

Chronological Summary of Events Relevant to the York County Casino Referendum

September 25, 2017

Prepared by the Legislature's Office of Program Evaluation and Government Accountability (OPEGA) based on information gathered from:

- media articles;
- the Joint Standing Committee on Veteran's and Legal Affairs;
- the Maine Commission on Governmental Ethics and Election Practices;
- the Offices of the Secretary of State and Attorney General; and
- limited internet research.

For description of the relevant entities mentioned in this summary and their interrelationships, see OPEGA's *Summary of Entities Purportedly Connected to the York County Casino Referendum*. For a visual illustration of the interrelationships between the entities described in this summary, see OPEGA's *Entities Involved in the York County Casino Ballot Initiative and Referendum Efforts*.

2002 – 2004: “Racino” referendum and licensure of Bangor Historic Track

June 2002 – June 2003

- June 2002 – Capital One LLC negotiated a purchase and sale agreement with the Bangor Historic Track (BHT) stockholders to buy BHT. Capital One LLC designated Capital Seven LLC as its nominee to purchase BHT stock. Shawn Scott was the owner of Capital Seven LLC.
- December 2002 – Capital Seven LLC exercised an option agreement to purchase 49.86% of the shares of BHT, making Shawn Scott (as owner of Capital Seven LLC) the largest stockholder in BHT.
- February-June 2003 – Shawn Scott/Capital Seven LLC makes further partial payments to BHT stockholders, bringing the amount paid to 96% of the total purchase price for BHT.

November – December 2003

- November 4 – Maine voters approved the operation of slot machines at commercial racetracks as proposed by a citizen-initiated referendum (**Yes: 272,294/No: 242,490**). The approved legislation authorized the operation of slot machines at commercial harness racing tracks, to be known as “racinos”. There were two commercial tracks in Maine, one in Bangor (BHT) and one in Scarborough (Scarborough Downs). One of the criteria for licensure was local approval via municipal referendum in the town or city where the commercial track was located. The City of Bangor voted to approve a racino but the voters in Scarborough did not.
 - Shawn Scott, having purchased BHT through Capital Seven LLC, was behind the successful referendum initiative.
 - The owner of the Scarborough racetrack tried to move its operations to another municipality (Saco or Westbrook) that would approve it. These initiatives were actively opposed by an associate or employee of Shawn Scott and the opposition campaign was purportedly funded by Capital Seven LLC.
 - Voters were also asked to consider another citizen-initiated proposal on the ballot that November for a larger-scale casino to be operated in Sanford. The proposal would have authorized the Penobscot and Passamaquoddy to operate the casino via changes to the Maine Indian Claims Settlement. It did not win the approval of voters (**Yes: 170,500/No: 346,583**).

- December 8 – The Maine Harness Racing Commission’s Executive Director published the results of a suitability investigation of BHT¹, necessitated by its new ownership structure involving Shawn Scott and Capital Seven LLC. The report raised concerns about BHT’s suitability for licensure, given the following issues that arose during the investigation:
 - Capital Seven LLC, owned by Shawn Scott, paid 96% of the purchase price for BHT but Mr. Scott continued to maintain that Capital Seven owned less than 50% of BHT.
 - Mr. Scott and his associated companies did not provide many of the documents requested during the investigation, which frustrated the attempts to verify Mr. Scott’s net worth claims. A similar lack of cooperation was reported in similar investigations conducted by the New York Racing and Wagering Board and the Louisiana State Police.
 - The CEO of Capital Seven and VP of BHT, Hoolae Paoa, had a history of criminal convictions from 1978 to 1997.
 - Mr. Scott and his associated companies had been involved in 37 lawsuits between 1992 and 2000 in four states, along with 13 liens, four tax liens and one bankruptcy.
 - Mr. Scott owned or held ownership interests in dozens of companies that demonstrated sloppy, if not irresponsible, financial management and accounting practices over several years.
 - A business associate of Mr. Scott appeared to exercise a degree of managerial and financial control over Mr. Scott’s companies and business dealings, although it was noted that this aspect of the investigation had not been fully developed.
- Late December – Maine Harness Racing Commission held a hearing to consider suitability of BHT to be granted a license to operate harness racing and slot machines. The hearing did not conclude in December and was scheduled to carry over to January 8, 2004.

2004

- January 8 – Shawn Scott and Penn National Gaming jointly announced that Penn National would assume ownership of BHT.
- January 9 – Maine Harness Racing Commission granted a racing license to BHT, conditional on a full stock transfer of BHT from Shawn Scott/Capital Seven LLC to Penn National.
- February – Capital Seven LLC sold BHT to Penn National Gaming for reportedly \$51 million.
- Second Regular Session of the 121st Legislature – The Legislature enacted LD 1820 (PL 2003, chapter 687) establishing the Gambling Control Board within the Department of Public Safety. The legislation also created a licensing and regulatory structure to govern the operation of slot machines, and later table games, that is still in place today.

¹ Suitability Report by Henry W. Jackson Regarding Bangor Historic Track, Inc. issued on December 8, 2003 by Henry W. Jackson, Executive Director, Maine Harness Racing Commission.

General history of casino legislation in Maine

2004 - 2016

- Five citizen initiatives proposing casino-style gambling successfully made it to ballots for voter consideration between 2004 and 2016. Only the proposal on the 2010 ballot was approved by voters and resulted in the Oxford Casino.
 - 2007 – An Act to Authorize a Commercial Track and Slot Machines in Washington County (*Passamaquoddy track with racino*) (Yes: 130,164/**No: 142,458**)
 - 2008 – An Act to Allow a Casino in Oxford County (*Evergreen Mountain Enterprises*) (Yes: 333,685/**No: 389,251**)
 - 2010 – An Act to Allow a Casino in Oxford County (*BlackBear Entertainment*) (**Yes: 284,934**/No: 280,211)
 - 2011 – An Act Regarding a Slot Machine Facility (*Lewiston Casino*) (Yes: 143,127/**No: 248,467**)
 - 2011 – An Act to Amend the Laws Governing the Deadline and Municipal Approval of a Second Racino and to Allow a Tribal Racino in Washington County (*Biddeford or Scarborough Downs and Passamaquoddy racino in Calais*) (Yes: 176,718/**No: 215,115**)
- Approximately 32 bills have come before the Legislature's Joint Standing Committee on Veterans and Legal Affairs (VLA) to authorize video lottery terminals, slot machines, table games or some combination. Only one of these proposals, LD 1418 from the 125th Legislature, was enacted authorizing the operation of table games at Hollywood Slots/Casino.
- The 126th Legislature passed LD 1856 Resolve, to Conduct a Market Analysis to Examine the Feasibility of Expanded Gaming in Maine which was enacted as Resolve 2013, chapter 111. That law resulted in a study conducted by WhiteSand Gaming which was presented VLA on September 9, 2014. The report stated that a market exists for expanded gaming in the State. It recommended a competitive bidding process for the operation of one resort-casino in southern Maine and suggests that a smaller scale facility is feasible in Northern Maine close to a border crossing location.

2015 – 2017: York County casino initiative

2015

- December 8 – Maine Secretary of State (SoS) approved the citizen initiative for circulation.
- December 14 – Horseracing Jobs Fairness LLC formed in Delaware.
- December 16 – Horseracing Jobs Fairness registered as a ballot question committee (HJF) and filed an initial campaign finance report. HJF identified Lisa Scott as its Principal Officer and Cheryl Timberlake as the Treasurer.

2016

- January 14 – HJF filed its January 2016 quarterly campaign finance report showing total contributions to date of \$108,000 from a single contributor, Lisa Scott of Miami, FL.
- February 1 – Citizen initiative petitions submitted to SoS for consideration.

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- March 2 – SoS determined the initiative did not qualify for the 2016 ballot due to an insufficient number of valid signatures. A number of signatures were invalidated due to signatories not being registered voters and duplicate signatures.
- March 9 – Miami Development Concepts LLC (MDC) formed in Florida.²
- March 11 – Petitioners requested the Superior Court review the SoS's decision.
- April 7 – Superior Court affirmed the SoS's decision that the initiative did not qualify for the 2016 ballot.
- April 7 – HJF filed April 2016 quarterly campaign finance report, which showed that HJF received \$2,955,365 during January 2016 from a single contributor, Lisa Scott.
- October 3 – HJF filed October 2016 quarterly campaign finance report, which showed that HJF received \$3,505,865 in calendar year 2016 from a single contributor, Lisa Scott.
- November 8 – Massachusetts electorate rejected proposed legislation to permit a slot facility at the Suffolk Downs race track in Revere, Massachusetts. The campaign had been funded in part by Bridge Capital LLC and Regent Able Associate Co.³
- December 22 – Citizen initiative petitions submitted to Maine SoS for consideration for the second time.

January to March 2017

- January 12 – HJF filed its campaign finance report, which showed that HJF received \$4,063,965 in funding for calendar year 2016. All contributions in all campaign finance reports filed thus far are shown as being solely from Lisa Scott.
- January 23 – SoS determined the initiative qualifies for the 2017 ballot.
- January 26 – Massachusetts Office of Campaign and Political Finance (OCPF) issued a press release that the Horse Racing Jobs and Education Ballot Question Committee (the committee behind the unsuccessful Massachusetts initiative) has agreed to a \$125,000 civil forfeiture to resolve campaign finance issues related to the 2016 state election. OCPF concluded that the committee violated several sections of Massachusetts campaign finance law including: receiving contributions made in a manner intended to disguise the true source of the funds, broadcasting television advertisements that did not contain required disclosures, and failing to disclose campaign finance activity in a timely or accurate manner. A chart showing the flow of funds into the Massachusetts committee as prepared by OCPF is appended and shows contributions from Bridge Capital LLC and Regent Able Associate Co.

² In April 2017, HJF amended campaign finance reports filed with the Ethics Commission to reflect that it has received funding from Miami Development Concepts LLC.

³ Shawn Scott has been reported as being an owner and/or officer of Bridge Capital LLC, a company based in Saipan in the Northern Mariana Islands. HJF amended finance reports to show that Regent Able Associate Co. provided funds to HJF through Miami Development Concepts. The company is based in Tokyo, Japan.

- March 29 –
 - Veterans and Legal Affairs Committee (VLA) held a public hearing on the casino initiative bill (LD 719). Attorney and lobbyist Daniel Riley was the only person to testify in support of the initiative. Mr. Riley stated that he had, in the early hours that morning, been asked to attend and testify on behalf of his client, Bridge Capital LLC. Mr. Riley informed the Committee that Bridge Capital had been involved in gathering signatures for the ballot initiative. Only the Christian Civic League testified against the bill and the Maine Harness Horseman’s Association testified neither for nor against.
 - Executive Director of the Commission on Governmental Ethics and Election Practices (the Ethics Commission), having become aware of Mr. Riley’s testimony to VLA on the involvement of Bridge Capital LLC, wrote to the HJF’s Treasurer, Cheryl Timberlake, requesting a meeting to discuss whether the campaign finance reporting has been accurate and complete.

April 2017

- April 6 – Senator Mason and Representative Luchini, Chairs of VLA, submitted a request that the Ethics Commission investigate HJF in light of the reported involvement of Bridge Capital LLC. In particular, they expressed concerns about Bridge Capital’s “checkered history with the casino industry” including Bridge Capital’s involvement in a similar failed referendum in Massachusetts.
- April 6 – Cheryl Timberlake, HJF’s Treasurer, and Bruce M. Merrill Esq, HJF’s attorney, met with Ethics Commission staff regarding HJF’s financial reporting and sources of funds to support the casino initiative.
- April 7 – HJF filed its April 2017 quarterly campaign finance report, which showed 2017 contributions of \$15,453 from Lisa Scott.
- April 10 – Ethics Commission Executive Director wrote to Mr. Riley requesting information about Bridge Capital’s involvement in the casino initiative campaign and its relationship with HJF.
- April 20 – HJF amended eight of its ten campaign finance reports to reflect that a portion of its funds came from Miami Develop Concepts LLC (MDC) and International Development Concepts LLC (IDC), rather than solely from Lisa Scott as previously indicated. Lisa Scott is the owner of MDC and IDC. A chart of the flow of funds based on the new reports, as prepared by Ethics Commission staff, is appended.
- April 24 -
 - Mr. Riley responded to the Ethics Commission Executive Director’s request by clarifying that he mistakenly identified Bridge Capital LLC as his client, when his actual client was Universal Capital Holdings LLC.
 - Lisa Scott registered “Lisa Scott”, MDC and IDC as ballot question committees and filed initial campaign finance reports for them indicating that the funds given to HJF originated as loans from Capital Seven LLC of Nevada⁴ and Regent Able Associate Co.

⁴ Capital Seven LLC is reportedly owned by Shawn Scott and, under the language of the initiative bill, the only entity that would be eligible to apply for a casino license in York County.

- April 29 - Mr. Riley wrote to VLA to correct his testimony to state that his client was not in fact Bridge Capital LLC, but was instead Universal Capital Holdings LLC. He stated that his testimony that he was representing Bridge Capital LLC was based on a “miscommunication” and “an incorrect assumption” that Bridge Capital was the parent company of Universal Capital Holdings LLC, for whom his firm had previously been working on the potential acquisition of Scarborough Downs. He stated that his firm does not and has not acted for Bridge Capital LLC concerning the proposed legislation, nor did they have any knowledge regarding Bridge Capital’s involvement, or not, in the initiative. They had assumed that Universal Capital was a subsidiary of Bridge Capital, however, they have no knowledge of the actual ownership or membership interests in Universal Capital LLC.

May to September 2017

- May 4 –Ethics Commission staff reported that Bruce Merrill, attorney for HJF, confirmed in a meeting with them that Capital Seven LLC is the single business entity that would qualify to apply for a casino license under the proposed legislation.
- June 9 – At its meeting, the Ethics Commission heard from: Representative Luchini (reaffirming a request for investigation), Bruce Merrill (attorney for HJF, Lisa Scott, IDC, MDC and Cheryl Timberlake in her capacity as Treasurer of HJF), Alex Fallon (tax attorney representing Capital Seven LLC and Regent Able Associate Co), and Avery Day (attorney for Cheryl Timberlake in her personal capacity). The Commission found there were sufficient grounds to conduct further investigation of Lisa Scott, MDC, IDC, Regent Able Associate Co, Capital Seven LLC, Universal Capital LLC, Bridge Capital LLC and HJF in respect to campaign financing of the casino ballot initiative. Commission staff were directed to conduct an investigation. The investigation was to include the financing of HJF from December 2015 to April 2017, in particular:
 - whether the campaign finance reports filed by the four ballot question committees (HJF, Lisa Scott, IDC and MDC) were accurate and filed on time;
 - whether the reports misidentified contributors or contained any material misrepresentations;
 - whether Capital Seven LLC and Regent Able Associate Co received contributions that required those entities to register as ballot question committees and file campaign finance reports;
 - whether all campaign financial activity to initiate or influence the York County casino initiative has been disclosed in campaign finance reports now on file with the Commission.⁵
- June 13 – Ethics Commission issued subpoenas to Lisa Scott and Cheryl Timberlake to provide specified documents. Cheryl Timberlake’s attorney accepted service of her subpoena.
- June 15 – Ethics Commission issued subpoenas to Bridge Capital LLC and Capital Seven LLC to provide documents.

⁵ According to statute (21-A M.R.S. §1056-B) a person not defined as a political action committee that receives contributions or makes expenditures (other than by contribution to a PAC or BQC) in excess of \$5,000 for the purpose of initiating or influencing a ballot question is required to register with the Commission as a BQC and file campaign finance reports. The purpose of the publicly disclosed campaign finance reports is so that Maine voters, the Maine Legislature and others are aware of who is providing the resources to sponsor an initiative.

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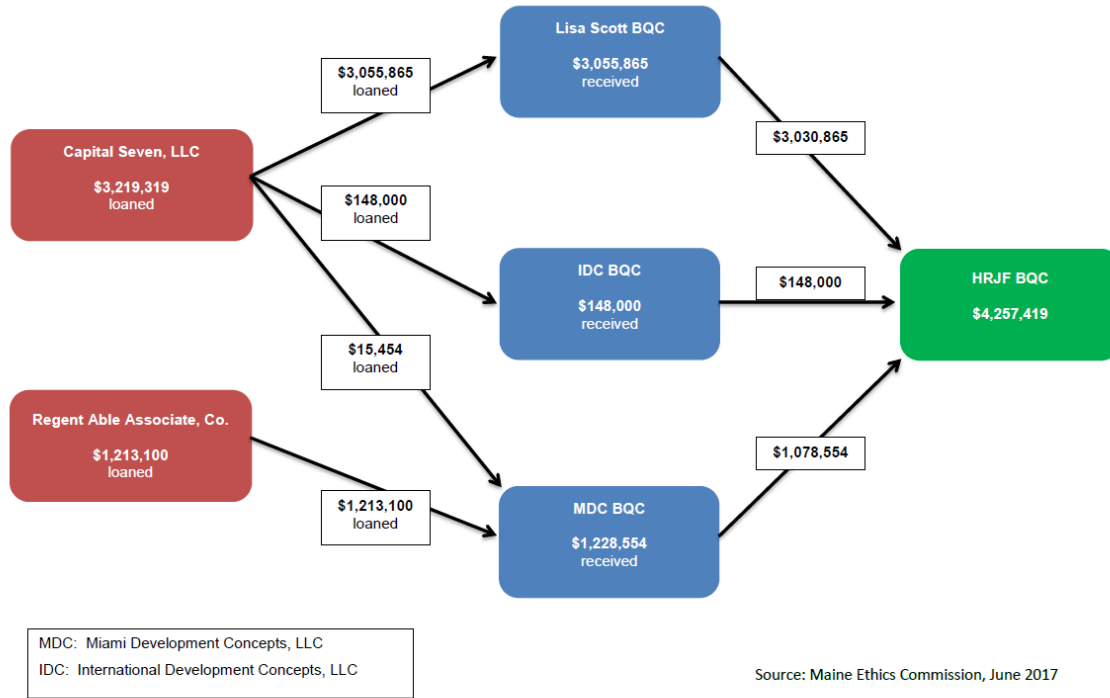
- July 14 – At its meeting, the Ethics Commission heard from attorneys for Cheryl Timberlake and Lisa Scott regarding objections to subpoenas to provide documentation. The Commission passed a motion to modify the subpoena to Cheryl Timberlake to require documents and a privilege log (in the event that privilege is asserted) by July 31. The Commission passed a motion to modify the subpoena to Lisa Scott to state that any objections to the documents requested should be provided to the Commission by August 4 and that the documents be provided by September 1.
- July 27 – Cheryl Timberlake’s attorney provided the Ethics Commission with records in accordance with her subpoena.
- July 28 – Bridge Capital LLC accepted service of subpoena through counsel.
- August 7 – A new political action committee (PAC), Progress for Maine, registered in support of the ballot initiative. The press reported that those behind this PAC (David A. Wilson and Michelle Wilson, based in California) have business links with Shawn Scott. It is understood that this PAC, rather than HJF, will fund the campaign through the election.
- August 10 –
 - At its meeting, the Ethics Commission heard from Lisa Scott’s attorney with respect to her objections to the subpoena to provide documents. The Commission passed a motion to modify the subpoena to Lisa Scott to allow information to be withheld that is covered by privilege and that a privilege log shall be provided with the documents.
 - Capital Seven LLC accepted service of subpoena through counsel.
- August 25 – Bridge Capital LLC and Capital Seven LLC filed objections to the subpoenas through their respective attorneys.
- August 30 – At its meeting, the Ethics Commission heard from the attorneys representing Bridge Capital LLC and Capital Seven LLC about the objections filed in response to the subpoenas. The Commission passed a motion to modify the subpoena to these entities to allow information to be withheld that is covered by privilege and that a privilege log shall be provided with the documents and noted that the documents are to be provided by September 15.
- August 30 – Press reported that Lisa Scott had announced that she will no longer be involved in the campaign.
- September 1 – Lisa Scott, through her attorney, provided 7,500 documents to the Ethics Commission in accordance with the subpoena.
- September 15 – Capital Seven LLC and Bridge Capital LLC provided documents to the Ethics Commission in accordance with their subpoenas.

Future dates of significance

- September 28 – Ethics Commission scheduled meeting. The Commission may consider next steps for the investigation.
- October 31 – Ethics Commission scheduled meeting.
- November 7 – Election

Flowchart of source of funds for HJF BQC as prepared by Maine Ethics Commission

**Source of Funds for Horseracing Jobs Fairness BQC
(Reported as of 4/27/2017)**



Flowchart of source of funds to Horse Racing Jobs and Education Ballot Question Committee as prepared by Massachusetts OCPF

from Massachusetts OCPF

