

Department of Public Safety

## **Gambling Control Board**

16th Annual Report

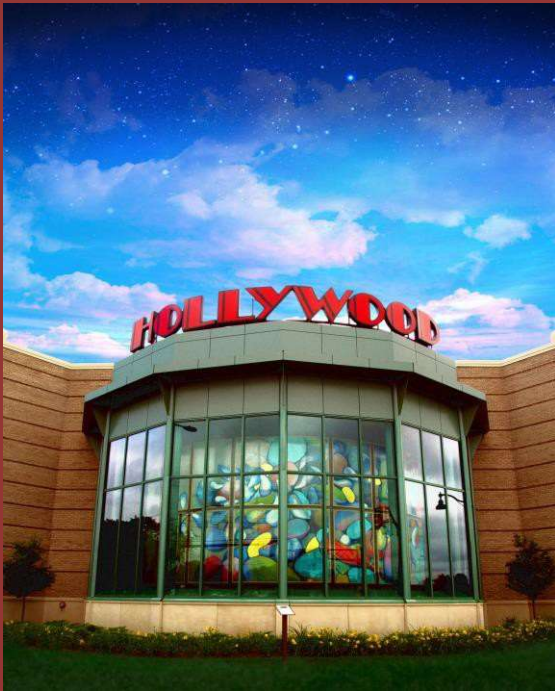
2020

Janet T. Mills  
*Governor*

Michael J. Sauschuck  
*Commissioner*

Steven J. Silver  
*Chairman*

Milton F. Champion  
*Executive Director*



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# INTRODUCTION

## OVERVIEW

The State of Maine Gambling Control Board was created in 2004 within the Department of Public Safety to carry out the functions specified in M.R.S. Title 8 Chapter 31 in response to a citizen's initiative to allow slot machines at two locations in Maine. In November 2005 Hollywood Casino opened with slot machines only and in November of 2011, after local approval allowed for them to add table games they began operating as a full casino in March 2012. In November of 2010, the citizens of Maine voted to allow a second casino in Oxford County. Oxford Casino began operations as a full casino with both slots and table games in June 2012.

## GAMBLING CONTROL BOARD

The board consists of 5 members appointed by the Governor. At least 4 of the board members must have training or experience in at least one of the following fields: corporate finance, economics, law, accounting, law enforcement, computer science or the gambling industry. One member must have experience in the harness racing industry. An elected official or candidate for elective office may not serve as a board member.

Members of the board serve 3-year terms, except that the Governor shall initially appoint one member for a term of one year, 2 members for a term of 2 years and 2 members for a term of 3 years. A vacancy is filled by appointment for the remainder of the unexpired term of that member. Members whose terms expire serve until their successors are appointed and confirmed. Members may serve no more than 2 full consecutive terms on the board.

Appointees must be reviewed by the joint standing committee of the Legislature having jurisdiction over gambling matters and are subject to confirmation by the Senate. The Governor shall appoint one of the 5 board members as chair. The member serves as chair at the pleasure of the Governor.

## BOARD COMPOSITION

Members who served on the Board in 2020 include: Tim Doyle (Chairman), Barbara Dresser, Robert Harmon, Greg McNeal and Alfred R. Skolfield until October 2020. Then Steven Silver became Chairman with members; Andrew Conant, Robert Harmon and Dr. Charmaine Brown. Member Andrew Conant resigned due to employment opportunities out of state. There are two member openings at the time of this report.

The Board normally meets monthly in the Board Room located at Department of Public Safety Headquarters at 45 Commerce Drive in Augusta. However due to the covid pandemic meetings have been held virtually through the zoom application. The topics discussed at the meetings of the Gambling Control Board include, but are not limited to:

- Regulating, supervising and exercising general control over the ownership and operation of slot machines and table games, the distribution of slot machines and table games and slot machine facilities and casinos,
- Adopt those rules the board determines necessary to administer and enforce MRS, Title 8, chapter 31,
- Take any action as may be reasonable or appropriate to protect the public interest and enforce chapter 31 and the rules adopted under this chapter including denial, suspension or revocation of a license,
- Approve or disapprove terms and conditions of uniform location agreements
- Impose sanctions, penalties and costs of investigation and hearing against any applicant or licensee for violation of chapter 31 or the rules adopted,
- Regulate, supervise and exercise general control over the operation of advance deposit wagering in the State, and
- Review of relevant pending legislation.

The Gambling Control Board conference room has been outfitted with an internet feed to allow for people to listen to the meetings live through the Gambling Control Board website. We have also set up zoom for members to use accordingly and appropriately. The Board also makes that room available for other state entities without cost.

According to Maine Revised Statute Title 8, Chapter 31, sub chapter 1, Scientific Games was selected as a third party to operate the central site monitoring system so that all slot machines in the state of Maine communicate electronically with that system.

## **GAMBLING CONTROL UNIT**

The Gambling Control Unit is a bureau within the Department of Public Safety. This Unit provides support to the Board under the direction of the Executive Director. The Unit is responsible for the licensing, auditing and inspection of the corporations, business entities, individuals, table games, slot machines and their associated equipment used to operate casinos in Maine.

The Gambling Control Unit staff works diligently to ensure that the casinos are in compliance with the statutes and rules that regulate the casino industry. They work closely with the casinos and other members of the industry to ensure a safe gaming environment for the patrons who choose to participate in gambling. The current positions include an executive director, 1 State Police detective, 1 inspector supervisor, 8 civilian inspectors, 1 auditor and 1 office specialist.

There is also 1 identification specialist position in the State Bureau of Identification funded by the Gambling Control Board due to the large number of fingerprint submissions that the licensing process generates. The board's budget also funds two Assistant Attorney General's to assist with the legal work of the board.

## **EXECUTIVE DIRECTOR**

The Executive Director, reporting to the Gambling Control Board, provides leadership, administration and oversight of the three functional areas. Each area focuses on a different aspect of regulation within the gaming industry. Specific responsibilities include, but are not limited to:

- Enforcement of Maine Statutes, Board Rules and Licensee System of Internal Controls,
- Individual and business licensing to include investigations of qualifications,
- Investigate any alleged violations or complaints of the Chapter, rules or internal controls,
- Collect all funds, licensing and registration fees,
- Revenue distribution,
- Over sight of the Central Monitoring System,
- Transport of gaming devices into, out of, or within the State,
- Rule development,
- Staff development,
- Budget planning, and
- Keep accurate and complete records of all areas of operation.

## **LICENSING**

The Office Specialist is the assistant and administrative support to the Executive Director. Responsibilities currently include in the absence of an Office Assistant, but are not limited to:

- Manage office protocol as directed by the Executive Director,
- Assisting auditors and inspector operations in their needs regarding tech support and supplies,
- Coding and processing all bills for service, contracts and amendments to service,
- Preparing agendas and recording of minutes of Board meetings,
- Oversees the self-exclusion and the forfeiture program of self-evicted patrons, and
- Keeping the Gambling Control Board website up to date.

Licensing is processed by the Office Specialist who would ensure all initial or renewed applications are filled out completely and all supportive documentation is recorded. The Office Specialist would then assign the application to the Detective assigned to the Department and assist them with the completion of background checks such as:

- Collecting fingerprint cards,
- Online reviews of:
  - Corporate records,
  - PACER bankruptcy records,
  - Prior licensing,
  - Sex offender registry, and
  - Maine Revised Statute requirements.
- Forwarding financial information for review by 3<sup>rd</sup> party contractor with the department

Initial applications are sent in upon completion and can range from 10 to 20 a month; Renewal applications are submitted 6 months in advance of expiration date and can range from 30 to 70 a month.

On an average, there are 750 employees licensed annually by the Gambling Control Board. As well as 2 Casino Operator licenses, 8 Distributor licenses and 10 Gambling Service Vendor licenses. Advance Deposit Wagering Operators are licensed every 5 years.

## **OPERATIONS**

There are 8 civilian Inspectors assigned to Hollywood and Oxford Casinos. An Inspector is present at the casino when the casino is open to the public. The Inspectors are responsible for random inspections using formal checklists of which an average of 35 per month were completed and an average of 600 per month of informal observations of the gaming floor and support areas. There were 58 shipments of slot machines, table games or associated equipment into, out of, or within the State of Maine in 2020.

Additional responsibilities include, but are not limited to:

- Liaison with local, state and federal law enforcement agencies as needed,
- Receive, remove, record and label slot machines and table games,
- Receive associated equipment, materials and/or software at the facilities,
- Adherence of Maine statutes, rules and facility internal controls,
- Administering and monitoring the self-exclusion program, and
- Being available to the public assisting as requested.

## **AUDITING**

The auditor positions in the last year have undergone a re-evaluation of the day-to-day review of operator's financial reports and those from the central site monitoring system. Financial information is electronically collected from the slot machines through the central site monitoring system. This monitoring system operates 24 hours a day, 7 days a week to ensure correct accounting of machine activity. That information is then compared to the reports from each operator's facility-based monitoring systems to ensure the proper payment of revenue to the State of Maine. Any variances between operator reports and the central site monitoring system are corrected or if they cannot, the central site monitoring system figures are used by rule. Examples of causes of variances can be:

- Slot machine malfunction or loss of connection
- Hand Payouts
- Coin Tests
- Unclaimed, missing or Voided Ticket In/Ticket Out (TITO) Tickets

Inspectors observe the drop and count of table game activities to ensure the proper recording of the table games revenue because there is no electronic monitoring of table games. Until a re-evaluation is completed, other unit staff are being held responsible for safeguarding and accounting for state revenues and allocation of funds to various accounts in accordance with Maine Revised Statute. The statistical information for slot machine and table revenue is posted weekly on the Gambling Control Unit website along with all other pertinent information at <https://www.maine.gov/dps/gamb-control/>.

The Auditor also works closely with inspectors invoicing the facilities with regards to the collection of gaming equipment fees per statute and/or rule.

## **INVESTIGATIONS**

The majority of the State Police detective's time is dedicated to conducting all suitability investigations for gaming licenses. In 2020 there were 127 new license investigations conducted along with 677 renewal license investigations that included business entities.

The detective also provides to the Maine Gambling Control Board police reports, court documents, interview responses and any other evidence the board needs to assist in determining the issuance or denial of a gaming license.

The State Police Detective also is responsible for assisting other regulatory agencies from other jurisdictions with their suitability investigations while also being tasked with other State Police assignments and maintaining required training. Some agencies that have been assisted are Federal (FBI, ICE, DEA) State (State Police, MDEA) County Sheriff's Office and local town law enforcement.

## **PROBLEM GAMBLING**

The Board finds that the State has a compelling interest in ensuring that persons have access to information and resources to address problem and compulsive gambling. Prior to commencing slot machine or casino operations the slot machine or casino operator shall submit its responsible gaming program to the Board. The program shall address the following areas:

- Be designed to promote responsible gaming in accordance with the requirements of Chapter 13 of Board Rules. The slot machine or casino operator must submit the written materials concerning problem gambling, as required by Chapter 13 section 6(1)(C), to the Board for approval thirty days prior to posting or providing the materials in the casino or slot facility;
- Be designed to promote responsible alcohol service and consumption identifying all employee training related to alcohol service. Shall identify the procedures designed to prevent a visibly intoxicated individual from gambling or consuming alcohol at the casino or slot machine facility;
- Shall identify the means to prevent minors from gambling, consuming alcohol and purchasing tobacco products at the slot machine or casino facility and address any unattended minors found at the slot machine or casino facility; and
- Identify the standards the slot machine or casino operator shall follow in its marketing campaigns designed to prevent promotional materials or communications from being directed specifically to individuals who have self-excluded themselves from the facility, as required in Chapter 13 section 6(3)(G), or who have requested that they not receive such materials or communications.

In 2020 there were 55 self-exclusions; 32 – 1 year, 3 – 3 year, 4 – 5 year and 16 – lifetime. Currently there are 312 self-excluded persons on the state list.

## Events Shaping the 2020 Gaming Season in Maine

- Covid19 Pandemic resulted in casinos closing from March 16 to July 9.
- Limited hours of operation after July at different times for the remainder of the year.
- Advance deposit wagering started in May after Hollywood Races was awarded the only license.
- New Board members started in October 2020



# FINANCIAL STATEMENTS

## Administrative Fiscal Expenses

	<u>Expenses FY19</u>	<u>Expenses FY20</u>	<u>Difference</u>
<b>PERSONNEL SERVICES:</b>			
SALARIES	726,275.89	726,988.86	712.97
	49,921.13	51,401.00	1,479.87
	2,239.82	1,540.00	(699.82)
BENEFITS	466,816.88	452,304.34	(14,512.54)
<b>TOTAL</b>	<b>1,245,253.72</b>	<b>1,232,234.20</b>	<b>(13,019.52)</b>
<b>ALL OTHER EXPENSES:</b>			
PROF. SERVICES, NOT BY STATE	1,326,606.78	956,521.59	(370,085.19)
PROF. SERVICES, BY STATE	136,599.80	134,923.98	(1,675.82)
TRAVEL EXPENSES, IN STATE	175.55	250.46	74.91
TRAVEL EXPENSES, OUT OF STATE	4,743.02	2,833.05	(1,909.97)
STATE VEHICLE OPERATIONS	174.63	738.47	563.34
RENTS	45,034.42	59,869.98	14,835.56
INSURANCE	2,273.52	2,136.43	(137.09)
GENERAL OPERATIONS	11,443.07	9,452.19	(1,990.88)
EMPLOYEE TRAINING	2,219.32	1,300.00	(919.32)
TECHNOLOGY	61,149.38	42,103.51	(19,045.87)
CLOTHING		372.76	372.76
EQUIPMENT& NON-STATE TECH	703.74	52,593.38	51,889.64
OFFICE & OTHER SUPPLIES	5,421.28	6,205.04	783.76
TRANSFERS	15,837.72	23,405.93	7,568.21
<b>TOTAL</b>	<b>1,612,382.23</b>	<b>1,292,706.77</b>	<b>(319,675.46)</b>
<b>Total Expenses</b>	<b>2,857,635.95</b>	<b>2,524,940.97</b>	<b>(332,694.98)</b>

## STATE REVENUE FUNDS COLLECTED CALENDAR YEAR

### SLOT MACHINE COLLECTED FUNDS 2020

	2019	2020	Difference
HOLLYWOOD	\$18,809,397.77	\$10,661,805.90	(8,147,591.87)
OXFORD	\$35,438,845.58	\$17,382,261.67	(18,056,583.91)
TOTAL	\$54,248,243.35	\$28,044,067.57	(26,204,175.78)

### TABLE GAME COLLECTED FUNDS 2020

	2019	2020	Difference
HOLLYWOOD	\$1,427,340.56	\$594,880.32	(832,460.24)
OXFORD	\$2,817,644.53	\$785,078.42	(2,032,566.11)
TOTAL	\$4,244,985.09	\$1,379,958.74	(2,865,026.35)

**TOTAL COLLECTED FUNDS 2020      \$29,424,026.31**

**FEES COLLECTED 2020                      \$683,271.00**

Fees include operators, vendors, individual employee, slot machines, table games and miscellaneous fines.

# ALLOCATION OF FUNDS COLLECTED AND DISTRIBUTED CALENDAR YEAR

## SLOT MACHINE ACTIVITY

1% of the gross revenue collected from Hollywood Casino is distributed to the General Fund.

39% of the net revenue collected from Hollywood Casino is distributed by and to the following:

4%	General Fund with fixed amount transferred to Gambling Addiction Services Fund
10%	Fund for a Healthy Maine
1.92%	University of Maine System Scholarship fund
0.08%	Maine Maritime Academy
10%	Harness Racing Purse Supplements
3%	Agricultural Fair Support Fund
4%	Fund to Encourage Racing at Maine's Commercial Tracks
1%	Fund to Stabilize Off-Track Betting
3%	Sire Stakes Fund
1%	Maine Community College System
<u>1%</u>	City of Bangor
39%	Total

46% of the net revenue collected from Oxford Casino is distributed by and to the following:

25%	Department of Education Grades K-12 Essential programs
3.85%	University of Maine Scholarship Fund
0.15%	Maine Maritime Academy
3%	Maine Community College System Scholarships
4%	Tribal Governments of the Penobscot and Passamaquoddy Tribes
3%	Administrative Expenses of the GCB and gambling Addiction counseling services
2%	Town of Oxford
1%	Agricultural Fair Support
1%	Harness Racing Purse Supplements
1%	Sire Stakes Fund
1%	Oxford County
0.5%	Dairy Improvement Fund
<u>0.5%</u>	Maine Milk Pool
46%	Total

## TABLE GAME ACTIVITY

16% of the net revenue collected from Hollywood Casino is distributed by and to the following:

9%	General Fund and gambling addiction services
3%	Administrative Expenses of the Gambling Control Board
2%	Veterans Assistance Grant Fund
<u>2%</u>	City of Bangor
16%	Total

16% of the net revenue collected from Oxford Casino is distributed by and to the following:

10%	Department of Education for grades K-12 essential programs
3%	Administrative Expenses of the Gambling Control Board
2%	Town of Oxford
<u>1%</u>	Oxford County
16%	Total

## TOTAL ALLOCATION OF FUNDS BY RECIPIENT

General Fund <i>with fixed amount transferred to Gambling Addiction Services</i>	\$4,734,403.99
Gambling Control Board Other Special Revenue Account- Administrative Expenses of the Gambling Control Board	\$258,742.33
Department of Education for Grades K-12	\$9,937,555.23
Maine Maritime Academy	\$107,390.08
Maine Community College System	\$1,344,930.01
University of Maine System Scholarship Fund	\$1,826,719.38
Fund to Encourage Racing at Maine's Commercial Tracks	\$845,216.87
Harness Racing Purses	\$2,490,917.50
Sire Stakes Fund	\$1,011,787.96
Agricultural Fair Support Fund	\$1,011,787.96
Fund to Stabilize Off Track Betting	\$211,304.23
Penobscot and Passamaquoddy Tribes	\$1,511,501.02

Town of Oxford	\$853,855.32
City of Bangor	\$285,664.27
Oxford County	\$426,942.70
Healthy Maine Fund	\$2,113,042.22
Dairy Improvement fund	\$188,937.0
Milk Pool	\$188,937.60
Veterans' Assistance	\$74,360.04
<b>TOTAL ALL ALLOCATIONS</b>	<b><u>\$29,424,026.31</u></b>