

## Casino effort in York County fuels push to stem abuse of citizen initiative process

Written by Administrator

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The backers of a proposed York County casino have promised thousands of jobs and millions of dollars in new tax revenue for Maine. But the proposal's connections to a controversial casino developer who has bankrolled the \$8.4 million campaign with money from investors all over the globe have heightened concerns about abuses of Maine's ballot question process.

Lawmakers on the Legislature's powerful Government Oversight Committee have called the [casino campaign "a case study" for how the process of bringing issues directly to Maine citizens for a referendum vote](#)

can be exploited for private gain or by powerful special interest groups.

The casino proposal, which voters will consider on the Nov. 7 ballot, is projected by its backers to generate \$11 million for public schools, \$3 million for property tax relief, \$3 million for college scholarships, \$1.2 million for the host community, \$15 million for the horse-racing industry, \$1.9 million for the state's General Fund and \$216,872 for veterans groups.

Those backing the casino are from far-away places – the campaign's primary funder, and the only one who could be awarded the casino license, valued at about \$200 million – lives on Saipan, a U.S. territory in the middle of the Pacific Ocean, about 100 miles from Guam and 7,000 miles from Maine. Others who have bankrolled the campaign or the drive to gather the voter signatures that put the question on the ballot include individuals from Japan, California, New York City, Miami and Nevada.

One New York City venture, Atlantic and Pacific Capital Realty LLC, pumped \$1.8 million into the campaign over a 47-day period in August and September.

The influx of millions from far-flung investors who could profit from Maine's initiative and referendum process has become a recurring theme in the public debate over whether voters should approve the project. It has also lent momentum to a political effort to overhaul the constitutional language and laws that govern ballot questions.

Sen. Roger Katz, R-Augusta, co-chairman of the oversight committee, said he's hopeful a proposal by Rep. Jeff Pierce, R-Dresden, to have the committee's investigative staff, the Office

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of Program Evaluation and Government Accountability, do an in-depth review of the citizens initiative process will move forward. From that, Katz said, lawmakers may get ideas for reforms that could be pegged to law changes or may require voters to change the state's constitution.

"We want to look at systematic problems with the process in general, but this particular ballot question is so troubling on so many levels," Katz said.

### PAC PAID FIRM WITH BREXIT TIES

The pro-casino's political action committee, Progress for Maine, and several ballot question committees that were formed earlier to collect the voter signatures have spent more than \$8.4 million since 2015 to advance the project.

Most of that money has come from [a series of individuals or companies with ties to casino developer Shawn Scott](#) and his sister Lisa Scott, a real estate developer from Miami. The proposal would give Shawn Scott or his Nevada-based company, Capital 7, the exclusive right to apply for a state casino license.

Scott is no stranger to Maine's ballot question process. In 2003, he spearheaded the campaign to put slot machines at the Bangor Raceway, which eventually became Hollywood Slots and now Hollywood Casino. Rather than build the casino himself, Scott sold the rights to the license to Penn National for \$51 million, as he himself came under scrutiny from state regulators.

Campaign finance reports filed with the Maine Commission on Governmental Ethics and Election Practices show that the pro-casino PAC, Progress for Maine, has paid money to firms across the country. Goddard Gunster – a Washington, D.C., consulting firm – has been paid \$700,000, the most of any vendor in the PAC reports. The firm is providing consulting services, social media coordination, website creation and maintenance, and production costs and advertising purchases on television and in print.

Goddard Gunster's website lists offices in Washington, London, Switzerland and Egypt, and says it specializes in leading ballot measure campaigns. Its more notable efforts include Brexit,

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the successful 2016 campaign to persuade voters in the United Kingdom to leave the European Union, as well as several successful campaigns to defeat soda tax initiatives across the U.S.

The PAC has also shelled out hundreds of thousands of dollars to political consulting and public relations firms in Los Angeles, Boston, Washington state and Virginia.

The bulk of the PAC's funding has come from a single New York City company headed by one of Shawn Scott's business partners, David Wilson. The company, Atlantic and Pacific Realty Capital LLC, lists an address on Fifth Avenue in New York City.

Some of the campaign's spending has been done in Maine – it has paid \$30,000 to lease office space in downtown Portland and employs several Mainers who are paid \$10,000 to \$15,000 a month to serve as spokespeople.

These individuals have appeared in advertisements and in mailed campaign materials. The campaign is also paying former Maine Attorney General Andrew Ketterer about \$50,000 a month for legal representation. The Aroostook Band of Micmacs, an Indian tribe in Presque Isle, was paid \$25,000 to be campaign consultants. The tribe endorsed the casino earlier this month.

Some of the money paid to consulting firms in Washington and elsewhere is flowing back into Maine in the form of television, radio and newspaper advertising.

### **MILLIONS SPENT ON SIGNATURES**

Mike Sherry, a spokesman for the PAC who works for a Boston public relations firm, O'Neill and Associates, said the campaign was focused on bringing jobs and tax revenue to Maine.

"The purpose of Question 1 is to create a gaming and entertainment venue in Maine, to produce Maine jobs and contribute tax revenues to Maine education, Maine veterans, and Maine property tax relief," Sherry said in an emailed message. "We're proud to have recruited a variety

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of folks from inside and outside Maine to accomplish this.”

The ballot question committee Horseracing Jobs Fairness, which was headed by Shawn Scott’s sister, spent \$4.5 million collecting the voter signatures that put the casino question on the ballot. People came to Maine from all over the country to circulate the casino petitions. Their travel and lodging expenses were reimbursed, and they were paid for the signatures they collected.

The campaign paid \$760,000 to a Maine company, Olympic Consulting, headed by former state lawmaker Stavros Mendros, to oversee this signature gathering effort. Another firm, the Silver Bullet Group of Cheyenne, Wyoming, was brought in at a cost of \$1.1 million to assist with the signature gathering.

The drive to get the casino question on the ballot was set back in 2016, when the Maine Secretary of State’s Office rejected 55,776 of the 91,294 signatures submitted as invalid. Petitioners went back out into the field to collect more signatures, and in January 2017 finally submitted the more than 61,000 valid signatures needed.

The Horseracing Jobs Fairness ballot question committee is still shadowed by controversy, however. It is the subject of a state ethics commission investigation of its finances and how they were reported by Lisa Scott, who announced this summer she was stepping away from the casino campaign.

In a series of filings with the commission, Scott disclosed that she was not the source of money for the petitioning process, but that several investors were funneling money through her and the committee she created.

Maine’s two existing casinos each pay money to a variety of entities and to state government. State records show that the largest part of their profits goes to their owners and operators. Oxford Casino, owned by the Kentucky-based Churchill Downs, for instance, took in more than \$761 million from its slot machines in 2016.

### **MOST CASH STAYS WITH CASINOS**

On that gross revenue, the casino reported net income of \$65.8 million and shared \$29.8 million of that with the state and other entities. The casino paid an additional \$2.5 million in taxes on table game winnings that totaled \$15.6 million. But the bulk of its slot machine and table game profits stayed with the casino's owner, Churchill Downs.

In Bangor, Hollywood Casino, owned by Pennsylvania-based Penn National, took in \$431 million from its slot machines in 2016. The casino reported net revenues of \$43.5 million, with about \$15.3 million going to several beneficiaries, including the state. The Bangor casino also shared \$1.4 million from \$9.1 million in table game winnings.

Not surprisingly, Oxford Casino's owners are the primary funders of the campaign against the York County casino, which is Question 1 on the Nov. 7 ballot. The Oxford Casino is bankrolling A Bad Deal for Maine, the PAC that is working to defeat the effort in York County. The PAC has spent about \$600,000 in its opposition campaign and, like its opponents, it is paying most of that money to out-of-state public relations firms or political consultants.

It's not unusual for referendum campaigns to go outside of Maine for expertise, but the casino project is facing particular scrutiny because virtually none of its financing comes from Maine, and because Lisa Scott's original ballot question committee filed inaccurate reports. That coupled with Shawn Scott's previous experience in Maine has pushed opponents to question whether the campaign's promises to create jobs and flow cash to the state are as trustworthy and altruistic as they appear in their advertising claims.

Katz said the problems with the ballot question have little to do with generic concerns about gambling.

"I really hope Maine people see through this one," Katz said. "To me this isn't about whether you like casinos or not. It's about whether or not we are going to get fooled again, and I hope we don't."

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Republican lawmakers in particular have raised concerns about how the ballot question process, embedded in the Maine Constitution, is being used by various interest groups. They point, for example, to referendums on bear baiting, increasing the minimum wage, legalizing recreational marijuana and imposing a tax surcharge on higher-income households to fund education. While many of those campaigns attracted money from national organizations, they also had funding from within Maine, and some were initiated and led by Maine-based groups.

That can't be said for the York County casino, and its critics are coming from Democratic, as well as Republican, ranks.

The most recent legislative session featured bills that would have required more signatures to be gathered to get a question on statewide ballots, and to require a more even balance of signatures from the state's two congressional districts. Neither one of those bills passed, but the drive to change the ballot question process may just be picking up steam.

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