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## Massachusetts Gaming Commission Meeting Minutes

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**Date/Time:** December 14, 2022, 10:00 a.m.  
**Place:** Massachusetts Gaming Commission

VIA CONFERENCE CALL NUMBER: 1-646-741-5292  
PARTICIPANT CODE: 112 381 2019

The Commission conducted this public meeting remotely utilizing collaboration technology. The use of this technology was intended to ensure an adequate, alternative means of public access to the Commission's deliberations for any interested member of the public.

### **Commissioners Present:**

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

#### 1. [Call to Order](#) (00:00)

Chair Judd-Stein called to order the 411th Public Meeting of the Massachusetts Gaming Commission ("Commission"). Roll call attendance was conducted, and all five commissioners were present for the meeting.

Chair Judd-Stein began the meeting by stating that the Commission's principal responsibility in reviewing the sports wagering applications was to ensure the integrity of the gaming industry in Massachusetts. She stated that the Commission would maintain strict oversight of gaming establishments and sports wagering operators. She highlighted that awarding a sports wagering license was a privilege; and that operators would be held to the highest standards of compliance on a continuing basis. She stated that the Commission's mission permits the creation of a fair, transparent process that engendered the confidence of the public and maximized the benefits to the Commonwealth. She then briefly explained the agenda for this public meeting.

#### 2. [Legal Framework relative to the award of a Category 3 sports wagering operator license](#) (06:08)

General Counsel Todd Grossman stated that this meeting was the Commission's opportunity to evaluate the application for a category three tethered sports wagering license submitted by American Wagering Inc. d/b/a Caesars Sportsbook ("Caesars").

General Counsel Grossman stated that G.L. Chapter 23N, § 6(3) allowed the Commission to issue a category three sports wagering license to any entity that offered sports wagering through a mobile application or platform. He stated that there was a cap of seven category three licenses that could be awarded that were not connected to a category one or two sports wagering license. He stated that the applicant today was connected to Wynn MA, LLC d/b/a Encore Boston Harbor ("EBH") which was awarded a license last week. He noted that only two tethered category three operators could be connected to a category one operator.

General Counsel Grossman stated that 205 CMR 218 set out the application requirements, standards, and procedures. He stated that the regulation sets out factors and considerations for the Commission to analyze in the evaluation process, but that the regulations did not set out a particular order to review factors nor did the regulation assign particular weight to the factors. He stated that the Commission may require that the applicant provide additional information or documents the Commission deemed appropriate.

General Counsel Grossman noted that the evaluation of this application was being conducted in public and that all deliberations made by the Commission must take place in public. He stated that G.L. Chapter 30A, § 21(a)(7) allowed the Commission to move into executive session to comply with or act under the authority of any general law, such as G.L. Chapter 23N, § 6(i) regarding competitively sensitive information submitted in the course of the application process. He stated that if the Commission requested answers pertaining to competitively sensitive information, the applicant could request to move the meeting to executive session.

General Counsel Grossman stated that any finding the Commission makes must be backed by substantial evidence, and that the heightened standard of clear and convincing evidence applied to suitability pursuant to 205 CMR 215.

General Counsel Grossman stated that the factors the Commission would evaluate would be: the applicant's experience and expertise related to sports wagering; the economic impact and benefits to the Commonwealth; the applicant's proposed measures related to responsible gaming; the description of the applicant's willingness to foster racial, ethnic, and gender diversity, equity, and inclusion ("DEI"); the technology the applicant intends to use in operation; the suitability of the applicant and qualifiers; and any other appropriate factor in the Commission's discretion.

General Counsel Grossman stated that the Commission could determine temporary or durable findings of suitability, but that no preliminary finding needed to be entered. He noted that the Commission could use any information received pursuant to G.L. Chapter 23K, G.L. Chapter 128A, G.L. Chapter 128C, or information from other jurisdictions where the operator was

authorized to operate. He stated that conditions could be placed on a license pursuant to 205 CMR 220.

General Counsel Grossman added that the tethered category three sports wagering license did not permit untethered operation. He noted that after a decision was made on the license, a written decision would be prepared and issued to commemorate the Commission's decision. He explained that the operator would require an operations certificate before they could begin sports wagering operations.

### 3. Presentation Of Application For Category 3 Sports Wagering Operator License Submitted By American Wagering, Inc. (Caesars Entertainment, Inc) Including Demonstration Of Technology And User Experience In Accordance With 205 CMR 218.06 (3)(23:03)

Jeff Hendricks, Caesars' Assistant General Counsel, introduced Eric Hession, Caesars' President of Digital Operations, Ken Fuchs, Caesars' Head of Entertainment, Heather Rapp, Caesars' VP of Social Responsibility, Floyd Baroga, Caesars' VP of Product Compliance, and Nick Arcuri, Caesars' Technology Product Leader.

Mr. Hession stated that Caesars offered sports wagering operations in twenty-seven jurisdictions; with 180 sportsbooks across twenty-two jurisdictions and mobile sports wagering in nineteen jurisdictions. He explained that from 2012 until April 2021, American Wagering Inc. operated under the "William Hill" brand name, and was rebranded as Caesars Sportsbook after the acquisition in April 2021.

Mr. Hession stated that offerings would be limited to what was approved by the Commission, and that Caesars had the technology to restrict any markets that were not approved. He stated that Caesars was a subsidiary of Caesars Entertainment Inc. ("CEI"), and that CEI had \$1 billion in cash, and \$2 billion in availability for revolving credit; for a total of \$3 billion of available liquidity. He stated that Caesars had reduced nationwide spending by focusing more on high-value customers.

Mr. Hession stated that Caesars did not have a finalized marketing plan, but that Caesars typically marketed through television, radio, billboards, social media, affiliate programs, grassroots partnerships with local venues, and league partnerships. He stated that all marketing materials were reviewed to ensure a responsible wagering experience.

Mr. Hession stated that Caesars employees were primarily located in Las Vegas, and that Caesars employed seven full-time remote employees who were Massachusetts residents. He noted that there may be more Massachusetts employees during local activation.

Mr. Hendricks stated that Caesars was committed to responsible wagering. He stated that Caesars sponsored public awareness education, and other campaigns related to problem gambling and underage gambling. He stated that guests could self-select responsible gaming

features on the platform. He stated that Caesars' corporate responsible gaming program applied to all advertising and marketing in the Commonwealth of Massachusetts. He noted that Caesars had responsible gaming ambassadors who received additional training on providing information related to responsible gaming. He stated that Caesars' platform had responsible gaming tools.

Mr. Hendricks stated that the product demonstrations would show how the platform prevents individuals under the age of twenty-one from creating accounts through the KYC process. He stated that Caesars only markets to those over the age of twenty-one. He reported that the company could choose to exclude an individual based upon company discretion if the individual was not using the products appropriately.

Mr. Fuchs stated that Caesars' advertising was customer-centric and treated sports wagering as an additive experience to sports. He stated that Caesars leveraged its knowledge of the local market and customers to ensure that marketing was data driven. He noted that Caesars' rewards program had more than sixty-five million members worldwide. He explained that Caesars had field marketing teams that worked with local vendors to provide a variety of opportunities for customers to learn about the sportsbook. He noted that Caesars had partnerships with the NFL, CBS Sports, and ESPN. He stated that Caesars offered a myriad of sign-up and retention promotions and that promotions were tailored to the players.

Ms. Rapp stated that Caesars focused on the wellbeing of employees, guests, and local communities. She stated that community engagement efforts included civic engagement, strategic philanthropy, and staff volunteering. She stated that Caesars tried to embed diversity, equity, and inclusion ("DEI") in all of its work. She stated that Caesars supported minority-owned business enterprises ("MBE"), women-owned business enterprises ("WBE"), and veteran-owned business enterprises ("VBE") in obtaining relevant certifications.

Ms. Rapp stated that Caesars' goals for diversity were to achieve 50% women leadership and 50% POC leadership by 2025. She stated that as of 2021, Caesars had 46% women in mid-level leadership and 32% women in senior leadership. She stated that as of 2021, Caesars had 43% POC in leadership roles.

Mr. Barroga stated that Caesars platform was live in New Jersey since 2019 and was currently live in eighteen jurisdictions. Mr. Arcuri provided a platform demonstration. Commissioner Skinner asked whether reducing the time limit would take effect immediately. Mr. Arcuri explained that changes to limits take effect immediately if they become stricter.

Chair Judd-Stein asked if the fund withdrawal process was instantaneous. Mr. Arcuri stated that debit cards would be an instant withdrawal of funds, but other methods such as ACH may take more time. Commissioner O'Brien noted that Massachusetts prohibited credit card funding for sports wagering accounts, and that the Commission was discussing banning payment services that are one step removed from credit cards. She asked if there was a mechanism to stop

payments from certain payment services. Mr. Fuchs replied that Caesars had controls in place that could disable payments from credit cards or secondary credit sources.

Commissioner O'Brien noted that she had follow-up questions regarding an incident in Iowa, but that the line of questioning could be saved for the review of the suitability and compliance portion of the application. Chair Judd-Stein asked if any forms of secondary credit were permitted in other jurisdictions that would be excluded in Massachusetts. Mr. Fuchs stated that the player plus card would be changed for Massachusetts to only allow debit card funding. Commissioner Hill asked if there was technology that could identify whether a card was a credit card and not a debit card. Mr. Fuchs stated that the card number would identify it as a credit card, and that the card would be rejected.

Commissioner Hill noted that phone support was listed as only being available for twenty hours per day and stated that he wanted to ensure that citizens who encounter problems would have access to assistance. Mr. Hession stated that the phone lines were shut down between 1 AM and 5 AM pacific time due to low call volume, but that live agents were available via chat 24/7. Commissioner O'Brien asked if the shutdown times coincided with a drop in usage on the east coast. Mr. Hession stated that there was little wagering activity between 4 a.m. and 8 a.m. EST, and that Caesars could review its shutdown time.

Commissioner O'Brien asked if there was a mechanism to suspend activity if a player could not get in touch with live customer support. Mr. Arcuri clarified that Caesars' live chat had agents available 24/7, it was only the voice chat that was twenty hours a day.

Mr. Barroga stated that Caesars platform had been vetted in multiple markets and was compliant with GLI-33. He stated that Caesars contracted Bulletproof to conduct assessments, operational audits, and vulnerability testing.

Mr. Fuchs stated that Caesars worked with LexisNexis for KYC in most jurisdictions and GeoComply in one jurisdiction. He explained that if LexisNexis flagged a new account, the patron could submit a selfie with their identification, which provided a secondary opportunity for customers to be validated. He stated that all withdrawals were processed within an hour or two, and then it was dependent upon the type of transfer being requested.

Mr. Fuchs stated that the trading team was organized by sport, so that Caesars had subject matter expertise across all sports offered. He stated that Caesars handled 200,000 events per year and hundreds of millions of bets. He stated that the team handles odds-making and risk management. He reported that integrity monitoring is done in conjunction with U.S. Integrity. Mr. Hendricks stated that the in-house team applied all anti-money-laundering industry best practices and federal requirements. He concluded his presentation by stating that Caesars was requesting temporary suitability and temporary licensure from the Commission.

4. [Presentations and Analysis Relevant to review and evaluation of Application for Category 3 sports wagering operator license for American Wagering, Inc. \(Caesars Entertainment, Inc\)'](#) (2:49:47)

a. Technical Components

Chair Judd-Stein provided an initial overview of GLI. Chair Judd-Stein stated that Gaming Laboratories International (“GLI”) was the first company to develop and set gaming technical standards which were now considered an industry benchmark. She stated that GLI continued to innovate standards; and that regulators relied upon these standards to preserve the integrity of the industry. She then introduced GLI’s Vice President of Government Relations and General Counsel Kevin Mullally.

Mr. Mullally stated that GLI was familiar with the platform Caesars had proposed, and that it had been approved in other jurisdictions with similar regulatory requirements. He stated that Caesars’ platform would be subject to additional testing for deployment in Massachusetts. He stated that there would be testing of the platform to global standards and then to local integration.

GLI’s Director of Client Solutions, Joe Bunevith, stated that before the test lab could make submittals, the Commission would need to approve 205 CMR 138, 205 CMR 238, 205 CMR 247, and 205 CMR 248. He stated that after those regulations were approved, the operators would submit the code for their sports wagering system and hardware to GLI for testing.

Mr. Bunevith stated that Caesars would submit their last submission for one or more U.S jurisdictions and then test any changes to the platform to comply with Massachusetts specific rules and regulations. He stated that if a potential operator’s platform was new to GLI it would undergo an architectural review that identifies, and documents critical files related to compliance. He stated that after the initial review was complete the source code could be submitted for testing in a locked-down environment.

Mr. Bunevith stated that the lab would verify changes for Massachusetts specific deployments; and once those changes were validated, a certificate would be issued to the operator. He stated that once the certificate was issued, the Commission could approve the operator to commence operations. He stated that field verification would be finalized in the upcoming weeks and that verification of the production server and verification of critical file signatures would then commence. He added that GLI would also review internal controls and procedures submissions.

Commissioner O’Brien asked if anything from Caesars’ application raised concerns regarding technical capacity of their platform. Mr. Mullally stated that Caesars completed testing on time prior to the stated launch date in each jurisdiction they’ve launched in.

b. [Report on Suitability of the Applicant](#) (2:59:24)

Director of the Investigation and Enforcement Bureau (“IEB”) Loretta Lillios stated that the IEB submitted a report regarding the preliminary suitability of this applicant in connection with their tethered category three license, which was tethered to EBH’s category one sports wagering license. She stated that the IEB performed a review for preliminary suitability according to the standards set forth in 205 CMR 215.01(2). She noted that a full suitability investigation had not been conducted at this time.

Director Lillios stated that the licensing division did a scoping review of the applicant pursuant to G.L. Chapter 23N § 5(b). She stated that the IEB identified one entity and five individuals to designate as qualifiers in connection with the application. She stated that the IEB omitted the parent company of Caesars, CEI, in the list of qualifiers as that entity's application was forthcoming. She stated that CEI was working on an expedited basis to complete the business entity disclosure, and that the IEB relied upon public Securities and Exchange Commission (“SEC”) for its initial financial review.

Director Lillios stated that individual qualifiers associated with the parent company were identified as part of the preliminary review. She stated that the IEB reviewed the submission and found no substantial deficiencies. She stated that the applicant was very responsive with requests related to the application.

Director Lillios stated that the team conducting the review was comprised of contract investigators. She stated that the review for preliminary suitability included a summary of Caesars’ licensing status in other jurisdictions, compliance history in other jurisdictions, and pending litigation valued over \$100,000. She stated that there was an open-source review of the applicant and individual qualifiers, but not of the entity qualifiers.

Director Lillios noted that the applicant self-reported a withdrawal of application for a gaming license in Massachusetts in 2013. She stated that the predecessor parent company and some of Caesars executives were qualifiers for that application. She stated that the IEB had performed a full suitability investigation and identified four areas of investigative concern. She explained in 2013, the IEB recommended that the Commission hold an adjudicatory hearing to determine suitability, and Caesars subsequently withdrew its application before the hearing occurred.

Director Lillios stated that for the purposes of this preliminary review, the IEB recognized that 2013 was almost a decade prior, and that Caesars had evolved as a company since then. She stated that Caesars reorganized following bankruptcy proceedings, and that Caesars had also evolved in terms of its leadership.

Director Lillios stated that the applicant self-reported their compliance history including the application withdrawal in Massachusetts, a matter in Virginia, and three recent fines which were included in the IEB’s report. She expressed her expectation that Caesars would continue to be responsive to the IEB’s supplemental request for a more itemized and comprehensive accounting.

Commissioner O'Brien stated that she wanted the Commission to be briefed on the IEB's interactions. She expressed her desire to discuss and inquire the issues flagged by the IEB; and noted her dissatisfaction regarding the lack of detail within the application. Commissioner Skinner agreed with Commissioner O'Brien.

Chair Judd-Stein stated that the Commission might want to consider its options for entering an executive session. She sought clarification as to whether the entity that appeared before the Commission in 2013 was CEI. Director Lillios stated that the entity that applied in 2013 was Caesars Entertainment Corp. ("CEC"), she stated that the company was renamed as a result of reorganization. Mr. Hendricks stated that CEC was now a holding company of the publicly traded parent company and had been renamed Caesars Holding Inc. He noted that Caesars was not involved in the 2013 discussions, and not associated with the company that initially applied in 2013. He stated that CEI acquired CEC in 2020.

Mr. Hendricks stated that there were some technical elements to the Virginia matter that Caesars would prefer to discuss in executive session. He noted that the matter could be discussed at a high level in public, however. Commissioner O'Brien asked if the same could be done for the New York, and Washington D.C. matters. Mr. Hendricks stated that Caesars would prefer to discuss the D.C. and Cherokee matters in an executive session.

Commissioner O'Brien asked if Executive Director Wells could provide any insight into the 2013 matter as she was the former Director of the IEB. Executive Director Wells suggested that the matter occurred nine years prior, and that if the Commission needed specific details, they could refer to the IEB's report. Chair Judd-Stein clarified to the meeting's participants that the IEB's 2013 report was not provided in conjunction with the review of Caesars application.

Mr. Hendricks stated that the application identified two matters related to withdrawal of prior applications. He stated that CEI was not involved with the withdrawal from Massachusetts in 2013, and that CEI did not acquire the 2013 applicant until 2020. Commissioner O'Brien asked if there were overlapping qualifiers. Mr. Hendricks stated that Caesars' President of Digital Business, Mr. Hession, was with CEC at the time, but not in the role he held at the time of today's meeting. He reported that none of the senior management team of CEI were involved in the 2013 application. Commissioner O'Brien noted that she wanted to discuss the issue further in the executive session.

General Counsel Todd Grossman asked if the matters to be discussed in executive session were limited to the 2013 Massachusetts matter, the New York matter from September 2022, the Washington D.C. matter from 2022 and the Cherokee matter from 2022. Commissioner O'Brien noted that the New York and Virginia matters could be discussed to some extent in public. General Counsel Grossman stated that to the extent information was competitively sensitive and would place the applicant at a competitive disadvantage if discussed publicly, an executive session could be held, pursuant to G.L. c. 23N, § 6(i).



Commissioner O'Brien asked if any information in connection with the 2013 application withdrawal would go into the privacy interests of individuals who were not present. General Counsel Grossman stated that such information would also qualify for an executive session. He added that if any information could be discussed in public, the executive session could be stopped, and the Commission could return to the public session of the meeting. He stated that any information the Commission discussed publicly in 2013, would also have to be discussed in public.

Commissioner O'Brien asked if the IEB's 2013 report was released publicly, or if only the IEB's recommendation was released publicly. Executive Director Wells stated that the Commission never deliberated on the report, and that it was never hashed out in public. She stated that she was unsure whether the report was included in the meeting packet.

Commissioner O'Brien noted that there was a Boston Globe article from October 30, 2013, that discussed some of the information included in the IEB report related to the red flags related to Caesars partnership with the Gansevoort Hotel Group. She stated that this indicated some of the information was released publicly in 2013. General Counsel Grossman stated that the broad issues were known to the public, but some of the details may not have been public. Chair Judd-Stein expressed a preference for using an executive session if the Commission could not confirm what information was public.

Mr. Hendricks stated that a redacted version of the 2013 report was publicly available, and suggested that the redacted report be used as the basis of the public discussion. Chair Judd-Stein stated that the Commission needed to decide what amount of weight to assign to the 2013 matter. Commissioner O'Brien stated that the Commission could begin the public discussion of the New York and Virginia matters until a redacted version of the IEB's report was made available to the Commission. Director Lillios stated that she had the IEB report available. Chair Judd-Stein requested that Director Lillios distribute the report to the Commission and Mr. Hendricks.

Mr. Hendricks explained that the withdrawal of an application in Virginia was based upon CEI's pending acquisition of William Hill. He stated that Caesars was completing an application for a brick-and-mortar license while William Hill was simultaneously seeking a mobile license. He stated that CEI spoke with Virginia's regulators and chose to withdraw one of the applications as the companies were being combined. He stated that the license was withdrawn without any finding of unsuitability or concerns regarding Caesars's qualifications. He stated that it was a technical withdrawal based upon the number of licenses available by statute and the pending acquisition.

Mr. Hendricks stated that Caesars had recently settled a disciplinary action in Nevada related to a fact pattern that predominantly predated CEI's acquisition of the subsidiaries involved in the disciplinary action. He stated that Caesars' team worked with Nevada regulators to resolve these matters. He noted that the platform launching in Massachusetts was a different system than the

older system used in Nevada. He noted that Caesars was currently within the regulatory process to deploy its new platform in Nevada.

Mr. Hendricks reported that four counts were settled with the Nevada Gaming Control Board. He stated that one count pertained to duplicate wagers on Caesars' older platform. He stated that Caesars self-reported the matter and put a patch in place to fix the issue. He stated that staff reviewed the impacted transactions and reimbursed guests for any losing wagers. He reported that guests who received the benefit of winning the duplicate wager were able to keep their winnings.

Mr. Hendricks stated that another issue was due to a system flaw in which the duplicate wagers issue was not timely identified. He stated that staff were retrained as to what matters required regulatory reporting. He stated that another count in Nevada was related to adequate customer service not being provided in 2021. He stated that this matter was settled, and that robust customer service measures have been implemented since then. He noted that CEI acquired William Hill in 2021, and immediately began investing resources to improve customer service functions, including chatbots, more staffing, and third-party resources.

Mr. Hendricks stated that the last issue in Nevada was for failing to timely notify the Nevada Gaming Control Board of a suspected theft at a retail location. He stated that the matter occurred at a smaller location in rural Nevada. He stated that the staff was retrained in controls and procedures and that the matter was settled with Nevada regulators.

Commissioner Skinner sought clarification regarding the counts related to failure to timely notify the regulator. Mr. Hendricks stated that there was a failure to timely notify both of the suspected theft and for the duplicate wager issue. He noted that Caesars was unable to identify the root cause of the duplicate wager issue, but that the issue was resolved from the system perspective.

Commissioner Skinner sought clarification regarding the duplicate wager issue. Mr. Hendricks explained that when the system was under high volume certain wagers would be recorded twice. He stated that a patch was put in place to limit bets to ensure that bets could not be placed more quickly than a human could make them. Commissioner Skinner asked if the patrons accounts were deducted twice for a single bet. Mr. Hendricks confirmed that the accounts were deducted twice in some instances.

Commissioner O'Brien asked if more details related to the suspected theft could be discussed in public. Mr. Hendricks stated that he could provide more detail related to that matter in an executive session as it related to Caesars controls and security. Commissioner O'Brien stated that she would like to hear more on this incident in the proper setting.

Chair Judd-Stein stated that the Commission should have a chance to review the 2013 IEB report. She noted that the entity within the 2013 report was not the same entity before the Commission this meeting, and that she wanted to ensure the report was relevant to the discussion

of Caesars application. Executive Director Wells stated that the investigation was conducted by consultants from Spectrum Gaming, and that Spectrum submitted a draft report and recommendation to the IEB. She stated that the report was finalized by the IEB, and that the IEB agreed with Spectrum's recommendation of not issuing a finding of suitability.

Commissioner Skinner stated that she wanted the opportunity to read the IEB's report and confer with the IEB to understand what portions were relevant to the applicant. She requested the opportunity to understand and assess the associated risks. Director Lillios explained that the relevant section of the report was between pages 219 through 250. Commissioner O'Brien agreed with Commissioner Skinner; and requested an opportunity to read the 2013 IEB report.

*Transcriber's Note: The Commission took a brief break to read the 2013 IEB report and reconvened at [4:29:25](#).*

Commissioner O'Brien stated that one aspect of the report that jumped out to her was the lack of compliance. She asked that Caesars' representatives provide more detail regarding their compliance structure. Mr. Hendricks stated that almost all of the individuals listed in the 2013 IEB report were no longer with - or were never with CEI. He stated that CEI now had a completely different compliance committee.

Mr. Hendricks noted that the second issue listed in the report was related to a qualifier who was no longer with the company. He stated that the third issue was related to allegations of improper accommodations for high value players. He noted that Caesars did not currently offer these types of incentives for high value players and did not anticipate offering these incentives in the future. He stated that the senior management team responsible for the 2013 decisions was not affiliated with CEI.

Mr. Hendricks stated that the Compliance Committee included several individuals, and that the Chairman, Bud Hicks, was an independent member with a long history as a Nevada gaming regulatory attorney. He noted that two board members served on the compliance committee. Mr. Hendricks stated that he served as the Compliance Officer as designated by the Gaming Compliance Plan, and that he reported directly to the Compliance Committee. He stated that the Gaming Compliance Plan used currently was distinct from the 2013 plan. He stated that the matters were now reviewed by different senior management with a new Gaming Compliance Plan.

Commissioner O'Brien requested further detail regarding the terms of those appointed to the Compliance Committee. Mr. Hendricks stated that the two members of the Boards of Directors were on the Compliance Committee commensurate with their term on the Board of Directors. He stated that each year the Board of Directors reviewed appointments to each committee and made appointments to the committees. He stated that the Chairman was elected on an ongoing basis. He explained that executive officers could be appointed or removed pursuant to the terms of the Gaming Compliance Plan.

Commissioner O'Brien asked if there was a separate nominating committee or if the Board of Directors nominated for the committees. Mr. Hendricks stated that the Gaming Compliance Plan had terms regarding who could be appointed. He stated that in terms of corporate governance Caesars had a separate Nominating Governance Committee that makes recommendations to the Board.

Commissioner Skinner asked how Mr. Hession was involved in the 2013 incident. Mr. Hendricks stated that Mr. Hession was listed as a qualifier during the 2013 process, but that he was not involved in the issues raised by the IEB. Commissioner Skinner asked what the terms of the Nevada settlement were. Mr. Hendricks reported that the settlement had a fine of \$100,000 and that there were no ongoing conditions other than the continued remediation methods.

Chair Judd-Stein noted that the current applicant and parent company were not involved with the individuals cited in the Boston Globe article. Mr. Hendricks stated that Caesars has no association with the individuals who negotiated that transaction. Chair Judd-Stein asked when the Commission would anticipate receiving the application from Caesars' parent company. Director Lillios stated that CEI's licensing team had been responsive, and that the IEB expected to receive the application by Friday or Monday.

c. [Financial and Economic Impact Analysis](#) (4:42:37)

Theresa Merlino, Partner from RSM US LLP's ("RSM") National Gaming and Hospitality Practice, stated that RSM reviewed sections of the application related to finance. She stated that all information was received on or before November 21, 2022. She stated that the information presented would be based on preliminary research and subject to change if new information became available. She noted that much of the financial information submitted by the applicant was marked confidential, and that RSM was willing to discuss those topics further in executive session.

Ms. Merlino stated that the preliminary market study showed that neighboring states would see decreased play when Massachusetts' market went live. She reported that New Jersey's market shrank 7.3% when New York legalized sports wagering. She stated that given sports wagering's online nature and various platforms, it was difficult to predict the marketplace in emerging markets.

Ms. Merlino stated that RSM provided a report on the applicant's self-disclosed financial information based upon projections and data from other jurisdictions. She noted that RSM was only provided information on the publicly traded parent company, and pre-transaction entity, William Hill. She stated that the one year of financial transactions provided made it difficult to understand financial patterns over time. She stated that the market share estimate was based upon the five years of projected handle provided by Caesars.

Ms. Merlino stated that the revenue projections might warrant an executive session. She stated that estimates place Massachusetts' sports wagering market as between 300 and 350 million. She stated that Caesars' presentation indicated methodology and thought behind their acquisition model, but that Caesars did not share how that translated to revenue projections in its application.

Ms. Merlino stated that Caesars had provided their market share percentages in other jurisdictions. She noted that the application listed this information as confidential, but that the calculations were based on public data. She stated that the estimates could be reviewed in executive session. She stated that Caesars' market share estimates were in the middle of their range of market shares in other jurisdictions.

Ms. Merlino reported that revenue projections were only provided for one year. She noted that there was an unknown ramp-up period to terminal market size, and that RSM was unable to evaluate Caesars' build out assumptions based upon the data provided. She stated that the Commission might want to confirm Caesars' assumptions related to market share.

Ms. Merlino noted that Caesars' planned relationship with EBH was not detailed in its application. She stated that this relationship might affect market share or marketing efforts. She noted that Caesars' revenue projections were based on its performance in other jurisdictions, and that the projections might be conservative when compared to newer markets.

RSM's strategic Finance Practice Leader Jeff Katz explained that CEI was well capitalized based upon its recent SEC filings. He stated that CEI had \$3 billion in available liquidity, with \$944 million in cash on hand and \$2.1 billion in availability under its revolving credit facility. He noted that CEI had no major debt maturities coming up in the next twelve months. He stated that CEI had generated \$704 million in cash flow from its operations in the nine months ending September 30, 2022. He stated that CEI had reduced its total debt by \$2.6 billion in that nine-month period. He stated that CEI had the financial resources to fund operations in Massachusetts.

Chair Judd-Stein asked if RSM would be available for an executive session. Ms. Merlino stated that she and other RSM employees would be available.

5. Review and evaluation of Application for Category 3 sports wagering operator license submitted by WSI US, LLC (WynnBet) and/or American Wagering, Inc. (Caesars Entertainment, Inc) in accordance with 205 CMR 218.00 including, but not limited to consideration of the following criteria (4:59:48)

a. Experience and Expertise related to Sports Wagering (205 CMR 218.06(5)(a))

Commissioner Skinner asked what the partnership with EBH would entail. Mr. Hession stated that EBH was providing access to use their tethered licensure in Massachusetts, and that Caesars would provide annual payments in addition to payments based upon performance in Massachusetts. He stated that CEI and Wynn had similar agreements in other jurisdictions. He

noted that under the agreement, Caesars would have obligations to report to the Commission and comply with all reporting requirements.

Chair Judd-Stein asked if Caesars would assume control of any marketing materials created by third-party marketing affiliates. Mr. Hession stated that Caesars would monitor affiliates, and anticipated using affiliates to the extent they were allowed in Massachusetts. Chair Judd-Stein asked if Caesars would have control over the content. Mr. Hendricks stated that all third-party marketing affiliates abide by Caesars' marketing code and guidelines. Chair Judd-Stein stated that she would like to discuss the projected revenues in application section B3 in an executive session.

Commissioner Maynard inquired what the term "selfie sign-up" meant. Mr. Fuchs explained that it was a secondary KYC method where patrons could upload a picture of themselves with the front and back of their driver's license. Commissioner Maynard asked if this KYC function was performed in-house. Mr. Fuchs stated that Caesars used a third-party vendor for selfie sign-ups.

The Commission reached a consensus that Caesars had met the Commission's expectations in regard to this section of the application. Commissioner Skinner noted that her expectations were met, with the caveat that the Commission would hear additional information from RSM in the executive session.

[b. Economic impact and other benefits to the Commonwealth if applicant is awarded a license \(205 CMR 218.06\(5\)\(b\)\) \(5:08:43\)](#)

Commissioner O'Brien asked if there were no anticipated jobs being created in the Commonwealth. Mr. Hession stated that Caesars was exploring the option of local activations that would add in-market employees to facilitate signups. He noted that Caesars allowed its tech team to work remotely, and that some of those employees were located in Massachusetts.

Commissioner Maynard stated that the Commission anticipated that all licensees would collaborate with the state lottery to mitigate any affects sports wagering operations would have on the lottery. He noted that the applicant's answer, however, left a bit to be desired. Mr. Hendricks confirmed that Caesars was happy to collaborate with any state agencies and would be willing to supplement the information in the application. Chair Judd-Stein noted that there were cross-marketing opportunities.

Commissioner O'Brien expressed concerns about the responsible gaming implications of using an eighteen-wheeler for marketing. Chair Judd-Stein agreed and requested information about the truck's itinerary. Mr. Hession stated that the truck was used to highlight the brand and assist with enrollment. He stated that the truck had staff that checked identification before engaging with individuals. He stated that the truck showcase was most recently used in Maryland, and was anticipated to be used in Cleveland for the launch of sports wagering in Ohio.

Mr. Hession stated that the results had not been great, and that Caesars was unsure of whether they would use the truck in Massachusetts. Commissioner O'Brien stated that while checking identification was appreciated, it would be difficult to prevent those under twenty-one from viewing the truck. Chair Judd-Stein agreed.

Chair Judd-Stein stated that Caesars had the opportunity to make intentional partnerships in terms of DEI with its branding ambassadors in Massachusetts. Mr. Hendricks stated that Caesars would take this into consideration.

Commissioner O'Brien noted that Caesars had claimed to be developing a relationship with the Massachusetts Military Support Foundation, and asked what step Caesars was at in developing that relationship. Mr. Hendricks stated that Caesars was contemplating financial support and identifying leaders to determine how to support the initiative. He reported that it was early in the relationship, but that it would continue to develop.

Commissioner Hill commented that he was impressed with Caesars' community involvement in other jurisdictions. Ms. Rapp stated that Caesars had a variety of community involvement at the local and national levels. She stated that Caesars was partnered with a variety of organizations within Caesars' strategic impact areas.

The Commission reached a consensus that Caesars had met the Commission's expectations in regard to this section of the application.

c. Applicant's Willingness To Foster Racial, Ethnic, And Gender Diversity, Equity, And Inclusion (205 CMR 218.06(5)(d)) (5:23:41)

Commissioner Skinner stated that Caesars' diversity spending with MBE and WBE was commendable. She noted that data from VBE spending was missing, however. She asked if Caesars had the breakdown of spending by category for MBE and WBE. Ms. Rapp stated that Caesars did not report the information broken down publicly. She noted that total diverse spending was 9.5%. Commissioner Skinner stated that she was interested as to why this information wasn't reported publicly.

Ms. Rapp stated that Caesars' goals for vendor diversity were to source quality goods and services, benefit communities where Caesars operated, and engage small and diverse local businesses. She stated that Caesars did not tie a metric to these goals, but that Caesars worked to get these businesses certified. Commissioner Skinner asked how success was measured then. Ms. Rapp stated that it was measured by year-over-year increases. She noted that Caesars also tracked spending at business enterprises owned by the disabled population, and LGBTQ owned businesses as well. She stated that Caesars partnered with chambers of commerce to support those businesses.

Commissioner Maynard commended the applicant on the data provided. Commissioner Skinner expressed appreciation for Caesars' commitments to increasing senior leadership roles for women and POC. She asked what targeted efforts Caesars used to increase those numbers. Ms. Rapp stated that Caesars employs diverse recruitment strategies, inclusive language in all job postings, candidate outreach and partnerships, inclusion of historically black colleges in outreach, conscious inclusion training for hiring managers, and partners with DEI organizations to ensure a more diverse candidate slate. Commissioner Skinner stated that this was a comprehensive plan and that she hoped it yielded the results Caesars anticipated.

The Commission reached a consensus that Caesars had met the Commission's expectations in regard to this section of the application.

d. [Proposed Measures Related To Responsible Gaming \(205 CMR 218.06\(5\)\(C\)\)](#)  
(5:35:04)

Commissioner O'Brien noted that the application did not mention implementation of GameSense. She stated that the responses in this section seemed insufficient. She noted that Caesars had its own responsible marketing code that differed from the American Gaming Association's ("AGA") responsible marketing code. She stated that there was a marked difference in regard to marketing sports wagering at colleges and universities.

Mr. Hendricks stated that Caesars would adhere to all regulatory requirements applicable to responsible gaming and apologized for the omission of the implementation of GameSense. He stated that supplemental materials would be provided to reflect this. He stated that Caesars marketing code differed from the AGA's, but that Caesars aspired to adhere to the spirit of the AGA's responsible marketing code.

Mr. Hession stated that Caesars had sponsorship agreements with Michigan State and LSU. He stated that these schools had large alumni networks that were sports fans. He stated that this trial was to determine if relationships with university alumni associations would drive sign ups. He stated that the agreements with the schools included clauses that advertising would only be distributed to alumni over the age of twenty-one, and that the audience of the stadiums had a high percentage of patrons over the age of twenty-one. Mr. Hendricks stated that Caesars applied additional controls to these advertisements, requiring that the marketing be confined to the arenas and not elsewhere on campus.

Commissioner O'Brien noted that there was a picture in the article where the eighteen-wheeler was located in a tailgating area. She noted that a prior applicant rebuffed all requests from universities. She expressed concern that this engagement would affect vulnerable persons up to the age of twenty-five, who were susceptible to addiction and the negative consequences of gambling. She stated that the AGA standards pointedly did not allow advertising on college campuses. She sought clarification regarding the rationale as to how this marketing would comport with responsible gaming.



Mr. Hendricks stated that the distinction was that advertising was tailored to areas where the average age was in excess of the legal age to wager. He stated that controls were designed to restrict marketing to those under twenty-one. He stated that the partnerships with universities were done on a limited basis and that there were no plans to engage in these relationships in the Commonwealth or elsewhere. Commissioner O'Brien asked if Caesars was going to continue the affiliations with Michigan State and LSU. Mr. Hendricks stated that Caesars would not pursue additional agreements, but that he would prefer to discuss the existing agreements in the executive session.

Commissioner O'Brien asked if the eighteen-wheeler was in an age-gated area in the photo from Michigan State. Mr. Hession confirmed that identification was checked in order to enter the truck area. Commissioner O'Brien asked if the truck was visible outside of the area where identification was checked. Mr. Hession confirmed that was correct. Commissioner O'Brien stated that Caesars standard was that a crowd in marketing areas was 70% over the legal age for sports wagering, while the AGA required 73.6%. She expressed an interest in knowing the age demographic of the crowd at these events. Mr. Hendricks confirmed that Caesars would provide that information in an executive session.

Chair Judd-Stein asked if Caesars would comply with all responsible gaming regulations and cooperate with the Commission's Director of Responsible Gaming, Mark Vander Linden. Mr. Hendricks stated that Caesars would comply with all regulations and work with all Massachusetts stakeholders in designing its responsible gaming program.

Commissioner Hill noted that he had attended many college events, and typically half of the audience was a student section. He asked how the audience would be more than 70% above the age of twenty-one. Mr. Hendricks stated that when drafting the agreement, Caesars had received assurances of the stadium demographic and then validated it. He stated that additional context could be provided in the executive session.

Commissioner O'Brien asked if responsible gaming messaging was provided at these universities. Mr. Hendricks stated that Caesars put responsible gaming messaging on all of its marketing. Commissioner O'Brien asked if mental health and additional support services were provided. Mr. Hendricks stated that Caesars directed individuals to statewide resources.

Commissioner Maynard noted that in states without professional sports, there were different demographics. He expressed that he viewed college sports audiences as being predominantly over the age of twenty-one. He noted that he still had concerns, however, about where Caesars was being promoted, but he believed the crowd could meet the "70% must be twenty-one or over requirement."

Chair Judd-Stein noted that Caesars required audiences to be over 70% above the legal sports wagering age. She noted that she had seen 85% used elsewhere and the AGA used 73.6%. She

noted that Massachusetts had yet to adopt this rule related to marketing, and that this was something to consider. She asked if Caesars had language related to a commitment not to promote excessive gambling. Mr. Hendricks stated that part of Caesars' marketing code was that the advertisements don't encourage, depict, or condone excessive or irresponsible activities.

Commissioner O'Brien stated that the application referenced in multiple questions that additional information was available upon request. She stated that the application was the request where that information should have been provided. She stated that she wanted a more substantive response related to disciplinary action in other jurisdictions. She stated that this was needed for both the suitability and responsible gaming sections of the application.

Mr. Hendricks stated that Caesars had applied a fine threshold of fines over \$50,000, and that the information related to fines under \$50,000 would be provided to the Commission. Commissioner O'Brien stated that there was not a threshold limit in the application. Director Lillios stated that there was a threshold in the litigation question that was \$50,000.

Mr. Bunevith stated that if an issue arose post-launch, that GLI could provide technical and forensic investigations. Chair Judd-Stein asked if some of the issues that may arise may be outside of the technical scope. Mr. Hendricks stated that issues could arise either based upon technical errors or procedures not being followed. Chair Judd-Stein asked if Caesars had any violations related to responsible gaming. Mr. Hendricks stated that he would want to confirm that information before speaking on it in the public meeting.

The Commission reached a consensus that more information was required and that until the information was presented to the Commission the applicant had not met the requirements of this section of the application.

e. [Technology that the Applicant Intends to Use \(205 CMR 218.06\(5\)\(e\)\)](#) (6:15:13)

Commissioner O'Brien asked where Caesars helpline was located, and if it had the capacity for other languages. Mr. Hession stated that the call center was located in Nevada, and that thirty employees resided in New Jersey. He stated that the help line was only offered in English, and that Caesars was considering having the helpline also offered in Spanish.

Chair Judd-Stein stated that the Director of Responsible Gaming might be able to provide additional insight regarding the limit setting feature. She reiterated her request that Caesars work with the Responsible Gaming Division.

The Commission reached a consensus that Caesars had met the Commission's expectations in regard to this section of the application.

f. [Suitability of the Applicant and its Qualifiers \(205 CMR 218.06\(5\)\(f\)\)](#) (6:19:16)

Commissioner O'Brien noted that the Commission had required supplemental information from Caesars and information regarding the entity qualifier from the IEB. Chair Judd-Stein stated that there were also questions related to financial suitability that she hoped to address in the executive session. Commissioner O'Brien stated that the Commission could not say whether or not its expectations were met until supplemental information was provided. Commissioner Skinner and Commissioner Maynard agreed with Commissioner O'Brien's assessment.

#### 6. [Executive Session](#) (6:22:06)

Chair Judd-Stein asked which topics the Commission wanted to discuss in executive session. Commissioner Skinner stated that the Commission had requested further detail regarding the Washington D.C. and North Carolina, Cherokee matters. Mr. Hendricks stated that the manner in which those matters were remediated was a trade secret that would put Caesars at a competitive disadvantage.

General Counsel Grossman stated that there were questions related to player acquisition that included competitively sensitive information. Ms. Merlino stated that this information was relevant to market share analysis. General Counsel Grossman stated that any publicly accessible information could not be discussed in the executive session. Ms. Merlino stated that the data Caesars used was public information, but the calculations may not be public.

General Counsel Grossman stated that information was requested related to the calculations of college stadium demographics. He stated that information was also requested about the marketing relationships with the colleges. He stated that these topics were competitively sensitive information suitable for an executive session.

Commissioner Skinner requested Caesars diversity spending breakdown that was not publicly disclosed. Chair Judd-Stein stated that. Chair Judd-Stein stated that projected revenues had to be discussed due to the limited information available. Ms. Merlino stated that in order to share observations as they compared to what was in the application, RSM would have to discuss information Caesars marked as confidential. General Counsel Grossman noted that each of these topics was competitively sensitive information that could be discussed in the executive session.

Chair Judd-Stein stated that the Commission anticipated that it would meet in executive session in conjunction with its review of the American Wagering, Inc. (d/b/a Caesars Entertainment, Inc.) application in accordance with G.L. c. 30A, § 21(a)(7) and G.L. c. 23N, § 6(i) to consider information submitted by the applicant in the course of its application for an operator license that is a trade secret, competitively-sensitive or proprietary and which if disclosed publicly would place the applicant at a competitive disadvantage and/or G. L. c. 4, § 7(26)(c) (the privacy exemption) to consider information submitted in the application materials related to named individuals, the disclosure of which may constitute an unwarranted invasion of personal privacy, and/or G. L. c. 4, § 7(26)(n) (certain records for which the public disclosure is likely to jeopardize public safety or cyber security) to consider information submitted in the application

materials related to the security or safety of persons or buildings, structures, facilities, utilities, transportation, cyber security or other infrastructure located within the commonwealth, the disclosure of which is likely to jeopardize public safety or cyber security. Chair Judd-Stein stated that the public session of the Commission meeting will reconvene at the conclusion of the executive session.

Commissioner O'Brien moved that the Commission enter into executive session for the reasons just stated by the Chair. The motion was seconded by Commissioner Maynard.

*Roll call vote:*

*Commissioner O'Brien: Aye.*

*Commissioner Hill: Aye.*

*Commissioner Skinner: Aye.*

*Commissioner Maynard: Aye.*

*Chair Judd-Stein: Aye.*

*The motion passed unanimously, 5-0.*

*Transcriber's Note: The public meeting of the Commission reconvened at [8:11:56](#).*

7. [American Wagering, Inc. \(Caesars Entertainment, Inc\) license application determination by the Commission in accordance with 205 CMR 218.07](#) (8:13:08)

Chair Judd-Stein stated that this agenda item provided the opportunity for the Commission to consider a license determination. She stated that while supplemental information had been requested, that it could be included as a condition on licensure rather than waiting to hold a vote until the information is received. The Commission reached a consensus to hold the vote until supplemental information was received from Caesars and the IEB.

Director Lillios sought clarification as to whether additional information was needed other than the application from Caesars' parent company and the fulsome list of disciplinary action against Caesars. Commissioner O'Brien confirmed this was all the information the Commission requested. Director Lillios stated that licensing would do a deficiency review for the entity qualifier's application.

Chair Judd-Stein asked what particular information regarding disciplinary actions Caesars should provide. Director Lillios stated that a supplemental communication was sent to Caesars indicating what was required. Commissioner O'Brien stated that the Commission needed the missing piece related to entity qualifiers and the list of disciplinary actions in order to determine whether Caesars had met the Commission's expectations. Commissioner Skinner stated that the Commission still needed to finish the discussion about diversity spend.

Chair Judd-Stein stated that the Commission did not anticipate meeting on Caesars application again until January 4, 2022. Mr. Hendricks stated that Caesars would provide supplemental

responses as quickly as possible. The Commission thanked Caesars' representatives for their time.

8. [Other Business](#) (8:36:57)

Hearing no other business, Chair Judd-Stein requested a motion to adjourn.

Commissioner Skinner moved to adjourn. The motion was seconded by Commissioner O'Brien.

*Roll call vote:*

*Commissioner O'Brien: Aye.*

*Commissioner Hill: Aye.*

*Commissioner Skinner: Aye.*

*Commissioner Maynard: Aye.*

*Chair Judd-Stein: Aye.*

*The motion passed unanimously, 5-0.*

**List of Documents and Other Items Used**

1. [Notice of Meeting and Agenda](#) dated December 9, 2022