



19 (ii) that at least 25 percent of the directors, general partners,  
20 trustees, or members of an entity's governing body are representa-  
21 tives of, or are directly or indirectly controlled by, the licensee or  
22 applicant.

23 (b) "Applicant" means any person who on his own behalf or on  
24 behalf of another has applied for permission to engage in any act  
25 or activity which is regulated by the provisions of this chapter or  
26 regulations promulgated thereunder.

27 (c) "Application" means a written request for permission to  
28 engage in any act or activity, regulated under the provisions of  
29 this act.

30 (d) "Bureau" means the gaming oversight bureau established  
31 by this chapter.

32 (e) "Chairman" means the chairman of the gaming commis-  
33 sion.

34 (f) "Commission" means the Massachusetts gaming commis-  
35 sion.

36 (g) "Commissioner" means a member of the gaming commis-  
37 sion.

38 (h) "Controlled game" or "controlled gaming" means any  
39 game of chance played for currency, check, credit, or any other  
40 thing of value that is not prohibited and made unlawful by  
41 chapter 271 of the General Laws, or any other general or special  
42 laws, or by local ordinance except:

43 (1) The game of bingo conducted pursuant to section 7A of  
44 271 and C.M.R. 3.00.

45 (2) Pari-mutuel wagering on horse and dog races, whether  
46 live or simulcast, regulated by the state racing commission.

47 (3) Any lottery game conducted by the state lottery commis-  
48 sion, in accordance with chapters 10 and 24 of the General Laws.

49 (4) Games played with cards in private homes or residences  
50 in which no person makes money for operating the game, except  
51 as a player.

52 (i) "Date of Commencement" means the date when the racing  
53 meeting licensee chooses to begin operations of electronic gaming  
54 devices, as declared in the letter of intent sent to the secretary of  
55 administration and finance.

56 (j) "Electronic Gaming Device" means any mechanical, elec-  
57 trical or other device, contrivance or machine, including any so-

58 called slot-machine, video wagering terminal, video lottery ter-  
59 minal or video poker machine, which, upon insertion of a coin,  
60 token or similar object, or upon payment of any consideration, is  
61 available to play or operate, the play or operation of which,  
62 whether by reason of the skill of the operator in playing a gam-  
63 bling game which is presented for play by the machine or applica-  
64 tion of the element of chance, or both, may deliver or entitle the  
65 person playing or operating the machine to receive cash, pre-  
66 miums, merchandise, tokens or any thing of value, whether the  
67 payoff is made automatically from the machine or in any other  
68 manner.

69 (k) “Establishment” means any building, room, place or other  
70 indoor or outdoor premises where any controlled gaming occurs,  
71 including all public and non-public areas of any such establish-  
72 ment.

73 (l) “Executive Director” the executive director of the gaming  
74 oversight bureau.

75 (m) “Game” and “gambling game” mean any game approved  
76 by the commission and played with equipment or any mechanical,  
77 electro-mechanical or electronic device or machine, including a  
78 slot machine, so-called, for money, property, checks, credit or any  
79 representative of value, but does not include games played with  
80 cards in private homes or residences in which no person makes  
81 money for operating the game, except as a player, or games  
82 defined within chapter 10 or chapter 271 of the General Laws.

83 (n) “Gaming”, “gambling” and “gaming operations” mean to  
84 deal, operate, carry on, conduct, maintain or expose for play any  
85 games as defined in this section.

86 (o) “Gaming device” means any equipment or mechanical,  
87 electro-mechanical or electronic contrivance, component or  
88 machine used remotely or directly in connection with gaming or  
89 any game which affects the result of a wager by determining win  
90 or loss.

91 (p) “Gaming employee” means any person employed in a prop-  
92 erly licensed gaming facility connected directly with the operation  
93 of the gaming including, without limitation, boxmen; dealers or  
94 croupiers; floormen; machine mechanics; security employees;  
95 count room personnel; cage personnel; slot machine and slot  
96 booth personnel; collection personnel; surveillance personnel and

97 data processing personnel; or, any other person whose employ-  
98 ment duties predominantly involves the maintenance or operation  
99 of gaming activity or equipment and assets associated therewith or  
100 who, in the judgment of the commission, is so regularly required  
101 to work in a restricted area that licensure as a gaming employee is  
102 appropriate.

103 The term “gaming employee” does not include any person  
104 employed in a properly licensed gaming facility whose duties do  
105 not involve gaming activities including without limitation bar-  
106 tenders, cocktail servers, food preparation and service personnel,  
107 hotel personnel, retail sales personnel, secretarial, janitorial, main-  
108 tenance personnel, entertainers or other persons who, in the judg-  
109 ment of the commission, are to be considered non-gaming  
110 employees.

111 (q) “Gaming establishment” means any establishment licensed  
112 to conduct gaming operations in the commonwealth under this  
113 chapter.

114 (r) “Gaming license” or “license” means any license or work  
115 permits issued by the commission under this chapter that autho-  
116 rizes the person named therein to engage or participate in con-  
117 trolled gaming, including work permits and licenses issued to  
118 gaming establishments, to gaming suppliers, to parties in interest  
119 to gaming schools, and to officers and directors of licensed per-  
120 sons or entities.

121 (s) “Gaming revenue” means the wagering revenue from  
122 gaming activities retained by the gaming entity after prizes or  
123 winnings have been paid to players or to pools dedicated to the  
124 payment of those prizes and winnings, and prior to the payment of  
125 operating or any other expenses.

126 (t) “Gaming service industry” means any form of enterprise  
127 which provides more than \$100,000 per annum in goods or serv-  
128 ices regarding the realty, construction, maintenance, or business of  
129 a proposed or existing gaming facility on a regular or continuing  
130 basis which directly relate to gaming activities or indirectly relate  
131 to gaming operations including, without limitation, junket enter-  
132 prises; security businesses; manufacturers; suppliers, distributors  
133 and servers of gaming devices or equipment; waste disposal com-  
134 panies; maintenance companies; schools teaching gaming and  
135 either playing or dealing techniques; suppliers of alcoholic bever-

136 ages, food and nonalcoholic beverages; vending machine  
137 providers; linen suppliers; shopkeepers located within the  
138 approved hotels; limousine services; and construction companies  
139 contracting with gaming applicants or licensees; provided, that  
140 professional services such as accountants, auditors, attorneys, and  
141 broker dealers, or other professions which are regulated by a  
142 public agency, are exempt from the provisions of this subsection.

143 (u) “Holding company” means any corporation, firm, partner-  
144 ship, trust, or other form of business organization not a natural  
145 person that, directly or indirectly, owns, has the power or right to  
146 control, or holds with power to vote, all or any part of the limited  
147 partnership interests or outstanding voting securities of a corpora-  
148 tion or any other business entity that holds or applies for a state  
149 gambling license. In addition, a holding company indirectly has,  
150 holds, or owns any power, right or security mentioned herein if it  
151 does so through any interest in a subsidiary or successive sub-  
152 sidiaries, however many of these subsidiaries may intervene  
153 between the holding company and the corporate licensee or appli-  
154 cant.

155 (v) “Intermediary company” means any corporation, firm,  
156 partnership, trust, or other form of business organization other  
157 than a natural person that is both of the following:

158 (1) a holding company with respect to a corporation or lim-  
159 ited partnership that holds or applies for a gaming license, and

160 (2) a subsidiary with respect to a holding company.

161 (w) “Letter of Intent” means a letter that must be submitted by  
162 each racing meeting licensee to the secretary of administration  
163 and finance within 90 days of passage of this act for the purposes  
164 of declaring the amount of electronic gaming devices the licensee  
165 chooses to operate, not to exceed 1500, and the date when the  
166 operation of the enumerated electronic gaming devices will begin.

167 (x) “License” means a gaming license, or a manufacturer’s or  
168 distributor’s license.

169 (y) “License fees” means any money required by law to be  
170 paid to obtain or renew a gaming license, manufacturer’s or dis-  
171 tributor’s license, or gaming service industries license.

172 (z) “Licensed gaming facility” means any facility wherein all  
173 gaming is sanctioned and regulated by the commission and fully  
174 taxed by the commonwealth.

175 (aa) “Licensee” means any person to whom a valid gaming  
176 license, manufacturer’s or distributor’s license has been issued.

177 (bb) “Manufacturer” means a person who: (1) manufactures,  
178 assembles, programs or makes modifications to a gaming device  
179 or cashless wagering system; or (2) designs, controls the design or  
180 assembly or maintains a copyright over the design of a mecha-  
181 nism, electronic circuit or computer program which cannot be rea-  
182 sonably demonstrated to have any application other than in a  
183 gaming device or in a cashless wagering system, for use or play in  
184 this state or for distribution outside of this state.

185 (cc) “Manufacturer’s seller’s or distributor’s license” means a  
186 license issued pursuant to this act to a manufacturer or distributor  
187 of gaming equipment.

188 (dd) “Net gaming revenue” means the total, prior to the deduc-  
189 tion of any operating, capital or other expenses whatsoever, of all  
190 gaming revenue retained by any gaming establishment licensed  
191 under this chapter less gaming taxes paid pursuant to this chapter.

192 (ee) “Off-track betting facility” means the facility at which off-  
193 track wagers are accepted by the licensee of an off-track betting  
194 system pursuant to the provisions of this act.

195 (ff) “Off-track betting system” means any person that is in the  
196 business of accepting wagers on either horse races or dog races at  
197 locations other than the place where such races are run, which  
198 business is conducted pursuant to the provisions of this act.

199 (gg) “Operator” means any operator, holder, or controller of a  
200 gaming license.

201 (hh) “Party in interest” means any corporation, firm, partner-  
202 ship, trust, or other entity or person with any direct or indirect  
203 pecuniary interest in a licensed gaming establishment, or a person  
204 who owns any interest in the premises of a licensed gaming estab-  
205 lishment, or land upon which such premises is located, whether he  
206 leases the property directly or through an affiliate.

207 (ii) “Person” or “party” means a natural person, corporation,  
208 partnership, limited partnership, trustee, holding company, joint  
209 venture, association, or any business entity.

210 (jj) “Racing meeting licensee” the running horse racing meeting  
211 licensee in Suffolk county, harness horse racing meeting licensee  
212 in Norfolk county, and dog racing meeting licensees in Suffolk  
213 and Bristol counties, licensed by the state racing commission pur-

214 suant to chapter 128 of the General Laws, as amended, to conduct  
215 parimutuel racing during calendar year 2005, or their respective  
216 assigns; provided, however, that the 2 dog racing meeting  
217 licensees in Bristol County shall be deemed 1 for all purposes of  
218 this act; and, further, excluding any licensees of racing meetings  
219 held or conducted in connection with a state or county fair.

220 (kk) “Request for proposals” means a written document issued  
221 by the commission to potential bidders, which invites bidders to  
222 submit proposals outlining their qualifications and desire to obtain  
223 a gaming license from the commission.

224 (11) “Skimming” means the intentional excluding of or the  
225 taking of any monies, chips, or any other items in an attempt to  
226 exclude any monies, chips, or any other items or their value from  
227 the deposit, counting, collection, or computation of gross revenues  
228 from gaming operations or activities, net gaming proceeds, or  
229 amounts due the commonwealth pursuant to this chapter.

230 (mm) “Substantial party in interest” means any person holding  
231 a greater than 5 percent direct or indirect pecuniary interest,  
232 whether as owner, mortgagor or otherwise, in an operating entity,  
233 premises, or any other licensee or applicant.

234 (nn) “Temporary gaming license” means a license issued by the  
235 gaming commission for an establishment to conduct gaming as  
236 authorized in this chapter and which may be revoked or suspended  
237 by the commission at any time.

238 (oo) “Work permit” means any card, certificate, or permit  
239 issued by the Commission authorizing the holder to be employed  
240 in a licensed gaming facility.

241 Section 2. Gaming commission; composition.

242 (a) There shall be established a Massachusetts gaming commis-  
243 sion consisting of 7 members. Each member shall be a citizen of  
244 the United States and a resident of the commonwealth. Pursuant  
245 to the following provisions, a person shall not be eligible for  
246 appointment to the commission if he or she:

247 (1) holds elective office in state, county, or local government.

248 (2) is an officer or official of any political party.

249 (3) is a licensee or an unlicensed employee of a gaming  
250 licensee, or formerly was such a licensee or unlicensed employee  
251 within the 5 years prior to an appointment to the commission.

252 (4) is actively engaged or has a direct pecuniary interest in  
253 gaming activities.

254 (5) has been convicted of a felony.

255 Not more than 4 members of the commission shall be of the  
256 same major political affiliation. The governor shall appoint 1  
257 member to the commission and designate 1 member to serve as  
258 chairman of the commission. The president and minority leader  
259 of the senate shall each appoint 1 member to the commission. The  
260 speaker and minority leader of the house of representatives shall  
261 each appoint 1 member to the commission. The attorney general  
262 of the commonwealth shall appoint 1 member to the commission.  
263 The treasurer of the commonwealth shall appoint 1 member to the  
264 commission.

265 (b) Of the members initially appointed, the member appointed  
266 by the governor shall serve for an initial term of 5 years, the  
267 member appointed by treasurer shall serve for an initial term of 5  
268 years, the member appointed by the attorney general shall serve  
269 for an initial term of 5 years, the member appointed by the presi-  
270 dent of the senate shall serve for an initial term of 4 years, the  
271 member appointed by the speaker of the house shall serve for an  
272 initial term of 4 years, the member appointed by the minority  
273 leader of the senate shall serve for an initial term of 3 years and  
274 the member appointed by the minority leader of the house shall  
275 serve for an initial term of 3 years. After the initial term, the term  
276 of office for every member of the commission shall be 5 years;  
277 provided, that no member may serve more than 2 consecutive 5-  
278 year terms. Any vacancies shall be filled by the original  
279 appointing authority within 60 days of the occurrence of such  
280 vacancy. Any appointee shall continue in office beyond the expi-  
281 ration date of his term until the appointment of a successor but in  
282 no event longer than 6 months. Any commissioner may be  
283 removed by his appointing authority for just cause. For purposes  
284 of this paragraph, “just cause” shall mean misconduct, incompe-  
285 tence, neglect of duty, maladministration of any act or omission  
286 that impairs the ability of the commission to perform its responsi-  
287 bilities. The governor shall immediately remove any commis-  
288 sioner if he, after being appointed, violates or acts contrary to the  
289 eligibility requirements established in subsection (a) of this  
290 section.

291 (c) The commission members shall devote time and attention to  
292 the business of the commission as is necessary to discharge their

293 duties; provided, however, that the chairman shall devote his or  
294 her full time during normal business hours to the business of the  
295 commission. The members of the commission shall be compen-  
296 sated for work performed for the commission at the rate of  
297 \$50,000 per annum, with the chairman receiving \$25,000 per  
298 annum in additional compensation. Commission members shall  
299 be reimbursed for travel and other expenses necessarily incurred  
300 in the performance of official duties. Before entering upon the  
301 duties of the office, each member shall swear that he does not  
302 have a pecuniary interest in any business or organization holding a  
303 gaming license under this chapter, or doing business with any  
304 gaming service industry, as defined by this chapter and shall  
305 submit to the governor and state ethics commission a statement of  
306 financial interest, required by chapter 268B of the general laws,  
307 listing all assets and liabilities, property and business interests,  
308 and sources of income of said commissioner and his spouse. Such  
309 statement shall be under oath and shall be filed at the time of  
310 employment and annually thereafter. No commission member  
311 shall have any interest, direct or indirect, in any applicant or in  
312 any person licensed by or registered with the commission during  
313 his term of office.

314 Section 3. Gaming Commission; Powers and Duties.

315 (a) The commission shall have general responsibility for the  
316 implementation of this chapter, as hereinafter provided, and the  
317 continued oversight of gaming in the commonwealth; including,  
318 the right to hear and decide promptly and in reasonable order all  
319 license, registration, certificate, and permit applications and  
320 causes affecting the granting, suspension, revocation, or renewal  
321 thereof; to conduct all hearings pertaining to civil violations of  
322 this act or regulation promulgated hereunder; to promulgate and  
323 implement, pursuant to sections 2 and 3 of chapter 30A of the  
324 General Laws, rules and regulations for the implementation of this  
325 chapter; gaming investigations both civil and criminal; the testing  
326 and inspection of gambling equipment; the licensing of corpora-  
327 tions, limited partnerships, holding companies and intermediary  
328 companies; to collect all license and registration fees, taxes, and  
329 penalties imposed by this chapter and the regulations issued pur-  
330 suant hereto; to be present with its inspectors and agents at all  
331 times during the operation of any licensed gaming facility for the

332 purpose of certifying the revenue thereof; receiving complaints  
333 from the public; and to review and rule upon any complaint by a  
334 licensed gaming facility licensee regarding any investigative pro-  
335 cedures of the bureau which are unnecessarily disruptive to  
336 licensed gaming facility operations; and the execution of any  
337 other powers or requirements set forth in this chapter. The need to  
338 inspect and/or investigate a licensed gaming facility shall be pre-  
339 sumed at all times.

340 (b) The commission shall issue an annual report of its activi-  
341 ties to the governor and the general court no later than July 31st.  
342 The report shall be made available for public inspection on the  
343 world wide web no later than the date of issuance and shall  
344 include, but not be limited to, a detailed explanation of all rev-  
345 enues received by the commonwealth from gaming entities, as  
346 promulgated by this chapter.

347 (c) Except as otherwise provided herein, meetings of the com-  
348 mission shall be subject to the provisions of section 11A and  
349 11A½ of chapter 30A of the General Laws. Regular and special  
350 meetings of the commission may be held, at the discretion of the  
351 majority of the commission or the chairman, at such times and  
352 places as it may deem convenient. A majority of the membership  
353 of the commission shall constitute a quorum of the commission.  
354 A public record of every vote shall be maintained at the commis-  
355 sion's general office. The commission may maintain any other  
356 files and records, as it deems appropriate.

357 (d) The commission shall conduct hearings in accordance with  
358 the provisions of chapter 30A. The commission may issue sub-  
359 poenas for the attendance of witnesses or the production of any  
360 records, books, memoranda, documents, or other papers, or things,  
361 at or prior to any hearing as is necessary to enable the commission  
362 to discharge its duties, and may administer oaths or affirmations  
363 as necessary in connection therewith. The commission may peti-  
364 tion the superior court for an order requiring compliance with any  
365 subpoena so issued.

366 (e) The commission may retain legal, investigative, clerical  
367 and other assistance as may be necessary to accomplish its duties.

368 (f) The commission may require any person to apply for a  
369 license as provided in this chapter and approve or disapprove any  
370 such application or other transactions, events, and processes as

371 provided in this chapter. Any application to receive any license  
372 under this chapter shall constitute a request for a determination of  
373 the applicant's general character, integrity, and ability to partici-  
374 pate or engage in, or be associated with, gaming. Such determina-  
375 tion may include a review of the applicant's associations, criminal  
376 history record, business activities, and financial affairs, past or  
377 present.

378 (g) The commission shall determine the manner and procedure  
379 of all hearings conducted by the gaming oversight bureau, as  
380 defined by this chapter, or commission or any hearing examiner of  
381 the bureau or commission, including special rules of evidence  
382 applicable thereto and notices thereof. The commission shall  
383 establish a code of conduct for employees of the bureau.

384 (h) The commission may grant or deny any application for a  
385 license or approval; may limit, condition, restrict, suspend, or  
386 revoke any license or approval for any cause deemed reasonable  
387 by commission, consistent with this chapter or any general or  
388 special law. The commission may, in its discretion, issue a proba-  
389 tionary gaming license. No gaming license may be assigned  
390 either in whole or in part.

391 (i) As provided in commission regulations, the commission  
392 may impose a fine or penalty or interest on such fine or penalty,  
393 upon any gaming licensee, for violation of this chapter. The com-  
394 mission may approve or disapprove transactions and events as  
395 provided in this chapter, take actions reasonably designed to  
396 ensure that no unsuitable persons are associated with controlled  
397 gaming, and take actions reasonably designed to ensure that  
398 gaming activities take place only on suitable premises in an appro-  
399 priate manner.

400 (j) The commission shall, pursuant to sections 2 and 3 of  
401 chapter 30A of the general laws, promulgate regulations necessary  
402 to carry out the powers and the provisions of this chapter, and  
403 specifically shall promulgate regulations as to the following mat-  
404 ters:

405 (1) the licensing of gaming establishments, including regula-  
406 tions relating to the types of establishments, application process  
407 and costs, background checks, license fees, bonding requirements,  
408 and revocation and suspension of licenses;

409 (2) the licensing of gaming suppliers, including regulations  
410 relating to the application process and costs, background checks,  
411 license fees, bonding requirements, and revocations and suspen-  
412 sion of licenses;

413 (3) the licensing of parties in interest, including regulations  
414 relating to the application process and costs, background checks,  
415 license fees, bonding requirements, and revocation and suspension  
416 of licenses;

417 (4) the issuance of one or more classes of work permits for  
418 employment of persons in licensed gambling facilities, including  
419 regulations relating to the application process and costs, back-  
420 ground checks, fees, and revocation and suspension of work per-  
421 mits;

422 (5) the licensing of gaming schools, if any such school is  
423 established in the commonwealth, including regulations relating to  
424 the application process and costs, background checks, license  
425 fees, and revocation and suspension of licenses;

426 (6) the licensing of all officers and directors of any entity  
427 which holds or applies for a license under this chapter, including  
428 regulations relating to the application process and costs, back-  
429 ground checks, licensee fees, and revocation and suspension of  
430 licenses; and regulations requiring that, if in the judgment of the  
431 commission the public interest will be served by requiring any of  
432 the individual stockholders, executives, agents or other employees  
433 of any entity which holds or applies for a license under this  
434 chapter to be licensed, such individuals apply for a license under  
435 this paragraph;

436 (7) the monitoring of licensees to ensure compliance with this  
437 chapter and the regulations promulgated thereunder;

438 (8) the presentation and/or display of all licenses and work  
439 permits;

440 (9) the registration of non-gaming suppliers;

441 (10) the method for collecting any fines, fees, penalties and  
442 interest imposed by the commission;

443 (11) the method and standards of operation of licensed  
444 gaming establishments including, but not limited to, games, the  
445 type and manner of gaming, wagering limitations, odds, and hours  
446 of operation; provided, however, the commission shall not restrict  
447 the number of hours of operation of any licensed gaming estab-

448 lishment to fewer hours than those of any competing gaming facil-  
449 ities with controlled gaming;

450 (12) the manufacturing, distribution, sale, testing, servicing,  
451 and inspection of gaming equipment, including requirements for  
452 the identification and licensing of the same;

453 (13) any limitations on mortgage security interests and agree-  
454 ments relating to the property of licensed gaming establishments;

455 (14) any limitations on transfers of interests in licenses;

456 (15) advertising by licensed gaming establishments; provided,  
457 however, that licensees shall have the right to conduct reasonable  
458 advertising consistent with that of competing gaming facilities;

459 (16) the manner in which winnings, compensation from  
460 games and gaming devices, and gross revenues must be compiled  
461 and reported by licensees; provided, further, that electronic  
462 gaming devices shall return as winnings a minimum of 85 percent  
463 of all sums wagered.

464 (17) standards for protection of the health, safety, and security  
465 of the public at licensed gaming establishments;

466 (18) the minimum procedures to be adopted by each licensed  
467 gaming establishment to exercise effective supervisory and man-  
468 agement control over its fiscal affairs, including the requirement  
469 of an annual audit undertaken in accordance with generally  
470 accepted accounting principles, and the requirement that quarterly  
471 reports be provided by licensed gaming establishments to the  
472 commission no more than 30 days after the close of each quarter;

473 (19) the persons to be excluded or ejected from licensed  
474 gaming establishments, the type of conduct prohibited, and age  
475 restrictions; provided, the minimum age to enter a gaming facility  
476 is not less than 21 years.

477 (20) the distribution of funds for the treatment of compulsive  
478 behavior.

479 (k) In emergencies, the commission may, without complying  
480 with sections 2 or 3 of chapter 30A of the General Laws, sum-  
481 marily adopt, amend, or repeal any regulation, if, at the time, the  
482 commission makes a finding that such action is necessary for the  
483 preservation of the public peace, health, safety, morals, good  
484 order, or general welfare, together with a statement of the facts  
485 constituting the emergency; provided, however, that all such  
486 emergency actions shall expire after 90 days.

487 (l) Each operating license shall be issued for an initial term of 1  
488 year, and may be renewed at the discretion of the commission for  
489 a term not to exceed 5 years.

490 (m) Any failure of a licensee to comply with this chapter or any  
491 regulation of the commission or the bureau may, at the discretion  
492 of the commission, result in the immediate suspension or revoca-  
493 tion of the license. The commission may also impose a civil fine  
494 of not more than \$50,000 upon any person licensed, registered, or  
495 otherwise approved under this chapter, for any violation of this  
496 chapter or of any general or special law related to gaming.

497 (n) A gaming establishment license issued pursuant to this  
498 chapter must be posted by the licensee and kept posted at all times  
499 in a conspicuous place in the area where gaming is conducted in  
500 the establishment for which the license is issued until it is  
501 replaced by a succeeding license.

502 (o) Any person who has had his application for a license denied  
503 or revoked, or is otherwise not in compliance with any restrictions  
504 hereunder, shall not retain his interest in the premises or any entity  
505 seeking or holding a license under this chapter beyond that period  
506 prescribed by the commission; and shall not accept more for his  
507 interest than he paid for it or the market value on the date of the  
508 denial or revocation of the license or occurrence of non-compli-  
509 ance (not including the prospective value of said license), what-  
510 ever is higher.

511 (p) The voluntary surrender of a license by a licensee does not  
512 become effective until accepted in a manner to be provided in the  
513 regulations of the commission. The surrender of a license does  
514 not relieve the former licensee of any fees, penalties, fines, taxes  
515 or interest due.

516 (q) No person shall pledge or transfer a direct or indirect pecu-  
517 niary interest in a licensed operating entity or premises, or enter  
518 into an option contract or other agreement providing for such  
519 transfer in the future, without having notified the commission. No  
520 person shall transfer a greater than five percent (5%) direct or  
521 indirect pecuniary interest in a licensed operating entity or  
522 premises without the issuance by the commission to the transferee  
523 of an operating license or an affirmative statement that the trans-  
524 feree has met the operating license standards, as the commission  
525 may require.

526 (r) The commission shall monitor the conduct of all licensees  
527 and other persons having a material involvement, directly or indi-  
528 rectly, with a licensee for the purpose of ensuring that licenses are  
529 not issued to, or held by, unqualified, disqualified, or unsuitable  
530 persons and there is no direct or indirect material involvement  
531 with such a person by a licensee.

532 (s) No commission member or person employed by the com-  
533 mission shall solicit or accept employment from a licensee, or rep-  
534 resent any person or party other than the commonwealth before or  
535 against the commission for a period of 5 years from the termina-  
536 tion of his office or employment with the commission.

537 (t) The commission may investigate fraud, deceit, misrepresen-  
538 tation or violations by any licensee under this chapter, or the  
539 occurrence of any such activity within or involving any licensee.  
540 If the commission has reasonable basis to believe that any licensee  
541 has been or is engaged in criminal behavior or that criminal  
542 activity is occurring within or involving any licensed gaming  
543 establishment, the commission shall report the same to the district  
544 attorney of the county within which the gaming establishment is  
545 located and make available to the district attorney all relevant  
546 information on such activity. The commission shall apply to the  
547 department of public safety for the assignment of a complement of  
548 police officers to the commission on a regular basis and the  
549 department shall assign a complement to the commission. The  
550 commission shall assign such police officers to guard and protect  
551 the lives and safety of the public and property at any such gaming  
552 establishment, and to perform any other duties which may be  
553 required by the commission in order to maintain a fair and honest  
554 gaming establishment. The police officers so assigned shall,  
555 except in the case of an emergency, while on duty at any such  
556 establishment be subject to the operational authority of the com-  
557 mission; provided, however, that such assignment or reassignment  
558 shall not in any way impair any rights to which any officer may by  
559 entitled. The commission shall, from the gaming oversight fund,  
560 pay to the department of public safety the cost of the salaries of  
561 the police officers so assigned from funds appropriated to the  
562 commission. All assignment and reassignments to the commis-  
563 sion, except when the commissioner of public safety shall deter-  
564 mine an emergency exists, shall be subject to the approval of the

565 commission. Nothing herein shall prevent licensees from hiring  
566 the state police, if they have jurisdiction in the area where gaming  
567 establishment is located, or the police department of a city or  
568 town wherein the gaming establishment is located, in order to fur-  
569 nish a police detail for safety or traffic purposes at any gaming  
570 establishment authorized by this chapter. The total cost for any  
571 such police detail shall be a sum equal to the wages payable to the  
572 police officers comprising such detail for their work, plus a sum to  
573 cover the administrative expenses incurred by the department of  
574 each police officer.

575 (u) The commission shall carryout any obligations or responsi-  
576 bilities required in any established gaming compact entered into  
577 between the commonwealth of Massachusetts and a federally rec-  
578 ognized Native American tribe.

579 (v) The commission, as it deems appropriate, may ask a district  
580 attorney to file a civil lawsuit to restrain a violation of this chapter  
581 or enforce any provision thereof. An action brought against a  
582 person pursuant to this chapter does not preclude any other crim-  
583 inal or civil proceeding as authorized by law.

584 (w) No official, member, employee, or agent of the commis-  
585 sion, having obtained access to confidential records or informa-  
586 tion in the performance of the duties pursuant to this chapter,  
587 unless otherwise provided by law, shall knowingly disclose or fur-  
588 nish the records or information, or any part thereof, to any person  
589 who is not authorized by law to receive or learn of such informa-  
590 tion. A violation of this provision shall be punishable by a fine of  
591 not more than \$10,000 or by imprisonment in the house of correc-  
592 tions for not more than 1 year, or by both.

593 Section 4. Gaming oversight bureau; composition, powers and  
594 duties.

595 (a) There shall be established a gaming oversight bureau within  
596 the executive office of administration and finance.

597 (b) The secretary of administration and finance shall appoint  
598 the executive director of the bureau for a term of 5 years. The  
599 executive director shall not serve more than 2 consecutive terms.  
600 The executive director shall employ such professional, technical,  
601 and clerical assistants and employees as necessary, subject to  
602 appropriation. The department of public safety and division of  
603 state police shall assign to the bureau such full and adequate num-

604 bers of investigators as the executive director shall reasonably  
605 require to carry out the purposes of this chapter.

606 (c) The powers and duties of the bureau shall include, but not  
607 be limited to, the following:

608 (1) To visit, investigate, and place accountants, technicians,  
609 and any other personnel, without prior notice or approval of any  
610 party as it may deem necessary, in the office, gaming area, or  
611 other place of business of any licensee under this chapter;

612 (2) To require that the books and financial or other records or  
613 statements of any licensee be kept in a manner that the commis-  
614 sion or the bureau deems proper;

615 (3) To visit, inspect, and examine without prior notice or  
616 approval of any party, all premises where gaming equipment is  
617 manufactured, sold or distributed;

618 (4) To inspect and test without prior notice or approval of any  
619 party, all equipment and supplies in any licensed gaming estab-  
620 lishment or in any premises where gaming equipment is manufac-  
621 tured, sold or distributed;

622 (5) To summarily seize, remove, and impound any shipment,  
623 supplies, documents, or records from any licensed gaming estab-  
624 lishment for the purpose of examination and inspection;

625 (6) To have access to, and inspect, examine, photocopy, and  
626 audit all relevant and material papers, books, and records of an  
627 applicant for, or person holding, a license for a gaming establish-  
628 ment under this chapter, on such applicant's or licensee's premises  
629 or elsewhere, as practicable, in the presence of the applicant or  
630 licensee or his or her agent, and require verification of income,  
631 and all other matters affecting the enforcement of this chapter;

632 (7) To have access to and inspect, examine, photocopy, and  
633 audit all relevant and material papers, books, and records of any  
634 affiliate of a licensed gaming establishment that the bureau knows  
635 or reasonably suspects is involved in the financing, operation, or  
636 management of any entity licensed pursuant to this chapter, either  
637 on the affiliate's premises or elsewhere, as practicable, in the pres-  
638 ence of the affiliate or any agent thereof; and,

639 (8) To refer any suspected criminal violation of this chapter  
640 to any appropriate law enforcement agency; provided, however,  
641 that nothing in this section shall be deemed to limit the investiga-

642 tory and prosecutorial powers of other state and local officials and  
643 agencies;

644 (9) To enforce any other laws, as applicable, in order to effec-  
645 tuate this chapter.

646 (d) The bureau shall investigate the qualifications of each  
647 applicant under this chapter and make a recommendation to the  
648 commission before any license is issued. The bureau shall also  
649 continue to monitor the conduct of all licensees and other persons  
650 having a material involvement, directly or indirectly, with a  
651 licensee for the purpose of ensuring that licenses are not issued to,  
652 or held by, and there is no direct or indirect material involvement  
653 with a licensee by unqualified, disqualified, or unsuitable persons,  
654 or persons whose operations are conducted in unsuitable manner  
655 or in unsuitable or prohibited places, as provided in the regula-  
656 tions of the commission or the bureau.

657 (e) The bureau may recommend to the commission the denial  
658 of any application, the limitation, conditioning, restriction, sus-  
659 pension, or revocation of any license or approval, or the imposi-  
660 tion of any fine or penalty upon any licensee.

661 (f) The bureau shall maintain a file of applications for licenses  
662 under this chapter, together with a record of all action taken by the  
663 commission on those applications. Such applications shall be  
664 open to public inspection. The bureau may maintain any other  
665 files and records as it deems appropriate.

666 (g) Each employee of the bureau shall file with the executive  
667 director and the state ethics commission a statement of financial  
668 interest as defined in chapter 268B. Such statement shall be under  
669 oath and shall be filed at the time of employment and annually  
670 thereafter, as required by the state ethics commission.

671 (h) No employee of the bureau shall be permitted to place a  
672 wager in any establishment licensed by the commission except in  
673 the course of his duties.

674 (i) No person employed by the bureau shall solicit or accept  
675 employment from a licensee, or represent any person or party  
676 other than the commonwealth before or against the bureau or the  
677 commission, for a period of 5 years from the termination of his  
678 office or employment with the bureau.

679 (j) The bureau may investigate fraud, deceit, misrepresenta-  
680 tion or violations of this chapter by any person licensed hereunder  
681 or the occurrence of any such activity within or involving any

682 licensed gaming establishment. If the bureau has reasonable basis  
683 to believe that any licensee has been or is engaged in criminal  
684 behavior or that criminal activity is occurring within or involving  
685 any licensed gaming establishment, the bureau shall report the  
686 same to the district attorney of the county within which the  
687 licensed gaming establishment is located and make available to  
688 the district attorney all relevant information on such activity.

689 (k) The bureau, as it deems appropriate, may ask said district  
690 attorney to file a civil lawsuit to restrain a violation of this chapter  
691 or enforce any provision thereof. An action brought against a  
692 person pursuant to this chapter shall not preclude any other crim-  
693 inal or civil proceeding as may be authorized by law.

694 (l) The bureau shall make a continuous study and investigation  
695 of gaming throughout the commonwealth in order to ascertain the  
696 adequacy and effectiveness of state gaming law or regulations and  
697 may formulate recommendations for changes in such laws and  
698 regulations. The bureau shall make a continuous study and inves-  
699 tigation of the operation and administration of similar laws in  
700 other states or countries, of any literature or reports on the subject,  
701 of any federal laws which may affect the operation of gaming in  
702 the commonwealth, all with intent to recommend or effect  
703 changes that will better serve and implement the purposes of this  
704 chapter.

705 (m) The bureau shall submit an annual report to the governor  
706 and the general court no later than July 31st. The report shall  
707 detail, for the preceding 12 month period, the gross revenue, net  
708 revenue, and average depreciation of each licensee; the number of  
709 persons employed by each licensee; and the assessed valuation of  
710 each Massachusetts gaming facility as listed on the assessment  
711 rolls. The findings of this report shall be published in conjunction  
712 with the annual report of the gaming commission pursuant to  
713 section 3 of this chapter. The report shall be made available for  
714 public inspection on the world wide web.

715 (n) The bureau shall carryout any obligations or responsibilities  
716 required in an established gaming compact entered into between  
717 the commonwealth of Massachusetts and a federally recognized  
718 Native American tribe.

719 (o) No official, member, employee, or agent of the bureau,  
720 having obtained access to confidential records or information in  
721 the performance of the duties pursuant to this chapter, unless oth-

722 erwise provided by law, shall knowingly disclose or furnish the  
723 records or information, or any part thereof, to any person who is  
724 not authorized by law to receive or learn of such information. A  
725 violation of this provision shall be punishable by a fine of not  
726 more than \$10,000 or by imprisonment in the house of corrections  
727 for not more than 1 year, or by both.

728 (p) The executive director of the bureau may recommend that  
729 the commission initiate proceedings or actions appropriate to  
730 enforce this chapter and the regulations promulgated thereunder.

731 Section 5. Records of proceedings.

732 (a) The commission shall cause to be made and kept a record of  
733 all proceedings at regular and special meetings of the commission.  
734 These records shall be open to public inspection, except those por-  
735 tions declared by law to be confidential.

736 (b) Notwithstanding any other general or special law to the con-  
737 trary all files, records, reports, and other information in possession  
738 of any state or local government agency, including tax filings and  
739 related information, that are relevant to an investigation by the  
740 bureau conducted pursuant to this act shall be made available to  
741 the bureau as requested. However, any tax or financial informa-  
742 tion received from a government agency shall be used solely for  
743 effectuating the purposes of this act. To the extent that these files,  
744 records, reports, or information are confidential or otherwise privi-  
745 leged from disclosure under any law they shall not lose that con-  
746 fidential or privileged status for having been disclosed to the  
747 bureau.

748 (1) The commission and the bureau shall not release or dis-  
749 close any privileged information, documents or communications  
750 provided by an applicant or licensee without the prior written con-  
751 sent of the applicant or licensee or pursuant to a lawful court order  
752 after timely notice of the proceedings has been given to the appli-  
753 cant or licensee.

754 (2) The commission and the bureau shall maintain all privi-  
755 leged information, documents and communications in a secure  
756 place accessible only to members of the commission and the exec-  
757 utive director, and employees of the commission.

758 (3) The commission and the bureau shall adopt procedures  
759 and regulations to protect the privileged nature of information,  
760 documents and communications provided by an applicant or  
761 licensee.

762 Section 6. Issuance of gaming licenses.

763 (a) Notwithstanding the provisions of chapters 137 and 271 of  
764 the General Laws, or any general or special law to the contrary,  
765 each racing meeting licensee existing on April 1, 2005, which  
766 runs a full schedule of live races as defined in section 2 of  
767 chapter 128C, is eligible to receive a temporary gaming license,  
768 subject to the application and licensing requirements and all other  
769 applicable provisions of this chapter, to operate no more than  
770 1500 electronic gaming devices; provided, that such electronic  
771 gaming devices shall only function on the existing facility oper-  
772 ated by the racing meeting licensee prior to April 1, 2005. The  
773 racing meeting licensee shall not operate any additional games  
774 other than those allowable by law for holders of a racing meeting  
775 license, pursuant to chapters 128A and 128C of the General Laws.  
776 Nothing in this section shall be construed to permit a racing  
777 meeting licensee to operate games other than electronic gaming  
778 devices. Each racing meeting licensee must adhere to and comply  
779 with the following provisions:

780 (1) Upon passage of this chapter, each racing meeting  
781 licensee must submit a letter of intent with the secretary of admin-  
782 istration and finance to declare the number of electronic gaming  
783 devices the licensee chooses to operate, not to exceed 1500, and  
784 the date of commencement at which time the operation of said  
785 number of electronic gaming devices shall begin; provided, the  
786 date of commencement must be within 180 days of the submission  
787 of the letter of intent, otherwise the licensee shall forfeit all privi-  
788 leges granted by this chapter and, therefore, an additional license  
789 to operate electronic gaming devices may be auctioned by the  
790 commonwealth in accordance with subsection (b) of this section.  
791 Furthermore, the letter of intent must be submitted to the secretary  
792 within 90 days of the passage of this chapter; however, if a racing  
793 meeting licensee fails to submit a letter of intent within 90 days,  
794 the licensee shall forfeit all privileges granted by this chapter and,  
795 therefore, an additional license to operate electronic gaming  
796 devices may be auctioned by the commonwealth in accordance  
797 with subsection (b) of this section.

798 (2) Two years after the date of commencement, each racing  
799 meeting licensee shall pay to the commonwealth of Massachusetts  
800 an amount of seventeen and one half of one percent (17.5%) of the  
801 maximum annual gaming revenue derived from all electronic

802 gaming devices; provided, the maximum annual gaming revenue  
803 shall be calculated by multiplying the daily gaming revenue of the  
804 most profitable electronic gaming device by 365 (the number of  
805 days in a year), multiplied by the number of electronic gaming  
806 devices enumerated in the original letter of intent submitted to the  
807 secretary of administration and finance; provided, for the purposes  
808 of this calculation, the daily gaming revenue of the most prof-  
809 itable electronic gaming device shall not be less than \$300.  
810 Should the racing meeting licensee fail to make such payment as  
811 and when due, any amounts then owing shall constitute a lien run-  
812 ning in favor of the commonwealth and relating back to the date  
813 of commencement.

814 (3) Upon receipt of the payment pursuant to subsection (a)  
815 (2), the commission shall grant the racing meeting licensee a per-  
816 manent gaming license to be approved and used in accordance  
817 with the provisions of this chapter; provided, that the gaming  
818 license is only valid for the operation of the total number of elec-  
819 tronic gaming devices enumerated in the original letter of intent  
820 submitted to the secretary of administration and finance, pursuant  
821 to subsection (a) (1). This gaming license shall never be pledged,  
822 sold or transferred in any way, whatsoever.

823 (4) If, at anytime, a racing meeting licensee would like to  
824 operate more electronic gaming devices, not to exceed a total of  
825 1500 but more than the amount enumerated in the original letter  
826 of intent submitted to the secretary of administration and finance,  
827 pursuant to subsection (a) (1), then the licensee must file a peti-  
828 tion with the commission and indicate the additional number of  
829 electronic gaming devices it desires to operate. The commission  
830 shall only allow the licensee to increase the number of operable  
831 electronic gaming devices if a payment is submitted to the com-  
832 monwealth of Massachusetts for the additional number of elec-  
833 tronic gaming devices in accordance with subsection (a) (2);  
834 provided, said payment must be made before the operation of any  
835 additional electronic gaming devices.

836 (b) Notwithstanding the provisions of chapters 137 and 271 of  
837 the General Laws, or any general or special law to the contrary,  
838 the commission shall issue 2 licenses, each for the operation of  
839 not more than 1500 electronic gaming devices, from among all

840 persons or entities seeking to be a licensed operator in the com-  
841 monwealth of Massachusetts; provided, 1 license shall only be  
842 issued in either Berkshire county, Franklin county, Hampden  
843 county or Hampshire county, and 1 license shall only be issued in  
844 Worcester county. In the event a racing meeting licensee chooses  
845 not to obtain, or is not granted a license, then the commission  
846 shall issue an additional license for the operation of electronic  
847 gaming devices in any county other than those aforementioned.  
848 The commission shall submit to each applicant a request for pro-  
849 posal, which shall be designed to maximize the initial revenue  
850 potential for the state. Those applicants offering the highest bid in  
851 order to maximize the initial revenue potential for the state shall  
852 be selected; provided, they comply with the licensing provisions  
853 of this chapter; and provided further, that the commission deter-  
854 mines there is a suitable location for a facility under this section;  
855 provided however, that any federally recognized Native American  
856 tribe authorized pursuant to the Indian Gaming Regulatory Act, 29  
857 U.S.C. sections 2701 to 2721, shall have the right of first refusal  
858 to negotiate with the commission to be licensed under this para-  
859 graph; provided that said tribe agrees as part of the agreement to  
860 be a commercial operator and commercial business subject to the  
861 laws and regulations of the commonwealth and its political subdi-  
862 visions, pay a fee as negotiated between the commission and the  
863 Native American tribe, meet the requirements of the commission  
864 and of this chapter to be a licensee, forfeit any rights it may have  
865 under the Indian Gaming Regulatory Act, pursuant to 29 U.S.C.  
866 2710 to 2719, and be subject to the rights and obligations as citi-  
867 zens of the commonwealth; provided further, that the commission  
868 shall require the tribe to submit a completed application within  
869 sixty (60) days. Should the Native American tribe fail to meet the  
870 requirements for a license, fail to ratify an agreement with the  
871 commission, choose not to negotiate with the commission, or not  
872 submit an application with sixty (60) days under this paragraph,  
873 then all agreements negotiated with the commission shall be void;  
874 provided however, failure to negotiate an agreement with the com-  
875 mission shall not preclude the Native American tribe from submit-  
876 ting an application for a license, but as part of the Native  
877 American tribe's application it must agree to forfeit any rights it  
878 may have under the Indian Gaming Regulatory Act, pursuant to

879 29 U.S.C. 2710 to 2719, and be subject to the rights and obliga-  
880 tions as citizens of the commonwealth. No single gaming entity,  
881 including its shareholders, shall have more than one gaming  
882 license.

883 (c) No gaming license may be issued for operation in a com-  
884 munity or communities without the approval of the voters of said  
885 community or communities by way of referendum held after April  
886 1, 2005. Furthermore, no gaming license may be issued for opera-  
887 tion in a community or communities without the approval of a  
888 majority of the aggregate number of voters in all contiguous com-  
889 munities to the proposed site of operation. Therefore, all affected  
890 communities must host an election within 120 days of the submis-  
891 sion of an eligible application to the commission; provided the  
892 secretary of commonwealth shall certify the cost of the election  
893 incurred by each community and the applicant shall reimburse the  
894 cost to each community within 60 days of the receipt of certifica-  
895 tion by the secretary of the commonwealth. This section shall not  
896 apply to racing meeting licensees existing on April 1, 2005.

897 Section 7. License approval.

898 (a) The commission and the bureau shall investigate the quali-  
899 fications of each applicant under this act before any license is  
900 issued or any registration, finding of suitability or approval of acts  
901 or transactions for which commission approval is required or per-  
902 mission is granted, and shall continue to monitor the conduct of  
903 all licensees and registrants and other persons having a material  
904 involvement, directly or indirectly with a licensed gaming facility  
905 or holding company to ensure that licenses are not issued or held  
906 by, nor is there any material involvement directly or indirectly  
907 with a licensed gaming facility or holding company by unquali-  
908 fied, disqualified or unsuitable persons, or persons whose opera-  
909 tions are conducted in an unsuitable manner or in unsuitable or  
910 prohibited places or locations, as provided in commission regula-  
911 tions. All expenses associated with the licensing of any applicant  
912 shall be borne by the applicant. Pursuant to its regulations, the  
913 commission shall require each applicant for a gambling license to  
914 deposit with the commission, together with the application there-  
915 fore, an application fee. Such fee shall constitute the anticipated  
916 costs and charges incurred in the investigation and processing of  
917 the application, and any additional sums as are required by the  
918 commission to pay final costs and charges.

919 (b) The commission and the bureau may require a finding of  
920 suitability for the licensing of any person who owns any interest  
921 in the premises of a licensed establishment; owns any interest in  
922 real property used by a licensed establishment whether he leases  
923 the property directly to the licensee or through an intermediary;  
924 repairs, rebuilds or modifies any gaming device; manufactures or  
925 distributes chips or gaming tokens for use in this state.

926 (c) The commission and the bureau may require a finding of  
927 suitability or the licensing of any person who furnishes services or  
928 property to a state gaming licensee under any arrangement pur-  
929 suant to which the person receives payments based on earnings,  
930 profits or receipts from gaming.

931 (d) No person shall operate a gaming establishment without  
932 first having obtained all necessary operating licenses from the  
933 commission. There shall be a single licensed operator for each  
934 gaming establishment. The licensing standards must be met at all  
935 times by each officer, director, partner, and trustee of the oper-  
936 ating entity, by each substantial party in interest of the operating  
937 entity or of the premises on which such establishment is located,  
938 and by such other party in interest of the operating entity, the  
939 premises, or any holding company or intermediary company of the  
940 operating entity or the premises as the commission may require.  
941 In no event shall the commission permit a person or entity previ-  
942 ously convicted of a felony to be a party in interest of the oper-  
943 ating entity or of the premises or of any holding or intermediary  
944 company of the operating entity or the premises. A separate  
945 license shall be required for any person described above, unless  
946 the commission specifically determines otherwise.

947 (e) Each gaming operator license approved by the commission  
948 pursuant to subsections (a), (b) and (c) of this section shall be  
949 issued for an initial term of 1 year, and may be renewed at the dis-  
950 cretion of the commission for a term not to exceed 5 years, unless  
951 the commission demonstrates that the operator is no longer quali-  
952 fied to hold a gaming license pursuant to the criteria set forth  
953 herein.

954 (f) Each license approved by the commission shall be awarded  
955 as the result of an application process to be designed and estab-  
956 lished by said commission. A person may apply to be a licensed  
957 gaming operator by filing an application with the commission, in

958 the form and with such accompanying application fees as the com-  
959 mission may establish. Information on the application will be  
960 used as the basis for a thorough background investigation which  
961 the bureau shall conduct with respect to each applicant. Each  
962 application shall disclose the identity of each party in interest,  
963 each holding company and intermediary company, and each affil-  
964 iate of the operating entity. The application shall disclose, in the  
965 case of a privately held corporation, the names and addresses of  
966 all directors, officers, and stockholders; in the case of a publicly  
967 traded corporation, the names and addresses of all directors, offi-  
968 cers, and persons holding at least 1 percent of the total capital  
969 stock issued and outstanding; in the case of a partnership, the  
970 names and addresses of all partners, both general and limited; and  
971 in the case of a trust, the names and addresses of all trustees and  
972 beneficiaries. Persons applying for gaming operator licenses shall  
973 be required to define the number of full-time equivalent  
974 employees that the project will produce, and the project's non-  
975 gaming economic development potential.

976 (g) Each operating entity shall identify, in its application, the  
977 premises where it proposes to conduct its gaming operations and  
978 demonstrate that the operating entity owns or has legal control of  
979 the premises where it proposes to conduct its gaming operations.  
980 The application shall contain such information regarding the phys-  
981 ical location and condition of the premises and the potential  
982 impact of the proposed gaming operations upon adjacent proper-  
983 ties and the municipality and region within which the premises are  
984 located, as the commission may require. The application shall  
985 disclose the identity of all parties in interest regarding the  
986 premises; and provided, further, except as otherwise permitted  
987 herein, no person other than a licensee hereunder shall have any  
988 right to or interest in net gaming revenue or adjusted net gaming  
989 revenue in the form of a percentage of any sums payable here-  
990 under. An operating entity may also identify temporary premises  
991 in its application where an applicant may be permitted to operate a  
992 temporary facility for a period of no longer than 24 months during  
993 construction of its permanent gaming facility.

994 Section 8. License requirements.

995 (a) The commission shall require that each licensed operator  
996 utilize resources, goods and services of the commonwealth of

997 Massachusetts to the reasonable extent practical in the operation  
998 of the licensed gaming facility.

999 (b) The commission shall require that each licensed operator  
1000 make reasonable effort to ensure that a substantial number of their  
1001 employees are residents of the commonwealth.

1002 (c) No licensed operator shall obtain any gaming equipment  
1003 from a person who does not hold a license. No licensed operator  
1004 shall enter into any agreement for the receipt of goods or services,  
1005 of any form and in any amount, from a person who does not hold  
1006 a license, when a license is required for such agreement under this  
1007 act or under regulations promulgated by the commission or  
1008 bureau.

1009 (d) No licensed operator shall employ any person in a gaming  
1010 establishment who does not hold a work permit, when a work  
1011 permit is required for such position under regulations promulgated  
1012 by the commission or bureau.

1013 (e) Any person who the commission determines is qualified to  
1014 receive a license or be found suitable under the provisions of this  
1015 act, may be issued a state gaming license or found suitable, as  
1016 appropriate. The burden of proving his qualification to receive  
1017 any license or be found suitable is on the applicant. A license to  
1018 operate a gaming establishment shall not be granted unless the  
1019 applicant has satisfied the commission that he or she has adequate  
1020 business probity, competence and experience, in gaming; and the  
1021 proposed financing of the entire operation is adequate for the  
1022 nature of the proposed operation; and, from a suitable source. An  
1023 application to receive a license or be found suitable constitutes a  
1024 request for a determination of the applicant's general character,  
1025 integrity, and ability to participate or engage in, or be associated  
1026 with gaming, as appropriate. The commission may limit the  
1027 license or place such conditions thereon, as it may deem necessary  
1028 in the public interest. The commission may, if it considers neces-  
1029 sary, issue a probationary license. No state gaming license may  
1030 be assigned either in whole or in part. The commission may limit  
1031 or place such conditions, as it may deem necessary in the public  
1032 interest upon any registration, finding of suitability or approval  
1033 for which application has been made. A licensee may be granted  
1034 a temporary gaming license to operate a gaming facility during the  
1035 construction phase of any licensed gaming facility, provided, that

1036 no more than 2 temporary licenses shall be awarded for any  
1037 licensed gaming facility, and provided further that no temporary  
1038 license shall remain in force for a period in excess of 24 months.

1039 (f) Any state license in force may be renewed by the commis-  
1040 sion for the next succeeding license period upon proper applica-  
1041 tion for renewal and payment of state license fees and taxes as  
1042 required by law and the regulations of the commission. If any  
1043 licensee or other person fails to renew his license the commission  
1044 may order the immediate closure of all his gaming activity until  
1045 the license is renewed by the payment of the necessary fees, taxes,  
1046 interest and any penalties.

1047 (g) If satisfied that an applicant is eligible to receive a state  
1048 gaming, manufacturing, selling, or distributing license, and upon  
1049 tender of all license fees and taxes as required by law and regula-  
1050 tion of the commission; and a bond executed by the applicant as  
1051 principal, and by a corporation qualified under the laws of the  
1052 commonwealth as surety, payable to the commonwealth, and con-  
1053 ditioned upon the payment of license fees and taxes and the  
1054 faithful performance of all requirements imposed by law or regu-  
1055 lation or the conditions of the license, the commission shall issue  
1056 and deliver to the applicant a license entitling him to engage in the  
1057 gaming, manufacturing, selling or distributing operation for which  
1058 he is licensed, together with an enumeration of the specific terms  
1059 and conditions of the license.

1060 (h) A license issued pursuant to the provisions of this act must  
1061 be posted by the licensee and kept posted at all times in a conspic-  
1062 uous place in the area where gaming is conducted in the establish-  
1063 ment for which the license is issued until it is replaced by a  
1064 succeeding license.

1065 (i) If the commission is not satisfied that an applicant is quali-  
1066 fied to be licensed under this act, the commission may cause to be  
1067 made such investigation into and conduct such hearings con-  
1068 cerning the qualifications of the applicant in accordance with its  
1069 regulations as it may deem necessary.

1070 (j) The commission has full and absolute power and authority  
1071 to deny any application for any cause it deems reasonable. If an  
1072 application is denied, the commission shall prepare and file its  
1073 written decision upon which its order denying the application is  
1074 based.

1075 (k) A person who has had his application for a license denied or  
1076 who has been found unsuitable by the commission shall not retain  
1077 his interest in a corporation, partnership, limited partnership, lim-  
1078 ited-liability company or joint venture beyond that period pre-  
1079 scribed by the commission; and shall not accept more for his  
1080 interest in a corporation, partnership, limited partnership, limited  
1081 limited-liability company or joint venture than he paid for it or the  
1082 market value on the date of the denial of the license or the finding  
1083 of unsuitability.

1084 (l) The voluntary surrender of a license by a licensee does not  
1085 become effective until accepted in the manner provided in the reg-  
1086 ulations of the commission. The surrender of a license does not  
1087 relieve the former licensee of any penalties, fines, fees, taxes or  
1088 interest due.

1089 (m) The bureau shall promptly and in reasonable order investi-  
1090 gate all applications, enforce the provisions of this act and any  
1091 regulations promulgated hereunder. The bureau shall provide the  
1092 commission with all information necessary for all actions  
1093 requested of it under this act and for all proceedings involving  
1094 enforcement of the provisions of this act or any regulations pro-  
1095 mulgated hereunder.

1096 (n) The bureau shall investigate the qualifications of each appli-  
1097 cant before any license, certificate, or permit is issued pursuant to  
1098 the provisions of this act; investigate the circumstances sur-  
1099 rounding any act or transaction for which commission approval is  
1100 required; investigate violations of this act and regulations promul-  
1101 gated hereunder; initiate, prosecute and defend such proceedings  
1102 before the commission, or appeals therefrom, as the bureau may  
1103 deem appropriate; provide assistance upon request by the commis-  
1104 sion in the consideration and promulgation of rules and regula-  
1105 tions; conduct continuing reviews of licensed gaming facility  
1106 operations through on-site observation and other reasonable  
1107 means to assure compliance with this act and regulations promul-  
1108 gated hereunder; conduct audits of licensed gaming facility opera-  
1109 tions at such times, under such circumstances, and to such extent  
1110 as the director shall determine, including reviews of accounting,  
1111 administrative and financial records, and management control sys-  
1112 tems, procedures and records utilized by a license gaming facility  
1113 licensee; and be entitled to request information, materials and any

1114 other data from any licensee or registrant, or applicant for a  
1115 license or registration under this act.

1116 (o) Each licensee or registrant, or applicant for a license or reg-  
1117 istration under this act shall cooperate with the commission and  
1118 the bureau in the performance of their duties.

1119 (p) The bureau and its employees and agents, upon approval of  
1120 the director, shall have the authority, without notice and without  
1121 warrant to inspect and examine all premises wherein gaming is  
1122 conducted; or gaming devices or equipment are manufactured,  
1123 sold, distributed, or serviced, or wherein any records of such  
1124 activities are prepared or maintained; to inspect all equipment and  
1125 supplies in, about, upon or around such premises; to seize sum-  
1126 marily and remove from such premises and impound any such  
1127 equipment or supplies for the purpose of examination and inspec-  
1128 tion; to inspect, examine and audit all books, records, and docu-  
1129 ments pertaining to a gaming licensee's operation; to seize,  
1130 impound or assume physical control of any book, record, ledger,  
1131 game, device, cash box and its contents, counting room or its  
1132 equipment, or licensed gaming facility operations; and to inspect  
1133 the person, and personal effects present in a license gaming  
1134 facility licensed under this act, of any holder of a license or regis-  
1135 tration issued pursuant to this act while that person is present in a  
1136 licensed gaming facility.

1137 (q) Every licensed gaming facility must, upon receipt of crim-  
1138 inal or civil process compelling testimony or production of docu-  
1139 ments in connection with any criminal investigation, immediately  
1140 disclose such information to the bureau.

1141 Section 9. Licensing of gaming service industries.

1142 (a) All gaming service industries as defined in this act offering  
1143 goods or services which directly relate to gaming activities or  
1144 indirectly relate to gaming operations shall be licensed in accor-  
1145 dance with rules of the commission and prior to conducting any  
1146 business whatsoever with a gaming applicant or licensee, its  
1147 employees or agents, and in the case of a school, prior to enroll-  
1148 ment of any students or offering of any courses to the public  
1149 whether for compensation or not. Gaming service industries that  
1150 directly relate to gaming activities shall include gaming and  
1151 wagering equipment manufacturers, suppliers and repairers,  
1152 schools teaching gaming and either playing or dealing techniques,

1153 and gaming security services. Gaming service industries that indi-  
1154 rectly relate to gaming operations shall include junket enterprises;  
1155 suppliers of alcoholic beverages, food and non-alcoholic bever-  
1156 ages; garbage handlers; vending machine providers; linen sup-  
1157 pliers; maintenance companies; shopkeepers located within the  
1158 approved hotels; limousine services and construction companies  
1159 contracting with gaming applicants or licensees or their  
1160 employees or agents.

1161 (b) Each gaming service industry, as well as its owners, man-  
1162 agement and supervisory personnel and other principal employees  
1163 must qualify under standards promulgated by the commission.

1164 (c) The commission may exempt any person or field of com-  
1165 merce from the licensing requirements of this subsection if the  
1166 person or field of commerce demonstrates that it is regulated by a  
1167 public agency or that it will provide goods or services in insub-  
1168 stantial or insignificant amounts or quantities, or provides profes-  
1169 sional services such as accountants, auditors, attorneys, or broker  
1170 dealers, and that licensing is not deemed necessary in order to  
1171 protect the public interest or to accomplish the policies established  
1172 by this act. Upon granting an exemption or at any time thereafter,  
1173 the commission may limit or place such restrictions thereupon as  
1174 it may deem necessary in the public interest, and shall require the  
1175 exempted person to cooperate with the commission and the bureau  
1176 and, upon request, to provide information in the same manner as  
1177 required of a gaming service industry licensed pursuant to this  
1178 section.

1179 (d) Licensure pursuant to this section of any gaming service  
1180 industry may be denied to any applicant disqualified in accor-  
1181 dance with the criteria contained in sections 7 and 8, where  
1182 applicable, of this act.

1183 (e) There is hereby imposed and levied on each applicant for a  
1184 gaming service industry license under this section an annual  
1185 license fee in the amount of \$500.

1186 Section 10. Right to hearing.

1187 Any person aggrieved by a determination by the commission to  
1188 issue, deny, modify, revoke or suspend any license or approval, or  
1189 to issue an order, under the provisions of this act, may request an  
1190 adjudicatory hearing before the commission under the provisions  
1191 of chapter 30A of the General Laws. Any such determination

1192 shall contain a notice of this right to request a hearing and may  
1193 specify a time limit, not to exceed 21 days, within which said  
1194 person shall request said hearing. If no such request is timely  
1195 made, the determination shall be deemed assented to. If a timely  
1196 request is received, the commission shall within a reasonable time  
1197 act upon a request in accordance with the provisions of said  
1198 chapter 30A. A person aggrieved by a final decision in an adjudi-  
1199 catory hearing held under the provisions of this section may  
1200 obtain judicial review thereof pursuant to the provisions of  
1201 chapter 30A.

1202 Section 11. Criminal acts and penalties.

1203 (a) Except as otherwise provided in this act or in chapter 10 or  
1204 in section 7A of chapter 271 of the General Laws, it is unlawful  
1205 for any person to deal, operate, carry on, conduct, maintain or  
1206 expose for play in the commonwealth of Massachusetts any gam-  
1207 bling game, gaming device, or slot machine as defined by this act;  
1208 to receive, directly or indirectly, any compensation or reward or  
1209 any percentage or share of the money or property played, for  
1210 keeping, running or carrying on any gambling game, gaming  
1211 device, or slot machine; to permit any gambling game, gaming  
1212 device, or slot machine to be conducted, operated, dealt or carried  
1213 on in any house or building or other premises owned by him, in  
1214 whole or in part; to lend, let, lease or otherwise deliver or furnish  
1215 any equipment of any gambling game, including any slot machine,  
1216 for any interest, percentage or share of the money or property  
1217 played, under guise of any agreement whatever; to lend, let, lease  
1218 or otherwise deliver or furnish, except by a bona fide sale or cap-  
1219 ital lease, any slot machine under guise of any agreement whereby  
1220 any consideration is paid or is payable for the right to possess or  
1221 use that slot machine, whether the consideration is measured by a  
1222 percentage of the revenue derived from the machine or by a fixed  
1223 fee or otherwise; to furnish services or property, real or personal,  
1224 on the basis of a contract, lease or license, pursuant to which that  
1225 person receives payments based on earnings or profits from any  
1226 gambling game, including any slot machine, without having first  
1227 procured a state gaming license from the commission.

1228 (b) Any person included on the list of persons to be excluded or  
1229 ejected from a gambling establishment pursuant to regulations  
1230 promulgated pursuant to this act who knowingly enters or remains

1231 on the premises of a licensed gambling establishment shall be  
1232 punished by a fine to be determined by the commission, in addi-  
1233 tion to any other penalties prescribed by law.

1234 (c) Any person under the age of 21 years, or any age greater as  
1235 set by the commission, who plays, places wagers at, or collects  
1236 winnings from, whether personally or through an agent, any con-  
1237 trolled game, or who is employed as an employee in a licensed  
1238 gaming establishment shall be punished by imprisonment in the  
1239 house of correction for not more than 1 year, or by a fine of not  
1240 more than \$1,000, or by both such imprisonment and fine. A sub-  
1241 sequent violation of this section shall subject a person to impris-  
1242 onment in the house of correction for not more than 2 years, or by  
1243 a fine of not more than \$5,000, or by both such imprisonment and  
1244 fine. Any licensee, or other person, who knowingly allows a  
1245 person under the age set by the commission to play, place wagers  
1246 at or collect winnings, whether personally or through an agent,  
1247 shall be punished by imprisonment in the house of correction for a  
1248 term of not more than 1 year or pay a fine of not more than  
1249 \$25,000, or by both such imprisonment and fine. A subsequent  
1250 violation of this section shall subject the licensee to imprisonment  
1251 in the house of correction for not more than 2 years or pay a fine  
1252 of not more than \$50,000 or by both such imprisonment and fine.  
1253 In any prosecution or other proceeding for the violation of this  
1254 subsection, it shall not be a defense for the licensee or his agent to  
1255 plead that he believed the person to be 21 years of age or older.

1256 (d) Any person who willfully fails to report, pay, or truthfully  
1257 account for and pay over any license registration fee, penalty, fine  
1258 or interest thereon imposed by this act, or willfully attempts in  
1259 any manner to evade or defeat the license fee, penalty, fine, or  
1260 interest thereon or payment thereof shall be punished by a fine to  
1261 be determined by the commission.

1262 (e) Any person who willfully resists, prevents, impedes, or  
1263 interferes with the commission or the bureau or any of their agents  
1264 or employees in the performance of duties pursuant to this act  
1265 shall be punished by a fine to be determined by the commission,  
1266 in addition to any other penalties prescribed by law.

1267 (f) Any person who willfully violates, attempts to violate, or  
1268 conspires to violate any provision of a regulation adopted pur-  
1269 suant to this chapter shall be punished by a fine to be determined

1270 by the commission, in addition to any other penalties prescribed  
1271 by law.

1272 (g) Any person, as owner, lessee, or employee, whether for hire  
1273 or not, either solely or in conjunction with others, who shall do  
1274 any of the following without having first procured and thereafter  
1275 maintained in effect all licenses required by law:

1276 (1) Deals, operates, carries on, conducts, maintains or exposes  
1277 for play in this state any controlled game or gaming equipment  
1278 used in connection with any controlled game,

1279 (2) Receives, directly or indirectly, any compensation or  
1280 reward or any percentage or share of the revenue, for keeping,  
1281 running, or carrying on any controlled game, or owning the real  
1282 property or location in which any controlled game occurs, or,

1283 (3) Manufactures or distributes within the territorial bound-  
1284 aries of the commonwealth any gaming equipment to be used in  
1285 connection with controlled gaming, shall be punished by impris-  
1286 onment in the state prison for not more than 5 years, or by impris-  
1287 onment in the house of corrections for not more than 2½ years, or  
1288 by a fine of not more than \$25,000 or by both such imprisonment  
1289 and fine.

1290 (h) Any person who knowingly permits any controlled game to  
1291 be conducted, operated, dealt, or carried on in any house or  
1292 building or other premises that he or she owns or leases, in whole  
1293 or in part, if that activity is undertaken by a person who is not  
1294 licensed as required by state law shall be punished by imprison-  
1295 ment in state prison for not more than 5 years, or by imprisonment  
1296 in the house of corrections for not more than 1 year, or by a fine  
1297 of not less than \$25,000, or by both such imprisonment and fine.

1298 (i) Any former commission member who, within 5 years after  
1299 his employment on said commission has ceased, solicits or  
1300 accepts employment with or provides consultant services to any  
1301 licensee or at any licensed gaming facility shall be deemed to  
1302 have violated chapter 268B of the General Laws. Any licensed  
1303 gaming facility which employs a former commission member in  
1304 violation of this subsection shall be punishable by a fine to be  
1305 determined by the commission.

1306 (j) It is unlawful for any person:

1307 (1) To alter or misrepresent the outcome of a game or other  
1308 event on which wagers have been made after the outcome is deter-  
1309 mined but before it is revealed to the players.

1310 (2) Knowingly to entice or induce another to go to any place  
1311 where gaming is being conducted or operated in violation of the  
1312 provisions of this chapter, with the intent that the other person  
1313 play or participate in that gaming.

1314 (3) To manipulate, with the intent to cheat, any component of  
1315 a gaming device in a manner contrary to the designed and normal  
1316 operational purpose for the component, including but not limited  
1317 to, varying the pull of the handle of an electronic gaming device,  
1318 with knowledge that the manipulation affects or reasonably may  
1319 tend to affect the outcome of the game or with knowledge of any  
1320 event that affects the outcome of the game. As used in this  
1321 section, “cheat” means to alter the selection of criteria which  
1322 determine: (a) the results of a game; or (b) the amount or fre-  
1323 quency of payment in a game.

1324 (4) To have on his person or in his possession on or off the  
1325 premises of any licensed gaming establishment any key or device  
1326 known to have been designed for the purpose of and suitable for  
1327 opening, entering or affecting the operation of any gaming or  
1328 equipment, or for removing money or other contents from there,  
1329 except where such person is a duly authorized employee of a  
1330 licensee acting in furtherance of his employment within a licensed  
1331 gaming establishment. A violation of this section shall be punish-  
1332 able by imprisonment in the house of corrections for not more  
1333 than 5 years or by a fine of not more than \$50,000, or by both  
1334 such imprisonment and fine.

1335 (k) Any individual who commits, attempts, or conspires to  
1336 commit skimming, as defined in section 1 of this chapter, for a  
1337 total value of less than \$1,000 against a gaming licensee or upon  
1338 the premises of a licensed gaming facility shall be punished by  
1339 imprisonment in the house of corrections for not more than 5  
1340 years and by a fine of not more than \$50,000, or by imprisonment  
1341 in the house of corrections for not more than 10 years and by a  
1342 fine of not more than \$100,000 if the total value is more than  
1343 \$1,000.

1344 (l) In addition to any other penalty imposed under this section,  
1345 a violation of this section by a licensed gaming establishment  
1346 shall be subject to forfeiture to the commonwealth any or all of  
1347 the gaming equipment related to the violation. A district attorney

1348 may petition the superior court in the name of the commonwealth  
1349 in the nature of a proceeding in rem to order forfeiture of any such  
1350 gaming equipment subject to forfeiture under the provisions of  
1351 this paragraph. Such petition shall be filed in the court having  
1352 jurisdiction over said gaming equipment or having final jurisdic-  
1353 tion over any related criminal proceedings brought under any pro-  
1354 vision of this chapter. In all such suits where the property is  
1355 claimed by any person, other than the commonwealth, the com-  
1356 monwealth shall have the burden of proving to the court the exis-  
1357 tence of probable cause to institute the action, and any such  
1358 claimant shall then have the burden of proving that the gaming  
1359 equipment is not forfeitable. The court shall order the common-  
1360 wealth to give notice by certified or registered mail to the owner  
1361 of said gaming equipment and to such other persons as appear to  
1362 have an interest therein, and the court shall promptly but not less  
1363 than 2 weeks after notice, hold a hearing on the petition. Upon  
1364 the motion of the owner of said gaming equipment the court may  
1365 continue the hearing on the petition pending the outcome of any  
1366 criminal trial related to the violation of this chapter. At such  
1367 hearing the court shall hear evidence and make conclusions of  
1368 law, and shall thereupon issue a final order, from which the parties  
1369 shall have a right of appeal. In all such suits where a final order  
1370 results in forfeiture, said final order shall provide for disposition  
1371 of said gaming equipment, by the commonwealth in any manner  
1372 not prohibited by law, including official use by an authorized law  
1373 enforcement or other public agency, or sale at public auction or by  
1374 competitive bidding. The proceeds of any such sale shall be used  
1375 to pay the reasonable expenses of the forfeiture proceedings,  
1376 seizure, storage, maintenance of custody, advertising, and notice,  
1377 and the balance thereof shall be deposited in the gaming regula-  
1378 tory account established by this chapter.

1379 Section 12. Violations.

1380 (a) All licensees, all registrants, all persons required to be qual-  
1381 ified under this act, and all persons employed by a gaming service  
1382 industry licensed pursuant to this act, shall have a duty to inform  
1383 the commission or bureau of any action or circumstances, or com-  
1384 bination thereof, which they believe would constitute a violation  
1385 of this act. No person who so informs the commission or the  
1386 bureau shall be discriminated against by an applicant, licensee or  
1387 registrant because of the supplying of such information.

1388 (b) Any gaming licensee, or its officers, employees or agents  
1389 may question any person in its establishment suspected of vio-  
1390 lating any of the provisions of this act. No gaming licensee or any  
1391 of its officers, employees or agents is criminally or civilly liable:

1392 (1) On account of any such questioning.

1393 (2) For reporting to the executive director or law enforcement  
1394 authorities the person suspected of the violation.

1395 (c) Any gaming licensee or any of his officers, employees or  
1396 agents who has reasonable cause for believing that there has been  
1397 a violation of this article in his establishment by any person may  
1398 take that person into custody and detain him in the establishment  
1399 in a reasonable manner and for a reasonable length of time. Such  
1400 a taking into custody and detention does not render the licensee or  
1401 his officers, employees or agents criminally or civilly liable unless  
1402 it is established by clear and convincing evidence that the taking  
1403 into custody and detention are unreasonable under all the circum-  
1404 stances.

1405 (d) No gaming licensee or its officers, employees or agents are  
1406 entitled to the immunity from liability provided for in subsection  
1407 (c) unless there is displayed in a conspicuous place in his estab-  
1408 lishment a notice in boldface type clearly legible and in substan-  
1409 tially this form: Any gaming licensee, or any of his officers,  
1410 employees or agents who has reasonable cause for believing that  
1411 any person has violated any provision of the Massachusetts  
1412 gaming laws, which prohibits cheating in gaming, may detain that  
1413 person in the establishment.

1414 Section 13. Gaming taxes and fees.

1415 (a) There is hereby established a gaming investigative fund.  
1416 Any and all expenses associated with the licensing of any appli-  
1417 cant and monitoring of any licensee shall be borne by the appli-  
1418 cant or licensee. Pursuant to its regulations, the commission shall  
1419 require each applicant to deposit with the commission, together  
1420 with the application therefore, an application fee which shall be  
1421 deposited in the gaming investigative account. Such fee shall  
1422 constitute the anticipated costs and charges incurred in the investi-  
1423 gation and processing of the application, and any additional sums  
1424 as are required by the commission and the bureau to pay final  
1425 costs and charges. Expenses may be advanced from the gaming  
1426 investigative account by the commission to the bureau. Any

1427 money received from an applicant in excess of the costs and  
1428 charges incurred in the investigation or the processing of the  
1429 application shall be refunded pursuant to regulations adopted by  
1430 the commission. At the conclusion of the investigation, the  
1431 bureau shall provide the applicant a written accounting of the  
1432 costs and charges so incurred.

1433 (b) There is hereby established a gaming oversight fund.  
1434 Monies deposited in the gaming oversight account shall be  
1435 expended for the support of the commission and bureau in car-  
1436 rying out their duties and responsibilities under this chapter  
1437 including, but not limited to, the directing or hiring of gaming law  
1438 enforcement. The commission and the bureau shall issue regula-  
1439 tions which apportion all expenses of the commission and the  
1440 bureau among all gaming licensees on a pro rata share of the over-  
1441 sight costs of the commission. Such costs shall be fair and rea-  
1442 sonable.

1443 (c) All fees, revenue, and penalties collected pursuant to this  
1444 chapter, unless specified otherwise, shall be deposited in the  
1445 general fund. Funds deposited in the general fund, pursuant to  
1446 this chapter, shall, subject to appropriation, be distributed as  
1447 stated in this section.

1448 (d) All revenue received from any game or gaming device  
1449 which is leased for operation on the premises of the licensee-  
1450 owner to a person other than the owner thereof, or located in an  
1451 area or space on the premises which is leased by the licensee-  
1452 owner to any such person, must be attributed to the owner for the  
1453 purposes of this section and be counted as part of the gaming rev-  
1454 enue of the owner. The lessee is liable to the owner for his pro-  
1455 portionate share of the license fees.

1456 (e) All gaming license fees and penalties imposed by the provi-  
1457 sions of this chapter must be paid to the state treasurer to be  
1458 deposited into the general fund. Fees shall be paid annually on or  
1459 before June twentieth, unless specified otherwise. Penalties  
1460 imposed under this chapter shall be paid to the commission within  
1461 30 days after the final determination of the violation.

1462 (f) Each gaming licensee, including racing meeting licensees,  
1463 shall pay the following amounts on a weekly basis:

1464 (1) Fifty percent of the gaming revenue derived from elec-  
1465 tronic gaming devices located in such gaming facility, payable to

1466 the commission. Seventy-five percent of the revenue collected  
1467 pursuant to this subsection shall be deposited in the general fund.  
1468 Twenty-five percent of the revenue collected pursuant to this sub-  
1469 section shall be deposited in the lottery fund for full distribution  
1470 to all communities in the commonwealth, pursuant to the lottery  
1471 aid formula, so-called.

1472 (2) Two percent of the gaming revenue derived from elec-  
1473 tronic gaming devices located in such gaming facility, payable to  
1474 the community in which the facility is located; provided, that if  
1475 the facility is located in more than one community, such fee shall  
1476 be divided and distributed proportionally to each community as  
1477 fairly determined by the commission.

1478 (3) One percent of the gaming revenue derived from elec-  
1479 tronic gaming devices located in such gaming facility, which shall  
1480 be divided and distributed proportionally, as determined by the  
1481 commission, to each community contiguous to the community or  
1482 communities in which the facility is located.

1483 (g) Each racing meeting licensee shall also pay to the commis-  
1484 sion, as the commission shall direct, an amount equal to 35 per-  
1485 cent of 1 percent (.35 %) of the annual gaming revenue derived  
1486 from electronic gaming devices located in such gaming facility to  
1487 be used exclusively in preventing and treating compulsive gam-  
1488 bling behavior. Furthermore, the department of public health is  
1489 hereby authorized and directed to conduct a comprehensive study  
1490 to measure the prevalence of compulsive, obsessive behaviors in  
1491 Massachusetts; to measure the prevalence of problem gambling in  
1492 Massachusetts; to measure the prevalence of underage problem  
1493 gambling in Massachusetts; and, to measure the social cost of  
1494 problem gambling in Massachusetts; and to develop appropriate  
1495 treatment modalities and public education strategies that address  
1496 the findings of said study.

1497 (h) Each racing meeting licensee shall pay to the commission,  
1498 as the commission shall direct, an amount equal to 25 percent of 1  
1499 percent (.25%) of the annual gaming revenue derived from elec-  
1500 tronic gaming devices located in such facility to be used exclu-  
1501 sively for law enforcement purposes including appropriate  
1502 contributions annually to the budgets of the attorney general, dis-  
1503 trict attorneys and courts.

1504 (i) In the event the annual financial performance of the Massa-  
1505 chusetts state lottery does not maintain the same rate of growth as  
1506 averaged by the 3 previous years, the commission shall assess  
1507 each licensed gaming entity for the total monetary shortfall, on a  
1508 proportional basis. The proportional assessment to be paid to the  
1509 state in addition to all other taxes and fees paid by each gaming  
1510 establishment shall be determined by calculating the percentage of  
1511 annual gaming revenues of each gaming entity of the total annual  
1512 gaming revenues in the Commonwealth for the preceding fiscal  
1513 year.

1514 (j) Two percent of the net gaming revenue derived from elec-  
1515 tronic gaming devices shall be deposited in a special fund estab-  
1516 lished by the licensee, and used for payment of regular  
1517 thoroughbred horse purses.

1518 (k) No municipality or other political subdivision shall impose  
1519 any additional license fee or gaming tax on any person or equip-  
1520 ment licensed to conduct gaming pursuant to this chapter.  
1521 Nothing herein precludes the imposition of customary local taxes  
1522 and fees applicable to other non-gaming businesses in the munic-  
1523 ipality or political subdivision.

1524 Section 14. Internal control system.

1525 (a) Each gaming licensee shall adopt an internal control system  
1526 which shall include but not be limited to provisions for the safe-  
1527 guarding of its assets and revenues, especially the recording of  
1528 cash and evidences of indebtedness; the provision of reliable  
1529 records accounts and reports of transactions, operations and  
1530 events, including reports to the executive director and the com-  
1531 mission

1532 (b) The internal control system must be designed to reasonably  
1533 ensure that assets are safeguarded; financial records are accurate  
1534 and reliable; transactions are performed only in accordance with  
1535 management's general or specific authorization; transactions are  
1536 recorded adequately to permit proper reporting of gaming revenue  
1537 and of fees and taxes, and to maintain accountability for assets;  
1538 access to assets is permitted only in accordance with manage-  
1539 ment's specific authorization; recorded accountability for assets is  
1540 compared with actual assets at reasonable intervals and appro-  
1541 priate action is taken with respect to any discrepancies; functions,  
1542 duties and responsibilities are appropriately segregated and per-

1543 formed in accordance with sound practices by competent, quali-  
1544 fied personnel.

1545 (c) Each gaming licensee and each applicant for a gaming  
1546 license shall describe, in such manner as the executive director  
1547 may approve or require, its administrative and accounting proce-  
1548 dures in detail in a written system of internal control. Each  
1549 gaming licensee and applicant for a gaming license shall submit a  
1550 copy of its written system to the executive director. Each written  
1551 system must include:

1552 (1) An organizational chart depicting appropriate segregation  
1553 of functions and responsibilities.

1554 (2) A description of the duties and responsibilities of each  
1555 position shown on the organizational chart.

1556 (3) A detailed, narrative description of the administrative and  
1557 accounting procedures designed to satisfy the requirements of  
1558 subsection (a).

1559 (4) A written statement signed by the licensee's chief finan-  
1560 cial officer and either the licensee's chief executive officer or a  
1561 licensed owner attesting that the system satisfies the requirements  
1562 of this section.

1563 (5) If the written system is submitted by an applicant, a letter  
1564 from an independent accountant stating that the applicant's written  
1565 system has been reviewed by the accountant and complies with  
1566 the requirements of this section.

1567 (6) Such other items as the executive director may require.

1568 (d) The executive director, with the advice of the commission,  
1569 shall adopt and publish minimum standards for internal control  
1570 procedures.

1571 Section 15. Gaming debts.

1572 (a) Whenever a licensee refuses payment of alleged winnings to  
1573 a patron, the licensee and the patron are unable to resolve the dis-  
1574 pute to the satisfaction of the patron and the dispute involves: (1)

1575 at least \$500, the licensee shall immediately notify the bureau; or

1576 (2) less than \$500, the licensee shall inform the patron of his right  
1577 to request that the bureau conduct an investigation. The bureau

1578 shall conduct whatever investigation it deems necessary and shall  
1579 determine, in its sole discretion and without need for a hearing,

1580 whether payment should be done. In the event the bureau deter-  
1581 mines that payment should be made, all costs of the investigation

1582 shall be borne by the licensee. Failure of the licensee to notify the  
1583 bureau or inform the patron as provided herein shall subject the  
1584 licensee to disciplinary action.

1585 (b) Any party aggrieved by the determination of the bureau  
1586 may file a petition for reconsideration with the commission setting  
1587 forth the basis of the request for reconsideration. Any hearing for  
1588 reconsideration shall be conducted pursuant to regulations  
1589 adopted by the commission.

1590 (c) A credit instrument evidencing a gaming debt may be  
1591 enforced by a licensee by legal process.

1592 (d) A licensee or person acting on the licensee's behalf may  
1593 accept an incomplete credit instrument that is signed by a patron  
1594 and states the amount of the debt in figures and may complete the  
1595 instrument as is necessary for the instrument to be presented for  
1596 payment.

1597 (e) A licensee or a person acting on behalf of a licensee may  
1598 not accept a credit instrument, which is incomplete, except as  
1599 authorized in subsection (d) of this section. Additionally, a  
1600 licensee or a person acting on his behalf may accept a credit  
1601 instrument that is payable to an affiliate or affiliated company or  
1602 may complete a credit instrument in the name of an affiliate or  
1603 affiliated company as payout if the credit instrument otherwise  
1604 complies with this section and the records of the affiliate or an  
1605 affiliated company pertaining to the credit instrument are made  
1606 available to the executive director upon request.

1607 (f) This section does not prohibit the establishment of an  
1608 account by a deposit of cash, recognized traveler's check, or any  
1609 other instrument which is equivalent to cash.

1610 Section 16. Immediate revenue address.

1611 Notwithstanding any general or special law to the contrary,  
1612 given that the commission and bureau will not be ready to con-  
1613 vene and conduct its respective business and functions for some  
1614 time after the enactment of this legislation and given the needs of  
1615 the commonwealth of funds in order to operate and conduct its  
1616 business, each racing meeting licensee shall be granted a tempo-  
1617 rary license and deemed to be a licensee for the purposes of this  
1618 act immediately upon the enactment of this act; provided a letter  
1619 of intent has been submitted to the secretary of administration and  
1620 finance. The functions of the commission and bureau shall be

1621 maintained and operated by the executive office of administration  
1622 and finance, under the control of the secretary, until such time as  
1623 said commission and bureau are operating according to the terms  
1624 of this act; provided, however, that in no event shall the racing  
1625 meeting licensees be deemed automatically to be licensees under  
1626 this section 6 months after the enactment of this act; provided,  
1627 further, that the commission and bureau shall have complete  
1628 authority to conduct their respective functions to insure compli-  
1629 ance with this act when they are respectively operational.

1630 Section 17. Repeal of section 16.

1631 Section 16 of this act shall be repealed six months after the  
1632 enactment of this act.

1633 Section 18. Severability.

1634 The invalidity of any section, sections or subsections or parts of  
1635 this act shall not affect the validity of the remainder of this act.