

MAINE GAMBLING CONTROL BOARD

July 21, 2015

09:00 – 11:00am

Gambling Control Board Room

45 Commerce Drive Suite 3, Augusta Maine 04333

Meeting opened at 9:00 am

Board members present: Tim Doyle, Chair; Barbara Dresser; 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 06/15/2015

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

Seconded: Barbara Dresser, Board Member

Vote: Unanimous

Executive Director Report:

Legislature – the legislature is finally done for this session. It was certainly an interesting one with all the gambling bills submitted for consideration. When it was finally over only one bill made it to the end and that bill LD 1280 only made it as far as being carried over to the next session. That bill will go back in front of the Veterans and Legal Affairs committee next session for refinement and see if they want to send it back to the House and Senate. Based on the debates in the House and Senate I am not sure what they can do to change it enough for passage. Executive Director Fleming expects there might be additional gambling bills in the next session. It is the short session and is supposed to be for emergency bills only but he has seen in the past that the term “emergency” has a very loose definition.

One interesting motion happened last week when the legislature came back for their veto day was Representative Bear of the Maliseet tribe made a motion on the floor of the House to recall LD 1066. This was a bill that would allow a casino for the Maliseet tribe in Houlton. This bill was killed in committee in order to accommodate the two bills that were eventually voted out of committee, one being a tribal casino that was killed in the Senate. Representative Bear’s motion was passed on the House but the Senate never discussed the bill that day and the legislature adjourned so the bill died between the chambers.

So after all the discussion and planning and coming up with fiscal notes we are back where we started. He is not sure anyone got what they wanted after all this so he expects this discussion is not over in the legislature.

Exclusion Forfeiture – We had our first self-excluded person win a jackpot that required internal revenue forms to be filled out. When a player hits a jackpot on a slot machine worth more than \$1200 the machine locks up and the casinos are required to validate the win and fill out the required paperwork. In this case the excluded person won a jackpot and while processing the paperwork it was discovered that she was self-excluded. The jackpot was then withheld and submitted to the Board staff for further processing. By rule the person forfeiting the jackpot has 30 days to appeal the forfeiture to the Board. A letter went out last week by certified mail and when we get the proof of service the 30 days will begin from the date of service. If the person does not appeal the monies will be transferred to the Office of Substance Abuse and Mental Health Services to be used for gambling addiction.

One question that came up during this process was the question of whether to actually fill out the W2-G, the required tax form for winning a gambling jackpot. My initial thought was it was not necessary because the patron was never awarded the jackpot therefore they would be taxed in income they never received. It was my understanding that the need for a W2-G was merely a trigger to bring the person to the casino's attention and not necessarily to have them fill out the form. He ran this by Assistant Attorney General Sturtevant and he did some research on it. He found a very similar case in California where it was determined that the jackpot was not income because it was never in the possession of the self-excluded person. This information was passed on to the casino.

The person had self-excluded from the Hollywood Casino-Bangor in December 2014 for one year and had won the jackpot at the Oxford Casino.

GLI Contract – Executive Director Fleming advised the Board at the last meeting that we were in the process of renewing the GLI contract and that we were just waiting on the paperwork to be signed and processed. He informed you that everything was taken care of before the contract expired and that we are continuing to do business with GLI.

BMM Test Labs– Detective Armstrong is scheduled to go to Las Vegas in August to interview the key executives at BMM. He am hoping to be able to bring the matter back to the Board at the September meeting to determine suitability to do business in Maine. As you are aware they will not be licensed but deemed eligible to provide services to in the state as a slot machine test lab.

Penn National Website – Executive Director Fleming received a letter from Attorney Mike Mahoney advising of a project that Penn National will be going live with shortly. They have developed a social gaming platform that they will be calling HollywoodCasino.com. This platform created in partnership with Scientific Games will allow players to play casino style games using free credits they get for signing up and there will be no prizes awarded for play. This platform has been used by other companies to give players exposure to the casino games as well as give them brand familiarity. Penn Plans on rolling this out in stages starting with the website and eventually getting into mobile applications.

Distributions – Executive Director Fleming received two inquiries last week from companies asking about distributing another company's product. In one case it was one of the mergers the Board approved recently between IGT and GTECH. The new company is using the IGT name and license in Maine and they asked if they could distribute GTECH products in Maine under the IGT license. The second inquiry was from another company that is considering trying to get into the Maine market as a table games distributor but wanted to test the market by having another licensed distributor sell their products. After reviewing the statutes and rules and asking for a review by Assistant Attorney General Sturtevant it was determined that the statutes and rules are non-specific when it comes to whose products a company can distribute. The definitions basically say that a licensed company and distribute whatever products the license definition says.

Executive Director Fleming was informed by AAG Sturtevant that we should probably get something in writing from the licensed distributor that they will be distributing the other company's products and both companies have been informed. IGT has already submitted the letter and the other company is just starting the process of finding a distributor for their products.

As mergers continue to happen he expects this might not be the last time we have to address this type of situation.

Auditors Report : Auditor Donald Berrie You have already received reports showing overall revenue data for June 2015, as well as 2015 calendar year to date and the full calendar quarters #1 and #2 2015.

The June revenue was \$4,490,000 for the month; an increase of \$366,000, or approximately 9% above June 2014. Year-to-date revenue was \$25,066,000; an increase of \$388,000, or 2% over the same period in 2014. The quarter #1 2015 revenue for the period ending March 31st has already been reported to you showing a decrease of 2% and quarter #2 for the period ended June 30, 2015 is 5% higher than the same period in 2014.

This information is derived from data available on the "Revenue Totals" tab of the Gambling Control Board web site.

In addition you have already received distribution and hold reports for June 2015, calendar quarters #1 and #2 along with calendar year-to-date for each venue.

Slot machine hold must be in compliance on a quarterly basis. As points of information, holds have been reported to you on a monthly, quarterly and year-to-date basis. As you can see, both venues continue to be in compliance. It should be noted that your auditors are also monitoring holds on a daily and weekly basis.

The revenue trend chart you received is based upon revenue for fiscal years 2013, 2014 and 2015. June 2015 revenue is following the upward trend shown in 2013 and 2014, so the overall revenue pattern continues to remain consistent.

Audit program

The slot machine component of the audit program has begun at Hollywood Casino. Auditor Tobey and Auditor Berrie have been on site twice interviewing members of the slot operations staff. Due to staffing shortages in July, on-site testing will commence in August.

As always, the Auditors welcome your feedback and suggestions.

State Police Update: Executive Director Patrick Fleming, 51 renewal checks for July and Detective Armstrong has started on 32 renewals for August.

26 new license applications have been submitted and he is working on those as well. Detective Armstrong has completed 35 since the last Board meeting. Detective Armstrong will be traveling to Los Vegas in mid-August to interview the executives from BMM and get a tour of their facility.

Unfinished Business: Rule Adoption: MICS-Executive Director Patrick Fleming, the Board has already voted on these once, this is the final vote to make if official. This is repeal and replace rule.

Motion to approve License: Joe Laliberte

Seconded: Bob Harmon

Vote: Unanimous

Tax Payment proof: Proof of the payment if taxes were owed. We would like to be able to accept a receipt rather than the complete taxes from everyone.

Motion: to approve Joe Laliberte

Second: Barbara Dresser

Vote: Unanimous

New Business:

Tito as a tip or gratuity: After a lengthy discussion the Board decided to approve this with the exception of Section 3MJ5.

Motion: to approve Joe Laliberte

Second: Bob Harmon

Vote: Unanimous

Motion: to adjourn Joe Laliberte

Second: Barbara Dresser

Vote: Unanimous

Meeting Adjourned: 9:45

Next meeting is September 15, 2015 @ 9am @ 45 Commerce Drive Suite 3 Augusta, Maine 04330

Respectfully submitted Janine Collins Office Specialist I