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DIRECTIVE
ESTABLISHING THE TREASURER'S
ONLINE PRODUCTS TASK FORCE

Background:

As the lottery/gaming industry continues to evolve in Massachusetts, across the nation and worldwide, it has become clear that we must assess how best to position Massachusetts and its fiscal resources for the possible onset of online lottery products. The expansion of the Internet's use over the last decade is nothing short of revolutionary. The Internet has been credited with the liberation of tyrannical governments, yet criticized for its capacity to foster isolation. Its impact on our communities and individual lifestyles cannot be denied. Indeed, the Internet serves as a major outlet for leisure activity and, at present, a fertile environment for lottery/gaming business already measured in the billions of dollars around the globe. Online lottery products and play, however, introduce human, economic and social issues that demand critical examination.

The Massachusetts State Lottery Commission is a \$4.5 billion business that generates approximately \$900 million in profit annually. It is the single largest source of unrestricted local aid for the Commonwealth's cities and towns. The Lottery, a national industry leader in sales and innovation, is well poised to advance any opportunity presented by online lottery products if so directed. At the same time, I recognize that any such expansion of the Lottery's business must be accompanied by careful planning to protect the Lottery's current assets and potential for growth and, most importantly, by a regulated environment that safeguards our citizens and their interests.

Purpose:

To gain a comprehensive, strategic assessment of the current landscape of online lottery products and play throughout the country and its short-term and long-term fiscal and societal implications for Massachusetts, I am establishing the Treasurer's Online Products Task Force (the "Task Force") to advise me in fulfilling my constitutional and statutory responsibilities to the Commonwealth.

Task Force Composition:

The Task Force will consist of the Chairperson and approximately 20 additional members to be appointed by the Treasurer, including an appointee of the Governor, the Senate President or her designee, the Senate Minority Leader or his designee, the Speaker of the House of Representatives or his designee, the Minority Leader of the House of Representatives or his designee, a mayor, one member of the Lottery Commission, the Working Group (as defined below), and up to five additional individuals with relevant expertise. The Chairperson and all members of the Task Force will serve solely in an advisory capacity, without policymaking or decision-making authority, and at the direction and pleasure of the Treasurer. All members will be asked to disclose any potential conflict of interest, including any appearance of such conflict, prior to the first meeting and immediately thereafter upon the arising of such conflicts. When necessary, members will recuse themselves from participating in the work of the Task Force. The Treasurer reserves the right to disband, reorganize or otherwise alter the Task Force as he in his sole discretion deems appropriate.

The Task Force shall meet at such times and places as the Chair shall determine, provided that it convenes no fewer than two public comment sessions and that one such session be held outside the Boston/Braintree area. The Task Force will be facilitated and supported by a consultant selected through a competitive procurement process (the "Consultant").

A working group comprised of a management team from the Treasurer's Office and the Lottery (the "Working Group") will further support the Task Force by providing reports, research and such other services as needed and upon the request of the Task Force.

Responsibilities:

The Task Force shall report to the Treasurer from time to time and should, with the assistance of the Consultant:

- Examine the legal and regulatory framework governing online lottery/gaming and advise on the state of the law with respect to Massachusetts.
- Advise as to technological needs associated with online lottery products and play.
- Assess the economic and fiscal implications of online lottery products and play for Massachusetts taking into consideration, without limitation, such matters as (i) the Lottery's current business, consumers and agents, (ii) the anticipated development of "brick and mortar" casinos in the Commonwealth, and (iii) other online lottery/gaming initiatives being considered nationally.
- Investigate the prospect for and means to cultivate new technological and business opportunities here in Massachusetts in connection with any expansion into online lottery products.

- Evaluate the human and social issues accompanying online lottery products and play and means for addressing them.
- Advise as to legislative and regulatory measures needed to position the Lottery for the introduction of online products, while protecting its assets and safeguarding the interests of our citizens.

To carry out these responsibilities, the Task Force and Consultant may confer with representatives of various state offices as well as with other individuals and entities possessing pertinent expertise. Nothing in this memorandum should be construed to permit or require action inconsistent with any applicable state or federal law.

The Task Force will submit to the Treasurer a report within 60 days of the hiring of the Consultant on the current "State of Online Play" in Massachusetts and across the nation that sets forth, among other things, immediate competitive threats and steps needed to position the Lottery to commence delivery of online products in the event it is so directed. The Task Force will submit to the Treasurer by no later than November 28, 2012 a comprehensive report of its additional findings and recommendations.

Executed at the Office of the State Treasurer and Receiver General in Boston, Massachusetts this 15th day of February, 2012.


STEVEN GROSSMAN, Treasurer and Receiver General
Commonwealth of Massachusetts