

**HOUSE . . . . . No. 4081**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

**Bradley H. Jones, Jr.**

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*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.**

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PETITION OF:

NAME:	DISTRICT/ADDRESS:
Paul K. Frost	7th Worcester
Bradford R. Hill	4th Essex
George N. Peterson, Jr.	9th Worcester
Elizabeth Poirier	14th Bristol
Richard J. Ross	9th Norfolk
Paul K. Frost	7th Worcester
Robert S. Hargraves	1st Middlesex

# The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

## 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 2006 Official Edition, are hereby amended by  
2 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, have the  
7 following meanings:

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

15 25 percent of the directors, general partners, trustees, or members of an entity's governing body are  
16 representatives of, or are directly or indirectly controlled by, the licensee or applicant.

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

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

22 (d) "Bureau" means the gaming oversight bureau established by this chapter.

23 (e) "Chairman" means the chairman of the gaming commission.

24 (f) "Commission" means the Massachusetts gaming commission.

25 (g) "Commissioner" means a member of the gaming commission.

26 (h) "Controlled game" or "controlled gaming" means any game of chance played for currency,  
27 check, credit, or any other thing of value that is not prohibited and made unlawful by chapter 271 of the  
28 General Laws, or any other general or special laws, or by local ordinance except:

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

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

32 (3) Any lottery game conducted by the state lottery commission, in accordance with chapters  
33 10 and 24 of the General Laws.

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

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

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

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

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

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

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

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

61 (p) “Gaming employee” means any person employed in a properly licensed gaming facility  
62 connected directly with the operation of the gaming including, without limitation, boxmen; dealers or  
63 croupiers; floormen; machine mechanics; security employees; count room personnel; cage personnel; slot  
64 machine and slot booth personnel; collection personnel; surveillance personnel and data processing  
65 personnel; or, any other person whose employment duties predominantly involves the maintenance or  
66 operation of gaming activity or equipment and assets associated therewith or who, in the judgment of the  
67 commission, is so regularly required to work in a restricted area that licensure as a gaming employee is  
68 appropriate.

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

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

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

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

83 (t) “Gaming service industry” means any form of enterprise which provides more than \$100,000 per  
84 annum in goods or services regarding the realty, construction, maintenance, or business of a proposed or  
85 existing gaming facility on a regular or continuing basis which directly relate to gaming activities or  
86 indirectly relate to gaming operations including, without limitation, junket enterprises; security  
87 businesses; manufacturers; suppliers, distributors and servers of gaming devices or equipment; waste  
88 disposal companies; maintenance companies; schools teaching gaming and either playing or dealing  
89 techniques; suppliers of alcoholic beverages, food and nonalcoholic beverages; vending machine  
90 providers; linen suppliers; shopkeepers located within the approved hotels; limousine services; and  
91 construction companies contracting with gaming applicants or licensees; provided, that professional  
92 services such as accountants, auditors, attorneys, and broker dealers, or other professions which are  
93 regulated by a public agency, are exempt from the provisions of this subsection.

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

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

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

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

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

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

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

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

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

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

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

124 (dd) "Net gaming revenue" means the total, prior to the deduction of any operating, capital or other  
125 expenses whatsoever, of all gaming revenue retained by any gaming establishment licensed under this  
126 chapter less gaming taxes paid pursuant to this chapter.

127 (ee) "Off-track betting facility" means the facility at which off-track wagers are accepted by the  
128 licensee of an off-track betting system pursuant to the provisions of this act.

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

132 (gg) "Operator" means any operator, holder, or controller of a gaming license.

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

137 (ii) "Person" or "party" means a natural person, corporation, partnership, limited partnership, trustee,  
138 holding company, joint venture, association, or any business entity.

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

144 (kk) "Request for proposals" means a written document issued by the commission to potential bidders,  
145 which invites bidders to submit proposals outlining their qualifications and desire to obtain a gaming  
146 license from the commission.



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

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

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

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

159 Section 2. Gaming commission; composition.

160 (a) There shall be established a Massachusetts gaming commission consisting of 7 members. Each  
161 member shall be a citizen of the United States and a resident of the commonwealth. Pursuant to the  
162 following provisions, a person shall not be eligible for appointment to the commission if he or she:

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

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

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

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

168 (5) has been convicted of a felony.

169 Not more than 4 members of the commission shall be of the same major political affiliation. The  
170 governor shall appoint 1 member to the commission and designate 1 member to serve as chairman of the  
171 commission. The president and minority leader of the senate shall each appoint 1 member to the  
172 commission. The speaker and minority leader of the house of representatives shall each appoint 1  
173 member to the commission. The attorney general of the commonwealth shall appoint 1 member to the  
174 commission. The treasurer of the commonwealth shall appoint 1 member to the commission.

175 (b) Of the members initially appointed, the member appointed by the governor shall serve for an  
176 initial term of 5 years, the member appointed by treasurer shall serve for an initial term of 5 years, the  
177 member appointed by the attorney general shall serve for an initial term of 5 years, the member appointed  
178 by the president of the senate shall serve for an initial term of 4 years, the member appointed by the  
179 speaker of the house shall serve for an initial term of 4 years, the member appointed by the minority  
180 leader of the senate shall serve for an initial term of 3 years and the member appointed by the minority  
181 leader of the house shall serve for an initial term of 3 years. After the initial term, the term of office for  
182 every member of the commission shall be 5 years; provided, that no member may serve more than 2  
183 consecutive 5-year terms. Any vacancies shall be filled by the original appointing authority within 60  
184 days of the occurrence of such vacancy. Any appointee shall continue in office beyond the expiration  
185 date of his term until the appointment of a successor but in no event longer than 6 months. Any  
186 commissioner may be removed by his appointing authority for just cause. For purposes of this paragraph,  
187 “just cause” shall mean misconduct, incompetence, neglect of duty, maladministration of any act or  
188 omission that impairs the ability of the commission to perform its responsibilities. The governor shall  
189 immediately remove any commissioner if he, after being appointed, violates or acts contrary to the  
190 eligibility requirements established in subsection (a) of this section.

191 (c) The commission members shall devote time and attention to the business of the commission as is  
192 necessary to discharge their duties; provided, however, that the chairman shall devote his or her full time  
193 during normal business hours to the business of the commission. The members of the commission shall

194 be compensated for work performed for the commission at the rate of \$50,000 per annum, with the  
195 chairman receiving \$25,000 per annum in additional compensation. Commission members shall be  
196 reimbursed for travel and other expenses necessarily incurred in the performance of official duties.  
197 Before entering upon the duties of the office, each member shall swear that he does not have a pecuniary  
198 interest in any business or organization holding a gaming license under this chapter, or doing business  
199 with any gaming service industry, as defined by this chapter and shall submit to the governor and state  
200 ethics commission a statement of financial interest, required by chapter 268B of the general laws, listing  
201 all assets and liabilities, property and business interests, and sources of income of said commissioner and  
202 his spouse. Such statement shall be under oath and shall be filed at the time of employment and annually  
203 thereafter. No commission member shall have any interest, direct or indirect, in any applicant or in any  
204 person licensed by or registered with the commission during his term of office.

205 Section 3. Gaming Commission; Powers and Duties.

206 (a) The commission shall have general responsibility for the implementation of this chapter, as  
207 hereinafter provided, and the continued oversight of gaming in the commonwealth; including, the right to  
208 hear and decide promptly and in reasonable order all license, registration, certificate, and permit  
209 applications and causes affecting the granting, suspension, revocation, or renewal thereof; to conduct all  
210 hearings pertaining to civil violations of this act or regulation promulgated hereunder; to promulgate and  
211 implement, pursuant to sections 2 and 3 of chapter 30A of the general laws, rules and regulations for the  
212 implementation of this chapter; gaming investigations both civil and criminal; the testing and inspection  
213 of gambling equipment; the licensing of corporations, limited partnerships, holding companies and  
214 intermediary companies; to collect all license and registration fees, taxes, and penalties imposed by this  
215 chapter and the regulations issued pursuant hereto; to be present with its inspectors and agents at all times  
216 during the operation of any licensed gaming facility for the purpose of certifying the revenue thereof;  
217 receiving complaints from the public; and to review and rule upon any complaint by a licensed gaming  
218 facility licensee regarding any investigative procedures of the bureau which are unnecessarily disruptive

219 to licensed gaming facility operations; and the execution of any other powers or requirements set forth in  
220 this chapter. The need to inspect and/or investigate a licensed gaming facility shall be presumed at all  
221 times.

222 (b) The commission shall issue an annual report of its activities to the governor and the general court  
223 no later than July 31st. The report shall be made available for public inspection on the world wide web  
224 no later than the date of issuance and shall include, but not be limited to, a detailed explanation of all  
225 revenues received by the commonwealth from gaming entities, as promulgated by this chapter.

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

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

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

241 (f) The commission may require any person to apply for a license as provided in this chapter and  
242 approve or disapprove any such application or other transactions, events, and processes as provided in this

243 chapter. Any application to receive any license under this chapter shall constitute a request for a  
244 determination of the applicant's general character, integrity, and ability to participate or engage in, or be  
245 associated with, gaming. Such determination may include a review of the applicant's associations,  
246 criminal history record, business activities, and financial affairs, past or present.

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

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

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

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

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

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

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

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

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

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

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

- 288 (8) the presentation and/or display of all licenses and work permits;
- 289 (9) the registration of non-gaming suppliers;
- 290 (10) the method for collecting any fines, fees, penalties and interest imposed by the  
291 commission;
- 292 (11) the method and standards of operation of licensed gaming establishments including, but  
293 not limited to, games, the type and manner of gaming, wagering limitations, odds, and hours of operation;  
294 provided, however, the commission shall not restrict the number of hours of operation of any licensed  
295 gaming establishment to fewer hours than those of any competing gaming facilities with controlled  
296 gaming;
- 297 (12) the manufacturing, distribution, sale, testing, servicing, and inspection of gaming  
298 equipment, including requirements for the identification and licensing of the same;
- 299 (13) any limitations on mortgage security interests and agreements relating to the property of  
300 licensed gaming establishments;
- 301 (14) any limitations on transfers of interests in licenses;
- 302 (15) advertising by licensed gaming establishments; provided, however, that licensees shall  
303 have the right to conduct reasonable advertising consistent with that of competing gaming facilities;
- 304 (16) the manner in which winnings, compensation from games and gaming devices, and gross  
305 revenues must be compiled and reported by licensees; provided, further, that electronic gaming devices  
306 shall return as winnings a minimum of 85 percent of all sums wagered.
- 307 (17) standards for protection of the health, safety, and security of the public at licensed  
308 gaming establishments;

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

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

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

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

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

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



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

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

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

342 (q) No person shall pledge or transfer a direct or indirect pecuniary interest in a licensed operating  
343 entity or premises, or enter into an option contract or other agreement providing for such transfer in the  
344 future, without having notified the commission. No person shall transfer a greater than five percent (5%)  
345 direct or indirect pecuniary interest in a licensed operating entity or premises without the issuance by the  
346 commission to the transferee of an operating license or an affirmative statement that the transferee has  
347 met the operating license standards, as the commission may require.

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

352 (s) No commission member or person employed by the commission shall solicit or accept  
353 employment from a licensee, or represent any person or party other than the commonwealth before or

354 against the commission for a period of 5 years from the termination of his office or employment with the  
355 commission.

356 (t) The commission may investigate fraud, deceit, misrepresentation or violations by any licensee  
357 under this chapter, or the occurrence of any such activity within or involving any licensee. If the  
358 commission has reasonable basis to believe that any licensee has been or is engaged in criminal behavior  
359 or that criminal activity is occurring within or involving any licensed gaming establishment, the  
360 commission shall report the same to the district attorney of the county within which the gaming  
361 establishment is located and make available to the district attorney all relevant information on such  
362 activity. The commission shall apply to the department of public safety for the assignment of a  
363 complement of police officers to the commission on a regular basis and the department shall assign a  
364 complement to the commission. The commission shall assign such police officers to guard and protect  
365 the lives and safety of the public and property at any such gaming establishment, and to perform any other  
366 duties which may be required by the commission in order to maintain a fair and honest gaming  
367 establishment. The police officers so assigned shall, except in the case of an emergency, while on duty at  
368 any such establishment be subject to the operational authority of the commission; provided, however, that  
369 such assignment or reassignment shall not in any way impair any rights to which any officer may be  
370 entitled. The commission shall, from the gaming oversight fund, pay to the department of public safety  
371 the cost of the salaries of the police officers so assigned from funds appropriated to the commission. All  
372 assignment and reassignments to the commission, except when the commissioner of public safety shall  
373 determine an emergency exists, shall be subject to the approval of the commission. Nothing herein shall  
374 prevent licensees from hiring the state police, if they have jurisdiction in the area where gaming  
375 establishment is located, or the police department of a city or town wherein the gaming establishment is  
376 located, in order to furnish a police detail for safety or traffic purposes at any gaming establishment  
377 authorized by this chapter. The total cost for any such police detail shall be a sum equal to the wages

378 payable to the police officers comprising such detail for their work, plus a sum to cover the administrative  
379 expenses incurred by the department of each police officer.

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

383 (v) The commission, as it deems appropriate, may ask a district attorney to file a civil lawsuit to  
384 restrain a violation of this chapter or enforce any provision thereof. An action brought against a person  
385 pursuant to this chapter does not preclude any other criminal or civil proceeding as authorized by law.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

441 (g) Each employee of the bureau shall file with the executive director and the state ethics commission  
442 a statement of financial interest as defined in chapter 268B. Such statement shall be under oath and shall  
443 be filed at the time of employment and annually thereafter, as required by the state ethics commission.

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

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

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

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

459 (l) The bureau shall make a continuous study and investigation of gaming throughout the  
460 commonwealth in order to ascertain the adequacy and effectiveness of state gaming law or regulations  
461 and may formulate recommendations for changes in such laws and regulations. The bureau shall make a  
462 continuous study and investigation of the operation and administration of similar laws in other states or  
463 countries, of any literature or reports on the subject, of any federal laws which may affect the operation of  
464 gaming in the commonwealth, all with intent to recommend or effect changes that will better serve and  
465 implement the purposes of this chapter.

466 (m) The bureau shall submit an annual report to the governor and the general court no later than July  
467 31st. The report shall detail, for the preceding 12 month period, the gross revenue, net revenue, and  
468 average depreciation of each licensee; the number of persons employed by each licensee; and the assessed  
469 valuation of each Massachusetts gaming facility as listed on the assessment rolls. The findings of this

470 report shall be published in conjunction with the annual report of the gaming commission pursuant to  
471 section 3 of this chapter. The report shall be made available for public inspection on the world wide web.

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

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

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

483

484

485 Section 5. Records of proceedings.

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

489 (b) Notwithstanding any other general or special law to the contrary all files, records, reports, and  
490 other information in possession of any state or local government agency, including tax filings and related  
491 information, that are relevant to an investigation by the bureau conducted pursuant to this act shall be

492 made available to the bureau as requested. However, any tax or financial information received from a  
493 government agency shall be used solely for effectuating the purposes of this act. To the extent that these  
494 files, records, reports, or information are confidential or otherwise privileged from disclosure under any  
495 law they shall not lose that confidential or privileged status for having been disclosed to the bureau.

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

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

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

#### 505 Section 6. Issuance of gaming licenses

506 (a) Notwithstanding the provisions of chapters 137 and 271 of the General Laws, or any general or  
507 special law to the contrary, each racing meeting licensee existing on April 1, 2005, which runs a full  
508 schedule of live races as defined in section 2 of chapter 128C, is eligible to receive a temporary gaming  
509 license, subject to the application and licensing requirements and all other applicable provisions of this  
510 chapter, to operate no more than 1500 electronic gaming devices; provided, that such electronic gaming  
511 devices shall only function on the existing facility operated by the racing meeting licensee prior to April  
512 1, 2005. The racing meeting licensee shall not operate any additional games other than those allowable  
513 by law for holders of a racing meeting license, pursuant to chapters 128A and 128C of the General Laws.  
514 Nothing in this section shall be construed to permit a racing meeting licensee to operate games other than



515 electronic gaming devices. Each racing meeting licensee must adhere to and comply with the following  
516 provisions:

517 (1) Upon passage of this chapter, each racing meeting licensee must submit a letter of intent  
518 with the secretary of administration and finance to declare the number of electronic gaming devices the  
519 licensee chooses to operate, not to exceed 1500, and the date of commencement at which time the  
520 operation of said number of electronic gaming devices shall begin; provided, the date of commencement  
521 must be within 180 days of the submission of the letter of intent, otherwise the licensee shall forfeit all  
522 privileges granted by this chapter and, therefore, an additional license to operate electronic gaming  
523 devices may be auctioned by the commonwealth in accordance with subsection (b) of this section.  
524 Furthermore, the letter of intent must be submitted to the secretary within 90 days of the passage of this  
525 chapter; however, if a racing meeting licensee fails to submit a letter of intent within 90 days, the licensee  
526 shall forfeit all privileges granted by this chapter and, therefore, an additional license to operate electronic  
527 gaming devices may be auctioned by the commonwealth in accordance with subsection (b) of this section.

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

538           (3)     Upon receipt of the payment pursuant to subsection (a) (2), the commission shall grant  
539 the racing meeting licensee a permanent gaming license to be approved and used in accordance with the  
540 provisions of this chapter; provided, that the gaming license is only valid for the operation of the total  
541 number of electronic gaming devices enumerated in the original letter of intent submitted to the secretary  
542 of administration and finance, pursuant to subsection (a) (1). This gaming license shall never be pledged,  
543 sold or transferred in any way, whatsoever.

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

552           (b)     Notwithstanding the provisions of chapters 137 and 271 of the General Laws, or any general or  
553 special law to the contrary, the commission shall issue 2 licenses, each for the operation of not more than  
554 1500 electronic gaming devices, from among all persons or entities seeking to be a licensed operator in  
555 the commonwealth of Massachusetts; provided, 1 license shall only be issued in either Berkshire county,  
556 Franklin county, Hampden county or Hampshire county, and 1 license shall only be issued in Worcester  
557 county. In the event a racing meeting licensee chooses not to obtain, or is not granted a license, then the  
558 commission shall issue an additional license for the operation of electronic gaming devices in any county  
559 other than those aforementioned. The commission shall submit to each applicant a request for proposal,  
560 which shall be designed to maximize the initial revenue potential for the state. Those applicants offering  
561 the highest bid in order to maximize the initial revenue potential for the state shall be selected; provided,  
562 they comply with the licensing provisions of this chapter; and provided further, that the commission

563 determines there is a suitable location for a facility under this section; provided however, that any  
564 federally recognized Native American tribe authorized pursuant to the Indian Gaming Regulatory Act, 29  
565 U.S.C. sections 2701 to 2721, shall have the right of first refusal to negotiate with the commission to be  
566 licensed under this paragraph; provided that said tribe agrees as part of the agreement to be a commercial  
567 operator and commercial business subject to the laws and regulations of the commonwealth and its  
568 political subdivisions, pay a fee as negotiated between the commission and the Native American tribe,  
569 meet the requirements of the commission and of this chapter to be a licensee, forfeit any rights it may  
570 have under the Indian Gaming Regulatory Act, pursuant to 29 U.S.C. 2710 to 2719, and be subject to the  
571 rights and obligations as citizens of the commonwealth; provided further, that the commission shall  
572 require the tribe to submit a completed application within sixty (60) days. Should the Native American  
573 tribe fail to meet the requirements for a license, fail to ratify an agreement with the commission, choose  
574 not to negotiate with the commission, or not submit an application with sixty (60) days under this  
575 paragraph, then all agreements negotiated with the commission shall be void; provided however, failure to  
576 negotiate an agreement with the commission shall not preclude the Native American tribe from  
577 submitting an application for a license, but as part of the Native American tribe's application it must agree  
578 to forfeit any rights it may have under the Indian Gaming Regulatory Act, pursuant to 29 U.S.C. 2710 to  
579 2719, and be subject to the rights and obligations as citizens of the commonwealth. No single gaming  
580 entity, including its shareholders, shall have more than one gaming license.

581 (c) No gaming license may be issued for operation in a community or communities without the  
582 approval of the voters of said community or communities by way of referendum held after April 1, 2005.  
583 Furthermore, no gaming license may be issued for operation in a community or communities without the  
584 approval of a majority of the aggregate number of voters in all contiguous communities to the proposed  
585 site of operation. Therefore, all affected communities must host an election within 120 days of the  
586 submission of an eligible application to the commission; provided the secretary of commonwealth shall  
587 certify the cost of the election incurred by each community and the applicant shall reimburse the cost to

588 each community within 60 days of the receipt of certification by the secretary of the commonwealth. This  
589 section shall not apply to racing meeting licensees existing on April 1, 2005.

590 Section 7. License approval.

591 (a) The commission and the bureau shall investigate the qualifications of each applicant under this  
592 act before any license is issued or any registration, finding of suitability or approval of acts or transactions  
593 for which commission approval is required or permission is granted, and shall continue to monitor the  
594 conduct of all licensees and registrants and other persons having a material involvement, directly or  
595 indirectly with a licensed gaming facility or holding company to ensure that licenses are not issued or  
596 held by, nor is there any material involvement directly or indirectly with a licensed gaming facility or  
597 holding company by unqualified, disqualified or unsuitable persons, or persons whose operations are  
598 conducted in an unsuitable manner or in unsuitable or prohibited places or locations, as provided in  
599 commission regulations. All expenses associated with the licensing of any applicant shall be borne by the  
600 applicant. Pursuant to its regulations, the commission shall require each applicant for a gambling license  
601 to deposit with the commission, together with the application therefore, an application fee. Such fee shall  
602 constitute the anticipated costs and charges incurred in the investigation and processing of the application,  
603 and any additional sums as are required by the commission to pay final costs and charges.

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

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

612 (d) No person shall operate a gaming establishment without first having obtained all necessary  
613 operating licenses from the commission. There shall be a single licensed operator for each gaming  
614 establishment. The licensing standards must be met at all times by each officer, director, partner, and  
615 trustee of the operating entity, by each substantial party in interest of the operating entity or of the  
616 premises on which such establishment is located, and by such other party in interest of the operating  
617 entity, the premises, or any holding company or intermediary company of the operating entity or the  
618 premises as the commission may require. In no event shall the commission permit a person or entity  
619 previously convicted of a felony to be a party in interest of the operating entity or of the premises or of  
620 any holding or intermediary company of the operating entity or the premises. A separate license shall be  
621 required for any person described above, unless the commission specifically determines otherwise.

622 (e) Each gaming operator license approved by the commission pursuant to subsections (a), (b) and  
623 (c) of this section shall be issued for an initial term of 1 year, and may be renewed at the discretion of the  
624 commission for a term not to exceed 5 years, unless the commission demonstrates that the operator is no  
625 longer qualified to hold a gaming license pursuant to the criteria set forth herein.

626 (f) Each license approved by the commission shall be awarded as the result of an application process  
627 to be designed and established by said commission. A person may apply to be a licensed gaming operator  
628 by filing an application with the commission, in the form and with such accompanying application fees as  
629 the commission may establish. Information on the application will be used as the basis for a thorough  
630 background investigation which the bureau shall conduct with respect to each applicant. Each application  
631 shall disclose the identity of each party in interest, each holding company and intermediary company, and  
632 each affiliate of the operating entity. The application shall disclose, in the case of a privately held  
633 corporation, the names and addresses of all directors, officers, and stockholders; in the case of a publicly  
634 traded corporation, the names and addresses of all directors, officers, and persons holding at least 1  
635 percent of the total capital stock issued and outstanding; in the case of a partnership, the names and  
636 addresses of all partners, both general and limited; and in the case of a trust, the names and addresses of

637 all trustees and beneficiaries. Persons applying for gaming operator licenses shall be required to define the  
638 number of full-time equivalent employees that the project will produce, and the project's non-gaming  
639 economic development potential.

640 (g) Each operating entity shall identify, in its application, the premises where it proposes to conduct  
641 its gaming operations and demonstrate that the operating entity owns or has legal control of the premises  
642 where it proposes to conduct its gaming operations. The application shall contain such information  
643 regarding the physical location and condition of the premises and the potential impact of the proposed  
644 gaming operations upon adjacent properties and the municipality and region within which the premises  
645 are located, as the commission may require. The application shall disclose the identity of all parties in  
646 interest regarding the premises; and provided, further, except as otherwise permitted herein, no person  
647 other than a licensee hereunder shall have any right to or interest in net gaming revenue or adjusted net  
648 gaming revenue in the form of a percentage of any sums payable hereunder. An operating entity may also  
649 identify temporary premises in its application where an applicant may be permitted to operate a temporary  
650 facility for a period of no longer than 24 months during construction of its permanent gaming facility.

651 Section 8. License requirements.

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

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

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

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

664 (e) Any person who the commission determines is qualified to receive a license or be found suitable  
665 under the provisions of this act, may be issued a state gaming license or found suitable, as appropriate.  
666 The burden of proving his qualification to receive any license or be found suitable is on the applicant. A  
667 license to operate a gaming establishment shall not be granted unless the applicant has satisfied the  
668 commission that he or she has adequate business probity, competence and experience, in gaming; and the  
669 proposed financing of the entire operation is adequate for the nature of the proposed operation; and, from  
670 a suitable source. An application to receive a license or be found suitable constitutes a request for a  
671 determination of the applicant's general character, integrity, and ability to participate or engage in, or be  
672 associated with gaming, as appropriate. The commission may limit the license or place such conditions  
673 thereon, as it may deem necessary in the public interest. The commission may, if it considers necessary,  
674 issue a probationary license. No state gaming license may be assigned either in whole or in part. The  
675 commission may limit or place such conditions, as it may deem necessary in the public interest upon any  
676 registration, finding of suitability or approval for which application has been made. A licensee may be  
677 granted a temporary gaming license to operate a gaming facility during the construction phase of any  
678 licensed gaming facility, provided, that no more than 2 temporary licenses shall be awarded for any  
679 licensed gaming facility, and provided further that no temporary license shall remain in force for a period  
680 in excess of 24 months.

681 (f) Any state license in force may be renewed by the commission for the next succeeding license  
682 period upon proper application for renewal and payment of state license fees and taxes as required by law  
683 and the regulations of the commission. If any licensee or other person fails to renew his license the  
684 commission may order the immediate closure of all his gaming activity until the license is renewed by the  
685 payment of the necessary fees, taxes, interest and any penalties.

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

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

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

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

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



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

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

717 (n) The bureau shall investigate the qualifications of each applicant before any license, certificate, or  
718 permit is issued pursuant to the provisions of this act; investigate the circumstances surrounding any act  
719 or transaction for which commission approval is required; investigate violations of this act and regulations  
720 promulgated hereunder; initiate, prosecute and defend such proceedings before the commission, or  
721 appeals therefrom, as the bureau may deem appropriate; provide assistance upon request by the  
722 commission in the consideration and promulgation of rules and regulations; conduct continuing reviews  
723 of licensed gaming facility operations through on-site observation and other reasonable means to assure  
724 compliance with this act and regulations promulgated hereunder; conduct audits of licensed gaming  
725 facility operations at such times, under such circumstances, and to such extent as the director shall  
726 determine, including reviews of accounting, administrative and financial records, and management  
727 control systems, procedures and records utilized by a license gaming facility licensee; and be entitled to  
728 request information, materials and any other data from any licensee or registrant, or applicant for a license  
729 or registration under this act.

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

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

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

#### 746 Section 9. Licensing of gaming service industries.

747 (a) All gaming service industries as defined in this act offering goods or services which directly  
748 relate to gaming activities or indirectly relate to gaming operations shall be licensed in accordance with  
749 rules of the commission and prior to conducting any business whatsoever with a gaming applicant or  
750 licensee, its employees or agents, and in the case of a school, prior to enrollment of any students or  
751 offering of any courses to the public whether for compensation or not. Gaming service industries that  
752 directly relate to gaming activities shall include gaming and wagering equipment manufacturers, suppliers  
753 and repairers, schools teaching gaming and either playing or dealing techniques, and gaming security  
754 services. Gaming service industries that indirectly relate to gaming operations shall include junket  
755 enterprises; suppliers of alcoholic beverages, food and non-alcoholic beverages; garbage handlers;

756 vending machine providers; linen suppliers; maintenance companies; shopkeepers located within the  
757 approved hotels; limousine services and construction companies contracting with gaming applicants or  
758 licensees or their employees or agents.

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

761 (c) The commission may exempt any person or field of commerce from the licensing requirements of  
762 this subsection if the person or field of commerce demonstrates that it is regulated by a public agency or  
763 that it will provide goods or services in insubstantial or insignificant amounts or quantities, or provides  
764 professional services such as accountants, auditors, attorneys, or broker dealers, and that licensing is not  
765 deemed necessary in order to protect the public interest or to accomplish the policies established by this  
766 act. Upon granting an exemption or at any time thereafter, the commission may limit or place such  
767 restrictions thereupon as it may deem necessary in the public interest, and shall require the exempted  
768 person to cooperate with the commission and the bureau and, upon request, to provide information in the  
769 same manner as required of a gaming service industry licensed pursuant to this section.

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

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

774 Section 10. Right to hearing.

775 Any person aggrieved by a determination by the commission to issue, deny, modify, revoke or suspend  
776 any license or approval, or to issue an order, under the provisions of this act, may request an adjudicatory  
777 hearing before the commission under the provisions of chapter 30A of the General Laws. Any such  
778 determination shall contain a notice of this right to request a hearing and may specify a time limit, not to

779 exceed 21 days, within which said person shall request said hearing. If no such request is timely made,  
780 the determination shall be deemed assented to. If a timely request is received, the commission shall  
781 within a reasonable time act upon a request in accordance with the provisions of said chapter 30A. A  
782 person aggrieved by a final decision in an adjudicatory hearing held under the provisions of this section  
783 may obtain judicial review thereof pursuant to the provisions of chapter 30A.

784 Section 11. Criminal acts and penalties.

785 (a) Except as otherwise provided in this act or in chapter 10 or in section 7A of chapter 271 of the  
786 General Laws, it is unlawful for any person to deal, operate, carry on, conduct, maintain or expose for  
787 play in the commonwealth of Massachusetts any gambling game, gaming device, or slot machine as  
788 defined by this act; to receive, directly or indirectly, any compensation or reward or any percentage or  
789 share of the money or property played, for keeping, running or carrying on any gambling game, gaming  
790 device, or slot machine; to permit any gambling game, gaming device, or slot machine to be conducted,  
791 operated, dealt or carried on in any house or building or other premises owned by him, in whole or in part;  
792 to lend, let, lease or otherwise deliver or furnish any equipment of any gambling game, including any slot  
793 machine, for any interest, percentage or share of the money or property played, under guise of any  
794 agreement whatever; to lend, let, lease or otherwise deliver or furnish, except by a bona fide sale or  
795 capital lease, any slot machine under guise of any agreement whereby any consideration is paid or is  
796 payable for the right to possess or use that slot machine, whether the consideration is measured by a  
797 percentage of the revenue derived from the machine or by a fixed fee or otherwise; to furnish services or  
798 property, real or personal, on the basis of a contract, lease or license, pursuant to which that person  
799 receives payments based on earnings or profits from any gambling game, including any slot machine,  
800 without having first procured a state gaming license from the commission.

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

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

805 (c) Any person under the age of 21 years, or any age greater as set by the commission, who plays,  
806 places wagers at, or collects winnings from, whether personally or through an agent, any controlled game,  
807 or who is employed as an employee in a licensed gaming establishment shall be punished by  
808 imprisonment in the house of correction for not more than 1 year, or by a fine of not more than \$1,000, or  
809 by both such imprisonment and fine. A subsequent violation of this section shall subject a person to  
810 imprisonment in the house of correction for not more than 2 years, or by a fine of not more than \$5,000,  
811 or by both such imprisonment and fine. Any licensee, or other person, who knowingly allows a person  
812 under the age set by the commission to play, place wagers at or collect winnings, whether personally or  
813 through an agent, shall be punished by imprisonment in the house of correction for a term of not more  
814 than 1 year or pay a fine of not more than \$25,000, or by both such imprisonment and fine. A subsequent  
815 violation of this section shall subject the licensee to imprisonment in the house of correction for not more  
816 than 2 years or pay a fine of not more than \$50,000 or by both such imprisonment and fine. In any  
817 prosecution or other proceeding for the violation of this subsection, it shall not be a defense for the  
818 licensee or his agent to plead that he believed the person to be 21 years of age or older.

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

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

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

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

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

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

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

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

847 (i) Any former commission member who, within 5 years after his employment on said commission  
848 has ceased, solicits or accepts employment with or provides consultant services to any licensee or at any  
849 licensed gaming facility shall be deemed to have violated chapter 268B of the General Laws. Any

850 licensed gaming facility which employs a former commission member in violation of this subsection shall  
851 be punishable by a fine to be determined by the commission.

852 (j) It is unlawful for any person:

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

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

858 (3) To manipulate, with the intent to cheat, any component of a gaming device in a manner  
859 contrary to the designed and normal operational purpose for the component, including but not limited to,  
860 varying the pull of the handle of an electronic gaming device, with knowledge that the manipulation  
861 affects or reasonably may tend to affect the outcome of the game or with knowledge of any event that  
862 affects the outcome of the game. As used in this section, "cheat" means to alter the selection of criteria  
863 which determine: (a) the results of a game; or (b) the amount or frequency of payment in a game.

864 (4) To have on his person or in his possession on or off the premises of any licensed gaming  
865 establishment any key or device known to have been designed for the purpose of and suitable for opening,  
866 entering or affecting the operation of any gaming or equipment, or for removing money or other contents  
867 from there, except where such person is a duly authorized employee of a licensee acting in furtherance of  
868 his employment within a licensed gaming establishment. A violation of this section shall be punishable  
869 by imprisonment in the house of corrections for not more than 5 years or by a fine of not more than  
870 \$50,000, or by both such imprisonment and fine.

871 (k) Any individual who commits, attempts, or conspires to commit skimming, as defined in section 1  
872 of this chapter, for a total value of less than \$1,000 against a gaming licensee or upon the premises of a

873 licensed gaming facility shall be punished by imprisonment in the house of corrections for not more than  
874 5 years and by a fine of not more than \$50,000, or by imprisonment in the house of corrections for not  
875 more than 10 years and by a fine of not more than \$100,000 if the total value is more than \$1,000.

876 (l) In addition to any other penalty imposed under this section, a violation of this section by a  
877 licensed gaming establishment shall be subject to forfeiture to the commonwealth any or all of the gaming  
878 equipment related to the violation. A district attorney may petition the superior court in the name of the  
879 commonwealth in the nature of a proceeding in rem to order forfeiture of any such gaming equipment  
880 subject to forfeiture under the provisions of this paragraph. Such petition shall be filed in the court  
881 having jurisdiction over said gaming equipment or having final jurisdiction over any related criminal  
882 proceedings brought under any provision of this chapter. In all such suits where the property is claimed  
883 by any person, other than the commonwealth, the commonwealth shall have the burden of proving to the  
884 court the existence of probable cause to institute the action, and any such claimant shall then have the  
885 burden of proving that the gaming equipment is not forfeitable. The court shall order the commonwealth  
886 to give notice by certified or registered mail to the owner of said gaming equipment and to such other  
887 persons as appear to have an interest therein, and the court shall promptly but not less than 2 weeks after  
888 notice, hold a hearing on the petition. Upon the motion of the owner of said gaming equipment the court  
889 may continue the hearing on the petition pending the outcome of any criminal trial related to the violation  
890 of this chapter. At such hearing the court shall hear evidence and make conclusions of law, and shall  
891 thereupon issue a final order, from which the parties shall have a right of appeal. In all such suits where a  
892 final order results in forfeiture, said final order shall provide for disposition of said gaming equipment, by  
893 the commonwealth in any manner not prohibited by law, including official use by an authorized law  
894 enforcement or other public agency, or sale at public auction or by competitive bidding. The proceeds of  
895 any such sale shall be used to pay the reasonable expenses of the forfeiture proceedings, seizure, storage,  
896 maintenance of custody, advertising, and notice, and the balance thereof shall be deposited in the gaming  
897 regulatory account established by this chapter.



898 Section 12. Violations.

899 (a) All licensees, all registrants, all persons required to be qualified under this act, and all persons  
900 employed by a gaming service industry licensed pursuant to this act, shall have a duty to inform the  
901 commission or bureau of any action or circumstances, or combination thereof, which they believe would  
902 constitute a violation of this act. No person who so informs the commission or the bureau shall be  
903 discriminated against by an applicant, licensee or registrant because of the supplying of such information.

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

907 (1) On account of any such questioning.

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

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

916 (d) No gaming licensee or its officers, employees or agents are entitled to the immunity from liability  
917 provided for in subsection (c) unless there is displayed in a conspicuous place in his establishment a  
918 notice in boldface type clearly legible and in substantially this form: Any gaming licensee, or any of his  
919 officers, employees or agents who has reasonable cause for believing that any person has violated any

920 provision of the Massachusetts gaming laws, which prohibits cheating in gaming, may detain that person  
921 in the establishment.

922 Section 13. Gaming taxes and fees.

923 (a) There is hereby established a gaming investigative fund. Any and all expenses associated with  
924 the licensing of any applicant and monitoring of any licensee shall be borne by the applicant or licensee.  
925 Pursuant to its regulations, the commission shall require each applicant to deposit with the commission,  
926 together with the application therefore, an application fee which shall be deposited in the gaming  
927 investigative account. Such fee shall constitute the anticipated costs and charges incurred in the  
928 investigation and processing of the application, and any additional sums as are required by the  
929 commission and the bureau to pay final costs and charges. Expenses may be advanced from the gaming  
930 investigative account by the commission to the bureau. Any money received from an applicant in excess  
931 of the costs and charges incurred in the investigation or the processing of the application shall be refunded  
932 pursuant to regulations adopted by the commission. At the conclusion of the investigation, the bureau  
933 shall provide the applicant a written accounting of the costs and charges so incurred.

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

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

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

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

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

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

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

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

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

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

980 (i) In the event the annual financial performance of the Massachusetts state lottery does not maintain  
981 the same rate of growth as averaged by the 3 previous years, the commission shall assess each licensed  
982 gaming entity for the total monetary shortfall, on a proportional basis. The proportional assessment to be  
983 paid to the state in addition to all other taxes and fees paid by each gaming establishment shall be  
984 determined by calculating the percentage of annual gaming revenues of each gaming entity of the total  
985 annual gaming revenues in the Commonwealth for the preceding fiscal year.

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

988 (k) No municipality or other political subdivision shall impose any additional license fee or gaming  
989 tax on any person or equipment licensed to conduct gaming pursuant to this chapter. Nothing herein

990 precludes the imposition of customary local taxes and fees applicable to other non-gaming businesses in  
991 the municipality or political subdivision.

992 Section 14. Internal control system.

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

997 (b) The internal control system must be designed to reasonably ensure that assets are safeguarded;  
998 financial records are accurate and reliable; transactions are performed only in accordance with  
999 management's general or specific authorization; transactions are recorded adequately to permit proper  
1000 reporting of gaming revenue and of fees and taxes, and to maintain accountability for assets; access to  
1001 assets is permitted only in accordance with management's specific authorization; recorded accountability  
1002 for assets is compared with actual assets at reasonable intervals and appropriate action is taken with  
1003 respect to any discrepancies; functions, duties and responsibilities are appropriately segregated and  
1004 performed in accordance with sound practices by competent, qualified personnel.

1005 (c) Each gaming licensee and each applicant for a gaming license shall describe, in such manner as  
1006 the executive director may approve or require, its administrative and accounting procedures in detail in a  
1007 written system of internal control. Each gaming licensee and applicant for a gaming license shall submit  
1008 a copy of its written system to the executive director. Each written system must include:

1009 (1) An organizational chart depicting appropriate segregation of functions and  
1010 responsibilities.

1011 (2) A description of the duties and responsibilities of each position shown on the  
1012 organizational chart.

1013 (3) A detailed, narrative description of the administrative and accounting procedures  
1014 designed to satisfy the requirements of subsection (a).

1015 (4) A written statement signed by the licensee's chief financial officer and either the  
1016 licensee's chief executive officer or a licensed owner attesting that the system satisfies the requirements  
1017 of this section.

1018 (5) If the written system is submitted by an applicant, a letter from an independent  
1019 accountant stating that the applicant's written system has been reviewed by the accountant and complies  
1020 with the requirements of this section.

1021 (6) Such other items as the executive director may require.

1022 (d) The executive director, with the advice of the commission, shall adopt and publish minimum  
1023 standards for internal control procedures.

1024 Section 15. Gaming debts.

1025 (a) Whenever a licensee refuses payment of alleged winnings to a patron, the licensee and the patron  
1026 are unable to resolve the dispute to the satisfaction of the patron and the dispute involves: (1) at least  
1027 \$500, the licensee shall immediately notify the bureau; or (2) less than \$500, the licensee shall inform the  
1028 patron of his right to request that the bureau conduct an investigation. The bureau shall conduct whatever  
1029 investigation it deems necessary and shall determine, in its sole discretion and without need for a hearing,  
1030 whether payment should be done. In the event the bureau determines that payment should be made, all  
1031 costs of the investigation shall be borne by the licensee. Failure of the licensee to notify the bureau or  
1032 inform the patron as provided herein shall subject the licensee to disciplinary action.

1033 (b) Any party aggrieved by the determination of the bureau may file a petition for reconsideration  
1034 with the commission setting forth the basis of the request for reconsideration. Any hearing for  
1035 reconsideration shall be conducted pursuant to regulations adopted by the commission.

1036 (c) A credit instrument evidencing a gaming debt may be enforced by a licensee by legal process.

1037 (d) A licensee or person acting on the licensee's behalf may accept an incomplete credit instrument  
1038 that is signed by a patron and states the amount of the debt in figures and may complete the instrument as  
1039 is necessary for the instrument to be presented for payment.

1040 (e) A licensee or a person acting on behalf of a licensee may not accept a credit instrument, which is  
1041 incomplete, except as authorized in subsection (d) of this section. Additionally, a licensee or a person  
1042 acting on his behalf may accept a credit instrument that is payable to an affiliate or affiliated company or  
1043 may complete a credit instrument in the name of an affiliate or affiliated company as payout if the credit  
1044 instrument otherwise complies with this section and the records of the affiliate or an affiliated company  
1045 pertaining to the credit instrument are made available to the executive director upon request.

1046 (f) This section does not prohibit the establishment of an account by a deposit of cash, recognized  
1047 traveler's check, or any other instrument which is equivalent to cash.

1048 Section 16. Immediate revenue address.

1049 Notwithstanding any general or special law to the contrary, given that the commission and bureau  
1050 will not be ready to convene and conduct its respective business and functions for some time after the  
1051 enactment of this legislation and given the needs of the commonwealth of funds in order to operate and  
1052 conduct its business, each racing meeting licensee shall be granted a temporary license and deemed to be  
1053 a licensee for the purposes of this act immediately upon the enactment of this act; provided a letter of  
1054 intent has been submitted to the secretary of administration and finance. The functions of the commission  
1055 and bureau shall be maintained and operated by the executive office of administration and finance, under  
1056 the control of the secretary, until such time as said commission and bureau are operating according to the  
1057 terms of this act; provided, however, that in no event shall the racing meeting licensees be deemed  
1058 automatically to be licensees under this section 6 months after the enactment of this act; provided, further,

1059 that the commission and bureau shall have complete authority to conduct their respective functions to  
1060 insure compliance with this act when they are respectively operational.

1061 Section 17. Repeal of section 16.

1062 Section 16 of this act shall be repealed six months after the enactment of this act.

1063 Section 18. Severability.

1064 The invalidity of any section, sections or subsections or parts of this act shall not affect the  
1065 validity of the remainder of this act.