

MAINE GAMBLING CONTROL BOARD

July 19, 2016

09:00 – 11:10am

45 Commerce Drive Suite #3

Augusta, Maine 04330

Meeting opened at 9:00 am

Board members present: Tim Doyle, Chair; Barbara Dresser Board Member; Joe Laliberte Board Member; Robert Harmon Board Member, Greg McNeal Board Member.

Staff present: Auditor Donald Berrie, Inspector Supervisor Vicki Gardner, Office Specialist I Janine Collins, Office Assistant II Mallory Reilly, Executive Director Patrick Fleming.

Legal counsel present: Assistant Attorney General Ron Guay,

Introductions:

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

Review of the minutes: 06/21/2016

Motion to make changes: Barbara Dresser; asked to elaborate on the discussion of advertising

Second: Greg McNeal, Board Member

Vote: Unanimous

Executive Director Report:

FBI Audit – Director Fleming informed the Board at the last meeting that the FBI was going to audit this office to see if everything was in compliance with the handling of criminal histories received from the fingerprint based background checks. Most of the issues found during the audit were related to the use of the ALMS program, which is an electronic licensing program and is supported by an outside vendor. There were questions as to the security of the information once it leaves the state system. Director Fleming met with the state compliance officer regarding the audit and where we have to go from here. He has determined that the best way to go is to discontinue handling CHRI information (the FBI report) as we are now. The Gambling Control Office will no longer put it into the ALMS system because we can't account for the security of the information once it is put into that system. This will change how information is sent to the Board if there is a licensing issue but a way has been found to get the information to the Board if necessary. It appears that the most complicated part of this transition is that this office will have to go back into the ALMS program and remove the CHRI forms from all the applications that have been put in so far, which is about 1550 applications. Director Fleming informed the Board that "We are going to work with the representative from Sauper, the company that supports ALMS to see what the most expeditious way to clean out the information necessary. This is not something that has to be done overnight so we can have some time to get it done. We should have a better idea of the timeline after the meeting with the Sauper representative."

Auditors Position – One of the Gambling Control Board's Auditors, Jill Tobey, has taken a position in another state agency leaving a vacancy in the office. Director Fleming requested an exemption to be able to fill the position and it was granted. The position was posted yesterday and will close on August 1st. Interviews will be scheduled for some time in August and hopefully the office will have a new auditor in early September. In the meantime Auditor Berrie has been taking care of the day to day auditing functions.

New Companies – The Board has two new companies that have applied in the last few months as gambling services vendors. Director Fleming is expecting to present one of them to the Board at the September meeting.

Annual Regulatory Agenda – Director Fleming has received notice that the annual regulatory agenda is due by August 8th. This is a notice to the Secretary of State of each agencies intention on doing rulemaking. He will fill this out as always and include all of the Gambling rules as well as the Advanced Deposit Wagering rules. This will allow the freedom to make rule changes through the year as necessary.

On the subject of rules Director Fleming is planning on presenting to the Board at the September meeting the rules for advanced deposit wagering as well as the changes to the Internal Controls that were not made official because of the major substantive rules communications issues as well as the recent rules changes allowed by the Board. He has sent notice to both casinos that since the rulemaking process will be open he is soliciting suggestions from them on any rules that they think might need to be addressed. The casinos have until the end of August to present their suggestions to the Director.

September Board Meeting – Since there will not be a meeting in August Director Fleming wanted to give the Board a heads up that the September meeting could go longer than usual. He plans on presenting a new business for licensure, some rules to review, he will be giving the CHRI training, and there will be action that needs to be taken on a license.

Auditors Report: June 2016 tax revenue was \$4,334,012 a decrease of \$156,000, or 3% from the same period in 2015. Year-to-date revenue through June 30th was \$26,927,000, an increase of \$860,000 or 3% higher than the same period in 2015. We have now completed the second quarter of calendar 2016. First quarter results have already been reported to you and now the complete second quarter results through June 30th are \$13,322,000 or a decrease of \$323,000 or 2% from the same period in 2015.

The revenue trend chart depicts relative monthly performance over a three-year period. The chart also demonstrates that general revenue pattern has been consistent over time, with revenue dollars at their peak during the summer, tapering off during the fall and winter and then rebounding in the spring.

As we have now completed the second quarter I can now report both casinos are in hold compliance for both the first and second quarters of 2016.

State Police Report: Detective Armstrong will give reports on the months of July, August, and September at the next meeting scheduled for September 20, 2016.

Unfinished Business:

Advertising:

At the last board meeting, Executive Director Fleming brought before the Board a question that had been submitted to him. When someone runs a google search they will get a result that generally will have a link at the top of the page and the word “Ad” directly next to it. The question was “Is that truly an Ad”? Director Fleming was asked to research this topic and present his findings to the Board.

Director Fleming informed the Board that when a person uses Google for advertising, they can go in and put bids on specific words. The bid partially determines where they end up on that page. For example when someone searches “Casino” and “Maine” essentially there is an auction, what that auction does is it looks at how much is that person willing to pay for that word but it also looks at the quality of the ad. So when someone creates their ad, they get to fill in those top three lines that fall below their link, there is a header located right next to the word “Ad”, and then there will be two lines of information they can enter. With all of these deciding factors once a google search is run the computer shows you the top ranking link, all of which is done in a split second. Director Fleming also found that other search engines such as yahoo and Bing do not use the same system; in fact neither shows the same “Ad” as google.

The Board discussed back and forth their views on whether this was indeed an Ad or not.

Motion: Robert Harmon motioned that from the Board’s perspective that that is an ad or possibly marketing material.

Second: Joe Laliberte

Vote: Unanimous

New Business:

Employee Issues:

1. Hollywood Casino has an employee who transferred into the surveillance department. They are receiving training and approaching the end of their probationary period, but it appears that employee is not going to work out in this position. Per the rules no one may leave surveillance for a different department without the Board’s approval. Hollywood Casino would like the permission to remove this person from the surveillance department.

When turned over to the Board for questions, it was asked “Why will this employee not work out?” Director Fleming informed the Board that the employee came from maintenance and it was determined after training that this employee’s aptitude was a better fit in that department rather than surveillance. Joe Laliberte asked

“it begs the question, how well did they interview this perspective employee if they’re that off base and not capable of performing the job?” Director Fleming added that surveillance can be a stressful and demanding position and you never really know how a person will handle that stress until put in the middle of it.

Tim Doyle, Chair, came to the conclusion that the intent of this rule is to prevent anyone from coming into this surveillance department, learning the secrets to how things are run, and then transferring out using the knowledge to do something to maybe harm gaming or the integrity of gaming. He does not feel in this case that the individual spending 90 days in this position puts the state in any jeopardy, which is this Board’s interest.

Motion: Joe Laliberte, moved to allow this process to continue and the employee be given the opportunity for lateral transfer/demotion.

Second: Greg McNeal

Vote: Unanimous

2. At the last meeting the Executive Director informed the Board there would possibly be a licensing hearing today for an employee. The individual received a notice for the hearing and in the preliminary stages has indicated their desire to voluntarily surrender their license. Under the statutes of the board, the board may not accept a surrender of a license unless there is a consent agreement. The board discussed their options to have a hearing for the individual to plead their case and state all the facts, or enter into a consent agreement with the possibility of the individual declining the agreement and proceeding with a hearing anyway.

Motion: Robert Harmon motioned that the surrender be accepted upon receiving the final signature of a consent agreement. The consent agreement shall contain a provision where the person admits to a violation of 8 M.R.S. § 1051(3) (C)(1) which is deceit in connection with services rendered within the scope of their license. The terms of the consent agreement would be voluntary surrender and no re application for 1 year.

Second: Greg McNeal

Vote: Unanimous

The consent agreement will then be written up and brought to the licensee; they will sign off as well as the Attorney General. Then it would be brought back to the Board for signature.

Public Comment: None

Motion to adjourn: Joe Laliberte, Board Member

Second: Greg McNeal, Board Member

Vote: Unanimous

Meeting Adjourned: 11:10am

Next meeting is September 20, 2016 at the Gambling Control Board Room

45 Commerce Drive, Augusta ME 04330

Respectfully submitted by Mallory Reilly Office Assistant II