

Maryland Lottery and Gaming Control Agency

Martin O'Malley, Governor • Stephen Martino, Director



Montgomery Park Business Center
1800 Washington Blvd., Suite 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users call Maryland Relay
www.mdlottery.com

TO: Maryland State Lottery and Gaming Control Commission
Stephen Martino, Director

FROM: John J. Mooney

DIVISION: Assistant Director for Enforcement

DATE: April 14, 2014

SUBJECT: Report for the April Commission Meeting

Enforcement – “Notice of Violations of the Gaming Law” were sent to Rocky Gap Casino and Maryland Live Casino –

Rocky Gap has agreed to settle the violation with a settlement agreement. The consent agreement will be on the consent agenda in May.

Maryland Live – We had a settlement conference with Maryland Live. Maryland Live has chosen to settle the matter with a consent agreement. The consent agreement will be on the consent agenda in May.

Licensing Division - Monthly stats have been updated and included in your packet. There are twenty three (23) licensing denials this month. They are on the consent agreement.

There is one vacancy in Licensing Division – 1 vacant admin position (PIN)

Casino Compliance Division -

Staffing – Current Vacancies – There are six (6) vacancies at Hollywood Casino in Compliance. The vacancies are being covered temporarily by Casino Compliance Reps from Maryland Live. We are trying to expedite hiring

The Casino Compliance Division monthly Statistics have been updated thru March, 2014.

Security / Investigations Division – There are four (4) vacancies in Security

Major incidents at the casinos: N/A

Title 36.03.02.12 Video Lottery Employee Licenses.

PROPOSED CHANGE TO THE REGULATION

Section 9-1A-14(c) of the Gaming Law contains a list of mandatory disqualifications for a video lottery gaming license. One disqualification is:

(3) the applicant's conviction, active parole, or probation for any crime involving moral turpitude or gambling under the laws of the United States or any state within the prior 7 years.

Another disqualification is the:

(7) commission of an act by the applicant that would constitute an offense described under item (3) of this subsection, even if the act has not been or may not be prosecuted under the criminal laws of the State.

Last year, the General Assembly changed item (3) to add the 7-year "look-back" limit for convictions for moral turpitude and gambling crimes for video lottery gaming license applicants.

Questions have arisen about the interpretation of item (7) as to: (1) what is the proper interpretation of an act that "has not been or may not be prosecuted under the criminal laws of the State"; and (2) whether the 7-year "look-back" limitation in item 3 for convictions, parole and probation should apply to acts described in item 7 for which an individual was not prosecuted.

COMAR 36.03.02.12 is the current regulation governing video lottery employee licenses. Proposed new §D to that regulation would clarify the two issues. In 2011, the Commission faced a nearly identical issue regarding mandatory disqualification for operation licenses. To address the issue, the Commission promulgated a nearly identical new section to operation license regulations.

Commission Consent Agenda Item

1. Gaming License Application Denials

There are twenty three (23) gaming licensing applications being recommended for denial based on the applicant's criminal history or failure to cooperate with, or provide requested information to, a background investigator.

Commission Action: Requesting that the Commission adopt as final the recommendation of the Director, or the Director's designee, for denial of the specified gaming license applications for the applicants' failure to establish their qualifications by clear and convincing evidence.

Please see description below, along with the attached spreadsheet.

Gaming License Denials

Commissioners:

The attached spreadsheet contains the names of twenty three (23) gaming license applicants for whom Staff has recommended denial of their applications for gaming licenses 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 after Licensing Division Staff conducted an investigation, and the investigation results were reviewed by a three-member review panel comprised of Gina Smith, Robert Howells and James Butler. The panel also recommended denial of these applicants' license applications, and the Director or his designee concurred.

COMAR sets forth the applicant's rights if their gaming license application is recommended for denial. An applicant has the 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 a gaming license, which is why these recommended denials are being presented to the Commission.

All of the applicants identified on the attached spreadsheet were mailed notification of the recommended denial, and of their right to timely request a reconsideration meeting with the Director or the Director's designee. The majority of the recommended denials are applicants who did not exercise that right. A smaller group of the recommended denials 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 the gaming license applications of the twenty three (23) applicants identified on the attached spread sheet.

On the Agency's Shared Drive under Commission files (April) 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 of the applicant's license application.