

## **Gambling Control Board Meeting Minutes**

**February 19, 2019**

**9:00 a.m.**

### **Dept. of Public Safety – Gambling Control Conference Room**

Meeting opened at 9:00 a.m. by Chairman Tim Doyle

**Members present:** Chairman Doyle, Al Skolfield, and Greg McNeal

Board member Robert Harmon video skyped into the meeting. Chairman Doyle advised that it's been determined that Robert Harmon's attendance can't contribute to the quorum and he can't vote, but he can weigh in during the meeting. Legislation will also be presented this session to allow members to Skype in.

**Attorney General's Office present:** A.A.G. Katie Johnson and A.A.G. Ron Guay

**Gambling Control Staff present:** Executive Director Milton Champion, Mallory Reilly, Insp Supv Vicki Gardner, and State Police Detective Don Armstrong.

#### **Review of the 1/19/18 Meeting Minutes**

**Motion** to approve the minutes by Greg McNeal

**Seconded** by Al Skolfield

**Discussion/changes:** A.A.G. Katie Johnson suggested a few minor wording adjustments.

- A. Attribute to the quorum should be "contribute" to the quorum
- B. The phrase "it will also be presented to legislation" should be changed to "legislation will also be presented".
- C. First paragraph under New Business it should be "Chief Compliance Officer Frank Donaghue"

**Motion to approve the minutes with the suggested changes:** Greg McNeal

**Seconded** by Al Skolfield

**Unanimous Vote of 4-0**

#### **Executive Director's Report – Milton Champion**

- 1) Operations – In January 2019 there were (19) Shipments of machines and/or associated equipment shipped to or from licensed facilities. On site inspectors completed (637) observations, (37) checklists. (5) minor violations being monitored from our activity log. (2) patron complaint. (3) disposition of a formal report was sent for members review per statute. There were (7) self-exclusions.
- 2) For the month of January 2019, we have identified a decrease of 1.3% in total tax revenue for both facilities versus January 2018. Year to date we have identified a decrease of 1.3 % versus last year at the same time.
  - a. Oxford reported a 10.1% win for the month of January from slots and 20.6% win from table games. Oxford's payback percentage for January was 89.9%. Average gross win per machine of \$181.28

- b. Hollywood reported a 10.1% average win for the month of January from slots and 31.3% win from table games. Hollywood's payback percentage for January was 89.9%. Average gross win per machine was \$117.20

**State Police Report** – Detective Armstrong's report will combine numbers over the last 2 months. 54 new licenses applications processed, 99 Renewals and 43 are still pending.

There were 11 thefts. Almost all funds were recovered, 2 that letters went out because contact was never made, and 1 is being looked at by Detective Armstrong.

Calls for service – Oxford PD had 18 last month and 15 this month. Bangor PD had 11 last month and 17 this month.

**Unfinished Business - Executive Director Milton Champion**

- a. **ADW RFP update:** The latest update Director Champion received was that it is the current Governor's wish that the ADW RFP continue to be placed on hold until the legislature has determined whether or not they want to take this matter into another direction.

**New Business:**

- a. **Annual Report due to Governor March 19, 2019**

The department is required by statute to report to the Governor each March 15<sup>th</sup>, a draft report was forwarded to the Board prior to this meeting.

**Motion to accept the Annual Report as presented:** Al Skolfield

**Second:** Greg McNeal

**Vote:** 3-0

- b. **Hollywood Internal Control Changes:**

1. Requesting the change in title from the Director of Marketing to Vice President of Marketing. The changes would be located on page 68 and 73 of their current internal controls. A.A.G Katie Johnson suggested considering carefully whether a Pit Assistant Manager has similar authority to a table game supervisor and can properly submit a request for a fill.

2. Add a Pit Assistant Manager, a slot shift manager

**Motion to accept the requested title changes:** Greg McNeal

**Second:** Al Skolfield

**Vote:** 3-0

- c. **Gambling Service Vendor License Hearing:** Power point presentations were shown for each of the 5 Companies. The Board was given the company's history as well as updates on the background checks for the company and its Key Executives.

1. Patriot Gaming

**Motion to Approve Patriot Gaming as a Gaming Services Vendor:** Greg McNeal

**Second:** Al Skolfield

**Vote:** Unanimous

2. CasinoTech

**Motion to Approve CasinoTech as a Gaming Services Vendor:** Greg McNeal

**Second:** Al Skolfield

**Vote:** Unanimous

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3. LabelRite

**Motion to Approve LabelRite as a Gaming Services Vendor:** Greg McNeal

**Second:** Al Skolfield

**Vote:** Unanimous

4. Suzohapp

**Motion to Approve Suzohapp as a Gaming Services Vendor:** Greg McNeal

**Second:** Al Skolfield

**Vote:** Unanimous

5. VSR Technologies

**Motion to Approve VSR Technologies as a Gaming Services Vendor:** Greg McNeal

**Second:** Al Skolfield

**Vote:** Unanimous

**d. Approval of Consent Agreement – Hollywood Casino:**

A.A.G. Ron Guay recommended approval of a consent agreement with Hollywood Casino in Bangor. A.A.G. Guay indicated that it was a 3-party consent agreement which Hollywood Casino had already signed, and if the Board approved it, Chairman Doyle and A.A.G. Guay would then sign the agreement.

A.A.G. Guay gave background on the proposed consent agreement. He described the agreement as coming from discussions between the Department of Public Safety and the Casino over the course of one and a half years. He further indicated that some of the matters had been docketed for hearing including one that had been scheduled to be heard that day. A.A.G. Guay indicated the intent was to take care of those matters by consent agreement without hearings. A.A.G. Guay described the parties' intent in the consent agreement as a global approach to the casino's conduct therefore the fine amount was not attributed to each or any of the specific violations. A.A.G. Guay indicated that the Department and the casino thought that the fine amount was fair.

Joshua Tardy next spoke on behalf of his client Hollywood Casino. Mr. Tardy confirmed the A.A.G. Guay's representation of the process and recognized that the violations were serious, albeit based on human error with no harm to others. Mr. Tardy indicated that his client felt that the fine was fair.

The Board asked several questions.

Member Skolfield asked how the parties came up with the proposed fine. A.A.G. Guay indicated that previous Maine fines were considered as well as those seen in other jurisdictions. A.A.G. Guay indicated that the parties found significant variation of fines in other states including fines of \$50,000 for a single violation being imposed while others may impose a \$5,000 fine for a similar offense. The fine being proposed was based on negotiations that recognized the range of potential fines that could be imposed after a hearing.

Chairman Doyle asked whose judgment of appropriateness of the fine is ultimately controlling and, if the agreement is not approved, what would happen. Mr. Tardy indicated the matters would go to a hearing. Mr. Tardy further discussed that there was significant debate between the Department and the Casino on the issue of what was an acceptable fine during the negotiations and that his client agreed to the amount. A.A.G. Guay indicated that the fine was judged to have a sufficient deterrent effect to protect the public interest.

Mr. Tardy and A.A.G. Guay discussed the non-precedential nature of the consent agreement not tying the hands of the Board in any future action.

Member McNeal stated that his questions were of the same imposed by Member Skolfield. How the total amount was arrived and that paragraph 63 did not state or list any amount per violation but that according to the list he felt the amount seemed sufficient enough. He was glad to see self-reporting, mistakes do happen and appropriate action was taken, it was however a violation.

Member Harmon and Chairman Doyle inquired as to what the parties meant by the term enhanced enforcement approach and whose enforcement approach was being applied. A.A.G. Guay indicated that the statute delegates the investigation, reporting and disposition of potential violations to the Department of Public Safety. A.A.G. Guay indicated that the enhanced enforcement system was the new system of docketing, investigation and disposition of complaints undertaken by the Department of Public Safety. A.A.G. Guay noted that the consent agreement being considered was the natural consequence of that system when parties do not agree to a disposition sought by the Department.

Member Harmon indicated that a future discussion about the system is in order because, in his view, the Board has oversight of the overall system. Member Harmon further indicated that the Board had previously given direction to not penalize casinos who self-reported violations. A.A.G. Guay indicated that the statute requires the reporting of violations as a condition of holding a license. A.A.G. Guay also indicated that by not applying a penalty the Board could be saying that a violation is of insufficient gravity. A.A.G. Guay indicated the Board could reach a finding that a violation does not deserve a penalty, because it was self-reported, but that was not his view of the legislative intent.

Chairman Doyle expressed a concern that high fines could discourage self-reporting and that the Board needed to balance deterrence and discouraging self-reporting.

Member Harmon noted the positive contributions that the casino makes in the Maine economy, as well as their positive conduct that was noted in the consent agreement. Member Harmon also noted that the consent agreement disclosed no violations that resulted in a material financial effect nor a negative effect on the integrity of gaming. He further noted that in his opinion the proposed fine was overboard.

Chairman Doyle asked the executive director for his perspective. Director Champion indicated that he thought the fine was fair and balanced compared to other jurisdictions. Member Skolfield asked the casino if it wanted the board to approve the agreement. The casino indicated that it did. Chairman Doyle asked if the state would consider a 50 percent reduction in the fine concurrent with the additional term of probation. A.A.G. Guay indicated that he would not recommend the proposed change.

**Motion to approve Consent Agreement:** Al Skolfield

**Second:** Greg McNeal

**Vote:** Unanimous 3-0

### **Public Comments**

None

3/19/19 is the next meeting.

**Motion to adjourn:** Al Skolfield  
**Second Greg McNeal**  
**Unanimous vote 3-0**

Respectfully submitted,

Mallory Reilly  
Office Assistant