

HOUSE No. 4067

The Commonwealth of Massachusetts

PRESENTED BY:

Kathi-Anne Reinstein

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

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

An Act relative to gaming control.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Kathi-Anne Reinstein	16th Suffolk
Brian P. Wallace	4th Suffolk

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT RELATIVE TO GAMING CONTROL.

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

1 **SECTION 1.** The General Laws are hereby amended by inserting after chapter 128C the following
2 chapter:- Chapter 128D. The Massachusetts Gaming Control Act. Section I. General Provisions.
3 (a) This chapter shall be known and may be cited as the "Massachusetts Gaming Control Act."

4 (b) No applicant for a license or other affirmative approval within the scope of this chapter has
5 any property or other right to a license or to the granting of the approval sought. Any license
6 issued or other approval granted pursuant to this chapter is a fully revocable privilege, and no
7 holder acquires any vested right therein or thereunder.

8 (c) Nothing in this chapter shall preclude any city or town in the commonwealth from prohibiting
9 gaming, from imposing any local controls or conditions upon gaming, from inspecting premises to
10 enforce applicable laws, or from imposing any fee or tax otherwise authorized, provided any
11 prohibition, control, condition, inspection, tax, or fee is not inconsistent with this act, or the laws of
12 the United States.

13 (d) In the event of any conflict between the provisions of this chapter and the provisions of any other
14 general or special law, or local ordinance, the provisions of this chapter shall prevail.
15 Section 2. Definitions.

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

18 (a) "Affiliate," any person that a licensee or applicant directly or indirectly controls or in which an
19 applicant or licensee possesses an interest. For the purposes of this definition, "controls" means
20 either (i) directly or indirectly holding more than ten percent (10%) of voting membership rights or
21 voting stock or partnership interests, or (ii) that a majority of the directors, general partners, trustees,
22 or members of an entity's governing body are representative of, or are directly or indirectly
23 controlled by, the licensee or applicant. For the purposes of this definition, "possesses an interest in"
24 means either (i) directly or indirectly holding more than (5%) of voting membership rights or voting
25 stock, or

26 (ii) that at least twenty-five percent (25%) of the directors, general partners, trustees, or members of
27 an entity's governing body are representatives of, or are directly or indirectly controlled by, the
28 licensee or applicant;

29 (b) "Applicant," a person who has applied for a gaming license, work permit, or approval of any act
30 or transaction pursuant to this chapter;

31 (c) "Bureau," the state gaming control bureau established by this act;

32 (d) "Commission," the Massachusetts gaming control commission;

33 (e) "Controlled game," or "controlled gaming," any game of chance, or skill, or both, played for
34 currency, check, credit, or any other thing of value, and including electronic gaming devices and
35 games classified as class II or class III gaming under the Indian Gaming Regulatory Act, 25
36 D.S.C. § 2701 et seq., but excluding:

37 (1) The game of bingo conducted pursuant to chapter two hundred and seventy-one;

38 (2) Parimutuel wagering on horse and dog races, whether live or simulcast, authorized under G.L.
39 c. 128A and G.L. c. 128C;

40 (3) Any lottery game conducted by the state lottery commission, in accordance with G.L. c. 10, §
41 24.

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

44 (f) "Electronic Gaming Device," means any game of chance mechanical, electronic or otherwise
45 featuring coin drop and payout as well as printed tabulations, whereby the software of the device
46 predetermines the presence or lack of a winning combination and payout; also microprocessor-
47 controlled electronic devices that allow a player to play games of chance, which may be affected
48 by an element of skill, activated by the insertion of a coin or currency or by the use of a credit
49 and awards game credits, cash, tokens, replays or a written statement of the player's accumulated
50 credits, which written statements are redeemable for cash; and including slot machines, video
51 lottery terminals' and video facsimile machines of any type;

52 (g) Establishment," any building, room, place or other indoor or outdoor premises where any
53 controlled gaming occurs, including all public and non-public areas of any such establishment;

54 (h) "Executive Director," the executive director of the bureau;

55 (i) "Gaming," to deal, operate, carry on, conduct, maintain, or expose for play any controlled
56 gaming;

57 (j) "Gaming equipment," any equipment, device, object or contrivance, or machine, whether
58 mechanical, electromechanical, or electronic, which is specifically designed or manufactured for
59 use in the operation of gaming; (k) "Gaming license," or "license," any license or work permit
60 missed by the commission under this chapter that authorizes the person named therein to engage
61 or participate in controlled gaming or to operate electronic gaming devices, including work permits
62 and licenses issued to gaming establishments, to gaming suppliers, to parties in interest, and to
63 officers and directors of licensed persons or entities;

64 (k) "Gaming operation," one or more controlled game that is operated, carried on, conducted,
65 maintained, offered or exposed for play;

66 (m) "Gaming establishment," any establishment licensed to conduct a gaming operation in the
67 commonwealth under this chapter;

68 (n) "Gaming services" means providing services or goods to any licensed gaming establishment
69 directly in conjunction with the operation of gaming, including security services, .training activities,
70 promotional services, printing or manufacture of betting tickets and manufacture, distribution,
71 maintenance, testing or repair of electronic gaming devices, or any person who furnishes
72 goods or services pursuant to which the person receives payments based on
73 earnings, profits or net receipts from gaming;

74 (o) "Holding company," any corporation, firm, partnership,
75 trust, or other entity that, directly or indirectly, owns, has the power or right
76 to control, or holds with power to vote, all or any part of the partnership

77 interests or outstanding voting securities of a corporation or any other
78 business entity that holds or applies for a gaming license. In addition, a
79 holding company indirectly has, holds, or owns any power or right mentioned
80 herein if it does so through any interest in a subsidiary or affiliate or
81 successive subsidiaries or affiliates, however many of these subsidiaries or
82 affiliates
83 may intervene between the holding company and the
84 corporate licenses or applicant;

85 (p) "Intermediary company," any corporation, firm, partnership, trust, or other entity, other
86 than a natural person, that is both of the following:
87 (1) A subsidiary with respect to a holding company, and
88 (2) A holding company with respect to a corporation or limited partnership or other entity
89 that holds or applies for gaming license;

90 (q) "Licensed operator," any operating entity that conducts a controlled gaming operation within a
91 gaming establishment pursuant to a license or licenses issued under this Act.
92 (r) "Licensed premises," the premises upon which is located a gaming establishment
93 pursuant to a license issued to a licensed operator;

94 (s) "Licensee," any person or party holding, or purporting to hold, a valid gaming license
95 under this chapter;

96 (t) "Net gaming revenue," the total, prior to the deduction of any operating, capital or other expenses
97 whatsoever, of all gaming revenue retained by any gaming establishment licensed under this chapter
98 derived from the conduct of any controlled game; (u) "Operating entity," any person who conducts a
99 gaming operation;

100 (v) "Party in interest," any corporation, firm, partnership, trust,
101 or other entity or person with any direct or indirect pecuniary interest in a licensed gaming
102 establishment, or a person who owns any interest in the premises of a licensed gaming
103 establishment, or land upon which such premises is licensed, whether he leases the property
104 directly or through an affiliate;

105 (w) "Person" or "party," a natural person, corporation, partnership, limited partnership, trustee,
106 holding company, joint venture, association, or any business entity;

107 (x) "Racing meeting licensee," the running horse racing meeting licensee in Suffolk County, harness
108 horse racing meeting licensee in Norfolk County, and dog racing meeting licensees in Suffolk and
109 Bristol Counties licensed by the State Racing Commission pursuant to G.L. c. 128A, as amended, to
110 conduct parimutuel racing during calendar year 2005, or their respective assigns; provided, however,
111 that the two dog racing meeting licensees in Bristol County shall be deemed one for all purposes of
112 this act; and, further, excluding any licensees of racing meetings held or conducted in connection
113 with a state or county fair.

114 (y) "Substantial party in interest," any person holding a greater than one percent (1 %) direct
115 or indirect pecuniary interest, whether as owner, mortgagee or otherwise, in an operating
116 entity, premises, or any other licensee or applicant;

117 (z) "Work permit," any permit issued by the commission authorizing the holder to be
118 employed as an employee in a licensed gaming establishment.

119 **Section 3. Gaming Control Commission; Composition, Powers & Duties.**

120 (a) There shall be established a Massachusetts gaming control commission consisting of
121 five members. Each member shall be a citizen of the United States and a resident of the
122 commonwealth. No officer or official of any political party, nor any person who
123 was formerly a licensee or an unlicensed employee of a gaming licensee within the five years
124 prior to any appointment shall be eligible for appointment to the commission. No person

125 actively engaging or having a direct pecuniary interest in gaming activities shall be a member
126 of the Commission. Not more than three members of the Commission shall be of the same
127 major political party affiliation. The governor shall appoint two members of the Commission
128 and designate one member to serve as chairman of the Commission. The attorney general of
129 the commonwealth shall appoint one member of the Commission. The auditor of the
130 commonwealth shall appoint one member of the Commission. The
131 Secretary of State shall appoint one member of the Commission.(b) The term of office of each
132 member of the Commission shall be five years except that, of the members initially appointed, one
133 shall be appointed by the governor for a term of five years, one shall be appointed by the attorney
134 general for a term of four years, one shall be appointed by the governor for a term of three years,
135 one shall be appointed by the auditor for a term of two years, and one shall be appointed by the
136 Secretary of State for a term of one year. After the initial term the term of office for each member
137 of the Commission is five years, provided that no member shall serve more than two consecutive
138 terms of five- year periods. Any vacancies shall be filled by the original appointing authority
139 within sixty days of the occurrence of such vacancy. Any appointee shall continue in office
140 beyond the expiration date of his term until the appointment of a successor but in no event longer
141 than six months. Any Commissioner may be removed by his appointing authority for just cause,
142 and shall be suspended, without pay, upon indictment for any felony. Any person so suspended
143 shall be removed upon conviction. Any person so suspended and later acquitted of any such
144 felony shall be reinstated to the commission upon such acquittal, with full back pay.

145 (c) The commission members shall devote that time and attention to the business of the
146 commission as is necessary to discharge their duties; provided, however, the chairman shall
147 devote his or her full time during normal business hours to the business of the commission. The
148 members of the commission shall be compensated for work performed for the commission at
149 ninety thousand
150 dollars per annum, with the chairman receiving ten thousand dollars per annum in additional
151 compensation. Commission members shall be reimbursed for travel and other expenses necessarily
152 incurred in the performance of official duties. Before entering upon the duties of the office each
153 member shall swear that he is not peculiarly interested in, or doing business with, any person
154 holding a gaming license and shall submit to his appointing authority and to the state ethics
155 commission a statement of financial interest required by chapter two hundred sixty-eight B of the
156 general laws.

157 (d) Except as otherwise provided herein, meetings of the commission shall be subject to the
158 provisions of section eleven A and eleven A and one-half of chapter thirty A of the General Laws. A
159 majority of the membership of the commission shall constitute a quorum of the commission. A
160 public record of every vote shall be maintained at the commission's general office.

161 (e) The commission shall conduct hearings in accordance with the provisions of chapter thirty A,
162 provided, however, that clause three of section eleven of chapter thirty A shall not apply. The
163 commission may issue subpoenas for the attendance of witnesses or the production of any
164 records, books, memoranda, documents, or other papers, or things, at or prior to any hearing as is
165 necessary to enable the commission to discharge its duties, and may administer oaths or
166 affirmations as necessary in connection therewith. The commission may petition the superior
167 court for an
168 order requiring compliance with any subpoena at issue.

169 (f) The commission may retain legal, investigative, clerical and other assistance as may be
170 necessary.

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

173 in this chapter. Any application to receive any license under this chapter shall constitute a request for
174 a determination of the applicant's general character, integrity, and ability to participate or engage in,
175 or be associated with, gaming.

176 (h) The commission shall make an annual report of its activities to the general court by
177 March 31, for the prior calendar year.

178 (i) The commission may grant or deny any application for a license or approval; may limit,
179 condition, restrict, suspend, or revoke any license or approval for any cause deemed
180 reasonable by commission, consistent with this chapter or any general or special law. The
181 commission may, in its discretion, issue a probationary gaming license. No gaming license
182 may be assigned either in whole or in part.

183 (g) As provided in commission regulations, the commission may impose a fine or penalty or
184 interest on such fine or penalty, upon any gaming licensee, for violation of this chapter. The
185 commission may approve or disapprove transactions, and events as provided in this chapter,
186 take actions reasonably designed to ensure that no unsuitable persons are associated with
187 controlled gaming, and take actions reasonably designed to ensure that
188 gaming activities take place only in suitable premises.

189 (k) The commission shall, pursuant to sections two and three of chapter thirty A of the general
190 laws, promulgate regulations necessary to carry out the powers and the provisions of this chapter,
191 and specifically shall promulgate regulations as to the following matters:

192 (1) the licensing of gaming establishments, including regulations relating to the types of
193 establishments, application process,

194 background checks, license fees, bonding requirements, and revocation and suspension of licenses;

195 (2) the licensing of gaming suppliers, including regulations relating to the application
196 process, background checks, license fees, bonding requirements, and revocations and
197 suspension of licenses;

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

200 (4) the issuance of one or more classes of work permits,
201 including regulations relating to the application process, background checks, fees, and revocation
202 and suspension of work permits;

203 (5) the licensing of all officers and directors of any entity which holds or applies for a license under
204 this chapter, including regulations relating to application process, background checks, licensee
205 fees, and revocation and suspension of licenses; and regulations requiring that, if in the judgment of
206 the commission the public interest will be served by requiring any of the individual stockholders, key
207 executives, agents or other employees of any entity which holds or applies for a license under this
208 chapter to be licensed, such individuals apply for a license under this paragraph;

209 (6) the monitoring of licensees to ensure compliance with this chapter and the regulations
210 promulgated thereunder;

211 (7) the presentation and/or display of all licenses and work permits; (8) the registration of non-
212 gaming suppliers;

213 (9) the method for collecting any fines, fees, penalties and interest imposed by the
214 commission;

215 (10) the method and standards of operation of licensed gaming establishments including, but
216 not limited to, games, the type and manner of gaming, wagering limitations, odds, and hours of
217 operation; provided, however, the commission shall not restrict the
218 number of hours of operation of any licensed gaming establishment to fewer hours than of any
219 competing gaming facilities with controlled gaming;

220 (11) the manufacturing, distribution, sale, testing, servicing,

221 and inspection of gaming equipment, including requirements for the identification and
222 licensing of same;

223 (12) any limitations on mortgage security interests and agreements relating to the property of
224 licensed gaming establishments;

225 (13) any limitations on transfers of interests in licenses;

226 (14) advertising by licensed gaming establishments; provided, however, licensees shall
227 have the right to conduct reasonable advertising consistent with that of competing gaming
228 facilities;

229 (15) the manner in which winnings, compensation from games,
230 and gaming devices must be compiled and reported by licensees, provided, further, electronic
231 gaming devices shall return as winnings a minimum of eighty-five percent of all sums wagered.

232 (16) standards for protection of the health, safety, and security of the public at licensed
233 gaming establishments;

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

239 (18) the persons to be excluded or ejected from licensed gaming establishments, including the type of
240 conduct prohibited; and

241 (19) the distribution of funds for the treatment of compulsive behavior.

242 (l) In all emergencies, the commission may, without complying
243 with sections two or three of chapter thirty A of the general laws, summarily adopt, amend, or repeal
244 any regulation, if, at the time, the commission makes a finding that such action is necessary for the
245 preservation of the public peace, health, safety, morals, good order, or general welfare, together with
246 a statement of the facts constituting the emergency; provided, however, all such emergency actions
247 shall expire after ninety days.

248 (m) Each operating license shall be issued for an initial term of one year, and may be renewed at
249 the discretion of the commission for a term not to exceed five years.

250 (n) Any failure of a licensee to comply with this chapter or any regulation of the commission or
251 the bureau may, at the discretion of the commission, result in the immediate suspension or
252 revocation of the license.

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

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

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

266 (r) No person shall transfer a direct or indirect pecuniary
267 interest in a licensed operating entity or premises, or enter into an option contract or other agreement
268 providing for such transfer in the future, without having notified the commission. No person shall

269 transfer a greater than five percent (5%) direct or indirect pecuniary interest in a licensed operating
270 entity or premises without the issuance by the commission to the transferee of an operating license or
271 an affirmative statement that the transferee has met the operating license standards, as the
272 commission may require.

273 (s) The commission shall monitor the conduct of all licensees
274 and other persons having a material involvement, directly or indirectly, with a licensee for the
275 purpose of ensuring that licenses are not issued to, or held by, and there is no direct or indirect
276 material involvement with a licensee by unqualified, disqualified, or unsuitable persons.

277 (t) No commission member or person employed by the commission shall solicit or accept
278 employment from a licensee, or represent any person or party other than the commonwealth
279 before or against the commission for a period of three years from the termination of his office or
280 employment with the commission.

281 (u) The commission may investigate fraud, deceit, misrepresentation or violations by any licensee
282 under this chapter, or the occurrence of any such activity involving any licensee. If the
283 commission has reasonable basis to believe that any licensee has been or is engaged in criminal
284 behavior or that criminal activity is occurring within or involving any licensed gaming
285 establishment, the commission shall report same to the district attorney of the county within which
286 the gaming establishment is located and make available to said district attorney all relevant
287 information on such activity. The commission shall apply to the department of public safety for
288 the assignment of a complement of police officers to the commission on a regular basis and said
289 department

290 shall assign such complement to the commission. The commission shall assign such police
291 officers to guard and protect the lives and safety of the public and property at any such gaming
292 establishment, and to perform any such other duties, which may be required by said
293 commission in order to maintain fair and honest gaming establishment. The police officers so
294 assigned shall,

295 except in the case of an emergency, while on duty at any such establishment be subject to the
296 operational authority of the commission; provided, however, that such assignment or reassignment
297 shall not in any way impair any rights to which any officer may be entitled. The commission
298 shall from funds available pay to the department of public safety the cost of the salaries of the
299 police officers so assigned from funds appropriated to the commission. All assignment and
300 reassignments to the commission, except as the commissioner of public safety shall determine
301 that an emergency exists or is threatened, shall be subject to the approval of the gaming control
302 commission. Nothing herein shall prevent licensees from applying to the state police if they
303 have jurisdiction in the area where gaming establishment is located, or to the police department
304 of a city or town wherein the gaming establishment is located, in order that such police agency
305 may furnish a police detail for safety or traffic purposes at any gaming establishment authorized
306 by this chapter. The total cost for any such police detail shall be a sum equal to the salaries of
307 the police officers comprising such detail, plus a sum to cover the administrative expenses
308 incurred by the department of each such police officer.

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

313 (w) Any person aggrieved by a determination by the commission to issue, deny, modify, revoke or
314 suspend any license or approval, or to issue any order under the provisions of this
315 chapter, may request an adjudicatory hearing before the commission under the provisions of chapter
316 thirty A. Any such determination shall contain a notice of this right to request a hearing and

317 may specify a time limit, not to exceed twenty-one days, within which said person shall request
318 said hearing. If no such request is timely made, the determination shall be deemed assented to. If a
319 timely request is received, the commission shall within a reasonable time act upon a request in
320 accordance with the provisions of chapter thirty A. A person aggrieved by a final decision in an
321 adjudicatory hearing held under the provisions of this section may obtain judicial review thereof
322 pursuant to the provisions of chapter thirty A.

323 Section 4. State Gaming Control Bureau; Composition, Powers & Duties.

324 (a) There shall be established a state gaming control bureau
325 within the executive office of administration and finance.

326 (b) The secretary of administration and finance shall appoint the executive director of the bureau for
327 a term of five years. The executive director shall not serve more than two consecutive
328 terms. The executive director shall employ such professional, technical, and clerical assistants and
329 employees as necessary, subject to appropriation; provided, however, such assistants and
330 employees shall not be subject to G.L. c. 31 or G.L. c. 30, § 9(A).

331 The department of public safety and division of state police shall assign to the Division such full and
332 adequate numbers of investigators as the executive director shall reasonably require to carry
333 out the purposes of this chapter.

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

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

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

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

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

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

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

357 (7) To refer any suspected criminal violation of this chapter; provided, however, that nothing in
358 this section shall be deemed to limit the investigatory and prosecutorial powers of other state and
359 local officials and agencies;

360 (d) The bureau shall investigate the qualifications of each applicant under this chapter and make
361 a recommendation to the commission before any license is issued. The bureau shall also continue
362 to monitor the conduct of all licensees and other persons having a material involvement, directly
363 or indirectly, with a licensee for the purpose of ensuring that licenses are not issued to, or held
364 by, and there is no direct or indirect material involvement with a licensee by unqualified,

365 disqualified, or unsuitable persons, or persons whose operations are conducted in unsuitable
366 manner or in unsuitable or prohibited places, as provided in commission or bureau regulations.
367 (e) The bureau may recommend to the commission the denial of any application, the
368 limitation, conditioning, restriction, sus-pension, or revocation of any license or approval, or
369 the imposition of any fine or penalty upon any licensee.
370 (f) The bureau shall maintain a file of applications for licenses under this chapter, together with a
371 record of all action taken by the commission on those applications. Such applications shall be open
372 to public inspection. The bureau may maintain any other files and records as it deems appropriate.
373 (g) Each employee of the bureau shall file with the executive director and the state ethics
374 commission a statement of financial interest as defined in chapter two-hundred sixty-eight B.
375 Such statement shall be under oath and shall be filed at the time of employment and annually
376 thereafter, as .required by the state ethics commission.
377 (h) No employee of the bureau shall be permitted to place a wager in any establishment licensed
378 by the commission except in the course of his duties.
379 (i) No person employed by the bureau shall solicit or accept employment from a licensee, or
380 represent any person or party other than the commonwealth before or against the bureau or the
381 commission, for a period of three years from the termination of his office or employment with the
382 bureau.
383 (g) The bureau may investigate, fraud, deceit, misrepresentation or violations of this chapter by
384 any person licensed hereunder or the occurrence of any such activity within or involving any
385 licensed gaming establishment. If the bureau has reasonable basis to believe that any licensee has
386 been or is engaged in criminal behavior or that criminal activity is occurring within or involving
387 any licensed gaming establishment, the bureau shall report same to the district attorney of the
388 county within which the licensed gaming establishment is located and make available to said
389 district attorney all relevant information on such activity.
390 (k) The bureau, as it deems appropriate, may ask said district attorney to file a civil lawsuit to
391 retrain a violation of this chapter or enforce any provision thereof. An action brought against
392 a person pursuant to this chapter shall not preclude any other criminal or civil proceeding as
393 may be authorized by law.
394 (l) The bureau shall make a continuous study and investigation
395 of gaming throughout the commonwealth in order to ascertain the adequacy and effectiveness
396 of state gaming law or regulations and may formulate recommendations for changes in such
397 laws and regulations. The bureau shall make a continuous study and investigation of the
398 operation and administration of similar laws in other states or countries, of any literature or
399 reports on the subject, of any federal laws which may affect the operation of gaming in the
400 commonwealth, al with a view to recommending or effecting changes that will tend to better
401 serve an implement the purposes of this chapter.

402 (m) The executive director of the bureau may recommend that the commission initiate
403 proceedings or actions appropriate to enforce this chapter and the regulations promulgated
404 thereunder.

405 Section 5. Licensing of Licensed operators; payment of Commissions.

406 (a) Notwithstanding the provisions of G.L. c. 137, G.L. c. 271, or any other general or special
407 law to the contrary, each racing meeting licensee is eligible to be licensed, subject to all terms
408 and conditions imposed by the Commission, to operate a gaming establishment; and shall have
409 the right to operate one thousand five hundred (1,500) electronic gaming devices. Said

410 licensees shall pay weekly to the commission on behalf of the commonwealth, a sum equal to
411 55 percent of net gaming revenues and from which the commission shall allocate percentages to
412 be paid to the city or town in which the establishment is located and to configure cities and
413 towns, except those contiguous to the city of Boston a minimum of 2 per cent and a minimum ½
414 of 1 percent the treatment of compulsive and problem gamblers. The remainder of the adjusted
415 net gaming revenue shall go to local and similar to lottery distribution. The remaining sums
416 shall be retained by each licensee as its commissions and, provided, further, that each such
417 licensee shall in addition pay all taxes otherwise due and payable.

418 (b) No person shall operate a gaming establishment without having obtained all necessary
419 operating licenses from the commission. There shall be a single licensed operator for each gaming
420 establishment. The licensing standards must be met at all times by each officer, director, partner,
421 and trustee of the operating entity, by each substantial party in interest of the operating entity
422 or of the premises on which such establishment is located, and by such other party in interest of
423 the operating entity, the premises, or any holding company or intermediary company of the
424 operating entity or the premises as the commission may require.

425 (c) A person may apply to be a licensed operator by filing an application with the commission,
426 the form and any accompanying application fees as the commission may establish. Information
427 on the application will be used as the basis for a thorough background investigation which the
428 bureau shall conduct with respect to each applicant. Each application shall disclose the identity of
429 each party in interest, each holding company and intermediary company, and each affiliate of the
430 operating entity. The application shall disclose, in the case of the privately held corporation,
431 the names and addresses of all directors, officers, and stockholders; in the case of a publicly traded
432 corporation, the names and addresses of all directors, officers, and persons holding at least five
433 percent of the total capital stock issued and outstanding; in the case of a limited liability company,
434 the names and addresses of all members of the management committee and all persons holding at
435 least five percent of the membership interests; in the case of a partnership, the names and addresses
436 of all partners, both general and limited; and in the case of a trust, the names and addresses of all
437 trustees and beneficiaries.

438 (d) Each operating entity shall identify, in its application, the premises containing the establishment
439 where it proposes to conduct its gaming operations. The application shall contain such information
440 regarding the physical location and condition of the premises and the potential impact of the
441 proposed gaming operations upon adjacent properties and the municipality and region within which
442 the premises are located, as the commission may require. The application shall disclose the identity
443 of all parties in interest regarding the premises; and except as otherwise permitted herein, no person
444 other than a gaming establishment licensee here- under shall have any right to or interest in any
445 gaming revenue derived from electronic gaming devices in the form of a percentage of such sums or
446 require more than fair market value for rent, leases or services.

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

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

455 Section 6. Records of Commission and Bureau Proceedings. (a) The commission shall
456 cause to be made and kept a record of all proceedings at all meetings of the commission.
457 These records shall be open to public inspection.

458 (b) Notwithstanding any other general or special law to the contrary all files, records, reports,
459 and other information in the possession of any state or local governmental agency including
460 tax filings and related information that are relevant to an investigation by the bureau conducted
461 pursuant to this chapter shall be made available by such agency to the commission or bureau as
462 requested. However, any tax or financial information received from a governmental agency shall be
463 used solely for effectuating the purposes of this chapter. To the extent that these files,
464 records, reports, or information are confidential or otherwise privileged from disclosure under any
465 law, they shall not lose that confidential or privileged status for having been disclosed to the
466 commission or bureau.

467 (c) The attorney general, every district attorney, and every state and local law enforcement agency
468 shall notify the commission of any investigation or prosecution of any person if it appears
469 that a violation of any law related to gaming has occurred.

470 Section 7. Criminal Acts and Penalties; Age Restrictions.

471 (a) No official, member, employee, or agent of the commission or bureau, having obtained access to
472 confidential records or information in the performance of duties pursuant to this chapter,
473 unless otherwise provided by law, shall knowingly disclose or furnish the records or information, or
474 any part thereof, to any person who is not authorized by law to receive it. Violation of this provision
475 shall be punishable by a fine of not more than ten thousand dollars or by imprisonment in the house
476 of correction for not more than one year, or by both such fine and imprisonment.

477 (b) No person shall operate, carry on or conduct any controlled game or operate a gaming
478 operation except subject to a license issued by the commission as provided in this chapter.

479 (c) Any person included on the list of persons to be excluded or ejected from a licensed gaming
480 establishment pursuant to regulations promulgated pursuant to this chapter who knowingly
481 enters or remains on the premises of a licensed gaming establishment shall be punished by
482 imprisonment in the house of correction for not more than one year, or by a fine of not more than
483 ten thousand dollars, or by both such imprisonment and fine.

484 (d) Any person under the age of twenty-one years who plays, places wagers at, or collects
485 winnings from, whether personally or through an agent, any controlled game, or who is
486 employed as an employee in a licensed gaming establishment shall be punished by
487 imprisonment in the house of correction for not more than one year, or by a fine of not more
488 than one thousand dollars, or by both such imprisonment and fine. Any licensee, or other
489 person, who knowingly allows a person under the age of twenty-one to play, place wagers at or
490 collect winnings, whether personally or through an agent, shall be punished by imprisonment in
491 the house of correction for a term of not more than one year or pay a fine of not more than ten
492 thousand dollars, or by both such imprisonment and fine. A subsequent violation of this section
493 shall subject the licensee to imprisonment in the house of correction for not more than two years
494 or pay a fine of not more than twenty-five thousand dollars or by both such imprisonment and
495 fine.

496 (e) Any person who willfully fails to report, pay, or truthfully account for and pay over any fee,
497 penalty, fine, or interest thereon, imposed by this chapter or any regulation thereunder, or
498 willfully attempts in any manner to evade or defeat any fee, penalty, fine, or interest thereon, or
499 payment thereof shall be punished by imprisonment in state prison for not more than five years
500 or by imprisonment in the house of correction for not more than two and one-half years, or by a
501 fine of not more than ten thousand dollars, or by both such imprisonment and fine ..

502 (f) Any person who willfully resists, prevents, impedes, interferes with, or makes any false,
503 fictitious or fraudulent statement, or representation to the commission or the bureau of any of
504 their agents or employees in the performance of duties pursuant to this chapter, shall be
505 punished by imprisonment in the house of correction for not more than two years, or by a fine
506 not more than five thousand dollars, or by both such imprisonment and fine.

507 (g) Any person, as owner, lessee, or employee, whether for
508 hire or not, either solely or in conjunction with others, who knowingly shall do any of the following
509 without having first procured and thereafter maintained in effect all licenses required by law:
510 (1) To deal, operate, carry on, conduct, maintain, or expose for play in this state any controlled game
511 or gaming equipment used in connection with any controlled game;
512 (2) To receive, directly or indirectly, any compensation or reward or any percentage or share
513 of the revenue, for keeping, running, or carrying on any controlled game, or owning the real
514 property or location in which any controlled game occurs;
515 (3) To manufacture or distribute within the territorial boundaries of the commonwealth any
516 gaming equipment to be used in connection with controlled gaming; shall be punished by
517 imprisonment in the house of correction for not more than two and one-half years, or by a fine
518 of not more than ten thousand dollars, or by both such imprisonment and fine.

519 (h) Any person who knowingly permits any controlled game to be conducted, operated, dealt,
520 or carried on in any house or building or other premises that he or she owns or leases, in whole
521 or in part, if that activity is undertaken by a person who is not licensed as required by this
522 chapter shall be punished by imprisonment in state prison in the house of correction for not
523 more than
524 two and one-half years, or by a fine of not more than ten thousand dollars, or by both such
525 imprisonment and fine.

526 (i) Any former commissioner or commission or bureau employee who, within three years after
527 his state employment has ceased, solicits or accepts employment with or provides consultant
528 services to any licensee or at any licensed gaming establishment shall be punished by a fine of
529 not more than five thousand dollars or by imprisonment for not more than two and one-half
530 years in the house of correction or by both such fine and imprisonment. Any licensee who
531 knowingly employs a former commissioner or commission or bureau employee in violation of this
532 subsection shall be subject to immediate revocation of his or her license.

533 (g) It is unlawful for any person:
534 (1) to alter or misrepresent the outcome of a game or other
535 event on which wagers have been made after the outcome is determined but before it is revealed to
536 the players;
537 (2) knowingly to entice or induce another to go to any place where gaming is being
538 conducted or operated in violation of the provisions of this chapter, with the intent that the
539 other person play or participate in that gaming;
540 (3) to manipulate, with the intent to cheat, any component of a gaming device in a manner
541 contrary to the designed and normal operational purpose for the component including, but not
542 limited to, varying the pull of the handle of a slot machine, with knowledge that the manipulation
543 affects or reasonably may tend to affect the outcome of the game or with knowledge of any event
544 that affects the outcome of the game; As used in this section, "cheat" means to alter the selection
545 of criteria which determine:
546 (a) the results of a game; or
547 (b) the amount or frequency of payment in a game.
548 (4) to have on his person or in his possession on or off the premises of any licensed gaming
549 establishment any key or device known to have been designed for the purpose of and suitable for
550 opening, entering or affecting the operation of any gaming or equipment, or for removing money
551 or other contents therefrom, except where such person is a duly authorized employee of a
552 licensee acting in furtherance of his employment within a licensed gaming establishment.
553 A violation of this section shall be punishable by imprisonment in the house of correction for not
554 more than two years or by a fine of not more than four thousand dollars, or by both such

555 imprisonment and fine.

556 (k) A violation of this chapter, the penalty for which is not specifically fixed in this section, shall be
557 punishable by imprisonment in the house of correction for not more than two years, or by
558 fine of not more than five thousand dollars, or by both such imprisonment and fine.

559 (1) The conviction of a licensee for violation of, an attempt to violate, or conspiracy to violate any
560 provision of this chapter or any regulation thereunder may result in the immediate revocation of all
561 licenses issued to the violator under this chapter; and, in addition, the court, upon application of the
562 bureau or of the commission, may order that no new or additional license under this
563 chapter be issued to the violator, or be issued to any person who owned the room or premises
564 in which the violation occurred, for one year after the date of revocation.

565 Section 8. Revenues.

566 (a) There is hereby established a gaming investigative account. Any and all reasonable
567 expenses associated with the licensing of any applicant shall be borne by the applicant or
568 licensee. Pursuant to its regulations, the commission shall require each applicant to deposit
569 with the commission, together with the application, an application fee which shall be deposited
570 in the gaming investigative account. Such fee shall constitute the anticipated costs and charges
571 incurred in the investigation and processing of the application, and any additional sums as are
572 required by the commission and the bureau to pay [mal costs and charges. Expenses
573 may be advanced from the gaming investigative account by the commission to the bureau. Any
574 money received from an applicant in excess of the costs and charges incurred in the
575 investigation or the processing of the application shall be refunded pursuant to regulations
576 adopted by the commission. At the conclusion of the investigation, the bureau shall provide the
577 applicant a written accounting of the costs and charges so incurred.

578 Section 9. Disclosure requirements.

579 (a) Every licensed gaming establishment shall, upon receipt of criminal or civil process
580 compelling testimony or production of documents in connection with any civil or criminal
581 investigation, immediately disclose such information to the bureau.

582 (b) All licensees shall have a duty to inform the commission and bureau of any action which they
583 reasonably believe would constitute a violation of this chapter, and shall assist the commission and
584 bureau and any federal or state law enforcement agency in the investigation and prosecution of such
585 violation. The commission shall hold a hearing under chapter 30A on any licensees' failure to comply
586 with this paragraph, and may take appropriate actions including suspension or revocation of the
587 license. No person who so informs the commission or the bureau shall be discriminated against by an
588 applicant or licensee because of the supplying of such information.

589 Section 10. Compulsive Gambler Set Aside.

590 One-half of one percent of the net gaming revenues of each licensed gaming establishment
591 paid to the commonwealth shall be deposited in the general fund, and subject to
592 appropriation, shall be used for the treatment of compulsive and problem gamblers.

593 Section 11. Recovery of Gaming Debts by Patrons.

594 Whenever a licensed gaming establishment refuses payment of alleged winnings to a patron,
595 the gaming establishment and the patron are unable to resolve the dispute to the satisfaction of
596 the patron and the dispute involves:

597 (a) \$500 or more, the gaming establishment shall immediately notify the bureau; or

598 (b) less than \$500, the gaming establishment shall inform the
599 patron of his right to request that the bureau conduct an investigation. The bureau shall conduct
600 whatever investigation it deems necessary and shall determine, in its sole discretion and without need
601 for a hearing, whether payment should be made. In the event the bureau determines that payment
602 should be made, all costs of the investigation shall be borne by the gaming establishment. Failure

603 of the establishment to notify the bureau or inform the patron as provided herein shall subject the
604 establishment to disciplinary action.

605 Any party aggrieved by the determination of the bureau may
606 file a petition for reconsideration with the commission setting forth the basis of the request for
607 reconsideration. Any hearing for reconsideration shall be conducted pursuant to regulations
608 adopted by the commission.

609 **SECTION 2.** This act shall take effect upon its passage.