

MAINE GAMBLING CONTROL BOARD

May 17, 2016

09:00 – 11:30am

Oxford Municipal Building

85 Pleasant Street Oxford, ME

Meeting opened at 9:00 am

Board members present: Tim Doyle, Chair; Barbara Dresser Board Member; Robert Harmon Board Member

Staff present: Detective Don Armstrong, Auditor Donald Berrie, Auditor Jill Tobey, Inspector Supervisor Vicki Gardner, Office Assistant II Mallory Reilly, Executive Director Patrick Fleming.

Legal counsel present: Assistant Attorney General Ron Guay, Assistant Attorney General Katie Johnson

Introductions:

The Board introduced themselves followed by introductions of the staff and counsel by Executive Director Fleming.

Review of the minutes: 4/19/2016

Motion to accept the minutes: Robert Harmon, Board Member

Second: Barbara Dresser, Board Member (with changes made to the date of last meetings review of the minutes)

Vote: Unanimous

Executive Director Report:

At the last meeting Director Fleming gave an update on LD 1279 – An Act to Authorize Advance Deposit Wagering for Horse Racing. The bill that would allow patrons of commercial harness racing tracks and OTB's to establish accounts at a third party to place bets and hold winnings from those bets in electronic format. The bill would require the gambling control board to establish rules for advanced deposit wagering and then set up an RFP process to award one entity the contract to provide the services to the state. The gambling board would then be responsible for regulating this type of wagering on harness racing. The bill had passed both the House and Senate and was awaiting action in the Governor's office. The bill was vetoed by the Governor and returned to the legislature. In his veto message he asked the question, will the revenues created by the bill pay for the oversight? When the legislature returned for veto day they overrode the veto and the bill became law. Since this bill was not an emergency measure it will go into effect 90 days after the conclusion of the session, which is July 29, 2016.

Director Fleming informed the Board that he has started searching for other states that have this activity to explore their rules. It appears that many states rules are not very lengthy compared to our gambling rules and many states mimic each other. The bill requires that the rules for advanced deposit wagering are major substantive so they will have to go before the next legislature after being passed by this board. This builds in some time that adjustments can be made to the bill and budget once we know more about how this will work. Director Fleming stated that as the board knows he put in the fiscal note for one auditor to monitor this activity and he will need to figure out if that is the best way to go or if an IT person will be needed to monitor the electronic systems used or both. At this point all of this is a work in progress.

Director Fleming reminded the Board that there is a special revenue account that all license fees go into as well as a percentage of the table games revenues from Hollywood Casino as well as Oxford Casino. This account has been in existence for several years and to date we have not had to use it for much other than paying for some Scientific Games bills because we did not have enough allotment in the General Fund budget to cover the expense. He informed the Board earlier this year that some of the monies have been used to help cover the cost of additional MDEA agents. For the rest of this fiscal year the Board's general

fund all other monies were swept for MDEA and in the next budget cycle the Board's general funds monies are restored but the MDEA funds will be taken from the Board's all other account.

Additionally Director Fleming found out recently that another bill, LD 1612 - An Act to Improve the Delivery of Services and Benefits to Maine's Veterans and Provide Tuition Assistance to Members of the Maine National Guard, took monies from the GCB special revenue account to pay for continuing education for Maine National Guard members. The one time transfer is for \$628,720 in the next fiscal year. No one in DPS was informed of this transfer prior to the law being signed.

Director Fleming informed the Board that he has been contacted by the FBI that the Gambling Control Board is being audited, along with the rest of DPS and other entities that do FBI background checks to determine if information received from these checks is being properly handled. The audit is scheduled for Tuesday June 21st at 1 PM, which is the day of our June meeting. The Gambling Control Board was audited a few years ago by the FBI regarding how fingerprint cards were being handled and adjustments had to be made on the fingerprint form. This audit will look at how information is handled once the record is received. The first audit will not have any consequences for any issues they find only to set a baseline of where improvement needs to be made. Director Fleming has started working on a survey of the boards information security systems and based on the questions he has been asked he thinks the board may have to figure out a way to get the Board information on a person's criminal record without actually giving out copies of the record or we may have to have all Board members submit fingerprints in order to be able to look at the information. Director Fleming will let the board know the results of the audit.

Director Fleming stated that since we will be going through rulemaking for the advanced deposit wagering bill he thinks it is time to start looking at any rulemaking we need to do for our gambling rules. As you recall he added, we made some table games changes to the internal controls but due to a provision in the law and a communication issue with the legislature those rules were never officially enacted by the Board. Each casino petitioned separately for the changes and the changes were granted but the Board's rules were never updated. He is going to start reviewing the rules again and will work with the casinos to see if they have any suggested changes to bring something back to the Board this fall for rulemaking.

Director Fleming has been advised by Penn National that they are making some changes to their Hollywood Casino.com application on the internet. He informed the Board a few months ago that Penn National was starting a non-gambling website where patrons can go and play slot machines on-line for no cost in order to win credits for continuing play. Penn is now going to link the website to their player's club system so players on their website can earn credits for promotions in their casinos. There will still be not cost for the players to play.

Auditors Report: April 2016 tax revenue was \$4,427,000 a decrease of \$27,000, or 1% from the same period in 2015. Year-to-date revenue ended April 30th was \$17,032,000 or 7% higher than the same period in 2015. We are now into the second quarter of calendar 2016. First quarter results were reported at the last meeting and partial second quarter results mirror April activity.

The revenue trend chart depicts the February spike in tax revenue as well as the basically flat revenue performance in March and April from last year and illustrates that the overall revenue pattern is consistent with prior years.

Reports were received for Hollywood and Oxford Casinos showing monthly, quarterly and year-to-date allocations of these revenues for calendar year 2016. As always, these analyses are prepared using data available on the Gambling Control Board website.

Since we are only partially through the second quarter, hold compliance will not be finalized until after June 30th.

Cage operations will be the next component to be reviewed. The date and location of the review has yet to be finalized.

State Police Report: Detective Armstrong informed the board that he had attended a trial involving the TITO thefts that he brings to the boards attention each month. The patron was convicted and has to pay restitution. He informed the board there were 23 new licenses completed, 40 renewals completed and 26 new or pending applications since the last meeting in April. Detective Armstrong also stated there had been 7 thefts, out of those 7, 5 all funds were recovered, 1 summons was issued, and 1 is still pending. Local agencies called for service to Oxford 17 times, and Bangor 19 times for matters such as intoxication, or asking patrons to leave the premise.

Unfinished Business: None

New Business:

Oxford Casino Internal Controls Change- Current Internal controls Section 3 F2 which requires 3 Employees to do the opening/recording and counting of the drop box/cash storage boxes for table games only, this will be decreased to 2 employees which could help with any staffing issues. Surveillance coverage will act as a third set of eyes as well as the employees still wearing the jumpsuits that will make it very difficult if not impossible to steal. The count will still be double verified, counted once by the count team then again by the cage as well as a computer system on the floor that tracks the drop.

Motion to approve the change on Internal Controls- Robert Harmon, Board Member
Second- Barbara Dresser, Board Member

Unanimous

Director Fleming also brought to the Board's attention that Section 3 F3 should also be changed to mimic the language for the previous section stating that the team must contain at least 2 members of the count team.

Motion to approve the change to Section 3 F3- Barbara Dresser Board Member
Second- Robert Harmon Board Member

Unanimous

Oxford Casino Expansion- Vice President and General Manager of Oxford Casino, Jack Sours presented to the board the plans for the Oxford Casino expansion into a \$25 Million Hotel. With plans to finish in the summer of 2017 General Manager Sours states the Hotel addition will create 60+ new jobs including management staff, hotel management staff, front line people, food and beverage, etc. The Casino floor will be expanded and with that the game count will increase.

Public Comment: None

Public Hearing directly followed.

Motion to adjourn: Barbara Dresser, Board Member

Second: Robert Harmon, Board Member

Vote: Unanimous

Meeting Adjourned: 11:30am

Next meeting is June 21, 2016 at the Gambling Control Board Room
45 Commerce Drive, Augusta ME 04330

Respectfully submitted by Mallory Reilly Office Assistant II