



July 28, 2014
Meeting Book



AGENDA

JULY 28, 2014

1. Call to Order
2. Approval of Minutes for Meetings of June 25, 2014 and July 7, 2014
3. Report of Executive Director
4. Gaming Facility Location Board Designation
5. Rulemaking
 - a. Proposed Rulemaking: New Monopoly® Millionaires' Club
 - b. Proposed Rulemaking: Video Lottery Gaming Facility Hours
6. New/Old Business
7. Scheduling of Next Meeting
8. Adjournment

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Item 2

**NEW YORK STATE
GAMING COMMISSION MEETING**

MINUTES

MEETING of JUNE 25, 2014

NEW YORK, NEW YORK

A meeting of the N.Y.S. Gaming Commission was conducted at Empire State Development, New York, New York.

1. Call to Order

The meeting was called to order at 11:07 a.m. by Executive Director Robert Williams. Establishment of a quorum was noted by Acting Secretary Kristen Buckley. In physical attendance were Chairman Mark Gearan and Commissioners John Crotty, Peter Moschetti, Jr., John Poklemba, Barry Sample and Todd Snyder.

2. Approval of the Minutes from May 27, 2014 Meeting

The Commission considered draft minutes of its meeting conducted on May 27, 2014. The minutes were accepted as offered.

3. Report of Acting Executive Director

Mr. Williams provided an update on the commercial casino facility application process, Belmont Stakes Day and State legislation recently considered and passed.

4. Appointment to the Gaming Facility Location Board

Mr. Williams reported that paperwork for a candidate to be appointed to the Gaming Facility Location Board was not finalized and thus the appointment could not be considered.

5. Rulemaking

a. Adoption : Standardbred Out-of Competition Testing

The Commission considered adoption of standardbred out-of-competition testing rules, designed to clarify the existing rule and incorporate certain Commission protocols.

ON A MOTION BY: Commissioner Crotty
APPROVED: 6-0

b. Proposed: Use of Cellular Phone in Standardbred Paddock

The Commission considered adoption of a rule allowing limited cellular telephone use in a harness paddock. The Commission had adopted such a rule on a one-year experimental basis in August 2013. At the request of Commissioners, staff provided a summary of rules in other jurisdictions and New York's experience with the rule during the past year.

ON A MOTION BY: Commissioner Crotty
APPROVED: 6-0

c. Proposed: Standardbred Officials' Conflict of Interest

The Commission considered a proposed amendment to its standardbred rules to strengthen conflict-of-interest provisions. The current provision allows a racing secretary or assistant racing secretary to be a driver outside the racing season. This new proposed rule would strengthen the current rules by broadening the prohibitions against activities in which such officials may engage.

ON A MOTION BY: Commissioner Snyder
APPROVED: 6-0

6. Adjudications

In response to a question from Commissioner Snyder, Commission General Counsel Edmund Burns confirmed that the Commissioners, pursuant to N.Y. Public Officers Law § 108.1, are permitted to discuss quasi-judicial proceedings at other than an open meeting.

Commissioner Snyder requested the meeting be temporarily adjourned to discuss quasi-judicial proceedings of the forthcoming agenda matters.

The meeting was then temporarily adjourned at 11:28 a.m.

The meeting resumed at 12:23 p.m.

a. In the Matter of Anthony W. Dutrow

The Commission considered remanding this matter to the hearing officer.

ON A MOTION BY: Commissioner Crotty
APPROVED: 6-0

b. In the Matters of Peter Kazamias

The Commission considered remanding this matter to the hearing officer.

ON A MOTION BY: Commissioner Crotty
APPROVED: 6-0

c. In the Matter of Edward J. Williams

The matter involved the appeal by Edward J. Williams of his harness racing driver and trainer license denial. The Commission considered adopting the findings and recommendation of the hearing officer with respect to the denial of a driver and trainer license and modifying the report to exclude any recommendation regarding other licenses which the applicant might apply.

ON A MOTION BY: Commissioner Snyder
APPROVED: 4-2 (Commissioners Moschetti and Sample dissenting)

d. In the Matter of Winkys Pride

The matter involved an appeal by Robert M. Hummel, the owner of Winkys Pride, who appealed the disqualification of his horse from a race at Batavia Downs harness track. The Commission considered adopting the findings and recommendation of the hearing officer to sustain the judges' placement decision.

ON A MOTION BY: Commissioner Moschetti
APPROVED: 6-0

7. New Business/Old Business

a. New Business

No new business was discussed.

b. Old Business

The Commission received a status report on the new Cash 4 Life lottery.

8. Scheduling of Next Meeting

Chairman Gearan noted that the Commission had previously contemplated the establishment of a uniform meeting date and suggested Saratoga Springs, New York as the next meeting site. July 28 was discussed as a possible date.

9. Adjournment

Chairman Gearan asked if any Commissioners had additional items to discuss or present. Hearing none, the meeting was adjourned at 12:36 p.m.

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**NEW YORK STATE
GAMING COMMISSION MEETING**

MINUTES

MEETING of JULY 7, 2014

**ALBANY, NEW YORK
NEW YORK, NEW YORK**

A meeting of the N.Y.S. Gaming Commission was conducted at Empire State Development, New York, New York and the State Capitol, Albany, New York.

1. Call to Order

The meeting was called to order at 2:40 p.m. by Executive Director Robert Williams. Establishment of a quorum was noted by Acting Secretary Kristen Buckley. In physical attendance in Albany was Commissioner Barry Sample; in New York were Commissioners John Crotty, John Poklemba and Todd Snyder. Participating by telephone was Chairman Mark Gearan.

It was noted that Chairman Gearan did not count towards quorum establishment.

2. Appointment to the Gaming Facility Location Board

Chairman Gearan asked Mr. Williams to introduce for consideration the appointment of two Gaming Facility Location Board Members. Mr. Williams noted that N.Y. Racing, Pari-Mutuel Wagering and Breeding Law § 109-a requires the Commission to appoint five members of the Gaming Facility Location Board. Three members, Paul Francis, Stuart Rabinowitz and William C. Thompson, Jr., had been appointed on March 12, 2014. Dennis E. Glazer and Kevin S. Law were proposed to complete the membership roster.

Chairman Gearan asked for a motion to appoint Mr. Glazer to the Board.

ON A MOTION BY: Commissioner Poklemba
APPROVED: 4-0

Chairman Gearan asked for a motion to appoint Mr. Law to the Board.

ON A MOTION BY: Commissioner Crotty
APPROVED: 4-0

Chairman Gearan indicated that had he been present, he would have voted in favor of the appointment of both Messrs. Glazer and Law. He also indicated that he had received communication from Commissioner Moschetti indicating he would also have voted in favor of the appointment both Messrs. Glazer and Law.

3. Adjournment

Chairman Gearan asked if any Commissioners had additional items to discuss or present. Hearing none, the meeting was adjourned at 2:45 p.m.

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Item 5a.



MEMORANDUM

To: All Commissioners

From: Edmund C. Burns

Date: July 24, 2014

Re: Proposed Rulemaking: New Monopoly[®] Millionaires' Club multi-state lottery game
9 NYCRR § 5007.16

For Commission consideration is a draft regulation governing a new multi-state lottery draw game to be launched by select state lotteries from the Mega Millions and Powerball consortia. The new game, called Monopoly[®] Millionaires' Club, affords a player three chances to win with each ticket: in the primary drawing; in a secondary drawing; and by collecting tickets, combinations of which may earn chances for further prizes.

Drawings will occur once per week on Friday. For each \$5 wager, a player in one of the participating states may select five numbers out of a field of 52 or the player may allow the computer terminal to generate random numbers for such selections. Additionally, the computer terminal producing the wager will generate one random number out of a field of one through 28. The additional, randomly-generated number from the field of 28 will be represented on the player's ticket both as a number and as corresponding MONOPOLY property from the traditional MONOPOLY game board.

Upon launch of the game and for each drawing following sale of a top-prize-winning ticket, the top prize amount available is expected to begin at an annuitized amount of \$15 million. If a top-prize-winning ticket is not sold for the next subsequent drawing, the top prize amount will increase first to \$18 million, then to \$21 million and finally to \$25 million. The top prize will then remain at \$25 million for each subsequent drawing until a top prize ticket is sold, after which the top prize will reset to \$15 million. Top prize amounts may be adjusted by the participating lotteries as either additional state lotteries join the game or as ticket sales fluctuate. Lower-level prizes will be one-time payments ranging from \$5 to \$100,000.

Lump-sum prizes of \$1 million will be awarded in secondary drawings only if a top-level prize ticket has been sold for the primary drawing. In such an instance, a secondary drawing of numbers will occur. A ticket holder will win if the secondary number matches the unique transactional number printed on the holder's ticket. The number of secondary winners selected at each drawing will be not less than 10 and may increase, dependent upon sales.

Players may collect tickets with associated MONOPOLY properties and, depending upon the combination of properties, earn chances to win other prizes.

This game is projected to generate more than \$34 million annually in additional aid to education in New York State. If the game launches on October 19 as anticipated, the estimated aid to education this game will generate through the end of the current fiscal year on March 31, 2015 will be \$10 million, based on an anticipated initial sales growth period.

The text of the proposed amendment is attached.

[REDACTED]

attachment

cc: Robert Williams, Executive Director
Gardner Gurney, Acting Director, Division of Lottery

Title 9 of the NYCRR is amended to add a section 5007.16 to read as follows:

§ 5007.16. Monopoly[®] Millionaires' Club.

(a) *Definitions.* The following definitions apply to the MONOPOLY Millionaires' Club:

- (1) *Agent* means a person who has been licensed and authorized by the commission to sell lottery tickets pursuant to this Subchapter.
- (2) *Annuity option* means the manner in which the *MONOPOLY Millionaires' Club* top prize may be paid in annual installments.
- (3) *Claimant* means any person or entity submitting a claim form within the required time period to collect a prize for any MONOPOLY Millionaires' Club ticket.
- (4) *Lump-sum option* means the manner in which MONOPOLY Millionaires' Club top prize may be paid in a single payment as set forth in this section.
- (5) *Millionaires' Club prize* means a single payment prize (prize level 11) with a value of \$1,000,000 drawn independently from the other MONOPOLY Millionaires' Club prizes (prize levels 1-10).
- (6) *MONOPOLY Millionaires' Club play slip* means a computer-readable form, printed and issued by the commission, used to mark a player's numbered selection when purchasing a MONOPOLY Millionaires' Club ticket, having up to four separate play areas.
- (7) *MONOPOLY Millionaires' Club ticket* means a game ticket, produced on official paper stock, by an agent in an authorized manner, bearing player- or computer-selected numbers, game name, drawing date, amount of wager and validation data. Each such ticket shall bear a unique non-repeating transactional number associated with that play.
- (8) *Pari-mutuel* means, for this section, the total amount of prize money allocated to pay prize claimants, at the designated prize level, divided among the number of winning MONOPOLY Millionaires' Club ticket.
- (9) *Party lotteries* mean one or more of the state lotteries established and operated pursuant to the laws of any state that are part of the national premium game product group that offers the MONOPOLY Millionaires' Club lottery game.
- (10) A *play* is one entry into a MONOPOLY Millionaires' Club drawing.
- (11) *Play area* is the area on a MONOPOLY Millionaires' Club play slip containing one field of 52 one- or two-digit numbers (1 to 52, inclusive). This is the area from which the player selects five numbers from the first field of 52 if the player is not using the quick pick option and allowing the computer system to select up to five numbers at random.
- (12) *Prize pool* means that portion of MONOPOLY Millionaires' Club gross sales set aside for the payment of prizes.
- (13) *Purchaser* means a player of MONOPOLY Millionaires' Club who purchases a ticket within New York State in accordance with MONOPOLY Millionaires' Club rules and New York State governing laws and regulations.

(14) *Quick pick* means a method in which some or all MONOPOLY Millionaires' Club number selections are determined at random by the computer system at the time of purchase. Quick pick is a player option for selection of up to five number selections ranging from one through 52, but the number ranging from one through 28, representing a MONOPOLY property, must be selected by quick pick.

(15) *Top prize* means the game prize awarded when a player's selections matches all five winning numbers from the field of 52 and the property number drawn from the field of 28 numbered MONOPOLY properties for the MONOPOLY Millionaires' Club. If more than one player has selected all the winning numbers drawn, the top prize shall be divided equally among those players.

(16) *Set Prize or Low-Tier prizes* (prize levels 2-10) means, except as otherwise specified in this section, all prizes (other than the top prize and Millionaires' Club prizes) that are to be paid in a single payment as established by this section for each prize level.

(17) *Winning numbers* are five one- or two-digit numbers (1 to 52, inclusive) and one number (1 to 28, inclusive), randomly selected at each MONOPOLY Millionaires' Club drawing, that shall be used to determine winning MONOPOLY Millionaires' Club plays contained on MONOPOLY Millionaires' Club tickets.

(b) *Ticket price and sales.*

(1) A MONOPOLY Millionaires' Club ticket may be purchased for \$5 per play per drawing. The purchaser receives one ticket for each \$5 wagered in MONOPOLY Millionaires' Club. The commission may authorize the sale of MONOPOLY Millionaires' Club tickets at a different purchase price. Such a change in the purchase price shall be announced publicly by the commission prior to the effective date of such change.

(2) From time to time, the commission may authorize the sale of MONOPOLY Millionaires' Club tickets at a discount for promotional purposes.

(3) MONOPOLY Millionaires' Club tickets shall be sold only through agents or other means authorized by the commission.

(4) A MONOPOLY Millionaires' Club ticket may not be cancelled.

(5) It shall be the sole responsibility of a player to verify the accuracy and readability of the information displayed on a MONOPOLY Millionaires' Club ticket at the time of purchase. Neither an agent nor the commission shall be liable for any errors in the accuracy and readability of a ticket occurring for any reason, after the purchaser leaves an agent location.

(6) A play may be entered only:

- (i) manually using a lottery terminal keypad or touch screen;
- (ii) by means of a play slip provided by the commission and hand-marked by the player; or
- (iii) by other means approved by the commission.

(7) MONOPOLY Millionaires' Club play slips shall be available at no cost to a player, shall have no pecuniary or prize value, shall not constitute evidence of purchase and shall not constitute evidence of a player's number selections. An agent shall not permit the use of facsimiles of play slips, copies of play slips or other materials that are not printed or approved by the commission to be inserted into a terminal's play

slip reader. An agent shall not permit any device to be connected to a lottery terminal to enter plays, except as approved by the commission.

(c) *Game Description.*

(1) *Primary drawing.* To play MONOPOLY Millionaire's Club, a player shall select five different numbers (from 1 to 52, inclusive); the terminal or selling system shall always quick pick one additional number in the range from one through 28, to comprise the second value in the player's selection for each play. The additional number may be the same as one of the five numbers a player selects in the first field. The second number shall be represented on the player's ticket both as a number and as the associated MONOPOLY game board property. A player may select numbers by:

- (i) communicating the five numbers to a lottery sales agent;
- (ii) marking five numbered spaces in any one panel on a play slip and submitting the play slip to an agent; or
- (iii) requesting quick pick from an agent.

The agent shall then issue a ticket or tickets containing the selected set or sets of numbers, each of which constitutes a game play.

(2) *Secondary drawing.* If a top-prize-winning ticket has been sold, a secondary drawing shall occur to select winners of Millionaires' Club prizes. A ticket holder wins such a prize if a randomly selected Millionaire's Club number drawn in the secondary drawing matches the unique transactional number printed on such ticket. The number of winners to be selected shall be not less than 10 and may increase based upon sales. The number of winners to be selected in the secondary drawing, if any, shall be announced publicly prior to each drawing.

(3) A MONOPOLY Millionaires' Club game feature may be added at the discretion of the commission. A *game feature* is an alternative or additional method for awarding prizes using MONOPOLY Millionaire ticket information.

(4) A MONOPOLY Millionaires' Club subscription sales program may be offered at the discretion of the commission.

(5) Except for Millionaires' Club Prizes, the holder of a winning ticket may win only one prize for the primary drawing for such ticket and shall be entitled only to the prize won by those numbers in the highest matching prize category.

(d) *Play characteristics.* A MONOPOLY Millionaires' Club ticket matching all game play, serial number and other validation data recorded in the commission's gaming system computer shall be the only valid proof of the wager placed and the only valid receipt for claiming or redeeming any prize.

(e) *Drawings.* MONOPOLY Millionaires' Club drawings shall be conducted once per week at a time and at a location authorized by the party lotteries. The day, time, frequency and location of the MONOPOLY Millionaires' Club drawings may be changed following a public announcement.

(f) *Pool, Prize Structure and Probability of Winning.*

(1) *Prize Pool.* The prize pool for the aggregate of all prize levels one through 11 shall consist of 50 percent of the sales for each drawing period after the prize reserve accounts are funded to predetermined amounts.

(2) *Prize Reserve.* The prize reserve may be adjusted as needed to maintain an approved maximum balance and shares from each of the party lotteries as specified by the party lotteries. The prize reserve is used to guarantee payment of the minimum or starting top prize and Millionaires' Club prizes, guarantee the payment of valid, but unanticipated, top prize and Millionaires' Club prize claims and to fund deficiencies in set prize payments (subject to the limitations of an agreement among the party lotteries). If the MONOPOLY Millionaires' Club is no longer offered in New York State, any amount remaining in a prize reserve account at the end of the game shall be carried forward to a replacement prize reserve account or used in a manner as permitted by New York State law.

(3) *Prize Payout and Structure.* There are 11 prize levels in the MONOPOLY Millionaires' Club. The prize payout percentage and prize structure are as follows, unless there are multiple winners in a prize category that leads to an excess prize liability, in which case prize amounts may be reduced as set forth in paragraph (4) of subdivision (f) of this section:

Match Field 1	Match Field 2	Odds 1 in	Prize Category	Level
5	1	72,770,880.0000	Top	1
5	0	2,695,217.7778	\$100,000	2
4	1	309,663.3191	\$20,000	3
4	0	11,469.0118	\$500	4
3	1	6,731.8113	\$250	5
3	0	448.7874	\$25	6
2	1	249.3263	\$20	7
1	1	81.5977	\$10	8
0	1	47.4405	\$7	9
2	0	16.6218	\$5	10
Millionaires' Club prize		Varies with sales	\$1 million	11

Overall chances of winning for levels 1-10: 1 in 10.0025

Total aggregate payout for levels 1-11: 50%

(4) *Pari-mutuel prize determinations.*

(i) If the total of the set prizes awarded in a drawing (prize levels 2-10) exceeds the percentage of the prize pool allocated to the set prizes, then the amount needed to fund the set prizes awarded shall be drawn from the following sources, in the following order:

(A) the amount allocated to the set prizes and carried forward from previous drawings, if any;

(B) an amount from the prize reserve, if available, not to exceed \$20,000,000 per drawing.

(ii) If, after the sources described in subparagraph (i) of this paragraph are depleted, there are not sufficient funds to pay the set prizes awarded, then the highest set prize shall become a pari-mutuel prize. If the amount of the highest set prize, when paid on a pari-mutuel basis, drops to or below the next highest set prize and there are still not sufficient funds to pay the remaining set prizes awarded, then the next highest set prize shall become a pari-mutuel prize. This procedure shall continue down through all set prize levels, if necessary, until all set prize levels become pari-mutuel prize levels.

(g) *Top prize payment options.* A claimant of a valid winning top prize in New York must select either an annuity option or lump sum option. A top prize shall be paid as an annuity prize, unless a winner elects, within 60 days after the claimant becomes entitled to such prize, to be paid a lump sum. If a lump sum payment is selected, the prize amount shall be determined according to a methodology that shall be established by the party lotteries. An election made by a claimant is final and cannot be revoked, withdrawn or otherwise changed without the approval of the commission. Unless a lump-sum payment is paid in accordance with this section, annuitized prize payments shall be paid annually in 30 payments with the initial payment being followed by 29 payments funded by the annuity. If paid in a lump-sum payment, a top prize shall be rounded to the nearest whole dollar. An annuity claimant shall have no recourse to any party lottery or to MUSL (as defined in paragraph (1) of subdivision (b) of section 5007.13 of this Subchapter), other than to the commission.

(h) Neither the commission nor the party lotteries shall be responsible for any MONOPOLY Millionaires' Club ticket that is not deemed to be a valid or winning draw-game ticket pursuant to Parts 5003 and 5004 of this subchapter.

(i) This section applies to the MONOPOLY Millionaires' Club game only.

Item 5b.



MEMORANDUM

To: All Commissioners

From: Edmund C. Burns

Date: July 24, 2014

Re: Proposed Rulemaking: Video lottery gaming facility closing hours
9 NYCRR § 5118.9

For Commission consideration is a draft regulation amendment to conform Commission rules to recently-enacted legislation allowing later closing hours in video lottery facilities. Formerly, the law required facilities to close no later than 4 a.m. Now, they are authorized to stay open until 6 a.m. L.2014, c.137, § 1. Facilities continue to be limited to 20 consecutive hours of operation.

The amendment would remove the 4 a.m. restriction now superseded by the new subdivision b of Section 1617-a of the N.Y. Tax Law and replace it with a reference to the statute, so that the regulation need not change in the future if the statute is further amended. Other technical changes are proposed.

The text of the proposed amendment is as follows:

§ 5118.9. Hours of Operation.

The hours of operation of video lottery gaming at all licensed video lottery gaming facility locations shall be 20 consecutive hours per day, unless otherwise approved by the commission in writing after [a 60-day written application is made by the] a video gaming agent applies for an exception at least 60 days in advance of a proposed change. In no event shall video lottery gaming be conducted past [4:00 a.m.] the time set forth in subdivision b of Section 1617-a of the Tax Law. Public access to the video lottery gaming floor must be restricted at all times video lottery gaming is not in operation. The failure of the video lottery gaming agent to comply with the hours of operation set forth in this [Part] section shall be a violation of these regulations.

[REDACTED]

cc: Robert Williams, Executive Director
James Nielsen, Acting Director, Division of Gaming