

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 a.m. on January 12, 2010, in Room 144-S of the Capitol.

All members were present.

Committee staff present:

Jason Long, Office of the Revisor of Statutes  
Julian Efird, Kansas Legislative Research Department  
Dennis Hodgins, Kansas Legislative Research Department  
Connie Burns, Committee Assistant

Conferees appearing before the Committee:

Stephen Martino, Kansas Racing and Gaming Commission  
Richard Baldwin, Kansas State Gaming Agency

Others attending:

See attached list.

Stephen Martino, Executive Director, Kansas Racing and Gaming Commission, (KRGC) provided an update and brief history on the Kansas Racing and Gaming Commission. (Attachment 1) The Kansas Lottery Commission is the owner and operator of all casinos and race track gaming authorized by the expanded Lottery Act. The KRGC is the regulator of the gaming activity. The KRGC has five divisions:

- Executive Division - Patrick Martin, Assistant Attorney General and Chief Counsel, Mike Deines, Director of Communication and Responsible Gambling
- Security and Licensing - Don Brownlee, Deputy Director
- Audit and Electronic Security - Charley LaBoy, Deputy Director
- Administration - Don Cawby, Deputy Director
- Racing - dormant

Mr. Martino provided the regulator requirements for KRGC, and updated the committee on the agency highlights of 2009. Kansas is the only state in the country to have a responsible gambling message delivered directly on the slot machine, including help line number and website. A chart was provided of the complaints and questions by issue to the agency, and a map of the state of Kansas with complainants by counties.

The committee was provided copies of pamphlets that are available for responsible gambling. The committee requested information on the number of full and part time employees and benefits that are provided. Mr. Martino stated he would provide that information.

Richard Baldwin, Director of Enforcement and Compliance, Kansas State Gaming Agency, updated the committee on the Kansas State Gaming Agency; the Agency's organization is made up of three management positions, three support staff, seven Enforcement Agents and six Special Investigators. (Attachment 2) The Kansas State Gaming Agency is responsible for conducting background investigations on all employees connected with the gaming operations at each casino; and vendors who sell more than \$10,000 per year in gaming equipment to a casino in Kansas. The agency does original background investigations as well as addenda, upgrades and renewals of investigations which have been done in the past. Licensing of gaming employees and vendors is done entirely by the Tribal Gaming Commissions. The Agency can and does occasionally object to particular applicants.

Information on a particular casino is not public record and is considered confidential according to the terms of the State Tribal Compacts.

The next meeting is scheduled for January 13, 2010. The meeting was adjourned at 11:15 a.m.

**SENATE FEDERAL AND STATE AFFAIRS COMMITTEE  
GUEST LIST**

DATE 1-12-10

NAME	REPRESENTING
Kari Presley	Kearney & Associates Inc.
Sheena Ward	BUDGET
Kevin Berone	SCED.
Ashley Dopita	Pruigar, Smith & Assoc.
Jennifer Light	Legislative Intern
Jay Hall	KRGC
Mike Deines	KRGL
Richard Baldwin	KSGA
Jackson Lindzen	Hem Law
MIKE TAYLOR	UNIFIED GOV WYANDOTE COUNTY
George Wenzel	Puffin Corp.
Tim Carpenter	L-Town
<del>Patrick Skurley</del>	<del>GREEN.</del>
TED HENRY	CAPITAL STRATEGIES.
Whitney Danna	FS Entertainment, LLC
Bill Brady	Cap Strates
Jennifer Brown	Federico Consulting

Kansas Racing and Gaming Commission

Carol Sader, Chairman, Prairie Village; Glenn Braun, Vice Chairman, Hays; William Falstad, Secretary, Independence; Kristine McKechnie, Commissioner, Arcadia; Barry Schwan, Commissioner, Wichita

The Pari-mutuel Racing Act established the Racing Commission in 1987. It was renamed the Racing and Gaming Commission when the tribal casinos in northeast Kansas opened in the mid-'90s. The day-to-day compliance activities of those facilities are done by the State Gaming Agency as set out in the compacts between the state and the tribes. The staff regulating the state-owned and operated casinos has no interaction with the tribal gaming facilities.

The Kansas Lottery Commission is the owner and operator of all casinos and race track gaming authorized by the Expanded Lottery Act. The KRGC is the regulator of the gaming activity.

The KRGC has five divisions:

- Executive division: Patrick Martin, assistant attorney general and chief counsel, and Mike Deines, director of communication and responsible gambling
- Security and licensing: Don Brownlee, deputy director
- Audit and electronic security: Charles LaBoy, deputy director
- Administration: Don Cawby, deputy director
- Racing: dormant

Regulating state-owned and operated casinos:

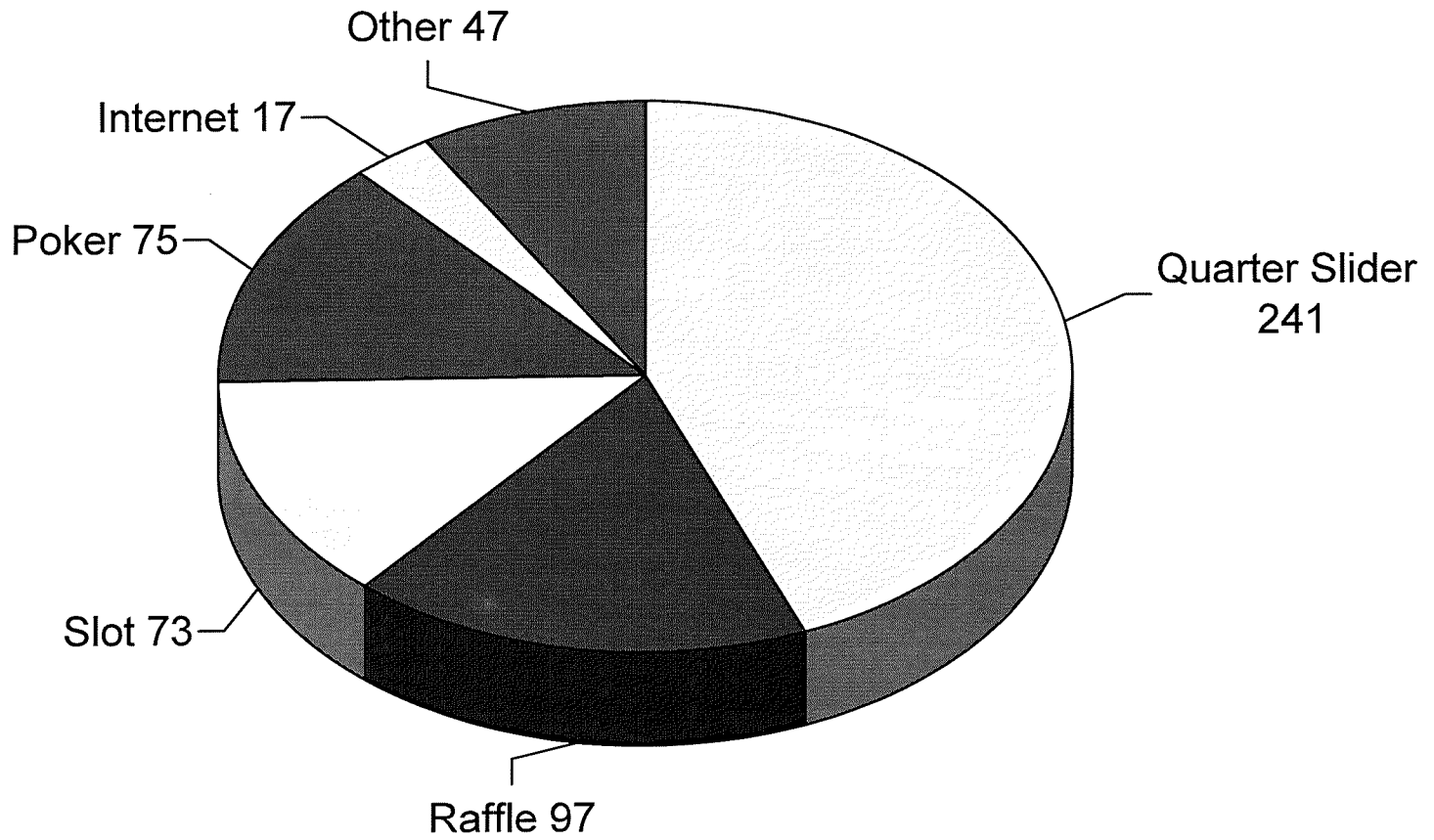
- Enforce Expanded Lottery Act and KRGC regulations and policies
- Require adherence to responsible gambling programs and problem gambling treatment, including managing the Kansas voluntary self-exclusion program
- KRGC founded and participates in the Kansas Responsible Gambling Alliance
- Provide 24-hour-a-day, seven-day-a-week law enforcement presence at the facility
- Require and monitor appropriate security and surveillance of facility
- Audit money collected at facility and ensure compliance with internal controls
- Mandate compliance of all electronic games consistent with technical standards, independent lab testing and ability to appropriately interface with central computer system
- Conduct background investigations and license all employees at facility
- Conduct background investigations and license suppliers and vendors
- Reconcile counted gaming revenue against reported income from computer systems
- Interface with and assist local law enforcement

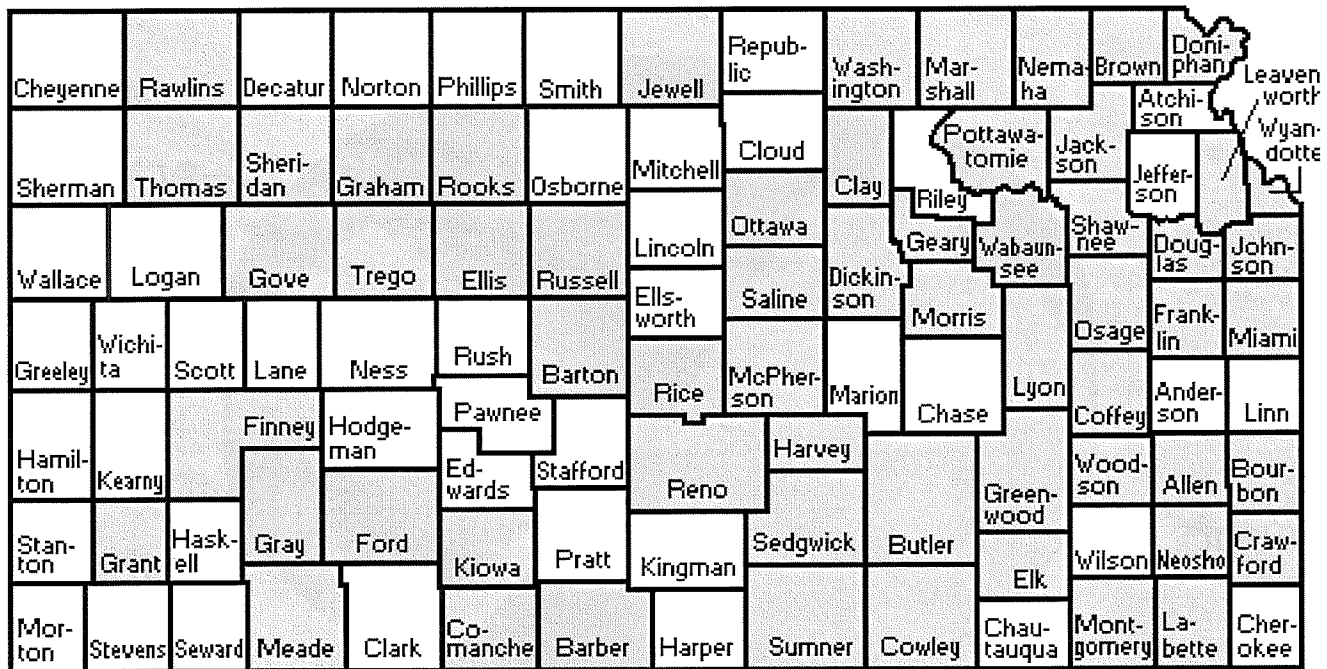
Find more information about the agency and our work at: [www.krgc.ks.gov](http://www.krgc.ks.gov)

## 2009 agency highlights

- Successfully monitored the opening of Boot Hill Casino and Resort in Dodge City, including:
  - Tested and approved central computer system provided by GTECH
  - Tested and approved 1,089 electronic gaming machines and related software
  - Required two controlled demonstrations to ensure regulatory compliance
  - Verified 421 audit checklist items during controlled demonstrations
  - Issued 302 temporary employee licenses, denied 35 temporary licenses
  - Commission has approved 18 permanent licenses and denied 5 license applications
  - Distributed responsible gambling brochures on: Kansas Voluntary Self-Exclusion Program, Responsible Gambling Guidelines for Patrons and Help Line
  - Kansas is the only state in the country to have a responsible gambling message delivered directly on the slot machine, including helpline number and website.
  
- Licenses and backgrounds:
  - Eureka Downs: 410; Anthony Downs: 167
  - Corporate gaming licenses issued: 28
  - Corporate gaming licensee employees investigated: 140
  - Total 2009 backgrounds completed: 207
  - Backgrounds in process:
    - Corporate: 32; Corporate employees: 324; Boot Hill Casino: 346
  
- Responsible gambling:
  - Together with Kansas Responsible Gambling Alliance, developed new problem gambling website [www.ksgamblinghelp.com](http://www.ksgamblinghelp.com)
  - With Alliance, endorsed and marketed new toll-free Problem Gambling Helpline, 800-522-4700.
  - Coordinated training for gambling counselors in the Dodge City area to assist them in identifying problems encountered by their clients.
  
- Illegal gambling enforcement
  - KRGC is state coordinating agency for illegal gambling enforcement and education, working with Highway Patrol, KBI, Kansas Lottery, Alcohol Beverage Control, Attorney General's office
  - Dec. 19, 2007-Dec. 30, 2009, KRGC has received 558 illegal gambling complaints.
  - Worked with AG's office to close illegal poker game, Kandu, in Wichita.
  - KRGC has emphasized illegal nature of "quarter pushers" in our education and outreach. KRGC has overseen the destruction of 61 quarter pushers and has more than 150 complaints closed upon the devices' removal from the state before destruction. Anecdotally, we know that countless other devices were not reported to the KRGC but have nonetheless been removed as a result of KRGC efforts.

### Complaints/Questions by Issue



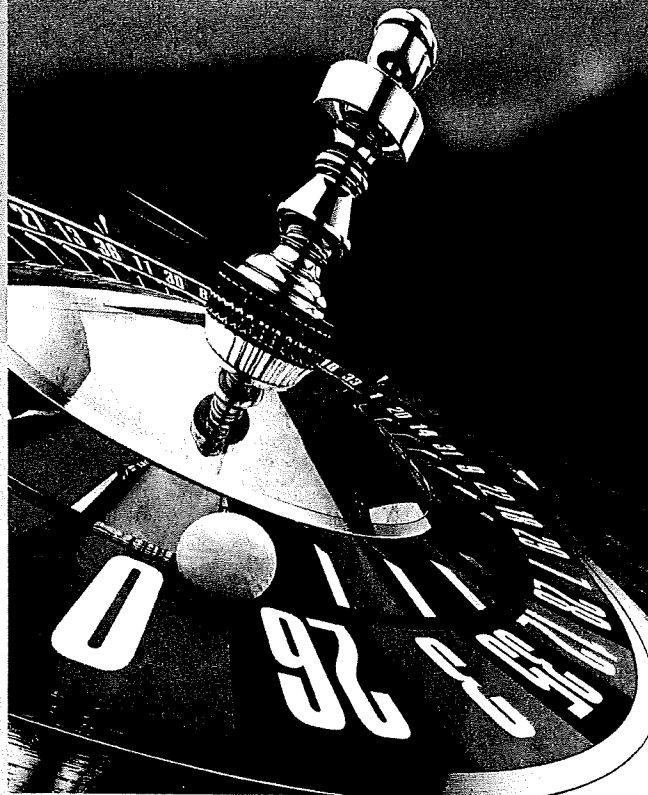


**Map of Complaints Since January 2008  
(60 counties as of 1-11-09)**



# RESPONSIBLE GAMBLING

KEEPING THE FUN IN THE GAME



Kansas Racing and Gaming Commission

Most would agree that gambling is fun! As a form of entertainment, it can be an enjoyable way to socialize. Gambling has become an accepted part of the American culture and for most, they are able to do so recreationally with no adverse consequences. However for some, gambling becomes something they feel they need to do rather than an activity they want to do for fun. To ensure that gambling does not become a problem for you, this brochure has been developed to help you make informed decisions about your gambling activity.

Knowing these warning signs of problem gambling will help you make better choices:

- A preoccupation with gambling
- You talk only about wins, not losses
- Gambling is a way to escape from problems
- Hiding losses from family members
- Borrowing money in order to gamble
- Gambling results in withdrawal from family and friends
- Stopping or cutting back seems impossible

If you are concerned for yourself  
or for someone you know,  
make a confidential call to:

**800.522.4700**

Problem Gambling Help Line

[www.ksgamblinghelp.com](http://www.ksgamblinghelp.com)

Getting Help is your **Best Bet.**

If you choose to gamble, do so responsibly. Responsible gamblers understand the never gamble under pressure, and gamble only for entertainment with a predetermined budget and time limit.

These responsible gambling tips can help ensure that your gambling experience is enjoyable and without adverse consequences:

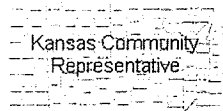
- **Remember that the house always has the advantage.** Games of chance are always based on random outcomes.
- **Set a budget and stick to it.** Decide beforehand how much you can afford to lose.
- **Make it a rule not to gamble on credit.** Borrowing money for gambling should be avoided, including cash advances on your credit card.
- **Set a time limit and stick to it.** Decide beforehand how much time you want to allow for gambling.
- **Avoid trying to win back losses.** Chances are, the more you try to recoup losses, the larger the losses will be.
- **Avoid using gambling to relieve stress or emotional discomfort.** Gambling is intended to be entertainment and should not replace coping skills.
- **Excessive alcohol use while gambling can be risky.** Alcohol can affect judgment as well as interfere with healthy decision making.

Know the warning signs of problem gambling. Being educated can be the first line of defense in preventing problematic behavior.

Keep your gambling experiences fun.  
Know your limits.  
Know when to stop.



Sponsored by the  
Kansas Responsible Gambling Alliance



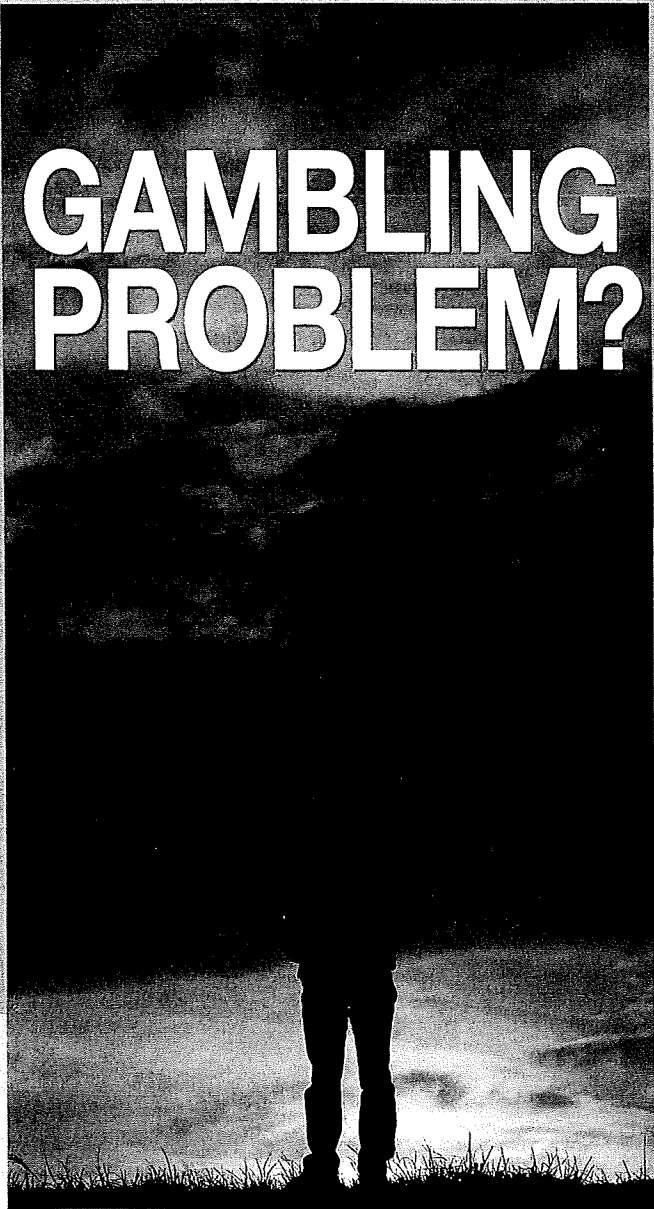
Kansas Problem Gambling Helpline

800.522.4700

ksgamblinghelp.com

Funded by the Kansas Problem Gambling  
and Addictions Grant Fund

# GAMBLING PROBLEM?



Getting Help is your **Best Bet.**

800.522.4700

ksgamblinghelp.com

Call the confidential toll-free Problem Gambling  
Help Line. Available 24 hours a day.

For most, gambling is fun and can be an enjoyable form of entertainment. Gambling activities include things like:

- Slot machines and casino games
- Lottery or scratch-off tickets
- Sports betting
- Cards and dice games
- On-line or internet gambling
- Car, dog or horse races, or
- Office pools

However, when gambling is out of control and the game is no longer about winning but about having enough money to keep playing, it can lead to serious consequences.

Problem gambling can result in:

- Financial debt
- Damaged relationships
- Job loss
- Loss of self-respect
- Involvement in criminal activity
- Depression and even suicide

Gambling can become a problem for anyone and the impact can be far reaching, but help is available.

### **Asking for help is the first step.**

This step does not have to be taken alone.

Professionals are available to help and answer your questions 24 hours a day.

If you or someone you know has a gambling problem, make the call **800.522.4700**.

**Getting Help is your Best Bet.**

If gambling just isn't fun any more, ask yourself the following questions: \*

1. Do you ever lose time from work due to gambling?
2. Does gambling ever make your home life unhappy?
3. Does gambling affect your reputation?
4. Do you ever feel remorse after gambling?
5. Do you gamble to get money with which to pay debts or otherwise solve financial difficulties?
6. Does gambling cause a decrease in your ambition or efficiency?
7. After losing do you feel you must return as soon as possible and win back your losses?
8. After a win do you have a strong urge to return and win more?
9. Do you often gamble until your last dollar is gone?
10. Do you ever borrow money to finance your gambling?
11. Do you sell things to finance gambling?
12. Are you reluctant to use "gambling money" for normal expenditures?
13. Does gambling make you careless of the welfare of yourself or your family?
14. Do you ever gamble longer than planned?
15. Do you ever gamble to escape worry, trouble, boredom or loneliness?
16. Have you ever committed, or considered committing, an illegal act to finance gambling?
17. Does gambling cause you to have difficulty in sleeping?
18. Do arguments, disappointments or frustrations create within you an urge to gamble?
19. Do you have an urge to celebrate good fortune by a few hours of gambling?
20. Do you ever consider self destruction or suicide as a result of your gambling?

**If you answered YES to at least seven (7) of the above questions, you may have a gambling problem.**

\* Adapted from Gambler's Anonymous® Twenty Questions

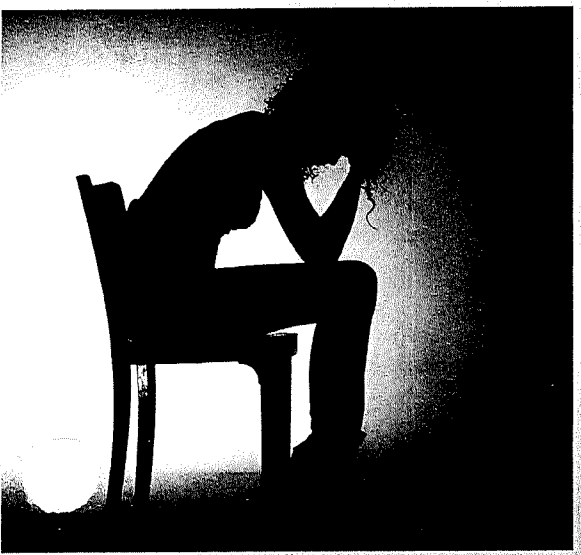
# Take control of your life... stop gambling.

The decision is yours.  
Your gambling problem doesn't just stop with you. It can be far reaching affecting the relationships you have with your family, friends and employer. It can leave them confused, hurt and angry because they don't understand your behavior. Without help, the cost to you can be devastating - financial loss, family problems, job loss, and even criminal charges. You can no longer play the game because it is playing you.

If you want help, it's available.



Getting Help is your **Best Bet.**



It's time to take control of your life and stop gambling. You can get help now. Call 800-522-4700 or visit [ksgamblinghelp.com](http://ksgamblinghelp.com) for more information. You can also contact your local self-exclusion program. For more information, call 800-522-4700 or visit [ksgamblinghelp.com](http://ksgamblinghelp.com).

800-522-4700  
[ksgamblinghelp.com](http://ksgamblinghelp.com)

# Has gambling become a problem?



**Voluntary Self-Exclusion**



Kansas Racing and Gaming Commission

**Ask yourself these questions:**

1. Do you lose time from work due to gambling?
2. Does gambling make your home life unhappy?
3. Does gambling affect your reputation?
4. Do you ever feel remorse after gambling?
5. Do you ever gamble to get money with which to pay debts or to otherwise solve financial difficulties?
6. Does gambling cause a decrease in your ambition or efficiency?
7. After losing, do you feel you must return as soon as possible and win back your losses?
8. After a win, do you have a strong urge to return and win more?
9. Do you often gamble until your last dollar is gone?
10. Do you ever borrow to finance your gambling?
11. Do you ever sell anything to finance your gambling?
12. Are you reluctant to use "gambling money" for normal expenditures?
13. Does gambling make you careless about the welfare of yourself and your family?
14. Do you ever gamble longer than you planned?
15. Do you ever gamble to escape worry or trouble?
16. Do you ever commit, or consider committing an illegal act to finance your gambling?
17. Does gambling cause you to have difficulty sleeping?
18. Do arguments, disappointments or frustrations create within you an urge to gamble?
19. Do you have an urge to celebrate good fortune by a few hours of gambling?
20. Do you ever consider self-destruction as a result of your gambling?

*If you can answer yes to 7 or more of these questions, you may have a gambling problem.*

# The Kansas Voluntary Self-Exclusion Program

If you find yourself gambling too much, or it no longer feels like a game, signing up for the Voluntary Self-Exclusion Program (VEP) can be a first step in taking control of your gambling. With the VEP, that courageous step can be that defining moment in regaining control of your life.

## How does the program work?

- Participants in the VEP agree to refrain from entering any state-owned casino in Kansas.
- A person must complete the request form of their own free will and cannot be under the influence of any alcoholic beverages, controlled substance or prescription medication.
- Information about participants in the program is strictly confidential and will only be released to casino security for the purpose of enforcement.
- Participants may elect to self-exclude for two years or a lifetime. Once a time period is selected, it may be increased but not decreased. Once the time period chosen has concluded, a participant may be removed from the list by making a request to the Kansas Racing and Gaming Commission.
- VEP participants will be removed from the marketing list of each casino and will not be eligible for promotions, credit or casino comps.
- VEP participants found to be in a state-owned casino in Kansas will be asked to leave and could be subject to arrest for criminal trespassing.
- If it is discovered that a VEP participant has won a jackpot, it will be confiscated and sent to the problem gambling and addiction fund.
- Casinos may elect to permanently ban VEP participants from their property.

## How do I sign up?

Individuals interested in participating in the program may do so at any state-owned casino by approaching a uniformed security officer or KRGC agent and informing them that you are interested in the VEP, or you may do so at the Kansas Racing and Gaming Commission in Topeka by calling **785.296.5800**.

# KANSAS

KANSAS STATE GAMING AGENCY  
JOHN McELROY, EXECUTIVE DIRECTOR

MARK PARKINSON, GOVERNOR

## **Testimony before the Senate Federal and State Affairs Committee Of Richard Baldwin, Director of Enforcement and Compliance Kansas State Gaming Agency January 12, 2010**

In 1995, the Iowa Tribe of Kansas and Nebraska, the Prairie Band Potawatomi Nation of Kansas, the Kickapoo Tribe, and the Sac and Fox Nation of Missouri in Kansas and Nebraska each signed a Tribal State Compact with the State of Kansas. By 1998, each had opened its own casino in Kansas. Each of the casinos continues to operate today. Each is regulated by a Tribal Gaming Commission. The gaming activities of each are monitored by the Kansas State Gaming Agency. The Agency has jurisdiction over gaming activities conducted pursuant to a Tribal State Compact. The Agency has jurisdiction over no other types of gambling, legal or illegal.

The Agency's organization is made up of three management positions; three support staff, seven Enforcement Agents and six Special Investigators.

The Kansas State Gaming Agency is responsible for conducting background investigations on all employees connected with the gaming operations at each casino. The Agency is also responsible for conducting background investigations on all vendors who sell more than \$10,000 per year in gaming equipment to a casino in Kansas. The Agency does original background investigations as well as addenda, upgrades and renewals of investigations which have been done in the past. In FY 2009, the Agency completed 523 individual employee background investigations and 36 vendor background investigations.

Licensing of gaming employees and vendors is done entirely by the Tribal Gaming Commissions. The Agency can and does occasionally object to particular applicants.

Key employee investigations, vendor, and tribal gaming inspector investigations are completed by enforcement agents. Frequently these investigations involve travel out of state. Vendors typically pay the expenses of the Agency for their background investigations. All other gaming employee investigations are completed by special investigators who are not sworn law enforcement officers. The Agency contributes varying amounts of background information on each, depending on whether they are key employees or not.

Enforcement Agents, sworn law enforcement officers, conduct inspections and monitor gaming activity at the four casinos. In addition Agents conduct criminal investigations when needed.

I am unable to share with the members of this committee any specific information about the activities of any particular casino. Such information is not public record and is considered confidential according to the terms of the State Tribal Compacts.

I am available for information at 785-368-6202 or at [richard.baldwin@ksgaming.org](mailto:richard.baldwin@ksgaming.org).