



NOTICE OF MEETING AND AGENDA

Pursuant to the Massachusetts Open Meeting Law, G.L. c. 30A, §§ 18-25, and Chapter 107 of the Session Acts of 2022, notice is hereby given of a public meeting of the **Massachusetts Gaming Commission**. The meeting will take place:

Thursday | September 8, 2022 | 9:30 a.m.
VIA REMOTE ACCESS: 1-646-741-5292
MEETING ID/ PARTICIPANT CODE: 111 729 9209

Please note that the Commission will conduct this public meeting remotely utilizing collaboration technology. Use of this technology is intended to ensure an adequate, alternative means of public access to the Commission's deliberations for any interested member of the public. If there is any technical problem with the Commission's remote connection, an alternative conference line will be noticed immediately on www.massgaming.com.

All documents and presentations related to this agenda will be available for your review on the morning of the meeting date by visiting our website and clicking on the News header, under the Meeting Archives drop-down.

PUBLIC MEETING - #390

1. Call to Order
2. Treasurer's Request Regarding Sports Wagering Regulations Related to the Massachusetts Lottery – Deborah Goldberg, State Treasurer and Receiver General, Commonwealth of Massachusetts
3. MGC Preparations for Matters Related to Sports Wagering - Karen Wells, Executive Director

Legal Division: Todd Grossman, General Counsel; Caitlin Monahan, Deputy General Counsel; Carrie Torrisi, Deputy General Counsel

- a. Constructing a regulatory framework: promulgation of regulations vs. adoption of policies and promulgating regulations under the emergency adoption provisions of the law. **VOTE**
- b. 205 CMR 244.06: Independent Testing Laboratory Certification, initial review of draft and Small Business Impact Statement for possible emergency adoption and approval to commence promulgation process. **VOTE**
- c. 205 CMR 238.00: House Rules, initial review of draft and Small Business Impact Statement for possible emergency adoption and approval to commence promulgation process. **VOTE**



Massachusetts Gaming Commission

Finance Division: Derek Lennon, Chief Financial and Accounting Officer

- d. Sports wagering budget: request for authorization of additional positions due to the passage of sports wagering legislation. Review of finance implications of sports wagering legislation. **VOTE**

Investigations and Enforcement Bureau: Loretta Lillios, Director

- e. Interim Policy for Executive Licensure **VOTE**

Executive Director Karen Wells

- f. Discussion of criteria for sports wagering license application and selection process. **VOTE**
- g. Discussion of process for approval for use of sports wagering systems and devices. **VOTE**

Research and Responsible Gaming Division: Mark Vander Linden, Director

- h. Responsible Gaming update regarding sports wagering.
- i. Research update, including sports wagering statutory requirements.

4. Commissioner Updates –

- a. Plan for future Sports Wagering Roundtables. – Cathy Judd-Stein, Chair

5. Other Business - Reserved for matters the Chair did not reasonably anticipate at the time of posting.

I certify that this Notice was posted as “Massachusetts Gaming Commission Meeting” at www.massgaming.com and emailed to regs@sec.state.ma.us. Posted to Website: September 2, 2022 | 10:00 a.m.

September 2, 2022



Cathy Judd-Stein, Chair

*This meeting is open to all interested individuals for viewing.
If there are any questions pertaining to accessibility and/or further assistance is needed, please email
crystal.beauchemin@massgaming.gov.*



Massachusetts Gaming Commission



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Cathy Judd-Stein, Chair
Massachusetts Gaming Commission
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Nakisha Skinner, Commissioner
Massachusetts Gaming Commission
101 Federal Street, 12th Floor
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Bradford R. Hill, Commissioner
Massachusetts Gaming Commission
101 Federal Street, 12th Floor
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Jordan Maynard, Commissioner
Massachusetts Gaming Commission
101 Federal Street, 12th Floor
Boston, MA 02110

Eileen O'Brien, Commissioner
Massachusetts Gaming Commission
101 Federal Street, 12th Floor
Boston, MA 02110

August 31, 2022

Dear Commissioners,

I write today to respectfully request your continued collaboration on the many areas of intersection between the work of the Gaming Commission and the work of the Treasurer's Office, including the Lottery, financial literacy, and unclaimed property.

Turning first to the Lottery, one of my primary responsibilities as Treasurer is to ensure a consistent and growing source of unrestricted local aid for all 351 of our cities and towns. As you draft sports wagering regulations, I urge you to incorporate provisions that will ensure that the Lottery continues to sustain itself and grow its revenue, providing valuable resources for every community in the Commonwealth.

While lawmakers project that sports wagering will generate \$60 million in state revenue each year, only \$16.5 million [27.5%] will be earmarked for unrestricted local aid. By contrast, the Lottery produced approximately \$1.1 billion for our cities and towns just last year. Simply put, the Lottery plays a vital role in generating unrestricted local aid for our cities and towns, and it is imperative that we work to ensure it continues to do so.

To help accomplish this goal, I seek provisions that mirror the regulations governing the existing gaming licenses. Specifically, I believe that applicants should be required, prior to receiving a license, to present a plan that can mitigate impacts on the Lottery, and in addition, that licensees partner with the Lottery on cross-promotion, both in-person and online. We have found that this framework has resulted in a productive, not to mention profitable, relationship with existing licensees. As an example, the Plainridge slot parlor is one of the Lottery's top performing retailers. And we are building toward similar results at MGM in Springfield and Encore in Everett.

Additionally, looking further down the road, I strongly encourage the Commission to include the team of experts at Treasury, and the Lottery, as part of the required study of the feasibility of allowing retail locations to operate sports wagering kiosks. Many of the interested locations are licensees of the Lottery and/or the Alcoholic Beverages Control Commission ("ABCC"), which also falls within the purview of my Office. We believe we can bring added value to the table.

I would also like to note how much I appreciate and value our partnership when it comes to financial education. My team at the Office of Economic Empowerment has enjoyed working with you to train GameSense Advisors on all of the tools and resources that we have available to benefit players. We also look forward to incorporating casino gaming and sports wagering modules into our Credit for Life Fair programming. I welcome the opportunity to build upon and expand this partnership to meet needs as they change.

Finally, with respect to unclaimed property challenges, I encourage you to look to the example of other states, Iowa in particular, when it comes to unclaimed winnings and abandoned accounts. Currently, the leading sports wagering firms do not treat abandoned or stagnant accounts as unclaimed property, when unregulated. Instead, they take these accounts into revenue after a certain amount of time through draw downs and fees. While my office would consider these accounts "miscellaneous accounts" and reportable as unclaimed property as defined by state statute, clear definitions and administrative rules will protect consumers, enabling enforcement through the Treasury's Unclaimed Property Division. Left unaddressed, I am concerned that operators will continue to implement business practices that we would deem inappropriate and in violation of state law.

Thank you for your consideration in all these matters.

Sincerely,



Deborah B. Goldberg
Treasurer & Receiver General



MEMORANDUM

DATE: September 8, 2022

TO: Chair Cathy Judd-Stein
 Commissioner Brad Hill
 Commissioner Jordan Maynard
 Commissioner Eileen O'Brien
 Commissioner Nakisha Skinner

FROM: Karen Wells, Executive Director

RE: Regulation Rule Promulgation Process

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Regulation/Rule Promulgation Process

As was previously presented to the Commission at a public meeting, the legal department has identified over 200 proposed regulations which may be utilized for the oversight of the new sports wagering industry in the Commonwealth. One of the first decisions that the Commission will need to make is how they wish to go about setting up the regulatory structure. The Commission may use the following mechanisms to set up that structure, each having some advantages and disadvantages. The Commission a may wish to utilize a combination of these mechanisms depending on the issue involved.

Option 1: Standard promulgation process

The Commission may utilize the standard (non-emergency) promulgation process for sports wagering-related regulations. The advantages to the standard process are that public comment is taken before the regulation goes into effect and the regulation is permanent once it is in effect. The main disadvantage to the standard process is that it takes 60-90 days from the time the Commission approves a regulation to complete the full promulgation process and go into effect.



Massachusetts Gaming Commission

Option 2: Promulgation of regulations by emergency

The Commission may also utilize the emergency promulgation process for sports wagering-related regulations. The main advantage to the emergency process is that the regulation goes into effect very quickly after approval by the Commission (when filed with the Secretary of State). The main disadvantage to the emergency process is that the Commission must finish the full promulgation process, including taking public comment, in the 3 months after the emergency regulation goes into effect in order to avoid the expiration of the regulation. That said, regulations promulgated by emergency may also be extended.

Option 3: Structure set up by Rule (Formal Guidance)

The Commission may consider utilizing rules or formal guidance rather than promulgating regulations in certain circumstances. The advantage to utilizing rules rather than regulations is that the Commission may adopt a rule without proceeding through the formal regulation promulgation process. However, G.L. c. 30A limits the universe of issues that may be governed by rule as opposed to regulation.



Legal Division

TO: Cathy Judd-Stein, Chair
 Eileen O’Brien, Commissioner
 Brad Hill, Commissioner
 Nakisha Skinner, Commissioner
 Jordan Maynard, Commissioner

FROM: Carrie Torrisi, Deputy General Counsel

DATE: September 2, 2022

RE: 205 CMR 244.06: Independent Testing Laboratory Certification

The Commission’s existing regulation, 205 CMR 144: *Approval of Slot Machines and Other Electronic Gaming Devices and Testing Laboratories*, requires that an entity be certified by the Commission as an independent testing laboratory prior to being permitted to perform compliance testing of electronic gaming equipment used by gaming licensees. To become a certified independent testing laboratory, an entity must be able to test equipment for compliance with various Gaming Laboratories International (GLI) electronic gaming device standards. An entity applying for certification must also go through a rigorous approval process which culminates in licensure as a Gaming Vendor – Primary. GLI and BMM Testlabs (BMM) are presently certified by the Commission as independent testing laboratories pursuant to 205 CMR 144.

The adoption of 205 CMR 244.06: *Independent Testing Laboratory Certification* would authorize any entity certified as an independent testing laboratory for electronic gaming-related devices pursuant to 205 CMR 144: *Approval of Slot Machines and Other Electronic Gaming Devices and Testing Laboratories* to be automatically certified as an independent testing laboratory for sports wagering-related devices. This would allow Commission staff to use the services of GLI and BMM to assist in adopting and amending industry standards related to sports wagering and to test and approve systems and equipment that will be used for sports wagering in Massachusetts.



Massachusetts Gaming Commission

205 CMR 244: APPROVAL OF SPORTS WAGERING EQUIPMENT AND TESTING
LABORATORIES

244.06: Independent Testing Laboratory Certification

A person certified as an independent testing laboratory pursuant to 205 CMR 144 shall be authorized by the Commission to provide testing services of sports wagering devices in Massachusetts. Such certified independent testing laboratory shall be subject to the same notification requirements and continued obligations outlined in 205 CMR 114.06 as they relate to sports wagering devices as well as the same reporting requirements outlined in 205 CMR 114.04 as they relate to sports wagering device testing.



SMALL BUSINESS IMPACT STATEMENT

The Massachusetts Gaming Commission (“Commission”) hereby files this Small Business Impact Statement in accordance with G.L. c. 30A, §2 relative to the proposed adoption of **205 CMR 244.06: Independent Testing Laboratory Certification**; notice of which was filed with the Secretary of the Commonwealth.

This regulation was developed as part of the process of promulgating regulations governing sports wagering in the Commonwealth, and is primarily governed by G.L. c. 23N, §4.

The adoption of 205 CMR 244.06 applies to independent testing laboratories and the Commission. Accordingly, this regulation is unlikely to have an impact on small businesses. Under G.L. c.30A, §2, the Commission offers the following responses to the statutory questions:

1. Estimate of the number of small businesses subject to the proposed regulation:

As a general matter, no small businesses are subject to this regulation.

2. State the projected reporting, recordkeeping, and other administrative costs required for compliance with the proposed regulation:

There are no projected reporting, recordkeeping, or other administrative costs required for small businesses to comply with this regulation or the proposed amendment therein.

3. State the appropriateness of performance standards versus design standards:

This amendment does not impose any new standards as it will extend existing standards beyond gaming-related testing to sports wagering-related testing.

4. Identify regulations of the promulgating agency, or of another agency or department of the Commonwealth, which may duplicate or conflict with the proposed regulation:

There are no conflicting regulations in 205 CMR, and the Commission is unaware of any conflicting or duplicating regulations of any other agency or department of the Commonwealth.

5. State whether the proposed regulation is likely to deter or encourage the formation of new businesses in the Commonwealth:



Massachusetts Gaming Commission

This amendment is unlikely to have any impact on the formation of new businesses in the Commonwealth.

Massachusetts Gaming Commission
By:

/s/ Carrie Torrissi
Carrie Torrissi
Deputy General Counsel

Dated: September 8, 2022

DRAFT



Massachusetts Gaming Commission



TO: Cathy Judd-Stein, Chair
Eileen O'Brien, Commissioner
Bradford Hill, Commissioner
Nakisha Skinner, Commissioner
Jordan Maynard, Commissioner

FROM: Judith Young, Associate General Counsel

DATE: September 1, 2022

RE: 205 CMR 238.03: *House Rules*

Pursuant to G.L. c. 23N, §10, a Sports Wagering Operator “shall adopt comprehensive house rules for game play governing sports wagering transactions with the operator’s patrons.” In accordance with G.L. c. 23N, §4, the Massachusetts’s Gaming Commission (“Commission”) will promulgate regulations necessary for the implementation, administration, and enforcement of the chapter. The Legal Division has drafted 205 CMR 238.03 *House Rules*, a regulation detailing House Rules submission to the Commission, the approval and amendment process of House Rules, and addresses what an Operator’s House Rules must contain, at a minimum.

This regulation was modeled, in part, after the Commission’s existing regulation, 205 CMR 138:02 – *Licensee’s System of Internal Controls*, which requires that gaming licensees submit its internal control procedures to the Commission for approval prior to commencing operations. To that end, the processes within 205 CMR 238.03 closely mirror the submission, approval, and amendment processes outlined in 205 CMR 138, and includes what a licensee’s House Rules must include at a minimum to receive approval by the Commission.

The requirements listed within subsection five of 205 CMR 238.03 are inclusive of the requirements within G.L. c. 23N, as well as requirements for operators found in the regulations of other jurisdictions that have authorized sports wagering, including, Michigan, Indiana, Arizona, Colorado, and many others. These provisions govern several aspects of sports wagering including acceptable wagers, protocols governing how wagers are paid out in normal circumstances, as well as how cancelled events or events that are not concluded within an adequate or expected time frame are handled.



Massachusetts Gaming Commission

205 CMR: MASSACHUSETTS GAMING COMMISSION

205 CMR 238.00: UNIFORM STANDARDS OF ACCOUNTING PROCEDURES AND INTERNAL CONTROLS – SPORTS WAGERING

Section

- 238.01 (Reserved) Definitions
- 238.02: (Reserved) Sports Wagering Licensee's System of Internal Controls
- 238.03: House Rules for Sports Wagering Operators
- 238.04 – 238.55 (Reserved)

238.03 House Rules for Sports Wagering

- (1) Scope. Pursuant to M.G.L. c. 23N, §§ 6(c)(3), and 10(a), prior to commencing operations, a Sports Wagering Operator shall adopt comprehensive House Rules for game play, governing wagering transactions with its patrons. An operator shall not conduct sports wagering until the Commission has approved the House Rules in accordance with 205 CMR 238. An operator shall not conduct sports wagering in a manner inconsistent with its approved house rules.
- (2) Submission. Prior to commencing operations, a Sports Wagering Operator shall submit to the Commission its proposed House Rules accordance with 205 CMR 238.03(3). A Sports Wagering Operator shall not commence operations until its submission is approved in accordance with 205 CMR 238.02(3). The commission or its designee may perform any inspection necessary to determine compliance with the approved House Rules.
- (3) Approval and Amendment Process.
 - (a) The Commission shall refer the proposal submitted in accordance with 205 CMR 238.03(2) to the Executive Director who shall review the submission for compliance with M.G.L. c. 23N, 205 CMR 238.03(5), and other applicable sections of 205 CMR. Upon completion of review, the Executive Director shall either recommend that the Commission approve the submission, or advise the Sports Wagering Operator in writing of any deficiency and may include any other recommendations and/or required changes necessary. A Sports Wagering Operator may either accept a recommendation or required change in writing or advise the Executive Director in writing as to the reason for its disagreement. The Sports Wagering Operator may dispute any determination or recommendation made by the Executive Director to the Commission, which shall resolve the issue. Upon the recommendation of the Executive Director, the Commission shall review the submission for approval at a public meeting.
 - (b) The Commission or the Executive Director may revisit any provision of previously approved House Rules at any time, require adjustment if necessary,

205 CMR: MASSACHUSETTS GAMING COMMISSION

and provide for a 30-day implementation period. Upon approval by the Commission, a Sports Wagering Operator shall be issued a writing evidencing the approval of its House Rules, including any associated conditions.

- (c) Amendments to the House Rules shall be submitted to the Executive Director and approved if they are in compliance with M.G.L. c. 23N, 238.03(4), 238.03(5), and other applicable sections of 205 CMR.
 - (d) The Commission or its designee may perform any inspection necessary to ensure compliance with M.G.L. c. 23N, 238.03(4), 238.03(5), and other applicable sections of 205 CMR.
- (4) Approved House Rules shall be accessible to patrons and prominently displayed within an authorized in-person wagering facility, and prominently featured on a Sports Wagering Operator's wagering platform or mobile application.
- (5) A Sports Wagering Operator's House Rules shall include at minimum, the following:
- (a) Methods for calculation the amounts to be paid on winning wagers.
 - (b) The effect of sports event schedule changes and cancellations.
 - (c) Description of the process for handling incorrectly posted events, odds, wagers, or results, including a method of notifying patrons of odds or proposition changes.
 - (d) Procedures and outcomes relating to pending outcomes of events, or what causes an event to become official if not concluded in the usual time frame.
 - (e) Methods of funding a sports wager, or player wagering account.
 - (f) All accepted sports betting wagers.
 - (g) Acceptance of wagers at other than posted terms.
 - (h) Notice that unclaimed winning tickets/vouchers shall be retained by the operator for one year after the date of sporting event where the wager was won and subsequently deposited into the Sports Wagering Control Fund, in accordance with M.G.L. c. 23N, §13(h), if applicable.
 - (i) A policy guiding how Sports Wagering Operator will resolve lost tickets/vouchers, if applicable.
 - (j) If the sports wagering operator permits a patron to redeem a winning wagering ticket/voucher by mail, patron instructions on how to do so. A sports wagering voucher may not be redeemed by mail.
 - (k) Method of contacting the Sports Wagering Operator with questions and complaints, and for resolving patron disputes.
 - (l) Description of persons prohibited from engaging in sports wagering, in accordance with M.G.L. c. 23 N, §11(a)(i)-(iv).

205 CMR: MASSACHUSETTS GAMING COMMISSION

- (m) Minimum and maximum sports betting wagers. However, such limits shall be established only through limiting the amount wagered and cannot be applied to reduce a winning wager amount.
 - (n) A policy by which the Sports Wagering Operator may cancel sports betting wagers for Obvious Errors pursuant to the Sports Wagering Operator's internal controls, which shall include a definition and procedures for Obvious Errors including instances where there is sufficient evidence suggesting:
 - i. the integrity of the event has been compromised;
 - ii. an event is under investigation for suspicious behavior; or
 - iii. the outcome of the event is subject to further investigation by a sports governing body and/or the Commission.
 - (o) A description of the method for patrons using mobile applications or digital platforms to set self-imposed limitations on sports wagering when joining the mobile application or digital platform, if offered.
 - (p) Notice to Patrons that the Sports Wagering Operator maintains records, in accordance with M.G.L. c. 23N, §11(h), of all wagers placed by patrons including:
 - i. personally identifiable information of a patron who places a sports wager through a mobile application or other digital platform or a patron who places an in-person sports wager that exceeds an amount determined by the Commission;
 - ii. amount and type of the bet;
 - iii. the time the bet was placed;
 - iv. the location of the bet, including the Internet Protocol address if applicable;
 - v. the outcome of the bet; and
 - vi. records of abnormal betting activity for three years after a sporting event occurs and video camera recordings in the case of in-person wagers for at least one year after sport event occurs.
 - (q) Any information the Commission deems necessary pursuant to M.G.L. c. 23N.
- (6) Pursuant to M.G.L. c. 23N, §§ 4(f), and 16(i), a Sports Wagering Operator's license may be conditioned, suspended, or revoked, and/or assessed a civil administrative penalty if it is determined that a licensee has failed to abide by any provision of M.G.L. c. 23N, or 205 CMR.



Legal Division

SMALL BUSINESS IMPACT STATEMENT

The Massachusetts Gaming Commission (“Commission”) hereby files this small business impact statement in accordance with G.L. c. 30A, §2 relative to the proposed amendments to 205 CMR 238.00: *Uniform Standards of Accounting Procedures and Internal Controls- Sports Wagering*. Specifically, **205 CMR 238.02, Sports Wagering Licensee's System of Internal Controls**, notice of which was filed with the Secretary of the Commonwealth. This new regulation was developed as part of the process of promulgating regulations governing sports wagering in the Commonwealth.

This new regulation and the proposed sections therein, govern the submission, approval and amendment of House Rules, which govern the transactions between patrons and Sports Wagering Operators. This regulation is largely governed by G.L. c. 23N, §§ 10, 6(c)(3), 11, 13, and 4 respectively.

When in effect, 205 CMR 238.00 will apply to Sports Wagering Operators who have been licensed and authorized to offer sports wagering within the Commonwealth. The Commission offers the following responses to the statutory questions in accordance with G.L. c. 30A, §2:

1. Estimate of the number of small businesses subject to the proposed regulation:

As a general matter, no small businesses are subject to this regulation, as it will pertain solely to Sports Wagering Operators who have received licensure by the Commission.

2. State the projected reporting, recordkeeping and other administrative costs required for compliance with the proposed regulation:

The Commission does not project any reporting, recordkeeping or other administrative costs required for small businesses to comply with this new regulation or the sections therein.

3. State the appropriateness of performance standards versus design standards:

Both performance and design standards are required in this regulation to approve submissions by the licensee, pursuant to 205 CMR 238.00, to ensure the accuracy of transactions between Operators and patrons, as well as the display of the rules themselves.



Massachusetts Gaming Commission

4. Identify regulations of the promulgating agency, or of another agency or department of the Commonwealth, which may duplicate or conflict with the proposed regulation:

The Commission is unaware of any conflicting or duplicative regulations of any other agency or department within the Commonwealth in regard to sports wagering.

5. State whether the proposed regulation is likely to deter or encourage the formation of new businesses in the Commonwealth:

G.L. c. 23N was enacted to create a new industry in the Commonwealth and to allow for the lawful operation of sports wagering and ancillary activities when conducted in accordance with the chapter, and the rules and regulations of the Commission. The enactment of G.L. c. 23N will likely encourage the formation of new businesses seeking to offer services to sports wagering operators, and affiliated businesses.

Massachusetts Gaming Commission
By:

/s/ Judith A. Young
Associate General Counsel

Dated: September 2, 2022



Massachusetts Gaming Commission



MEMORANDUM

TO: Chair Judd-Stein and Commissioners Hill, Maynard, O’Brien, and Skinner
FROM: Derek Lennon, CFAO and Karen Wells, Executive Director
DATE: 9/8/2022
RE: Initial Budget Recommendation for Sports Wagering

Summary

Chapter 173 of the Acts of 2022, An Act Regulating Sports Wagering, G.L. c. 23N, enables the commission to implement and regulate sports wagering. However, prior to implementation of the statutorily provided fees, costs, and assessments, no start-up funds are available. The initial budget request is \$2.193M, which would fund 12 FTEs and outside administrative, financial, and legal assistance. To effectuate funding of the initial budget, the Finance team plans to immediately draft for commission review and emergency promulgation regulations that address:

- Collection of fees for the review of operator applications and costs for suitability reviews (Section 7 of c. 23N);
- Collection of fees for license and renewal of category 1, 2 and 3 operators (Section 6 of c. 23N); and
- Collection of occupational license application fees (Section 8 of c. 23N).

Sports Wagering Control Fund

Section 15 of c. 23N creates the Sports Wagering Control Fund. The Sports Wagering Control Fund is the vehicle the commission would utilize to carry out its regulatory oversight and activities related to sports wagering. The commission is the trustee of the fund and “...shall expend money to finance the operational activities of the Commission pertaining to sports wagering.” Until funding becomes more operationalized, in part through allotment of the annual assessment, initial funding for the Sports Wagering Control Fund will rely on the application fees and background investigation costs. In addition, the Finance team will look to create an overhead rate to assess to the direct application and suitability review costs. Once the commission has awarded category 1, 2 and 3 licenses, developing an annual sports wagering budget will be a straightforward process. Identical to how the Gaming Control Fund is administered, the Finance team expects to recommend an annual budget based on projections of the statutory fees and costs.



Massachusetts Gaming Commission

Initial Budget Recommendation

Determining a more stable budget for sports wagering will be an iterative process. The Finance team anticipates additional budgetary recommendations for sports wagering as a “go-live” timeline is established. As an immediate need, staff has a preliminary request of ~\$2.2M to be allocated as follows:

- 12 Full-Time Staff: This initial request is to start-up sports wagering. There may be additional staffing requests, specifically for IT staff, to support steady-state sports wagering. The identified positions include:
 - Sports Wagering Division: 3 FTEs—Chief of Sports Wagering and two program managers;
 - IEB: 4 FTEs—Two financial investigators and two enforcement counsel;
 - Licensing Division: 2 FTEs—Two licensing specialists;
 - IT: 2 FTEs—One sports wagering systems analyst and one information security and privacy analyst (cybersecurity); and
 - Finance: 1 FTE—One revenue accountant.
- 6 Contracted Civilian Investigators: While the Massachusetts State Police team assigned to the IEB will assist with suitability and licensing as permitted, IEB anticipates the need for additional civilian investigators to assist with operator, operator employee, and vendor background reviews.
- CPA Consultants: IEB anticipates the need for assistance from a CPA firm in the review of financial suitability.
- Legal: Assistance is needed in drafting regulations and policies.
- Incidentals: The commission is responsible for Commonwealth-assessed fringe benefit costs, payroll taxes and indirect costs.

Below is a table with each category and its corresponding costs.

Object			
Class	Description	Amount	Notes
AA	Salaries	794,970.77	12 Positions. Chief of Sports Wagering, 2 program managers for sports wagering, 2 licensing specialists, 2 enforcement counsels, 2 financial investigators, 1 sports wagering systems analyst, 1 information security and privacy analyst (cybersecurity) and 1 revenue accountant
CC	Contracted Civilian Investigators	393,600.00	6 positions. 1 lead investigator and 5 additional investigators. We are hopeful to hire retired MSP officers.
DD	Fringe and Payroll Taxes	336,002.01	Fringe is at 39.5% of Salaries and payroll taxes are at 1.85% of salaries and contracted civilian investigators.
EE	Commonwealth Indirect Costs	168,857.08	10% of AA, CC, HH spending in this budget.
HH	Outside Counsel	200,000.00	Assistance in drafting regulations and policies for sports wagering implementation.
HH	CPA Consultants	300,000.00	Contracted assistance for financial suitability review. This is a very uncertain number.
FY23 Sports Wagering Estimate		2,193,429.86	



Conclusion

This proposed initial budget supports the application and background suitability reviews as well as some of the regulatory aspects of sports wagering and will enable crucial administrative, financial, and legal functions to proceed. The Finance team will work quickly to draft the pertinent regulations that will enable the commission to steward funding for its sports wagering operations.

The Sports Wagering Control Fund established for the operational costs of regulating sports wagering must be funded in the short-term by the application and background suitability review processes.



Massachusetts Gaming Commission



COVER MEMORANDUM

TO: Chair Cathy Judd-Stein
Eileen O'Brien, Commissioner
Bradford Hill, Commissioner
Nakisha Skinner, Commissioner
Jordan Maynard, Commissioner

FROM: Loretta Lillios, IEB Director

RE: Interim Policy for Licensure of Executive-Level Sports Wagering Employees
at the 3 Gaming Establishments

DATE: August 30, 2022

Issue:

Whether to adopt an Interim Policy for Licensure of Executive-Level Sports Wagering Employees at the 3 Gaming Establishments.

IEB Recommendation:

The IEB recommends that the Commission adopt an Interim Policy for Licensure of Executive-Level Sports Wagering Employees at the 3 Gaming Establishments. The recommended Interim Policy would require the executive level applicant to submit to the same application, background review, and licensing process as an applicant for a Key Gaming–Executive license under 205 CMR 134.00, *et seq.*

Reasons for IEB Recommendation:

- The Key Gaming – Executive license protocol is the highest level of casino employee licensure and requires the submission of the Multi Jurisdictional Personal History Disclosure Form (MJPHD Form) and the Massachusetts Supplemental Form.
- Would facilitate the timely licensure of such executive staff in an orderly manner and in a manner that will not jeopardize standards of integrity.
- Would allow the 3 gaming establishments to commence the hiring process now for a limited number of executive-level employees in order to prepare for their anticipated sports wagering operations in Massachusetts.

Action Requested: Commission VOTE to determine whether to authorize the Interim Policy until such time as the Commission promulgates regulations under G.L. c. 23N, § 8(a), specifically related to occupational licenses for the operation of sports wagering in the Commonwealth.



MEMORANDUM

TO: Chair Cathy Judd-Stein and Commissioners
Eileen O’Brien, Commissioner
Bradford Hill, Commissioner
Nakisha Skinner, Commissioner
Jordan Maynard, Commissioner

FROM: Loretta Lillios, IEB Director

RE: Interim Policy for Licensure of Executive-Level Sports Wagering Employees
at the 3 Gaming Establishments

DATE: August 30, 2022

cc: Karen Wells, Executive Director
Todd Grossman, General Counsel
Heather Hall, Chief Enforcement Counsel
David MacKay, Licensing Supervisor

Introduction

The gaming establishments have informed the IEB that they would like to be able to commence the hiring process for a limited number of executive-level employees in order to prepare for their anticipated sports wagering operations in Massachusetts. At a later time, after the regulations for the occupational licenses associated with sports wagering have been fully promulgated, the gaming establishments expect to hire additional employees connected to their sports wagering operations; these additional employees would submit license applications pursuant to regulations specifically dedicated to sports wagering occupational licensure.

Relevant Authority

General Law chapter 23N, section 8(a) provides, in relevant part, as follows:

All persons employed by an operator to perform duties directly related to the operation of sports wagering in the commonwealth in a supervisory role shall maintain a valid occupational license issued by the commission.

IEB's Recommendation

In the IEB's view, it is reasonable that the gaming establishments are currently preparing to hire executive level staff for their anticipated sports wagering operations in Massachusetts. In order to facilitate the timely licensure of such executive staff in an orderly manner and in a manner that will not jeopardize standards of integrity, the IEB recommends that the Commission adopt an Interim Policy for Licensure of Executive-Level Sports Wagering Employees at the 3 Gaming Establishments. Under this recommended Interim Policy, the applicant would submit to the same application, background review, and licensing process (for temporary and full licensure) as an applicant for a Key Gaming – Executive license under 205 CMR 134.00, *et seq.* This is the highest level of casino gaming employee licensure and requires the submission of the Multi Jurisdictional Personal History Disclosure Form (MJPHD Form) and the Massachusetts Supplemental Form. This Interim Policy would remain in effect until the Commission promulgates regulations under G.L. c. 23N, § 8(a), specifically related to occupational licenses for the operation of sports wagering in the Commonwealth.



Massachusetts Gaming Commission



MEMORANDUM

DATE: September 8, 2022

TO: Chair Cathy Judd-Stein
 Commissioner Brad Hill
 Commissioner Jordan Maynard
 Commissioner Eileen O’Brien
 Commissioner Nakisha Skinner

FROM: Karen Wells, Executive Director

RE: Evaluation Criteria

=====

MGC staff is preparing to submit a proposed sports wagering operator application to the Commission for approval. Similar to the process for casino licensure, we propose two parts to the application. One part of the application would request information required by the Investigations and Enforcement Bureau (IEB) to conduct the suitability investigation mandated by G.L. c. 23N. The other part of the application would request information to assist the Commission in conducting an evaluation of the various applicants, including a comparative evaluation, and also would allow the Commission to evaluate whether the applicant meets the overall requirements of G.L. c. 23N and the rules and regulations of the Commission.

Suitability

General Law chapter 23N, section 6(d) requires that the Commission conduct a suitability investigation prior to issuing an operator license. For the suitability aspect of the application, the staff recommends that the Commission require each applicant for an operator license to undergo a scoping process as contemplated by MGL c. 23N, §§ 5(b), (c). This scoping process is necessary to identify which entities and which individuals meet the ownership and control criteria set forth in §§ 5(b), (c), and consequently which entities and individuals associated with the applicant are deemed to be “qualifiers” who are required to submit to the suitability investigation process.



Massachusetts Gaming Commission

Once the scoping process is complete, we recommend that the applicant and each entity qualifier (except for those that have already been found suitable by the Commission) submit a Business Entity Disclosure Form (BED) as was used by the MGC in the original casino licensure process and as continues to be used for new entity qualifiers that are added after the casino licenses issued (including, for example, entity qualifiers added for the recent REIT transactions). We also recommend that each individual designated as a qualifier (except for those that have already been found suitable by the Commission) submit a Multi-Jurisdictional Personal History Disclosure Form (MJPHD) and Massachusetts Supplemental Form (including a fingerprint submission and a Release Form, see MGL c. 23N, § 5(c); we also use these forms and releases for individual qualifiers in the casino licensing process.

As noted above, we recognize that certain entities and individuals associated with an applicant have already been found suitable by the Commission. Therefore, certain entities and individuals may not be required to submit new applications, and additional investigation by the Investigations and Enforcement Bureau (IEB) of previously qualified entities and individuals may not be necessary at this time. See MGL c. 23N, § 6(c) (“The commission may use information obtained from the applicant pursuant to chapter 23K, chapter 128A, chapter 128C . . .” in its suitability investigation). As is our established protocol, we also recommend that the Commission require the applicant and qualifiers to submit any additional materials requested by the IEB during the course of the suitability investigation as necessary for a suitability determination.

Proposal Evaluation

The staff has researched other sports wagering jurisdictions and previously provided an outline of information that is commonly requested in applications for operator licenses. Those materials are attached for your reference. We recommend that the Commission identify the broad criteria by which the applications will be reviewed for licensure. Once the broad criteria are determined, staff will organize the questions and submission of materials into a proposed application for discussion, consideration, and final approval by the Commission. A draft template of that approach is attached for your reference.

We recommend that the Commission consider the following categories as criteria for licensure and provide us with directives for any changes or additions.

Relative Suitability/Compliance History

Histories of demonstrated honesty and integrity as well as patterns regarding regulatory compliance may be indicators by which the Commission chooses to

evaluate applicants. Information from the suitability process may be utilized in evaluating the proposals from the applicant.

Factors that may be compared include:

- Financial stability and integrity,
- Compliance history,
- Corporate integrity,
- Individual qualifier integrity,
- Reputation of applicant.

Sports Wagering Experience and Expertise

The Commission may want to consider the depth of the applicants experience and expertise in sports wagering. This may not simply be an evaluation of how long the operator has been in the sports wagering business, but rather an analysis of certain criteria demonstrating that the applicant has a product desired by the Commonwealth's consumers and the ability to be successful in a Massachusetts-regulated environment.

Factors to consider may include:

- Customer experience/offerings,
- Demonstrated successful operations in other jurisdictions,
- Demonstrated expertise in particular aspects of sports wagering operations,
- Overall competence as an operator in other jurisdictions,
- Ability to successfully innovate.

Economic Impact to the Commonwealth

The Commission may want to utilize economic impact to the Commonwealth in the evaluation of applications. This analysis may have various components such as:

- Jobs in the Commonwealth,
- Projected revenue,
- Local construction spend (for retail licenses),
- Diversity hiring and spend,
- Local vendor spend.

Responsible Gaming

An applicant's commitment to responsible gaming in the Commonwealth is another area that the staff recommends that the Commission consider for evaluation criteria. There are many ways in which an operator can mitigate the harm caused by problem gambling and evaluating the operator's ability to do so is

an important facet of regulated sports wagering. Areas to consider in the application may include:

- Demonstrated successful exclusion of self-identified problem gamblers and/or mechanisms in place for doing so,
- Approach to monitoring patron spend,
- Responsible gaming initiatives,
- Advertising plans.

Technology

Technology is a critical component of not only any on-line sports wagering operation, but also retail operations. Staff suggests that including inquiries regarding technology competence from applicants will be helpful in determinations of license issuance. The Commission may want to consider certain technological aspects in evaluating an application, such as:

- Demonstrated reliability of platform,
- Geofencing capability/plans,
- Know Your Customer (KYC) technology,
- Accuracy of pay-outs.

This memo is designed as a starting point for Commission discussion. The staff welcomes any input on either the broad areas for consideration or any specific areas where they desire information provided in the application.

MGC Mobile Sports Wagering Application Outline (DRAFT)

REQUIRED APPLICATION INFORMATION

Section 01: Applicant Information

- 1. Name of Applicant**
 - a. Full company/corporation name, as it appears on the applicant's certificate of incorporation, charter, or other official formation document (including any amendments), as well as any d/b/a, or trade names
- 2. Type of business entity**
 - a. Corporation, Limited Liability Company, Partnership, Sole Proprietorship, etc.
- 3. Principal Location of Applicant's Business**
 - a. Street address, city, state, zip code, and telephone number for the applicant's principal business location
 - b. URL for any websites for the applicant
- 4. Information for Primary Contact**
 - a. Name, title, and contact information for individual to be primary contact, in reference to this application

Section 2: Executive Summary of Information included in Application

- 5. May be released to the public?**
 - a. Authorization for release this portion of the summary?
 - b. Can be given a length requirement – i.e. "not to exceed 5 pages"

Section 3: Organizational & Financial Information

- 6. Type of business entity (corporation, limited liability company, partnership)**
- 7. Incorporation Information**
 - a. Business Name
 - b. Location of Incorporation
 - c. Date of Incorporation
- 8. Federal Tax ID Number**
- 9. Proof of the entity's current ability to conduct business (certificate of good standing) from the Commonwealth (Mass DOR), dated no earlier than 10 days prior to the submission of this application**
- 10. Organizational Documents**

Submit copies of the following documents that apply to the applicant or the applicant's owners:

 - a. Certified copy of each relevant certificate of incorporation, articles of incorporation, or corporate charter
 - b. Certified copy of its certificate of formation or articles of organization of a limited liability company
 - c. Name, contact information, and description of all businesses owned and operated – *if parent company*
 - d. Name, contact information, and description of all holding, intermediary, subsidiary, and/or other similar businesses – *if parent company*
 - e. *If applicable:* statement and documents showing company/corporation has been reorganized or reincorporated in the last five years
 - f. *If applicable:* statement and documents showing company/corporation has filed restated articles of incorporation
 - g. *If applicable:* if the applicant is a subsidiary of another entity, statement from parent organization – guaranteeing full and absolute support & performance for (at least) the first year of operation – is required
 - h. By-laws, as amended through the date of the application
 - i. Limited liability company agreement or operating agreement as amended through the date of the application
 - j. Certified copy of each relevant certificate of partnership
 - k. Partnership agreement as amended through the date of this application
 - l. Certified copy of each relevant certificate of limited partnership
 - m. Limited partnership agreement as amended through the date of application
 - n. Joint venture agreement
 - o. Trust agreement or instrument, each as amended through the date of the application
 - p. Voting trust or similar agreement; and

- q. Stockholder, member, or similar agreement
- r. Annual & bi-annual reports for the past three years and meeting minutes from the past 12 months
- s. Current Uniform Commercial Code Report for all states where known to be filed
- t. *Any additional legal documentation applicant believes pertains to this application*

11. Ownership Chart & Contact Information

- a. Name, title, and contact information for each person (or entity) that has a direct or indirect ownership
- b. Others with proprietary interest (financial, voting, or other) should also be listed
- c. *Provide the same information for former directors, partners, officers, and trustees that are no longer involved -?*
- d. *For a publicly held company – may be limited to owners owning a certain percentage of company*
- e. *If publicly traded company, recent shareholders list from transfer agent for all shares of common/preferred stock*
- f. *MD Stock Description section – apply here?*

12. Interest of Current & Former Partners

- a. List of all current and former partners
- b. Type of partnership, percentage of ownership, the dates entered partnership, description of partnership, and (for former partners) circumstances for leaving the partnership (*only for partners who have left in the last 10 years*)

13. Organizational Chart

- a. Including all key employees anticipated to be licensed as such
- b. *Add in mention of location in legislation or MGC regulation (when adopted)*

14. Names, Contact Information, & Resumes of Directors & Officers

- a. Name, title, and contact information for each Director or Partner, as well as officers and proposed key employees
- b. Resume of all principals and known individuals who will perform executive management duties or oversight
- c. *Can be noted to include explanation in application & instruction packet*

15. Compensation Structure of Organization

- a. Total compensation package for current year and previous year of all Directors, Partners, Officers, and Trustees – *to include salary, wages, commissions, fees, stock options, bonuses, or other benefits*
- b. List of all employees who earn over \$100,000 in annual compensation - *to include salary, wages, commissions, fees, stock options, bonuses, or other benefits*
- c. Also include a description of all bonuses, profit sharing, pension, retirement, deferred compensation, and/or other similar plans for employee benefits

16. Holders & Extent of Long-Term Debt

- List the holder and describe the nature, type, terms, conditions, and priorities of all outstanding bonds, loans, mortgages, trusts, deeds, notes, debentures – issued or executed, to be issued or executed, by or for the applicant or business entity relating to the applicant, which mature more than one year from the date of issuance or are renewable for a period of more than one year from the date of issuance

17. Holders & Types of Other Indebtedness

- List the holder and describe the nature, type, terms, conditions, and priorities of all outstanding loans, mortgages, trusts, deeds, pledges, lines of credit, or other indebtedness utilized by the applicant other than those described in #12

18. Financial Institutions

- List of all banks, savings and loan associations, or other financial institutions, whether foreign or domestic, that the applicant has had an account over the last ten years

19. Financial Statements

- Submit the two most recent years financial statements, specifically balance sheet and profit and loss statements

20. Request for Federal Tax Transcripts

- How many years?

21. Contracts

- Provide information on all contracts and agreements, written or oral, of \$100,000 or more in value, in the last six months – *contracts related to this application do not need to be included*

22. Applicant's Stock Holdings

- Provide information for each entity in which the applicant holds stock

23. Criminal History of Directors, Partners, Officers, Trustees, & Owners – *May not be needed, as is part of background investigation?*

- Have any of the Principal Employees (listed in the heading) ever been indicted, arrested, charged with, or convicted of a criminal offense, sports wagering offense, gambling offense, gaming offense, or been party to or named as an unindicted conspirator in any criminal proceeding in the Commonwealth or any other jurisdiction?
- If Yes, please provide information pertaining to the concerning criminal history

24. Investigations, Testimony, or Polygraphs – *May not be needed, as is part of background investigation?*

- Has the applicant or any of its principals, directors, partners, trustees, or officers even been called to testify, been the subject of an investigation conducted by any governmental agency, court, committee, grand jury, commission, or investigatory bod, in any jurisdiction – *other than in response to a minor traffic related offense?*

25. Litigation

- Describe all existing civil litigation or any settles or closed litigation from the past three years to which the applicant, its parent, affiliate, holding, or other subsidiary is or was party – whether in the Commonwealth or other jurisdiction.
- Include the entire case caption, title, docket number, name and location of the court and identify all parties of the matter – also include a description of the general nature of all claims being made and the resolution information

26. Antitrust, Trade Regulation, & Security Matters

- Been subject to a subpoena, judgement, order, consent decree, or consent order pertaining to a violation of the federal antitrust, trade regulation or securities laws, or similar laws of any jurisdiction? (Y/N)
- In the past ten years, been subject to a judgement, order, consent decree, or consent order pertaining to any federal antitrust, trade regulation, securities law, similar laws or other code of any jurisdiction that resulted in a fine or penalty of \$10,000 or more entered against it? (Y/N)
- If Yes to either question – require follow-up information

27. Bankruptcy or Insolvency Proceedings

- In the last 10 years:
 - Any petition under the provision of the Federal Bankruptcy Code or under any state insolvency law filed by or against it? (Y/N)
 - Sought relief under any provision of the Federal Bankruptcy Code or any state insolvency law? (Y/N)
 - Been appointed by a court for the business or property of the applicant, or any applicant, or any affiliate, intermediary, subsidiary, or holding company
 - If Yes to any questions – require follow-up information

28. Licenses (Sports Wagering, Casino, Gaming, Bingo, and Non-Gaming)

- Applied in any jurisdiction for a license, permit, or other authorization to conduct or offer sports wagering operations?
- Applied in any jurisdiction for a license, permit, or other authorization to conduct or offer gambling? (Y/N)
- Ever had any license application, license, permit, or other authorization offered or issued by any jurisdiction be denied, suspended, or revoked in the last ten-year period? (Y/N)
 - If Yes to any questions – require follow-up information

29. Conflicts of Interest

- Description of any relationship or affiliation of the applicant or any of the applicant's affiliates that currently exists, or existed in the past 5 years, with any member, employee, consultant, or agent of the Commission that is a conflict of interest or may be perceived as a conflict of interest
- *Other Jurisdictions:*
- *If any such conflict should arise during the term of the application process, the applicant shall notify the Commission immediately, in writing*
- *The Commission shall make the final determination as to whether any activity constitutes a conflict of interest, pursuant to this provision.*
- *The Commission will not make any such decision without providing the applicant an opportunity to present comments*
- *The Commission's decision shall be final*
- If the applicant does not identify any direct or indirect conflict(s) of interest, or perceived conflict(s) of interest, at the time of application submission, the applicant shall state that no conflict or perceived conflict exists with respect to such application

- If the applicant identifies a conflict or perceived conflict of interest, the applicant shall disclose the conflict and the steps that will be taken to resolve such conflict.

30. Lobbyist Registration Requirement

- *Note location in legislation or MGC regulation – making this a requirement (if necessary)*
- *Other jurisdictions require a lobbyist seeking to engage with the Commission on behalf of a client or in a client’s interest, before the Commission, to register with the Secretary of the Commission*
- *Identification of lobbyists, known at time of application, would be required to be included with application*

31. Public Officials

- Submit a list of names, titles, addresses, and telephone numbers of any public official(s), officer(s), or employee(s) of any government entity, and/or immediately family members of any such public officials, officers, or employees, to the extent known, who, directly or indirectly:
 - own any financial interest in, have any beneficial interest in, are the creditors of, hold any debt instrument issued by, or hold or have an interest – direct or indirect – in any contractual or service relationship with the applicant or their affiliates.
- Submit a statement listing all persons and entities not listed in the immediately preceding sentence who or that have any arrangement, written or oral, to receive any compensation from anyone in connection with the application, application process, or the licensing process.
- Describe the nature of the arrangement, the service to be provided, and the amount of such compensation, whether actual or contingent

32. Contracts with the Commonwealth

- Submit a list of any current or previous contracts that the applicant or its affiliates has had with, and any current or previous licenses that the applicant has been issued by or under, any department or agency within the Commonwealth
- Include the contract or license name and number, as well as a concise explanation of the nature of the contract or license

Section 4: Operator Information (depends on number of operators/skins permitted to each operator by legislation – in-person (retail) & mobile)

33. Operator

- *Responsibilities, duties, and requirements of an operator to be defined and determined by legislation and/or Commission regulations*

34. Number of Operators to be Hosted

- *To be identified by applicant based on parameters set forth in legislation & Commission regulations*

35. Operator Organization

- Full name – as it appears on certificate of incorporation, charter, or other official formulation document – along with any D/B/A or trade names
- *All of the information required for the “Applicant” in the Section 2, will also be required for all “Operator” included with this application*

36. Applicant as an Operator

- If the applicant intends to be the operator, they must identify themselves as such

37. Licensure

- Each operator must be licensed as a Mobile Sports Wagering Licensee, which is separate from the Mobile Sports Wagering License issued to the Platform Provider.
- *The standard for licensing shall be noted by the legislation or at the discretion of the Commission*
- *This section to be expanded*

Section 05: Sports Wagering Platform, Internal Controls, & Revenue Information

38. Summary Description of the Applicant’s Ability to Offer Mobile Sports Betting in the Commonwealth – to include:

- a. Background in sports wagering
- b. Experience in other jurisdictions with sports wagering – including history and track record of compliance

- c. Proposed internal control plan – including VSE protocols
- d. History of compulsive gambling prevention and training programs for employees
- e. Procedures to identify and report suspicious gambling activity
- f. Intention of limiting participation in any allowable sports events – *definition/list of “allowable sports events”*
- g. Plans for agreements to offer platform in coordination with other applicants or persons
 - *Can be given a length requirement – i.e. “not to exceed 5 pages”*

39. Experience

- *Applicant as Operator*
 - The applicant should provide a description of comparable mobile sports wagering platforms, developed, and operated by the applicant.
 - Submit comparable platform operations, and for those operations include: - *number limit?*
 - Overview of the wagering activity
 - Jurisdictions where currently operating
 - Current integration in use with other wagering operators
 - Number of accounts maintained
 - Wagering volume processed (annually)
 - Any additional information the applicant believes relevant to demonstrate their experience in field of sports wagering
 - *Any additional information as required by legislation or the Commission*
- *Applicant Hosting Operator(s)*
 - For each Operator the Applicant proposes to host on the platform, the applicant should provide a description of comparable mobile sports wagering platforms, developed, and operated by the applicant.
 - Submit comparable platform operations, and for those operations include: - *number limit?*
 - Jurisdictions where currently operating
 - Volume of wagering activity
 - Estimated market share within each jurisdiction
 - Platforms currently using to accept wagers
 - Any additional information the host believes relevant to demonstrate their experience in field of sports wagering
 - *Any additional information as required by legislation or the Commission*

40. Expertise

- *Applicant as Operator*
 - Provide a summary narrative, highlighting their expertise in mobile sports wagering and how their expertise is applicable, to include:
 - Overview of technical features and operation of the platform
 - Overview of how the applicant will provide continuous support and maintenance of the platform
 - Outline of the features of the platform designed to support the operators
 - Outline of any technology to be used or features offered that the applicant believes sets their platform apart from those of (potential) other applicants
 - *Any additional information as required by legislation or the Commission*
- *Applicant Hosting Operator(s)*
 - Provide a summary narrative, per proposed Operator, highlighting their expertise in mobile sports wagering and how their expertise is applicable, to include:
 - Overview of integration between Applicant’s platform and Operator’s wagering system
 - Outline of features offered or used by the Operator, that the Applicant believes sets this application apart from others
 - Sample wagering menu the Operator intends to offer if such wagers are approved by the Commission
 - Illustration of Operator’s proposed ability to rapidly effectuate the commencement of mobile sports wagering on the Applicant’s Platform
 - Any additional relevant information the Operator believes will be relevant to the Applicant’s proposal

- *Can be given a length requirement – i.e. “not to exceed 5 pages”*

41. Security & Sustainability

- Provide detailed information on how the Applicant, or Applicant’s proposed Operator(s), will ensure the responsibilities, duties, and requirements, as listed in (*legislation or MGC regulation location*) regarding:
 - Wager acceptance
 - Verification of information provided by bettors opening a new account
 - Systems used for monitoring structured wagers and any unusual/suspicious wagering activity
 - Systems used to ensure that bettors are physically located in the Commonwealth of Massachusetts, while placing a wager
 - *Technology to ensure that any wager is accepted via equipment physically located at a licensed gaming facility in the Commonwealth*
 - Description and location of any redundant servers (if any)
 - Security of servers, applications, and communications networks
 - Security of patron personal and wagering information
 - Integrity monitoring and reporting, including any current affiliations related to integrity monitoring

42. Internal Controls

- Provide a draft of proposed internal controls, regarding the operation of sports wagering in the Commonwealth
- Provide a draft of proposed internal controls for each of the proposed Operators for the Applicant’s Platform in the Commonwealth

43. Bringing Bettors to Platform

- Demonstrate the Applicant’s ability to effectuate rapidly commencing mobile sports wagering on the Platform and ability to bring bettors onto the Platform
 - Provide a timeline from license approval to the date on which the Applicant/Operator will be prepared to begin accepting sports wagers via the Platform

44. Other Factors Impacting Revenue

- Applicant should provide a summary and analysis of any other factors or aspects of the application that the Commission should take into consideration, when evaluating factors that could impact the revenue to the Commonwealth
 - Summary and analysis should be limited to no more than five pages

45. Revenue Sharing

- Applicant shall provide an executed copy of any agreement that provides sharing of mobile sports wagering revenue with a Native American tribe or nation, that is party to a compact with the Commonwealth

46. Pricing Matrix & Analysis – not sure if this would apply to the Commonwealth?

- *Applicant must complete and submit a pricing matrix that sets forth the tax rate that an Applicant will accept under varying competitive scenarios – of total Platform Providers & Operators*
- *Tax rate must be fifty percent (50%) or greater for its preferred scenarios*
 - *If less than the statutory minimum for two Providers and four Operators, the Applicant must provide a tax rate that is fifty percent (50%) or greater for such statutory minimum scenario*
 - *If Applicant does not wish to participate in mobile sports wagering with particular levels of Providers & Operators, they should enter a tax rate of zero (0).*
- *Applicant must submit an analysis using the Preferred Scenario of Platform Providers & Operators, containing the following:*
 - *Estimate of mobile sports wagering gross gaming revenue to be generated annually from all Platform Providers and Operators*
 - *Estimated share of mobile sports wagering gross gaming revenue to be generated annually from all Platform Providers and Operators*
 - *Basis and methodology for all estimates*
 - *Any other pertinent information that the Applicants believes relevant for maximizing sustainable, long-term revenue for the Commonwealth*
- *Applicant must submit an analysis for each competitive scenarios for responses on the matrix, banding/grouping of various scenarios is permitted for purposes of such analysis*

Section 6: Responsible Gaming & Diversity Information

47. Workforce Diversity

- Applicant and Operators must provide information demonstrating how the Applicant fosters racial, ethnic, and gender diversity, within the organization’s workforce.
 - Information must include:
 - Organization’s workforce diversity policy
 - Demographics showing the organization’s current workforce diversity
 - Efforts the Applicant and Operators will undertake to foster workforce diversity

48. Responsible Gaming

- Provide a draft of proposed responsible gaming trainings, programs, and protocols for the operation of sports wagering in the Commonwealth
- Provide a draft of proposed trainings, programs, and protocols for each of the proposed Operators for the Applicant’s Platform in the Commonwealth

49. Advertising & Promotional Plans

- Applicant shall provide detailed information demonstrating the marketing and promotional efforts proposed by its Operator(s), including:
 - a. Estimated marketing budget
 - b. Promotion and player loyalty programs
 - c. Advertising plans
 - d. Player acquisition models; and
 - e. Efforts to be undertaken to convert customers from wagering through unlicensed channels to wagering legally in the Commonwealth
- Applicant shall provide examples and samples of marketing, advertising, and promotional materials & activities recently undertaken in other jurisdictions by each of the proposed Operators in this application

MASSACHUSETTS GAMING COMMISSION



MOBILE SPORTS WAGERING LICENSE APPLICATION

TABLE OF CONTENTS

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SECTION 8.	GLOSSARY

SECTION 1: INTRODUCTION

The Massachusetts Gaming Commission (MGC) (“Commission”), on behalf of the Commonwealth of Massachusetts (“Commonwealth”), invites applications from entities interested in obtaining a license to operate a Mobile Sports Wagering Platform.

{insert additional information about sports wagering legislation and MGC general information}

SECTION 2: MOBILE SPORTS WAGERING LICENSES AWARDED BY THE COMMISSION

This application only relates to a Mobile Sports Wagering License. There is a separate application (and application fee) for Category 1 & 2 sports wagering facilities. Only the holder of a Mobile Sports Wagering License, awarded and issued by the Commission, is authorized to offer, conduct, and operate an online sports wagering platform.

SECTION 3: ELIGIBILITY

{Information about the Commonwealth’s Sports Wagering Law – if listed in legislation}

If skins/operators are allowed:

The Sports Wagering Platform Provider will be the primary applicant for all applications. The primary applicant is responsible for identifying any/all Platform Operators that will be hosted by/on the platform. They are also responsible to submit all of the required documentation for each Operator, as part of their application.

If the Applicant (Provider) is awarded a Mobile Sports Wagering License, the Provider will be responsible for the operation, maintenance, and compliance of the Platform, in order for the Operator to accept and process Mobile Sports Wagers.

SECTION 4: APPLICATION PROCESS & TIMELINE

Under {insert MGL information}, The Commission will review an Applicant’s Mobile Sports Wagering License Application for completeness, on-time submission, and receipt of the non-refundable application fee. The Commission will review and evaluate each application based on the criteria set forth in the Evaluation Criteria section of this application.

Prospective applicants are encouraged to review the Mobile Sports Wagering License Application. After an Applicant submits an application and pays the Commission's background investigation fees, the Commission will conduct a full criminal and financial background investigation to determine an Applicant's eligibility for licensure.

The Commission will not begin a background investigation unless and until the required investigation fees have been paid.

MATERIALS & FORMAT FOR APPLICATION SUBMISSION

1. One (1) *official* complete Mobile Sports Wagering Application, containing all original (wet) signatures. Must be/have:
 - a. Printed on 8.5" x 11" paper
 - b. Assembled in a three-ring binder, which can be opened for removal of pages (if necessary), and clearly labeled as the *Official Application* on the cover
 - c. Pages numbered and clearly labeled with the Applicant's name and date of submission
2. Five (5) matching hard copies of the completed application. Must be/have:
 - a. Printed on 8.5" x 11" paper
 - b. Assembled in a three-ring binder, which can be opened for removal of pages (if necessary), and clearly labeled as the *Application Copy #(1-5)* on the cover
 - c. Pages numbered and clearly labeled with the Applicant's name and date of submission
3. Two (2) electronic copies of the completed application, submitted via separate USB flash drives. Must be/have:
 - a. Clearly labeled as *Electronic Copy #(1-2)*
 - b. Documents saved in PDF format – *excluding financial materials (excel documents) and any multimedia files*
4. Two (2) matching hard copies of the completed application with all information the Applicant views as *being exempt from disclosure under Massachusetts' Laws for Redacted Information*. Must be/have:
 - a. A letter itemizing the specific grounds under the MA Law for each exemption
 - b. Printed on 8.5" x 11" paper
 - c. Assembled in a three-ring binder, which can be opened for removal of pages (if necessary), and clearly labeled as the *Redacted Copy #(1-2)* on the cover
 - d. Pages numbered and clearly labeled with the Applicant's name and date of submission
5. One (1) electronic copy of the *Redacted Application* submitted via separate USB flash drive. Must be/have:
 - a. Clearly labeled as *Electronic Redacted Copy*

HOW TO SUBMIT AN MGC MOBILE SPORTS WAGERING LICENSE APPLICATION

1. Complete the Mobile Sports Wagering License Application
2. Sign and notarize the completed application form
3. Submit the completed application form, as well as all of the required copies, to the Commission *on or before 5:00pm (ET) on {insert due date here}*. Completed applications may be delivered to the Commission via mail, courier, or hand delivery to:

**Massachusetts Gaming Commission
101 Federal Street, 12th Floor
Boston, MA 02110**

All applications and fees must be received by the Commission on or before the application deadline. No late applications will be accepted.

HOW TO SUBMIT THE COMMISSION’S NON-REFUNDABLE APPLICATION FEE

1. On or before **{insert due date/time}** submit the Commission’s Non-Refundable Application Fee of **{insert amount here}** via Wire Transfer to:

Bank Name:
Bank Address:
Account Name:
ABA Routing Number:
Account Number:
Passcode:

All applications and fees must be received by the Commission on or before the application deadline. No late applications will be accepted.

2. Send an email to the MGC Licensing Division, with “Application Payment Information” in the subject line.
 - a. The email should include the following information:
 - i. Applicant Name – *including Operator Name, if necessary*
 - ii. Type of Application submitted – *for example “Mobile Sports Wagering License Application”*
 - iii. The certified check, bank check, money order or wire transfer identification number

APPLICATION PROCESS TIMELINE

The following dates are for informational and planning purposes only. The Commission reserves the right to adjust this schedule.

Sample Timeline

		Example
Application Posted	Insert Date Here	9-Jul
Submittal of Applicant Questions (due by 3:00pm)	Insert Date One Week Later	16-Jul
Applications Due (by 5:00pm)	Insert Date One Month from Posting	6-Aug
Oral Presentations of Applications - ?	Insert Date 3 Weeks from Due Date	27-Aug
Selection of Applicants Considered for License	Insert Date 3 Months from Oral Pres.	30-Nov
Amended/Final Applications (due by 5:00pm)	One Week after Notification of Need	9-Dec
Award of Licenses	Next Commission Meeting	

(before)

APPLICATION EVALUATION CRITERIA

The Commission will review all applications that are complete and have been submitted on-time. The Commission will consider all information pertaining to the Applicant, as well as its: officers, principals, affiliates, operators, partners, and other representatives. Each application will be scored on the following criteria, in no particular order:

#	Description	Points
1	Experience and track record of the Applicant’s, or the Applicant’s mobile sports wagering operator, ability to establish and operate a successful sports wagering operation	10

2	Ability to comply with applicable sports wagering laws and regulations, including regulatory compliance in other jurisdictions and evidenced cooperation with regulatory authorities	10
3	Investment in responsible gaming training and programs, as well as an effective governance and compliance program	10
4	Demonstrated financial stability, integrity, resources, and ability to compete in the Massachusetts sports wagering market	10
5	Internal Control Plan	10
6	Demonstrated a good-faith efforts to interview a reasonable number of minority and women investors	10
7	Maximization of sports wagering revenues, including projected revenue for the Commonwealth	10
8	Ability to commence sports wagering operations within a reasonable period of time (<i>to be identified</i>) after the award of license	5
9	Extent to which the proposed sports wagering operation will preserve current and create new jobs in Massachusetts	5
10	Willingness and commitment to making investments in Massachusetts	5
11	Does the Applicant's proposed sports wagering business appeal to a unique market	5
12	Responsiveness of the Applicant to requests by the Commission	5
13	Is the award of this sports wagering license in the public interest and consistent with the purposes of the Sports Wagering Law?	5

Total Possible Points = 100

PUBLIC DISCLOSURE OF APPLICATION INFORMATION

The Commission intends to manage applications as public records and will make them available to the public, with applicable exemptions pursuant to MA FOIA laws.

Explain FOIA exemptions.

If an application submitted contains Confidential Information, it must be clearly marked. Confidential information should be watermarked or labeled as such, including any and all pages deemed confidential. Identifying the entire application may be grounds for disqualification. If an Applicant designates portions of the application as confidential, they must submit copies of the application with the information redacted or deleted. These copies are referred to as the *Redacted Copy* and must still allow the public to understand the general nature of the application.

INCURRED PREPARATION EXPENSES

Neither the Commission nor the Commonwealth is responsible for any expenses incurred by an Applicant while:

- Preparing or submitting their application
- Responding to clarification requests
- Making an oral presentation or demonstration
- Completing the Commission's background investigation

DRAFT

SECTION A: GENERAL INFORMATION

A.1 APPLICANT NAME

Name

A.2 CATEGORY OF LICENSE APPLYING FOR (check one):

- Category 1 (In-Person Wagering at a Gaming Establishment)
- Category 2 (In-Person Wagering at Live Horse Racing or Simulcasting Facility)
- Category 3 (Mobile Sports Wagering Application)

A.3 STATE IN WHICH THE BUSINESS ENTITY IS INCORPORATED, ORGANIZED, FORMED, OR REGISTERED

State

A.4 APPLICANT LOCATION INFORMATION

Number and Street Address

City, State, & Zip Code

Phone Number

Email Address

Website

A.5 APPLICANT PRINCIPAL PLACE OF BUSINESS INFORMATION

Number and Street Address

City, State, & Zip Code

Phone Number

Email Address

A.6 PRIMARY CONTACT FOR THIS APPLICATION

Name

Title

Email Address

Phone Number

A.7 INFORMATION FOR OWNERS, MEMBERS, PARTNERS, DIRECTORS, AND/OR STOCKHOLDERS OF THE APPLICANT

Provide a list of the above-mentioned individuals. Information should include name, address, and title, for each of those listed.

SECTION B: SPORTS WAGERING EXPERIENCE & EXPERTISE

B.1 APPLICANT'S ABILITY TO OFFER SPORTS WAGERING IN THE COMMONWEALTH

Provide a detailed summary of the applicant's ability to offer sports wagering in the Commonwealth. This summary should include the applicant's:

- a. Background in sports wagering
- b. Experience and licensure in other jurisdictions with sports wagering
- c. Plans to offer platform in coordination with other applicants or persons
- d. Intention of limiting participation in any allowable sports events

B.2 SPORTS WAGERING EXPERIENCE - DESCRIPTION OF SPORTS WAGERING PLATFORM

Provide a thorough description of the sports wagering platform to be operated in the Commonwealth. This narrative should include:

- a. Description of the customer experience, including options, promotions, and offers
- b. Overview of wagering activity
- c. Jurisdictions where platform is currently licensed and operating
- d. Current integration in use with other wagering operators
- e. Number of user accounts maintained
- f. Volume of wagering activity (annually)
- g. Estimated market share within each jurisdiction

B.3 SPORTS WAGERING EXPERTISE – TECHNICAL FEATURES & OPERATION OF PLATFORM

Provide a summary highlighting the applicant's expertise in sports wagering and how it would be applicable in the Commonwealth. This summary should include:

- a. Overview of technical features and operation of the platform
- b. Plan for continuous support and maintenance of the platform
- c. Outline of the features of the platform designed to support the customers
- d. Sample wagering menu the Operator intends to offer, *pending approval from the Commission*
- e. Description of Operator's proposed ability to commence mobile sports wagering on the platform
- f. Outline of any technology to be used or features offered that the applicant believes sets their platform apart from those of (potential) other applicants

SECTION C: ECONOMIC IMPACT TO THE COMMONWEALTH

C.1 EMPLOYMENT OPPORTUNITIES WITHIN THE COMMONWEALTH

Provide a detailed outline and description of the employment opportunities that will be offered if the applicant is approved for licensure by the Commission. Please include:

- a. The number of current full-time and part-time employees within the Commonwealth
- b. The number of current work locations within the Commonwealth
- c. The number of proposed full-time and part-time positions that will be created within the Commonwealth
- d. The number of proposed work locations that will be created within the Commonwealth

C.2 PROJECTED REVENUE

C.3 CONSTRUCTION

C.4 DIVERSITY

Provide information demonstrating the applicant's willingness to foster racial, ethnic, and gender diversity, within their workforce. Information must include:

- a. Applicant’s workforce diversity policy
- b. Demographics highlighting the applicant’s current workforce diversity
- c. Details on efforts that will be made to foster workforce diversity

C.5 SUPPLIER SPEND

Identify the overall and specific goals, applicable to the total dollar amount of contracts, for the utilization of:

- a. Minority owned business enterprises
- b. Women owned business enterprises
- c. Veteran owned business enterprises

Please include how each of these enterprise groups will participate as:

- Contractors in the design and/or building of the sports wagering platform
- Vendors in the execution, maintenance, and/or support of the sports wagering platform
- Vendors in the provision of goods and services

SECTION D: RESPONSIBLE GAMING

D.1 RESPONSIBLE GAMING POLICIES

Provide a draft of proposed responsible gaming trainings, programs, and protocols for the operation of sports wagering in the Commonwealth. Information shall include:

- a. Proposed trainings, programs, and protocols for the Applicant’s proposed platform in the Commonwealth
- b. Proposed trainings, programs, and protocols for the Applicant’s employees in the Commonwealth
- c. History of compulsive gambling prevention and training programs in other jurisdictions
- d. Procedures to identify and report suspicious gambling activity
- e. Intention of limiting participation in any allowable sports events

D.2 ADVERTISING & PROMOTIONAL PLANS

Provide detailed information demonstrating the advertising, marketing, and promotional efforts to be made in the Commonwealth. Information should include:

- a. Estimated marketing budget
- b. Promotion and player loyalty programs
- c. Advertising plans – *must include information for any third-party marketing firm applicant plans to partner with for advertising in the Commonwealth*
- d. Player acquisition models
- e. Efforts to be made to convert those customers currently wagering via unlicensed entities to wagering legally in the Commonwealth
- f. Examples of marketing, advertising, and promotional materials/activities recently used in other jurisdictions

D.3 DEMONSTRATED COMMITMENT

SECTION E: TECHNOLOGY

E.1 GEOFENCING

Provide detailed information on how the applicant will ensure that authorized users, placing wagers on their platform, are physically located in the Commonwealth of Massachusetts. This information must include:

- a. Which geolocation system will be utilized to reasonably detect the physical location of an authorized user attempting to place a wager on the platform
- b. How the system will:

1. Detect the physical location of an authorized user attempting to place a wager on the platform
 2. Block or deny unauthorized attempts to access the platform, or place a wager, from outside of the Commonwealth
 3. Update the IP address and physical location if they change while user is active on platform
 4. Identify attempts to circumvent the requirement to physically be located in the Commonwealth
 5. Ensure the integrity of the user's account information
 6. Ensure the integrity of a user's device if it indicates tampering or suspicious activity
 7. Notify the applicant of potential risks or fraudulent activity
- c. How the applicant will log information received from the system
 - d. How the applicant will report the information received from the system to the Commission

E.2 KNOW YOUR CUSTOMER

Provide detailed information on how the Applicant will ensure the verification of information provided by users opening a new account on the platform

E.3 TECHNOLOGICAL EXPERTISE

Provide detailed information on how the Applicant will ensure the security and sustainability of the following items:

- a. Wager acceptance
- b. Systems used for monitoring structured wagers and any unusual or suspicious wagering activity
- c. Description and location of any redundant servers
- d. Security of servers, applications, and communications networks
- e. Security of patron personal and wagering information
- f. Integrity monitoring and reporting, including any current affiliations related to integrity monitoring

E.4 RELIABILITY



MEMORANDUM

DATE: September 8, 2022

TO: Chair Cathy Judd-Stein
Commissioner Brad Hill
Commissioner Jordan Maynard
Commissioner Eileen O'Brien
Commissioner Nakisha Skinner

FROM: Karen Wells, Executive Director
Katrina Jagroop-Gomes, Chief Information Officer

RE: Sports Wagering Testing to Technical Standards

We are requesting the Commission's direction regarding the technical testing of any sports wagering or online sports wagering platform, equipment, or software to ensure compliance with Massachusetts laws, rules, and regulations before being allowed to operate in the Commonwealth. Once that direction is given, we will draft the corresponding regulations and come back before the Commission at a subsequent public meeting.

The MGC could take one of several approaches to technical testing.

- 1) Require the licensees to contract with an MGC certified independent testing laboratory to perform testing to Massachusetts standards and then provide the results to the MGC. Best practices suggest that the MGC should "audit" those results to ensure compliance, competency, and accuracy.
- 2) Allow licensees to initially submit certification that their platform, equipment or software is in compliance with another jurisdiction's technical standards for launch purposes, and then be required to submit the results of technical testing to Massachusetts standards as described in approach #1 above.
- 3) Hire personnel to conduct all of the testing in-house at the MGC.



Massachusetts Gaming Commission

- 4) Contract with a 3rd party vendor to conduct all of the testing directly for the MGC.
- 5) Utilize a hybrid-model where some testing is done by staff, and some is contracted out to a 3rd party vendor.

The staff recommends that, at this point, approach #2 as sports wagering is being launched, with the eventuality of #1 as our standard practice certifications and requirements of the licensees/operators.

Utilizing approach #2 Only

- Applicants must be fully vetted and licensed in another jurisdiction that meets the minimum testing requirements of the GLI standards.
 - Pros: This provides a quicker to launch timeline, proof of their competency and compliance in that jurisdiction and can lift the operational burden until additional resources have been approved and retained.
 - Cons: Cautious of jurisdictions that are not comparable to MA, equipment/services/platforms that they allow and their vetting process for competency and compliance.

Utilizing approach #1 Only

- Applicants would be certified by an MGC approved certified independent testing laboratory that tests against MA standards and regulations and potentially GLI adopted standards.
 - Pros: Verified competency and compliance of equipment/services/platforms.
 - Cons: Slower launch timeline, and additional resources needed as soon as possible.