

MAINE STATE LEGISLATURE

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Department of Public Safety

Gambling Control Board

17th Annual Report

2021

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 2021 include: Chairman, Steven Silver, Esq and members; Dr. Charmaine Brown, DVM, Sari Greene, CISSP-ISSMP, CRISC, CISM, CISA, NSA/IAM, Joseph Hanslip, Retired PD and Chief, Noel March, M.A.

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-19 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, 9 civilian inspectors, 2 auditors, 1 office specialist and 1 office assistant.

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 2 Assistant Attorneys General 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,
- Oversight 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.

ADMINISTRATIVE SUPPORT

The Office Specialist is the assistant and administrative support to the Executive Director. Responsibilities include, but are not limited to:

- Manage office protocol as directed by the Executive Director,
- Process all casino licensing of operators, business entities and individuals,
- Assisting auditors and inspector operations in their needs regarding tech support and supplies,
- Preparing and recording of audio, video, and minutes of Board meetings,
- Coding and processing all bills for service, contracts and amendments to service, 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 3rd 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 60 days in advance of expiration dates and can range from 30 to 70 a month.

On average, there are 750 employees licensed annually by the Gambling Control Board. As well as 2 Casino Operator licenses, 10 Distributor licenses and 9 Gambling Service Vendor licenses. Advance Deposit Wagering Operators are licensed every 5 years.

The Office Assistant is the administrative support to the Executive Director, Office Specialist and Charitable State Inspector. Responsibilities include, but are not limited to:

- Oversees the casino self-exclusion and the forfeiture program of self-evicted patrons.
- Processes applications for licensing or registration of charitable games of chance,
- Takes calls and communications from organizations, and
- Processes charitable organization complaints and responses as directed by the Executive Director.

OPERATIONS

There are 9 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 26 per month were completed and an average of 585 per month of informal observations of the gaming floor and support areas. There were 127 shipments of slot machines, table games or associated equipment into, out of, or within the State of Maine in 2021. There were 13 formal complaints with 4 being dismissed and there were 80 minor incidents that are being monitored for repeat activity that would rise to a formal complaint as well.

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,
- Inspection of software and verification of device settings,
- 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 activates 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/>.

Auditors are also assigned to other areas of responsibility within the Unit which include advance deposit wagering, charitable gaming and fantasy contests.

INVESTIGATIONS

The majority of the State Police detective's time is dedicated to conducting all suitability investigations for gaming licenses. In 2021, there were 117 new license investigations conducted along with 559 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 2021 there were 120 self-exclusions; 70 – 1 year, 14 – 3 year, 11 – 5 year and 25 – lifetime. Currently there are 356 self-excluded persons on the state list.

ADVANCE DEPOSIT WAGERING

The Board is responsible for the administering and enforcement of the laws and rules governing Advance Deposit Wagering (ADW). On May 19, 2020 the Board approved the licensure and contract of Penn ADW LLC as the only licensed advance deposit wagering company to accept wagers from Maine residents. The Unit is responsible for ensuring that revenues collected from Penn ADW LLC are received, recorded, reconciled and distributed appropriately. The Unit receives monthly reports that are distributed according to statute Title 8, Subchapter 7, subsection 1072.

FINANCIAL STATEMENTS

Administrative Fiscal Expenses

	<u>Expenses FY20</u>	<u>Expenses FY21</u>	<u>Difference</u>
PERSONNEL SERVICES:			
SALARIES	726,988.86	732,497.73	5,508.87
	51,401.00	24,888.62	-26,512.38
	1,540.00	770.00	-770.00
BENEFITS	452,304.34	459,298.60	6,994.26
TOTAL	1,232,234.20	1,217,454.95	-14,779.25
ALL OTHER EXPENSES:			
PROF. SERVICES, NOT BY STATE	956,251.59	927,763.92	-28,757.67
PROF. SERVICES, BY STATE	134,923.98	153,175.02	18,251.04
TRAVEL EXPENSES, IN STATE	250.46	105.90	-144.56
TRAVEL EXPENSES, OUT OF STATE	2,833.05	0	-2,833.05
STATE VEHICLE OPERATIONS	738.47	15.25	-723.22
RENTS	58,869.98	58,584.22	-1,285.76
INSURANCE	2,136.43	3,279.56	1,143.13
GENERAL OPERATIONS	9,452.19	2,777.37	-6,674.82
EMPLOYEE TRAINING	1,300.00	0	-1,300.00
TECHNOLOGY	42,103.51	27,873.62	-14,229.89
CLOTHING	372.76	0	-372.76
EQUIPMENT & NON-STATE TECH	52,593.38	11,001.41	-41,591.97
OFFICE & OTHER SUPPLIES	6,205.04	1,671.98	-4,533.06
TRANSFERS	23,405.93	21,625.34	-1,780.59
TOTAL	1,292,706.77	1,207,873.59	-84,833.18
Total Expenses	2,524,940.97	2,425,328.54	-99,612.43

STATE REVENUE FUNDS COLLECTED CALENDAR YEAR

SLOT MACHINE COLLECTED FUNDS 2021

	2020	2021	Difference
HOLLYWOOD	\$10,661,805.90	21,536,519.21	10,874,713.31
OXFORD	\$17,382,261.67	35,925,638.22	18,543,376.55
TOTAL	\$28,044,067.57	57,462,157.43	29,418,089.86

TABLE GAME COLLECTED FUNDS 2021

	2020	2021	Difference
HOLLYWOOD	\$594,880.32	951,046.24	356,165.92
OXFORD	\$785,078.42	2,243,229.34	1,458,150.92
TOTAL	\$1,379,958.74	3,194,275.58	1,814,316.84

TOTAL COLLECTED FUNDS 2021 \$ 60,656,433.01

FEES COLLECTED 2021 \$736,427.00

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>	\$9,546,204.21
Gambling Control Board Other Special Revenue Account- Administrative Expenses of the Gambling Control Board	\$598,926.84
Department of Education for Grades K-12	\$20,926,821.66
Maine Maritime Academy	\$217,860.84
Maine Community College System	\$2,767,783.69
University of Maine System Scholarship Fund	\$3,755,722.18
Fund to Encourage Racing at Maine's Commercial Tracks	\$1,699,229.16
Harness Racing Purses	\$5,029,064.91
Sire Stakes Fund	\$2,055,413.97
Agricultural Fair Support Fund	\$2,055,413.97
Fund to Stabilize Off Track Betting	\$424,807.29
Penobscot and Passamaquoddy Tribes	\$3,123,968.51

Town of Oxford	\$1,842,388.02
City of Bangor	\$543,688.07
Oxford County	\$921,193.99
Healthy Maine Fund	\$4,248,072.78
Dairy Improvement fund	\$390,496.07
Milk Pool	\$390,496.07
Veterans' Assistance	\$118,880.78
TOTAL ALL ALLOCATIONS	<u>\$60,656,433.01</u>

ADVANCE DEPOSIT WAGERING ALLOCATION OF FUNDS COLLECTED AND DISTRIBUTED CALENDAR YEAR

ADVANCE DEPOSIT WAGERING COLLECTED FUNDS 2021

	2020	2021	Difference
IN STATE RACES	\$5,620.37	\$10,028.40	\$4,408.03
OUT OF STATE RACES	\$152,255.77	\$219,012.12	\$66,756.35
TOTAL	\$157,876.14	\$229,040.52	\$71,164.38

ADVANCE DEPOSIT WAGERING ACTIVITY

5% of the net revenue collected from Advance Deposit Wagers is distributed by and to the following from in state wagers:

- 10% General Fund
- 25% Off Track Betting facilities
- 1% Sire Stakes Fund
- 10% Agricultural Fair Support Fund
- 24% Supplement Harness Racing Purses
- 20% Track where wager was placed
- 15% Commercial Tracks according to §1072 1., G.

5% of the net revenue collected from Advance Deposit Wagers is distributed by and to the following from out of state wagers:

- 10% General Fund
- 36% Off Track Betting facilities
- 1% Sire Stakes Fund
- 10% Agricultural Fair Support Fund
- 7% Supplement Harness Racing Purses
- 36% Commercial Tracks according to §1072 2., F.

**ALLOCATION OF FUNDS FOR
RACES CONDUCTED IN MAINE**

General Fund	\$1,012.94
Off Track Betting facilities	\$2,005.71
Sire Stakes Fund	\$100.27
Agricultural Fair Sup. Fund	\$1,002.85
Sup. Harness Racing Purses	\$2,406.84
Track where wager was placed	\$1,995.52
Commercial Tracks	\$1,504.28
TOTAL ALL ALLOCATIONS	\$10,028.40

**ALLOCATION OF FUNDS FOR
RACES CONDUCTED OUTSIDE OF MAINE**

General Fund	\$ 21,901.19
Off Track Betting facilities	\$ 78,884.37
Sire Stakes Fund	\$2,190.11
Agricultural Fair Support Fund	\$21,901.22
Sup. Harness Racing Purses	\$15,330.86
Commercial Tracks	\$78,844.37
TOTAL ALL ALLOCATIONS	\$ 219,012.12