

## **AGENCY'S PRIMARY PURPOSE AND ITS VARIOUS GOALS AND OBJECTIVES**

Article XV, Section 6(A)(4) of the Ohio Constitution established the Casino Control Commission to ensure the integrity of casino gaming in Ohio.

ORC 3772.03(A) further provides that, "to ensure the integrity of casino gaming, the commission shall have authority to complete the functions of licensing, regulating, investigating, and penalizing casino operators, management companies, holding companies, key employees, casino gaming employees, and gaming-related vendors. The commission also shall have jurisdiction over all persons participating in casino gaming authorized by Section 6(C) of Article XV, Ohio Constitution, and this chapter."

To fulfill its Constitutional mission and the statutory requirements of the Casino Control Law, the Commission executes four main functions:

- Responsible Gambling Programs;
- Licensing and Investigations;
- Regulatory Compliance; and
- Enforcement of the Law.

### **Responsible Gambling Programs**

The Commission coordinates with state and local partners to provide educational materials, prevention programs and treatment options under the umbrella of Ohio for Responsible Gambling (ORG). The initiative involves the Ohio Department of Mental Health and Addiction Services (OhioMHAS), the Ohio Lottery Commission, the Ohio State Racing Commission and the Ohio Casino Control Commission. One of the shared resources provided is Ohio's 24-hour Problem Gambling Helpline (1-800-589-9966).

The Constitution dedicates two percent of the tax on gross casino revenue to fund problem gambling and addiction services. To date, more than \$15 million has been directed to support education and prevention efforts and to provide counseling. The money is allocated through an agreement between OhioMHAS and the Commission's Executive Director, and is distributed on a per capita basis to local ADAMHS Boards with 60 percent dedicated to prevention and 40 percent identified for treatment.

The Commission also administers the state's Voluntary Exclusion Program. This program offers individuals the ability to ban themselves from a casino facility for one year, five years or their lifetime. Individuals who want to enroll must complete the Request for Voluntary Exclusion form in the presence of trained Commission staff. Once the request is validated, the individual is not permitted to access any Ohio casino during the length of their self-imposed ban.

There are currently over 1,800 participants from 13 states and one Canadian province.

## **Licensing and Investigations**

The Casino Control Law requires every person conducting or participating in casino gaming to be licensed. The Commission conducts suitability investigations of each applicant to determine eligibility for licensure, ensuring only suitable persons are involved in Ohio's casino business.

License applicants include casino operators, management companies, holding companies, gaming-related vendors, key employees, and casino gaming employees. All suitability investigations result in a recommendation to the Commission to grant or deny a license. These recommendations are made following an extensive background check that includes criminal, financial and regulatory history, professional license verification, tax record examination, credit history analysis, database checks for bankruptcies and outstanding liens or judgments, and retrieval of court records.

The licensing process doesn't end once a license is issued. Suitability is an ongoing requirement for all licensees, and the Commission has the authority to reopen a licensing investigation at any time. License holders have a duty to update the Commission regarding changes in personal information, including change of address, criminal charges or bankruptcies. All license holders are required to file for renewal every three years and the Commission must conduct a new suitability investigation. The renewal cycle for casino operators, holding companies, gaming-related vendors, and casino gaming and key employees originally licensed by the Commission in 2012 began in late 2014.

To date, the Commission has licensed the following individuals and entities:

- Operators 5
- Management Companies 3
- Holding Companies 88
- Vendors 37
- Key Employees 470
- Casino Gaming Employees 7,562

## **Regulatory Compliance**

Through the Division of Regulatory Compliance, the Commission ensures that its licensees comply with O.R.C. 3772, the related administrative code provisions, and applicable internal control systems. To test for compliance, the Division examines slot machine activities, table game operations, financial transactions and conducts process audits. Those specialized tasks require the Commission to employ individuals with specialized knowledge in accounting, auditing and electronic gaming equipment (EGE), such as software and slot machines. Excluding daily, monthly and annual financial reviews, the division performed more than 335 compliance audits in FY 15, with some lasting more than eight months.

The Division also works with two important partners. First, the Division coordinates the state's three Certified Testing Laboratories, which examine EGE to ensure they meet requirements of Ohio law and Commission regulations before those items are allowed to enter the state. Before slots are allowed to

be offered for play, the software is verified and sealed by Commission Agents to ensure the installed game is identical to the tested game.

Second, the Division works with the Department of Taxation to ensure that the casinos are filing accurate tax return data with the state.

In addition to making sure that all casinos' finances are being correctly reported, the Division works to make sure that the revenue is being generated according to approved processes. Those processes are grounded in each casino's Commission approved internal controls.

Finally, and in very few instances, the Commission issues sanctions on a casino to encourage future compliance. In FY 15, the Commission issued sanctions that included \$215,000 in fines. Revenue from sanctions is deposited into the state's General Revenue Fund.

### **Enforcement of the Law**

The Commission is a law enforcement agency and is responsible for enforcing the Casino Control Law. Gaming Agents are certified peace officers in the State of Ohio and have arrest authority on all casino property as well as outside of the casino when enforcing the criminal section of the Casino Control Act.

Agents are headquartered at their respective casinos and staff a 24-7 operation. Their responsibilities include enforcement of criminal gaming statutes described in O.R.C. 3772.99, created to ensure a fair gaming environment for Ohio citizens and casino patrons. The Enforcement Division is comprised of Gaming Agents, Investigators, and Criminal Intelligence Analysts.

To date, Gaming Agents have worked collaboratively on joint investigations with Bulk Currency Task Forces statewide, the Federal Bureau of Investigation, the Drug Enforcement Agency, the Internal Revenue Service and the Secret Service as well as city police departments and county sheriff's offices.

This division works collaboratively with county and municipal prosecutor's offices in the jurisdictions where Ohio casinos are located. Due to these strong relationships, a large number of cases have progressed through the criminal justice system. During FY 15, 453 charges for felonies and misdemeanors occurring at Ohio casinos were presented to prosecutors. The total number of individuals charged statewide totaled 354.

Gaming Agents also investigate illegal casino gaming operations outside of Ohio's four licensed casinos. The partnerships Gaming Agents have cultivated with local sheriff's offices, police departments and county prosecutor's offices has proven invaluable in these investigations – which have resulted in the seizure of gaming machines and equipment among other items.

**AGENCY’S PAST AND ANTICIPATED WORKLOAD, NUMBER OF STAFF REQUIRED TO COMPLETE WORKLOAD, AND TOTAL NUMBER OF STAFF**

To execute the functions and activities described previously, the Commission has employed the following number of individuals in each of the divisions listed below.

<b>Division</b>	<b>Number of Positions</b>
Executive	2
Communications	1
Legal	4
Operations	7
Problem Gambling	1
Licensing & Investigations	8
Regulatory Compliance	13
Enforcement	55
<b>Total</b>	<b>91</b>

Excluding minor adjustments, the current number of employees is sufficient for the Commission to meet its current responsibilities.

However, when the Casino Control Law was enacted, it not only established the Commission’s authority over the regulation of casino gaming in this state, but also vested the Commission with jurisdiction over the regulation of skill-based amusement machines.

Subsequent to the passage of HB 7 in the 130th General Assembly, which banned internet sweepstakes cafes, many of these locations have rebranded themselves as skill-based game establishments. However, instead of operating legal amusement games that offer merchandise prizes valued at \$10 or less, these establishments are operating slot machines and/or are paying cash prizes in violation of current law.

To address this growing problem, HB 64 gave the Commission rule-making authority with respect to skill-based games. Together with our current law enforcement authority, the rule-making provisions will enable the Commission to adequately address illegal casinos in Ohio that masquerade as legal skill-based amusement machine locations.

As the Commission proceeds with implementing a regulatory framework for this gaming sector, additional staff will be required. At this time, that number has not been determined.

## AGENCY'S PAST AND ANTICIPATED BUDGETS AND ITS SOURCES OF FUNDING

The Commission's actual and estimated operating budgets are listed below.

Budget	FY 11 Actual	FY 12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Estimate	FY17 Estimate
Operating Expenses	\$203,366	\$4,446,365	\$10,578,446	\$9,487,669	\$9,315,287	\$10,515,255	\$11,067,192

The Commission is funded through 3% of the tax on casino revenue as well as application and license fees.

Revenue	FY 11 Actual	FY 12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Estimate	FY17 Estimate
Gross Casino Tax	\$0	\$0	\$5,202,578	\$8,192,722	\$8,018,947	\$7,778,379	\$7,545,027
Operator Fees	\$0	\$4,500,000	\$1,500,000	\$3,000,000	\$3,016,275	\$2,500,000	\$1,500,000
Vendor Fees	\$0	\$377,000	\$483,314	\$252,293	\$140,000	\$150,000	\$90,000
Key Employee Fees	\$0	\$613,094	\$493,801	\$141,116	\$394,120	\$143,530	\$61,966
Gaming Employee Fees	\$0	\$893,888	\$2,075,676	\$493,768	\$431,590	\$960,656	\$608,146
Independent Testing Lab Fees	\$0	\$6,000	\$0	\$0	\$6,000	\$0	\$0

The Commission's fee schedule follows.

	Initial Application Fee	Initial License Fee	Renewal Application Fee	Renewal License Fee
<b>Casino Operator</b>	\$1,500,000	*50,000,000	\$1,500,000	\$500,000
<b>Gaming Related Vendor</b>	\$10,000	\$15,000	\$10,000	\$15,000
<b>Key Employee</b>	\$2,000	\$500	\$2,000	\$500
<b>Casino Gaming Employee</b>	\$250	\$250	\$100	\$96

\* The initial \$50 million license fee for the four casino operators did not go to the Commission. Pursuant to the Constitution, the fee was directed to the General Revenue fund to be used for economic and workforce development programs.

**NUMBER OF MEMBERS OF ITS GOVERNING BOARD OR OTHER GOVERNING ENTITY AND THEIR COMPENSATION, IF ANY**

Article XV, Section 6(4) establishes Casino Control Commission membership.

The Commission consists of seven members appointed by the governor with the advice and consent of the Senate.

Each member of the Commission must be a resident of Ohio.

At least one member of the Commission must be experienced in law enforcement and criminal investigation. At least one member of the Commission must be a certified public accountant experienced in accounting and auditing. At least one member of the Commission must be an attorney admitted to the practice of law in Ohio. At least one member of the Commission must be a resident of a county where one of the casino facilities is located.

Not more than four members may be affiliated with the same political party.

Initially, ORC 3772.02 (F) set the Commissioners' annual salary at \$60,000. However, HB 64 amended the Commissioners' salary to \$50,000 for FY 16, \$40,000 for FY 17 and \$30,000 for FY 18 and thereafter.