

This transcript was produced as the meeting progressed. It has not been edited or reviewed for corrections.

00:00:00:00

00:00:15:24 Okay, New York State Racing,

00:00:17:23 Pari-Mutuel Wagering and Breeding Law section 102

00:00:20:17 provides that the New York State Gaming Commission

00:00:23:05 shall consist of seven members appointed by the Governor

00:00:25:27 by and with the advice and consent of the Senate.

00:00:28:28 Six members having been confirmed

00:00:30:18 by the New York State Senate, affords the Commission

00:00:33:11 an ability to establish a quorum and undertake action.

00:00:37:03 This present meeting of the Commission

00:00:38:26 is now called to order.

00:00:40:15 Miss Secretary, will you please call the roll?

00:00:43:29 John Crotty?

00:00:45:07 Here.

00:00:46:29 Mark Gearan?

00:00:48:09 Here.

00:00:50:29 Peter Moschetti?

00:00:53:05 Here.

00:00:55:14 John Poklemba?

00:00:57:01 Here.

00:00:58:23 Barry Sample?

00:01:00:08 Here.

00:01:01:15 Todd Snyder?

00:01:02:22 Here.

00:01:04:06 Miss Secretary, will you please have the record reflect

00:01:06:02 that a quorum of qualified members are present,

00:01:07:23 thus enabling the transaction of business.

00:01:10:10 Commissioner Moschetti is participating by telephone.

00:01:13:10 Please note that his appearance

00:01:14:27 is not for the purposes of quorum establishment or voting.

00:01:18:20 The record should also reflect that there is two-way audio

00:01:21:12 and visual communication established between the three sites.

00:01:26:18 Chairman Gearan?

00:01:28:12 Thank you, Rob.

00:01:29:27 And thank you to all my commissioners

00:01:31:16 at various locations here.

00:01:34:12 Minutes of the Commission meeting--

00:01:36:14 from our meeting conducted on August 21, 2014,

00:01:40:07 have been provided to members in advance.

00:01:42:05 And so at this time, I'd like to ask the members if there are

00:01:44:19 any edits or corrections or any amendments?

00:01:49:28 Mr. Chairman, I think, if I'm not mistaken, at that meeting,

00:01:54:21 I was in attendance by telephone in the way that Commissioner

00:01:57:21 Moschetti is today and maybe that could be reflected.

00:02:01:07 Other than that, no comment.

00:02:03:21 Thank you.

00:02:05:11 Any other edits or amendments?

00:02:09:29 Great, well, hearing that and with that amendment,

00:02:12:11 Madam Secretary, please let the record reflect

00:02:15:12 that the minutes were adopted, as amended.

00:02:20:17 Next on our agenda is the report of the executive director.

00:02:24:18 Rob?  
00:02:26:19 Thank you.  
00:02:28:00 I'd like to discuss two items of some potential interest.  
00:02:30:07 The first regards the casino commercial development process,  
00:02:34:03 or the casino process.  
00:02:36:06 The Gaming Facility Location Board  
00:02:38:02 has been very busy since our last meeting.  
00:02:40:06 First, in early September, they conducted  
00:02:42:09 two full days of applicant presentations in Albany  
00:02:46:03 and then, second, they conducted three consecutive  
00:02:49:06 12-hour days of regional public comment events,  
00:02:53:08 one in Albany, followed by one in Poughkeepsie,  
00:02:56:01 followed by one in Ithaca.  
00:02:58:14 The attendance was very significant at all three events.  
00:03:01:20 Each day was also web-streamed and drew substantial interest.  
00:03:06:16 DVDs of the applicant presentations,  
00:03:10:05 plus each of the applicant's PowerPoints  
00:03:12:05 or keynote presentations were already sent  
00:03:15:15 to each one of you.  
00:03:17:15 DVDs of the public comment events will also be forwarded  
00:03:21:11 to your attention when they become available.  
00:03:24:29 The Board has now completed their public events and members  
00:03:29:09 are now in the process of reviewing the voluminous materials.  
00:03:33:00 They remain confident that they can reach a decision in late  
00:03:35:14 October but have already indicated that if the volume  
00:03:38:28 of materials requires, they will take the time necessary  
00:03:42:21 to appropriately deliberate.  
00:03:46:11 Next, at the risk of being presumptuous,  
00:03:48:24 I'd like to briefly discuss a new lottery game that--  
00:03:51:25 presuming the Commission adopts the operational rules  
00:03:55:02 later this meeting--will commence on October 19.  
00:03:58:13 The new game is called the "Monopoly Millionaires Club."  
00:04:02:09 This game affords a player three chances to win with each ticket  
00:04:06:10 in the primary draw, in the secondary draw,  
00:04:09:18 and then by collecting tickets, combinations of which  
00:04:13:12 earn chances to appear in a national game show  
00:04:16:00 where you can win further prizes.  
00:04:18:16 The top tier amount available will begin  
00:04:21:03 at an annuitized amount of \$15 million.  
00:04:25:02 If the top prize ticket is not sold, the subsequent drawing  
00:04:28:20 would be increased to \$18 million, then to \$21 million,  
00:04:32:22 and then to a final level of \$25 million.  
00:04:36:04 The top tier prize would remain at \$25 million  
00:04:38:20 for each subsequent drawing until a winning ticket is sold,  
00:04:42:21 after which, it will reset to \$15 million.  
00:04:46:06 Lower level prizes will be a one-time payment  
00:04:48:16 ranging from \$5 to \$100,000.  
00:04:52:20 Lump-sum prizes of \$1 million will be awarded  
00:04:55:11 in the secondary drawings.  
00:04:57:22 An interesting element of the game  
00:04:59:27 regards the collection of Monopoly properties.  
00:05:02:28 Players collect the properties identified  
00:05:04:28 on their game tickets and attempt to make sets  
00:05:08:02 on the Monopoly Millionaire Club micro site.

00:05:12:15 Completed property sets generate entries for players  
00:05:15:09 to be on a televised game show  
00:05:17:16 where a contestant may win up to \$1 million.  
00:05:20:25 Overall, on each game show, there will be  
00:05:22:26 \$2.5 million in each prizes.  
00:05:25:29 Hasbro Studios is producing the show.  
00:05:28:17 Tapings are beginning in January  
00:05:31:21 with the first airing in February.  
00:05:34:03 Billy Gardell of the TV Show, "Mike and Molly"  
00:05:36:20 will be the host, back to you.  
00:05:42:22 Great, we'll get to that a little bit later  
00:05:46:04 in the agenda as well, thank you.  
00:05:48:14 Anything else for Rob and his report?  
00:05:53:28 Okay, next on our agenda is rule-making.  
00:05:57:19 New York State Racing, Pari-Mutuel Wagering  
00:06:01:21 and Breeding Law section 104.19 authorizes  
00:06:05:02 the Commission to promulgate rules and regulations  
00:06:08:00 that it deems necessary to carry out its responsibilities.  
00:06:11:22 To that regard, the Commission will, from time to time,  
00:06:13:24 promulgate rules and rule amendments pursuant  
00:06:16:21 to the State Administrative Procedure Act.  
00:06:19:08 And so today we have three rule-making items for consideration.  
00:06:25:00 We'll ask Rob to outline the various proposals.  
00:06:30:17 Yeah, item 4 is consideration of a rule for permanent  
00:06:36:13 adoption, specifically this is the rule  
00:06:39:15 that I was referencing in my report.  
00:06:41:24 On July 28, the Commission proposed a draft regulation  
00:06:44:06 governing the new multi-state draw game  
00:06:47:11 called "Monopoly Millionaires Club."  
00:06:49:29 The public comment period expired on September 27  
00:06:53:13 and no public comment was received.  
00:06:56:07 Recall, as I mentioned, that the game affords a player  
00:06:59:15 three opportunities to win.  
00:07:01:27 We anticipate that the launch will occur on October 19 and the  
00:07:06:26 estimated aid to education in this game generated through  
00:07:10:00 the end of the current fiscal year will be \$10 million.  
00:07:14:11 This proposed rule-making was published  
00:07:16:07 in the August 13, 2014, State Register.  
00:07:19:18 The only change to the text is trademark designation  
00:07:22:28 of the Monopoly trademark and of this game.  
00:07:26:08 Staff recommends the adoption of these rules  
00:07:29:02 as amended to reflect the trademark.  
00:07:33:14 So to the commissioners, are there any questions  
00:07:36:05 on the adoption of the rules for the Monopoly Millionaires Club  
00:07:39:23 multi-state lottery draw game?  
00:07:43:09 Any questions for Rob or discussion?  
00:07:50:14 Okay, so we're hearing none.  
00:07:52:07 May I have a motion to adopt the rules for the Monopoly  
00:07:54:07 Millionaires Club multi-state lottery draw game?  
00:07:59:16 So moved.  
00:08:02:16 Do I have a second?  
00:08:04:01 Second.  
00:08:05:16 Great, the motion has been made and seconded.  
00:08:07:20 Any discussion on the motion?

00:08:12:04 Great, well, let's bring it to a vote.  
00:08:13:21 All in favor, say "Aye."  
00:08:15:21 Aye.  
00:08:17:17 Any opposed?  
00:08:20:12 Great, the motion carries.  
00:08:22:19 Rob?  
00:08:24:19 Item 4(b) regards rules pertaining  
00:08:26:17 to Gaming Facility requests for application  
00:08:29:19 and Gaming Facility license application.  
00:08:32:23 Specifically, on March 31, 2014,  
00:08:35:15 the Commission promulgated emergency rules  
00:08:37:24 prescribing both forms for the request for applications  
00:08:41:07 to develop and operate a gaming facility  
00:08:44:14 and several forms necessary to consider  
00:08:46:19 and process applications for Gaming Facility licenses.  
00:08:51:05 By publication in the State Register on July 16, 2014,  
00:08:55:10 and again September 10, 2014, the Commission  
00:08:58:19 extended this emergency rule--or emergency adoption.  
00:09:03:00 The present emergency rule will expire on October 23.  
00:09:07:13 Accordingly, for Commission consideration is the re-adoption  
00:09:10:01 of part 5300 as an emergency rule, with such re-adoption  
00:09:14:15 to be filed with the Department of State  
00:09:16:25 prior to the expiration of the current emergency rule.  
00:09:20:11 The text of the rules has not changed  
00:09:22:03 since the initial emergency adoption on March 31.  
00:09:27:01 While the public comment period has expired and no public  
00:09:29:25 comment has been received, permanent adoption of this rule  
00:09:33:03 should be considered when the Commission  
00:09:34:27 has before it the broad set of proposed  
00:09:38:06 commercial casino regulations that are still being drafted.  
00:09:42:09 Commission staff recommends the approval  
00:09:44:17 of this emergency rule-making.  
00:09:48:16 Thank you, Rob.  
00:09:50:06 Commissioners, do we have any questions on the re-adoption  
00:09:52:20 of the rules pertaining to the Gaming Facility request  
00:09:55:21 for application and Gaming Facility license applications,  
00:09:58:17 with such re-adoption to be filed with the Department of State  
00:10:02:05 prior to the expiration of the current emergency rule?  
00:10:07:05 Any questions or discussion?  
00:10:11:08 Esquires, when do we anticipate having the permanent rule?  
00:10:16:19 We are drafting a very, very extensive set  
00:10:20:17 of regulations that would govern  
00:10:22:26 the entire commercial casino regulatory regime.  
00:10:26:19 And we would fold this in as a permanent with that larger set.  
00:10:30:26 It's possible those might be ready for your consideration  
00:10:34:17 by the end of the calendar year.  
00:10:40:25 These forms have to do with the competition  
00:10:44:05 to gain the license, right?  
00:10:46:04 Correct.  
00:10:47:24 And those regulations would be regulations that would govern  
00:10:50:07 the operation of licensees who had won that competition.  
00:10:52:26 Is that correct?  
00:10:54:15 As well as all of them.  
00:10:56:14 We'll fold everything together into one comprehensive set.

00:11:05:28 Thank you, Mr. Chairman.  
00:11:07:20 Any other questions or discussion?  
00:11:11:21 Well, may I have a motion then to re-adopt rules  
00:11:13:20 pertaining to Gaming Facility requests for application  
00:11:16:25 and Gaming Facility license application?  
00:11:20:04 So moved, Mr. Chairman.  
00:11:22:00 Great, do I have a second?  
00:11:25:05 Second.  
00:11:27:06 Any discussion on the motion?  
00:11:31:22 Okay, all in favor, say "Aye."  
00:11:34:05 Aye.  
00:11:36:04 Aye.  
00:11:37:18 Any opposed?  
00:11:39:27 The motion carries.  
00:11:43:28 Rob?  
00:11:46:12 The last rule-making item is a new proposal.  
00:11:49:01 For Commission consideration is a staff recommendation--  
00:11:52:10 amendments to the rule on types of harness races  
00:11:55:23 offered in order to conform to legislation recently enacted.  
00:12:00:25 Specifically, chapter 258 of the laws of 2014  
00:12:04:23 allows harness tracks to run races solely  
00:12:07:00 for New York bred horses and further provides  
00:12:11:13 conditions may be written for such races, quote,  
00:12:14:20 "Notwithstanding any preference state requirements," end quote.  
00:12:18:29 Commission regulations already establish  
00:12:21:06 preference requirements for entry to harness races.  
00:12:25:06 The horses declared for a race are posted with  
00:12:27:08 preference stakes, which allow a horse a fair opportunity  
00:12:31:08 to enter a race based upon when the horses had last raced.  
00:12:35:07 The new rule would amend the existing rule 4108.8 to add  
00:12:41:04 a new subdivision (c) to lift the preference stake requirements  
00:12:44:24 to be consistent with the new statute.  
00:12:47:09 Staff recommends the proposal of this rule.  
00:12:52:27 Great, and that would require  
00:12:57:19 an affirmative vote here as well, Rob, correct?  
00:13:00:12 Yes, it does.  
00:13:02:03 Okay, why don't we put a motion on the table  
00:13:06:15 for the proposed rule-making for preferences in harness races?  
00:13:10:27 Could I have a motion?  
00:13:14:27 Can I just ask a question?  
00:13:16:12 Was this--this was--I don't remember,  
00:13:18:05 this was subjected to public comment?  
00:13:20:09 No, this is going out for public comment at this point.  
00:13:22:20 I got it.  
00:13:24:00 Very good, thank you.  
00:13:25:05 This is the initial step in that process.  
00:13:26:13 Thank you, sorry.  
00:13:27:24 But it still requires--yeah.  
00:13:29:11 In which case, I'll make a motion to send it out  
00:13:31:03 for public comment.  
00:13:32:26 Great.  
00:13:34:04 Do I have a second?  
00:13:35:18 Second.  
00:13:37:05 Great, any discussion on the motion?

00:13:39:20 All those in favor, say "Aye."  
00:13:42:13 Aye.  
00:13:43:29 Any opposed?  
00:13:46:04 The motion is adopted for proposed rule-making  
00:13:49:10 for preferences here, as Rob stated.  
00:13:52:29 Okay, moving on our agenda here to new business  
00:13:59:01 and old business.  
00:14:01:24 I'd like to acknowledge Lisa Lee  
00:14:04:27 as the Gaming Commission's Inspector General.  
00:14:08:11 This is the first meeting that she has attended,  
00:14:12:01 and so I'd like to invite Miss Lee to take  
00:14:15:02 a moment here to welcome you formally  
00:14:18:15 to your important responsibilities and to offer you  
00:14:22:24 the chance to introduce yourself and the work of your office.  
00:14:26:26 And we look very much forward to working with you.  
00:14:30:14 Thank you, and good afternoon, everyone.  
00:14:32:20 I'm Lisa Lee and I just recently commenced serving  
00:14:35:03 as the Gaming Inspector General  
00:14:37:28 pursuant to the Upstate New York  
00:14:40:08 Gaming Economic Development Act.  
00:14:42:26 The position reports directly to the Governor,  
00:14:45:16 but it was created to promote transparency  
00:14:47:24 and accountability as well as to ensure the honesty  
00:14:51:13 and integrity of not just gaming activities  
00:14:53:08 but Commission employees and those  
00:14:55:03 that do this Commission.  
00:14:57:16 I am also tasked with furthering the overall mission  
00:15:00:09 of the organization, which is to ensure  
00:15:02:04 that all gaming activities conducted  
00:15:03:28 within the state of New York is of the highest integrity,  
00:15:07:14 credibility--  
00:15:09:27 To that end, my primary function will be  
00:15:12:13 to investigate allegations of corruption,  
00:15:15:19 criminal activity, fraud, conflicts of interest,  
00:15:19:03 as well as abuse within the Commission.  
00:15:22:17 All Commission employees have a affirmative obligation  
00:15:26:03 to report any misconduct or any such activity  
00:15:28:07 directly to my office.  
00:15:30:06 To that end, my contact information is available  
00:15:32:20 on the home page of the Gaming Commission's website.  
00:15:40:22 Sorry, I was distracted.  
00:15:44:01 Just a little bit about my background, very brief.  
00:15:46:13 Prior to coming here today, I served as the Deputy Inspector  
00:15:49:25 General for the New York City Health & Hospitals Corporation,  
00:15:53:08 a multi-billion-dollar public benefit corporation  
00:15:55:28 that provides healthcare to New Yorkers.  
00:15:58:18 I was there for 9 years.  
00:16:00:22 I was in charge of supervising as well as conducting  
00:16:04:11 investigations of highly confidential and sensitive matters.  
00:16:08:06 Prior to that, I served as an examining attorney  
00:16:10:23 to the New York City Department of Investigations  
00:16:13:04 for 6 years doing similar work,  
00:16:15:06 supervising and conducting investigations into allegations  
00:16:18:09 of criminal activity and violations of other law.

00:16:21:10 And I'm just gonna go a little bit further  
00:16:23:11 'cause I don't want to give away my age,  
00:16:25:03 but I did commence my career  
00:16:27:10 in the Brooklyn District Attorney's Office before moving on.  
00:16:30:16 So I'm very excited to be here,  
00:16:32:06 and I look forward to working with everybody, thank you.  
00:16:35:15 Could you tell us a little bit about your staff?  
00:16:38:08 At this juncture, I do not have staff.  
00:16:40:04 I'm gonna be on the ground floor  
00:16:41:23 to set up the bones of the office.  
00:16:43:19 And I envision as things roll out,  
00:16:46:03 I'll be able to accumulate staff.  
00:16:48:15 And what types of positions will you be looking for?  
00:16:51:19 Attorneys, accountants?  
00:16:54:16 I think at the outset, having an assistant would be helpful  
00:16:57:07 in sort of setting up the structure of the office  
00:16:59:17 and thereafter, someone that is technologically savvy,  
00:17:05:26 an auditor perhaps, investigators,  
00:17:08:25 and eventually counsel would be  
00:17:10:16 very helpful to the Commission Board.  
00:17:13:06 Do those amenities exist in structure in local polity?  
00:17:17:19 There are other similarly situated  
00:17:19:23 Inspector Generals' office that I can look at,  
00:17:22:05 but you know, because gaming's so unique,  
00:17:24:10 it's really going to be an evolutionary process.  
00:17:29:10 How about in the Gaming Commission offices itself?  
00:17:33:09 Do you provide, perform similar functions?  
00:17:37:10 I don't think there's anybody performing the function  
00:17:39:07 that's envisioned for this office at this juncture.  
00:17:42:21 And how do you see yourself interacting with--  
00:17:48:06 I think the work that we're gonna look at are gonna be  
00:17:50:26 just, like, in terms of the scope or the issues.  
00:17:55:27 My office would be more focused primarily on issues  
00:17:59:00 touching on criminal activity,  
00:18:01:10 and I envision the internal auditor's office  
00:18:03:16 looking more on policy and procedure issues.  
00:18:07:29 Thanks.  
00:18:10:11 How long were you at Health & Hospitals?  
00:18:12:02 Nine years.  
00:18:13:12 Oh, wow.  
00:18:14:29 Says a lot.  
00:18:16:20 What? You've seen it all?  
00:18:22:02 Okay, any other discussion for Ms. Lee?  
00:18:27:12 Thank you.  
00:18:28:27 Thank you for coming.  
00:18:30:09 Thank you.  
00:18:31:14 Thank you very much.  
00:18:32:26 Thank you very much.  
00:18:35:17 I thought we might take a minute as we have some time  
00:18:37:25 here in terms of new business  
00:18:39:28 as well for Ed Burns to provide us,  
00:18:43:09 the Commission here, with an overview  
00:18:45:25 on the status of the adjudicatory system reform project  
00:18:49:09 that Legal has undertaken.

00:18:51:14 Ed, if you could give us an update,  
00:18:52:27 I think that would be very helpful.  
00:18:54:16 Sure.  
00:18:56:28 One of my associates, Rick O'Dell,  
00:18:59:10 who handles a lot of the racing hearing matters,  
00:19:02:04 and I had a very productive meeting with  
00:19:05:14 Commissioner Moschetti in the capital region  
00:19:08:10 over the summer and shared some of his ideas  
00:19:11:26 and perspectives on how we could improve  
00:19:15:25 the timeliness of the process  
00:19:18:06 through tightening up our regulations a little bit.  
00:19:22:25 Heretofore, I think a lot has been left to the discretion  
00:19:26:04 of the hearing officer, and I think we agree,  
00:19:28:28 as staff, we'd be well advised to constrain  
00:19:31:29 the hearing officers a little more to make sure  
00:19:34:26 that all the adjudications are heading toward  
00:19:37:19 the goal of resolution on a more expedited basis.  
00:19:42:22 So to that end, we have internally developed  
00:19:45:24 a very detailed outline of the issues  
00:19:49:13 and types of steps and we're in the process  
00:19:52:03 of turning that into processed rule language  
00:19:54:10 that we'll put before the commissioners as a proposed rule,  
00:19:57:27 if not the next meeting, the meeting after.  
00:20:01:25 Great, that's helpful.  
00:20:04:01 Any questions from the commissioners to Ed in that regard?  
00:20:10:00 That was good.  
00:20:12:03 Great, and thank you, Peter,  
00:20:13:18 for your ongoing engagement  
00:20:15:05 with Ed and his colleagues in that regard.  
00:20:18:10 Any other new business from the Commission to consider here?  
00:20:25:18 Okay, for old business, any old business  
00:20:28:28 that we want to put before the Commission?  
00:20:33:19 Great, we are working on the date  
00:20:36:01 for our next scheduled meeting in and around October 27.  
00:20:40:26 If commissioners could advise Ms. Buckley on your availability,  
00:20:44:13 that would be very helpful to all of us.  
00:20:49:01 That concludes today's published agenda.  
00:20:52:17 Let me just open and invite any commissioners  
00:20:55:00 who have any items they'd like to present  
00:20:56:28 for any other consideration here before we adjourn.  
00:21:02:26 No, well, hearing none.  
00:21:05:07 On the scheduling of the next meeting, the earlier  
00:21:08:01 we can set a date, and I don't want to be selfish here,  
00:21:11:26 but the better it is for me.  
00:21:14:00 The last-minute changing of the time makes it extremely  
00:21:17:20 difficult for me with the nature of the practice here,  
00:21:20:00 and I hate not to be there with you guys, you know,  
00:21:23:01 when we're having a meeting  
00:21:24:29 'cause obviously it's so important.  
00:21:26:14 So if we could get a fixed date as early as possible  
00:21:29:08 that would really be helpful, and you know,  
00:21:32:18 selfishly, even if we could get one for the next date  
00:21:36:13 and the date after, at least then we could work  
00:21:38:27 our schedules around that.



00:21:42:14 I agree with that, Peter.  
00:21:44:04 It's certainly the intent and the goal to get as far out  
00:21:47:15 as we possibly can even if we have to amend it.  
00:21:50:12 But for planning purposes, I think for everyone  
00:21:52:16 that would be most useful.  
00:21:54:12 Point well taken and we will come back promptly.  
00:21:56:25 I just find also the staff is, you know, we're putting more  
00:22:00:20 work to them to try and get squared away the six of us,  
00:22:06:12 and it seems like less wasted time.  
00:22:10:02 Right, yeah, point well taken.  
00:22:14:14 Any other items before we adjourn here?  
00:22:20:11 Well, hearing none, this meeting  
00:22:21:28 of the New York State Gaming Commission is adjourned,  
00:22:24:11 and I thank you all very much for your time and focus.  
00:22:27:06 Have a good day.