



**SPECTRUM
GAMING GROUP**

Independent Research and Professional Services®

A Comparative Review of State Gaming Regulation: The Spectrum Approach

Prepared for:
New Hampshire Gaming Regulatory Oversight Authority
October 28, 2010

About Spectrum

- Independent. Unbiased. Expert.
- Extensive regulatory experience on staff
- Regulatory services for several New England and Northeastern states:
 - Maine
 - Massachusetts
 - Pennsylvania
 - Delaware
 - Maryland
 - West Virginia

About Spectrum

Today's Presenters:

- **Steven Ingis, Director of Legal and Regulatory Services**
 - Attorney with over 28 years of casino regulatory experience
 - 26 years with NJ Casino Control Commission
 - Assistant General Counsel, Manager of Licensing Unit
 - Spectrum-conducted numerous due diligence background investigations for various gaming jurisdictions

- **Richard Carretta, Senior Regulatory Associate**
 - Over 25 years casino regulatory experience
 - Formerly Assistant Chief, NJ Division of Gaming Enforcement
 - Conducted public policy and numerous operational audits



The Spectrum Approach

Per RSA Chapter 284-A:

Thorough review of regulatory structure and regulations in ME, CT, DE, NJ, NV

We will:

- Thoroughly analyze the statutes in each state
- Interview top regulators: What's working, what's not
- Use our hands-on experience in each state
- Use our decades of experience as state regulators and independent advisors to other states

The Spectrum Approach

- **Elements of Effective Casino Gaming Regulation and Control**
 - Strict Regulation
 - Licensure is Privilege
 - Independence of Regulatory Agency
 - Applicants Pay Costs of Investigations/Regulatory costs
 - Minimum Internal Control Procedures
 - Role of Law Enforcement

Regulatory Structure

Organization of Agency

One -agency or dual agency approach

- Division of duties:
- Who handles ...
 - License decisions?
 - Due diligence investigations?
 - License and enforcement hearings?
 - Employee licensing/registration?
 - Law enforcement issues
 - Patron complaints?
 - Self-exclusion program?
 - Oversight of casino operations?

Regulatory Structure

Criteria for selection of commissioners

- Full-time or part-time
- Length of terms

Staffing of agency

- Code of Ethics
- Post-employment restrictions

Statutory Comparison

- Analysis of Statutory Schemes
 - Organization structure of regulatory agency
 - Selection of casino operators and sites
 - Is there a finite number?
 - Licensing and enforcement
 - Public policy goals
 - Methodology of taxation
 - Community involvement

Statutory Comparison

- Powers of agency: Licensing and operations control
- Law enforcement component critical
 - Sharing of information
 - Intelligence
- Number of casino operators and site locations
- Who owns the assets?
 - Casino building, gaming equipment

Statutory Comparison

- The games
 - Fairness of table games
 - Uniform rules
 - Levels of supervision
 - Slot machines only
 - RNG vs. central-determinant; central monitoring?
- Testing of gaming equipment
 - Internal lab vs. outsourcing to private labs

Statutory Comparison

Licensing

- Application process
- Investigations
- Criteria for receiving license
 - Affirmative criteria, disqualification criteria
- Criteria for suspension/revocation
- Operator: What is entailed for owners, officers, directors, employees?
- Who needs to be licensed?
 - Categories of licensure
 - Employee licensing or registration

Statutory Comparison

Licensing (cont.)

- Vendor (gaming/non-gaming)
- Employee
- Terms of initial license and renewals
- Temporary licensing
- Hearing process
- Procedures for continuing casino operations if casino license is revoked. Provision for conservator?
- Transfer of ownership
- Appeals process

Enforcement

- Conditions and hours for operation: Compare and contrast differences
- Regulations and Minimum Internal Control Standards (MICS)
 - Casino staffing Levels
 - Testing of gaming equipment
 - Gaming equipment and rules of the game
 - Cage operations
 - Accounting

Enforcement

MICS (cont.)

- Control of assets
- Surveillance
- Security
- Issuance of credit
- Audit
- Financial reporting requirements
- MIS systems and software controls
- Record retention
- Anti-money-laundering controls

Enforcement

- Role of State Police
- Underage gaming
- Exclusion lists
- Casino crimes/sanctions
- Presence of inspectors
- Employee gambling

The Spectrum Difference

We use our extensive experience in all facets of gaming regulation to identify the best practices of each studied jurisdiction.

Timeframe

- Draft submitted by November 24, 2010
- Final report submitted not later than December 1, 2010

State Governments Rely on Spectrum

■ Delaware

- Assisted in drafting legislation
- Drafted regulations
- Oversight of casino openings
- Conduct ongoing audits

■ Maine

- Longstanding relationship with Maine Harness Racing Commission and AG's office
- Conduct of Background Investigations

■ Connecticut

- Economic and social impacts analysis



State Governments Rely on Spectrum

- **West Virginia**

- Implementation of live table games
- Oversaw casino openings

- **Maryland**

- Conducted background investigations of license applicants for casino operators and vendors

- **Puerto Rico**

- Longstanding relationship to conduct background investigations

Thank you

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