

Moderator: Ready. The New York state racing and pari-mutuel wagering and breeding law section 102 provides that the New York State Gaming Commission shall consist of seven members. Appointed by the governor, by and with the advice and consent of the senate. Five members having been confirmed by the New York State Senate affords the commission the ability to establish a quorum and undertake action. This present meeting of the commission is now called to order. Miss Secretary, will you please call the roll?

Secretary: John Kratty [PH].

John Kratty: Here.

Secretary: Peter Machete [PH].

Peter Machete: Here.

Secretary: John Baclemba [PH].

John Baclemba: Here.

Secretary: Barry Sample?

Barry Sample: Here.

Secretary: Chad Snyder?

Chad Snyder: Here.

Moderator: Secretary, please have the record reflect that a quorum of qualified members are present, thus enabling the transaction of business. Given the absence of a designated chair, would the members like to select someone for the purpose of presiding over today's meeting?

Unidentified Male: I nominate John Kratty.

Unidentified Male: Second.

Moderator: Mr. Kratty.

John Kratty: Okay. Thank you, once again. I appreciate your confidence. The minutes of the commission meeting from February 27th have been provided to the members in advance. At this time, are there any edits, corrections, or amendments? Madam Secretary, please reflect that minutes were accepted. I will turn it over to the report of the executive director. Rob?

Moderator: Thank you. I'll be very quick this afternoon because we're running behind. I'd first like to discuss the development status of Montreign, the lone

commercial casino project under development. And discuss the commission's public meetings regarding charitable gambling. Montreign reports that they have fully completed a variety of projects including mass excavation, concrete slabs for the parking garage, both structural steel and concrete slabs for the hotel, foundations excavation and site grading, structural steel for the podium, and all foundations work.

They further report that they're over 90% complete for the pre-cast concrete structure for the parking garage, curtain wall, site utilities, concrete slabs for the podium, the exterior shell for the east podium, and the site retaining walls. Overall, construction is now at 48% complete.

Finally, Montreign reports that during the month of January, they expended over...I'm sorry February. 67,500 union hours on the work site and have expended over 550,000 hours overall for this project. As to the charitable gambling measures, as you're all aware, Governor Andrew Cuomo's budget proposal included several measures to modernize charitable gambling.

Dovetailing with those proposals, the commission set a number of public hearings designed to build upon the governor's measures. And provide a forum wherein affected parties could identify what more the state could do to assist charitable gambling organizations. And to more effectively fundraise via legal gambling.

To that end, the commission held its first meeting on March 20<sup>th</sup> in Albany, where we heard suggestions and recommendations from representatives of various veterans' organizations. Fraternal and service organizations as well. The second meeting was conducted on March 27<sup>th</sup> at the Hempstead Public Library. And tonight, the third event will be conducted across the hallway here in Harlem, starting at 5:00.

We encourage all interested to attend and provide some insight. Additionally, meetings will be conducted in other regional locations, including Westin in central New York. While we've been diligently sending notices to groups we know are active in the charitable gambling arena, the best manner to get accurate information on our meetings is to visit the commission's website at [www.gaming.ny.gov](http://www.gaming.ny.gov). Mr. Kratty.

John Kratty:

Okay, thank you Rob. First item up is rule making. New York State racing pari-mutuel wagering and breeding law 104, spot 19 authorizes the commission to propagate rules and regulations that it deems necessary to carry out its responsibilities.

To that regard, the commission will from time to time propagate rules and rule amendments pursuant to the state administrative procedures act. We have five items for consideration today. Rob, will you please outline the first one?

Moderator:

Certainly. For commission consideration is a proposal to conform commission rules and thresholds for controlled therapeutic medications to

national model rule amendments recently made by the Association of Racing Commissions International. Specifically, ARCI modified the model of rule thresholds for three drugs based upon new research. These drugs are Detomidine, Neprazol, and Xylazine. The ARCI also added to the list of threshold amounts another four routine therapeutic medications.

Three of these, Cetirizine, Cimetidine, Ranitidine, are all antihistamines. And the fourth, Guaifenesin, is a muscle relaxant used in anesthesia protocol. The amended and newly proposed thresholds are consistent with New York's existing restricted time periods. Meaning that trainers who apply within such time periods will be assured of not violating such thresholds.

Staff recommends that the commission authorize the proposal of this rule making.

John Kratty: Perhaps you could talk about marketing people these various drugs to get more \_\_\_\_\_ [00:05:59]. Any other questions or comments regarding the threshold for the therapeutic medications? Alright. Motion proposes through.

Unidentified Male: Second.

John Kratty: All in favor?

Multiple: Aye.

John Kratty: Okay and motion passes. The next item.

Moderator: For commission consideration are proposed rules for gaming facility fees and payments. At present, the commission has been applying a statute in regard to the imposition, collection, and distribution of certain required fees and assessment of costs. And has not yet assessed certain other fees and costs such as license investigation cost and regulatory cost.

This proposal would formalize the process used and set forth procedures for costs not yet assessed. The proposed card addresses procedures in the annual license fees for machines and tables. Procedures in regard to transmitting payments to the commission. Rules for overdue payments, rules for regulatory investigation fees and costs. Rules for regulatory cross assessment and procedures for distribution of taxes to counties.

A section of the current accounting control rules would be repealed with the substance of that section incorporated in section 5302.3 of part 5302. Staff recommends that the commission authorize the proposal of this rule making.

John Kratty: Commissioners, are there any questions on this proposal of rule regarding casino fees and payments? Hearing non, do I have a motion to propose this rule?

Unidentified Male: So moved.

John Kratty: Second?

Unidentified Male: Second.

John Kratty: Okay. Any other discussions? All in favor?

Multiple: Aye.

John Kratty: Motion carries. Self-exclusion. Rob.

Moderator: For commission consideration, a proposed consolidated and amended rules and regulations for self-exclusion from gaming activities. As we have discussed on several occasions, the various forms of gambling in the state operate under different self-exclusion rules. We've discussed the centralization of commission self-exclusion policies to make self-exclusion universal statewide, rather than limit self-exclusion individually to each form of gambling.

The proposal would require that a person file a request for self-exclusion and select a length of exclusion. A self-excluded person would be prohibited from collecting gambling winnings or recovering any gambling losses that occurred during the exclusion period. And would be subject to possible arrest for trespass if found on the premises of the place in which the individual is excluded.

Among other requirements, all gaming operators would be required to establish procedures and training for their employees to identify and manage any self-excluded persons found to be present on a gaming floor. Or participating in gaming related activities. Self-exclusion program elements are found in regulations for thoroughbred wagering, standard bred wagering, quarter horse wagering, off-track betting, video lottery gaming, and commercial casino gambling.

The proposal before you would consolidate all into a single location. Finally, the current rules allow for voluntary self-imposed restrictions in account wagering. These existing standards would be consolidated into a new part 5403. Eliminating duplicative provisions currently in the thoroughbred, standard bred, quarter horse, and off-track betting rules.

Please note that the proposed text under consideration is a revised copy, which was circulated to you this past Friday. Staff recommends that the commission authorize the proposal of this rule making.

John Kratty: Commissioners, any questions on the rules on self-exclusion? No? May I have a motion to propose this rule?

Unidentified Male: So moved.

John Kratty: Second?

Unidentified Male: Second.

John Kratty: All in favor?

Multiple: Aye.

John Kratty: That does not apply to gaming commissioners.

Moderator: You're bound by statute.

John Kratty: Yes. Number four.

Moderator: For commission consideration are amendments to various casino licensing regulations. Initial experience with occupational licensing applications suggest that certain rules could be clarified or modified to enhance the licensing process. This proposal includes player applying that an applicant denied a license or registration based on the criminal history is not barred from applying for a different position.

As the relevance of the criminal history may differ upon the position for which the applicant applies. Player applying standards for licensure or registration by incorporating statutory cross-references to important provisions or otherwise setting forth standards by regulation. Clarifying that incomplete or misleading information on an occupational license or registration application may result in the denial of licensure.

Eliminating a provision that is inconsistent with the practice of temporary licensure or gaming employee registrants. Clarifying standards for gaming employee registrants by incorporating statutory cross-reference to important provisions. And clarifying the duration of a non-gaming employee registration. Clarifying the circumstance under which certain vendors are not required to be registered.

And prohibiting owners, managers, supervisory personnel, and employees of casino vending enterprise or ancillary casino vendor enterprise licenses that provide services to a gaming facility from wagering at such facility. Staff recommends that the commission authorize the proposal of this rule making.

John Kratty: Okay. Commissioners, any questions on the proposal of rules regarding casino licensing and members? Hearing none, may I have a vote?

Unidentified Male: So moved.

Unidentified Male: Second.

John Kratty: All in favor?

Multiple: Aye.

John Kratty: The motion carries. Number five.

Moderator: For commission consideration is a change to the Mega Millions game intended to be effective nationwide with sales, effective on October 28, 2017 for the drawing on October 31, 2017. As you are aware, the New York lottery is a member of the consortium of state and territorial lotteries throughout the United States, which operate the Mega Millions and Powerball games.

The multi-state consortium has resolved to modify the Mega Millions game matrix, which sets forth win probabilities and prizes. Should the commission choose not to adopt the consortium's rule changes, the lottery would be required to eliminate Mega Millions from its game portfolio.

The most significant of the proposed rule changes said the cost of a ticket will increase from one dollar to two dollars. Other rule changes approved by the consortium are intended to create larger jackpot amounts. This will be accomplished by decreasing the size of the first set of numbers from which a player chooses from 75 to 70. While increasing the size of the second set of numbers from 15 to 25.

The consortium also changed prize payouts for non-jackpot prizes. Third prize will increase from \$5,000 to \$10,000. Fifth prize will increase from \$50 to \$200. Sixth and seventh prizes will increase from five to ten dollars. Eighth prize will increase from two dollars to four dollars. And ninth prize will increase from one dollar to two dollars.

Staff recommends that the commission authorize the proposal of this rule making.

Unidentified Male: I just have a quick question, please. There's going to be a revenue enhancement to us?

Moderator: Yes.

Unidentified Male: That's not limited to the multi-state?

Moderator: No. Ultimately, we share on a variety of different things. But there is a revenue enhancement anticipated with the higher jackpots.

Unidentified Male: And so, our review is that this works for us?

Moderator: Yes.

Unidentified Male: To clarify, commissioner Snyder, all the Mega Millions tickets sold in New York are going to be New York lottery revenue?

Unidentified Male: Right.

Unidentified Male: Okay, thank you.

Unidentified Male: And it's a discreet promotion? It's just that one drawing, October 31<sup>st</sup>?

Moderator: No, it's starting on October 31<sup>st</sup> and it's from then on.

Unidentified Male: Oh, okay. Any sense of what the odds go to? They were one in like 72 million.

Moderator: I do have that matrix and I'll send that. We'll send it to you.

John Kratty: Commissioners, any more questions on the new rules? No. May I get a motion to propose these rules?

Unidentified Male: So moved.

John Kratty: Second?

Unidentified Male: Second.

John Kratty: Alright. All in favor?

Multiple: Aye.

John Kratty: Motion carries. Adjudications. The next scheduled are adjudications. Today we have four items for adjudication. List of items.

Moderator: The first is the matter of Nilmar [PH]. On November 3, 2016, the bureau of licensing issued a notice of license suspension and ordered the immediate temporary suspension of the lottery sales agent license of Nilmar, Inc. Which is located at 776 East 80<sup>th</sup> Street in Brooklyn.

The notice informed Nilmar that suspension was for failure to comply with the commission's instructions in regard to license activity. And for fraud, deceit, misrepresentation, or conduct prejudicial to the public confidence in the state lottery. The notice also stated that the owner of record, Nilmar Alshalwesh [PH] had been arrested for several alleged felonies.

Including possession of a forged instrument, attempt to evade a cigarette or tobacco tax, and possession or offering for sale unstamped cigarettes. The notice stated that the suspension would become a revocation unless Nilmar, Inc. requested a hearing. Pursuant to New York tax law section 1600 7b, a lottery license may be suspended or revoked for fraud, deceit, misrepresentation, or conduct prejudicial to confidence in the state lottery.

A lottery license may also be suspended or revoked upon violation of the licensing agreement. Or upon a finding by the commission that the agent's experience, character, and general fitness are such that the agent's

participation as a lottery sales agent is inconsistent with the public interest or convenience. Or for any other reason within the discretion of the commission.

After a request by Nilmar, a hearing was conducted on January 26, 2017. The hearing officer submitted a report to the commission's acting secretary on February 1. The hearing officer recommended that the license be suspended pending the outcome of the criminal proceedings against Mr. Alshalwesh. And that should Mr. Alshalwesh be convicted, that the license be revoked.

And a period of the date of suspension to such revocation be a suspension of a license. The commission considered this matter at a meeting conducted pursuant to the judicial or quasi-judicial proceedings exemption of New York public officers law section 108.1.

Unidentified Male: The commission did duly deliberate this and considered the pattern. We've modified the hearing officer's report and recommendation. And concluded that the license was revoked. The vote was four to one with Mr. Machete the dissent.

Unidentified Male: Just for clarification, my position was that I wanted to sustain the hearing officer's one, including the suspension pending outcome.

John Kratty: Noted. Rob?

Moderator: Next item is in the matter of John W. Gray. On January 27, 2017, the bureau of licensing denied the license application of John W. Gray for a gaming employee registration. In connection with potential employment at Del Lago. Citing commission rule 5305.2c. Such a rule refers to the standards set forth in the New York racing pari-mutuel wagering and breeding law section 1318, which provides that the disqualifying criteria include at subdivision C, the conviction of the applicant of any offense in any jurisdiction.

Which is or would be a felony or other crime involving public integrity, embezzlement, theft, fraud, or perjury. And sub D, if the applicant committed prior acts which have not been prosecuted or in which the applicant was not convicted, but form a pattern of misconduct that makes the applicant unsuitable for a license.

Mr. Gray requested a hearing, which was scheduled for March 22. Mr. Gray failed to appear at either of the designated hearing locations for the hearing. The hearing officer submitted a report to the commission's acting secretary, dated March 28, 2017. Recommending that the applicant's gaming employee registration denial be affirmed.

The commission considered this matter at a meeting conducted pursuant to the judicial or quasi-judicial proceedings exemption of New York public officers law section 108.1.

Unidentified Male: The commission did deliberate this matter. May I have a vote to sustain the hearing officer's reported recommendation? The commission further notes the hearing officer's conclusion, the applicant's failure to appear, the even withdrawal of his application, and that Mr. Gray's failure to appear is formerly a withdrawal of that application.

Moderator: Of his appeal.

Unidentified Male: Of his appeal. The matter of Susan Herkum [PH].

Moderator: On January 27, 2017, the bureau of licensing denied the application of Susan Herkum for a gaming employee registration. In connection with potential employment as a dealer at Del Lago. Citing commission rule 5305.2c. Such rule refers to the standard set forth in New York racing pari-mutuel wagering and breeding law section 1318, which provides that the disqualifying criteria include the conviction of the applicant of any offense in any jurisdiction.

Which would or is a felony or other crime involving public integrity, embezzlement, theft, fraud, or perjury. Ms. Herkum requested a hearing, which was conducted on March 22. The hearing officer submitted a report dated March 30. With a recommendation that the commission denial of the employee gaming registration be upheld and affirmed.

The commission considered this matter at a meeting conducted pursuant to the judicial or quasi-judicial proceedings exemption of New York public officers law section 108.1.

Unidentified Male: Commission duly deliberated and considered this matter. And determined on a vote of five to nothing to sustain the hearing officer's report recommendations. We also note that this decision is effective to the applicant's temporary gaming employee registration. We move on to the matter of Mr. Langford.

Moderator: On January 26, 2017, the bureau of licensing denied the application of Michael P. Langford gaming employee registration. In connection with potential employment as a surveillance agent at Del Lago Casino entire. Citing commission rule section 5305.2c.

Such rule refers to the standard set forth in the New York racing pari-mutuel wagering and breeding law section 1318, which provides that disqualifying criteria include, at subdivision C, the conviction of the applicant of any offense. In any jurisdiction which is or would be a felony. Or other crime involving public integrity, embezzlement, theft, fraud, or perjury.

Mr. Lang requested a hearing which was held March 22, 2017. The hearing officer submitted a report dated March 30. The hearing officer recommended that the commission approve and grant Mr. Lang his gaming employee registration. The commission considered the matter at a meeting conducted

pursuant to the judicial or quasi-judicial proceedings exemption of New York public officers law section 108.1.

Unidentified Male: The commission duly deliberated and considered this matter. And determined on a vote of five to nothing to sustain the hearing officer's report recommendation. We also note this decision is effective as to the applicant's temporary gaming employee registration. We move on to old business. Any matters for old business?

Moderator: We have none scheduled.

Unidentified Male: Did we ever, are we further along in our fantasy football or fantasy rules?

Moderator: Ed, would you like to provide an update on that?

Ed: Yes. We submitted to our temporary permittees, a draft of the potential regulations. And held a meeting in New York City last month to discuss some preliminary comments that they gave back. And we're taking those into consideration before we propose a set of recommendations.

Unidentified Male: Did we have an ETA for any of this?

Ed: It's possible that it could be ready in time for next month's commission meeting.

Unidentified Male: Did they offer a lot of comments?

Ed: They did.

Unidentified Male: Good. Anyone else? New business?

Moderator: There's none scheduled.

Unidentified Male: Perfect. We will be scheduling the next meeting. So, we'll speak of this on May 22.

Unidentified Male: When is Memorial Day?

Moderator: The week following.

Unidentified Male: The week following. Okay, great. So, we determined a date, the 22<sup>nd</sup>. This is what it says. That concludes the published agenda today. Anything else for consideration? No. Alright, hearing none, this meeting is now adjourned.

Unidentified Male: Thank you.

Unidentified Male: Thanks again. Outstanding. Not mild, but outstanding.

[End of Audio]