

Maryland Lottery and Gaming Control Commission

Martin O'Malley, Governor



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MARYLAND LOTTERY AND GAMING CONTROL COMMISSION NOVEMBER MINUTES

DATE: November 24, 2014

TIME: 10 a.m.

PLACE: Maryland Lottery and Gaming Control Agency Headquarters

PRESENT: Vice Chair Diane McGraw
Commissioner F. Vernon Boozer
Commissioner Bert J. Hash, Jr.
Commissioner E. Randolph Marriner
Commissioner John Morton
Commissioner James Stakem

Stephen Martino, Director
Robert Fontaine, OAG Principal Counsel
Charles LaBoy, Assistant Director for Gaming
John Martin, Assistant Director for Lottery
John Mooney, Assistant Director for Enforcement
Holly Citko, OAG Deputy Counsel
Jaclyn Vincent, Assistant Director for Policy and Planning
Marie Torosino, Executive Associate

OTHERS: Representative from Hollywood Casino Perryville
Representative from The Casino at Ocean Downs
Representative from Maryland Live! Casino
Representative from Rocky Gap Casino Resort
Representative from Horseshoe Casino Baltimore
Members of the Public

CALL TO ORDER

There being a quorum present, Vice Chair Diane McGraw called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:05 a.m. Commissioners present were: F. Vernon Boozer, Bert J. Hash, Jr., E. Randolph Marriner, John Morton, James Stakem. Chair Kimberly Robertson Pannell was absent.

APPROVAL OF THE AGENDA

Vice Chair McGraw said she would entertain a motion to approve the Agenda. Motion to approve the Agenda was made by Commissioner Hash, seconded by Commissioner Stakem, and the motion carried by unanimous vote of the Commission.

APPROVAL OF MINUTES

Vice Chair McGraw stated the October 23, 2014 open session minutes were provided to the Commissioners for review and asked if there were any changes. There were no changes. Commissioner Marriner made a motion that the October 23, 2014 open session minutes be approved, it was seconded by Commissioner Boozer, and the motion carried by unanimous vote of the Commission.

CONSENT AGENDA

Vice Chair McGraw said the Consent Agenda contains eight new instant ticket games for the Commission's approval: Game #180 *Pinball*, Game #191 *Mustache Cash*, Game #192 *Instant Millionaire*, Game #193 *Twisted Treasures*, Game #196 *10X Cash*, Game #197 *Trip 7s*, Game #198 *Hot Hand*, and Game #199 *Cash Blast*. She asked if the Commissioners wished to remove this item for discussion.

A question was asked regarding the estimated advertising expenses noted on the new game financial report for Game #191 *Mustache Cash*. Mr. Martin responded this is a new effort in social media to engage new players. The Vice Chair asked if there was any further discussion. Hearing none, Vice Chair McGraw requested a motion to approve the eight new instant ticket games noted above. Motion made by Commissioner Marriner, seconded by Commissioner Boozer, and motion carried by unanimous vote of the Commission.

The Consent Agenda contains VLT Games and Component Testing (10/13/14 – 10/31/14) for the Commission's approval. She asked if the Commissioners wished to remove this item for discussion. Hearing none, Vice Chair McGraw requested a motion to approve VLT Games and Component Testing. Motion made by Commissioner Hash, seconded by Commissioner Marriner, and motion carried by unanimous vote of the Commission.

The Consent Agenda contains Bingo Hall Games and Component Testing (10/13/14 – 10/31/14) for the Commission's approval. She asked if the Commissioners wished to remove this item for discussion. Hearing none, Vice Chair McGraw requested a motion to approve Bingo Hall Games and Component Testing. Motion made by Commissioner Marriner, seconded by Commissioner Hash, and motion carried by unanimous vote of the Commission.

The Consent Agenda contains Consent Agreements for Hollywood Casino Perryville, The Casino at Ocean Downs, Maryland Live! Casino, and Rocky Gap Casino Resort for the Commission's approval. The Vice Chair said she would like to pull this item for further discussion when Mr. Mooney and/or Mr. LaBoy make their presentations.

The Consent Agenda contains the 22 Gaming License Application Denials for the Commission's approval. She asked if the Commissioners wished to remove this item for discussion. Hearing none, Vice Chair McGraw requested a motion to approve the Gaming License Application Denials. Motion made by Commissioner Marriner, seconded by Commissioner Hash, and motion carried by unanimous vote of the Commission.

The Consent Agenda contains a Lottery Retailer License Application Denial for the Commission's approval. She asked if the Commissioners wished to remove this item for discussion. Hearing none, Vice Chair McGraw requested a motion to approve the Lottery Retailer License Application Denial. Motion made by Commissioner Marriner, seconded by Commissioner Stakem, and motion carried by unanimous vote of the Commission.

OPERATOR REPORTS

Hollywood Casino Perryville

Mr. Matthew Heiskell, General Manager, said October revenue was down 11%. Casino has been hit hard with jackpots in slots, and had a \$125,000 winner in October. Slot revenue is down. Table game revenue is flat for year over year. November is looking better.

Property is working with Mr. LaBoy and team on the slot machine transfer. They are ramping up for the holiday and will be giving gift cards to their employees, and will be spending the bulk of their time getting ready for the New Year's Eve event at the property.

As for community outreach efforts, they are working with Perryville schools to sponsor such things as the lunch program.

Casino at Ocean Downs

Ms. Bobbie Sample, Assistant General Manager, said October revenue was down approximately 10% compared to October 2013. This is the time of the season which it declines each year.

The casino is holding a community food drive for the local homeless shelter and food pantry. Customers bring in donations of canned or non-perishable items for a chance to spin the prize wheel. Last year this generated tens of thousands of pounds of food. Casino is participating in

the Berlin holiday arts night. Casino chef will participate on behalf of Oceans Downs and do an ice sculpture demonstration.

Maryland Live! Casino

Mr. Robert Norton, General Manager, said October revenue was 10% up from September and 3% down from October 2013. Decline in slots and poker, but table games grew. November is doing well thus far.

Upcoming promotions include partnering with Arundel Mills for the casino's Holiday Shop and Play promotion that starts on November 28 and runs through December 24. Customers can trade receipts for free slot play at Maryland Live!

The property continues to work with MLGCA on the asset transfer and is making progress.

Later this week, the casino will be donating approximately 400 to 500 turkeys at the food banks in Anne Arundel County. Turkeys will also be given to team members and customers. Maryland Live! was the first company in Maryland to receive the Maryland Office of Tourism Development Economic Engine award for two consecutive years. Last week, Cordish Company was awarded the gaming license in the Philadelphia area.

Commissioner Hash said congratulations on the Tourism award. He asked what percentage of people are coming to the casino from Arundel Mills Mall. Mr. Norton responded approximately 60% of the people go back and forth between the casino and the mall.

Commissioner Morton congratulated Mr. Norton on the casino being awarded the license in Philadelphia. He asked if they feel the new casino in Philadelphia will have a positive or negative impact on Maryland or is it too early to tell. Mr. Norton responded they look forward to the opportunity to develop the extension of their brand, and welcome the opportunity to create excitement between the two properties. In Philadelphia, they will be able to do events with the stadiums. Commissioner Morton asked what is expected to be spent to build the casino. Mr. Norton responded approximately \$430 million.

Rocky Gap Casino Resort

Mr. Mark Alexander, Director of Security and Compliance, said October was a good month for the casino with revenue slightly behind September. Able to successfully hold a music concert on the golf course driving range in October, and there were 5,500 people attended. This has given them the idea that they may be able to do something bigger. Parking was a challenge, but they were able to shuttle people from Cumberland. Food Fest is scheduled in the spring. Winter has come to Western Maryland and there is snow on the ground.

Commissioner Stakem asked if the amphitheater is still on the property. Mr. Alexander responded yes, but it is not big enough, does not have good parking, and is not wired for larger shows. Property is looking at installing some permanent wiring so generators would not have to be used.

Commissioner Morton asked how was the occupancy rate of the hotel over the summer and how much was casino traffic. Mr. Alexander responded approximately 40% to 60% between people coming to resort and to the casino. Comments from guests compliment the casino on the fact that the casino is situated so as not to expose children who are traveling with their parents to the resort.

Horseshoe Casino Baltimore

Mr. Alex Dixon, Vice President and Assistant General Manager, said October revenue compared to September was slightly higher and November is trending upward. Representative from the casino attended two events honoring veterans. They also received the Center for Urban Changes Employer of the Year award. They will be running various promotions in December. He introduced the casino's new Vice President, Jacqueline Grace, who came to them from Atlantic City.

STAFF REPORTS

Director's Report - Stephen Martino

Mr. Martino said as of November 16, lottery sales were \$15.8 million or 2.5% ahead of last year. Revenue was \$300,000, or .2%, ahead of last year.

Instant ticket sales are up 16%. The current *Ravens* instant ticket is selling 17% better than the 2012 *Ravens* instant ticket. The \$2 *Walking Dead* instant ticket is 60% sold. This is an MDI licensed ticket. Mega millions sales are up by 23.2% compared to last year. Powerball sales are behind 41.6% compared to last year.

Dashboard shows as of October 2014, combined lottery and casino revenues being ahead by \$12 million compared to October 2013. With the opening of Horseshoe Casino Baltimore, the anticipated cannibalization from Maryland Live! and Hollywood Casino Perryville did not materialize as indicated in the report presented last year by Cummings Associates.

Mr. Martino offered congratulations to Cordish Company on being awarded the second Philadelphia casino license by the Pennsylvania Gaming Control Board.

Code of Conduct Amendment

Mr. Martino said this proposed amendment to the Code of Conduct removes the prohibition on a Commission member, Agency employee, or a family member of a Commission member or Agency employee from paying for lodging for an overnight stay at a facility of any gaming licensee or its affiliate. The proposed amendment also includes several non-substantive amendments pertaining to statutory citations. He provided a brief summary for the reasons for the change to the Code of Conduct in §V. Restrictions Related to Gaming.

After discussion, Vice Chair McGraw asked if there were any further questions. Hearing none, the Vice Chair said she would entertain a motion to approve the proposed amendment to the

Code of Conduct. Motion made by Commissioner Hash, seconded by Commissioner Stakem, and motion carried by unanimous vote of the Commission.

Proposed Amended Regulation-General Provisions-Administrative Procedures-Public Information Act Requests

Proposed amendment to COMAR 36.01.02.01 would accomplish the following:

- 1) **New Law:** The Public Information Act (PIA) has been removed from the State Government Article and recodified, without substantive change, in the new General Provisions Article. Although these changes may be eventually handled automatically by the Division of State Documents, some amendments reflect the PIA's new citations.
- 2) **Notifying Applicant of Estimated Fee:** The PIA already allows a custodian to demand prepayment of estimated fees for fulfilling a PIA request. The amendment to § N(4) simply reflects the Agency's current practice of notifying an applicant of the estimated fees.
- 3) **Unresponsive Applicants:** Applicants who are provided a fee estimate often simply do not respond, which means the request remains "open" on the desk of the Agency's PIA contact person. New § N(9) clarifies that if an applicant fails to follow up more than 30 days after being notified of a fee estimate, the Agency may deem the request withdrawn, and new § N(10) clarifies that a request to reopen a deemed-withdrawn request will be treated as a new request.

Vice Chair McGraw asked if there were any further questions. Hearing none, the Vice Chair said she would entertain a motion to approve proposed amendment to COMAR 36.01.02.01. Motion made by Commissioner Marriner, seconded by Commissioner Hash, and motion carried by unanimous vote of the Commission.

Administration, Finance & Operations – Gina Smith, Deputy Director/CFO

Mr. Martino said Ms. Smith was not present and her submitted report stands as written. If there are any questions, please contact him or Ms. Smith.

Gaming – Charles LaBoy, Assistant Director

Mr. LaBoy said at this time he had nothing new to add to his report. He said he would defer to Mr. Mooney for the handling of the Consent Agreements. He presented five Commission Action Items.

Request for Approval of Instant Bingo Machine Operations at American Legion Post #206

Mr. LaBoy reviewed and discussed the regulatory requirements that must be met for the operation of instant bingo machines. He said staff recommends approval of instant bingo machine operations at American Legion Post #206 and to defer to the Director the authority to sign the license upon satisfactory completion of all licensing requirements.

Vice Chair McGraw asked if there were any further questions. Hearing none, the Vice Chair said she would entertain a motion to approve instant bingo machine operations at American

Legion Post #206 and to defer to the Director the authority to sign the license upon satisfactory completion of all licensing requirements. Motion made by Commissioner Stakem, seconded by Commissioner Hash, and motion carried by unanimous vote of the Commission.

Request for Approval of Instant Bingo Machine Operations at Annapolis Elks Lodge #622

Mr. LaBoy reviewed and discussed the regulatory requirements that must be met for the operation of instant bingo machines. He said staff recommends approval of instant bingo machine operations at Annapolis Elks Lodge #622 and to defer to the Director the authority to sign the license upon satisfactory completion of all licensing requirements.

Vice Chair McGraw asked if there were any further questions. Hearing none, the Vice Chair said she would entertain a motion to approve instant bingo machine operations at Annapolis Elks Lodge #622 and to defer to the Director the authority to sign the license upon satisfactory completion of all licensing requirements. Motion made by Commissioner Morton, seconded by Commissioner Marriner, and motion carried by unanimous vote of the Commission.

Request for Approval of Instant Bingo Machine Operations at Traders

Mr. LaBoy reviewed and discussed the regulatory requirements that must be met for the operation of instant bingo machines. He said staff recommends approval of instant bingo machine operations at Traders and to defer to the Director the authority to sign the license upon satisfactory completion of all licensing requirements.

Vice Chair McGraw asked if there were any further questions. Hearing none, the Vice Chair said she would entertain a motion to approve instant bingo machine operations at Traders and to defer to the Director the authority to sign the license upon satisfactory completion of all licensing requirements. Motion made by Commissioner Morton, seconded by Commissioner Hash, and motion carried by unanimous vote of the Commission.

Proposed Regulations – Let It Ride Poker Rules

Proposed new COMAR 36.05.18 is an all new chapter of Let It Ride Poker Rules. The MLGCA had received requests from the properties to offer this game. Staff is requesting the Commission's approval of this new COMAR section on an emergency basis.

Vice Chair McGraw asked if there were any further questions. Hearing none, the Vice Chair said she would entertain a motion to approve proposed new regulation 36.05.18. Motion made by Commissioner Morton, seconded by Commissioner Stakem, and motion carried by unanimous vote of the Commission.

Vice Chair McGraw said she would entertain a motion to approve on an emergency basis COMAR 36.05.18 approved today by the Commission. Motion made by Commissioner Hash, seconded by Commissioner Marriner, and motion carried by unanimous vote of the Commission.

Proposed Amended Regulation - Blackjack

Proposed amendment to COMAR 36.05.04 Blackjack would add the Lucky Luck side wager to Blackjack. A Lucky Luck wager is when the player's hand combined with the dealer's up card will contain the ranks of 6-7-8, 7-7-7, or a three card total of 19, 20, or 21 Staff is requesting the Commission's approval of the proposed amendment to COMAR on an emergency basis.

After discussion, Vice Chair McGraw asked if there were any further questions. Hearing none, the Vice Chair said she would entertain a motion to approve proposed amended COMAR 36.05.04. Motion made by Commissioner Hash, seconded by Commissioner Stakem, and motion carried by unanimous vote of the Commission.

Vice Chair McGraw said she would entertain a motion to approve on an emergency basis COMAR 36.05.04 approved today by the Commission. Motion made by Commissioner Marriner, seconded by Commissioner Stakem, and motion carried by unanimous vote of the Commission.

Lottery – John A. Martin, Assistant Director

Mr. Martin said last week Maryland had another \$20,000 winner in the Monopoly™ Millionaires Club. This is the third winner since the game began. We are still in the early process of the game show. Winners from Maryland will receive a four night/five day trip to Las Vegas and hopefully have a chance to become a contestant on the game show. The first game show is in early 2015.

Instant ticket games that launched in November are \$1 *Double Blackjack*, \$5 *You Win*, and \$20 *Black*.

Holiday radio spots will run statewide from November 24 through December 21. Gas pump toppers with holiday advertising will be at 250 gas stations that sell lottery instant tickets. Wawa has been provided with the same holiday instant ticket pump toppers at locations that sell gas. The Sales force continues to identify and set up retailers with new after-glow dispensers to accommodate holiday instant tickets.

Sales is working with Communications to schedule lottery retailer parties between now and the second week of December.

Enforcement – John Mooney, Assistant Director

Mr. Mooney provided a brief summary of the steps taken leading up a Consent Agreement for any regulatory violations.

Mr. Mooney presented the following Consent Agreements for the Commissions review and action.

Hollywood Casino Perryville – Underage Violations and Regulatory Violations for January–June 2014

The Casino at Oceans Downs – Underage Violations, Regulatory Violation January-June 2013, and Regulatory Violations for January–June 2014

Maryland Live! Casino – Underage Violations

Rocky Gap Casino Resort – Underage Violations

Vice Chair McGraw asked if there were any questions. Hearing none, the Vice Chair requested a motion to approve the Consent Agreements for Hollywood Casino Perryville, The Casino at Ocean Downs, Maryland Live! Casino and Rocky Gap Casino Resort. Motion made by Commissioner Hash, seconded by Commissioner Marriner, and motion carried by unanimous vote of the Commission.

Proposed Merger/Acquisition Agreement between Global Cash Access Holdings, Inc. and Multimedia Games Holding Company, Inc.

Mr. Mooney said in September 2014, the MLGCA received official notification of the proposed Merger/Acquisition Agreement between Global Cash Access Holdings, Inc. (GCA) and Multimedia Games Holding Company, Inc. (MGAM). The proposed merger/acquisition is subject to customary closing conditions, including receipt of MGAM shareholder approval and antitrust and gaming regulatory approvals, and is currently expected to be completed in early 2015. He said a representative from GCA was present to answer any questions from the Commission. He read the executive summary into the record which included an introduction, licensee background information, proposed merger information and findings. It is the opinion of MLGCA staff that the proposed merger/acquisition be approved.

Vice Chair McGraw asked if there were any other questions for Mr. Mooney or the applicants, or any public comment. There were none. The Vice Chair asked if there was any further discussion by the Commission with respect to the information presented. There was none.

Vice Chair McGraw said she would entertain a motion to approve the proposed Merger/Acquisition Agreement between Global Cash Access Holdings, Inc. and Multimedia Games Holding Company, Inc. Motion made by Commissioner Marriner, seconded by Commissioner Boozer, and motion carried by unanimous vote of the Commission.

Policy and Planning – Jaclyn Vincent, Assistant Director

Ms. Vincent introduced Ms. Julianne Grim, the new Director of Project Planning. She said work continues on the MLGCA's strategic plan and she will provide the information to the Commission upon completion.

Office of the Attorney General – Robert Fontaine, Principal Counsel

Mr. Fontaine said at this time he had nothing new to report.

Commissioner Morton asked if he felt confident about the protection of the state's interest with everything going on with Caesars. Mr. Fontaine responded if you recall when the casino was

qualified as an applicant, some issues were brought up and addressed with the Commission. He does not know if anything has changed since then.

PUBLIC COMMENTS

There were no public comments.

DATE AND TIME OF NEXT MEETING

The next regular monthly Commission meeting is scheduled for 10 a.m. on Tuesday, December 16.

ADJOURNMENT

There being no further business for discussion, Vice Chair McGraw said she would entertain a motion to adjourn the meeting. Motion made by Commissioner Marriner, seconded by Commissioner Boozer and the motion passed by unanimous vote of the Commission. The meeting was adjourned at 11:14 a.m.

Respectfully submitted,



Stephen L. Martino