where the
10 subs could network with each other, and then
11 have a one-on-one meetings with the estimators
12 for their relevant department.

13 We had over 300 businesses there, a
14 very large crowd. Iâ€™ve been hearing a lot of
15 positive feedback from the businesses. Of
16 course, the proof will be in the pudding over
17 the next year or so as the bids go out, and we
18 see each these businesses get contracts and
19 team up with the larger scale subs.

20 Again, thanks to the Access and
21 Opportunity Committee for motivating us giving
22 us ideas like these types of events.

23 MS. GRIFFIN: I was at the event. I
24 would like to just commend both Wynn and

1 Suffolk for the strong message of diversity and
2 inclusion and the expectations that they have
3 of there contractors. And the clarity that
4 they executed that message at the event.

5 CHAIRMAN CROSBY: Great.

6 COMMISSIONER STEBBINS: Mr.
7 Chairman, I want to add something. I donâ€™t
8 want to let Ronâ€™s suggestion that he put on the
9 floor kind of go without a comment in terms of
10 who our next chairperson would be. Not to
11 embarrass Jill but --

12 CHAIRMAN CROSBY: Oh, go ahead.

13 COMMISSIONER STEBBINS: -- Iâ€™ll do
14 it anyways. Youâ€™ve heard this morning the role
15 Jill has had in moving this committee forward.
16 It is a different access and opportunity
17 committee, not just by virtue of the size of
18 the projects but because we are not the
19 ultimate owners of the property when the deal
20 is done.

21 I know Commissioner Zuniga has
22 attended several of the meetings. Iâ€™ve been
23 impressed with Jillâ€™s leadership and role at
24 the committee hearings. I know this is really

1 a staffing decision that rests with our
2 Executive Director but I as one Commissioner
3 think itâ€™s a very smart suggestion on Ronâ€™s
4 part, and encourage him to take that into
5 consideration.

6 MR. BEDROSIAN: I have heard the
7 recommendations and I will wholeheartedly
8 endorse them and do whatever I need to follow
9 through and make sure Jill is the next chair.

10 CHAIRMAN CROSBY: Great.

11 COMMISSIONER STEBBINS: Great.

12 COMMISSIONER CAMERON: Thank you.

13 MS. GRIFFIN: Thank you.

14 COMMISSIONER CAMERON: Thank you
15 all. Very positive and enthusiastic
16 presentation. Really nice to hear and the
17 commitment is tremendous. So, thank you very,
18 very much.

19 CHAIRMAN CROSBY: Thanks folks. We
20 really appreciate it. Thanks again, Ron.

21 MS. GRIFFIN: Could I have my next
22 guests up?

23 CHAIRMAN CROSBY: We are going to
24 stick with Jillâ€™s agenda?

1 MR. BEDROSIAN: Yes.

2 CHAIRMAN CROSBY: We are onto item
3 3(b), the diversity goal loan program.

4 MS. GRIFFIN: So, I hope the last
5 update was helpful in giving you a flavor of
6 what goes on. My thoughts are that I would
7 invite different members of Access and
8 Opportunity to join me on a regular basis.

9 But I have different special guests.
10 And Iâ€™d like to introduce you to Larry Andrews
11 who is President of the Mass. Growth Capital
12 Corporation, and his colleague Robert Williams
13 who is a loan officer also with MGCC.

14 We formed an informal partnership
15 with the Mass. Growth Capital Corporation, have
16 been working over the years. And I thought the
17 Commission would be interested especially in
18 hearing more about a special loan program that
19 supports our licenseesâ€™ diversity goals. I
20 think the presentations and todayâ€™s theme is
21 really all about diversity.

22 Iâ€™m actually going to turn it over
23 to Larry Andrews to talk a little bit more.
24 And if he can give you a little bit of

1 background about Mass. Growth Capital.

2 MR. ANDREWS: Thank you very much
3 for having us. It's an informal relationship
4 but in many ways we get a lot more done on an
5 informal basis.

6 Chairman Crosby, when you talked
7 about sometimes things falling into the breach
8 and good intentions that has not happened in
9 our experience with Mass. Gaming. Truly, you
10 walk the walk. So, we appreciate that. And
11 obviously that's why we want to partner with
12 Mass. Gaming in our work as well.

13 A little bit of background, and I
14 also just want -- Commissioner Stebbins has
15 also been very helpful and we'll talk a little
16 bit about that as well. I do want to tell you
17 a little bit about Mass. Growth. It was
18 created in 19 -- 19, I wish. -- 2010. It was a
19 legislation at the time in which it was to
20 serve the underserved as far as capital
21 formation.

22 So, what we've been able to do and
23 part of our legislation is to serve minority-,
24 woman-owned businesses, and businesses in

1 impacted areas in gateway cities. Part of that
2 is we also deal with small businesses
3 throughout Massachusetts as well.

4 Weâ€™ve sort of extended that now to
5 also veterans and also members of the LGBT
6 community as well. So, anybody really that has
7 limited access for whatever reason, sometimes
8 regulatory thatâ€™s something that we sort of
9 fill the gap.

10 Weâ€™ve had the privilege of looking
11 at sort of where those gaps are. And early on
12 when I joined as president, I was on the Board
13 of Directors of Mass. Growth for five years,
14 joined as president. And had a product at the
15 time that was a loan product for contractors
16 specifically, mostly construction.

17 We looked at that and said there is
18 more opportunity. And as we looked at sort of
19 especially in the state of Massachusetts, not
20 only with gaming but also in construction that
21 there was an opportunity for a loan product
22 that would sort of fill those gaps.

23 So, one of the first persons we
24 talked to was Ron Marlowe and then Jill Griffin

1 and Commissioner Stebbins. We had a work group
2 of many of the people that Jennie talked about
3 as far as people that are involved in this
4 work.

5 And what we came up with was the
6 diversity goal support program. That is really
7 to meet the needs of women, minority, basically
8 anybody that has a goal-based contract. And
9 oftentimes, they don't have the money in order
10 to move forward.

11 So, with the Gaming Commission,
12 we've had experiences with every licensee to
13 date. We were involved in the Penn National.
14 And we had a couple of customers that were part
15 of that work. We are in active discussions
16 with Wynn as well as MGM as well.

17 So, we think this particular product
18 has a real opportunity to further the goals of
19 the gaming Commission and also for Mass. Growth
20 in meeting a unique need.

21 I'm going to turn it over to Rob
22 Williams to talk specifically about the
23 product.

24 MR. WILLIAMS: Great. Thank you,

1 Larry. Good morning, Chairman Crosby and
2 fellow Commissioners. Bruce, it's great to see
3 you this morning.

4 I'd like to thank Jill for her
5 great, great work. The partnership that we've
6 developed with the Gaming Commission,
7 particularly the Access and Opportunity
8 Committee has just been outstanding.

9 We really believe Commissioners that
10 this is a game changer for MBEs, WBEs, veteran-
11 owned businesses in the Commonwealth. The
12 program that Larry described, it almost ensures
13 that an MBE, if they're awarded a contract, it
14 will help the licensee meet those goals.

15 The program basically gives them
16 mobilization money, if I can borrow a word from
17 Ron Marlowe who was really integral in sort of
18 starting this program with us. If an MBE or
19 VBE is awarded a contract, we're going to
20 basically provide them mobilization money to
21 perform that contract.

22 We're going to cash flow the
23 contract for them and really try to help them
24 get it started. Once they begin getting the

1 cash flow coming through, theyâ€™ll be able to
2 perform, be able to meet their payroll. What
3 weâ€™re really going to do is really try to
4 provide payroll support, equipment support to
5 really get the company going.

6 Typically, thereâ€™s a delay in
7 payment, as you know, when thereâ€™s receivables
8 in place. So, what weâ€™re really going to try
9 to do is really get the company mobilized to
10 perform the contract and be able to perform and
11 grow and also improve employment in the
12 community.

13 Again, we really believe this is a
14 game changer. Weâ€™d like to thank Jill and the
15 committee for providing us access to MBEs.
16 Weâ€™ve been actively engaged and attending
17 events. We were at the event yesterday in
18 Everett.

19 Larry mentioned that weâ€™re actively
20 engaged with a subcontractor now thatâ€™s working
21 on the Wynn project. So, we are really excited
22 about where we are going with this program.

23 Again, Iâ€™d like to thank you
24 Commissioner for really being engaged with

1 diversity and this opportunity. It really is a
2 game changer. And we believe this program in
3 particular can be a great product for the MBEs.
4 Thank you.

5 MR. ANDREWS: Just to add as well,
6 not only do we provide capital but we also
7 provide technical assistance. So, the idea is
8 to get these companies to the point in which
9 they can have traditional financing.

10 So, we go into these companies, look
11 at their financials, look at where thereâ€™s sort
12 of gaps in their ability to sort of go on their
13 own, and provide technical assistance as well.
14 So, the idea is to get them beyond Mass. Growth
15 Capital and into traditional banking and
16 financial resources.

17 COMMISSIONER MACDONALD: Could you
18 speak a little bit in greater detail about just
19 that -- the elements of the game changing
20 formula here. The entities that youâ€™re
21 providing this seed capital to, what would they
22 not be able to do and why under traditional
23 forms of construction financing?

24 MR. WILLIAMS: Commissioner,

1 typically, what we see with a lot of the MBEs
2 that weâ€™re working with is that thereâ€™s a lack
3 of collateral. Typically, there are some
4 challenges for whatever reason, credit score,
5 whatever reason that theyâ€™re not bankable.

6 So, what weâ€™re really looking at
7 doing is really helping the company cash flow.
8 Where they may not be strong enough on their
9 own to get traditional bank financing, what
10 weâ€™re going to do is take a look, like Larry
11 mentioned, with technical assistance to really
12 try to figure out where the company is today.

13 If they are unable to get financing
14 with some of our traditional bank products,
15 what weâ€™re going to do is take that contract,
16 cash flow it with them and really just provide
17 them the access to perform that contract.

18 And then once theyâ€™ve graduated per
19 se through the program, then we can look at
20 potentially may be providing a traditional line
21 of credit, a term loan. Then eventually what
22 we really want to do is get these companies to
23 a bank.

24 We donâ€™t compete with banks, but

1 what we have set up is a really competitive
2 rate. So, these clients, these customers when
3 they're with us, it's not a burden necessarily
4 where the rate is so high where it's a private
5 lender where they're really challenged to meet
6 their payroll and their equipment needs.

7 So, this is a really competitive
8 product we believe that really helps grow that
9 company. And along with that I'll share with
10 you this technical assistance is key. So, what
11 we're providing is not only the financial
12 support, we're providing consultants to go in
13 and really help build the infrastructure. What
14 we're really seeing is the back-room support.

15 If these companies have the back-
16 office support, they're normally able to
17 perform we know that because they've been
18 vetted, they perform on these contracts. They
19 aren't startups. These are companies that have
20 been out there performing for years, but they
21 lack the capital to take it to the next level.
22 And I love the idea about joint ventures. I
23 think that's key as well as we grow these
24 companies.

1 COMMISSIONER ZUNIGA: We play a
2 role, and this is where the coordination is
3 very important, this informal or maybe we
4 should make it more formal partnership, because
5 our licensing process among other things looks
6 at ratios of companies.

7 There's a financial analysis. And
8 it always struck me that somebody may be just
9 short on say some working capital but the award
10 is just around the corner, if you will, which
11 is really the trigger to unlocking a much
12 better ratio from our perspective.

13 There's actually two people standing
14 right behind you who have a big piece of this
15 in our Investigations and Enforcement Bureau.
16 You should at least be aware of the due
17 diligence that we do perform and coordinate
18 those so that at a minimum they're not
19 duplicated by those who want to be licensed.
20 And give you a comfort level, and give us a
21 comfort level and get people licensed for
22 example.

23 CHAIRMAN CROSBY: And make sure we
24 are not working at cross purposes. We don't

1 want to have your group working to promote
2 somewhat marginal businesses into a better
3 financial status and another unit precluding
4 marginal businesses. So, making sure that
5 weâ€™re working hand in glove here. And where
6 there are conflicts, which there will be
7 figuring out how to resolve them.

8 COMMISSIONER ZUNIGA: And where the
9 technical assistance comes in and part of it is
10 just educating some of the companies as to what
11 simply it entails, the licensing of the Gaming
12 Commission.

13 A lot of this might not happen right
14 away because some of the people that you may be
15 dealing with are going to be subcontractors to
16 big contractors in the construction business,
17 but if somebody is doing business with a
18 casino, we license them according to different
19 thresholds based on the level of activity, etc.

20 And thatâ€™s a piece that I think is
21 really worth thinking about again, coordinating
22 just like Chairman Crosby is saying. Making
23 sure we are not working against each other or
24 worse just completely unaware of each other.

1 MR. WILLIAMS: Chairman, one thing I
2 will mention is that the great thing is that
3 Suffolk Construction who has been chosen, I
4 believe at Wynn, Suffolk has a school
5 construction management where MBEs participate.

6 Weâ€™ve had conversations with Brian
7 McPherson who I believe manages their program.
8 We spoke with him yesterday. So, the key is if
9 we can get out in front and make sure that they
10 award the contract that weâ€™ve had an
11 opportunity to do some due diligence with them,
12 we should be in a good opportunity to help
13 financially then. Itâ€™s really the opportunity
14 to just get out in front of where they are.
15 Thatâ€™s whatâ€™s key.

16 CHAIRMAN CROSBY: Thatâ€™s great.
17 Anybody else?

18 COMMISSIONER STEBBINS: I just want
19 to thank Larry and Robert. They have --
20 Typically, the perception of a state quasi-
21 agency is this is what we were established for.
22 Here are the programs we offer. They donâ€™t
23 oftentimes arenâ€™t described as nimble,
24 entrepreneurial and quick.

1 And I think to Larry and Robert and
2 the team in Mass. Growth, they came in, they
3 saw an opportunity. They created this program.
4 They built the relationships necessary to have
5 the program utilized.

6 I think to Enrique's point, there's
7 a number of things that we can continue to do.
8 Awareness of the licensing process, the fact
9 that potential vendors that come through our
10 website should be able to find their way to the
11 resources that Mass. Growth Capital offers.

12 And Robert just hit on it, between
13 the joint venture opportunities, the contract
14 financing, there really are very limited
15 reasons why and MBE, WBE and VBE or anybody
16 else should be sitting on the sidelines
17 throughout the course of these construction
18 projects or when they're fully operational.

19 This is a tremendous opportunity.
20 And the tools are there. And thank you guys
21 for making one of those important tools
22 available.

23 CHAIRMAN CROSBY: I remember when
24 Commissioner Stebbins and Jill came back from

1 having first met with you all, we didn't know
2 about MGCC, I certainly was not aware of it,
3 with the excitement of saying, wow, there might
4 be this tremendous opportunity. And it's been
5 only like 60 days or something like that since
6 it's begun to happen. So, this is great.

7 Again, not easy work. You are
8 trying to take a commercially nonviable company
9 make it a commercially viable. That's pretty
10 hard to do. Because if it's commercially
11 nonviable, it's nonviable. You want your money
12 back. I'm sure the technical assistance part
13 is key. Anyway, it's great, great that you're
14 doing this.

15 MR. BEDROSIAN: Mr. Chairman, I
16 think we'll just move some chairs around and
17 we'll go back to 4(e) with Ms. Lillios.

18 MS. LILLIOS: Good morning. That is
19 a really tough act to follow. But we also have
20 a very exciting recommendation for you today
21 which is that you recommend the application for
22 licensure which was filed by Advanced Gaming
23 Associates, LLC, gaming vendor primary.

24 The Investigations and Enforcement

1 Bureau has conducted a background investigation
2 of Advanced Gaming Associates also called AGA
3 as is required by the gaming statute and our
4 regulations. In keeping with our legal
5 mandate, we evaluated the applicant's overall
6 reputation including for its honesty, integrity
7 and good character; its financial stability,
8 integrity and background; its history of
9 compliance with gaming licensing requirements
10 in other jurisdictions, and its criminal
11 history.

12 As you see from the letter in your
13 packet, we are recommending approval of the
14 application. I want to recognize at the outset
15 the IEB investigators who performed this
16 background review. Detective Lieutenant Brian
17 Connors was the lead state police investigator.
18 And financial investigator Monica Chang
19 performed the required financial review. Our
20 Supervisor of Financial Investigations, Marlin
21 Polite also contributed to the evaluation of
22 this applicant.

23 And I would also like to thank the
24 applicant, Mr. Anthony Tomasello who is the

1 founder, 100 percent owner, President and CEO
2 of Advanced Gaming Associates. Mr. Tomasello
3 along with AGA's counsel attorney Lloyd
4 Levenson from the firm Cooper Levenson in New
5 Jersey were fully corporative, engaged and
6 forthcoming during the course of this
7 investigation. And they are present today.

8 AGA is a New Jersey-based company
9 that provides turnkey professional services for
10 slot machine location and layout planning.
11 They provide for installation, upgrades and
12 service maintenance for monitoring systems as
13 well. During our scoping process, we
14 identified Mr. Tomasello as the sole individual
15 qualifier for AGA.

16 AGA was retained by the Plainridge
17 Park Casino for layout and installation of its
18 slots floor. AGA's license application was
19 received on March 26, 2015, three months before
20 Plainridge opened. We performed a preliminary
21 background review under our temporary licensing
22 regulation. And a temporary license was issued
23 on April 16, 2015 that allowed AGA to provide
24 services to Plainridge.

1 Of course, if you approve the full
2 license today, AGA will be in a position from a
3 licensure standpoint to provide services to any
4 of our licensees.

5 AGA submitted a business entity
6 disclosure form for gaming vendor primary. And
7 as part of our investigation, we reviewed the
8 material submitted and verified the accuracy of
9 the information in the application packet. We
10 gathered information from multiple governmental
11 and nongovernmental sources, and we conducted
12 criminal records checks.

13 We also requested and received
14 substantial supplemental materials as needed
15 throughout the investigation. And our
16 investigators also had ongoing telephone
17 communications throughout the process with Mr.
18 Tomasello, Attorney Levenson and with AGA's
19 certified public accountant. Investigators
20 also conducted a site visit to AGA's facility
21 and interviewed Mr. Tomasello in a face-to-face
22 interview.

23 AGA is currently licensed or has
24 renewal applications pending in over 20

1 jurisdictions, and all of its licenses are in
2 good standing. AGA has no control record. We
3 discovered no civil litigation relative to AGA.

4 Our evaluation for financial
5 suitability consisted of financial analysis and
6 verification of AGA's financial information as
7 well as various ratio analyses over multiple
8 years, all of which indicated financial
9 stability.

10 We also conducted a background
11 review of Mr. Tomasello who filled out a key
12 gaming employee standard application. He's
13 been licensed or has licenses pending in about
14 15 jurisdictions. He's been working in the
15 casino industry since at least 1990 when he
16 received a certificate in slot technical
17 training.

18 He then went on to found a company
19 called Par-4, Inc. in 1989. And I will tell
20 you a bit more about that company in a moment.
21 In 2006, he founded AGA, the applicant here.

22 The one matter that I wanted to
23 detail a little bit involves Par-4, Inc. Mr.
24 Tomasello owned and operated that company. In

1 1996, Par-4, Inc. was indicted and subsequently
2 convicted in federal court for two felony
3 counts of illegal shipping of slot machine
4 parts and peripherals. The charges were based
5 on conduct that occurred in 1992.

6 The investigators have thoroughly
7 reviewed the history of Par-4 and AGA's related
8 license withdrawal in Indiana. These matters
9 were self-reported to us by the applicant. The
10 recommendation for licensure on the IEB's part
11 stands despite this matter.

12 We have found no information showing
13 that any jurisdiction has denied, suspended or
14 revoked any gaming related application or
15 license of AGA or Mr. Tomasello. In fact,
16 subsequent to Par-4's 1996 conviction, AGA has
17 been licensed by gaming regulators in 10
18 states, 10 tribal jurisdictions and the
19 Bahamas.

20 The facts leading to the Par-4
21 convictions indicate that Mr. Tomasello through
22 Par-4 entered into an agreement to ship slot
23 machines and parts to Minnesota for eventual
24 delivery to Michigan. At that time, in 1992,

1 the equipment was being staged in Minnesota in
2 anticipation of an imminent tribal compact
3 being signed to Michigan.

4 Before the signing of the compact,
5 gambling was not yet legal in Michigan and
6 shipping slot machines or parts into Michigan
7 in advance of the effective date of the compact
8 was contrary to law. Nonetheless, Par-4 did
9 ship slot machines and parts intended for
10 Minnesota directly to Michigan. Ultimately,
11 Par-4 pleaded guilty in 1996 and was given a
12 one-year probation sentence and fined a total
13 of \$5400. Mr. Tomasello was not charged
14 personally.

15 During his interview with the IEB
16 investigators, Mr. Tomasello explained that in
17 some instances Par-4 personnel were unaware of
18 the illegality and in other instances,
19 equipment shipped from Par-4 and destined for
20 Minnesota was diverted to Michigan by another
21 company. The counts themselves did not require
22 specific intent to sustain the convictions.

23 On a related note in 2009, 13 years
24 after the guilty pleas, AGA and Mr. Tomasello

1 were seeking licensure by the Indiana Gaming
2 Commission. The Indiana Gaming Commission
3 apparently was inclined to impute Par-4's
4 convictions to AGA and to Mr. Tomasello.
5 Anticipating possible denials of their
6 applications, AGA and Mr. Tomasello instead
7 requested and were allowed by Indiana to
8 withdraw their applications. Again, our
9 recommendation for licensure of AGA is based on
10 our investigation as a whole.

11 AGA has a history and a reputation
12 of performing on its contracts as it has done
13 in Massachusetts to date. Taking into
14 consideration the entirety of the
15 investigation, the IEB is satisfied that AGA
16 has established its qualifications by clear and
17 convincing evidence.

18 And the IEB therefore recommends
19 that the Commission approve it for licensure as
20 a gaming vendor primary. Of course,
21 suitability of all of our licensees is ongoing.
22 And AGA has certain self-reporting obligations.
23 And we in the IEB will continue to monitor
24 during the period of the license.

1 We are happy to answer any questions
2 that you may have. And as I mentioned, Mr.
3 Tomasello and Attorney Levenson are. Iâ€™m sure
4 theyâ€™d be happy to answer any questions as
5 well.

6 COMMISSIONER STEBBINS: I have a
7 question. I know they withdrew from the
8 Indiana process. Are they currently licensed
9 in Indiana? Have they gone back to Indiana to
10 be licensed? Is that one of the 10
11 jurisdictions?

12 MS. LILLIOS: They have not gone
13 back to Indiana to be licensed. And it is my
14 understanding that their business model
15 indicated that the opportunities there were not
16 significant enough for them to do that. That
17 was an explanation that was provided.

18 COMMISSIONER STEBBINS: The other
19 thing that stood out was despite the incident
20 in Minnesota, ultimately they pleaded guilty,
21 given one year probation and a fine of \$5400.
22 That seems pretty meager in terms of fines and
23 violations for conduct such as this I would
24 exepct.

1 MS. LILLIOS: Those terms as well as
2 the crimes were not intentional crimes to
3 support the convictions were factors in the
4 IEB's recommendation.

5 COMMISSIONER STEBBINS: Thank you.

6 COMMISSIONER CAMERON: I certainly
7 concur with your investigative recommendations
8 for the reasons that look this was not a
9 repeated incident. A face-to-face, in-person
10 interview was conducted in which the IEB had
11 the opportunity to really evaluate the
12 integrity of the individuals involved.

13 And the fact that they self-
14 disclosed is an important factor here also.
15 It's a dated incident in which certainly there
16 were, I'm sure, lessons learned. And they paid
17 the penalties for those activities.

18 But again, in my mind the fact that
19 there has been no further incidents in which
20 the lines were so close as they were 20 years
21 ago and the fact they did have the opportunity,
22 Detective Lieutenant Connors, to evaluate the
23 integrity of these individuals leads me to
24 believe that this is a sound recommendation.

1 CHAIRMAN CROSBY: Anybody else?

2 MS. LILLIOS: As I mentioned -- Iâ€™m
3 sorry. Did you have a question?

4 COMMISSIONER MACDONALD: I did.
5 Could you just sort of take us through the
6 facts underlying that conviction? I gather
7 that the geographical location of the ultimate
8 delivery was intended to be Minnesota?

9 MS. LILLIOS: No. It was intended
10 to be Michigan. They were supposed to be
11 staging the materials in Minnesota so that when
12 the compact was signed, as was anticipated,
13 they would be prepared to move quickly to be
14 able to get into Michigan. They are here today
15 if you want to ask them any more details or if
16 you, Brian, want to add anything.

17 DET. LT. CONNORS: Regarding the
18 specific conduct, it was sort of a combination
19 of shipments into Minnesota as well as
20 Michigan. So, there was ongoing relationship.
21 This investigation back then involved several
22 companies shipping into that area for the
23 anticipation of legalized gaming taking place
24 within Michigan. So, there were a number of

1 different companies shipping in at the same
2 time. So, it was to Michigan and into
3 Minnesota.

4 COMMISSIONER MACDONALD: A number of
5 companies in addition to AGA?

6 DET. LT. CONNORS: Yes.

7 MS. LILLIOS: And there were other
8 companies who were charged in this federal
9 prosecution as well.

10 COMMISSIONER MACDONALD: Were the
11 machines at issue here that underlie the
12 conviction actually delivered into Michigan?
13 Or were they interrupted in transit to
14 Minnesota?

15 DET. LT. CONNORS: In some
16 instances, in transit the trucks that were
17 delivering them were diverted from Minnesota
18 into Michigan by the company on the other end,
19 so to speak.

20 Again, there was a combination of
21 certain -- whether it would be individual parts
22 going directly into Michigan which also is the
23 basis for some of the offenses, as well as slot
24 machines themselves being shipped whether it be

1 directly into Michigan or into nearby
2 Minnesota.

3 CHAIRMAN CROSBY: Anybody else? I
4 have a question that doesn't pertain to AGA but
5 to the larger question that we have on our
6 long-term agenda of sort of rethinking the
7 whole investigative process and the degree of
8 background checks and so forth and so on.

9 Can you tell us what happened
10 between the preliminary approval -- They were
11 given a preliminary approval before Plainridge
12 opened and then delivered services for many
13 months. And between the preliminary and this
14 final approval what's the distinction between
15 what was required to give them the preliminary
16 and this now final approval?

17 MS. LILLIOS: We've had an amendment
18 to our preliminary regulation since that time,
19 but initially a preliminary investigation was
20 conducted that involved a number of database
21 checks and of course the submission of
22 completed application materials is a
23 prerequisite as well.

24 So, the database checks and a review

1 of the application materials is made as part of
2 that preliminary investigation.

3 Supplemental materials are not
4 requested until -- in this instance were not
5 requested until after the temporary license
6 issued. So, a large part of the financial
7 stability and integrity portion of the
8 investigation is completed as part of the full
9 license process.

10 And between the issuance of the
11 temporary license and the full license, there
12 is of course a measure of ongoing monitoring
13 that ends up being part of the overall
14 recommendation. Of course, the investigators
15 are not working only on this investigation.
16 Once the temporary license issued, and thereâ€™s
17 a knowledge that itâ€™s valid for a duration of
18 time, we allocate resources in the Bureau to be
19 able to address the other needs for the
20 licensing, in this case, of the opening of
21 Plainridge and the other multiple vendors,
22 including secondary vendors for the other two
23 properties.

24 DET. LT. CONNORS: And if I could

1 just add to that as far as the process.
2 Obviously, thereâ€™s interviews, site visits that
3 are ultimately scheduled that donâ€™t take place
4 prior to the issuance of that temporary license
5 being issued.

6 And then also the receipt, as Chief
7 Enforcement Counsel Lillios has mentioned about
8 those supplemental documents coming back to us
9 and giving us some further information that we
10 need to evaluate.

11 I would also in drawing towards the
12 reciprocity piece of the statute and the
13 regulations we did rely on that to some
14 significant extent in this matter as far as
15 where is this applicant licensed elsewhere.

16 CHAIRMAN CROSBY: Focuses of the
17 temporary, is that what youâ€™re saying?

18 DET. LT. CONNORS: To some extent,
19 because by the time we issue the temporary
20 determination or the temporary license is
21 issued, we have not received all of the
22 information back from the jurisdictions. And
23 that could vary depending on the volume or the
24 number of jurisdictions that weâ€™re waiting for

1 information on and follow-up on.

2 But at an earlier stage, and the
3 temporary is obviously based upon a pretty
4 significant portion of the investigation at
5 that time. But we are waiting for a number of
6 different pieces of the investigation to
7 continue. And in this particular case, it
8 probably wouldâ€™ve gone even faster if it were
9 not for the opening of Penn at the time and the
10 shifting of priorities at the time. The
11 priority was to get them the temporary license.

12 CHAIRMAN CROSBY: Did Par-4 surface
13 in the temporary process?

14 DET. LT. CONNORS: Yes, because the
15 applicant had self-disclosed it as well and
16 provided follow-up information. But then that
17 again was also part of post the temporary. We
18 followed up in even greater detail.

19 COMMISSIONER CAMERON: If I can
20 speak to I know thereâ€™s been a lot of questions
21 around the investigative process. From my
22 experience, this is very common temporary. And
23 then there are only so many resources. I think
24 both the state police as well as -- financial

1 investigations are very difficult all over to
2 really be able to hire good financial folks.
3 Thereâ€™s just not as many people with that
4 experience.

5 So, I know that there were
6 challenges but I think the team has done an
7 amazing job of taking a group of folks who have
8 mostly worked criminal investigations and
9 transferred those skills into much more
10 detailed regulatory investigation.

11 Iâ€™ve been very impressed with the
12 professionalism of the team. The ability to
13 make that transformation is not always easy.
14 And listening and understanding the training
15 that has gone on with financial investigators,
16 I believe that they have done an amazing job, a
17 very good job.

18 Iâ€™ve attended conferences in which
19 we are complimented for our professionalism,
20 smart interview questions. So, I know there
21 are questions around timing. I know the team
22 has worked very hard to prioritize and make
23 sure weâ€™re doing things in a timely manner.
24 But I also think itâ€™s important to note that

1 this was not easy process. And I for one
2 believe that weâ€™re not only on track but doing
3 a very, very high quality work. And I think
4 they ought to be commended for that.

5 CHAIRMAN CROSBY: I donâ€™t doubt any
6 of that. That was not at all in my question.
7 What we set out as a required standard is
8 behind my question. It has nothing to do with
9 whether or not you guys are doing your job
10 properly. I know you are. Itâ€™s the question
11 is our responsibility to determine what are we
12 going to ask you to do. Thatâ€™s what I think we
13 need to look at. Thatâ€™s why I brought that
14 question up.

15 MR. BEDROSIAN: Right. And I know
16 weâ€™re in an ongoing discussion about that with
17 the statute obviously as a foundation of what
18 we need to do. Obviously, I heard loud and
19 clear during my interview process about a risk
20 assessment. And we are going to engage in
21 that.

22 COMMISSIONER MACDONALD: Could I ask
23 a follow-up question? Lieutenant, I think you
24 referred to the reciprocity factor that you

1 take into account in doing your investigation.
2 Does that refer to attention to what regulators
3 in other jurisdictions have done with respect
4 to an applicant?

5 DET. LT. CONNORS: It does. That is
6 one piece of it. Obviously, various
7 jurisdictions have various levels of their own
8 investigation. So, we do take that into
9 consideration. It's also the licensure, the
10 actual licensure from other jurisdictions that
11 we take into consideration on its face.

12 COMMISSIONER MACDONALD: As you
13 know, I'm the new person here on the block or
14 at the table. To that end, on the report here
15 that Ms. Lillios prepared it noted that there
16 was no information showing that any
17 jurisdiction had denied, suspended or revoked
18 any gaming related application or license of
19 AGA or Mr. Tomasello since that court case.
20 And then further notes that subsequent the
21 conviction, AGA has been licensed by gaming
22 regulators in 10 states and 10 tribal
23 jurisdictions and the Bahamas.

24 Does that kind of relate to that

1 factor, the reciprocity factor?

2 DET. LT. CONNORS: It does
3 specifically, yes.

4 MS. LILLIOS: Just a very fine
5 point, the matter in Indiana was not a negative
6 license determination. They were allowed to
7 withdraw.

8 CHAIRMAN CROSBY: Anybody else?

9 COMMISSIONER ZUNIGA: No. That itâ€™s
10 very detailed and I read the report. I have a
11 similar question, a long-term question
12 specifically for secondary, vendor gaming
13 secondary vendors or primary because of the
14 level of activity.

15 A company like AGA is used to this
16 kind of licensing process. And theyâ€™ll go
17 through it because thatâ€™s what they do. Thatâ€™s
18 their core business gaming equipment, etc.

19 But I know thereâ€™s companies in
20 Massachusetts that have never gone through that
21 process that will not be doing necessarily
22 gaming equipment, but given their level of
23 activity would have to be subject to a similar
24 kind of probity, if you will.

1 And that's at the core of what I
2 think we need to think about, as you say Mr.
3 Chairman, as where we can strike that balance
4 in being very diligent but also achieving the
5 other goals that the Gaming Act also has in
6 terms of distributing the economic benefits to
7 local companies.

8 Thank you. It's very detailed.
9 It's obviously being, as you say Commissioner,
10 a learning curve in many aspects. And I think
11 it's a great report. And I concur with the
12 recommendation.

13 CHAIRMAN CROSBY: Let me just
14 restate. I want to make absolutely sure there
15 is no misunderstanding. Right now you guys are
16 doing what we ask you to do and doing it in
17 difficult circumstance and doing it well. And
18 I take pride in it, period.

19 The question is are we asking you to
20 do the right things? Do we need to rethink the
21 fundamental structure and policy, priorities,
22 levels, etc.? Those are Commission questions,
23 which you will help us with and advise us on,
24 but I admire and respect and appreciate the

1 work that you are doing, period. End of
2 discussion.

3 MS. LILLIOS: Thank you. As I
4 mentioned, Mr. Tomasello and Attorney Levenson
5 did travel up from New Jersey this morning. I
6 know Mr. Chair that Attorney Levenson would
7 like to address the Commission if you would
8 recognize him.

9 CHAIRMAN CROSBY: Sure. We knew
10 about this in advance. Welcome, Mr. Levenson.
11 You can't be off camera if you're going to do
12 this right.

13 MR. LEVENSON: I told him sitting
14 back there the name Lloyd is not a very common
15 name. So, I know I have at least one vote from
16 the Commission.

17 Anyway, thank you very much for the
18 colloquy also was very informative. We've been
19 involved in this investigation for a while now.
20 I've been doing this kind of work for 34 years.
21 So, I've probably been sitting in a chair like
22 this in most every jurisdiction in America.
23 So, I have a little bit of idea of what these
24 people have gone through and what Mr. Tomasello

1 has gone through, and actually what the
2 Commission members need to go through in order
3 to make a decision.

4 I wanted to first say from Director
5 Wells to Loretta Lillios to certainly
6 Lieutenant Brian Connors and to Monica Chang,
7 and I think it was even mentioned up here by
8 Commissioner Cameron, were extremely thorough.
9 The reason I say how long Iâ€™ve been doing this
10 is because there are jurisdictions out there
11 that are not as thorough.

12 And there are others that are
13 equally thorough but Iâ€™ve never come across one
14 that was more thorough than what was done in
15 this case. I mustâ€™ve been back and forth 10,
16 15 times with questions and answers. Every one
17 of the questions was a legitimate question.
18 And I commend you, Mr. Chairman, and
19 Commissioners for the staff that you hired.
20 Also noting that you did hire a few New Jersey
21 people.

22 Just a word about Par-4. I think we
23 stand well, I was taught early in my career
24 that when you stand well, stand still. But I

1 think it does merit a couple points to
2 emphasize. That was a situation -- And I
3 actually represented Mr. Tomasello and Par-4
4 way back when. It was a situation where he had
5 employees who were unaware of, and it really
6 was to a degree Mr. Tomasello's fault for not
7 educating them sufficiently to know where you
8 could send the parts and when.

9 So, everybody had good intentions.
10 The problem was they got caught up in a multi-
11 defendant indictment with a company at the top
12 of that indictment that had as its president
13 and executive officials, people who had been in
14 the business for many, many years and had good
15 reputations. Little did we know that their
16 reputations did not match up with what they
17 did. And they had every intention to become in
18 business in Michigan before the compact was
19 signed.

20 What happened was the staff of Par-4
21 transported parts, a couple directly to
22 Michigan unknowing what the law was on some
23 parts. And other types of equipment were
24 actually sent to Minnesota, but that company I

1 was referring to took it in transit and
2 unbeknownst to Par-4, it landed in Michigan.

3 The interesting part of the story is
4 that we moved very quickly in Minnesota because
5 Mr. Tomasello and Par-4 were licensed in New
6 Jersey. We didn't want to suffer much of a
7 suspension of our license as a result of the
8 indictment.

9 So, we ran to Minnesota, admitted
10 this transgression of the company. Because it
11 was a strict liability offense there really is
12 no defense. Either the peripherals went into
13 Michigan or they didn't go into Michigan. So,
14 we pled guilty. We got the \$5000 fine. It's
15 just basically a slap on the wrist.

16 The ironic part of the whole thing
17 was the government ended up dismissing the
18 entire case against everybody else including
19 that initial company. So, we felt kind of
20 stupid.

21 CHAIRMAN CROSBY: How much did you
22 pay for that legal advice, Mr. Tomasello?

23 MR. LEVENSON: So, nobody else was
24 convicted or pled guilty. The government's

1 case just for some reason fell apart.

2 And as far as Indiana is concerned,
3 theyâ€™re the only jurisdiction that actually
4 felt that theyâ€™re obligated by their particular
5 law to impute the fact that Mr. Tomasello
6 having been the owner of Par-4 and now the
7 owner of AGA that therefore because it was a
8 felony conviction of Par-4 that it would be
9 imputed to.

10 We donâ€™t agree with that but since
11 that was their position and since we really
12 didnâ€™t have any business to really do there, we
13 just withdrew. Other than that weâ€™ve been
14 licensed in all of the jurisdictions that Ms.
15 Lillios has referred to. We are very proud of
16 all of our licenses. And I can say weâ€™ll be
17 just as proud if we can receive one from the
18 state of Massachusetts.

19 CHAIRMAN CROSBY: Okay, thank you.
20 Any other discussion?

21 COMMISSIONER STEBBINS: Mr. Chair, I
22 would move that the Commission accept the
23 suitability investigation of Advanced Gaming
24 Associates, LLC as presented by our

1 Investigations and Enforcement Bureau and
2 approve Advanced Gaming Associates, LLC for
3 licensure as a gaming vendor primary.

4 CHAIRMAN CROSBY: Second?

5 COMMISSIONER ZUNIGA: I second that.

6 CHAIRMAN CROSBY: Any further
7 discussion? All in favor, aye.

8 COMMISSIONER MACDONALD: Aye.

9 COMMISSIONER CAMERON: Aye.

10 COMMISSIONER ZUNIGA: Aye.

11 COMMISSIONER STEBBINS: Aye.

12 CHAIRMAN CROSBY: Opposed? The ayes
13 have it unanimously. Congratulations.

14 CHAIRMAN CROSBY: We are going to go
15 now to item 5 with General Counsel Blue. But
16 we will take a few minute break before we do
17 that.

18

19 (A recess was taken)

20

21 CHAIRMAN CROSBY: We are reconvening
22 the 179th meeting pushing 12:00. We will start
23 with item number 5 and General Counsel Blue.

24 MS. BLUE: Thank you, Commissioners.

1 I have Deputy General Counsel Grossman here
2 today to bring you the first draft of the
3 skill-based gaming regulations for your review.

4 MR. GROSSMAN: Good afternoon Mr.
5 Chairman, members of the Commission. Thank you
6 for the opportunity to present this set of
7 draft regulations relative to skill-based
8 gaming.

9 Ultimately, we're going to ask that
10 the Commission move these draft regulations
11 through an informal public comment period
12 before we move through the formal process so
13 that we can get some feedback from the industry
14 and other stakeholders as to thoughts and
15 comments on what we have drafted.

16 I would just point out that these
17 were developed as a collaborative effort
18 between myself, Floyd Barroga, John Glennon in
19 consultation with our counterparts in the state
20 of Nevada, as well as after review of a number
21 of written public comments we received. We put
22 these together in accordance with some of the
23 principles that we shared with you.

24 We thought it was important in this

1 case to develop these principles, which we
2 lifted basically from the ones they used in the
3 state of Nevada, which as youâ€™ll recall has
4 already adopted a set of skill-based gaming
5 regulations.

6 And itâ€™s important because thereâ€™s a
7 certain unknown element here. So, we needed to
8 ensure that we understand what direction we
9 wanted to bring these regulations in.

10 At the end of the day, part of the
11 consideration is that we thought it would be
12 important to establish some type of uniformity
13 within the industry between us and other states
14 that have already adopted these types of
15 regulations -- In this case thatâ€™s the state of
16 Nevada. -- so that we donâ€™t create any
17 artificial barrier to allowing manufacturers or
18 the licensees themselves to bringing these
19 types of games here.

20 So, what we did was we took the
21 provisions that the state of Nevada has already
22 adopted and we placed them in our framework
23 with slight modifications where necessary to
24 establish that type of uniformity.

1 The Chair, if memory serves, asked
2 the question the last time we were before you
3 on this topic as to whether our existing slot
4 and gaming device regulations would be
5 satisfactory on their own to govern this
6 particular topic. So, that was part of our
7 review as well to see what modifications, if
8 any, we needed to make.

9 And I think ultimately we agreed
10 that there are a number of areas that are
11 specific to skill-based gaming that warranted
12 some enhanced type of regulations. And that in
13 fact is what you see before you.

14 There are a couple of areas that we
15 would just quickly point out. And then
16 obviously we are happy to take any questions
17 the Commission may have. We would just note
18 though that we've included provisions that
19 govern items known as identifiers that are a
20 part of skill-based gaming. They are in-
21 session features that are a part of skill-based
22 gaming.

23 The calculation of payouts is
24 slightly different when it comes to skill-based

1 gaming devices. And then also player
2 interaction technology, things like joysticks
3 and the like also warrant some special
4 attention.

5 So we, as I mentioned, looked to the
6 state of Nevada, and borrowed some of their
7 language and migrated over into our framework.
8 That is in fact what you have before you at the
9 moment.

10 If there are any questions, we could
11 pause now to take those.

12 COMMISSIONER CAMERON: Question
13 about did you look at other jurisdictions or
14 just Nevada? Do you feel like they've done the
15 most comprehensive work with this topic? I'm
16 just inquiring as to why just Nevada.

17 MR. GROSSMAN: We did look at New
18 Jersey. They have drafted regulations. They
19 haven't been formally adopted. There's at
20 least one noteworthy departure that the state
21 of New Jersey is looking at from those that
22 Nevada has adopted. I know in Pennsylvania
23 there's legislation pending that would allow
24 them to adopt skill-based gaming regulations.

1 I think there are couple of other states that
2 we took a look at as well.

3 But I think most would agree that
4 Nevada is at the fore of this particular
5 effort. AGEM submitted a written comment that
6 said that that's where you want to look for
7 these. I think the industry was fully engaged
8 in the effort there. And those are probably
9 considered to be the model in this particular
10 area.

11 COMMISSIONER CAMERON: Okay.

12 COMMISSIONER ZUNIGA: A lot of the
13 regulations assume or directly reference
14 electronic gaming devices. Would any of this
15 apply to say skill-based games not on an
16 electronic format? For example, what I know
17 happened in New Jersey in terms of hoops
18 contests?

19 MR. BARROGA: I'm not really sure I
20 understand the full scope of the question. But
21 within our technical requirements, we identify
22 all of the gaming devices whether it's a purely
23 a slot machine, a bank controller, a system.
24 As long as it falls within the jurisdiction of

1 the Massachusetts Gaming Commission within
2 those four licensees, those are the only
3 components that we are identifying within the
4 technical requirements.

5 COMMISSIONER ZUNIGA: So, it's a
6 yes, in other words. It's based on gaming
7 device.

8 MR. BARROGA: Yes, purely off gaming
9 device. Anything that you would see within the
10 four walls of a casino as opposed to say
11 downloadable content on your phone.

12 COMMISSIONER ZUNIGA: I was thinking
13 more of a competition of let's say some kind of
14 skill-based game not on an electronic gaming
15 device but you've answered my question.

16 COMMISSIONER STEBBINS: I've had the
17 opportunity to talk with Todd and the team
18 about these regs. in the early formulation
19 stage. One of the things I was looking for is
20 the flexibility, depending on the game, giving
21 our licensees the flexibility to bring in a new
22 game that meets some basic requirements. We
23 just don't know how these games are going to
24 evolve.

1 I had the opportunity to go out and
2 talk with the folks at Becker College who are
3 in the MassDiGi which is kind of a digital
4 gaming industry sector thatâ€™s been developed
5 here Massachusetts.

6 Ideally, Iâ€™d love the opportunity
7 for any of those companies that came up with
8 some kind of cool skill-based game to be able
9 to easily find their way through these
10 regulations. And pilot an opportunity at any
11 one of our licensees, really make this kind of
12 a hotbed for new games, new skills.

13 We hear from our licensees that they
14 are trying to attract a population thatâ€™s not
15 in favor of the typical slot machine but
16 something thatâ€™s got some skill-base to it.
17 So, itâ€™d be interesting to be able to send this
18 out to that industry sector here in
19 Massachusetts and begin to get their feedback
20 on it.

21 Even though they may not have
22 experience directly in gaming, but the
23 evolution of skill-based gaming whether you
24 play it on a device, whether you play it for

1 fun, could end up playing it for gaming
2 purposes. See if these regs. are nimble to
3 allow that kind of entrepreneurial feel to what
4 Massachusetts can position itself as. I like
5 the fact that the principles are consistent
6 with it.

7 CHAIRMAN CROSBY: So, you're
8 suggesting that we send out the regs. to that
9 software group?

10 COMMISSIONER STEBBINS: Yes. As
11 Todd suggested, we're in this kind of two-week
12 informal comment period on some of these regs.
13 It'd be good to get some sense from maybe some
14 Massachusetts-based company whether these have
15 got some appeal.

16 CHAIRMAN CROSBY: I think that's a
17 great idea. And it might incidentally
18 stimulate them a little bit to think about
19 maybe this is an area that they would want to
20 get involved in if they're not already looking
21 at it.

22 COMMISSIONER STEBBINS: Right.

23 CHAIRMAN CROSBY: That's a good
24 idea. There's a way to get to the list of

1 those software organizations or whatever if you
2 need to, game organizations or whatever. Other
3 people?

4 COMMISSIONER MACDONALD: Todd, you
5 mentioned that there was a threshold question
6 as to whether this was even necessary given our
7 current regulations. Is that premised on the
8 circumstance that slot machines are defined in
9 a way that they include skill-based factors in
10 the outcome of a slot machine transaction?

11 MR. GROSSMAN: The definition itself
12 allows for multiple types of games, including
13 ones that incorporate skill. The comment was
14 more directed at things like calculating the
15 minimum theoretical payout, which for -- And
16 Iâ€™m always leery to talk about technical things
17 with guys like this sitting next to me, but I
18 will.

19 When it comes to a regular slot
20 machine, which are based entirely on random
21 number generators, there is no element of skill
22 involved at all. It is all chance-based. When
23 you start mixing in the element of skill, one
24 canâ€™t calculate the minimum theoretical payback

1 with the ease that you can when it comes to
2 operating a game entirely based upon chance.

3 So, you have to come up with some
4 other way that we would take comfort in a
5 presentation of what the minimum theoretical
6 payout actually is. And weâ€™ve done that here.
7 And we use something called a confidence
8 interval, which is a measure of probability,
9 which is different from running an actual
10 theoretical payout on a random number
11 generator.

12 So, there are a couple of
13 distinctions like that that I think require
14 these types of enhanced regs. and again are
15 allowed by under the definition you referenced.

16 CHAIRMAN CROSBY: I was going to ask
17 about the minimum -- theoretical minimum payout
18 assuming optimal play, if you could define that
19 to me in the English language.

20 Because I read in some of these
21 letters suggested that itâ€™s impossible to set a
22 standard because of the number of options and
23 the impact on performance if you donâ€™t have any
24 skill. Did I now understand you to say that

1 unlike in a fully random number generated
2 system where you can program a payout level
3 that here all you can do is project a sort of
4 presumed, under most circumstances, but you may
5 fall below that because of the unpredictability
6 of play?

7 MR. GROSSMAN: Well, you're adding
8 the human element, right? So, you never really
9 know. Someone could be really good at
10 something or really bad at it.

11 So, there are ways I think they can
12 protect against the real outer limits. Yes, I
13 think that it is more of a projection in lay
14 terms, a probability when it comes to the
15 element of skill. That's why there are things,
16 there's a thing known as a confidence interval.
17 95 percent confidence interval, it is somewhat
18 arbitrary as it was explained, but it's kind of
19 the gold standard when it comes to probability
20 calculations is this 95 percent confidence
21 interval.

22 Then making sure that the minimum
23 theoretical payout, at least in the first
24 instance with a margin of error of five percent

1 either way, make sure that the minimum is
2 always over 80 percent which is what our
3 regulations say the minimum theoretical payout
4 has to be for all slot machines.

5 In our case, we build in as did the
6 state of Nevada a check on that. We say that
7 after the calculation is made and the sample
8 size is established that we will calculate, and
9 the machine actually will do this on its own,
10 the actual payout over a course of three
11 samples, essentially.

12 If the absolute deviation proves to
13 be greater than four percent over the course of
14 three cycles, essentially, whether it's a
15 thousand plays or a million plays or whatever
16 it turns out to be that the game itself will go
17 into tilt mold. And that we will have an
18 opportunity to --

19 CHAIRMAN CROSBY: Does that mean
20 stops?

21 MR. GROSSMAN: -- to stop. This is
22 what it says now. That's obviously subject to
23 change. And we will then take a step back and
24 look at the minimum theoretical payout that was

1 submitted to us. By the way, this is all
2 looked at by one of the independent test labs.

3 But that we will have a chance to
4 look at that figure and determine whether the
5 actual payout when compared to the minimum
6 theoretical payout is something that is still
7 workable for us or whether things need to be
8 recalculated or the game scrapped altogether.

9 One of the interesting comments we
10 received from one of the manufacturers, I
11 believe, was that in their estimation anyway,
12 these types of games are somewhat self-
13 regulating in that the casino itself is not
14 going to allow a game on the floor that pays
15 out way over what the theoretical payout should
16 be to the extent that they are losing money.

17 And at the same time, consumers
18 aren't going to play a game that you can never
19 win. So, there is that element of self-
20 regulation that is factored in here to a
21 degree. We have a check on it where we're
22 looking at the actual payout over the course of
23 these sample size cycles.

24 Ultimately, when we look at these

1 proposed regs., I think we just need to bear in
2 mind that we are moving into uncharted
3 territory to a degree. And that is a decision
4 that we have to make that we want to go down
5 that road and explore that as opposed to
6 letting other places do it first and then
7 figuring out what the downsides are.

8 COMMISSIONER MACDONALD: At the risk
9 of asking a dumb question, this phrase of
10 minimum theoretical payout, let's say it's 80
11 percent, does that mean that \$.80 on every
12 dollar goes back to the playing customer?

13 MR. GROSSMAN: Theoretically, over
14 the course of the lifetime of the machine
15 that's true. It's not true that if you stick a
16 dollar in the machine you're going to get \$.80
17 back.

18 COMMISSIONER MACDONALD: I don't
19 think anybody would do that.

20 COMMISSIONER ZUNIGA: Over a long
21 period of time.

22 CHAIRMAN CROSBY: And we report on
23 that on our machines. When we get our report
24 from Plainridge, they say what the actual

1 payout was through the course of the month.

2 MR. GLENNON: Actually, the basement
3 is 80 percent. Thatâ€™s the low. Most
4 properties set the return to player percentage
5 in the 90, 92.5 percent range.

6 COMMISSIONER MACDONALD: Iâ€™m going
7 to follow up with another probably dumb
8 question, confidence interval, what does that
9 mean?

10 MR. GROSSMAN: Commissioner Zuniga
11 is probably in a better position to explain
12 that. I think Iâ€™ll just let him explain that.

13 COMMISSIONER ZUNIGA: Itâ€™s really a
14 statistics notion or a probability notion. In
15 terms of the minimum theoretical payout, the
16 confidence interval can be set to letâ€™s say
17 between the 85 and 95. That was your notion of
18 the plus or minus that is still above the
19 minimum 80.

20 But to answer the question very
21 plainly is the notion that you will observe at
22 the desired outcome 95 percent of the time
23 within some interval, not within an exact
24 amount but within this interval that gives you

1 confidence that that probability will in fact
2 happen.

3 The trickiest part here over what
4 period of time for the testing and for the
5 payout. It has to be large enough to be
6 significant and therefore resulting in that
7 degree of confidence. You cannot just observe
8 two or three plays, because it would not be
9 statistically significant.

10 MR. BARROGA: And just to add to
11 that. The Commission would identify each
12 skill-based game based off its own merit
13 because we would like the industry to allow the
14 design, the implementation of various types of
15 products so that we have variety at our casinos
16 for our licensees.

17 Before that product ever meets the
18 casino floors, the certified independent test
19 labs as well as the lab here in Boston would
20 run through tens of millions of play
21 simulations so that we do validate the optimum
22 play. Does it meet our 80 percent return to
23 player percentage before it hits those casino
24 floors?

1 COMMISSIONER ZUNIGA: Now, if we
2 wanted to go further in the confidence level
3 letâ€™s say, thereâ€™s notions around 98 and 99
4 percent. Once you get to 100, youâ€™re getting
5 into itâ€™s just a slot machine with zero skill.
6 There has to be the ability to have some
7 variability in the outcome, which gives notion
8 to the degree of confidence.

9 CHAIRMAN CROSBY: One of my
10 questions when I read through and tried to read
11 through this stuff and the letters was whether
12 we actually really understand this stuff. And
13 Iâ€™m impressed to see you that you do, Todd.
14 You seem like notwithstanding the lack of
15 geekiness, I thought that was impressive.

16 MR. GROSSMAN: I think itâ€™s
17 important that we all, and we do at least
18 basically understand.

19 CHAIRMAN CROSBY: It clearly is, but
20 itâ€™s complicated stuff. Itâ€™s reading Greek for
21 me to read through this stuff. And I wanted to
22 make sure that we do understand what weâ€™re
23 talking about here. And it sounds like -- Iâ€™m
24 sure you two do, but itâ€™s good that you do too.

1 MR. GROSSMAN: I think we are
2 thankful to, as I said, our counterparts in
3 Nevada. We spent some time with them
4 explaining some of the finer points.

5 CHAIRMAN CROSBY: Did we have any
6 material with Nevada?

7 MR. BARROGA: I would say we have
8 material differences with New Jersey. New
9 Jersey has taken a different approach to Nevada
10 where they will actually manipulate their
11 games, the skill-based game.

12 Say it the players donâ€™t meet their
13 75 percent return to player percentage. They
14 will actually manipulate that game, allow the
15 requirements to sort of help the lesser skilled
16 players to achieve that minimum requirement.

17 As opposed Nevada, theyâ€™ve taken the
18 open approach. If you take blackjack as an
19 example. With blackjack itâ€™s about a 98
20 percent payback percentage if you soft hit on
21 17. Within blackjack, the rules are always
22 stagnant. They are always the same for anyone.
23 If John were to play, if Todd were to play, if
24 I were to play, we would not manipulate the

1 machine to adhere to that minimum percentage.
2 Weâ€™re providing the opportunity to all players
3 to have that ability to achieve the highest.
4 But they also have the ability to within the
5 skill of their games --

6 CHAIRMAN CROSBY: So, New Jersey
7 sets up some kind of an internal mechanism in
8 the machine so that if itâ€™s under returning
9 something changes in the algorithms so that it
10 will return at a higher level?

11 MR. BARROGA: Yes. So, depending on
12 your sample size, it will calculate it. If it
13 is below their 75 percent RTP percentage then
14 they would try to extrapolate the math model
15 and allow those players to win back more.

16 COMMISSIONER ZUNIGA: So, in that
17 case, it could turn out that you follow
18 somebody who has been playing a long time, has
19 been really bad and you get all of a sudden a
20 payout without necessarily your skill?

21 MR. BARROGA: I would say it wasnâ€™t
22 identified per player, sort of the whole lot.

23 CHAIRMAN CROSBY: The longer period.

24 COMMISSIONER ZUNIGA: In New Jersey?

1 MR. BARROGA: Yes.

2 CHAIRMAN CROSBY: Why did you decide
3 not to recommend the New Jersey model as
4 opposed to the Nevada model?

5 MR. GROSSMAN: I would say at least
6 in part we put a premium on uniformity here.
7 The fact that Nevada worked closely with the
8 manufacturer to develop their regulations was
9 an important part of where we were coming from.

10 And then I think we all probably
11 have our own personal opinions as to how that
12 should work. I think we kind of coalesced
13 around the idea, as one of the commenters
14 pointed out, there's an unknown element to this
15 skill thing. So, why try to set what the
16 minimum is actually going to be until we really
17 know what type of play the machine is going to
18 engage in.

19 The way that Nevada does it and the
20 way that we have it here recognizes that. And
21 it recognizes that the actual payout may be
22 below what the minimum theoretical payout was
23 proposed to be, and then we can deal with it
24 then. As opposed to saying the machine can

1 never be there and that it has to automatically
2 get back up to that level.

3 Where the game itself is affected,
4 the play of the game must be affected so that
5 itâ€™s either made easier or somehow you get paid
6 more or whatever it is. We say the game is
7 always the same for everyone no matter who it
8 is.

9 CHAIRMAN CROSBY: Itâ€™ll be
10 interesting to explain this on your little
11 info. piece on the machine when youâ€™re trying
12 to tell the player what the odds are. But I
13 guess weâ€™ll cross that bridge when we get to
14 it.

15 MR. GROSSMAN: Thatâ€™s right.

16 COMMISSIONER MACDONALD: Thereâ€™s
17 several references here to being governed by
18 GLI-11. And Commissioner Cameron described to
19 me what GLI is, but what is GLI-11?

20 MR. GROSSMAN: There are a number of
21 ways to craft regulations, of course. You can
22 literally sit down and write out every sentence
23 and every word. In the case of Nevada and New
24 Jersey, they wrote down every sentence and

1 every word that governed how slot machines are
2 going to operate.

3 In our case, we took a slightly
4 different approach as a number of other
5 jurisdictions have. That is we adopted what is
6 essentially is a model set of regulations.
7 They were written by GLI, which is the Gaming
8 Labs International, which also happens to be
9 the independent testing lab.

10 MR. GLENNON: One of two.

11 MR. GROSSMAN: One of two, BMM being
12 the other. And BMM actually uses GLI
13 standards. So, these are kind of the gold
14 standard, if you will, of model slot machine
15 and gaming device standards.

16 So, instead of us sitting down and
17 writing out every provision that applied to
18 slot machines and all the communications that
19 go back and forth, we adopted the national --
20 not the national standard, the model standard.
21 We made some modifications to it to suit the
22 general laws and our other tastes and whatnot.
23 We took that approach as opposed to writing out
24 the full set of regulations.

1 So, that was an area where we are
2 different from Nevada. So, we could not just
3 copy exactly what Nevada did. We had to work
4 the provisions we thought important into our
5 framework, into the GLI-11 framework, which at
6 times meant we needed to modify certain
7 provisions of GLI-11 because they would
8 otherwise be inconsistent.

9 We should note while we're at it
10 that GLI is working on a set of skill-based
11 gaming standards as we speak, I guess. I don't
12 know that they've ever come out and said when
13 they would have those ready or whatnot. I
14 think ours will proceed theirs.

15 COMMISSIONER MACDONALD: So, in that
16 score the first document in the materials here
17 is skill-based gaming regulations. And then it
18 says 205 CMR 143.01(GLI-11), is the text here
19 taken from GLI-11?

20 MR. GROSSMAN: You're looking at the
21 principles?

22 COMMISSIONER MACDONALD: Yes.

23 MR. GROSSMAN: That's just a side
24 document. No. These were taken from our

1 conversations.

2 COMMISSIONER MACDONALD: I was going
3 to compliment you on the principles.

4 MR. GROSSMAN: They are our
5 principles.

6 COMMISSIONER MACDONALD: Do they
7 come from GLI-11 or are these Todd Grossman and
8 company principles?

9 MR. GROSSMAN: They are more Jim
10 Barbi from Nevada and company. I donâ€™t think
11 they actually wrote them out, but these were
12 some of the things that they said were
13 important to them while they were going through
14 this process.

15 So, we took it and kind of molded it
16 to suit our needs, which is why we wanted to
17 cite Nevada in there. I didnâ€™t want you to
18 think that we came up with these all on our
19 own.

20 COMMISSIONER MACDONALD: They are
21 very well said.

22 CHAIRMAN CROSBY: Anybody else?

23 COMMISSIONER STEBBINS: Do we need
24 to vote or are we just putting this out for a

1 two-week comment period?

2 MS. BLUE: Weâ€™re just going to put
3 them out for informal comment.

4 COMMISSIONER ZUNIGA: Great work,
5 itâ€™s really well done.

6 CHAIRMAN CROSBY: Just to make sure
7 on this, 143.01, standards for gaming devices
8 actually is in section (b), but that should be
9 in section (a); is that right? Weâ€™re only
10 talking under item (b) weâ€™re only talking about
11 116.

12 MS. BLUE: Just to put items (b),
13 (c) and (d) in some context, what weâ€™re looking
14 at for items (b), (c) and (d) is the
15 Commissionâ€™s approval of the amended small
16 business impact statement.

17 These regulations have been before
18 you before. They have gone through the hearing
19 process. They are almost ready for final
20 promulgation. I do note however that based on
21 the comments that we got, we did make some
22 minor changes to item (b) which is the transfer
23 reg. I donâ€™t know if we made any changes the
24 amendments to 134.

1 But I have Mr. Grossman here and
2 Deputy Director Lillios to answer any questions
3 that you may have about those regs.
4 Predominately, we are just looking for approval
5 on the amended small business impact
6 statements.

7 CHAIRMAN CROSBY: I think this is
8 just a screw up -- Under the small business
9 impact tab (b), I have the skill-based gaming
10 draft regs.

11 MS. BLUE: They should not be under
12 (b).

13 CHAIRMAN CROSBY: So, weâ€™re finished
14 with (a). Weâ€™re ready to go to (b), which is
15 only the transfer reg.

16 MS. BLUE: (b) is just the transfer
17 reg., yes.

18 MR. GROSSMAN: This is on for final
19 approval which includes the approval of the
20 amended small business impact statement.

21 There was a public hearing on these
22 regulations which was presided over by
23 Commissioner Zuniga last week. We received one
24 written comment, which is in your packet. Also

1 received an oral comment from Counsel to MGM on
2 these. And based upon those two comments, Iâ€™ve
3 included a number of proposed adjustments to
4 the draft language. They are in green in your
5 draft. The MGM Counsel comments are pretty
6 important but not substantial.

7 CHAIRMAN CROSBY: Thatâ€™s the one
8 that says you shouldnâ€™t be able to transfer if
9 the host community agreement requires host
10 community approval and that hasnâ€™t been granted
11 yet.

12 MR. GROSSMAN: Well, that was the
13 city of Springfieldâ€™s comments.

14 CHAIRMAN CROSBY: I thought thatâ€™s
15 what you were talking about.

16 MR. GROSSMAN: No. MGM commented
17 and then the city of Springfield separately
18 commented.

19 CHAIRMAN CROSBY: You decided not to
20 accept the Springfield comment?

21 MR. GROSSMAN: I did actually, in
22 part anyway. At the end, if you look at page
23 seven of the draft in green --

24 CHAIRMAN CROSBY: I donâ€™t have page

1 seven in green, but thatâ€™s all right.

2 MR. GROSSMAN: Just the green
3 language, not the whole page.

4 CHAIRMAN CROSBY: I have page six in
5 green.

6 MR. GROSSMAN: Okay, page six. I
7 think I have a different version.

8 CHAIRMAN CROSBY: Suitable
9 qualifiers?

10 MR. GROSSMAN: No, itâ€™s 129.01.

11 COMMISSIONER ZUNIGA: Our copy is --

12 COMMISSIONER CAMERON: Itâ€™s not in
13 green.

14 MR. GROSSMAN: Itâ€™s not in green.
15 Okay. I hope itâ€™s in there at all. At the end
16 of the first paragraph -- You know what. I
17 think I sent this to you separately. I donâ€™t
18 know if it got into the packet. But in any
19 event, I proposed that we add language that
20 says additionally, the written agreement â€” is
21 that in there?

22 CHAIRMAN CROSBY: It is in there.
23 Itâ€™s just not highlighted. We didnâ€™t know that
24 you made this change.

1 MR. GROSSMAN: That is new.

2 CHAIRMAN CROSBY: This does
3 incorporate, in effect, the requirement that if
4 a host community agreement requires approval of
5 the host community of a transfer that shouldâ€™ve
6 happened.

7 MR. GROSSMAN: Yes.

8 CHAIRMAN CROSBY: As well as the
9 other commitments.

10 MR. GROSSMAN: You will look at that
11 as part of your review process to make sure
12 that all necessary approvals have been granted.
13 That is in reference to the written comment we
14 received.

15 There was another part of that
16 particular comment that had to do with the
17 reopening of mitigation agreements. I did not
18 make any adjustments based upon that.

19 I think the language we have
20 provides the Commission with greater
21 flexibility to address these issues that may
22 come up in the future. The proposed adjustment
23 I think narrows the Commissionâ€™s flexibility to
24 a degree that is not really necessary

1 considering we don't know exactly what the
2 situation will be.

3 So, I would recommend that we keep
4 the language as it is when it comes to
5 reopeners. But I certainly agreed with the
6 comment relative to the approval of the
7 transfers.

8 At the time, I'd just make one final
9 point on that. I think it's important and
10 sometimes some of the comments we've received
11 over the course of time missed this point a
12 little bit that these proposals cover all
13 transfers big and small. Sometimes people just
14 think about the complete transfer of a gaming
15 license altogether where a new company would
16 come in and run the casino.

17 But this also covers much smaller
18 transfers that we're interested in, which is
19 why I didn't want to just put in that the host
20 community has approval rights over every
21 transfer that may come before the Commission.

22 CHAIRMAN CROSBY: So, the interim
23 approval process. You have to file an RFA-1
24 and the Commission has to render a decision on

1 the RFA-1 within 120 days to grant an interim
2 authorization.

3 Subsequent to an interim
4 authorization the bureau shall continue its
5 suitability investigation.

6 COMMISSIONER MACDONALD: What page
7 are we on?

8 CHAIRMAN CROSBY: Iâ€™m on five and
9 six, item three on the left talks about an
10 interim approval. And then thereâ€™s a full
11 paragraph on the next page about halfway down
12 thatâ€™s not indented that talks about subsequent
13 to the interim.

14 What are we looking at in the
15 suitability investigation that we will not have
16 looked at and approved in the interim 120 days?

17 MR. GROSSMAN: These regulations, I
18 think, are really just designed to enhance our
19 existing review process. I think itâ€™s a
20 similar situation to the one you were just
21 talking about in the prior review.

22 Ultimately, the statute calls for an
23 interim type review within 120 days,
24 essentially. And thereâ€™s a number of types of

1 transfers. But when you have a contractual
2 transfer, the law says and our regulations
3 reflect that the contract can't call for a
4 closing date on that contract sooner than 121
5 days from the date that the company or the
6 individual was deemed a qualifier.

7 And that was designed, I believe, to
8 give the Commission, the IEB an opportunity to
9 do some type of preliminary investigation. The
10 case may be that they can complete the
11 investigation and make a full recommendation to
12 you. What exactly would be looked at is not
13 really included here. It's not something you
14 can say blanket as a matter that applies to all
15 what would be looked at in each instance.

16 CHAIRMAN CROSBY: I'm getting at a
17 very different issue than the one I raised
18 before. What I'm getting at here and just
19 puzzling over, these are going to be multi-
20 million dollar transactions.

21 COMMISSIONER ZUNIGA: Not
22 necessarily.

23 CHAIRMAN CROSBY: These will be
24 significant transactions. And if you give an

1 interim, we then say you can go ahead and close
2 the transaction, but we also are going to be
3 continuing to investigate and give a final
4 approval, maybe depending on whatever the rest
5 is.

6 So, Iâ€™m wondering what kind of -- we
7 would go forward on a closing a transaction if
8 youâ€™ve only got interim approval and thereâ€™s
9 anything substantive to still be discussed. As
10 a practical matter, I donâ€™t quite understand
11 how this works. I could ask a representative
12 -- Am I misunderstanding? How could you close
13 a transaction if the approval of the acquirer
14 was still at risk?

15 MS. BLUE: It would depend upon the
16 contractual arrangement regarding the transfer.
17 For example, many people might not close the
18 transfer. They may wait. But depending on how
19 you shift things like indemnities and
20 responsibilities, you could close knowing that
21 you may have to unwind it later.

22 So, it really gives them the option
23 to close sooner if they believe they want to,
24 but it doesnâ€™t certainly obligate them to close

1 at that point either. They could hold on until
2 they got the final approval.

3 COMMISSIONER CAMERON: I think
4 Loretta can speak to this too. But in many
5 cases, what this might be is maybe one
6 individual. There may be a problem when you do
7 the entire investigation. The company may be
8 very secure in the fact that they will not have
9 a problem. They've been licensed elsewhere,
10 whatever.

11 But then as we had in our other
12 suitability investigations, there may be one
13 individual that's identified that does have a
14 problem. And as we've seen with other
15 companies that individual is dropped from the
16 group moving forward.

17 So, I think that's a more likely
18 scenario where the overall company itself, the
19 IEB would feel they had enough information, had
20 done enough initial investigation to issue a
21 temporary but with all of the detail work and
22 the individual work to follow.

23 COMMISSIONER ZUNIGA: Let me mention
24 something. It's tempting and it's okay to

1 think about a transfer as in the whole thing,
2 the whole gaming establishment.

3 But I perceive that we will see a
4 lot more regular transfers because we have
5 three licensees that are public companies with
6 public shares. Just as an example and my point
7 Mr. Chairman, somebody that currently owns
8 letâ€™s say four percent of any one of these
9 stocks is not currently a qualifier, and just
10 simply acquiring one percent of additional
11 shares becomes one.

12 That person has to go through now
13 the suitability process. Itâ€™s that one percent
14 weâ€™re talking about of transfer that is now
15 triggering this investigation. If that person
16 is not found suitable, letâ€™s say, purely
17 hypothetical that one percent then is reverted
18 back to whomever, open market sale of
19 securities for example and we are back to where
20 we were before. These regulations are meant to
21 cover all of the transfers.

22 CHAIRMAN CROSBY: Any transfers
23 above five percent.

24 COMMISSIONER ZUNIGA: Or that can

1 put you into an above five percent territory.

2 CHAIRMAN CROSBY: Were you going to
3 speak to that Loretta?

4 MS. LILLIOS: Under this proposed
5 reg., the standard is the same, establishing by
6 clear and convincing evidence the suitability.
7 And as Commissioner Cameron said, there have
8 been recommendations in the past, conditional
9 recommendation with certain conditions that I
10 can imagine would apply, possibly apply here.

11 CHAIRMAN CROSBY: As we reviewed
12 this, the big kahuna in this was the
13 Massachusetts share. And that has been dealt
14 with. But these have been reviewed by others.
15 I assume our licensees are okay with these as
16 they now stand, right? Iâ€™m seeing some
17 nodding.

18 MR. GROSSMAN: Havenâ€™t gotten any
19 objections.

20 CHAIRMAN CROSBY: So, my concern is
21 not an issue. Anything else on this? Do we
22 have a motion?

23 COMMISSIONER ZUNIGA: Do we need to
24 move forward the amended small business impact

1 only or for the final adoption of all of them?

2 MS. BLUE: I think in this
3 situation, let's move for the amended small
4 business impact statement and the adoption of
5 the regs. as modified.

6 COMMISSIONER ZUNIGA: In that case,
7 I'd be happy to move that the Commission
8 approve the amended small business impact
9 statement as presented in the packet here for
10 -- We have them all together, right?

11 I move that we approve the amended
12 small business impact statement and final
13 promulgation of 205 CMR 129 which are the
14 regulations for the review of a proposed
15 transfer of interest and 205 CMR 116, persons
16 required to be licensed or qualified.

17 CHAIRMAN CROSBY: Second?

18 COMMISSIONER MACDONALD: Second.

19 CHAIRMAN CROSBY: Further
20 discussion? All in favor, aye.

21 COMMISSIONER MACDONALD: Aye.

22 COMMISSIONER CAMERON: Aye.

23 COMMISSIONER ZUNIGA: Aye.

24 COMMISSIONER STEBBINS: Aye.

1 CHAIRMAN CROSBY: Opposed? The ayes
2 have it unanimously. Item (c).

3 MS. BLUE: Items (c) and (d) is the
4 amended small business impact statements for
5 the amendments to 205 CMR 134. We have Deputy
6 Director Lillios here to discuss any questions
7 you may have about that. I donâ€™t believe he
8 made any changes to those amendments since we
9 last showed them to you. Although, if we did,
10 Loretta can go through them with you.

11 MS. LILLIOS: There have been no
12 changes since they were last proposed.

13 CHAIRMAN CROSBY: Questions anybody?

14 COMMISSIONER ZUNIGA: These were
15 already presented and discussed, and this is
16 the final promulgation process, right?

17 MS. LILLIOS: Thatâ€™s correct.

18 CHAIRMAN CROSBY: Motion?

19 COMMISSIONER CAMERON: I move that
20 we approve the amended small impact statement
21 and final promulgation of 205 CMR 134 and 205
22 CMR -- well, thatâ€™s 134 as well. So, itâ€™s just
23 134.

24 MS. BLUE: Thereâ€™s two amended small

1 business impact statements, because the first
2 amendment is a change to the temporary license
3 language. The second amendment is to the term
4 of the license. But if you would like to move
5 them both together for all of the amendments to
6 205 CMR 134 that would work too.

7 COMMISSIONER CAMERON: To include
8 both (c) and (d) as outlined in the packet.

9 CHAIRMAN CROSBY: Second?

10 COMMISSIONER ZUNIGA: Second.

11 CHAIRMAN CROSBY: Any discussion on
12 items 5(c) or (d) as so moved? All in favor,
13 aye.

14 COMMISSIONER MACDONALD: Aye.

15 COMMISSIONER CAMERON: Aye.

16 COMMISSIONER ZUNIGA: Aye.

17 COMMISSIONER STEBBINS: Aye.

18 CHAIRMAN CROSBY: Opposed? The ayes
19 have it unanimously. Now on 5(e).

20 MS. BLUE: 5(e) this is to start the
21 promulgation process. And this the small
22 business impact statement for 205 CMR 143.

23 COMMISSIONER ZUNIGA: These are not
24 the skill-based games that we just discussed?

1 MS. BLUE: No. I don't believe so.

2 MR. GROSSMAN: These actually came
3 before the Commission last March. The
4 Commission approved to move them through the
5 promulgation process. For various reasons,
6 they never moved anywhere.

7 These are very important though.
8 They do need to get moved. It deals with open
9 communication protocols, which are essentially
10 the suite of data that are sent from the slot
11 machines to the casino management system and
12 then to the central monitoring system.

13 We initially said that by January
14 2017 they all have to be on a G2S model. We
15 are now saying they can be G2S, SAS or any open
16 communication protocol making it a more
17 permissive but still acceptable. So, it's an
18 important adjustment. It's one we looked at in
19 the past and now we're just asking again to
20 move it through the process.

21 CHAIRMAN CROSBY: The red lines are
22 red lines that we agreed to back in March?

23 MR. GROSSMAN: Yes.

24 COMMISSIONER ZUNIGA: But the 2017

1 date still applies?

2 MR. GROSSMAN: It's in there now,
3 but we are looking to delete that and not
4 require that all systems be upgraded to G2S.

5 COMMISSIONER ZUNIGA: I see.

6 CHAIRMAN CROSBY: Any discussion?
7 Motion, Commissioner, anybody?

8 COMMISSIONER STEBBINS: Mr. Chair, I
9 move that the Commission approve the small
10 business impact statement relative to proposed
11 amendments in 205 CMR 143.

12 CHAIRMAN CROSBY: Second?

13 COMMISSIONER ZUNIGA: Second.

14 CHAIRMAN CROSBY: Any discussion?

15 All in favor, aye.

16 COMMISSIONER MACDONALD: Aye.

17 COMMISSIONER CAMERON: Aye.

18 COMMISSIONER ZUNIGA: Aye.

19 COMMISSIONER STEBBINS: Aye.

20 CHAIRMAN CROSBY: Opposed? The ayes
21 have it unanimously. And finally (f).

22 MS. BLUE: Item (f) consists of
23 amendments to the exclusion regulations. These
24 are different than the voluntary self-exclusion

1 regulations.

2 And we had some conversations about
3 these amendments a while back. We took the
4 Commission's direction at that time and we've
5 made some changes. Loretta is here to walk you
6 through those changes and help us all to
7 understand the process that we have in this
8 regulation.

9 MS. LILLIOS: At your meeting on
10 September 17, you expressed your preference for
11 a process of placing individuals on this
12 involuntary exclusion list. A process whereby
13 they would receive advance notice of the
14 intention of putting them on the list before
15 actually placing them on the list.

16 So, that process is reflected in the
17 amendments here. And I will walk you through
18 the draft. It essentially says that the IEB
19 shall investigate any person who you refer us
20 to or the gaming licensee refers us to who may
21 meet one of the criteria for involuntary
22 exclusion. And we may investigate anyone else
23 who may meet any of those criteria.

24 If the IEB determines that the

1 individual meets one or more of the criteria
2 and should be placed on the list, the IEB then
3 would prepare a preliminary order setting forth
4 the basis of putting the person on the list.

5 The IEB would then serve the
6 preliminary order on the person. And this
7 would be the advance notice. And notify the
8 person of the opportunity for an administrative
9 hearing before a hearing officer. The
10 individual can then claim a hearing before the
11 hearing officer before being placed on the
12 list.

13 And if the hearing officer finds
14 that the individual meets one or more of the
15 criteria and should be placed on the list, then
16 the individual is placed on the list. Once the
17 person is placed on the list, the IEB then
18 notifies the person of the placement and of his
19 or her right to a hearing before the
20 Commission. At which, if they claim a
21 hearing before the Commission, it would be a
22 request to remove the name from the list and it
23 would be an adjudicatory hearing. This
24 procedure also places duties on the gaming

1 licensee to exclude or reject these people.
2 And we added some sections on requiring the
3 gaming licensee to develop a policy for
4 compliance which includes a training program
5 for personnel.

6 One area that the Commissioners
7 raised back in September was that the protocol
8 thatâ€™s reflected in these amendments does not
9 really help if thereâ€™s an immediate threat
10 situation because this advance notice is this
11 period where the person gets a chance to
12 request the hearing and then have the hearing.

13 In one sense, anybody who should be
14 on that list poses a risk right away, right?
15 But the staff is recommending at this point
16 that we go with the protocol of advanced
17 notice. And for the immediate threat, really
18 immediate threat situations that we rely on the
19 operatorâ€™s ability to issue no trespass orders.
20 And then communicate the no trespass orders to
21 other licensees and give us the opportunity to
22 get some experience with administering this.
23 And if we need to revisit it, we would do that.

24 CHAIRMAN CROSBY: Discussion?

1 COMMISSIONER CAMERON: Do we feel
2 like thatâ€™s enough protection? In fact, do we
3 know that weâ€™ll have the relationships with the
4 licensees to do that?

5 MR. BAND: I think itâ€™s a workable
6 situation. Like the three of us discussed, it
7 is something that we can readdress if we really
8 find that itâ€™s problematic, but I think for the
9 majority of the cases we should be fine.

10 CHAIRMAN CROSBY: Anybody else?

11 COMMISSIONER ZUNIGA: Iâ€™m just
12 curious how likely this might happen. But if
13 the Commission is referring somebody to be
14 placed on the list, we have to do that in a
15 public meeting and it has to come from the five
16 of us? Itâ€™s not like one Commissioner can
17 refer the IEB into the list to do an
18 investigation?

19 MS. BLUE: I think, and Loretta can
20 speak to this. I think initially the IEB will
21 be the one to be proposing it to the Commission
22 to be put on the list. So, if a Commissioner
23 had a particular person to propose, it would
24 probably be best served to funnel it through

1 the IEB. But yes, it would have to be in a
2 public meeting.

3 This was really what Commissioner
4 McHugh raised this issue about so that there
5 were some sort of process right either as that
6 happened or right after that happened for
7 someone to challenge it.

8 CHAIRMAN CROSBY: There were two
9 issues back in September that we talked about
10 the length. One was is this complying with the
11 statute, and it seems clear that this draft is.
12 And is it fair to -- Have we set up a process
13 which is fair to the potential excludee and
14 giving them enough opportunities to speak up
15 before they go on the list. And I think this
16 clearly addresses it as well. So, I think
17 we've addressed the two issues.

18 Where is it assured -- It says an
19 opportunity to request a hearing before a
20 hearing officer in accordance with CMR 152.03.
21 Is that the hearing regs.?

22 COMMISSIONER ZUNIGA: That's our
23 hearing regs.

24 MS. LILLIOS: No. That is the prior

1 portions of this reg., which set up the
2 criteria for placing someone on the list.

3 CHAIRMAN CROSBY: Is it necessary to
4 reference our hearing regs. that says like for
5 example this is not a public hearing.

6 MR. GROSSMAN: I think we do that in
7 the next paragraph.

8 MS. LILLIOS: That's 101.03 in the
9 middle of subsection 4.

10 CHAIRMAN CROSBY: Okay. That's
11 101.03, great.

12 MS. LILLIOS: Actually as I'm
13 reading subsection 3 now under 152.04, in the
14 middle of that paragraph I would like to
15 suggest an additional word.

16 When we talk about the preliminary
17 order shall be sent by first-class mail to the
18 person's last ascertainable address, email,
19 publication in a daily newspaper of general
20 circulation or via any -- and I'd like to add
21 the word practicable -- or via any practicable
22 means reasonably calculated to provide the
23 individual with actual notice.

24 COMMISSIONER STEBBINS: I'm sorry.

1 Where do you want to add that?

2 MS. LILLIOS: The sentence in
3 subsection (c) that begins the preliminary
4 order shall be sent.

5 COMMISSIONER STEBBINS: Okay.

6 MS. LILLIOS: And it gives various
7 options on how we shall notice the person. The
8 final option says or via any means reasonably
9 calculated to provide the individual with
10 actual notice. Iâ€™d say practicable means.

11 COMMISSIONER CAMERON: Weâ€™re not
12 going to fly somewhere to let the person know.

13 MS. LILLIOS: Right.

14 COMMISSIONER STEBBINS: I had a
15 question on page three, the duty of the gaming
16 licensees. We kind of lay out a number of
17 things they canâ€™t do. Then under number four
18 ask them to submit to us a written policy for
19 compliance. We give the Executive Director the
20 authority to review the plan. Iâ€™m assuming
21 from the next sentence we are giving him the
22 authority to approve the plan as well?

23 CHAIRMAN CROSBY: It says for
24 approval by the Executive Director.

1 COMMISSIONER STEBBINS: Oh, I see.

2 One sentence above it. Got it.

3 MR. GROSSMAN: This provision, by
4 the way, mirrors that we have presently in the
5 regulations for the voluntary self-exclusion
6 program. So, now the two are more in align.

7 COMMISSIONER CAMERON: Mr. Band,
8 itâ€™s my recollection that people rarely, rarely
9 request any kind of a hearing, correct?

10 MR. BAND: Thatâ€™s true. There might
11 be one or two in my history that I can ever
12 remember somebody appealing.

13 CHAIRMAN CROSBY: Okay. Further
14 discussion? Do I have a motion, 5(f)?

15 COMMISSIONER ZUNIGA: Are we in the
16 final promulgation process?

17 MS. BLUE: This is the beginning.
18 So, you would approve it to allow us to start
19 the promulgation process.

20 COMMISSIONER ZUNIGA: I would move
21 that this Commission begin the formal
22 promulgation process of 205 CMR 152, the
23 regulations for individuals excluded from a
24 gaming establishment as presented in the packet

1 here and amended by Counsel Lillios today.

2 COMMISSIONER CAMERON: Second.

3 CHAIRMAN CROSBY: Further
4 discussion? All in favor, aye.

5 COMMISSIONER MACDONALD: Aye.

6 COMMISSIONER CAMERON: Aye.

7 COMMISSIONER ZUNIGA: Aye.

8 COMMISSIONER STEBBINS: Aye.

9 CHAIRMAN CROSBY: Opposed? The
10 motion passes unanimously. Thank you.

11 Folks, it is 12:50. We have a
12 little bit more to do, not a great deal. We
13 have a responsible gaming and then racing. Is
14 everybody ready to go through?

15 COMMISSIONER CAMERON: Yes.

16 CHAIRMAN CROSBY: Then Iâ€™m just
17 going to suggest a quick break and we will pick
18 up with item six.

19

20 (A recess was taken)

21

22 CHAIRMAN CROSBY: We are reconvening
23 at just a few minutes of one. Weâ€™re going to
24 item number 6, Research and Responsible Gaming

1 with Director Mark Vander Linden.

2 MR. VANDER LINDEN: Good afternoon,
3 Mr. Chairman and Commissioners. Before we get
4 started, I want to recognize that weâ€™re also
5 joined by Terrance Lanier who wasnâ€™t mentioned
6 on the agenda. Terrance is a legal fellow at
7 the Commission.

8 He was instrumental in the proposed
9 change to the voluntary self-exclusion
10 regulation that you have before you and weâ€™re
11 going to discuss. With that, we wanted to give
12 Terrance an opportunity to present this issue
13 to you. So, Iâ€™ll turn it over to him.

14 MR. LANIER: Good afternoon,
15 Commissioners. On January 7 you discussed the
16 voluntary self-exclusion regulation.
17 Specifically, you discussed the term winning as
18 itâ€™s used in the regulation.

19 There was some confusion about what
20 actually constitutes a winning under the
21 current language. So, you directed the staff
22 to take a second look at the regulation and see
23 if it could provide some clarification. There
24 were several meetings between Mark, Todd and

1 myself.

2 CHAIRMAN CROSBY: We actually voted
3 on what the clarification should be. It wasn't
4 just to go off and think about it. There was
5 an extensive discussion about what the
6 definition should be. And then we asked you to
7 take that vote, which I recall was four to one
8 and put that into the statute -- into the reg.

9 MR. LANIER: That's very true. You
10 decided that you wanted to separate winnings as
11 they're used in the traditional sense from what
12 we're calling wagering instruments.

13 So, we did some research and looked
14 at other jurisdictions to see what they were
15 doing. Ohio provided some guidance. So, with
16 that research, we constructed the new language
17 that's before you today. In that new language,
18 we define winnings as they're traditionally
19 understood as winnings derived from gaming.

20 And it states that a gaming licensee
21 shall confiscate any winnings from a person who
22 has been excluded from the casino. But it also
23 goes on to say that any money that a patron has
24 converted or attempted to convert into a

1 voucher, ticket, electronic credit anything of
2 that nature that will be defined as a wagering
3 instrument. And wagering instruments will also
4 be confiscated from any individual who has been
5 excluded from a casino.

6 If you have any questions, weâ€™d be
7 happy to take them.

8 COMMISSIONER CAMERON: Is that a
9 term -- the instrument piece, is that a term a
10 used? You mentioned Ohio. Is that a term used
11 or defined elsewhere? Or did you come up with
12 that term together with wagering?

13 MR. LANIER: The wagering instrument
14 language is the principal piece we used from
15 the Ohio regulation.

16 COMMISSIONER ZUNIGA: We did have in
17 the previous definition chips and tokens. But
18 youâ€™ve expanded that to mean that wagering
19 instrument as we intended it.

20 MR. LANIER: Yes.

21 COMMISSIONER MACDONALD: Terrance
22 what would be the scenario that would be
23 covered by this attempted to convert into a
24 wagering instrument?

1 MR. LANIER: Iâ€™m sure thereâ€™d be
2 many scenarios in which that definition would
3 apply. If an individual were to put money into
4 a machine, letâ€™s say the machine malfunctions.
5 Credits donâ€™t actually register on the machine,
6 but money is now inside of it. Thatâ€™s an
7 attempt to convert.

8 I believe in that section of the
9 definition as long as thereâ€™s some substantial
10 step in which an individual takes their money
11 and tries to convert it into something that
12 actually can be gambled in the casino, it would
13 fall under the provision of attempt to convert.

14 CHAIRMAN CROSBY: One of the things
15 we talked about when we talked about this
16 before was the importance to make sure that the
17 people on the list, on the VSE know what they
18 are getting into and know what theyâ€™ve
19 committed to.

20 Just for the record, I understand
21 how you have now clarified this and how you
22 have now incorporated that hypothetical case
23 that we dealt with back in January into the
24 confiscation. But youâ€™re going to have to make

1 that clearer on the VSE. It is this rare,
2 freaky case, I understand.

3 When you get caught, identified and
4 kicked out before you have utilized some of the
5 money that you have put into the machine that
6 is now gone. Thatâ€™s decided. But in that rare
7 instance, it might be helpful if we made it
8 really clear to people that thatâ€™s whatâ€™s
9 happening.

10 MR. VANDER LINDEN: I agree with
11 that. I think that once this is settled that I
12 will work with our legal team including
13 Terrance and make sure that the language within
14 the voluntary self-exclusion application is
15 perfectly clear. And that our designated
16 agents that are administering voluntary self-
17 exclusion also know what the rule is regarding
18 this.

19 COMMISSIONER CAMERON: So, the form
20 will mirror the language. And the GameSense
21 agents and/or other agents will be trained as
22 to the language.

23 MR. VANDER LINDEN: Yes. The
24 primary persons that are administering

1 voluntary self-exclusion program, 90 plus
2 percent are GameSense advisors. Beyond that
3 second to that would be the gaming agents, our
4 gaming agents. Then after that our security at
5 Penn who also are trained. We will make sure
6 that each of those groups have a new training
7 for this and are updated.

8 COMMISSIONER CAMERON: Thank you.

9 CHAIRMAN CROSBY: Okay. Further
10 discussion? We need a motion, right?

11 MS. BLUE: Yes.

12 COMMISSIONER ZUNIGA: We're starting
13 the formal promulgation process?

14 MS. BLUE: Yes. For these
15 amendments we are.

16 CHAIRMAN CROSBY: Commissioner
17 Zuniga.

18 COMMISSIONER ZUNIGA: Yes. I'll be
19 happy to move that the Commission adopt the
20 language presented here in the packet for
21 regulation 205 CMR 133 voluntary self-exclusion
22 and begin the formal promulgation process.

23 COMMISSIONER CAMERON: Second.

24 CHAIRMAN CROSBY: Is it 133 or

1 133.06? Is it the whole thing?

2 MS. BLUE: A reference to 133 is
3 fine. It is a section of 133.

4 CHAIRMAN CROSBY: Any further
5 discussion? All in favor, aye.

6 COMMISSIONER MACDONALD: Aye.

7 COMMISSIONER CAMERON: Aye.

8 COMMISSIONER ZUNIGA: Aye.

9 COMMISSIONER STEBBINS: Aye.

10 CHAIRMAN CROSBY: Opposed? The ayes
11 have it unanimously. Item 7 the racing
12 division.

13 DR. LIGHTBAUM: Good afternoon.

14 Items (a) through (e) today on the racing
15 division, all deal with unclaimed tickets.

16 According to the statute 128A section 5,
17 patrons have a year after the year the ticket
18 was purchased in to get that ticket cashed.

19 So, what weâ€™re dealing with this
20 year is the outs from 2014. This year Suffolk
21 Downs was the only one that had patrons that
22 claimed outs tickets. And Senior Financial
23 Analyst Doug Oâ€™Donnell went down to Suffolk
24 Downs and confirmed these tickets were

1 legitimate. So, that's item (a). And Doug is
2 here today if you have questions on that.

3 CHAIRMAN CROSBY: Questions?

4 COMMISSIONER ZUNIGA: I'm just
5 curious. Does that happen often that a track
6 doesn't have any outs? I'm thinking of
7 Plainridge.

8 MR. O'DONNELL: They have not. Over
9 the past couple of years, they have not had
10 customers request to review tickets being
11 repaid to them. Suffolk is the only one that
12 we have dealt with in the past four years that
13 have had tickets repaid from customers.

14 It's ironic. It's similar to the
15 total amount due. For these outs 2014, there
16 were 10 patrons with the total dollar amount
17 being \$1148. In the prior year, the total
18 dollar amount was \$1239. So, it's very close.

19 DR. LIGHTBAUM: For item (a), we
20 need a vote that the Commission approve the
21 request of Sterling Suffolk Racecourse for
22 ticket payments from the 2014 outs for a total
23 \$1148.55.

24 CHAIRMAN CROSBY: Commissioner

1 Cameron?

2 COMMISSIONER CAMERON: Yes. I move
3 that we approve the request of Sterling Suffolk
4 Racecourse for ticket payments from 2014 for
5 the total of \$1148.55.

6 COMMISSIONER MACDONALD: Second.

7 CHAIRMAN CROSBY: Further
8 discussion? All in favor, aye.

9 COMMISSIONER MACDONALD: Aye.

10 COMMISSIONER CAMERON: Aye.

11 COMMISSIONER ZUNIGA: Aye.

12 COMMISSIONER STEBBINS: Aye.

13 CHAIRMAN CROSBY: Opposed? The ayes
14 have it unanimously. Let me ask you a
15 question. Can we do (b), (c), (d), and (e) in
16 one?

17 MS. BLUE: I believe that you can.
18 These are all for payments that are due. So,
19 they are just different tracks but theyâ€™re all
20 for the same basis, yes.

21 CHAIRMAN CROSBY: I think itâ€™s
22 straightforward here. If we have -- Iâ€™m
23 astonished at the number. Itâ€™s like half-
24 million dollars or more taken together of

1 unclaimed winnings.

2 DR. LIGHTBAUM: Right.

3 MR. O'DONNELL: Again, compared to
4 last year, it's a very small percentage of what
5 the differences are.

6 CHAIRMAN CROSBY: Meaning this is
7 similar to last year?

8 MR. O'DONNELL: Yes.

9 DR. LIGHTBAUM: It's very similar.

10 CHAIRMAN CROSBY: Is it an
11 accumulation of little tiny wins? People just
12 didn't pick up a buck here and a buck there?

13 MR. O'DONNELL: For the most part,
14 yes.

15 COMMISSIONER STEBBINS: Mr. Chair,
16 I'd move that the Commission approve the
17 payment of \$267,353.48 from Sterling Suffolk
18 Racecourse to the Commonwealth for 2014
19 unclaimed winnings, \$21,651.19 from Wonderland
20 Greyhound Park, \$136,716.99 from Plainridge
21 Racecourse and \$156,505.69 from
22 Raynham/Taunton/Massasoit Greyhound
23 Associations to the Commonwealth of
24 Massachusetts for 2014 unclaimed winnings.

1 CHAIRMAN CROSBY: Second?

2 COMMISSIONER CAMERON: Second.

3 CHAIRMAN CROSBY: Further

4 discussion? All in favor, aye.

5 COMMISSIONER MACDONALD: Aye.

6 COMMISSIONER CAMERON: Aye.

7 COMMISSIONER ZUNIGA: Aye.

8 COMMISSIONER STEBBINS: Aye.

9 CHAIRMAN CROSBY: Opposed? The ayes
10 have it unanimously. Item (f).

11 DR. LIGHTBAUM: Catherine Blue is
12 going to address (f) and (g).

13 MS. BLUE: Commissioners, items (f)
14 and (g) are the small business impact
15 statements for the emergency amendments that
16 you approved last time to the racing regs.

17 The medication amendments are fine.
18 The only change in what you saw the last time
19 was the Secretary of State's office would not
20 allow us just to reference the RCI rules.
21 They've made us actually write out the RCI
22 standard for the helmet, but it is otherwise
23 unchanged.

24 So, we are now ready to start the

1 formal promulgation process for these
2 regulations. You can actually approve both (f)
3 and (g) together and then we'll start taking
4 that through the racing regulation process.

5 CHAIRMAN CROSBY: Commissioner
6 Cameron?

7 COMMISSIONER CAMERON: So, I move
8 that we approve the small business impact
9 statement for 205 CMR 3.00 harness horse racing
10 and the small business impact statement for 205
11 CMR 4.00 rules of horse racing.

12 CHAIRMAN CROSBY: Second?

13 COMMISSIONER MACDONALD: Second.

14 CHAIRMAN CROSBY: Further
15 discussion? All in favor, aye.

16 COMMISSIONER MACDONALD: Aye.

17 COMMISSIONER CAMERON: Aye.

18 COMMISSIONER ZUNIGA: Aye.

19 COMMISSIONER STEBBINS: Aye.

20 CHAIRMAN CROSBY: Opposed? The ayes
21 have it unanimously. Any other business? Do I
22 have a motion to adjourn?

23 COMMISSIONER ZUNIGA: So, moved.

24 CHAIRMAN CROSBY: Second?

1 COMMISSIONER CAMERON: Second.

2 CHAIRMAN CROSBY: All in favor, aye.

3 COMMISSIONER MACDONALD: Aye.

4 COMMISSIONER CAMERON: Aye.

5 COMMISSIONER ZUNIGA: Aye.

6 COMMISSIONER STEBBINS: Aye.

7 CHAIRMAN CROSBY: All have it

8 unanimously.

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10 (Meeting adjourned at 1:10 p.m.)

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1 ATTACHMENTS:

2

- 3 1. Massachusetts Gaming Commission February
4 18, 2016 Notice of Meeting and Agenda
- 5 2. Massachusetts Gaming Commission February
6 4, 2016 Meeting Minutes
- 7 3. Massachusetts Gaming Commission Vote
8 Regarding Litigation Release and
9 Surrounding Community Agreement
- 10 4. Massachusetts Gaming Commission
11 Certificate of Recognition " Ron Marlowe
- 12 5. Wynn Everett Event Brochure
- 13 6. Massachusetts Growth Capital Corporation
14 informational document
- 15 7. February 11, 2016 Pierce Atwood, LLP
16 Letter Regarding Matter of Wynn, MA, LLC,
17 Waterways Application with attachments
- 18 8. Massachusetts Gaming Commission February
19 15, 2016 Memorandum Regarding Suitability
20 Investigation of Advanced Gaming
21 Associates, LLC, Applicant for Licensure
22 as a Gaming Vendor " Primary
- 23 9. 205 CMR 143 (GLI-11) Skill Based Gaming
- 24 10. 205 CMR 102 Construction and Application

- 1 11. 205 CMR 143 Gaming Devices and Electronic
2 Gaming Equipment with attachments-DRAFT
- 3 12. 205 CMR 116 Persons Required to be
4 Licensed or Qualified-DRAFT
- 5 13. 205 CMR 129 Review of a Proposed Transfer
6 of Interests with attachment-DRAFT
- 7 14. 205 CMR 134 Licensing and Registration of
8 Employees, Vendors, Junket Enterprises and
9 Representatives, and Labor
10 Organizations-DRAFT
- 11 15. Amended Small Business Impact Statement
12 205 CMR 134
- 13 16. Small Business Impact Statement 205
14 CMR 143
- 15 17. 205 CMR 152 Individuals Excluded From a
16 Gaming Establishment
- 17 18. 205 CMR 133 Voluntary Self-Exclusion
- 18 19. Massachusetts Gaming Commission February
19 16, 2016 Memorandum Regarding Sterling
20 Suffolk Racecourse Unclaimed Ticket
21 (â€œOutsâ€) Payments for 2014 with attachment
22
23
24

- 1 20. Massachusetts Gaming Commission February
2 16, 2016 Memorandum Regarding Recovery of
3 2014 Unclaimed Winnings from Sterling
4 Suffolk Racecourse with attachment
- 5 21. Massachusetts Gaming Commission February
6 16, 2016 Memorandum Regarding Recovery of
7 2014 Unclaimed Winnings from Wonderland
8 Greyhound Park with attachment
- 9 22. Massachusetts Gaming Commission February
10 16, 2016 Memorandum Regarding Recovery of
11 2014 Unclaimed Winnings from Plainridge
12 Racecourse with attachment
- 13 23. Massachusetts Gaming Commission February
14 16, 2016 Memorandum Regarding Recovery of
15 2014 Unclaimed Winnings from Raynham/
16 Taunton/Massasoit Greyhound Associates
17 with attachment
- 18 24. Small Business Impact Statement 205 CMR
19 3.00
- 20 25. Small Business Impact Statement 205 CMR
21 4.00
22
23
24

1 GUEST SPEAKERS:

2 Beverly Johnson, MA Minority Contractors

3 Association

4 Ron Marlowe, Labor and Workforce Development

5 Jennie Peterson, Wynn MA, LLC

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7 Larry Andrews, Massachusetts Growth Capital

8 Corporation

9 Robert Williams, Massachusetts Growth Capital

10 Corporation

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12 Lloyd Levenson, Esq., Cooper Levenson

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1 MASSACHUSETTS GAMING COMMISSION STAFF:
2 Floyd Barroga, Gaming Technology Manager
3 Ed Bedrosian, Executive Director
4 Catherine Blue, General Counsel
5 John Glennon, CIO
6 Jill Griffin, Director Workforce, Supplier
7 Diversity Development
8 Todd Grossman, Deputy General Counsel
9 Terrance Lanier, Legal Fellow
10 Alex Lightbaum, DVM, Director of Racing
11 Loretta Lillios, Deputy Director IEB
12 Doug O'Connell, Senior Financial Analyst
13 Mark Vander Linden, Director Research and
14 Responsible Gaming
15 John Ziemba, Ombudsman
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1 C E R T I F I C A T E

2

3 I, Laurie J. Jordan, an Approved Court
4 Reporter, do hereby certify that the foregoing
5 is a true and accurate transcript from the
6 record of the proceedings.

7

8 I, Laurie J. Jordan, further certify that the
9 foregoing is in compliance with the
10 Administrative Office of the Trial Court
11 Directive on Transcript Format.

12 I, Laurie J. Jordan, further certify I neither
13 am counsel for, related to, nor employed by any
14 of the parties to the action in which this
15 hearing was taken and further that I am not
16 financially nor otherwise interested in the
17 outcome of this action.

18 Proceedings recorded by Verbatim means, and
19 transcript produced from computer.

20 WITNESS MY HAND this 22nd day of February,
21 2016.

22 

23 LAURIE J. JORDAN

My Commission expires:

24 Notary Public

May 11, 2018