

# Maryland Lottery and Gaming Control Agency

Martin O'Malley, Governor • Stephen Martino, Director



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

FROM: John J. Mooney

DIVISION: Assistant Director for Enforcement

DATE: August 22, 2013

SUBJECT: Report for the August Commission Meeting

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1. **Gaming License Application Denials**

**There are 36 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 thirty six (36) 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 thirty six (36) applicants identified on the attached spread sheet.

On the Agency's Shared Drive under Commission files (August) 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. .

Staff anticipates that these gaming license denials will continue to be on the Commission's monthly agenda.

#### **SG §9-1A-14 – Employee Licenses**

(a) Unless an individual holds a valid video lottery employee license issued by the Commission, the individual may not be employed by a video lottery operation licensee as a video lottery employee.

**(b) Before issuance of a video lottery employee license, an applicant shall provide sufficient information, documentation, and assurances that the Commission may require.**

(c) The Commission shall deny a video lottery employee license to an applicant who is disqualified due to:

(1) the applicant's failure to prove the applicant's good character, honesty, and integrity;

(2) the applicant's lack of expertise or training to be a video lottery employee;

(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;

(4) the applicant's current prosecution for any crime involving moral turpitude or gambling under the laws of the United States or any state, but, at the request of the applicant, the Commission may defer a decision on the application during the pendency of the charge;

(5) pursuit by the applicant of economic gain in an occupational manner or context that is in violation of the laws of the State, if the pursuit creates a reasonable belief that participation of the applicant in video lottery operations would be inimical to the policies of this subtitle;

(6) identification of the applicant as a career offender or a member of a career offender cartel or an associate of a career offender or career offender cartel in a manner that creates a reasonable belief that the association is of a nature as to be inimical to the policies of this subtitle;

(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;

(8) willful defiance by the applicant or a person that is required to be qualified under this subtitle as a condition of a license of a legislative investigatory body or other official investigatory body of the United States or a jurisdiction within the United States when the body is engaged in the investigation of crimes relating to gambling, official corruption, or organized crime activity; and

(9) any other reason established in the regulations of the Commission as a reason for denying a license.

## **2. Enforcement**

During the past several months the three member enforcement panel (Mooney, LaBoy and Vincent) have reviewed alleged violations of the Maryland Gaming Law pertaining to underage individuals on the gaming floor, or underage individuals gambling.

### Applicable Gaming Law and Regulations

**SG § 9-1A-24(c)**, which provides: “A video lottery operation licensee shall ensure that . . . individuals under the age of 21 years are not allowed to play video lottery terminals or table games and are not allowed in areas of the video lottery facility where video lottery terminals or table games are located.”

**COMAR 36.03.07.07C**, which provides: “A facility operator shall not. . . [p]ermit an . . . individual under the age of 21 to (1) [p]lay a video lottery terminal or table game; or (2) [b]e in the areas of the video lottery facility where video lottery terminals or table games are located.”

**COMAR 36.03.10.15C(5)**, which requires an operation licensee’s security department’s minimum staffing plan to assess, on a per shift basis, the minimum number of on duty security department employees necessary to “[m]onitor the gaming floor to ensure that an individual under the age of 21 years is identified, prohibited from accessing the gaming floor in accordance with [SG] § 9-1A-24(c) . . . and, if necessary immediately remove from the gaming floor.”

The panel took into consideration each incident’s particular circumstances before determining the recommended enforcement action. After the panel determined the recommended penalty a “Notice of Alleged Violations of Maryland Gaming Law” was sent to each casino. The casinos were also sent a letter notifying them that MLGCA was willing to entertain settling the violations prior to a Commission hearing.

On July 25, 2013 Maryland Live! Casino requested a Settlement Conference on the alleged violations. On August 13, 2013 a settlement conference was held between MLGCA Staff and Maryland Live! Casino representatives. MLGCA was represented by John Mooney, Charles LaBoy and Jackie Vincent. Maryland Live! Casino was represented by Tom Coppinger and Howard Weinstein. A Consent Agreement memorializing the resolution of the alleged violations was executed by Staff and Maryland Live!, but is not final or binding until it is approved by the Commission.

See attached - Notice of Alleged Violations of Maryland Gaming Law  
Settlement Conference Opportunity  
Notice of Hearing Rights

**Commission Action Necessary:  
Request approval of the Consent Agreement.**

**Licensing Division - Monthly stats have been updated and included in your packet**

**Casino Compliance Division -**

Staffing – Current Vacancies –	MDLive, 1
	Rocky Gap, 0
	Perryville 1
	Ocean Downs 0

The Casino Compliance Division monthly Statistics have been updated thru July 2013.

**Security / Investigations Division – N/A**

**Major incidents at the casinos: N/A**