

HOUSE No. 03110

The Commonwealth of Massachusetts

PRESENTED BY:

Bradley H. Jones, Jr.

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to gaming.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Bradley H. Jones, Jr.</i>	<i>20th Middlesex</i>
<i>Donald F. Humason, Jr.</i>	<i>4th Hampden</i>
<i>Geoff Diehl</i>	<i>7th Plymouth</i>
<i>F. Jay Barrows</i>	<i>1st Bristol</i>
<i>Donald Wong</i>	<i>9th Essex</i>
<i>Sheila Harrington</i>	<i>1st Middlesex</i>
<i>Paul K. Frost</i>	<i>7th Worcester</i>
<i>George N. Peterson, Jr.</i>	<i>9th Worcester</i>
<i>Elizabeth Poirier</i>	<i>14th Bristol</i>
<i>Bradford Hill</i>	<i>4th Essex</i>

HOUSE No. 03110

By Mr. Jones of North Reading, a petition (accompanied by bill, House, No. 3110) of Bradley H. Jones, Jr. and others for legislation to establish a gaming commission and further regulate gaming in the Commonwealth. Economic Development and Emerging Technologies.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
□ HOUSE
□ , NO. 4081 OF 2009-2010.]

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act relative to gaming.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 SECTION 1. The General Laws, as appearing in the 2008 Official Edition, are hereby amended
- 2 by inserting after chapter 128C the following new chapter:-
- 3 "CHAPTER 128D
- 4 MASSACHUSETTS GAMING ACT
- 5 Section 1. Definitions.
- 6 The following words as used in this chapter shall, unless the context clearly requires otherwise,
- 7 have the following meanings:

8 (a) “Affiliate” means any person which a licensee or applicant directly or indirectly controls
9 or in which an applicant or licensee possesses an interest. For the purposes of this section
10 “controls” means either (i) directly or indirectly holding more than ten percent of voting
11 membership rights or voting stock or partnership interest, or (ii) that a majority of the directors,
12 general partners, trustees, or members of an entity’s governing body are representatives of, or are
13 directly or indirectly controlled by, the licensee or applicant. For the purposes of this subsection,
14 “possesses an interest in” means either (i) directly or indirectly holding more than five percent of
15 voting membership rights or voting stock or (ii) that at least 25 percent of the directors, general
16 partners, trustees, or members of an entity’s governing body are representatives of, or are
17 directly or indirectly controlled by, the licensee or applicant.

18 (b) “Applicant” means any person who on his own behalf or on behalf of another has applied
19 for permission to engage in any act or activity which is regulated by the provisions of this
20 chapter or regulations promulgated thereunder.

21 (c) “Application” means a written request for permission to engage in any act or activity,
22 regulated under the provisions of this act.

23 (d) “Bureau” means the gaming oversight bureau established by this chapter.

24 (e) “Chairman” means the chairman of the gaming commission.

25 (f) “Commission” means the Massachusetts gaming commission.

26 (g) “Commissioner” means a member of the gaming commission.

27 (h) “Controlled game” or “controlled gaming” means any game of chance played for
28 currency, check, credit, or any other thing of value that is not prohibited and made unlawful by

29 chapter 271 of the General Laws, or any other general or special laws, or by local ordinance
30 except:

31 (1) The game of bingo conducted pursuant to section 7A of 271 and C.M.R. 3.00.

32 (2) Pari-mutuel wagering on horse races, whether live or simulcast, regulated by the
33 state racing commission.

34 (3) Any lottery game conducted by the state lottery commission, in accordance with
35 chapters 10 and 24 of the General Laws.

36 (4) Games played with cards in private homes or residences in which no person
37 makes money for operating the game, except as a player.

38 (i) “Date of Commencement” means the date when the racing meeting licensee chooses to
39 begin operations of electronic gaming devices, as declared in the letter of intent sent to the
40 secretary of administration and finance.

41 (j) “Electronic Gaming Device” means any mechanical, electrical or other device,
42 contrivance or machine, including any so-called slot-machine, video wagering terminal, video
43 lottery terminal or video poker machine, which, upon insertion of a coin, token or similar object,
44 or upon payment of any consideration, is available to play or operate, the play or operation of
45 which, whether by reason of the skill of the operator in playing a gambling game which is
46 presented for play by the machine or application of the element of chance, or both, may deliver
47 or entitle the person playing or operating the machine to receive cash, premiums, merchandise,
48 tokens or any thing of value, whether the payoff is made automatically from the machine or in
49 any other manner.

50 (k) “Establishment” means any building, room, place or other indoor or outdoor premises
51 where any controlled gaming occurs, including all public and non-public areas of any such
52 establishment.

53 (l) “Executive Director” the executive director of the gaming oversight bureau.

54 (m) “Game” and “gambling game” mean any game approved by the commission and played
55 with equipment or any mechanical, electro-mechanical or electronic device or machine,
56 including a slot machine, so-called, for money, property, checks, credit or any representative of
57 value, but does not include games played with cards in private homes or residences in which no
58 person makes money for operating the game, except as a player, or games defined within chapter
59 10 or chapter 271 of the General Laws.

60 (n) “Gaming”, “gambling” and “gaming operations” mean to deal, operate, carry on,
61 conduct, maintain or expose for play any games as defined in this section.

62 (o) “Gaming device” means any equipment or mechanical, electro-mechanical or electronic
63 contrivance, component or machine used remotely or directly in connection with gaming or any
64 game which affects the result of a wager by determining win or loss.

65 (p) “Gaming employee” means any person employed in a properly licensed gaming facility
66 connected directly with the operation of the gaming including, without limitation, boxmen;
67 dealers or croupiers; floormen; machine mechanics; security employees; count room personnel;
68 cage personnel; slot machine and slot booth personnel; collection personnel; surveillance
69 personnel and data processing personnel; or, any other person whose employment duties
70 predominantly involves the maintenance or operation of gaming activity or equipment and assets

71 associated therewith or who, in the judgment of the commission, is so regularly required to work
72 in a restricted area that licensure as a gaming employee is appropriate.

73 The term “gaming employee” does not include any person employed in a properly
74 licensed gaming facility whose duties do not involve gaming activities including without
75 limitation bartenders, cocktail servers, food preparation and service personnel, hotel personnel,
76 retail sales personnel, secretarial, janitorial, maintenance personnel, entertainers or other persons
77 who, in the judgment of the commission, are to be considered non-gaming employees.

78 (q) “Gaming establishment” means any establishment licensed to conduct gaming operations
79 in the commonwealth under this chapter.

80 (r) “Gaming license” or “license” means any license or work permits issued by the
81 commission under this chapter that authorizes the person named therein to engage or participate
82 in controlled gaming, including work permits and licenses issued to gaming establishments, to
83 gaming suppliers, to parties in interest to gaming schools, and to officers and directors of
84 licensed persons or entities.

85 (s) “Gaming revenue” means the wagering revenue from gaming activities retained by the
86 gaming entity after prizes or winnings have been paid to players or to pools dedicated to the
87 payment of those prizes and winnings, and prior to the payment of operating or any other
88 expenses.

89 (t) “Gaming service industry” means any form of enterprise which provides more than
90 \$100,000 per annum in goods or services regarding the realty, construction, maintenance, or
91 business of a proposed or existing gaming facility on a regular or continuing basis which directly
92 relate to gaming activities or indirectly relate to gaming operations including, without limitation,

93 junket enterprises; security businesses; manufacturers; suppliers, distributors and servers of
94 gaming devices or equipment; waste disposal companies; maintenance companies; schools
95 teaching gaming and either playing or dealing techniques; suppliers of alcoholic beverages, food
96 and nonalcoholic beverages; vending machine providers; linen suppliers; shopkeepers located
97 within the approved hotels; limousine services; and construction companies contracting with
98 gaming applicants or licensees; provided, that professional services such as accountants,
99 auditors, attorneys, and broker dealers, or other professions which are regulated by a public
100 agency, are exempt from the provisions of this subsection.

101 (u) “Holding company” means any corporation, firm, partnership, trust, or other form of
102 business organization not a natural person that, directly or indirectly, owns, has the power or
103 right to control, or holds with power to vote, all or any part of the limited partnership interests or
104 outstanding voting securities of a corporation or any other business entity that holds or applies
105 for a state gambling license. In addition, a holding company indirectly has, holds, or owns any
106 power, right or security mentioned herein if it does so through any interest in a subsidiary or
107 successive subsidiaries, however many of these subsidiaries may intervene between the holding
108 company and the corporate licensee or applicant.

109 (v) “Intermediary company” means any corporation, firm, partnership, trust, or other form of
110 business organization other than a natural person that is both of the following:

111 (1) a holding company with respect to a corporation or limited partnership that holds
112 or applies for a gaming license, and

113 (2) a subsidiary with respect to a holding company.

114 (w) “Letter of Intent” means a letter that must be submitted by each racing meeting licensee
115 to the secretary of administration and finance within 90 days of passage of this act for the
116 purposes of declaring the amount of electronic gaming devices the licensee chooses to operate,
117 not to exceed 1500, and the date when the operation of the enumerated electronic gaming devices
118 will begin.

119 (x) “License” means a gaming license, or a manufacturer’s or distributor’s license.

120 (y) “License fees” means any money required by law to be paid to obtain or renew a gaming
121 license, manufacturer’s or distributor’s license, or gaming service industries license.

122 (z) “Licensed gaming facility” means any facility wherein all gaming is sanctioned and
123 regulated by the commission and fully taxed by the commonwealth.

124 (aa) “Licensee” means any person to whom a valid gaming license, manufacturer’s or
125 distributor’s license has been issued.

126 (bb) “Manufacturer” means a person who: (1) manufactures, assembles, programs or makes
127 modifications to a gaming device or cashless wagering system; or (2) designs, controls the
128 design or assembly or maintains a copyright over the design of a mechanism, electronic circuit or
129 computer program which cannot be reasonably demonstrated to have any application other than
130 in a gaming device or in a cashless wagering system, for use or play in this state or for
131 distribution outside of this state.

132 (cc) “Manufacturer’s seller’s or distributor’s license” means a license issued pursuant to this
133 act to a manufacturer or distributor of gaming equipment.

134 (dd) “Net gaming revenue” means the total, prior to the deduction of any operating, capital or
135 other expenses whatsoever, of all gaming revenue retained by any gaming establishment licensed
136 under this chapter less gaming taxes paid pursuant to this chapter.

137 (ee) “Off-track betting facility” means the facility at which off-track wagers are accepted by
138 the licensee of an off-track betting system pursuant to the provisions of this act.

139 (ff) “Off-track betting system” means any person that is in the business of accepting wagers
140 on horse races at locations other than the place where such races are run, which business is
141 conducted pursuant to the provisions of this act.

142 (gg) “Operator” means any operator, holder, or controller of a gaming license.

143 (hh) “Party in interest” means any corporation, firm, partnership, trust, or other entity or person
144 with any direct or indirect pecuniary interest in a licensed gaming establishment, or a person who
145 owns any interest in the premises of a licensed gaming establishment, or land upon which such
146 premises is located, whether he leases the property directly or through an affiliate.

147 (ii) “Person” or “party” means a natural person, corporation, partnership, limited partnership,
148 trustee, holding company, joint venture, association, or any business entity.

149 (jj) "Racing meeting licensee" the running horse racing meeting licensee in Suffolk county, and
150 harness horse racing meeting licensee in Norfolk county, licensed by the state racing commission
151 pursuant to chapter 128 of the General Laws, as amended, to conduct parimutuel racing during
152 calendar year 2005, or their respective assigns; excluding any licensees of racing meetings held
153 or conducted in connection with a state or county fair.

154 (kk) “Request for proposals” means a written document issued by the commission to potential
155 bidders, which invites bidders to submit proposals outlining their qualifications and desire to
156 obtain a gaming license from the commission.

157 (ll) “Skimming” means the intentional excluding of or the taking of any monies, chips, or any
158 other items in an attempt to exclude any monies, chips, or any other items or their value from the
159 deposit, counting, collection, or computation of gross revenues from gaming operations or
160 activities, net gaming proceeds, or amounts due the commonwealth pursuant to this chapter.

161 (mm) “Substantial party in interest” means any person holding a greater than 5 percent direct or
162 indirect pecuniary interest, whether as owner, mortgagor or otherwise, in an operating entity,
163 premises, or any other licensee or applicant.

164 (nn) “Temporary gaming license” means a license issued by the gaming commission for an
165 establishment to conduct gaming as authorized in this chapter and which may be revoked or
166 suspended by the commission at any time.

167 (oo) “Work permit” means any card, certificate, or permit issued by the Commission
168 authorizing the holder to be employed in a licensed gaming facility.

169 Section 2. Gaming commission; composition.

170 (a) There shall be established a Massachusetts gaming commission consisting of 7 members.

171 Each member shall be a citizen of the United States and a resident of the commonwealth.

172 Pursuant to the following provisions, a person shall not be eligible for appointment to the

173 commission if he or she:

174 (1) holds elective office in state, county, or local government.

175 (2) is an officer or official of any political party.

176 (3) is a licensee or an unlicensed employee of a gaming licensee, or formerly was
177 such a licensee or unlicensed employee within the 5 years prior to an appointment to the
178 commission.

179 (4) is actively engaged or has a direct pecuniary interest in gaming activities.

180 (5) has been convicted of a felony.

181 Not more than 4 members of the commission shall be of the same major political affiliation. The
182 governor shall appoint 1 member to the commission and designate 1 member to serve as
183 chairman of the commission. The president and minority leader of the senate shall each appoint
184 1 member to the commission. The speaker and minority leader of the house of representatives
185 shall each appoint 1 member to the commission. The attorney general of the commonwealth shall
186 appoint 1 member to the commission. The treasurer of the commonwealth shall appoint 1
187 member to the commission.

188 (b) Of the members initially appointed, the member appointed by the governor shall serve for
189 an initial term of 5 years, the member appointed by treasurer shall serve for an initial term of 5
190 years, the member appointed by the attorney general shall serve for an initial term of 5 years, the
191 member appointed by the president of the senate shall serve for an initial term of 4 years, the
192 member appointed by the speaker of the house shall serve for an initial term of 4 years, the
193 member appointed by the minority leader of the senate shall serve for an initial term of 3 years
194 and the member appointed by the minority leader of the house shall serve for an initial term of 3
195 years. After the initial term, the term of office for every member of the commission shall be 5
196 years; provided, that no member may serve more than 2 consecutive 5-year terms. Any

197 vacancies shall be filled by the original appointing authority within 60 days of the occurrence of
198 such vacancy. Any appointee shall continue in office beyond the expiration date of his term until
199 the appointment of a successor but in no event longer than 6 months. Any commissioner may be
200 removed by his appointing authority for just cause. For purposes of this paragraph, "just cause"
201 shall mean misconduct, incompetence, neglect of duty, maladministration of any act or omission
202 that impairs the ability of the commission to perform its responsibilities. The governor shall
203 immediately remove any commissioner if he, after being appointed, violates or acts contrary to
204 the eligibility requirements established in subsection (a) of this section.

205 (c) The commission members shall devote time and attention to the business of the
206 commission as is necessary to discharge their duties; provided, however, that the chairman shall
207 devote his or her full time during normal business hours to the business of the commission. The
208 members of the commission shall be compensated for work performed for the commission at the
209 rate of \$50,000 per annum, with the chairman receiving \$25,000 per annum in additional
210 compensation. Commission members shall be reimbursed for travel and other expenses
211 necessarily incurred in the performance of official duties. Before entering upon the duties of the
212 office, each member shall swear that he does not have a pecuniary interest in any business or
213 organization holding a gaming license under this chapter, or doing business with any gaming
214 service industry, as defined by this chapter and shall submit to the governor and state ethics
215 commission a statement of financial interest, required by chapter 268B of the general laws,
216 listing all assets and liabilities, property and business interests, and sources of income of said
217 commissioner and his spouse. Such statement shall be under oath and shall be filed at the time
218 of employment and annually thereafter. No commission member shall have any interest, direct

219 or indirect, in any applicant or in any person licensed by or registered with the commission
220 during his term of office.

221 Section 3. Gaming Commission; Powers and Duties.

222 (a) The commission shall have general responsibility for the implementation of this chapter,
223 as hereinafter provided, and the continued oversight of gaming in the commonwealth; including,
224 the right to hear and decide promptly and in reasonable order all license, registration, certificate,
225 and permit applications and causes affecting the granting, suspension, revocation, or renewal
226 thereof; to conduct all hearings pertaining to civil violations of this act or regulation promulgated
227 hereunder; to promulgate and implement, pursuant to sections 2 and 3 of chapter 30A of the
228 general laws, rules and regulations for the implementation of this chapter; gaming investigations
229 both civil and criminal; the testing and inspection of gambling equipment; the licensing of
230 corporations, limited partnerships, holding companies and intermediary companies; to collect all
231 license and registration fees, taxes, and penalties imposed by this chapter and the regulations
232 issued pursuant hereto; to be present with its inspectors and agents at all times during the
233 operation of any licensed gaming facility for the purpose of certifying the revenue thereof;
234 receiving complaints from the public; and to review and rule upon any complaint by a licensed
235 gaming facility licensee regarding any investigative procedures of the bureau which are
236 unnecessarily disruptive to licensed gaming facility operations; and the execution of any other
237 powers or requirements set forth in this chapter. The need to inspect and/or investigate a
238 licensed gaming facility shall be presumed at all times.

239 (b) The commission shall issue an annual report of its activities to the governor and the
240 general court no later than July 31st. The report shall be made available for public inspection on

241 the world wide web no later than the date of issuance and shall include, but not be limited to, a
242 detailed explanation of all revenues received by the commonwealth from gaming entities, as
243 promulgated by this chapter.

244 (c) Except as otherwise provided herein, meetings of the commission shall be subject to the
245 provisions of section 11A and 11A 1/2 of chapter 30A of the general laws. Regular and special
246 meetings of the commission may be held, at the discretion of the majority of the commission or
247 the chairman, at such times and places as it may deem convenient. A majority of the
248 membership of the commission shall constitute a quorum of the commission. A public record of
249 every vote shall be maintained at the commission's general office. The commission may
250 maintain any other files and records, as it deems appropriate.

251 (d) The commission shall conduct hearings in accordance with the provisions of chapter
252 30A. The commission may issue subpoenas for the attendance of witnesses or the production of
253 any records, books, memoranda, documents, or other papers, or things, at or prior to any hearing
254 as is necessary to enable the commission to discharge its duties, and may administer oaths or
255 affirmations as necessary in connection therewith. The commission may petition the superior
256 court for an order requiring compliance with any subpoena so issued.

257 (e) The commission may retain legal, investigative, clerical and other assistance as may be
258 necessary to accomplish its duties.

259 (f) The commission may require any person to apply for a license as provided in this chapter
260 and approve or disapprove any such application or other transactions, events, and processes as
261 provided in this chapter. Any application to receive any license under this chapter shall
262 constitute a request for a determination of the applicant's general character, integrity, and ability

263 to participate or engage in, or be associated with, gaming. Such determination may include a
264 review of the applicant's associations, criminal history record, business activities, and financial
265 affairs, past or present.

266 (g) The commission shall determine the manner and procedure of all hearings conducted by
267 the gaming oversight bureau, as defined by this chapter, or commission or any hearing examiner
268 of the bureau or commission, including special rules of evidence applicable thereto and notices
269 thereof. The commission shall establish a code of conduct for employees of the bureau.

270 (h) The commission may grant or deny any application for a license or approval; may limit,
271 condition, restrict, suspend, or revoke any license or approval for any cause deemed reasonable
272 by commission, consistent with this chapter or any general or special law. The commission may,
273 in its discretion, issue a probationary gaming license. No gaming license may be assigned either
274 in whole or in part.

275 (i) As provided in commission regulations, the commission may impose a fine or penalty or
276 interest on such fine or penalty, upon any gaming licensee, for violation of this chapter. The
277 commission may approve or disapprove transactions and events as provided in this chapter, take
278 actions reasonably designed to ensure that no unsuitable persons are associated with controlled
279 gaming, and take actions reasonably designed to ensure that gaming activities take place only on
280 suitable premises in an appropriate manner.

281 (j) The commission shall, pursuant to sections 2 and 3 of chapter 30A of the general laws,
282 promulgate regulations necessary to carry out the powers and the provisions of this chapter, and
283 specifically shall promulgate regulations as to the following matters:

284 (1) the licensing of gaming establishments, including regulations relating to the types
285 of establishments, application process and costs, background checks, license fees, bonding
286 requirements, and revocation and suspension of licenses;

287 (2) the licensing of gaming suppliers, including regulations relating to the application
288 process and costs, background checks, license fees, bonding requirements, and revocations and
289 suspension of licenses;

290 (3) the licensing of parties in interest, including regulations relating to the application
291 process and costs, background checks, license fees, bonding requirements, and revocation and
292 suspension of licenses;

293 (4) the issuance of one or more classes of work permits for employment of persons in
294 licensed gambling facilities, including regulations relating to the application process and costs,
295 background checks, fees, and revocation and suspension of work permits;

296 (5) the licensing of gaming schools, if any such school is established in the commonwealth,
297 including regulations relating to the application process and costs, background checks, license
298 fees, and revocation and suspension of licenses;

299 (6) the licensing of all officers and directors of any entity which holds or applies for a
300 license under this chapter, including regulations relating to the application process and costs,
301 background checks, licensee fees, and revocation and suspension of licenses; and regulations
302 requiring that, if in the judgment of the commission the public interest will be served by
303 requiring any of the individual stockholders, executives, agents or other employees of any entity
304 which holds or applies for a license under this chapter to be licensed, such individuals apply for a
305 license under this paragraph;

306 (7) the monitoring of licensees to ensure compliance with this chapter and the
307 regulations promulgated thereunder;

308 (8) the presentation and/or display of all licenses and work permits;

309 (9) the registration of non-gaming suppliers;

310 (10) the method for collecting any fines, fees, penalties and interest imposed by the
311 commission;

312 (11) the method and standards of operation of licensed gaming establishments
313 including, but not limited to, games, the type and manner of gaming, wagering limitations, odds,
314 and hours of operation; provided, however, the commission shall not restrict the number of hours
315 of operation of any licensed gaming establishment to fewer hours than those of any competing
316 gaming facilities with controlled gaming;

317 (12) the manufacturing, distribution, sale, testing, servicing, and inspection of gaming
318 equipment, including requirements for the identification and licensing of the same;

319 (13) any limitations on mortgage security interests and agreements relating to the
320 property of licensed gaming establishments;

321 (14) any limitations on transfers of interests in licenses;

322 (15) advertising by licensed gaming establishments; provided, however, that licensees
323 shall have the right to conduct reasonable advertising consistent with that of competing gaming
324 facilities;

325 (16) the manner in which winnings, compensation from games and gaming devices,
326 and gross revenues must be compiled and reported by licensees; provided, further, that electronic
327 gaming devices shall return as winnings a minimum of 85 percent of all sums wagered.

328 (17) standards for protection of the health, safety, and security of the public at licensed
329 gaming establishments;

330 (18) the minimum procedures to be adopted by each licensed gaming establishment to
331 exercise effective supervisory and management control over its fiscal affairs, including the
332 requirement of an annual audit undertaken in accordance with generally accepted accounting
333 principles, and the requirement that quarterly reports be provided by licensed gaming
334 establishments to the commission no more than 30 days after the close of each quarter;

335 (19) the persons to be excluded or ejected from licensed gaming establishments, the
336 type of conduct prohibited, and age restrictions; provided, the minimum age to enter a gaming
337 facility is not less than 21 years.

338 (20) the distribution of funds for the treatment of compulsive behavior.

339 (k) In emergencies, the commission may, without complying with sections 2 or 3 of chapter
340 30A of the general laws, summarily adopt, amend, or repeal any regulation, if, at the time, the
341 commission makes a finding that such action is necessary for the preservation of the public
342 peace, health, safety, morals, good order, or general welfare, together with a statement of the
343 facts constituting the emergency; provided, however, that all such emergency actions shall expire
344 after 90 days.

345 (l) Each operating license shall be issued for an initial term of 1 year, and may be renewed at
346 the discretion of the commission for a term not to exceed 5 years.

347 (m) Any failure of a licensee to comply with this chapter or any regulation of the commission
348 or the bureau may, at the discretion of the commission, result in the immediate suspension or
349 revocation of the license. The commission may also impose a civil fine of not more than
350 \$50,000 upon any person licensed, registered, or otherwise approved under this chapter, for any
351 violation of this chapter or of any general or special law related to gaming.

352 (n) A gaming establishment license issued pursuant to this chapter must be posted by the
353 licensee and kept posted at all times in a conspicuous place in the area where gaming is
354 conducted in the establishment for which the license is issued until it is replaced by a succeeding
355 license.

356 (o) Any person who has had his application for a license denied or revoked, or is otherwise
357 not in compliance with any restrictions hereunder, shall not retain his interest in the premises or
358 any entity seeking or holding a license under this chapter beyond that period prescribed by the
359 commission; and shall not accept more for his interest than he paid for it or the market value on
360 the date of the denial or revocation of the license or occurrence of non-compliance (not including
361 the prospective value of said license), whatever is higher.

362 (p) The voluntary surrender of a license by a licensee does not become effective until
363 accepted in a manner to be provided in the regulations of the commission. The surrender of a
364 license does not relieve the former licensee of any fees, penalties, fines, taxes or interest due.

365 (q) No person shall pledge or transfer a direct or indirect pecuniary interest in a licensed
366 operating entity or premises, or enter into an option contract or other agreement providing for

367 such transfer in the future, without having notified the commission. No person shall transfer a
368 greater than five percent (5%) direct or indirect pecuniary interest in a licensed operating entity
369 or premises without the issuance by the commission to the transferee of an operating license or
370 an affirmative statement that the transferee has met the operating license standards, as the
371 commission may require.

372 (r) The commission shall monitor the conduct of all licensees and other persons having a
373 material involvement, directly or indirectly, with a licensee for the purpose of ensuring that
374 licenses are not issued to, or held by, unqualified, disqualified, or unsuitable persons and there is
375 no direct or indirect material involvement with such a person by a licensee.

376 (s) No commission member or person employed by the commission shall solicit or accept
377 employment from a licensee, or represent any person or party other than the commonwealth
378 before or against the commission for a period of 5 years from the termination of his office or
379 employment with the commission.

380 (t) The commission may investigate fraud, deceit, misrepresentation or violations by any
381 licensee under this chapter, or the occurrence of any such activity within or involving any
382 licensee. If the commission has reasonable basis to believe that any licensee has been or is
383 engaged in criminal behavior or that criminal activity is occurring within or involving any
384 licensed gaming establishment, the commission shall report the same to the district attorney of
385 the county within which the gaming establishment is located and make available to the district
386 attorney all relevant information on such activity. The commission shall apply to the department
387 of public safety for the assignment of a complement of police officers to the commission on a
388 regular basis and the department shall assign a complement to the commission. The commission

389 shall assign such police officers to guard and protect the lives and safety of the public and
390 property at any such gaming establishment, and to perform any other duties which may be
391 required by the commission in order to maintain a fair and honest gaming establishment. The
392 police officers so assigned shall, except in the case of an emergency, while on duty at any such
393 establishment be subject to the operational authority of the commission; provided, however, that
394 such assignment or reassignment shall not in any way impair any rights to which any officer may
395 be entitled. The commission shall, from the gaming oversight fund, pay to the department of
396 public safety the cost of the salaries of the police officers so assigned from funds appropriated to
397 the commission. All assignment and reassignments to the commission, except when the
398 commissioner of public safety shall determine an emergency exists, shall be subject to the
399 approval of the commission. Nothing herein shall prevent licensees from hiring the state police,
400 if they have jurisdiction in the area where gaming establishment is located, or the police
401 department of a city or town wherein the gaming establishment is located, in order to furnish a
402 police detail for safety or traffic purposes at any gaming establishment authorized by this
403 chapter. The total cost for any such police detail shall be a sum equal to the wages payable to the
404 police officers comprising such detail for their work, plus a sum to cover the administrative
405 expenses incurred by the department of each police officer.

406 (u) The commission shall carryout any obligations or responsibilities required in any
407 established gaming compact entered into between the commonwealth of Massachusetts and a
408 federally recognized Native American tribe.

409 (v) The commission, as it deems appropriate, may ask a district attorney to file a civil lawsuit
410 to restrain a violation of this chapter or enforce any provision thereof. An action brought against

411 a person pursuant to this chapter does not preclude any other criminal or civil proceeding as
412 authorized by law.

413 (w) No official, member, employee, or agent of the commission, having obtained access to
414 confidential records or information in the performance of the duties pursuant to this chapter,
415 unless otherwise provided by law, shall knowingly disclose or furnish the records or information,
416 or any part thereof, to any person who is not authorized by law to receive or learn of such
417 information. A violation of this provision shall be punishable by a fine of not more than \$10,000
418 or by imprisonment in the house of corrections for not more than 1 year, or by both.

419 Section 4. Gaming oversight bureau; composition, powers and duties.

420 (a) There shall be established a gaming oversight bureau within the executive office of
421 administration and finance.

422 (b) The secretary of administration and finance shall appoint the executive director of the
423 bureau for a term of 5 years. The executive director shall not serve more than 2 consecutive
424 terms. The executive director shall employ such professional, technical, and clerical assistants
425 and employees as necessary, subject to appropriation. The department of public safety and
426 division of state police shall assign to the bureau such full and adequate numbers of investigators
427 as the executive director shall reasonably require to carry out the purposes of this chapter.

428 (c) The powers and duties of the bureau shall include, but not be limited to, the following:

429 (1) To visit, investigate, and place accountants, technicians, and any other personnel,
430 without prior notice or approval of any party as it may deem necessary, in the office, gaming
431 area, or other place of business of any licensee under this chapter;

432 (2) To require that the books and financial or other records or statements of any
433 licensee be kept in a manner that the commission or the bureau deems proper;

434 (3) To visit, inspect, and examine without prior notice or approval of any party, all
435 premises where gaming equipment is manufactured, sold or distributed;

436 (4) To inspect and test without prior notice or approval of any party, all equipment
437 and supplies in any licensed gaming establishment or in any premises where gaming equipment
438 is manufactured, sold or distributed;

439 (5) To summarily seize, remove, and impound any shipment, supplies, documents, or
440 records from any licensed gaming establishment for the purpose of examination and inspection;

441 (6) To have access to, and inspect, examine, photocopy, and audit all relevant and
442 material papers, books, and records of an applicant for, or person holding, a license for a gaming
443 establishment under this chapter, on such applicant's or licensee's premises or elsewhere, as
444 practicable, in the presence of the applicant or licensee or his or her agent, and require
445 verification of income, and all other matters affecting the enforcement of this chapter;

446 (7) To have access to and inspect, examine, photocopy, and audit all relevant and
447 material papers, books, and records of any affiliate of a licensed gaming establishment that the
448 bureau knows or reasonably suspects is involved in the financing, operation, or management of
449 any entity licensed pursuant to this chapter, either on the affiliate's premises or elsewhere, as
450 practicable, in the presence of the affiliate or any agent thereof; and,

451 (8) To refer any suspected criminal violation of this chapter to any appropriate law
452 enforcement agency; provided, however, that nothing in this section shall be deemed to limit the
453 investigatory and prosecutorial powers of other state and local officials and agencies;

454 (9) To enforce any other laws, as applicable, in order to effectuate this chapter.

455 (d) The bureau shall investigate the qualifications of each applicant under this chapter and
456 make a recommendation to the commission before any license is issued. The bureau shall also
457 continue to monitor the conduct of all licensees and other persons having a material involvement,
458 directly or indirectly, with a licensee for the purpose of ensuring that licenses are not issued to,
459 or held by, and there is no direct or indirect material involvement with a licensee by unqualified,
460 disqualified, or unsuitable persons, or persons whose operations are conducted in unsuitable
461 manner or in unsuitable or prohibited places, as provided in the regulations of the commission or
462 the bureau.

463 (e) The bureau may recommend to the commission the denial of any application, the
464 limitation, conditioning, restriction, suspension, or revocation of any license or approval, or the
465 imposition of any fine or penalty upon any licensee.

466 (f) The bureau shall maintain a file of applications for licenses under this chapter, together
467 with a record of all action taken by the commission on those applications. Such applications
468 shall be open to public inspection. The bureau may maintain any other files and records as it
469 deems appropriate.

470 (g) Each employee of the bureau shall file with the executive director and the state ethics
471 commission a statement of financial interest as defined in chapter 268B. Such statement shall be

472 under oath and shall be filed at the time of employment and annually thereafter, as required by
473 the state ethics commission.

474 (h) No employee of the bureau shall be permitted to place a wager in any establishment
475 licensed by the commission except in the course of his duties.

476 (i) No person employed by the bureau shall solicit or accept employment from a licensee, or
477 represent any person or party other than the commonwealth before or against the bureau or the
478 commission, for a period of 5 years from the termination of his office or employment with the
479 bureau.

480 (j) The bureau may investigate fraud, deceit, misrepresentation or violations of this chapter
481 by any person licensed hereunder or the occurrence of any such activity within or involving any
482 licensed gaming establishment. If the bureau has reasonable basis to believe that any licensee
483 has been or is engaged in criminal behavior or that criminal activity is occurring within or
484 involving any licensed gaming establishment, the bureau shall report the same to the district
485 attorney of the county within which the licensed gaming establishment is located and make
486 available to the district attorney all relevant information on such activity.

487 (k) The bureau, as it deems appropriate, may ask said district attorney to file a civil lawsuit to
488 restrain a violation of this chapter or enforce any provision thereof. An action brought against a
489 person pursuant to this chapter shall not preclude any other criminal or civil proceeding as may
490 be authorized by law.

491 (l) The bureau shall make a continuous study and investigation of gaming throughout the
492 commonwealth in order to ascertain the adequacy and effectiveness of state gaming law or
493 regulations and may formulate recommendations for changes in such laws and regulations. The

494 bureau shall make a continuous study and investigation of the operation and administration of
495 similar laws in other states or countries, of any literature or reports on the subject, of any federal
496 laws which may affect the operation of gaming in the commonwealth, all with intent to
497 recommend or effect changes that will better serve and implement the purposes of this chapter.

498 (m) The bureau shall submit an annual report to the governor and the general court no later
499 than July 31st. The report shall detail, for the preceding 12 month period, the gross revenue, net
500 revenue, and average depreciation of each licensee; the number of persons employed by each
501 licensee; and the assessed valuation of each Massachusetts gaming facility as listed on the
502 assessment rolls. The findings of this report shall be published in conjunction with the annual
503 report of the gaming commission pursuant to section 3 of this chapter. The report shall be made
504 available for public inspection on the world wide web.

505 (n) The bureau shall carryout any obligations or responsibilities required in an established
506 gaming compact entered into between the commonwealth of Massachusetts and a federally
507 recognized Native American tribe.

508 (o) No official, member, employee, or agent of the bureau, having obtained access to
509 confidential records or information in the performance of the duties pursuant to this chapter,
510 unless otherwise provided by law, shall knowingly disclose or furnish the records or information,
511 or any part thereof, to any person who is not authorized by law to receive or learn of such
512 information. A violation of this provision shall be punishable by a fine of not more than \$10,000
513 or by imprisonment in the house of corrections for not more than 1 year, or by both.

514 (p) The executive director of the bureau may recommend that the commission initiate
515 proceedings or actions appropriate to enforce this chapter and the regulations promulgated
516 thereunder.

517 Section 5. Records of proceedings.

518 (a) The commission shall cause to be made and kept a record of all proceedings at regular
519 and special meetings of the commission. These records shall be open to public inspection,
520 except those portions declared by law to be confidential.

521 (b) Notwithstanding any other general or special law to the contrary all files, records, reports,
522 and other information in possession of any state or local government agency, including tax
523 filings and related information, that are relevant to an investigation by the bureau conducted
524 pursuant to this act shall be made available to the bureau as requested. However, any tax or
525 financial information received from a government agency shall be used solely for effectuating
526 the purposes of this act. To the extent that these files, records, reports, or information are
527 confidential or otherwise privileged from disclosure under any law they shall not lose that
528 confidential or privileged status for having been disclosed to the bureau.

529 (1) The commission and the bureau shall not release or disclose any privileged
530 information, documents or communications provided by an applicant or licensee without the
531 prior written consent of the applicant or licensee or pursuant to a lawful court order after timely
532 notice of the proceedings has been given to the applicant or licensee.

533 (2) The commission and the bureau shall maintain all privileged information,
534 documents and communications in a secure place accessible only to members of the commission
535 and the executive director, and employees of the commission.

536 (3) The commission and the bureau shall adopt procedures and regulations to protect
537 the privileged nature of information, documents and communications provided by an applicant or
538 licensee.

539 Section 6. Issuance of gaming licenses

540 (a) Notwithstanding the provisions of chapters 137 and 271 of the General Laws, or any
541 general or special law to the contrary, each racing meeting licensee existing on April 1, 2005,
542 which runs a full schedule of live races as defined in section 2 of chapter 128C, is eligible to
543 receive a temporary gaming license, subject to the application and licensing requirements and all
544 other applicable provisions of this chapter, to operate no more than 1500 electronic gaming
545 devices; provided, that such electronic gaming devices shall only function on the existing facility
546 operated by the racing meeting licensee prior to April 1, 2005. The racing meeting licensee shall
547 not operate any additional games other than those allowable by law for holders of a racing
548 meeting license, pursuant to chapters 128A and 128C of the General Laws. Nothing in this
549 section shall be construed to permit a racing meeting licensee to operate games other than
550 electronic gaming devices. Each racing meeting licensee must adhere to and comply with the
551 following provisions:

552 (1) Upon passage of this chapter, each racing meeting licensee must submit a letter of
553 intent with the secretary of administration and finance to declare the number of electronic
554 gaming devices the licensee chooses to operate, not to exceed 1500, and the date of
555 commencement at which time the operation of said number of electronic gaming devices shall
556 begin; provided, the date of commencement must be within 180 days of the submission of the
557 letter of intent, otherwise the licensee shall forfeit all privileges granted by this chapter and,

558 therefore, an additional license to operate electronic gaming devices may be auctioned by the
559 commonwealth in accordance with subsection (b) of this section. Furthermore, the letter of
560 intent must be submitted to the secretary within 90 days of the passage of this chapter; however,
561 if a racing meeting licensee fails to submit a letter of intent within 90 days, the licensee shall
562 forfeit all privileges granted by this chapter and, therefore, an additional license to operate
563 electronic gaming devices may be auctioned by the commonwealth in accordance with
564 subsection (b) of this section.

565 (2) Two years after the date of commencement, each racing meeting licensee shall
566 pay to the commonwealth of Massachusetts an amount of seventeen and one half of one percent
567 (17.5%) of the maximum annual gaming revenue derived from all electronic gaming devices;
568 provided, the maximum annual gaming revenue shall be calculated by multiplying the daily
569 gaming revenue of the most profitable electronic gaming device by 365 (the number of days in a
570 year), multiplied by the number of electronic gaming devices enumerated in the original letter of
571 intent submitted to the secretary of administration and finance; provided, for the purposes of this
572 calculation, the daily gaming revenue of the most profitable electronic gaming device shall not
573 be less than \$300. Should the racing meeting licensee fail to make such payment as and when
574 due, any amounts then owing shall constitute a lien running in favor of the commonwealth and
575 relating back to the date of commencement.

576 (3) Upon receipt of the payment pursuant to subsection (a) (2), the commission shall
577 grant the racing meeting licensee a permanent gaming license to be approved and used in
578 accordance with the provisions of this chapter; provided, that the gaming license is only valid for
579 the operation of the total number of electronic gaming devices enumerated in the original letter

580 of intent submitted to the secretary of administration and finance, pursuant to subsection (a) (1).
581 This gaming license shall never be pledged, sold or transferred in any way, whatsoever.

582 (4) If, at anytime, a racing meeting licensee would like to operate more electronic
583 gaming devices, not to exceed a total of 1500 but more than the amount enumerated in the
584 original letter of intent submitted to the secretary of administration and finance, pursuant to
585 subsection (a) (1), then the licensee must file a petition with the commission and indicate the
586 additional number of electronic gaming devices it desires to operate. The commission shall only
587 allow the licensee to increase the number of operable electronic gaming devices if a payment is
588 submitted to the commonwealth of Massachusetts for the additional number of electronic gaming
589 devices in accordance with subsection (a) (2); provided, said payment must be made before the
590 operation of any additional electronic gaming devices.

591 (b) Notwithstanding the provisions of chapters 137 and 271 of the General Laws, or any
592 general or special law to the contrary, the commission shall issue 2 licenses, each for the
593 operation of not more than 1500 electronic gaming devices, from among all persons or entities
594 seeking to be a licensed operator in the commonwealth of Massachusetts; provided, 1 license
595 shall only be issued in either Berkshire county, Franklin county, Hampden county or Hampshire
596 county, and 1 license shall only be issued in Worcester county. In the event a racing meeting
597 licensee chooses not to obtain, or is not granted a license, then the commission shall issue an
598 additional license for the operation of electronic gaming devices in any county other than those
599 aforementioned. The commission shall submit to each applicant a request for proposal, which
600 shall be designed to maximize the initial revenue potential for the state. Those applicants
601 offering the highest bid in order to maximize the initial revenue potential for the state shall be
602 selected; provided, they comply with the licensing provisions of this chapter; and provided

603 further, that the commission determines there is a suitable location for a facility under this
604 section; provided however, that any federally recognized Native American tribe authorized
605 pursuant to the Indian Gaming Regulatory Act, 29 U.S.C. sections 2701 to 2721, shall have the
606 right of first refusal to negotiate with the commission to be licensed under this paragraph;
607 provided that said tribe agrees as part of the agreement to be a commercial operator and
608 commercial business subject to the laws and regulations of the commonwealth and its political
609 subdivisions, pay a fee as negotiated between the commission and the Native American tribe,
610 meet the requirements of the commission and of this chapter to be a licensee, forfeit any rights it
611 may have under the Indian Gaming Regulatory Act, pursuant to 29 U.S.C. 2710 to 2719, and be
612 subject to the rights and obligations as citizens of the commonwealth; provided further, that the
613 commission shall require the tribe to submit a completed application within sixty (60) days.
614 Should the Native American tribe fail to meet the requirements for a license, fail to ratify an
615 agreement with the commission, choose not to negotiate with the commission, or not submit an
616 application with sixty (60) days under this paragraph, then all agreements negotiated with the
617 commission shall be void; provided however, failure to negotiate an agreement with the
618 commission shall not preclude the Native American tribe from submitting an application for a
619 license, but as part of the Native American tribe's application it must agree to forfeit any rights it
620 may have under the Indian Gaming Regulatory Act, pursuant to 29 U.S.C. 2710 to 2719, and be
621 subject to the rights and obligations as citizens of the commonwealth. No single gaming entity,
622 including its shareholders, shall have more than one gaming license.

623 (c) No gaming license may be issued for operation in a community or communities without
624 the approval of the voters of said community or communities by way of referendum held after
625 April 1, 2005. Furthermore, no gaming license may be issued for operation in a community or

626 communities without the approval of a majority of the aggregate number of voters in all
627 contiguous communities to the proposed site of operation. Therefore, all affected communities
628 must host an election within 120 days of the submission of an eligible application to the
629 commission; provided the secretary of commonwealth shall certify the cost of the election
630 incurred by each community and the applicant shall reimburse the cost to each community within
631 60 days of the receipt of certification by the secretary of the commonwealth. This section shall
632 not apply to racing meeting licensees existing on April 1, 2005.

633 Section 7. License approval.

634 (a) The commission and the bureau shall investigate the qualifications of each applicant
635 under this act before any license is issued or any registration, finding of suitability or approval of
636 acts or transactions for which commission approval is required or permission is granted, and
637 shall continue to monitor the conduct of all licensees and registrants and other persons having a
638 material involvement, directly or indirectly with a licensed gaming facility or holding company
639 to ensure that licenses are not issued or held by, nor is there any material involvement directly or
640 indirectly with a licensed gaming facility or holding company by unqualified, disqualified or
641 unsuitable persons, or persons whose operations are conducted in an unsuitable manner or in
642 unsuitable or prohibited places or locations, as provided in commission regulations. All
643 expenses associated with the licensing of any applicant shall be borne by the applicant. Pursuant
644 to its regulations, the commission shall require each applicant for a gambling license to deposit
645 with the commission, together with the application therefore, an application fee. Such fee shall
646 constitute the anticipated costs and charges incurred in the investigation and processing of the
647 application, and any additional sums as are required by the commission to pay final costs and
648 charges.

649 (b) The commission and the bureau may require a finding of suitability for the licensing of
650 any person who owns any interest in the premises of a licensed establishment; owns any interest
651 in real property used by a licensed establishment whether he leases the property directly to the
652 licensee or through an intermediary; repairs, rebuilds or modifies any gaming device;
653 manufactures or distributes chips or gaming tokens for use in this state.

654 (c) The commission and the bureau may require a finding of suitability or the licensing of
655 any person who furnishes services or property to a state gaming licensee under any arrangement
656 pursuant to which the person receives payments based on earnings, profits or receipts from
657 gaming.

658 (d) No person shall operate a gaming establishment without first having obtained all
659 necessary operating licenses from the commission. There shall be a single licensed operator for
660 each gaming establishment. The licensing standards must be met at all times by each officer,
661 director, partner, and trustee of the operating entity, by each substantial party in interest of the
662 operating entity or of the premises on which such establishment is located, and by such other
663 party in interest of the operating entity, the premises, or any holding company or intermediary
664 company of the operating entity or the premises as the commission may require. In no event
665 shall the commission permit a person or entity previously convicted of a felony to be a party in
666 interest of the operating entity or of the premises or of any holding or intermediary company of
667 the operating entity or the premises. A separate license shall be required for any person
668 described above, unless the commission specifically determines otherwise.

669 (e) Each gaming operator license approved by the commission pursuant to subsections (a),
670 (b) and (c) of this section shall be issued for an initial term of 1 year, and may be renewed at the

671 discretion of the commission for a term not to exceed 5 years, unless the commission
672 demonstrates that the operator is no longer qualified to hold a gaming license pursuant to the
673 criteria set forth herein.

674 (f) Each license approved by the commission shall be awarded as the result of an application
675 process to be designed and established by said commission. A person may apply to be a licensed
676 gaming operator by filing an application with the commission, in the form and with such
677 accompanying application fees as the commission may establish. Information on the application
678 will be used as the basis for a thorough background investigation which the bureau shall conduct
679 with respect to each applicant. Each application shall disclose the identity of each party in
680 interest, each holding company and intermediary company, and each affiliate of the operating
681 entity. The application shall disclose, in the case of a privately held corporation, the names and
682 addresses of all directors, officers, and stockholders; in the case of a publicly traded corporation,
683 the names and addresses of all directors, officers, and persons holding at least 1 percent of the
684 total capital stock issued and outstanding; in the case of a partnership, the names and addresses
685 of all partners, both general and limited; and in the case of a trust, the names and addresses of all
686 trustees and beneficiaries. Persons applying for gaming operator licenses shall be required to
687 define the number of full-time equivalent employees that the project will produce, and the
688 project's non-gaming economic development potential.

689 (g) Each operating entity shall identify, in its application, the premises where it proposes to
690 conduct its gaming operations and demonstrate that the operating entity owns or has legal control
691 of the premises where it proposes to conduct its gaming operations. The application shall contain
692 such information regarding the physical location and condition of the premises and the potential
693 impact of the proposed gaming operations upon adjacent properties and the municipality and

694 region within which the premises are located, as the commission may require. The application
695 shall disclose the identity of all parties in interest regarding the premises; and provided, further,
696 except as otherwise permitted herein, no person other than a licensee hereunder shall have any
697 right to or interest in net gaming revenue or adjusted net gaming revenue in the form of a
698 percentage of any sums payable hereunder. An operating entity may also identify temporary
699 premises in its application where an applicant may be permitted to operate a temporary facility
700 for a period of no longer than 24 months during construction of its permanent gaming facility.

701 Section 8. License requirements.

702 (a) The commission shall require that each licensed operator utilize resources, goods and services
703 of the commonwealth of Massachusetts to the reasonable extent practical in the operation of the
704 licensed gaming facility.

705 (b) The commission shall require that each licensed operator make reasonable effort to
706 ensure that a substantial number of their employees are residents of the commonwealth.

707 (c) No licensed operator shall obtain any gaming equipment from a person who does not
708 hold a license. No licensed operator shall enter into any agreement for the receipt of goods or
709 services, of any form and in any amount, from a person who does not hold a license, when a
710 license is required for such agreement under this act or under regulations promulgated by the
711 commission or bureau.

712 (d) No licensed operator shall employ any person in a gaming establishment who does not
713 hold a work permit, when a work permit is required for such position under regulations
714 promulgated by the commission or bureau.

715 (e) Any person who the commission determines is qualified to receive a license or be found
716 suitable under the provisions of this act, may be issued a state gaming license or found suitable,
717 as appropriate. The burden of proving his qualification to receive any license or be found
718 suitable is on the applicant. A license to operate a gaming establishment shall not be granted
719 unless the applicant has satisfied the commission that he or she has adequate business probity,
720 competence and experience, in gaming; and the proposed financing of the entire operation is
721 adequate for the nature of the proposed operation; and, from a suitable source. An application to
722 receive a license or be found suitable constitutes a request for a determination of the applicant's
723 general character, integrity, and ability to participate or engage in, or be associated with gaming,
724 as appropriate. The commission may limit the license or place such conditions thereon, as it may
725 deem necessary in the public interest. The commission may, if it considers necessary, issue a
726 probationary license. No state gaming license may be assigned either in whole or in part. The
727 commission may limit or place such conditions, as it may deem necessary in the public interest
728 upon any registration, finding of suitability or approval for which application has been made. A
729 licensee may be granted a temporary gaming license to operate a gaming facility during the
730 construction phase of any licensed gaming facility, provided, that no more than 2 temporary
731 licenses shall be awarded for any licensed gaming facility, and provided further that no
732 temporary license shall remain in force for a period in excess of 24 months.

733 (f) Any state license in force may be renewed by the commission for the next succeeding
734 license period upon proper application for renewal and payment of state license fees and taxes as
735 required by law and the regulations of the commission. If any licensee or other person fails to
736 renew his license the commission may order the immediate closure of all his gaming activity

737 until the license is renewed by the payment of the necessary fees, taxes, interest and any
738 penalties.

739 (g) If satisfied that an applicant is eligible to receive a state gaming, manufacturing, selling,
740 or distributing license, and upon tender of all license fees and taxes as required by law and
741 regulation of the commission; and a bond executed by the applicant as principal, and by a
742 corporation qualified under the laws of the commonwealth as surety, payable to the
743 commonwealth, and conditioned upon the payment of license fees and taxes and the faithful
744 performance of all requirements imposed by law or regulation or the conditions of the license,
745 the commission shall issue and deliver to the applicant a license entitling him to engage in the
746 gaming, manufacturing, selling or distributing operation for which he is licensed, together with
747 an enumeration of the specific terms and conditions of the license.

748 (h) A license issued pursuant to the provisions of this act must be posted by the licensee and
749 kept posted at all times in a conspicuous place in the area where gaming is conducted in the
750 establishment for which the license is issued until it is replaced by a succeeding license.

751 (i) If the commission is not satisfied that an applicant is qualified to be licensed under this
752 act, the commission may cause to be made such investigation into and conduct such hearings
753 concerning the qualifications of the applicant in accordance with its regulations as it may deem
754 necessary.

755 (j) The commission has full and absolute power and authority to deny any application for
756 any cause it deems reasonable. If an application is denied, the commission shall prepare and file
757 its written decision upon which its order denying the application is based.

758 (k) A person who has had his application for a license denied or who has been found
759 unsuitable by the commission shall not retain his interest in a corporation, partnership, limited
760 partnership, limited-liability company or joint venture beyond that period prescribed by the
761 commission; and shall not accept more for his interest in a corporation, partnership, limited
762 partnership, limited limited-liability company or joint venture than he paid for it or the market
763 value on the date of the denial of the license or the finding of unsuitability.

764 (l) The voluntary surrender of a license by a licensee does not become effective until
765 accepted in the manner provided in the regulations of the commission. The surrender of a
766 license does not relieve the former licensee of any penalties, fines, fees, taxes or interest due.

767 (m) The bureau shall promptly and in reasonable order investigate all applications, enforce
768 the provisions of this act and any regulations promulgated hereunder. The bureau shall provide
769 the commission with all information necessary for all actions requested of it under this act and
770 for all proceedings involving enforcement of the provisions of this act or any regulations
771 promulgated hereunder.

772 (n) The bureau shall investigate the qualifications of each applicant before any license,
773 certificate, or permit is issued pursuant to the provisions of this act; investigate the circumstances
774 surrounding any act or transaction for which commission approval is required; investigate
775 violations of this act and regulations promulgated hereunder; initiate, prosecute and defend such
776 proceedings before the commission, or appeals therefrom, as the bureau may deem appropriate;
777 provide assistance upon request by the commission in the consideration and promulgation of
778 rules and regulations; conduct continuing reviews of licensed gaming facility operations through
779 on-site observation and other reasonable means to assure compliance with this act and

780 regulations promulgated hereunder; conduct audits of licensed gaming facility operations at such
781 times, under such circumstances, and to such extent as the director shall determine, including
782 reviews of accounting, administrative and financial records, and management control systems,
783 procedures and records utilized by a license gaming facility licensee; and be entitled to request
784 information, materials and any other data from any licensee or registrant, or applicant for a
785 license or registration under this act.

786 (o) Each licensee or registrant, or applicant for a license or registration under this act shall
787 cooperate with the commission and the bureau in the performance of their duties.

788 (p) The bureau and its employees and agents, upon approval of the director, shall have the
789 authority, without notice and without warrant to inspect and examine all premises wherein
790 gaming is conducted; or gaming devices or equipment are manufactured, sold, distributed, or
791 serviced, or wherein any records of such activities are prepared or maintained; to inspect all
792 equipment and supplies in, about, upon or around such premises; to seize summarily and remove
793 from such premises and impound any such equipment or supplies for the purpose of examination
794 and inspection; to inspect, examine and audit all books, records, and documents pertaining to a
795 gaming licensee's operation; to seize, impound or assume physical control of any book, record,
796 ledger, game, device, cash box and its contents, counting room or its equipment, or licensed
797 gaming facility operations; and to inspect the person, and personal effects present in a license
798 gaming facility licensed under this act, of any holder of a license or registration issued pursuant
799 to this act while that person is present in a licensed gaming facility.

800 (q) Every licensed gaming facility must, upon receipt of criminal or civil process compelling
801 testimony or production of documents in connection with any criminal investigation,
802 immediately disclose such information to the bureau.

803 Section 9. Licensing of gaming service industries.

804 (a) All gaming service industries as defined in this act offering goods or services which
805 directly relate to gaming activities or indirectly relate to gaming operations shall be licensed in
806 accordance with rules of the commission and prior to conducting any business whatsoever with a
807 gaming applicant or licensee, its employees or agents, and in the case of a school, prior to
808 enrollment of any students or offering of any courses to the public whether for compensation or
809 not. Gaming service industries that directly relate to gaming activities shall include gaming and
810 wagering equipment manufacturers, suppliers and repairers, schools teaching gaming and either
811 playing or dealing techniques, and gaming security services. Gaming service industries that
812 indirectly relate to gaming operations shall include junket enterprises; suppliers of alcoholic
813 beverages, food and non-alcoholic beverages; garbage handlers; vending machine providers;
814 linen suppliers; maintenance companies; shopkeepers located within the approved hotels;
815 limousine services and construction companies contracting with gaming applicants or licensees
816 or their employees or agents.

817 (b) Each gaming service industry, as well as its owners, management and supervisory
818 personnel and other principal employees must qualify under standards promulgated by the
819 commission.

820 (c) The commission may exempt any person or field of commerce from the licensing
821 requirements of this subsection if the person or field of commerce demonstrates that it is

822 regulated by a public agency or that it will provide goods or services in insubstantial or
823 insignificant amounts or quantities, or provides professional services such as accountants,
824 auditors, attorneys, or broker dealers, and that licensing is not deemed necessary in order to
825 protect the public interest or to accomplish the policies established by this act. Upon granting an
826 exemption or at any time thereafter, the commission may limit or place such restrictions
827 thereupon as it may deem necessary in the public interest, and shall require the exempted person
828 to cooperate with the commission and the bureau and, upon request, to provide information in
829 the same manner as required of a gaming service industry licensed pursuant to this section.

830 (d) Licensure pursuant to this section of any gaming service industry may be denied to any
831 applicant disqualified in accordance with the criteria contained in sections 7 and 8, where
832 applicable, of this act.

833 (e) There is hereby imposed and levied on each applicant for a gaming service industry
834 license under this section an annual license fee in the amount of \$500.

835 Section 10. Right to hearing.

836 Any person aggrieved by a determination by the commission to issue, deny, modify, revoke or
837 suspend any license or approval, or to issue an order, under the provisions of this act, may
838 request an adjudicatory hearing before the commission under the provisions of chapter 30A of
839 the General Laws. Any such determination shall contain a notice of this right to request a
840 hearing and may specify a time limit, not to exceed 21 days, within which said person shall
841 request said hearing. If no such request is timely made, the determination shall be deemed
842 assented to. If a timely request is received, the commission shall within a reasonable time act
843 upon a request in accordance with the provisions of said chapter 30A. A person aggrieved by a

844 final decision in an adjudicatory hearing held under the provisions of this section may obtain
845 judicial review thereof pursuant to the provisions of chapter 30A.

846 Section 11. Criminal acts and penalties.

847 (a) Except as otherwise provided in this act or in chapter 10 or in section 7A of chapter 271
848 of the General Laws, it is unlawful for any person to deal, operate, carry on, conduct, maintain or
849 expose for play in the commonwealth of Massachusetts any gambling game, gaming device, or
850 slot machine as defined by this act; to receive, directly or indirectly, any compensation or reward
851 or any percentage or share of the money or property played, for keeping, running or carrying on
852 any gambling game, gaming device, or slot machine; to permit any gambling game, gaming
853 device, or slot machine to be conducted, operated, dealt or carried on in any house or building or
854 other premises owned by him, in whole or in part; to lend, let, lease or otherwise deliver or
855 furnish any equipment of any gambling game, including any slot machine, for any interest,
856 percentage or share of the money or property played, under guise of any agreement whatever; to
857 lend, let, lease or otherwise deliver or furnish, except by a bona fide sale or capital lease, any slot
858 machine under guise of any agreement whereby any consideration is paid or is payable for the
859 right to possess or use that slot machine, whether the consideration is measured by a percentage
860 of the revenue derived from the machine or by a fixed fee or otherwise; to furnish services or
861 property, real or personal, on the basis of a contract, lease or license, pursuant to which that
862 person receives payments based on earnings or profits from any gambling game, including any
863 slot machine, without having first procured a state gaming license from the commission.

864 (b) Any person included on the list of persons to be excluded or ejected from a gambling
865 establishment pursuant to regulations promulgated pursuant to this act who knowingly enters or

866 remains on the premises of a licensed gambling establishment shall be punished by a fine to be
867 determined by the commission, in addition to any other penalties prescribed by law.

868 (c) Any person under the age of 21 years, or any age greater as set by the commission, who
869 plays, places wagers at, or collects winnings from, whether personally or through an agent, any
870 controlled game, or who is employed as an employee in a licensed gaming establishment shall be
871 punished by imprisonment in the house of correction for not more than 1 year, or by a fine of not
872 more than \$1,000, or by both such imprisonment and fine. A subsequent violation of this section
873 shall subject a person to imprisonment in the house of correction for not more than 2 years, or by
874 a fine of not more than \$5,000, or by both such imprisonment and fine. Any licensee, or other
875 person, who knowingly allows a person under the age set by the commission to play, place
876 wagers at or collect winnings, whether personally or through an agent, shall be punished by
877 imprisonment in the house of correction for a term of not more than 1 year or pay a fine of not
878 more than \$25,000, or by both such imprisonment and fine. A subsequent violation of this
879 section shall subject the licensee to imprisonment in the house of correction for not more than 2
880 years or pay a fine of not more than \$50,000 or by both such imprisonment and fine. In any
881 prosecution or other proceeding for the violation of this subsection, it shall not be a defense for
882 the licensee or his agent to plead that he believed the person to be 21 years of age or older.

883 (d) Any person who willfully fails to report, pay, or truthfully account for and pay over any
884 license registration fee, penalty, fine or interest thereon imposed by this act, or willfully attempts
885 in any manner to evade or defeat the license fee, penalty, fine, or interest thereon or payment
886 thereof shall be punished by a fine to be determined by the commission.

887 (e) Any person who willfully resists, prevents, impedes, or interferes with the commission or
888 the bureau or any of their agents or employees in the performance of duties pursuant to this act
889 shall be punished by a fine to be determined by the commission, in addition to any other
890 penalties prescribed by law.

891 (f) Any person who willfully violates, attempts to violate, or conspires to violate any
892 provision of a regulation adopted pursuant to this chapter shall be punished by a fine to be
893 determined by the commission, in addition to any other penalties prescribed by law.

894 (g) Any person, as owner, lessee, or employee, whether for hire or not, either solely or in
895 conjunction with others, who shall do any of the following without having first procured and
896 thereafter maintained in effect all licenses required by law:

897 (1) Deals, operates, carries on, conducts, maintains or exposes for play in this state
898 any controlled game or gaming equipment used in connection with any controlled game,

899 (2) Receives, directly or indirectly, any compensation or reward or any percentage or
900 share of the revenue, for keeping, running, or carrying on any controlled game, or owning the
901 real property or location in which any controlled game occurs, or,

902 (3) Manufactures or distributes within the territorial boundaries of the commonwealth
903 any gaming equipment to be used in connection with controlled gaming, shall be punished by
904 imprisonment in the state prison for not more than 5 years, or by imprisonment in the house of
905 corrections for not more than 2½ years, or by a fine of not more than \$25,000 or by both such
906 imprisonment and fine.

907 (h) Any person who knowingly permits any controlled game to be conducted, operated,
908 dealt, or carried on in any house or building or other premises that he or she owns or leases, in
909 whole or in part, if that activity is undertaken by a person who is not licensed as required by state
910 law shall be punished by imprisonment in state prison for not more than 5 years, or by
911 imprisonment in the house of corrections for not more than 1 year, or by a fine of not less than
912 \$25,000, or by both such imprisonment and fine.

913 (i) Any former commission member who, within 5 years after his employment on said
914 commission has ceased, solicits or accepts employment with or provides consultant services to
915 any licensee or at any licensed gaming facility shall be deemed to have violated chapter 268B of
916 the General Laws. Any licensed gaming facility which employs a former commission member
917 in violation of this subsection shall be punishable by a fine to be determined by the commission.

918 (j) It is unlawful for any person:

919 (1) To alter or misrepresent the outcome of a game or other event on which wagers
920 have been made after the outcome is determined but before it is revealed to the players.

921 (2) Knowingly to entice or induce another to go to any place where gaming is being
922 conducted or operated in violation of the provisions of this chapter, with the intent that the other
923 person play or participate in that gaming.

924 (3) To manipulate, with the intent to cheat, any component of a gaming device in a
925 manner contrary to the designed and normal operational purpose for the component, including
926 but not limited to, varying the pull of the handle of an electronic gaming device, with knowledge
927 that the manipulation affects or reasonably may tend to affect the outcome of the game or with
928 knowledge of any event that affects the outcome of the game. As used in this section, "cheat"

929 means to alter the selection of criteria which determine: (a) the results of a game; or (b) the
930 amount or frequency of payment in a game.

931 (4) To have on his person or in his possession on or off the premises of any licensed
932 gaming establishment any key or device known to have been designed for the purpose of and
933 suitable for opening, entering or affecting the operation of any gaming or equipment, or for
934 removing money or other contents from there, except where such person is a duly authorized
935 employee of a licensee acting in furtherance of his employment within a licensed gaming
936 establishment. A violation of this section shall be punishable by imprisonment in the house of
937 corrections for not more than 5 years or by a fine of not more than \$50,000, or by both such
938 imprisonment and fine.

939 (k) Any individual who commits, attempts, or conspires to commit skimming, as defined in
940 section 1 of this chapter, for a total value of less than \$1,000 against a gaming licensee or upon
941 the premises of a licensed gaming facility shall be punished by imprisonment in the house of
942 corrections for not more than 5 years and by a fine of not more than \$50,000, or by imprisonment
943 in the house of corrections for not more than 10 years and by a fine of not more than \$100,000 if
944 the total value is more than \$1,000.

945 (l) In addition to any other penalty imposed under this section, a violation of this section by
946 a licensed gaming establishment shall be subject to forfeiture to the commonwealth any or all of
947 the gaming equipment related to the violation. A district attorney may petition the superior court
948 in the name of the commonwealth in the nature of a proceeding in rem to order forfeiture of any
949 such gaming equipment subject to forfeiture under the provisions of this paragraph. Such
950 petition shall be filed in the court having jurisdiction over said gaming equipment or having final

951 jurisdiction over any related criminal proceedings brought under any provision of this chapter.
952 In all such suits where the property is claimed by any person, other than the commonwealth, the
953 commonwealth shall have the burden of proving to the court the existence of probable cause to
954 institute the action, and any such claimant shall then have the burden of proving that the gaming
955 equipment is not forfeitable. The court shall order the commonwealth to give notice by certified
956 or registered mail to the owner of said gaming equipment and to such other persons as appear to
957 have an interest therein, and the court shall promptly but not less than 2 weeks after notice, hold
958 a hearing on the petition. Upon the motion of the owner of said gaming equipment the court may
959 continue the hearing on the petition pending the outcome of any criminal trial related to the
960 violation of this chapter. At such hearing the court shall hear evidence and make conclusions of
961 law, and shall thereupon issue a final order, from which the parties shall have a right of appeal.
962 In all such suits where a final order results in forfeiture, said final order shall provide for
963 disposition of said gaming equipment, by the commonwealth in any manner not prohibited by
964 law, including official use by an authorized law enforcement or other public agency, or sale at
965 public auction or by competitive bidding. The proceeds of any such sale shall be used to pay the
966 reasonable expenses of the forfeiture proceedings, seizure, storage, maintenance of custody,
967 advertising, and notice, and the balance thereof shall be deposited in the gaming regulatory
968 account established by this chapter.

969 Section 12. Violations.

970 (a) All licensees, all registrants, all persons required to be qualified under this act, and all
971 persons employed by a gaming service industry licensed pursuant to this act, shall have a duty to
972 inform the commission or bureau of any action or circumstances, or combination thereof, which
973 they believe would constitute a violation of this act. No person who so informs the commission

974 or the bureau shall be discriminated against by an applicant, licensee or registrant because of the
975 supplying of such information.

976 (b) Any gaming licensee, or its officers, employees or agents may question any person in its
977 establishment suspected of violating any of the provisions of this act. No gaming licensee or any
978 of its officers, employees or agents is criminally or civilly liable:

979 (1) On account of any such questioning.

980 (2) For reporting to the executive director or law enforcement authorities the person
981 suspected of the violation.

982 (c) Any gaming licensee or any of his officers, employees or agents who has reasonable
983 cause for believing that there has been a violation of this article in his establishment by any
984 person may take that person into custody and detain him in the establishment in a reasonable
985 manner and for a reasonable length of time. Such a taking into custody and detention does not
986 render the licensee or his officers, employees or agents criminally or civilly liable unless it is
987 established by clear and convincing evidence that the taking into custody and detention are
988 unreasonable under all the circumstances.

989 (d) No gaming licensee or its officers, employees or agents are entitled to the immunity from
990 liability provided for in subsection (c) unless there is displayed in a conspicuous place in his
991 establishment a notice in boldface type clearly legible and in substantially this form: Any
992 gaming licensee, or any of his officers, employees or agents who has reasonable cause for
993 believing that any person has violated any provision of the Massachusetts gaming laws, which
994 prohibits cheating in gaming, may detain that person in the establishment.

995 Section 13. Gaming taxes and fees.

996 (a) There is hereby established a gaming investigative fund. Any and all expenses associated
997 with the licensing of any applicant and monitoring of any licensee shall be borne by the applicant
998 or licensee. Pursuant to its regulations, the commission shall require each applicant to deposit
999 with the commission, together with the application therefore, an application fee which shall be
1000 deposited in the gaming investigative account. Such fee shall constitute the anticipated costs and
1001 charges incurred in the investigation and processing of the application, and any additional sums
1002 as are required by the commission and the bureau to pay final costs and charges. Expenses may
1003 be advanced from the gaming investigative account by the commission to the bureau. Any
1004 money received from an applicant in excess of the costs and charges incurred in the investigation
1005 or the processing of the application shall be refunded pursuant to regulations adopted by the
1006 commission. At the conclusion of the investigation, the bureau shall provide the applicant a
1007 written accounting of the costs and charges so incurred.

1008 (b) There is hereby established a gaming oversight fund. Monies deposited in the gaming
1009 oversight account shall be expended for the support of the commission and bureau in carrying
1010 out their duties and responsibilities under this chapter including, but not limited to, the directing
1011 or hiring of gaming law enforcement. The commission and the bureau shall issue regulations
1012 which apportion all expenses of the commission and the bureau among all gaming licensees on a
1013 pro rata share of the oversight costs of the commission. Such costs shall be fair and reasonable.

1014 (c) All fees, revenue, and penalties collected pursuant to this chapter, unless specified
1015 otherwise, shall be deposited in the general fund. Funds deposited in the general fund, pursuant
1016 to this chapter, shall, subject to appropriation, be distributed as stated in this section.

1017 (d) All revenue received from any game or gaming device which is leased for operation on
1018 the premises of the licensee-owner to a person other than the owner thereof, or located in an area
1019 or space on the premises which is leased by the licensee-owner to any such person, must be
1020 attributed to the owner for the purposes of this section and be counted as part of the gaming
1021 revenue of the owner. The lessee is liable to the owner for his proportionate share of the license
1022 fees.

1023 (e) All gaming license fees and penalties imposed by the provisions of this chapter must be
1024 paid to the state treasurer to be deposited into the general fund. Fees shall be paid annually on or
1025 before June twentieth, unless specified otherwise. Penalties imposed under this chapter shall be
1026 paid to the commission within 30 days after the final determination of the violation.

1027 (f) Each gaming licensee, including racing meeting licensees, shall pay the following
1028 amounts on a weekly basis:

1029 (1) Fifty percent of the gaming revenue derived from electronic gaming devices
1030 located in such gaming facility, payable to the commission. Seventy-five percent of the revenue
1031 collected pursuant to this subsection shall be deposited in the general fund. Twenty-five percent
1032 of the revenue collected pursuant to this subsection shall be deposited in the lottery fund for full
1033 distribution to all communities in the commonwealth, pursuant to the lottery aid formula, so-
1034 called.

1035 (2) Two percent of the gaming revenue derived from electronic gaming devices
1036 located in such gaming facility, payable to the community in which the facility is located;
1037 provided, that if the facility is located in more than one community, such fee shall be divided and
1038 distributed proportionally to each community as fairly determined by the commission.

1039 (3) One percent of the gaming revenue derived from electronic gaming devices
1040 located in such gaming facility, which shall be divided and distributed proportionally, as
1041 determined by the commission, to each community contiguous to the community or communities
1042 in which the facility is located.

1043 (g) Each racing meeting licensee shall also pay to the commission, as the commission shall
1044 direct, an amount equal to 35 percent of 1 percent (.35 %) of the annual gaming revenue derived
1045 from electronic gaming devices located in such gaming facility to be used exclusively in
1046 preventing and treating compulsive gambling behavior. Furthermore, the department of public
1047 health is hereby authorized and directed to conduct a comprehensive study to measure the
1048 prevalence of compulsive, obsessive behaviors in Massachusetts; to measure the prevalence of
1049 problem gambling in Massachusetts; to measure the prevalence of underage problem gambling in
1050 Massachusetts; and, to measure the social cost of problem gambling in Massachusetts; and to
1051 develop appropriate treatment modalities and public education strategies that address the
1052 findings of said study.

1053 (h) Each racing meeting licensee shall pay to the commission, as the commission shall direct,
1054 an amount equal to 25 percent of 1 percent (.25%) of the annual gaming revenue derived from
1055 electronic gaming devices located in such facility to be used exclusively for law enforcement
1056 purposes including appropriate contributions annually to the budgets of the attorney general,
1057 district attorneys and courts.

1058 (i) In the event the annual financial performance of the Massachusetts state lottery does not
1059 maintain the same rate of growth as averaged by the 3 previous years, the commission shall
1060 assess each licensed gaming entity for the total monetary shortfall, on a proportional basis. The

1061 proportional assessment to be paid to the state in addition to all other taxes and fees paid by
1062 each gaming establishment shall be determined by calculating the percentage of annual gaming
1063 revenues of each gaming entity of the total annual gaming revenues in the Commonwealth for
1064 the preceding fiscal year.

1065 (j) Two percent of the net gaming revenue derived from electronic gaming devices shall be
1066 deposited in a special fund established by the licensee, and used for payment of regular
1067 thoroughbred horse purses.

1068 (k) No municipality or other political subdivision shall impose any additional license fee or
1069 gaming tax on any person or equipment licensed to conduct gaming pursuant to this chapter.
1070 Nothing herein precludes the imposition of customary local taxes and fees applicable to other
1071 non-gaming businesses in the municipality or political subdivision.

1072 Section 14. Internal control system.

1073 (a) Each gaming licensee shall adopt an internal control system which shall include but not
1074 be limited to provisions for the safeguarding of its assets and revenues, especially the recording
1075 of cash and evidences of indebtedness; the provision of reliable records accounts and reports of
1076 transactions, operations and events, including reports to the executive director and the
1077 commission

1078 (b) The internal control system must be designed to reasonably ensure that assets are
1079 safeguarded; financial records are accurate and reliable; transactions are performed only in
1080 accordance with management's general or specific authorization; transactions are recorded
1081 adequately to permit proper reporting of gaming revenue and of fees and taxes, and to maintain
1082 accountability for assets; access to assets is permitted only in accordance with management's

1083 specific authorization; recorded accountability for assets is compared with actual assets at
1084 reasonable intervals and appropriate action is taken with respect to any discrepancies; functions,
1085 duties and responsibilities are appropriately segregated and performed in accordance with sound
1086 practices by competent, qualified personnel.

1087 (c) Each gaming licensee and each applicant for a gaming license shall describe, in such
1088 manner as the executive director may approve or require, its administrative and accounting
1089 procedures in detail in a written system of internal control. Each gaming licensee and applicant
1090 for a gaming license shall submit a copy of its written system to the executive director. Each
1091 written system must include:

1092 (1) An organizational chart depicting appropriate segregation of functions and
1093 responsibilities.

1094 (2) A description of the duties and responsibilities of each position shown on the
1095 organizational chart.

1096 (3) A detailed, narrative description of the administrative and accounting procedures
1097 designed to satisfy the requirements of subsection (a).

1098 (4) A written statement signed by the licensee's chief financial officer and either the
1099 licensee's chief executive officer or a licensed owner attesting that the system satisfies the
1100 requirements of this section.

1101 (5) If the written system is submitted by an applicant, a letter from an independent
1102 accountant stating that the applicant's written system has been reviewed by the accountant and
1103 complies with the requirements of this section.

1104 (6) Such other items as the executive director may require.

1105 (d) The executive director, with the advice of the commission, shall adopt and publish
1106 minimum standards for internal control procedures.

1107 Section 15. Gaming debts.

1108 (a) Whenever a licensee refuses payment of alleged winnings to a patron, the licensee and
1109 the patron are unable to resolve the dispute to the satisfaction of the patron and the dispute
1110 involves: (1) at least \$500, the licensee shall immediately notify the bureau; or (2) less than
1111 \$500, the licensee shall inform the patron of his right to request that the bureau conduct an
1112 investigation. The bureau shall conduct whatever investigation it deems necessary and shall
1113 determine, in its sole discretion and without need for a hearing, whether payment should be done.
1114 In the event the bureau determines that payment should be made, all costs of the investigation
1115 shall be borne by the licensee. Failure of the licensee to notify the bureau or inform the patron as
1116 provided herein shall subject the licensee to disciplinary action.

1117 (b) Any party aggrieved by the determination of the bureau may file a petition for
1118 reconsideration with the commission setting forth the basis of the request for reconsideration.
1119 Any hearing for reconsideration shall be conducted pursuant to regulations adopted by the
1120 commission.

1121 (c) A credit instrument evidencing a gaming debt may be enforced by a licensee by legal
1122 process.

1123 (d) A licensee or person acting on the licensee's behalf may accept an incomplete credit
1124 instrument that is signed by a patron and states the amount of the debt in figures and may
1125 complete the instrument as is necessary for the instrument to be presented for payment.

1126 (e) A licensee or a person acting on behalf of a licensee may not accept a credit instrument,
1127 which is incomplete, except as authorized in subsection (d) of this section. Additionally, a
1128 licensee or a person acting on his behalf may accept a credit instrument that is payable to an
1129 affiliate or affiliated company or may complete a credit instrument in the name of an affiliate or
1130 affiliated company as payout if the credit instrument otherwise complies with this section and the
1131 records of the affiliate or an affiliated company pertaining to the credit instrument are made
1132 available to the executive director upon request.

1133 (f) This section does not prohibit the establishment of an account by a deposit of cash,
1134 recognized traveler's check, or any other instrument which is equivalent to cash.

1135 Section 16. Immediate revenue address.

1136 Notwithstanding any general or special law to the contrary, given that the commission
1137 and bureau will not be ready to convene and conduct its respective business and functions for
1138 some time after the enactment of this legislation and given the needs of the commonwealth of
1139 funds in order to operate and conduct its business, each racing meeting licensee shall be granted
1140 a temporary license and deemed to be a licensee for the purposes of this act immediately upon
1141 the enactment of this act; provided a letter of intent has been submitted to the secretary of
1142 administration and finance. The functions of the commission and bureau shall be maintained and
1143 operated by the executive office of administration and finance, under the control of the secretary,
1144 until such time as said commission and bureau are operating according to the terms of this act;

1145 provided, however, that in no event shall the racing meeting licensees be deemed automatically
1146 to be licensees under this section 6 months after the enactment of this act; provided, further, that
1147 the commission and bureau shall have complete authority to conduct their respective functions to
1148 insure compliance with this act when they are respectively operational.

1149 Section 17. Repeal of section 16.

1150 Section 16 of this act shall be repealed six months after the enactment of this act.

1151 Section 18. Severability.

1152 The invalidity of any section, sections or subsections or parts of this act shall not affect
1153 the validity of the remainder of this act."