



MEMORANDUM

TO: Hannah Smith, Assistant General Counsel, Ohio Casino Control Commission

FROM: Mark Hamlin, Director of Regulatory Policy

DATE: January 29, 2013

RE: **CSI Review – Passive Investors, License Credentials and Advertising (OAC 3772-3-06, 3772-5-06, 3772-8-06, 3772-10-03, 3772-10-29, 3772-11-42, 3772-13-02)**

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

Analysis

This rule package consists of a total of seven proposed rules – four are new rules and three are existing rules being amended by the Ohio Casino Control Commission. The overall purpose of the rules aligns with the Commission's constitutional and statutory obligation to establish minimum internal controls for the operation of casinos in Ohio.

The BIA submitted by the Commission provides significant detail about the content, purpose, impact, and justification of the proposed rules. The rules contain several specific provisions falling under the theme of minimum internal controls, including prohibiting passive investors from exercising influence over casino operations, requiring licensed casino employees to display their license credentials, prescribing requirements related to slot machine and poker tournaments, and requiring casino operators to provide the Commission with advance copies of proposed advertisements. The rules also require casinos to establish regulatory compliance departments.

As noted in the BIA, casino gaming is a heavily-regulated industry, and was established as such in the Ohio Constitution and Ohio Revised Code. The Commission has closely reviewed other states' regulations and industry standards in establishing these rules, and has been able to demonstrate that

the proposed rules are in line with these benchmarks.

The Commission contacted stakeholders in November 2012 to solicit input into the rule proposals. The BIA describes a significant level of dialogue in which stakeholders expressed concerns and offered suggestions to the rule package, and the Commission provided five stakeholder comments to the CSI Office. In each instance, the Commission was responsive and generally revised the rules to address the concerns expressed. In one case, the Commission retained language requiring vacant key positions to be filled within 60 days, based on a review of comparative state requirements. However, the Commission added flexibility to allow for an extension if needed by the operator.

Ultimately, the Commission's stakeholder outreach and thorough Business Impact Analysis provide a clear understanding of the rules and ample evidence that the proposed regulations are consistent with the Commission's constitutional and statutory charges. Consequently, the CSI Office has no recommendations for this rule package.

Recommendations

The CSI Office does not have any recommendations for this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Commission should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.