HOUSE DOCKET, NO. 2491 FILED ON: 1/20/2011

HOUSE . . . . . No. 3110

The Commonwealth of Massachusetts

PRESENTED BY:

Bradley H. Jones, Jr.

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

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

An Act relative to gaming.

PETITION OF:

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

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HOUSE . . . . . No. 3110

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

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

The Commonwealth of Massachusetts

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:

SECTION 1. The General Laws, as appearing in the 2008 Official Edition, are hereby amended by inserting after chapter 128C the following new chapter:-

"CHAPTER 128D

MASSACHUSETTS GAMING ACT

Section 1. Definitions.

The following words as used in this chapter shall, unless the context clearly requires otherwise, have the following meanings:

(a) "Affiliate" means any person which a licensee or applicant directly or indirectly controls or in which an applicant or licensee possesses an interest. For the purposes of this section "controls" means either (i) directly or indirectly holding more than ten percent of voting membership rights or voting stock or partnership interest, or (ii) that a majority of the directors, general partners, trustees, or members of an entity's governing body are representatives of, or are directly or indirectly controlled by, the licensee or applicant. For the purposes of this subsection, "possesses an interest in" means either (i) directly or indirectly holding more than five percent of voting membership rights or voting stock or (ii) that at least 25 percent of the directors, general

16 partners, trustees, or members of an entity's governing body are representatives of, or are
17 directly or indirectly controlled by, the licensee or applicant.

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

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

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

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

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

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

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

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

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

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

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

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

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

48 tokens or any thing of value, whether the payoff is made automatically from the machine or in
49 any other manner.

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

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

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

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

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

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

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

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

80 (r) "Gaming license" or "license" means any license or work permits issued by the
81 commission under this chapter that authorizes the person named therein to engage or participate
82 in controlled gaming, including work permits and licenses issued to gaming establishments, to

83 gaming suppliers, to parties in interest to gaming schools, and to officers and directors of
84 licensed persons or entities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

149 (jj) "Racing meeting licensee" the running horse racing meeting licensee in Suffolk
150 county, and harness horse racing meeting licensee in Norfolk county, licensed by the state racing
151 commission pursuant to chapter 128 of the General Laws, as amended, to conduct parimutuel

152 racing during calendar year 2005, or their respective assigns; excluding any licensees of racing
153 meetings held or conducted in connection with a state or county fair.

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

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

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

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

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

170 Section 2. Gaming commission; composition.

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

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

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

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

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

181 (5) has been convicted of a felony.

182 Not more than 4 members of the commission shall be of the same major political
183 affiliation. The governor shall appoint 1 member to the commission and designate 1 member to

184 serve as chairman of the commission. The president and minority leader of the senate shall each
185 appoint 1 member to the commission. The speaker and minority leader of the house of
186 representatives shall each appoint 1 member to the commission. The attorney general of the
187 commonwealth shall appoint 1 member to the commission. The treasurer of the commonwealth
188 shall appoint 1 member to the commission.

189 (b) Of the members initially appointed, the member appointed by the governor shall
190 serve for an initial term of 5 years, the member appointed by treasurer shall serve for an initial
191 term of 5 years, the member appointed by the attorney general shall serve for an initial term of 5
192 years, the member appointed by the president of the senate shall serve for an initial term of 4
193 years, the member appointed by the speaker of the house shall serve for an initial term of 4 years,
194 the member appointed by the minority leader of the senate shall serve for an initial term of 3
195 years and the member appointed by the minority leader of the house shall serve for an initial
196 term of 3 years. After the initial term, the term of office for every member of the commission
197 shall be 5 years; provided, that no member may serve more than 2 consecutive 5-year terms.
198 Any vacancies shall be filled by the original appointing authority within 60 days of the
199 occurrence of such vacancy. Any appointee shall continue in office beyond the expiration date
200 of his term until the appointment of a successor but in no event longer than 6 months. Any
201 commissioner may be removed by his appointing authority for just cause. For purposes of this
202 paragraph, "just cause" shall mean misconduct, incompetence, neglect of duty,
203 maladministration of any act or omission that impairs the ability of the commission to perform
204 its responsibilities. The governor shall immediately remove any commissioner if he, after being
205 appointed, violates or acts contrary to the eligibility requirements established in subsection (a) of
206 this section.

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

223 Section 3. Gaming Commission; Powers and Duties.

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

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

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

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

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

261 (f) The commission may require any person to apply for a license as provided in this
262 chapter and approve or disapprove any such application or other transactions, events, and
263 processes as provided in this chapter. Any application to receive any license under this chapter
264 shall constitute a request for a determination of the applicant's general character, integrity, and
265 ability to participate or engage in, or be associated with, gaming. Such determination may
266 include a review of the applicant's associations, criminal history record, business activities, and
267 financial affairs, past or present.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

383 (t) The commission may investigate fraud, deceit, misrepresentation or violations by
384 any licensee under this chapter, or the occurrence of any such activity within or involving any
385 licensee. If the commission has reasonable basis to believe that any licensee has been or is
386 engaged in criminal behavior or that criminal activity is occurring within or involving any
387 licensed gaming establishment, the commission shall report the same to the district attorney of
388 the county within which the gaming establishment is located and make available to the district
389 attorney all relevant information on such activity. The commission shall apply to the department
390 of public safety for the assignment of a complement of police officers to the commission on a
391 regular basis and the department shall assign a complement to the commission. The commission
392 shall assign such police officers to guard and protect the lives and safety of the public and
393 property at any such gaming establishment, and to perform any other duties which may be
394 required by the commission in order to maintain a fair and honest gaming establishment. The
395 police officers so assigned shall, except in the case of an emergency, while on duty at any such

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

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

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

416 (w) No official, member, employee, or agent of the commission, having obtained
417 access to confidential records or information in the performance of the duties pursuant to this
418 chapter, unless otherwise provided by law, shall knowingly disclose or furnish the records or
419 information, or any part thereof, to any person who is not authorized by law to receive or learn of
420 such information. A violation of this provision shall be punishable by a fine of not more than
421 $10,000 or by imprisonment in the house of corrections for not more than 1 year, or by both.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

465 unsuitable manner or in unsuitable or prohibited places, as provided in the regulations of the
466 commission or the bureau.

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

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

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

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

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

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

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

495 (l) The bureau shall make a continuous study and investigation of gaming throughout
496 the commonwealth in order to ascertain the adequacy and effectiveness of state gaming law or
497 regulations and may formulate recommendations for changes in such laws and regulations. The
498 bureau shall make a continuous study and investigation of the operation and administration of
499 similar laws in other states or countries, of any literature or reports on the subject, of any federal

500 laws which may affect the operation of gaming in the commonwealth, all with intent to
501 recommend or effect changes that will better serve and implement the purposes of this chapter.

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

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

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

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

521 Section 5. Records of proceedings.

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

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

533 (1) The commission and the bureau shall not release or disclose any privileged
534 information, documents or communications provided by an applicant or licensee without the

535 prior written consent of the applicant or licensee or pursuant to a lawful court order after timely
536 notice of the proceedings has been given to the applicant or licensee.

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

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

543 Section 6. Issuance of gaming licenses

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

556 (1) Upon passage of this chapter, each racing meeting licensee must submit a letter of
557 intent with the secretary of administration and finance to declare the number of electronic
558 gaming devices the licensee chooses to operate, not to exceed 1500, and the date of
559 commencement at which time the operation of said number of electronic gaming devices shall
560 begin; provided, the date of commencement must be within 180 days of the submission of the
561 letter of intent, otherwise the licensee shall forfeit all privileges granted by this chapter and,
562 therefore, an additional license to operate electronic gaming devices may be auctioned by the
563 commonwealth in accordance with subsection (b) of this section. Furthermore, the letter of
564 intent must be submitted to the secretary within 90 days of the passage of this chapter; however,
565 if a racing meeting licensee fails to submit a letter of intent within 90 days, the licensee shall
566 forfeit all privileges granted by this chapter and, therefore, an additional license to operate
567 electronic gaming devices may be auctioned by the commonwealth in accordance with
568 subsection (b) of this section.

569 (2) Two years after the date of commencement, each racing meeting licensee shall
570 pay to the commonwealth of Massachusetts an amount of seventeen and one half of one percent
571 (17.5%) of the maximum annual gaming revenue derived from all electronic gaming devices;

572 provided, the maximum annual gaming revenue shall be calculated by multiplying the daily
573 gaming revenue of the most profitable electronic gaming device by 365 (the number of days in a
574 year), multiplied by the number of electronic gaming devices enumerated in the original letter of
575 intent submitted to the secretary of administration and finance; provided, for the purposes of this
576 calculation, the daily gaming revenue of the most profitable electronic gaming device shall not
577 be less than $300. Should the racing meeting licensee fail to make such payment as and when
578 due, any amounts then owing shall constitute a lien running in favor of the commonwealth and
579 relating back to the date of commencement.

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

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

595 (b) Notwithstanding the provisions of chapters 137 and 271 of the General Laws, or
596 any general or special law to the contrary, the commission shall issue 2 licenses, each for the
597 operation of not more than 1500 electronic gaming devices, from among all persons or entities
598 seeking to be a licensed operator in the commonwealth of Massachusetts; provided, 1 license
599 shall only be issued in either Berkshire county, Franklin county, Hampden county or Hampshire
600 county, and 1 license shall only be issued in Worcester county. In the event a racing meeting
601 licensee chooses not to obtain, or is not granted a license, then the commission shall issue an
602 additional license for the operation of electronic gaming devices in any county other than those
603 aforementioned. The commission shall submit to each applicant a request for proposal, which
604 shall be designed to maximize the initial revenue potential for the state. Those applicants
605 offering the highest bid in order to maximize the initial revenue potential for the state shall be
606 selected; provided, they comply with the licensing provisions of this chapter; and provided
607 further, that the commission determines there is a suitable location for a facility under this
608 section; provided however, that any federally recognized Native American tribe authorized
609 pursuant to the Indian Gaming Regulatory Act, 29 U.S.C. sections 2701 to 2721, shall have the
610 right of first refusal to negotiate with the commission to be licensed under this paragraph;

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

627 (c) No gaming license may be issued for operation in a community or communities
628 without the approval of the voters of said community or communities by way of referendum held
629 after April 1, 2005. Furthermore, no gaming license may be issued for operation in a community
630 or communities without the approval of a majority of the aggregate number of voters in all
631 contiguous communities to the proposed site of operation. Therefore, all affected communities
632 must host an election within 120 days of the submission of an eligible application to the
633 commission; provided the secretary of commonwealth shall certify the cost of the election
634 incurred by each community and the applicant shall reimburse the cost to each community within
635 60 days of the receipt of certification by the secretary of the commonwealth. This section shall
636 not apply to racing meeting licensees existing on April 1, 2005.

637 Section 7. License approval.

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

650 fee. Such fee shall constitute the anticipated costs and charges incurred in the investigation and
651 processing of the application, and any additional sums as are required by the commission to pay
652 final costs and charges.

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

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

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

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

678 (f) Each license approved by the commission shall be awarded as the result of an
679 application process to be designed and established by said commission. A person may apply to
680 be a licensed gaming operator by filing an application with the commission, in the form and with
681 such accompanying application fees as the commission may establish. Information on the
682 application will be used as the basis for a thorough background investigation which the bureau
683 shall conduct with respect to each applicant. Each application shall disclose the identity of each
684 party in interest, each holding company and intermediary company, and each affiliate of the
685 operating entity. The application shall disclose, in the case of a privately held corporation, the
686 names and addresses of all directors, officers, and stockholders; in the case of a publicly traded

687 corporation, the names and addresses of all directors, officers, and persons holding at least 1
688 percent of the total capital stock issued and outstanding; in the case of a partnership, the names
689 and addresses of all partners, both general and limited; and in the case of a trust, the names and
690 addresses of all trustees and beneficiaries. Persons applying for gaming operator licenses shall be
691 required to define the number of full-time equivalent employees that the project will produce,
692 and the project's non-gaming economic development potential.

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

706 Section 8. License requirements.

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

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

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

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

720 (e) Any person who the commission determines is qualified to receive a license or be
721 found suitable under the provisions of this act, may be issued a state gaming license or found
722 suitable, as appropriate. The burden of proving his qualification to receive any license or be

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

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

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

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

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

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

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

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

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

778 (n) The bureau shall investigate the qualifications of each applicant before any
779 license, certificate, or permit is issued pursuant to the provisions of this act; investigate the
780 circumstances surrounding any act or transaction for which commission approval is required;
781 investigate violations of this act and regulations promulgated hereunder; initiate, prosecute and
782 defend such proceedings before the commission, or appeals therefrom, as the bureau may deem
783 appropriate; provide assistance upon request by the commission in the consideration and
784 promulgation of rules and regulations; conduct continuing reviews of licensed gaming facility
785 operations through on-site observation and other reasonable means to assure compliance with
786 this act and regulations promulgated hereunder; conduct audits of licensed gaming facility
787 operations at such times, under such circumstances, and to such extent as the director shall
788 determine, including reviews of accounting, administrative and financial records, and
789 management control systems, procedures and records utilized by a license gaming facility
790 licensee; and be entitled to request information, materials and any other data from any licensee or
791 registrant, or applicant for a license or registration under this act.

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

794 (p) The bureau and its employees and agents, upon approval of the director, shall
795 have the authority, without notice and without warrant to inspect and examine all premises
796 wherein gaming is conducted; or gaming devices or equipment are manufactured, sold,
797 distributed, or serviced, or wherein any records of such activities are prepared or maintained; to

798 inspect all equipment and supplies in, about, upon or around such premises; to seize summarily
799 and remove from such premises and impound any such equipment or supplies for the purpose of
800 examination and inspection; to inspect, examine and audit all books, records, and documents
801 pertaining to a gaming licensee's operation; to seize, impound or assume physical control of any
802 book, record, ledger, game, device, cash box and its contents, counting room or its equipment, or
803 licensed gaming facility operations; and to inspect the person, and personal effects present in a
804 license gaming facility licensed under this act, of any holder of a license or registration issued
805 pursuant to this act while that person is present in a licensed gaming facility.

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

809 Section 9. Licensing of gaming service industries.

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

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

826 (c) The commission may exempt any person or field of commerce from the licensing
827 requirements of this subsection if the person or field of commerce demonstrates that it is
828 regulated by a public agency or that it will provide goods or services in insubstantial or
829 insignificant amounts or quantities, or provides professional services such as accountants,
830 auditors, attorneys, or broker dealers, and that licensing is not deemed necessary in order to
831 protect the public interest or to accomplish the policies established by this act. Upon granting an
832 exemption or at any time thereafter, the commission may limit or place such restrictions
833 thereupon as it may deem necessary in the public interest, and shall require the exempted person

834 to cooperate with the commission and the bureau and, upon request, to provide information in
835 the same manner as required of a gaming service industry licensed pursuant to this section.

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

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

841 Section 10. Right to hearing.

842 Any person aggrieved by a determination by the commission to issue, deny, modify,
843 revoke or suspend any license or approval, or to issue an order, under the provisions of this act,
844 may request an adjudicatory hearing before the commission under the provisions of chapter 30A
845 of the General Laws. Any such determination shall contain a notice of this right to request a
846 hearing and may specify a time limit, not to exceed 21 days, within which said person shall
847 request said hearing. If no such request is timely made, the determination shall be deemed
848 assented to. If a timely request is received, the commission shall within a reasonable time act
849 upon a request in accordance with the provisions of said chapter 30A. A person aggrieved by a
850 final decision in an adjudicatory hearing held under the provisions of this section may obtain
851 judicial review thereof pursuant to the provisions of chapter 30A.

852 Section 11. Criminal acts and penalties.

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

871 (b) Any person included on the list of persons to be excluded or ejected from a
872 gambling establishment pursuant to regulations promulgated pursuant to this act who knowingly
873 enters or remains on the premises of a licensed gambling establishment shall be punished by a
874 fine to be determined by the commission, in addition to any other penalties prescribed by law.

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

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

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

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

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

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

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

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

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

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

927 (j) It is unlawful for any person:

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

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

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

940 (4) To have on his person or in his possession on or off the premises of any licensed
941 gaming establishment any key or device known to have been designed for the purpose of and

942 suitable for opening, entering or affecting the operation of any gaming or equipment, or for
943 removing money or other contents from there, except where such person is a duly authorized
944 employee of a licensee acting in furtherance of his employment within a licensed gaming
945 establishment. A violation of this section shall be punishable by imprisonment in the house of
946 corrections for not more than 5 years or by a fine of not more than $50,000, or by both such
947 imprisonment and fine.

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

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

978 Section 12. Violations.

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

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

988 (1) On account of any such questioning.

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

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

998 (d) No gaming licensee or its officers, employees or agents are entitled to the
999 immunity from liability provided for in subsection (c) unless there is displayed in a conspicuous
1000 place in his establishment a notice in boldface type clearly legible and in substantially this form:
1001 Any gaming licensee, or any of his officers, employees or agents who has reasonable cause for
1002 believing that any person has violated any provision of the Massachusetts gaming laws, which
1003 prohibits cheating in gaming, may detain that person in the establishment.

1004 Section 13. Gaming taxes and fees.

1005 (a) There is hereby established a gaming investigative fund. Any and all expenses
1006 associated with the licensing of any applicant and monitoring of any licensee shall be borne by
1007 the applicant or licensee. Pursuant to its regulations, the commission shall require each applicant
1008 to deposit with the commission, together with the application therefore, an application fee which
1009 shall be deposited in the gaming investigative account. Such fee shall constitute the anticipated
1010 costs and charges incurred in the investigation and processing of the application, and any
1011 additional sums as are required by the commission and the bureau to pay final costs and charges.
1012 Expenses may be advanced from the gaming investigative account by the commission to the
1013 bureau. Any money received from an applicant in excess of the costs and charges incurred in the
1014 investigation or the processing of the application shall be refunded pursuant to regulations

1015 adopted by the commission. At the conclusion of the investigation, the bureau shall provide the
1016 applicant a written accounting of the costs and charges so incurred.

1017 (b) There is hereby established a gaming oversight fund. Monies deposited in the
1018 gaming oversight account shall be expended for the support of the commission and bureau in
1019 carrying out their duties and responsibilities under this chapter including, but not limited to, the
1020 directing or hiring of gaming law enforcement. The commission and the bureau shall issue
1021 regulations which apportion all expenses of the commission and the bureau among all gaming
1022 licensees on a pro rata share of the oversight costs of the commission. Such costs shall be fair
1023 and reasonable.

1024 (c) All fees, revenue, and penalties collected pursuant to this chapter, unless specified
1025 otherwise, shall be deposited in the general fund. Funds deposited in the general fund, pursuant
1026 to this chapter, shall, subject to appropriation, be distributed as stated in this section.

1027 (d) All revenue received from any game or gaming device which is leased for
1028 operation on the premises of the licensee-owner to a person other than the owner thereof, or
1029 located in an area or space on the premises which is leased by the licensee-owner to any such
1030 person, must be attributed to the owner for the purposes of this section and be counted as part of
1031 the gaming revenue of the owner. The lessee is liable to the owner for his proportionate share of
1032 the license fees.

1033 (e) All gaming license fees and penalties imposed by the provisions of this chapter
1034 must be paid to the state treasurer to be deposited into the general fund. Fees shall be paid
1035 annually on or before June twentieth, unless specified otherwise. Penalties imposed under this
1036 chapter shall be paid to the commission within 30 days after the final determination of the
1037 violation.

1038 (f) Each gaming licensee, including racing meeting licensees, shall pay the following
1039 amounts on a weekly basis:

1040 (1) Fifty percent of the gaming revenue derived from electronic gaming devices
1041 located in such gaming facility, payable to the commission. Seventy-five percent of the revenue
1042 collected pursuant to this subsection shall be deposited in the general fund. Twenty-five percent
1043 of the revenue collected pursuant to this subsection shall be deposited in the lottery fund for full
1044 distribution to all communities in the commonwealth, pursuant to the lottery aid formula, so-
1045 called.

1046 (2) Two percent of the gaming revenue derived from electronic gaming devices
1047 located in such gaming facility, payable to the community in which the facility is located;
1048 provided, that if the facility is located in more than one community, such fee shall be divided and
1049 distributed proportionally to each community as fairly determined by the commission.

1050 (3) One percent of the gaming revenue derived from electronic gaming devices
1051 located in such gaming facility, which shall be divided and distributed proportionally, as
1052 determined by the commission, to each community contiguous to the community or communities
1053 in which the facility is located.

1054 (g) Each racing meeting licensee shall also pay to the commission, as the commission
1055 shall direct, an amount equal to 35 percent of 1 percent (.35 %) of the annual gaming revenue
1056 derived from electronic gaming devices located in such gaming facility to be used exclusively in
1057 preventing and treating compulsive gambling behavior. Furthermore, the department of public
1058 health is hereby authorized and directed to conduct a comprehensive study to measure the
1059 prevalence of compulsive, obsessive behaviors in Massachusetts; to measure the prevalence of
1060 problem gambling in Massachusetts; to measure the prevalence of underage problem gambling in
1061 Massachusetts; and, to measure the social cost of problem gambling in Massachusetts; and to
1062 develop appropriate treatment modalities and public education strategies that address the
1063 findings of said study.

1064 (h) Each racing meeting licensee shall pay to the commission, as the commission
1065 shall direct, an amount equal to 25 percent of 1 percent (.25%) of the annual gaming revenue
1066 derived from electronic gaming devices located in such facility to be used exclusively for law
1067 enforcement purposes including appropriate contributions annually to the budgets of the attorney
1068 general, district attorneys and courts.

1069 (i) In the event the annual financial performance of the Massachusetts state lottery
1070 does not maintain the same rate of growth as averaged by the 3 previous years, the commission
1071 shall assess each licensed gaming entity for the total monetary shortfall, on a proportional basis.
1072 The proportional assessment to be paid to the state in additional to all other taxes and fees paid
1073 by each gaming establishment shall be determined by calculating the percentage of annual
1074 gaming revenues of each gaming entity of the total annual gaming revenues in the
1075 Commonwealth for the preceding fiscal year.

1076 (j) Two percent of the net gaming revenue derived from electronic gaming devices
1077 shall be deposited in a special fund established by the licensee, and used for payment of regular
1078 thoroughbred horse purses.

1079 (k) No municipality or other political subdivision shall impose any additional license
1080 fee or gaming tax on any person or equipment licensed to conduct gaming pursuant to this
1081 chapter. Nothing herein precludes the imposition of customary local taxes and fees applicable to
1082 other non-gaming businesses in the municipality or political subdivision.

1083 Section 14. Internal control system.

1084 (a) Each gaming licensee shall adopt an internal control system which shall include
1085 but not be limited to provisions for the safeguarding of its assets and revenues, especially the

1086 recording of cash and evidences of indebtedness; the provision of reliable records accounts and
1087 reports of transactions, operations and events, including reports to the executive director and the
1088 commission

1089 (b) The internal control system must be designed to reasonably ensure that assets are
1090 safeguarded; financial records are accurate and reliable; transactions are performed only in
1091 accordance with management's general or specific authorization; transactions are recorded
1092 adequately to permit proper reporting of gaming revenue and of fees and taxes, and to maintain
1093 accountability for assets; access to assets is permitted only in accordance with management's
1094 specific authorization; recorded accountability for assets is compared with actual assets at
1095 reasonable intervals and appropriate action is taken with respect to any discrepancies; functions,
1096 duties and responsibilities are appropriately segregated and performed in accordance with sound
1097 practices by competent, qualified personnel.

1098 (c) Each gaming licensee and each applicant for a gaming license shall describe, in
1099 such manner as the executive director may approve or require, its administrative and accounting
1100 procedures in detail in a written system of internal control. Each gaming licensee and applicant
1101 for a gaming license shall submit a copy of its written system to the executive director. Each
1102 written system must include:

1103 (1) An organizational chart depicting appropriate segregation of functions and
1104 responsibilities.

1105 (2) A description of the duties and responsibilities of each position shown on the
1106 organizational chart.

1107 (3) A detailed, narrative description of the administrative and accounting procedures
1108 designed to satisfy the requirements of subsection (a).

1109 (4) A written statement signed by the licensee's chief financial officer and either the
1110 licensee's chief executive officer or a licensed owner attesting that the system satisfies the
1111 requirements of this section.

1112 (5) If the written system is submitted by an applicant, a letter from an independent
1113 accountant stating that the applicant's written system has been reviewed by the accountant and
1114 complies with the requirements of this section.

1115 (6) Such other items as the executive director may require.

1116 (d) The executive director, with the advice of the commission, shall adopt and publish
1117 minimum standards for internal control procedures.

1118 Section 15. Gaming debts.

1119 (a) Whenever a licensee refuses payment of alleged winnings to a patron, the licensee
1120 and the patron are unable to resolve the dispute to the satisfaction of the patron and the dispute
1121 involves: (1) at least $500, the licensee shall immediately notify the bureau; or (2) less than
1122 $500, the licensee shall inform the patron of his right to request that the bureau conduct an
1123 investigation. The bureau shall conduct whatever investigation it deems necessary and shall
1124 determine, in its sole discretion and without need for a hearing, whether payment should be done.
1125 In the event the bureau determines that payment should be made, all costs of the investigation
1126 shall be borne by the licensee. Failure of the licensee to notify the bureau or inform the patron as
1127 provided herein shall subject the licensee to disciplinary action.

1128 (b) Any party aggrieved by the determination of the bureau may file a petition for
1129 reconsideration with the commission setting forth the basis of the request for reconsideration.
1130 Any hearing for reconsideration shall be conducted pursuant to regulations adopted by the
1131 commission.

1132 (c) A credit instrument evidencing a gaming debt may be enforced by a licensee by
1133 legal process.

1134 (d) A licensee or person acting on the licensee's behalf may accept an incomplete
1135 credit instrument that is signed by a patron and states the amount of the debt in figures and may
1136 complete the instrument as is necessary for the instrument to be presented for payment.

1137 (e) A licensee or a person acting on behalf of a licensee may not accept a credit
1138 instrument, which is incomplete, except as authorized in subsection (d) of this section.
1139 Additionally, a licensee or a person acting on his behalf may accept a credit instrument that is
1140 payable to an affiliate or affiliated company or may complete a credit instrument in the name of
1141 an affiliate or affiliated company as payout if the credit instrument otherwise complies with this
1142 section and the records of the affiliate or an affiliated company pertaining to the credit
1143 instrument are made available to the executive director upon request.

1144 (f) This section does not prohibit the establishment of an account by a deposit of
1145 cash, recognized traveler's check, or any other instrument which is equivalent to cash.

1146 Section 16. Immediate revenue address.

1147 Notwithstanding any general or special law to the contrary, given that the commission
1148 and bureau will not be ready to convene and conduct its respective business and functions for
1149 some time after the enactment of this legislation and given the needs of the commonwealth of
1150 funds in order to operate and conduct its business, each racing meeting licensee shall be granted
1151 a temporary license and deemed to be a licensee for the purposes of this act immediately upon
1152 the enactment of this act; provided a letter of intent has been submitted to the secretary of
1153 administration and finance. The functions of the commission and bureau shall be maintained and
1154 operated by the executive office of administration and finance, under the control of the secretary,

1155 until such time as said commission and bureau are operating according to the terms of this act;
1156 provided, however, that in no event shall the racing meeting licensees be deemed automatically
1157 to be licensees under this section 6 months after the enactment of this act; provided, further, that
1158 the commission and bureau shall have complete authority to conduct their respective functions to
1159 insure compliance with this act when they are respectively operational.

1160 Section 17. Repeal of section 16.

1161 Section 16 of this act shall be repealed six months after the enactment of this act.

1162 Section 18. Severability.

1163 The invalidity of any section, sections or subsections or parts of this act shall not affect
1164 the validity of the remainder of this act.".