

MAINE GAMBLING CONTROL BOARD

October 15, 2013

09:00 – 11:00

Gambling Control Board Room

Augusta, ME 04330

Meeting opened at 9:00 am

Board members present: Tim Doyle Chair, Barbara Dresser, Matt Dyer, Harry Stickney and Joe Laliberte

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

Legal counsel present: Assistant Attorney General Lauren LaRochelle

Introductions:

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

Review of the minutes 09/17/2013

Motion to accept the minutes as presented: Joe Laliberte, Board Member

Seconded: Matt Dyer Board Member

Vote: Unanimous

Executive Director Report –

Employment – Jill Tobey – as you are aware Auditor Tobey has been out and her return probably won't be for several weeks. In the meantime Auditor Berry has been handling all the day to day auditor duties to keep up. Not having Auditor Tobey in the office will affect the auditing process which Auditor Berry will address in his report.

Maine Gaming Commission – Executive Director Fleming appeared in front of the Maine Gaming Commission on September 27th. They are the commission established by the legislature to study the current gambling in Maine as well as future gambling in Maine and the impacts that gambling in Maine and out of state will have on our economy. The commission is supposed to report back to the Veterans and Legal Affairs Committee in February of 2014. He was asked to discuss how the current casinos have impacted law enforcement in the surrounding areas and give an update on problem gambling. He explained that the Board continues to monitor the impacts the casinos have on law enforcement and that it has not had any adverse reports from the local authorities. He also advised the Commission that the Board takes problem gambling seriously and we are working with the Office of Substance Abuse and Mental Health on expanding the self-exclusion process and availability for those who need help. The Commission took an interesting turn later in the meeting when a motion was made to essentially recommend that the VLA Committee approve all bills that have been held over for passage. After much debate the motion passed by a small margin. The Commission is scheduled for some more meetings which he expects may be to flesh out the details of the proposed bills.

Budget – as Executive Director Fleming has reported at the last meeting we had been holding the cascade payments to some of the entities due to a lack of allotment in the budget. We had to hold several weeks' payments but he is happy to say that those payments have been sent out and the entities involved were very understanding of our situation.

Executive Director Fleming has been working with the Service Center to see how we will try to prevent this from happening in the future. Since we already know that we will probably be short in the future we will be looking at the allotment and get financial orders in so no payments will be missed. We are also exploring if anything can be done with revenue forecasting or the Bureau of the Budget to address how these revenues are handled in the future. This would be a much larger change as opposed to using financial orders but he believes

we are unique in the way these accounts are handled and if something isn't changed we will continue to have these problems.

Also the MOU approved by the Board at the last meeting has been sent to the UMAINE System and Maine Maritime for signature. The law making the change went into effect on October 9th so we will be making the payments in accordance with the MOU starting this week.

Rules – the Exclusion rule is still in the public comment stage and to date we have received one comment. We are still working on the process of the changeover so we will be ready to go when we get final approval.

Penn National changes – the Penn National transaction is still pending. Executive Director Fleming was informed that due to some permitting requirements they would need to have a permanent name in place prior to the split being final. Maine law prohibits the use of Bangor Historic Track LLC because Bangor Historic Track INC still exists. If they were going to use the LLC title they would have to dissolve the INC but they could not do that and maintain current licenses. What they have decided to do is change the post-split name to HC Bangor LLC. This change will not affect their casino license and we will be able to make the change administratively when they notify us of the official change and date it is final.

Oxford Expansion – after the last Board meeting Executive Director Fleming met with GM Sours and Attorney O'Dea regarding the proposed expansion at Oxford Casino. We reviewed the physical changes to the building and the proposed surveillance plan. I gave them the ok to move forward but there would need to be final sign off when the changes have been made. The initial plan is to add 58 slot machines and 4 table games. They will be expanding into what is now their storage warehouse. Executive Director Fleming also recently visited an off-site storage facility that they will be moving their extra machines to after the expansion is complete. This will also need a final sign off before the machines are going to be moved.

Oxford Meeting – Executive Director Fleming has contacted the Town Manager of Oxford and they will be holding their council chambers for our use on November 19 at 9 AM. We will send out written invitations to local dignitaries like we did for the last time we met there as well as we will put it on our website.

Financial Update: Auditor Donald Berrie-

Your financial packet contains 2013 and 2012 comparisons of tax revenues for the month of September, year-to-date as well as data for the first three quarters of the year.

Distributions of tax revenue through September 30th are available on the Gambling Control Board web site.

Per enacted legislation, revenue distribution data including Maine Maritime Academy will commence with the October reporting.

As reported at the July Board meeting, recently enacted legislation, slot machine hold compliance is now determined on a quarterly basis rather than on a weekly basis. For the quarter ended September 30, 2013 as well as year to date, both casinos are in compliance.

The Auditors continue to collect and analyze this data on a daily basis and monitor for any corrective action that may be needed.

Audit program

As reported at the last Gambling Control Board Meeting, Auditor Tobey and Auditor Berrie have begun the on-site phase of the Audit Program component relating to Cash Transaction Reports and Suspicious Activity Reports under Title 31 of the Federal Bank Secrecy Act. Since the last Board meeting Auditor Tobey and Auditor Berrie have been on site at the Hollywood casino to perform testing of procedures and documentation. A written summary of any findings will be forthcoming.

In spite of Auditor Tobey's unfortunate accident, we are moving ahead with the preparation phase of the future components of the audit program. Jill's contributions to the audit program have been most valuable. Auditor Berrie wished for her a speedy recovery and hopes that she rejoins the process soon!

Unfinished Business:

Communications Protocol Agreement, Before deleting the reference to communications protocol agreements, at the last Board meeting the Board had asked the Executive Director to check on the purpose of these. The Executive Director checked with Delaware and they were not even aware that they still referenced these. The Director talked with several people from Delaware before he found what this was and if it was still necessary. The agreements were for proprietary software and were used to explain how it would communicate with the monitoring system. This is obsolete, and no longer in use.

Motion to approve Chapter 2 with previously recommended changes and to remove references to communications protocol agreement Harry Stickney

Seconded: Matt Dyer

Vote: Unanimous

Scientific Games Merger Report – the Board had asked for an explanation on how a conflict of interest would be avoided. The Board was given a general letter from Scientific Games and currently is satisfied that there is not an actual conflict, but will continue to monitor for possible conflicts.

Bally/SHFL Entertainment Merger - The Board had asked to receive a letter from Macpage on the financial viability of the new company, they have received that letter.

Motion that if the merger occurs, the applicants will continue to meet financial and suitability requirements. Joe Laliberte

Seconded: Harry Stickney

Vote: Unanimous

New Business:

Employee License Review- An applicant for an employee license had a 1995 convictions for Negotiating a Worthless Instrument (Class D). The Board was given the criminal history information prior to this meeting. The employee did report this conviction on the application and did disclose to Detective Armstrong during her background investigation.

Motion to approve the license Joe Laliberte

Seconded Barbara Dresser

Vote: Unanimous

Hollywood Internal Control Change- Hollywood Casino has asked for an Internal Control change to match that of the one the Board did last month for Oxford Casino regarding slot machine jackpot payouts. This will change the recording of the winning combination of reel characters constituting the jackpot; the signatures required attesting to the accuracy of the payout, and the security surveillance of payouts.

Motion to Approve the IC Change Matt Dyer

Seconded: Joe Laliberte

Vote: Unanimous

MICS Change – changes to Chapter 5 which is the minimum internal control standards. Many changes were grammatical, made the language gender-neutral, and cleaned up and reorganized the language. Some changes reflect statutory changes made since the last time the MICS were updated. Finally, some changes were made to mimic internal control changes that the Board has previously approved for both casinos. Comments in the margins explain what the changes were and why they were made.

Two areas were brought to the Board's attention: 1) the section on requiring employees to display their licenses, and 2) the section forbidding chips to be used to pay for food or drink. In evaluating whether chips should be accepted as payment for food and drink on the gaming floor, the Board discussed concerns about allowing employees to take chips home. A majority of the Board did not want to require employees to cash out any chips they had received on a daily basis.

Motion to move approve, with additional changes noted by Director Fleming. Matt Dyer

Seconded: Harry Stickney

Vote: Unanimous

Violation Rule- Chapter 27 - Rules of Practice and Procedure, after much discussion the Board would like to change the written notice from 7 days to 14 days and to change the makeup of the Complaint Committee from a representative of the State Police to the Commanding Officer in charge of Gambling Control Unit. The last section will continue to permit the Board to use a hearing officer if it so chooses.

Motion to move approve as amended by the Board Harry Stickney

Seconded: Joe Laliberte

Vote: Unanimous

Public Comment:

Jack Sours-Vice President and General Manager of Oxford Casino, updated the Board on the casino's community relations activities. Mr. Sours is a member of the Oxford County United Way board and the casino agreed to be the pace setter fund raiser for the Oxford United Way, employees have raised \$20,000.

Hussein Mahous Hollywood Casino Bangor-they are a sponsor of the Susan G. Komen Race for the Cure and the survivors' dinner. They graduated 22 table games dealers. Have added a seventh Black Jack table and got rid of a poker table.

Meeting Adjourned:

Motion: to adjourn Harry Stickney

Second: Joe Laliberte

Vote: Unanimous

Next meeting is **November 19, 2013 @9 am at the Oxford Town Office.**

Respectfully submitted, Janine Collins, Office Specialist I