

MASSACHUSETTS GAMING COMMISSION
MEETING
MAY 1st, 2019
10:00 A.M.

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

>> CHAIR JUDD-STEIN: Thank you. We are calling to order meeting number 266 of the Massachusetts Gaming Commission on May 1st, 2019, at 10:00 a.m. at our offices at 101 Federal Street. We will begin with agenda item 2, please, Commissioner Stebbins, approval of minutes.

>> COMMISSIONER STEBBINS: Good morning, Madam Chair. In the packet you have the minutes of the meeting from the March 28th, 2019, meeting. I would move their approval, again, subject to correction for any typographical errors or any other nonmaterial matters.

>> COMMISSIONER CAMERON: Second.

>> CHAIR JUDD-STEIN: Any further discussion? All in favor? Opposed?

[Vote taken]

5-1. Thank you.

>> COMMISSIONER ZUNIGA: 5-0.

>> COMMISSIONER CAMERON: 5-0.

>> CHAIR JUDD-STEIN: 5-0, sorry. Good morning. And it is a happy May Day. As to the Commission's report. As you know, last night the Commission issued its decision regarding the suitability of Wynn Resorts and Wynn Mass LLC. I wish first to thank my fellow Commissioners. This has been a complex process, requiring focus and thoughtfulness over the course of many, many hours, many, many days of deliberation. And to the entire team on behalf of the Commission, thank you. As I said last night in an email to all of you, we, the Commissioners, were able to focus on the process in doing our job because we knew that each of you have and would continue to fulfill your professional responsibilities. It is particularly important, and I am hesitant to do this, but to thank individuals because I hope you all know that we truly thank the entire team, but I would be remiss to not point out the excellent work of the IEB and particularly Karen Wells, the director, Loretta Lillios and Detective -- Lieutenant -- Detective Lieutenant Brian Connors. Your work was excellent, and as we noted at the adjudicatory hearing, we were helped thoroughly by your methodical approach and care.

I also would be remiss not to thank Ed Bedrosian, our Executive Director, for his steady hand throughout this period. And, of course, the legal team who has helped us day in, day out headed by Catherine Blue, General Counsel, Todd Grossman, Justin Stempeck and Carrie Torrisi who is having a birthday today. Happy birthday. I think she noted earlier this week how much she was looking forward to Wednesday. So thank you.

Our mission is clear here at the Gaming Commission, ensuring public confidence in the integrity of the gaming industry and the strict oversight of the gaming establishments through rigorous regulation is, without question, our paramount objective. We all understand that the award of a gaming license in Massachusetts is different. It was never intended to be anything short of a peerless privilege. And the law requires that our licensees be held to the highest standards, including an obligation to maintain their integrity on a continued basis.

Please know that we made our decision with great care as we methodically weighed the evidence in this matter, conforming to the standards of review that the law requires and expects of us. The law affords the Commission significant breadth on our decision-making, but with that comes a significant duty to be fair. And we are very confident that we have struck the right balance and met our legal and ethical burdens. For the reasons that are detailed in the written decision, the licensee and its qualifiers remain suitable.

Although the Commission did not find substantial evidence necessary to disrupt the licensee's suitability status, the decision speaks for itself. We, the entire Commission, were profoundly disturbed by repeated systemic failures and the pervasive culture of nondisclosure presented in the IEB's thorough investigative report and the three-day adjudicatory hearing. To help ensure future compliance and indeed to punish for transgressions, the Commission has imposed a series of penalties and conditions, including a \$35 million fine on Wynn Resorts and the requirement of an independent monitor to ensure the continued and proper implementation of the company's proposed remedies.

It's fair to say that recent changes to the company's governance model, policies, trainings and operations show a new commitment and focus on all levels of employees, which combined with the ongoing successful business operations continue to demonstrate that Wynn will likely be a successful operator in Everett. Given our findings, it is now in the interest of the Commonwealth that the gaming licensee move forward, establishing and maintaining that successful gaming establishment here in Massachusetts. One of the key metrics by which we will measure that success will be the overall well-being, safety and welfare, excuse me, of the employees. A second but equally important metric is the importance of compliance and communication with the Commission as the regulator. We believe our decision in its entirety is designed to ensure full, effective implementation of the practices.

The Commission, however, acknowledges that our role is not to micromanage corporate affairs or to substitute our judgment for theirs. Instead, our role is of gatekeeper, standing guard to ensure that the gaming license is operating consistent and with an obligation to integrity. But to be clear, transparency and self-reporting with the regulator is a hallmark of the regulatory landscape. We will expect nothing less of our licensee.

Again, I wish to thank my fellow Commissioners. This has been a demanding process. And I would like to offer the opportunity for you to share your thoughts at this time.

>> COMMISSIONER CAMERON: I'd just like to echo your thoughts and thank the team. We were faced with a significant challenge, the entire Commission, frankly. And I'm very proud of the way the team put a plan in place, executed the plan, the investigative team, countless trips to get to the facts, to get to the truth, and provide us with a really strong investigative report to work from. So I just -- I really want to thank everybody, IEB in particular for the work that was done. Legal has worked tremendously hard, and everyone at the Commission understood how important this was and took their jobs very seriously, and I'm very proud of the team.

>> COMMISSIONER O'BRIEN: I would echo the same thing. I don't think it could be understated how critical the work of the IEB was to this process and also the work of the legal staff in helping these five Commissioners to come to the conclusion of the deliberations that we did last week. I don't think that can be understated.

>> COMMISSIONER ZUNIGA: Well, I'll restate it again, and I think it's also -- I think it's tremendous work. I think the record shows and will show that the work was very extensive and very thoughtful. I think as an adjudicatory matter, the law and the regulations also afforded the licensee significant rights of due process. And in that context, the timeframe is one that we had to respect and allow for it to play through in terms of the discovery piece, in terms of the investigation, but also the submission of materials with the proper turnaround for our own team, et cetera. I think that's important to state here. We thought we were going to be addressing this issue a little earlier than we have, and there was this real milestone, if you will, lingering in the horizon in the opening of this -- or the scheduled opening of this operation. But at no time we wanted to compromise, and I don't feel that we did. This due process that I'm talking about, we operated in parallel tracks, but importantly, we had to address this and get it right. I really believe that we did and, again, the decision speaks for itself.

>> COMMISSIONER STEBBINS: I also would add my thanks to the IEB team, the legal team, you know, for their work over literally the past year, helping us to get this right. I also want to thank our other departments who have done their work to maintain the Commission's obligations with our other licensees over the last year in actually opening up another resort casino less than a year ago during this timeframe. I also want to thank my fellow Commissioners. You think back to the gaming statute and how it specifically wanted Commissioners with different backgrounds and different experiences to come together to work, and I found that personally extremely helpful as we went through our deliberations. So thanks to the four of you as well.

>> COMMISSIONER ZUNIGA: You know, let me add that as well, that thank to all of my fellow Commissioners, but especially the newer ones, Madam Chair, I think you have really stepped up to the challenge. You have come a little newer than the rest of us on the matter, but throughout this whole process, and Commissioner O'Brien as well, I think the thoughtfulness that you bring, trying to understand what is at least on some of us may be less unfamiliar topics were really on display, and I think it's great. It's great that you're here.

>> CHAIR JUDD-STEIN: Thank you. Before we do take a break, there is one clarification that I've asked General Counsel Blue to address, and that's the timing of the

payment of the fines that have been imposed by our decision. It is a statutory matter, if you would like to address that now, that would be helpful. Thank you.

>> MS. BLUE: Thank you, Madam Chair. This matter is addressed in our enabling act 23K Section 36 Sections F through G. And what that requires is that any fine that's assessed would be paid within 30 days of the assessment of the fine unless there is a request for judicial review. And if the person requesting judicial review is the person who's paying the fine, the money goes into escrow in a court unless there is a petition to the court to replace that with a bond. So it is -- it has a pretty specific process for that. It is 30 days unless there is some sort of judicial review.

>> CHAIR JUDD-STEIN: Thank you.

>> COMMISSIONER ZUNIGA: So just to emphasize the licensee can ask for a reconsideration? Is that what you said? Or appeal the decision?

>> MS. BLUE: So reconsideration would be an internal Commission-type process, and we have had, in other matters where the Commission has acted, requests for reconsideration. But the most logical next step would be review by a court, which would be the Superior Court in this case, and the licensee could do that if they so chose.

>> COMMISSIONER ZUNIGA: And they have to do this within 30 days?

>> MS. BLUE: Yes, that's right.

>> COMMISSIONER ZUNIGA: All right.

>> CHAIR JUDD-STEIN: Any questions? And before we break, because I was so excited about wishing Carrie her birthday, I neglected to mention you, Shara. Shara Bedard, too. Thank you so much for all the work that you were doing in many ways behind the scenes that made everything run very smoothly for us, our paralegal. On our schedule, we would like to take a short break now. And then we'll return to the Commission's business of the day. Thank you.

(A break was taken)

>> CHAIR JUDD-STEIN: As -- ooh -- as I stated earlier, ensuring public confidence in the integrity of the gaming industry and the strict oversight of the gaming establishments, through rigorous regulation, is without question our paramount concern and objective. We all understand that the awarding of a gaming license in Massachusetts was never intended to be anything short of a peerless privilege, and the law requires that our licensees be held to the highest of standards on an ongoing basis. As I stated earlier, we made our decision with great care as we methodically weighed the evidence before us, conforming to the standards of review that the law requires. The law does afford the Commission significant breadth in our decision-making, but with that comes an equally significant duty of fairness. We took that very seriously.

We are confident that we have struck the correct balance and met our ethical and legal obligations. Again, as I stated earlier, and it can't be overstated, how much I wish to thank my fellow Commissioners. This has been a demanding process. And to the entire team, again, at the Commission, on behalf of my fellow Commissioners who truly join me, we thank the entire team for their diligence and patience. We recognize that this matter was professionally challenging, and at many times required personal sacrifice. We thank all of the team for their important work on behalf of the Commonwealth. And we're available to take questions.

>> What sort of message do you hope that this decision sends to the industry and to

the people of Massachusetts?

>> CHAIR JUDD-STEIN: I think that the main message that we want to send is how much we feel our role is to secure the integrity of the gaming industry here to ensure that our gaming establishments rise to the level of excellence that our statutes require. And we also really want to make sure that the people of Massachusetts know that we will always protect the vulnerable and make sure our employees here in Massachusetts are safe.

>> Was this a take-it-or-leave-it situation? What if Wynn says we don't want to pay?

>> CHAIR JUDD-STEIN: You know, we can't speculate. We are looking forward to continuing -- a continued relationship. Our decision stands on its own.

>> The vote on Matt Maddox was not unanimous. What was the breakdown of votes?

>> CHAIR JUDD-STEIN: You know, our deliberations are private. I'm going to let my fellow Commissioners join us. It's important to recognize that the deliberations were private. We honor each other's opinions, and we respect our opinions. But we did make a decision, and we feel it supports and reflects the deliberative process, but I'm happy to have -- Commissioner Cameron, would you like to join in?

>> COMMISSIONER CAMERON: I think you said it well. I think anyone that observed the hearing and read the decision understands clearly what our concerns were, individually and collectively. And I believe that our decision reflects that -- those concerns.

>> Why specifically a \$500,000 fine on CEO Maddox?

>> COMMISSIONER CAMERON: Well, we think -- we looked at all of the violations, all of the behavior, and we really believe our numbers are commensurate with that.

>> And can you go into a little more detail about why \$35 million versus another figure for this fine?

>> CHAIR JUDD-STEIN: Sure. As Commissioner Cameron mentioned, we do feel that that fine reflects the scope and multitude of the violations. We were very mindful that it should be -- have the effect of two things. One, it should serve as a punishment to really address those violations that we felt were the responsibility of certain executives and certain members of the Board of Directors. We also felt it was necessary to provide a message of deterrence to ensure future compliance. Is there anything that you'd like to add?

>> COMMISSIONER ZUNIGA: Yeah, if I may. As the decision states, there is a number of instances, not just in terms of the allegations that happened but also in terms of disclosure to the Commission that came -- that failed to come at different times. So as the Chair has stated, the fine is meant to also act as a deterrence and future compliance to that self-reporting piece that we also expect.

>> (Inaudible question).

>> COMMISSIONER ZUNIGA: I can speak to that. The statute defines that it go to the gaming fund which is divided into several funds. You can check our website. It goes to a number of places that are all statutorily provided.

>> Aside from the possible judicial appeal or review here, is there anything else that stands in the way of Encore Boston Harbor opening in June, aside from the normal steps that any operator would have to go through to open?

>> CHAIR JUDD-STEIN: Not that we know of. There continues to be many

decisions in front of us, and we will be starting to address those going forward in our meetings between now and their anticipated opening date. Is that fair to say?

>> The violations that you identified (away from mic) were quite serious and a \$35 million fine, how did they fall short of something that would require you to say you know what, no license? What didn't you or what more would have been necessary -- why not just pull the license and say let's give it to another company that doesn't (away from mic)?

>> CHAIR JUDD-STEIN: You know, I think that would really force us to speculate, and the requirement before us was to really look at the facts that were squarely before us. I'm not sure if -- perhaps -- would you like to add to that?

>> COMMISSIONER O'BRIEN: As was referenced before, once the license is attached, while it is revocable, there are due process rights and procedures that apply to any adjudication that would take away the license. And I think this decision does stand for itself if you look at the process that this Commission went through in terms of assessing the record before us under the lens with the statute allows us to do and the evidence before us, and we got to this decision in our opinion the evidence in the statute that we have to go by mandated.

>> COMMISSIONER ZUNIGA: Can I -- can I -- can I add something to that because I think it's important but it's also in the decision. The company also took a number of steps before we made this decision that our -- that have to be taken into account. There's a number of people who are no longer at the company who were directly involved and implicated in some of these allegations. And they presented a number of processes and procedures that we will verify, by the way, and that's part of the monetary piece that's also part of the conditions that we believe have to be taken into account when determining the whole suitability.

>> Question.

>>(Inaudible question).

>> CHAIR JUDD-STEIN: You know, it's our understanding that the company did make certain proposals for conditions, and we reviewed those. And with respect to that, we decided not to incorporate that formally into our conditions, but certainly if the company thought it was a good idea, we'll let them proceed as they see fit.

>> (Inaudible question).

>> CHAIR JUDD-STEIN: Well, you know, we have imposed fines, and we've imposed some significant conditions. And one of them will be to have an independent monitor go in there. The company has proposed to us what we consider were quite comprehensive proposals and practices that would mitigate their past transgressions and, you know, really work for their transformative process and change that they told us about. But to really ensure effective implementation that you're considering and questioning about, the independent monitor will report back to us on that, and that should give us the confidence to know that, in fact, that change is real. And that monitor will be selected by us at the company's expense.

>> (Inaudible question).

>> CHAIR JUDD-STEIN: No.

>> MS. BLUE: Thank you.

>> (Inaudible question).

>> CHAIR JUDD-STEIN: You know, our deliberative process is really a private

process, and how it was managed is probably not really a matter for public purview, but we were very respectful of hearing everybody's opinions, and we really were able to come out comfortably with an outcome that we fully, as a Commission, as a group, support.

>> Did you ever consider asking Matt Maddox to step down as part of this decision? He's a protege of Steve Wynn. He was very close to him. Was that part of your deliberations?

>> CHAIR JUDD-STEIN: I think the decision is so detailed, it speaks for itself.

>> MS. BLUE: Thank you very much.

(The press conference concluded at 10:32 a.m.)

>> COMMISSIONER ZUNIGA: Yes.

>> CHAIR JUDD-STEIN: Thank you. We will now reconvene meeting number 266. Thank you. Administrative update.

>> MR. BEDROSIAN: Good morning, Commissioners.

>> COMMISSIONER STEBBINS: Good morning.

>> MR. BEDROSIAN: So I would be remiss if I also didn't add my thanks to staff and the Commission for all their work in the past year, year and a half. And I want to reflect specifically what Commissioner Stebbins said was that in addition to the sort of obvious portions of Commission staff, the IEB, and the GEU that was working hard doing the investigation, there were many other portions of the staff that kept their heads down and did the day-to-day work including some you'll hear from today, finance and racing. We had HR, our administrative staff. There were a lot of folks who during the sort of semi-tumultuous times really kept their head down and did their jobs. As proud as I am of the obvious folks, I'm even more proud of those folks. So Commissioner Stebbins and Commissioners, thank you for noting that in your comments.

Also, I would be remiss if I didn't thank you. You were in a super challenging position. You had to wait for a lengthy investigation in a situation in which there was an outward deadline that could have influenced events, did not. And you were patient in a time period in which patience could have been at a low level. You were respectful of the process, and you gave me, as the Executive Director, the authority to try and get us through this time with the backup, and I truly appreciate that. So thank you very much.

But now on to our regular business. And as I have said in past meetings, while the IEB was conducting its investigation and even during the Commission's deliberations, other staff members were working on a -- what we've called the parallel path to prepare for what we called at the time a potential opening of Encore Boston Harbor. And now the Commission has reached a decision, there are preopening matters that need to be decided by the Commission and can only be decided by the Commission. And to that end, I'm going to ask permission to schedule a public meeting of the Commission, and I will just say reasonably soon to start to address these matters. I think this would also reflect that between now and the opening date, we may need to schedule Commission meetings more frequently and maybe out of order of what our usual every other Thursday is. And so I just want to alert and work with the Commission on that. So we have a path forward. The good news is, as I said, those portions of staff have been preparing, but we do -- we now need your assistance. And so with your permission, I will, as I said, reasonably soon schedule those issues in front of the Commission. So that is -- again, thank you very much. That is my update.

And if there are any questions, I will answer them. If not, I will turn it over to Derek Lennon, one of the folks I talked about who kept his head down and kept the money flowing, for lack of a better term, kept the budget and finance on flow and on track during this time.

>> MR. LENNON: Thank you, Executive Director Bedrosian. Good morning, Madam Chair and Commissioners.

>> COMMISSIONER CAMERON: Good morning.

>> COMMISSIONER STEBBINS: Good morning.

>> MR. LENNON: I am joined by Agnes Beaulieu Douglas O'Donnell, and we're here to present to you the FY19 third quarterly budget update. But before we do that, I'd like to echo the sentiments of everyone that's said it already, the Herculean efforts and difficult decisions and thoughtful process you went through for your decision on suitability. So thank you for the time and effort. But now we want to really get on to the interesting stuff, you know, our third quarterly budget update.

>> COMMISSIONER CAMERON: Spoken like a -- spoken like a CFO.

>> MR. LENNON: A little bit of dry humor there. The Mass. Gaming Commission approved an FY19 budget for the gaming control fund of \$33.4 million composed of \$22.6 million in regulatory costs and \$10.79 million in statutorily required costs. The gaming control fund required an initial assessment of \$28.32 million on licensees. As of the last update, the Commission's budget increased by \$3.1 million, which was funded through a combination of carry-forward revenue from FY18, licensing fees outpacing projections and an additional assessment on licensees.

For this third quarter, staff is seeking to increase the budget, again, by \$1.3 million, all in legal costs. However, we're not looking to increase the assessment on licensees, as the majority of the additional costs are associated with the Wynn Resorts suitability review and are therefore 100% reimbursable. In addition, licensing fees continue to outpace even the revised revenue estimates, and we've increased that budget item by \$295,000.

Of the \$1.3 million that we're seeking in legal fees, about \$800,000 is already spent, and the other \$500,000 of bills we're waiting to get in and that we think at least 50% to 70% of that should be reimbursable as part of the regulatory review after reviewing it with Catherine. So that's the reason that we're not looking for an increase to the assessment at this time.

In conclusion, staff is seeking a vote to increase the gaming control fund budget by \$1.3 million to \$37.8 million, and it's based on the information in your packet. Any questions? Comments?

>> CHAIR JUDD-STEIN: (Inaudible question).

>> MR. LENNON: Yes.

>> CHAIR JUDD-STEIN: You are seeking a vote?

>> MR. LENNON: Yes, to increase the budget.

>> CHAIR JUDD-STEIN: I'm sorry, I don't know if we had noted that on our -- is that an issue, then? Should we --

>> MS. BLUE: Well, I would like to share with the Commission that the Attorney General's Open Meeting Law division has actually just issued an opinion where this question came up, and they came down on the side of as long as it was reasonably described on the agenda, the vote was not there, you could, in fact, vote on that. So

this is a decision that came down in the last week or two.

>> MR. BEDROSIAN: Having said that, and I, of course, because it's under my administrative item, I probably own part of this. As I said, I anticipate another meeting reasonably soon. So I wouldn't think it's a big deal just to put this off for that reasonable period, and then the vote would be relatively -- hopefully relatively quick.

>> CHAIR JUDD-STEIN: I would suggest that, although I do appreciate the opinion of the A.G.'s office, I think if that would be acceptable to you. Does that in any way impact your work?

>> MR. LENNON: No, it doesn't because we've already sent out the assessment -- our third quarterly billing because we're not increasing the assessment. But our internal policy is any time we change the budget, the Commission has to approve it.

>> CHAIR JUDD-STEIN: Okay. Thank you very much. Then we will make sure at our next meeting to address this with respect to noting a vote needed. Thank you.

>> MR. LENNON: And at this point, I'd like to turn it over to Agnes to give us an update on our diversity vendor spend.

>> MS. BEAULIEU: Good morning, Madam Chair, and Commissioners.

>> COMMISSIONER STEBBINS: Good morning.

>> COMMISSIONER CAMERON: Good morning.

>> MS. BEAULIEU: Today in your packets you have the supplier diversity program benchmarks in the Massachusetts Gaming Commission's total spending and encumbrances to date through the third quarter for FY19. Currently we have reached and surpassed our benchmark for the small businesses and the minority-owned businesses. We are continuing to work towards our goal for the women-owned businesses, and there are a few more encumbrances that we are looking to add for the end of the year, but we are still reaching out to our vendors to see if they have any subcontractors that can be applied to this category. However, this category still remains a challenge for us. We have also engaged the services of a vendor that is reviewing our procurements and reaching out to potential vendors for responses. The final category of service disabled veteran-owned businesses remains a bit of a challenge, but we have identified a vendor for office supplies and are continuing to work with them. We are looking to use the vendor whenever it is economically prudent to do so, and we have more bills that have recently come in from them. So that will be in the fourth quarter's update.

>> MR. LENNON: Just to touch on a few of those items, the women-owned businesses has been a difficult area for us for the last two or three years. So we have actually engaged a vendor named VeriCloud. We'd like to bring them in later on in the year when things kind of quiet down a little bit to give you an idea of what they've been helping us with. They actually looked through all of our statewide contract spend, all the statewide vendors to figure out if there are areas that we can change where we are doing work and give business to another vendor. For all of our RFRs, we give them advanced notice of when they're going out, what services we're looking at, and they actually reach out to vendors who are on the list but that haven't actually received contracts in the past with the Commonwealth. So they have gotten us two to three-time multipliers of diverse vendors that are submitting proposals. But once again, if it's not a best value, we can't -- we can't procure with them. But they've actually

gotten us three or four additional minority women-owned suppliers that we hadn't contracted with and hadn't received state contracts in the past. And they're relatively inexpensive. I think they charge about \$2,500 to \$3,000 per procurement that they work on for us or per engagement, which we would burn through much quicker in staff costs to utilize this. They're a statewide vendor as well. Unfortunately, they do not check any of the boxes as far as minority or women-owned, but they are on the incubator procurement.

And on the veterans side, we -- I've actually taken this issue to Jill's group of quasi-groups, and it was run by Habeus --

>> CHAIR JUDD-STEIN: Rojas?

>> COMMISSIONER STEBBINS: Rojas?

>> MR. LENNON: -- Rojas, yeah. And this is an issue that everyone's coming into with veterans. They don't have a great way to deal with it. I begged and pleaded. I said, we're having a hard time finding vendors in this area. Unfortunately a lot of the vendors that are veteran status have to do with construction. We don't do much construction on our own spend. While our licensees may, we do not. So office supplies is one of the areas that our VeriCloud pointed out to us, so we're shifting costs over to them even though, as our licensees might not like to hear, it may be a little bit more expensive, but it builds that base, allows them to grow their business and then get a little more competitive in pricing.

>> COMMISSIONER STEBBINS: Well, it may also help our licensees, who I know are also facing the same challenge of finding veteran-owned businesses. So in sharing that information, they may be able to increase their vendor spend.

>> MR. LENNON: Yes.

>> COMMISSIONER ZUNIGA: Yeah, and really -- I really like the idea of having a demonstration in the future from what VeriCloud does. I understand at a very high level, they're some kind of an online platform, and they can check, through technology, all of the things that you were talking about. Maybe people who are submitting bids but not getting them, among other things. So I think we'd benefit from a demonstration.

>> MR. LENNON: Absolutely.

>> COMMISSIONER ZUNIGA: At some point.

>> COMMISSIONER CAMERON: Yeah. And I appreciate the effort. It seems to me that you really -- you know there's a goal. You know what's important for us to meet our goals. And you're not just saying, well, we couldn't do it because, you know, no one applied or they weren't competitive pricewise, but you're making that extra effort, and I think that's important.

>> COMMISSIONER STEBBINS: Well, and I think we're just an interesting entity in that we're almost putting the same requirement on the people that we regulate. It's nice if we can say we're trying to meet those same goals and efforts as well.

>> CHAIR JUDD-STEIN: It's paramount, really.

>> MR. LENNON: Yes.

>> CHAIR JUDD-STEIN: I think that you've taken good initiative to address really a challenge. Are you also working with OSD closely?

>> MR. LENNON: We do work closely with Demetri. We work closely with Bill.

>> CHAIR JUDD-STEIN: Bill McEvoy?

>> MR. LENNON: They come to those same groups.

>> CHAIR JUDD-STEIN: They do.

>> MR. LENNON: They have the same issues.

>> CHAIR JUDD-STEIN: The same challenges.

>> MR. LENNON: In getting the base. A lot of it is getting people to understand what the right commodity codes are, too, which is what VeriCloud has helped with. Their data mining skills are quite impressive. To say to vendors, you're not getting information on these RFRs or on these opportunities because you haven't signed up for the right codes. So when a state agency posts something in their public procurement side, you're not getting notification even though you fall under these services. So that's what VeriCloud has helped us with a lot as well as going out and just pounding the streets and saying to people, working with chambers of commerce and saying hey, do you have other vendors that can register.

>> CHAIR JUDD-STEIN: I know the administration has stain a lot of steps to streamline the process to make sure certification is accessible to the vets and to the women-owned businesses and minority-owned businesses. So it sounds like you're getting good guidance so that we make sure we're not creating additional obstructions to their replying to RFPs, whatever we can do to sort of keep it streamlined.

>> MR. LENNON: That is our goal.

>> CHAIR JUDD-STEIN: Good. Yeah. I imagine that, quite frankly, Derek. Anything else?

>> COMMISSIONER ZUNIGA: Derek, I do have just -- just looking at prior trends, our budget has mostly increased on the labor side. And we'll be hiring more gaming agents and whatnot. Does that -- how does that change, if at all, the calculation of the diversity spend?

>> MR. LENNON: So it's actually the administration, and we follow the administration's role, has actually increased the percentages of your targets for diversity spend. So while our budget may be shrinking and our discretionary budget may be shrinking, the rate applied is increasing. So we stayed pretty much consistent as far as what we're required to spend even though we've continued to downsize on consultants, we've continued to streamline in the IT area with bringing more things in-house. A lot of our contracts are already locked up, but -- and, you know, so we've really had to push for our contractors to look for subcontracting opportunities to meet these goals because when you look at IT, a lot of that goes to our central monitoring system. When you look at the consultants or legal budget, it's all with one or two vendors, and they don't -- they don't have that minority distinction, but it doesn't mean that it's excluded, because you're supposed to try and work for subcontracting opportunities on those contracts.

>> CHAIR JUDD-STEIN: Well, we appreciate this report, and I suspect that we will be also joining you in thinking about this innovatively because it's so important.

>> MR. LENNON: We look forward to that. Thank you.

>> CHAIR JUDD-STEIN: Any other questions?

>> COMMISSIONER CAMERON: Thank you.

>> MR. BEDROSIAN: Thank you. That is the end of the administrative update.

>> CHAIR JUDD-STEIN: Thank you, Executive Director Bedrosian. Next we will hear from Director Wells on an MGM qualifier. Thank you. And again, this is an opportunity to remind folks how thankful and appreciative we have been for your thorough work in the IEB investigative report and at the hearing.

>> MS. WELLS: Thank you very much.

>> CHAIR JUDD-STEIN: We wish your colleagues were next to you right now, but it's nice to see you, I'm sure, in a different role right now.

>> MS. WELLS: Yes. I was very fortunate to have the best team available in working on that investigation. Brian Connors, Loretta Lillios, Gina Joyce, Kevin Condon. And we had some assistance from some outside consultants. Just an unbelievable team. I'm very proud of the work that they completed.

>> COMMISSIONER ZUNIGA: Is that or can you get closer?

>> MS. WELLS: Yeah, it's on. Maybe I'm just not close enough.

>> COMMISSIONER ZUNIGA: Maybe just get a little bit closer.

>> MS. WELLS: Yeah, so I have not sat before you in my general capacity as the director in 15 months. So for the first item up on the IEB's agenda, we have the results of the suitability investigation for Patrick Martin who is a qualifier for MGM Resorts International. You have already received and I presume reviewed the investigative report on Mr. Martin. The investigation was conducted by Trooper John Morris and financial investigators David McKay and Monica Chang. Mr. Martin was hired by MGM as Vice President of Regional Compliance in February of 2018. Based on his position, we made a determination that he be deemed a qualifier for the Region B casino license and that he be required to be found suitable by you as members of the Commission. He submitted his application materials on April 30th, 2018. I submitted all those forms along with supplemental documentation requests to the licensing division and the investigators and complied with all the requests made by the Massachusetts Gaming Commission.

Areas covered during his background check included his employment history, criminal record, education, political contributions, references, media coverage, directorships and shareholder interests, civil litigation, bankruptcies, and property ownership, among other things. Mr. Martinez (sic) was interviewed in person by the IEB State Police and financial investigators on February 7th of 2019 as part of the investigatory protocol. And investigators also conducted a financial responsibility evaluation, and that had positive results, as you have reviewed in the report.

Mr. Martin attended the University of Kansas where he earned a bachelor's degree in philosophy in 1995. He returned to the University of Kansas from 1999 to 2002 where he received his juris doctorate. He is an attorney. As for his employment history, he has worked at three law firms, both prior to becoming an attorney and as an attorney. Shook, Hardy & Bacon; Fleeson, Goings and Coulson; Shughart, Thompson & Kilroy. And then he transitioned into his positions as a gaming regulator, first working at the Kansas Racing and Gaming Commission as General Counsel and Executive Director and then at the Ohio Casino Commission as Director of Regulatory Compliance. He then was offered and accepted a position with MGM Resorts International as the Vice President of Regional Compliance which is why his consideration for his suitability is before you today.

He explained to investigators that MGM Resorts is generally comprised of three regions. They have the Macau region, the Las Vegas region and then what he deemed everything else. Properties outside of Las Vegas and Macau are referred to by MGM internally as their regional properties. In his role, Mr. Martin oversees compliance for MGM properties in Detroit, Michigan; Springfield, Massachusetts; Atlantic City, New

Jersey; Yonkers, New York; Washington, D.C.; Mississippi, and Ohio. He works out of an office located near MGM Resorts National Harbor property in Washington, D.C. He's responsible for ensuring that his regional compliance team adheres to and complies with the various regulations placed on MGM by the different states in which the company operates.

Mr. Martin said that part of his role includes on-site visits to the different regional MGM properties and that he attempts to visit at least one property every couple of weeks. He reports directly to Mr. Steve Martino who was previously found suitable by this Commission. He disclosed that he has three gaming-related licenses or registrations due to his role with MGM. That's in New Jersey. Michigan and Maryland investigators confirmed with the following gaming jurisdictions that he is registered, licensed, or has been found suitable under MGM Resorts International that's Michigan Gaming Control Board and the Maryland Lottery and Gaming Control Commission. No derogatory information was discovered in those jurisdictions, and at the time of this report before you today, the results to inquiries remain pending with the New Jersey Casino Control Commission.

Mr. Martin was involved in civil litigation matters related to his positions at the Kansas Racing and Gaming Commission and Ohio Casino Control Commission, and nothing in those matters negatively impact his suitability for licensure. During his interview, he was asked if he had personally or through any established LLC or other financial vehicle paid out any settlements of any amount. And he answered he had not. He was asked if any allegations ever had been made against him relative to harassment, discrimination or misconduct of any kind or if he had participated in any act of harassment, discrimination or sexual misconduct, and he replied in the negative. There were no significant issues uncovered related to Mr. Martin's application for licensure. So overall he demonstrated by clear and convincing evidence he is suitable for licensure in Massachusetts. Therefore, the IEB is recommending that the Commission find him suitable here today.

>> COMMISSIONER STEBBINS: I thought it was a good report. I think what's interesting and ironic is the conversations we had earlier this morning about the relationship between the regulator and the regulatee, that his background has been on a public sector side and even more importantly his relationship with Steven Martino who we all know when he was Executive Director of the Maryland Lottery, somebody who gave us a lot of direction early on in the standing up of this Commission. We know Patrick will take our interests to heart in his new position, I'm sure.

>> COMMISSIONER CAMERON: Madam Chair, I think this is a clean report, and I would move that this Commission approve Patrick Daniel Martin, Vice President of Regional Compliance for MGM Resorts International. We approve his -- the recommendation of IEB that he is suitable as a qualifier.

>> COMMISSIONER STEBBINS: Second.

>> CHAIR JUDD-STEIN: Any further discussion? All those in favor. Opposed? 5-0. And thank you for your thorough report.

>> MS. WELLS: Thank you very much.

>> COMMISSIONER ZUNIGA: Thank you.

>> COMMISSIONER CAMERON: Thank you, Director Wells.

>> CHAIR JUDD-STEIN: Next up, good morning, Dr. Lightbown.

>> DR. LIGHTBOWN: Good morning.

>> COMMISSIONER CAMERON: Good morning.

>> CHAIR JUDD-STEIN: It is good to see the three of you. You have three items for us to consider today.

>> DR. LIGHTBOWN: First of all, I'd like to thank you all and Director Bedrosian and General Counsel Blue and her legal team for everything you guys have done over the past year. Although you've been very busy, everybody's made sure that there was time for racing and to address different items that have come up from us, so I appreciate that.

Our first item is reimbursement of the 2017 unclaimed tickets. This is an ongoing process that started earlier this year where any individual patrons who had claims on tickets were validated by Chief Financial Analyst Chad Bourque with the different tracks. That came before the Commission for approval. Once that was approved, it went back to letters to the tracks asking for the money to be sent to the Commission, and the Commission received the money. And then now at this point, we're asking for a vote to send this money back to where the money statutorily goes from the unclaimed tickets for the horse tracks. It goes to the purse accounts where there's no greyhound racing. When that ended, the legislature created the gray round racing stabilization fund, and then money goes into that fund now. And originally that money went to owners and trainers through a program. That ended several years ago. And now the money -- there's not a mechanism for the money to go out, but it still goes into that pot. So I'll turn it over to Chad now.

>> COMMISSIONER ZUNIGA: Before you do that, Alex, remind -- on the -- on your point about the dog racing.

>> DR. LIGHTBOWN: Mm-hmm.

>> COMMISSIONER ZUNIGA: Do we approve those transfers, or do they happen automatically? Transfers to the --

>> DR. LIGHTBOWN: You're approving them today, yes.

>> COMMISSIONER ZUNIGA: Okay.

>> DR. LIGHTBOWN: Voting.

>> COMMISSIONER ZUNIGA: Later, I guess?

>> DR. LIGHTBOWN: That's what we're asking for.

>> COMMISSIONER CAMERON: The next tab.

>> COMMISSIONER ZUNIGA: Oh. Thank you.

>> CHAIR JUDD-STEIN: Behind.

>> COMMISSIONER ZUNIGA: Yes.

>> CHAIR JUDD-STEIN: So those are there as well.

>> COMMISSIONER ZUNIGA: Yes.

>> MR. BOURQUE: Good morning, Madam Chair and Commissioners.

>> COMMISSIONER CAMERON: Good morning.

>> MR. BOURQUE: So for the unclaimed tickets for horse tracks, those go back into the purse accounts. And for 2017, the amount Sterling Suffolk will reimburse is for \$224,045.33. And the amount for Plainridge Racecourse, they will reimburse for \$186,705.64. The unclaimed tickets from the greyhound tracks will go into the racing stabilization fund. For 2017, the amount Wonderland will reimburse is for \$7,981.23, and the amount for Raynham Park will reimburse is for \$150,144.70. These

funds -- they were delivered to the Commission. They have cleared. And so with your approval, we will go ahead and allocate the funds accordingly.

>> CHAIR JUDD-STEIN: Any questions? Do we need to address this separately, or can we combine this? Would it be -- actually, Catherine, do you recommend it to be separate votes with respect to the dog racing versus the horse racing?

>> MS. BLUE: Separate votes as to each track or dogs versus horses?

>> CHAIR JUDD-STEIN: The latter.

>> MS. BLUE: I think separate tracks -- separate votes as to dogs versus horses, yes.

>> COMMISSIONER STEBBINS: Madam Chair, I'd move that the Commission approve the deposit of unclaimed wage in the purse accounts of the racing meeting licensees as prescribed in the packet to Sterling Suffolk Downs and Plainridge Racecourse.

>> CHAIR JUDD-STEIN: Do I have a second?

>> COMMISSIONER ZUNIGA: Second.

>> CHAIR JUDD-STEIN: All those in favor? Opposed?

[Vote taken]

5-0. Thank you. Commissioner Stebbins?

>> COMMISSIONER STEBBINS: Secondly, I'd move that the Commission approve the amounts from unclaimed tickets by greyhound meeting licensees be dedicated to the racing stabilization fund as prescribed in the packet to Wonderland Greyhound Park and Raynham park.

>> COMMISSIONER CAMERON: Second.

>> CHAIR JUDD-STEIN: All those in favor? Opposed? 5-0. Okay. Thank you. Dr. Lightbown.

>> DR. LIGHTBOWN: The next two items are dealing with Suffolk Downs opening. They are going to be racing the 18th and 19th of May. That will be their first weekend. Today representing Suffolk Downs we have Jessica Paquette --

>> MS. PACKETTE: Hi. Good morning.

>> DR. LIGHTBOWN: -- Vice President of Marketing. Just an update, Suffolk did get their NTRA accreditation through the safety and integrity alliance reupped for this year and also the track inspection's going to be done later on this week.

>> COMMISSIONER CAMERON: Excellent.

>> DR. LIGHTBOWN: Our first item is the Suffolk Downs request for reduced take out. Statutorily they can take out no more than 19% on won, place and show and 26% on exotics. For the last -- this is something they've asked for for the last five years. And the Commission has approved it. They have felt that it's been a success for them, and they're asking to do it again this year with similar take outs from before, 16% on the win, place and show and 19% on the exotics. And this does require a vote.

>> COMMISSIONER CAMERON: Madam Chair, I'm familiar with this. I think it's an appropriate request, and I move that the Commission approve the request of Suffolk Downs to reduce the take out to 16% on win, place and show and 19% on exotics, as recommended by our racing division.

>> COMMISSIONER O'BRIEN: Second.

>> CHAIR JUDD-STEIN: Any discussion? Questions? All those in favor? Opposed?

[Vote taken]

5-0. Thank you.

>> DR. LIGHTBOWN: And the next item is the Suffolk Downs request for approval of their key operating personnel and racing officials. This is something similar to what you did about a month ago with Plainridge for their key operating and officials. Again, a lot of these people are coming from out of town, and they may not be licensed with us currently. So we're asking that you approve them pending satisfactory completion of their background checks by the state police and pending approval by the stewards. Just looking at the list of folks on there, they're all familiar to us and have been in these positions before.

>> COMMISSIONER CAMERON: Dr. Lightbown, I don't see Susan's name on there. Will she not be judging this year?

>> DR. LIGHTBOWN: Well, Susan works for the Gaming Commission.

>> COMMISSIONER CAMERON: Oh, I'm sorry. You're right. You're right.

>> DR. LIGHTBOWN: She'll definitely be there.

>> COMMISSIONER CAMERSON: We don't have to approve her.

>> DR. LIGHTBOWN: Right, we've already approved her.

>> COMMISSIONER CAMERON: Okay. Terrific. I'm happy to see she's back, then.

>> DR. LIGHTBOWN: Yes, yes. She wouldn't miss it.

>> CHAIR JUDD-STEIN: Do we have a motion or further questions?

>> COMMISSIONER STEBBINS: Madam Chair, I'd move the Commission approve the request of Suffolk Downs to approve their April 24th, 2019, list of key operating personnel and racing officials, pending approval by the stewards and satisfactory completion of the background checks by the Massachusetts State Police.

>> COMMISSIONER CAMERON: Second.

>> CHAIR JUDD-STEIN: Any further discussion? Questions? All those in favor? Opposed? 5-0. And before you go, Dr. Lightbown, I don't think I've seen you to thank you for really hosting me on the opening day at Plainridge. I was there with Executive Director Bedrosian, and it was a lot of fun. So thank you.

>> DR. LIGHTBOWN: It is. It was great having you.

>> CHAIR JUDD-STEIN: It was interesting and it was a real treat for me. But you also showed a level of professionalism and introduced me to the racing officials and the people down there, and it was impressive, and I appreciate very much your time. So thank you.

>> DR. LIGHTBOWN: Thank you. It was wonderful having you out there.

>> COMMISSIONER CAMERON: Dr. Lightbown, while you're here, we've had -- we've had a few weeks of racing. Any update on how things are going at Plainridge? Any issues or concerns?

>> DR. LIGHTBOWN: They're going well. They've had some 12 race days which is what Steve O'Toole was hoping for, was to move up and have more races per day. The fields have been fairly full, so that's, you know, gone well as far as that goes.

>> COMMISSIONER CAMERON: I look forward to getting out there. Thank you.

>> DR. LIGHTBOWN: Yeah.

>> CHAIR JUDD-STEIN: Any further questions? Thank you. Thank you, Jessica.

>> COMMISSIONER STEBBINS: Thank you.

>> CHAIR JUDD-STEIN: We're on item 7, Commissioners' updates. Do we have any in particular?

>> COMMISSIONER CAMERON: Well, I will just give a quick update that as you all know, we have been selected by the International Gaming Regulators to host the 2020 Gaming Regulators Conference, so we will have regulators from around the world here. And I just wanted to thank Janice Reilly for working diligently on a lot of prep work that has to be done, bids for hotels, and she's really been taking the lead. And I just wanted to thank her and let all of you know that it's being done in a very professional way. And I know that the board from the International Regulators is very pleased and appreciative of the work we're doing well in advance of that conference.

>> COMMISSIONER ZUNIGA: Yeah. It's great visibility, I think, for the state and for the industry. Do we know where it's going to take place?

>> COMMISSIONER CAMERON: No. We're in that process now. We've received bids. We're certainly trying to get -- mindful that these folks are regulators trying to get an appropriate price point is challenging in Boston, but I know that Janice is on it and working hard to negotiate.

>> COMMISSIONER ZUNIGA: Great.

>> CHAIR JUDD-STEIN: Any other items? Do we have any further business from you, Executive Director Bedrosian?

>> MR. BEDROSIAN: All set. Thank you very much.

>> CHAIR JUDD-STEIN: All set?

>> COMMISSIONER ZUNIGA: I move to adjourn.

>> CHAIR JUDD-STEIN: A second?

>> COMMISSIONER CAMERON: Second.

>> CHAIR JUDD-STEIN: All those in favor. Opposed? 5-0. Thank you, everyone.

(The meeting concluded at 11:17 a.m.)