

**MEMORANDUM IN SUPPORT OF COMPLAINT
AGAINST GOVERNOR GINA RAIMONDO**

POTENTIAL VIOLATION: Governor Gina Raimondo appears to have violated R.I.G.L §§ 36-14-5(d), and 36-14-5(h) by having the State of Rhode Island enter into a tentative agreement with International Global Solutions Corporation, a subsidiary of International Game Technology PLC (“IGT”) to extend its existing contract and agreements with the State of Rhode Island until 2043. The agreement to extend IGT’s current contract and agreements with the State of Rhode Island was not the result of an open and public competitive bid process.

In addition, Governor Gina Raimondo appears to have violated R.I.G.L §§ 36-14-5(d), and 36-14-5(h) by signing legislation, which allowed online sports gambling in Rhode Island and then having the R.I. Lottery avoid the RFP process to select a vendor to manage online sports betting anywhere in Rhode Island by agreeing that IGT, the current provider of in-person sports betting, would handle all online sports betting.

Governor Raimondo and Donald Sweitzer are business associates because they are both officers of the Democratic Governors Association (DGA). Sweitzer is a lobbyist of IGT and probably a shareholder of IGT.

If Sweitzer has an ownership interest in IGT that is at least \$5,000, Raimondo violated R.I.G.L §§ 36-14-5(d), and 36-14-5(h) by not going through an open and public bid process. Even If Sweitzer is not a shareholder of IGT, Sweitzer is lobbyist for IGT who has been involved in promoting a new long-term agreement with IGT, and therefore Raimondo violated R.I.G.L § 36-14-5(d).

FACTUAL BACKGROUND: On December 1, 2018, Governor Gina Raimondo was elected the Chairwoman of the DGA.¹ On December 5, 2018, IGT announced that Donald Sweitzer would retire as Chairman of IGT Global Solutions Corporation on December 31, 2018.² On December 12, 2018, Donald Sweitzer became Treasurer of the DGA.³ The purpose of the DGA is to “promote Democratic policies and support the election of Democratic Governors and other non-federal candidates.”⁴ Raimondo and Sweitzer are both officers of the DGA.⁵ The “pair have helped raise money” for the DGA across the nation.⁶ Sweitzer is a Rhode Island lobbyist for IGT and its affiliates.⁷ Sweitzer is probably a shareholder of IGT with an ownership interest that would exceed \$5,000.⁸

IGT is a lottery-systems provider and a slot machine manufacturer.⁹ IGT’s stock price has declined by about 40 percent over the past year while during the same time period the S&P 500 has

¹ “R.I.’s Raimondo elected to lead Democratic governors,” Providence Journal (12/1/2018).

² “IGT Announces Retirement of Donald R. Sweitzer, Chairman of IGT Global Solutions Corporation,” IGT Press Release 12/5/18; <https://www.prnewswire.com/news-releases/igt-announces-retirement-of-donald-r-sweitzer-chairman-of-igt-global-solutions-corporation-300760224.html>.

³ “DGA Announces New Treasurer, Donald R. Sweitzer”, DGA Press Release (12/12/2018), <https://democraticgovernors.org/news/dga-announces-new-treasurer-donald-r-sweitzer/>.

⁴ DGA Form 8871 filed 3/12/19.

⁵ *Id.*

⁶ “IGT says Twin River sought cut of new gaming deal”, WPRI 12 (7/10/2019).

⁷ Sweitzer, Lobbyist Activities Reports, R.I. Sec. of State, 1/2019 through 6/2019.

⁸ As of December 31, 2014, Sweitzer owned 58,715 shares of International Game Technology PLC. 2015 IGT Annual SEC Report, Form 20-F, at 138. Subsequently, Sweitzer’s ownership of shares was not reported in IGT’s annual SEC reports because he was listed as a “consultant”.

⁹ “As part of 6B merger, GETECH to rebrand as IGT, ‘shuffle’ workers,” Providence Journal (3/15/2015).

increased by about 10 percent.¹⁰ IGT has failed to meet earnings expectation for three of the last four quarters.¹¹ IGT has recently faced difficulties arising from an increase in gaming taxes in Italy and a decline in North America of its installed base of gambling machines.¹² Since 2013, IGT's installed base of gaming machine in North America have declined from 30 percent to 23 percent.¹³ In Rhode Island, IGT's video-gambling machines may be netting less revenues than the machines of its competitors in Rhode Island.¹⁴ Currently, IGT has a credit rating of BB+ from S&P, and Ba2 from Moody's.¹⁵ IGT's debt is considered below investment grade also known as junk bond.

In 2003, the State of Rhode Island entered into a Master Contract with IGT, which will not expire until four years from now in 2023.¹⁶ This master contract includes: (1) an On Line Gaming Agreement; (2) a Video Lottery Central Computer System Agreement; (3) a Video Lottery Terminal Technology Provider License 5 Agreement; and (4) an Instant Ticket Vending Machine Agreement.¹⁷ Also, the Raimondo administration entered into an Instant Ticket Agreement with IGT in 2016 and a Website Services Agreement with IGT in 2019.¹⁸

The Master Contract entered into in 2003 was not subject to a competitive bid process.¹⁹ However, the agreements included in the master contract, have been subject to a competitive bidding process in the past.²⁰ There was a competitive bid process for: (1) On Line Gaming Agreement in 1996; (2) Video Lottery Central Computer System Agreement in 1977, 1986, 1996, and 2001; (3) Video Lottery Terminal Technology Provider License 5 Agreement in 1992; (4) Instant Ticket Vending Machine Agreement in 1994 and 1999.²¹ Also, a competitive bid process was conducted for the Instant Ticket Agreement in 2013 and the Website Services Agreement in 2016.²² Other states have put their gambling services out to competitive bid.²³

In January 2019, the Raimondo administration began secret negotiations with IGT to extend its current master contract.²⁴ Under the new agreement between the Raimondo administration and IGT, the Master Contract with IGT as well as the Instant Ticket Agreement and the Website Services Agreement will be extended until 2043. The new agreement will increase IGT's share of Rhode Island lottery revenues from 1 percent to 5 percent between \$275 million to \$400 million and will change Rhode Island law to give IGT control of 85 percent of the video gaming machines

¹⁰ International Game Technology PLC, S&P Global Report, at 3.

¹¹ International Game Technology PLC, S&P Global FQ1 2019 Earnings Call Transcript, at 1.

¹² *Id.*, at 5, 11-12.

¹³ Twin River Proposal Power Point dated 5/14/2019.

¹⁴ "Twin River Casino blasts R.I. governor's proposed IGT deal," Providence Journal (7/7/2019).

¹⁵ International Game Technology PLC, S&P Global Report, at 5-6.

¹⁶ 2019-H 6266, and 2019-S 1031.

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ P.L. 2003, c. 32, and c. 33.

²⁰ R.I. Lottery Division response to a request for public records dated 7/19/19.

²¹ *Id.*, No bid contracts cost Lot an extra \$1,050,000", Providence Journal (9/9/1984); "GTECH Corp. highest of three bidders for contract to run lottery computers", Providence Journal (6/15/1986); "R.I. Lot awards pact of instant-win ticket machines", Providence Journal (6/15/1994); R GETCH finds no competition at R.I. Lottery", Providence Journal (5/26/1996).

²² R.I. Lottery Division response to a request for public records dated 7/19/19.

²³ "Twin River Casino blasts R.I. governor's proposed IGT deal," Providence Journal (7/7/2019)

²⁴ "Twin River Casino blasts R.I. governor's proposed IGT deal," Providence Journal (7/7/2019); "Who told Mattiello IGT wanted a new deal?, Raimondo's treasurer at DGA," Providence Journal (7/9/2019).

in Rhode Island.²⁵ The new agreement with IGT was not subject to a competitive bid process.²⁶ The new agreement with IGT requires legislative authorization.²⁷

According to Raimondo's spokesman, Sweitzer does "speak regularly" with Raimondo and has "discussed IGT's presence in Rhode Island."²⁸ Also, at meeting with Twin River, which was hosted by Sweitzer, IGT refused to lower its percentage of video gaming machines under the new agreement.²⁹ In addition, Sweitzer has met and lobbied House Speaker Nicholas Mattiello for legislative approval of the new agreement with IGT.³⁰ Twin River has indicated that Rhode Island taxpayers could receive a much larger up front payment for the services provided by IGT under the new tentative agreement, and that Rhode Island is paying more for services provided by IGT than other states.³¹

Meanwhile, in 2018, after a competitive bid process, IGT became the vendor for in-person sports betting in Rhode Island.³² On March 25, 2019, Governor Raimondo signed legislation, which allowed online sports gambling in Rhode Island.³³ After passage of this legislation, the R.I. Lottery decided it would not issue an RFP to select a vendor to handle online sports betting anywhere in Rhode Island, but instead would allow IGT to provide online sports betting anywhere in the state.³⁴

RELEVANT LAWS:

R.I. Gen. Laws § 36-14-5

(d) No person subject to this code of ethics shall use in any way his or her public office or confidential information received through his or her holding any public office to obtain financial gain, other than that provided by law, for him or herself or any person within his or her family, any business associate, or any business by which the person is employed or which the person represents.

(h) No person subject to this code of ethics, or any person within his or her family or business associate of the person, or any business entity in which the person or any person within his or her family or business associate of the person has a ten percent (10%) or greater equity interest or five thousand dollars (\$5,000) or greater cash value interest, shall enter into any contract with any state or municipal agency unless the contract has been awarded through an open and public process, including prior public notice and subsequent public disclosure of all proposals considered and contracts awarded; provided, however, that contracts for professional services which have been

²⁵"R.I. reaches agreement to keep IGT in Providence", Providence Journal (6/27/2019); Who told Mattiello IGT wanted a new deal?, Raimondo's treasurer at DGA," Providence Journal (7/9/2019); "IGT says Twin River sought cut of new gaming deal", WPRI 12 (7/10/2019).

²⁶ Id.

²⁷ 2019-H 6266, and 2019-S 1031.

²⁸ "Who told Mattiello IGT wanted a new deal?, Raimondo's treasurer at DGA," Providence Journal (7/9/2019).

²⁹ "IGT accuses Twin River of revenue grab in gaming deal", Providence Journal (7/10/2019).

³⁰ "Who told Mattiello IGT wanted a new deal?, Raimondo's treasurer at DGA," Providence Journal (7/9/2019).

³¹ "R.I. reaches agreement to keep IGT in Providence", Providence Journal (6/27/2019); "Twin River Casino blasts R.I. governor's proposed IGT deal," Providence Journal (7/7/2019); "IGT accuses Twin River of revenue grab in gaming deal", Providence Journal (7/10/2019); "Rhode Island's titans of gambling continue war," Providence Journal (7/11/2019).

³² "Lottery giant IGT is sole bidder to run sports betting in R.I.," Providence Journal (5/21/2018).

³³ P.L. 2019, c. 07, and c. 08. There is a law suit pending challenging the constitutionality of Rhode Island laws permitting sports gambling without voter approval. "Lawsuit filed to stop sports betting in RI," WPRI 12 (5/2/2019).

³⁴ "Mattiello: 'I was not aware' state dropped requirement that IGT replace Lottery system", Providence Journal (7/12/2019).

customarily awarded without competitive bidding shall not be subject to competitive bidding if awarded through a process of public notice and disclosure of financial details.

R.I. Gen. Laws § 36-14-2

(3)"Business associate" means a person joined together with another person to achieve a common financial objective.

LEGAL ARGUMENT:

Raimondo and Sweitzer have been business associates since December 12, 2018 when they became officers of the DGA with Raimondo as Chairwoman and Sweitzer as Treasurer. A business associate “means a person joined together with another person to achieve a common financial objective.” R.I.G.L. § 36-14-2(3). A purpose of the DGA is to “support the election of Democratic Governors” which is achieved by raising and expending funds to affect elections.³⁵ The “pair have helped raise money” for the DGA across the nation.³⁶ Because Raimondo and Sweitzer “are fellow officers in an organization, or who are in leadership positions which permit them to affect the financial directives of an organization,” they “are business associates.”³⁷ The Ethics Commission has routinely recognized that a business associate relationship exists among officers who affect the financial directives of a political organization.³⁸ For example, the Ethics Commission stated that although the “Johnston Democratic Town Committee is a political entity,” it “also is an association that has a financial component,” and therefore, while “the committee obviously pursues various objectives that are not financial, the existence of a financial component is sufficient to qualify the petitioner and his fellow committee members as business associates.”³⁹ Raimondo and Sweitzer are business associates under the Rhode Island Ethics Code.

Sweitzer probably has a financial interest worth at least \$5,000 in IGT, a state vendor. In 2015, IGT reported that Sweitzer owned 58,715 shares of International Game Technology PLC.⁴⁰ Subsequently, Sweitzer’s ownership of shares was not reported in IGT’s annual SEC reports because he was listed as a “consultant.” IGT Global Solutions Corporation, a subsidiary of International Game Technology PLC, is a vendor which currently provides gambling related services to the State of Rhode Island.⁴¹ The Ethics Commission has treated affiliated companies, in particular parent and subsidiary companies, as one in the same for analyzing potential conflicts under the Rhode Island Ethics Code.⁴²

If Sweitzer, a business associate of Raimondo, has an ownership interest in IGT of at least \$5,000, the State of Rhode Island cannot enter into an agreement with IGT except through an open, and public process. Rhode Island law states: “No person subject to this code of ethics, or ... business associate of the person, or any business entity in which the person or ... business associate of the person has a ... five thousand dollars (\$5,000) or greater cash value interest, shall enter into any contract with any state ... agency unless the contract has been awarded through an open and public

³⁵ DGA Form 8871 filed 3/12/19

³⁶ “IGT says Twin River sought cut of new gaming deal”, WPRI 12 (7/10/2019).

³⁷ See A.O. 2007-45 Michael A. Salvadore, Sr.

³⁸ A.O. 2007-45 Michael A. Salvadore, Sr. ; A.O. 2006-50 James W. Archer; A.O. 2004-01 Frank A. Giorgio III; A.O. 2001-72 Steven T. Hartford, Esq.; A.O. 99-33 Michael C. Fagnoli; A.O. 98-42 Edward O. Boucher.

³⁹ A.O. 99-33 Michael C. Fagnoli.

⁴⁰ 2015 IGT Annual SEC Report, Form 20-F, at 138.

⁴¹ See 2019-H 6266, and 2019-S 1031.

⁴² See e.g. A. O. 2000-29 Anne T. Turilli (“representation of an affiliate of Lifespan creates a conflict for the petitioner as to the parent corporation or its affiliates”); A.O. 1999-35 Joseph E. Smith (“The Commission also has concluded that parent-subsidiary and sister organizations are business associates”); and A.O. 1998-10 Sisan Smallman.

process, including prior public notice and subsequent public disclosure of all proposals considered and contracts awarded.” R.I.G.L. § 36-14-5(h). Instead, on June 27, 2019, Raimondo “announced a surprise deal” which resulted in a “no-bid extension” of IGT’s gambling service contract and certain other agreements with Rhode Island until 2043.⁴³ There was no open and competitive bid process before the State of Rhode Island decided to agree to extend various gambling service contracts until 2043. Furthermore, this new agreement is between IGT and the R.I. Lottery, a state agency, which is a division of the R.I. Department of Revenue.⁴⁴ The director of the R.I. Lottery is an appointee of Governor Raimondo.⁴⁵ The new agreement with IGT would violate the requirement under the Rhode Island Ethics Code that agreements, between state agencies and business entities that are owned, at least partly, by a business associate of a governor, be awarded through an open and public process.

The Commission considers R.I.G.L. § 36-14-5(h) to be a “strict prohibition” against awarding contracts outside of a competitive bidding process.⁴⁶ The Commission has recognized only a few narrow exceptions to this prohibition. One exception, which is statutory, states that the competitive bidding requirement is not applicable to “contracts for professional services which have been customarily awarded without competitive bidding if awarded through a process of public notice and disclosure of financial details.” R.I.G.L. § 36-14-5(h). This exception is not applicable to IGT’s contract and agreements. The Commission has interpreted “professional services” to “normally” mean “legal, medical, architectural or accounting services.”⁴⁷ The services provided by IGT are not legal, medical, architectural or accounting services, but gambling services which the Commission has never considered exempted from the competitive bidding requirement of R.I.G.L. § 36-14-5(h).

More importantly, Rhode Island’s current gambling service agreements with IGT are not “customarily awarded without competitive bidding.” The current Master Contract between the State of Rhode Island and IGT was awarded without a bid process in 2003.⁴⁸ However, this Master Contract incorporates various different agreements: (1) an On Line Gaming Agreement; (2) a Video Lottery Central Computer System Agreement; (3) a Video Lottery Terminal Technology Provider License 5 Agreement; and (4) an Instant Ticket Vending Machine Agreement.⁴⁹ The services rendered under these agreements was subject to a competitive bid process: (1) On Line Gaming Agreement in 1996; (2) Video Lottery Central Computer System Agreement in 1977, 1986, 1996, and 2001; (3) Video Lottery Terminal Technology Provider License 5 Agreement in 1992; (4) Instant Ticket Vending Machine Agreement in 1994 and 1999.⁵⁰ Also, a competitive bid process was conducted for the Instant Ticket Agreement in 2013 and the Website Services Agreement in 2016.⁵¹ Furthermore, the Raimondo administration needs legislative approval to extend IGT’s current gambling service agreements until 2043 because current state law requires

⁴³ “Deal revealed to keep gaming giant IGT in RI through 2043”, WPRI 12 (6/27/2019); “R.I. reaches agreement to keep IGT in Providence”, Providence Journal (6/27/2019).

⁴⁴ 2019-H 6266, and 2019-S 1031; R.I.G.L. § 42-61-1.

⁴⁵ R.I.G.L. § 42-61-3.

⁴⁶ A.O. 2008-23, Robert LaFazia.

⁴⁷ A.O. 2000-35, Henry duPont.

⁴⁸ “R.I. reaches agreement to keep IGT in Providence”, Providence Journal (6/27/2019).

⁴⁹ 2019-H 6266, and 2019-S 1031.

⁵⁰ R.I. Lottery response to a request for public records dated 7/19/19; No bid contracts cost Lot an extra \$1,050,000”, Providence Journal (9/9/1984); “GTECH Corp. highest of three bidders for contract to run lottery computers”, Providence Journal (6/15/1986); “R.I. Lot awards pact of instant-win ticket machines”, Providence Journal (6/15/1994); R GETCH finds no competition at R.I. Lottery”, Providence Journal (5/26/1996).

⁵¹ R.I. Lottery Division response to a request for public records dated 7/19/19.

that these services go out to bid after the current master contract expires.⁵² Also, other states award gambling service agreements to a vendor through a competitive bid process.⁵³ Therefore, the services which IGT currently provides Rhode Island and which Raimondo has agreed to extend until 2043 are not “customarily awarded without competitive bidding.”

The Commission has adopted exceptions to the strict prohibition of awarding contracts outside a competitive bidding process for: (1) a business which is the “sole supplier” of the service or item; (2) “emergencies,” and (3) “isolated purchases of nominal value.”⁵⁴ None of these exceptions are applicable to IGT. There are numerous businesses which do or can provide the same gambling services that IGT provides to Rhode Island.⁵⁵ There exists no emergency which would justify entering into an agreement to extend various gambling services with IGT until 2043. IGT’s master contract does not expire until 2023, four years from now.⁵⁶ This new agreement with IGT certainly would not constitute an isolated purchase of nominal value since it is worth one billion dollars.⁵⁷ The new tentative agreement to extend the IGT gambling services with the State of Rhode Island violates the strict prohibition against awarding contracts outside of a competitive bid process under R.I.G.L. § 36-14-5(h).

Although the tentative agreement with IGT still requires legislative approval, Raimondo’s participation in the agreement with IGT is prohibited by the Rhode Island Ethics Code. The Rhode Island Ethics Codes states: “No person subject to this Code of Ethics shall use in *any way* his or her public office ... to obtain financial gain” for “any business associate.” R.I.G.L. § 36-14-5(d). The Commission has indicated that a public official “must recuse from any matters ... that involve or financially impact ... his current business associates, ... or any of their individual or combined business ventures.”⁵⁸ Specifically, the Ethics Commission instructed a state representative, who was also a member of the Board of Economic Development Corporation (EDC), that he could “not participate in discussions and meetings with staff members of the EDC to negotiate the terms and conditions of a lease of property.”⁵⁹ Also, the Ethics Commission declared “a business venture in which” the state representative’s “business associates collectively have more than a ... greater than a \$5000 equity interest may not enter into a contract with any state agency, of which the EDC is one, unless the contract has been awarded through an open and public process” as required by R.I.G.L. § 36-14-5(h).⁶⁰ Furthermore, Sweitzer has “discussed IGT’s presence in Rhode Island” with Raimondo.⁶¹ Raimondo’s participation in reaching a tentative agreement with a business entity, if partly owned by her business associate, would violate the Rhode Island Ethics Code.

Any argument that the competitive bidding process requirement of R.I.G.L. § 36-14-5(h) should be waived for IGT because it may economically benefit Rhode Island should be ignored. In fact, it goes contrary to a prior Ethics Commission decision. Previously, the Commission fined a Woonsocket mayor \$2,500 for violating R.I.G.L. § 36-14-5(h).⁶² The City of Woonsocket leased

⁵² 2019-H 6266, and 2019-S 1031. The proposed legislation waives the competitive bidding requirements of R.I.G.L. §37-2, et seq.

⁵³ “Twin River Casino blasts R.I. governor’s proposed IGT deal,” Providence Journal (7/7/2019).

⁵⁴ A.O. 2000-35, Henry duPont; A.O. 2008-23, Robert LaFazia

⁵⁵ “Twin River Casino blasts R.I. governor’s proposed IGT deal,” Providence Journal (7/7/2019).

⁵⁶ “R.I. reaches agreement to keep IGT in Providence”, Providence Journal (6/27/19).

⁵⁷ “Twin River Casino blasts R.I. governor’s proposed IGT deal,” Providence Journal (7/7/2019).

⁵⁸ A.O. 2016-29, Robert B. Boyer.

⁵⁹ A.O. 2000-33, Bruce Long.

⁶⁰ *Id.*

⁶¹ “Who told Mattiello IGT wanted a new deal?, Raimondo’s treasurer at DGA,” Providence Journal (7/9/2019).

⁶² Complaint No 2008-1, Susan Menard.

four motorcycles from a business owned by the mayor's son-in-law.⁶³ The City of Woonsocket "received a financial benefit" from the leases because it cost less than a comparable lease given to another municipality.⁶⁴ Furthermore, the son-in-law's dealership leased the motorcycles on a "break-even basis" so the dealership "actually lost money on the leases."⁶⁵ Nonetheless, the Ethics Commission stated the process followed was "inadequate pursuant to R.I.G.L. § 36-14-5(h)." R.I.G.L. § 36-14-5(h) is a "strict prohibition" against awarding contracts to the businesses owned by an elected official's business associates without going through a competitive bid process. It cannot be ignored because the vendor is a large Rhode Island employer. In fact, Twin River has indicated that Rhode Island taxpayers could receive a much larger up front payment for these services and Rhode Island is paying more for services provided by IGT than other states.⁶⁶

Any argument that R.I.G.L. §§ 36-14-5(d), and 36-14-5(h) have not been violated because Raimondo or Sweitzer played no role or a limited one in the negotiation of a tentative agreement with IGT is misleading and not relevant. Sweitzer has been an advocate for a long-term agreement with IGT and has been present at meetings where the agreement was discussed. During 2019, Sweitzer has "discussed IGT's presence in Rhode Island" with his business associate Raimondo.⁶⁷ By discussing IGT's presence in Rhode Island, Sweitzer was influencing Raimondo to pursue options that will keep IGT based in Rhode Island such as a new 20-year agreement with IGT. Furthermore, Sweitzer has lobbied House Speaker Mattiello for legislative approval of the new agreement.⁶⁸ Also, Sweitzer hosted a meeting with a representative of Twin River where negotiations occurred to change the amount of video slot machines IGT would have in Rhode Island under the new agreement.⁶⁹ Lastly, even if Raimondo played a limited role in the negotiation of a new twenty year agreement with IGT, it would still constitute a violation. Previously, the Commission fined a Woonsocket mayor \$2,500 for violating R.I.G.L. § 36-14-5(h).⁷⁰ The Woonsocket mayor seems only to have "suggested" to a Woonsocket police captain that he contact a business owned by her son-in-law to obtain pricing information about leasing motorcycles and subsequently, the city leased four motorcycles from the son-in-law's business.⁷¹ The Ethics Commission stated "that by suggesting that her subordinate contact ... a business owned by the Respondent's son-in-law, the Respondent contributed to the City of Woonsocket's decision to enter into lease agreements contracts ... without adequate prior public notice or subsequent public disclosure of the contracts awarded, in violation of R.I.G.L. § 36-14-5(h)".⁷² Both Raimondo and Sweitzer's conduct in relation to the new tentative agreement with IGT contributed to the effort to have Rhode Island enter into a new agreement in violation of R.I.G.L. §§ 36-14-5(d), and 36-14-5(h).

Even if Sweitzer is not a shareholder of IGT, Raimondo violated R.I.G.L. § 36-14-5(d) when she entered into a new agreement with IGT while Sweitzer, her DGA business associate, was actively lobbying for IGT related to this agreement. Previously, the Ethics Commission has fined public

⁶³ Id.

⁶⁴ Id.

⁶⁵ Id.

⁶⁶ "R.I. reaches agreement to keep IGT in Providence", Providence Journal (6/27/2019); "Twin River Casino blasts R.I. governor's proposed IGT deal," Providence Journal (7/7/2019); "IGT accuses Twin River of revenue grab in gaming deal", Providence Journal (7/10/2019); "Rhode Island's titans of gambling continue war," Providence Journal (7/11/2019).

⁶⁷ Id.

⁶⁸ Id.

⁶⁹ "IGT accuses Twin River of revenue grab in gaming deal", Providence Journal (7/10/2019).

⁷⁰ Complaint No 2008-1, Susan Menard.

⁷¹ Id.

⁷² Id.

officials for their role in legislation which benefited a client of a business associate. In 2003, the Ethics Commission fined Gordon Fox \$10,000 because as a state representative he voted for legislation benefiting GTECH when at the time Fox was “a business associate of Ferrucci Russo, P.C.,” a law firm which had been “retained by GTECH Corporation” to provide legal services.⁷³ Similarly, Raimondo entered into an agreement which benefited IGT when at the time her DGA business associate, Sweitzer, had been retained by IGT as its lobbyist. While a lobbyist for IGT, Sweitzer has “discussed IGT’s presence in Rhode Island” with Raimondo⁷⁴ Sweitzer also met and lobbied House Speaker Nicholas Mattiello related to legislative approval of the new agreement with IGT.⁷⁵ In addition, Sweitzer has hosted a meeting with Twin River where there has been a discussion about IGT’s percentage share of the video gaming machines in Rhode Island under the new agreement.⁷⁶ Even if Sweitzer does not own any shares in IGT, Raimondo violated R.I.G.L. §§ 36-14-5(d) by entering into a tentative agreement with IGT while her DGA business associate was actively lobbying for this agreement on behalf of IGT.

The extension of the master contract with IGT is not the only instance where a business associate relationship between Raimondo and Sweitzer created a conflict of interest for Raimondo. In 2018, after a competitive bid process, IGT became the vendor for in-person sports betting in Rhode Island.⁷⁷ During 2019, Sweitzer was a paid lobbyist for IGT.⁷⁸ On March 25, 2019, Governor Raimondo signed legislation, which allowed online sports gambling in Rhode Island.⁷⁹ After passage of this legislation, the R.I. Lottery, which is part of the Raimondo administration, decided that it would not issue an RFP to select a vendor to handle online sports betting anywhere in Rhode Island.⁸⁰ Instead the R.I. Lottery decided it would allow IGT, Rhode Island’s in-person sports betting vendor, to provide online sports betting anywhere in the state.⁸¹ Therefore, Governor Raimondo not only signed legislation that had the potential to benefit IGT but then her administration decided to award IGT Rhode Island’s online sports betting service without going out to bid. Raimondo and her administration’s conduct in relation to online sport betting legislation and granting IGT the online sports betting appears to be a violation of R.I.G.L. §§ 36-14-5(d), and 36-14-5(h).

In fact, while Sweitzer and Raimondo remain business associates at the DGA and Sweitzer has a financial relationship with IGT, Raimondo cannot perform her duties as Governor in an ethical manner as it pertains to IGT. Previously, the Ethics Commission required Governor Raimondo’s Chief of Staff to recuse himself from “all matters” related to online daily fantasy sports (DFS) games including the “state’s pending legislation related to DFS games, and potential regulation of DFS games,” because of its possible “financial impact on DraftKings” since his spouse was employed by and had an equity interest in DraftKings.⁸² Being a business associate of Sweitzer, who is a lobbyist for and a probably shareholder of a state vendor, creates multiple conflicts for Raimondo under the Rhode Island Ethics Code. As Governor, Raimondo could attempt to recuse

⁷³ Complaint Nos. 2003-06, and 2003-07, Gordon Fox.

⁷⁴ “Who told Mattiello IGT wanted a new deal?, Raimondo’s treasurer at DGA,” Providence Journal (7/9/2019).

⁷⁵ *Id.*

⁷⁶ “R.I. reaches agreement to keep IGT in Providence”, Providence Journal (6/27/2019); “Who told Mattiello IGT wanted a new deal?, Raimondo’s treasurer at DGA,” Providence Journal (7/9/2019); “IGT says Twin River sought cut of new gaming deal”, WPRI 12 (7/10/2019).

⁷⁷ “Lottery giant IGT is sole bidder to run sports betting in R.I.,” Providence Journal (5/21/2018).

⁷⁸ Sweitzer, Lobbyist Activities Reports, R.I. Sec. of State, 1/2019 through 6/2019.

⁷⁹ P.L. 2019, c. 07, and c. 08.

⁸⁰ “Mattiello: ‘I was not aware’ state dropped requirement that IGT replace Lottery system”, Providence Journal (7/12/2019).

⁸¹ *Id.*

⁸² A.O. 2016-14, Stephen Neuman.

herself from all matters affecting IGT, but this would be impracticable. Unless Sweitzer or Raimondo resigns from their roles at the DGA, or Sweitzer ends any financial relationship with IGT, all of Raimondo's actions as governor which may financially impact IGT could be a violation of the Rhode Island Ethics Code.

Lastly, the Commission should also consider the unusual timing and circumstances surrounding the new agreement with IGT. The Raimondo administration began negotiations with IGT in January 2019, about one month after Sweitzer became Raimondo's business associate at the DGA.⁸³ These negotiations began more than four years before the master contract with IGT was set to expire in 2023.⁸⁴ The negotiations for this agreement were done in secret and were not subject to an open and public bid process.⁸⁵ This new tentative agreement was reached during a time which saw IGT's stock price decline by about 40 percent over the past year as it failed to meet earnings expectations while its credit rating was in junk bond status.⁸⁶ Some of IGT's financial difficulties arose from a decline in North America of the its installed base of gaming machines.⁸⁷ Since 2013, IGT's installed base of gaming machine in North America have declined from 30 percent to 23 percent.⁸⁸ Coincidentally, this agreement requires Rhode Island to give IGT control of 85 percent of the video slot machines in Rhode Island although IGT's video-gambling machines may be netting less revenues than the machines of its competitors.⁸⁹

CONCLUSION

Governor Gina Raimondo appears to have violated R.I.G.L §§ 36-14-5(d), and 36-14-5(h) by negotiating and entering into a tentative agreement with IGT to extend its services until 2043 without going through a competitive bid process. In addition, Raimondo appears to have violated R.I.G.L §§ 36-14-5(d), and 36-14-5(h) by signing legislation which allowed online sports gambling in Rhode Island, and then having the R.I. Lottery allow IGT to provide online sports betting services without going through a new RFP process. Raimondo's DGA business associate Donald Sweitzer is a lobbyist for IGT and probably a shareholder of IGT. If Sweitzer is a shareholder, Raimondo violated both R.I.G.L §§ 36-14-5(d), and 36-14-5(h). If Sweitzer is only a lobbyist for IGT, Raimondo violated R.I.G.L §§ 36-14-5(d). Raimondo's DGA business associate relationship with Sweitzer creates significant conflicts of interest for Raimondo under the Rhode Island Ethics Code.

The Ethics Commission should investigate what the Raimondo administration has done for IGT while Raimondo and Sweitzer have been DGA business associates. If it does not, then it will send a message that in Rhode Island, the governor can ethically enter into a billion-dollar no-bid deal with a state vendor while the governor's business associate is a lobbyist for and probably a shareholder of that state vendor.

⁸³ "DGA Announces New Treasurer, Donald R. Sweitzer", DGA Press Release (12/12/2018); "Twin River Casino blasts R.I. governor's proposed IGT deal," Providence Journal (7/7/2019).

⁸⁴ "R.I. reaches agreement to keep IGT in Providence", Providence Journal (6/27/2019).

⁸⁵ Twin River Casino blasts R.I. governor's proposed IGT deal," Providence Journal (7/7/2019).

⁸⁶ International Game Technology PLC, S&P Global Report, at 3-5; International Game Technology PLC, S&P Global FQ1 2019 Earnings Call Transcript, at 1.

⁸⁷ International Game Technology PLC, S&P Global FQ1 2019 Earnings Call Transcript, at 5, 11-12.

⁸⁸ Twin River Proposal Power Point dated 5/14/2019.

⁸⁹ "Twin River Casino blasts R.I. governor's proposed IGT deal," Providence Journal (7/7/2019).