

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



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TO: Maryland Lottery and Gaming Control Commission
Gordon Medenica, Director
Jim Nielsen, COO

FROM: John J. Mooney

DIVISION: Managing Director Regulatory Oversight

DATE: May 12, 2017

SUBJECT: Report for the May Commission Meeting

Commission Action Items – Consent Agenda

Maryland Live Casino – Regulatory Violations – December 2016
Maryland Live Casino – Regulatory Violations – January 2017
Maryland Live Casino – Regulatory Violations – February 2017
Maryland Live Casino – Underage Violations – 2017-03-007, -009, -011 and -017

Commission Action Item – Consent Agenda

Licensing Denials/Revocations – Thirty-seven (37)

Licensing Division

- Monthly statistics have been updated and included in your packet. Please note that the Director's eLicensing report has been modified. The reporting on denied licenses, resigned/term/withdrawn licenses and expired licenses will be for only the past 12 months.
- CBAC Borrower, LLC, the Video Lottery Operation Licensee for Horseshoe Baltimore ("Horseshoe Baltimore"), is in the process of refinancing all of its debt. As a result of the refinancing Horseshoe Baltimore will reduce its principle balance and lower the interest rate on the debt. Horseshoe Baltimore's cost of capital will be reduced by nearly half, saving approximately \$10,000,000 - \$13,000,000 annually in interest payments. Licensing Division will review the documentation and approve the refinancing.

Casino Compliance Division

- Monthly statistics have been updated and included in your packet.

A review of Underage Incidents in Maryland Casinos

During the April commission meeting there was a discussion on underage incidents in the six casinos in Maryland. As a follow up to the conversation, I have summarized the underage incidents for 2016. The General Managers for each casino were also asked to provide the steps that they take to prevent underage individuals from entering the casino.

2016 Underage Incidents

Underage False ID	14	(Underage used fraudulent ID or someone else's ID to gain entry)
Underage Gaming	17	(Underage gambled or consumed alcohol)
Underage Violation	39	(Underage in the Casino)
No Violation	8	(Underage in the casino detected in a reasonable amount of time)

Casino Guests

1.45 million guests per month statewide

Underage Preventive Measures

The following is a summary of the preventive measures the six casinos take to prevent underage individuals from entering the casinos.

- Security Training – Initial and refresher training is conducted for all security guards
- Staff Training – All employees are trained on underage identification
- ID checking – ID's are checked for all guests who appear under 35 – 40 yoa
- Electronic scanning devices are used to detect false, underage or expired ID's
- Training in acceptable forms of identification for security officers
- Additional Security Guards are utilized at the entrances during peak times, promotions and holidays
- Additional signage has been posted at the entrances
- Cage personnel require guests to produce ID when conducting certain transactions
- Underage violators may be issued a civil citation for an underage violation (During the 2014 Session of the Maryland General Assembly, the legislature addressed the issue of underage gamblers when it passed Senate Bill 481, with an effective date of October 1, 2014. A finding of guilt is considered a CODE violation with a possible fine of up to one hundred dollars for a first offense)
- Security Guards who allow an underage individual into the casino are subject to progressive disciplinary action, up to and including termination

The casinos are committed to preventing underage individuals from gaining access to the gaming floor as demonstrated by the actions they take to prevent them. With approximately 1.1 million visitors per month and only 17 underage individuals gambling/drinking the actions taken by the casinos are having a positive effect on underage incidents.

Major Incidents at the Casinos

N/A

Mandatory Exclusion List

We are in the process of developing a statewide mandatory exclusion list. The list is being developed in cooperation with the casinos. Individuals will be placed on the mandatory exclusion list for a variety of reasons related to the individual's conduct and the integrity of the State's gaming program.

Commission Consent Agenda Item

1. Gaming License Application Denials/Revocations

There are thirty-seven (37) gaming license applications recommended for denial/revocation based on the applicant's criminal history or failure to cooperate with, or provide requested information to, a background investigator.

Commission Action:

It is requested that the Commission adopt as final the recommendation of the Director, or the Director's designee, for denial/revocation of the specified gaming license applications for the respective applicant's failure to establish his/her qualifications by clear and convincing evidence.

Please see the description below. A spreadsheet containing the denial/revocations is on the MLGCA shared drive under commission reports.

Gaming License Denials/Revocations

Commissioners:

The spreadsheet on the MLGCA shared drive under commission reports, (Mooney Confidential, licensing denial/revocations) contains names of thirty-seven (37) gaming license applicants for whom Staff has recommended denial/revocation of their applications for gaming license for failure to prove by clear and convincing evidence that they meet the statutory requirements for licensure. *See* State Gov't, Section 9-1A-14 (below). The license applications were recommended for denial/revocation after Licensing Division Staff conducted an investigation.

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COMAR sets forth the applicant's rights if his/her gaming license application is recommended for denial/revocation. An applicant has a right to timely request a reconsideration meeting, and, if he or she is dissatisfied with the recommendation following the reconsideration meeting, the applicant may timely request a full hearing before the Commission. If the applicant fails to exercise these rights, the Commission may adopt as final the Director's recommendation to deny the license. Only the Commission, not Staff, is authorized to deny/revoke a gaming license, which is why these recommended denials/revocations are being presented to the Commission.

All of the applicants identified on the spreadsheet were mailed notification of the recommended denial/revocation, and of their right to timely request a reconsideration meeting with the Director or the Director's designee. The majority of the recommended denials/revocations are applicants who did not exercise that right. A smaller group of the recommended denials/revocations are applicants who received a reconsideration meeting and were notified of their right to timely request a full hearing before the Commission, but did not exercise that right.

Staff is requesting that the Commission adopt as final the Director's recommendation to deny/revoke the gaming license applications of the thirty-seven (37) applicants identified on the spreadsheet.

Located on the Agency's Shared Drive under Commission files (May 2017) there are PDF files for your review. The PDF files contain documentation for each of the recommended denials, including: notice of recommended denial (which includes the basis for the recommendation and notice of right to request reconsideration meeting); documentation that Staff mailed the required notices; and relevant documents from the background investigation conducted by Staff that supports the recommended denial/revocation of the applicant's license application.