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# Mass. AG seeks ban on liens by casinos

## Actions targeted gamblers' homes

By Mark Arsenault | GLOBE STAFF FEBRUARY 11, 2014



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**For many, a home “is the one place they have any equity or any assets,” said Mass. Attorney General Martha Coakley.**

State Attorney General Martha Coakley urged Massachusetts regulators on Monday to prohibit casinos from placing liens on the homes of patrons with unpaid gambling debts, calling the practice “deeply concerning” in a letter to the state gambling

commission.

“Protecting against predatory lending and overly aggressive debt collection in the gaming industry is critical, because the odds are stacked against the patron being able to earn back the value of the loan,” wrote Coakley, who is also a candidate for governor.

“This practice by the gaming industry in which customers’ homes are put at risk should not be allowed.”

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Coakley cited an article [in Sunday’s Globe](#) that detailed the longstanding practice by the two large Connecticut tribal casinos, Mohegan Sun and Foxwoods, of placing liens on homes of residents who owe the casinos money advanced for gambling.

Casino industry specialists have said it is unusual for a gambling business to employ property liens as a collection tactic.

“This story highlights the need for a robust set of consumer protection regulations before these establishments begin operations,” Coakley wrote.



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## **2/9: Casinos employ hardball tactic**

Foxwoods and Mohegan Sun have placed dozens of liens on homes across Mass. since the early 2000s, according to a Globe review.

Both of the Connecticut casino companies are applicants for gambling licenses in Massachusetts. Foxwoods is pursuing a casino in Fall River, seeking the sole resort casino license for Southeastern Massachusetts.

Mohegan Sun is competing for a license to build a gambling resort in Revere, on about 42 acres belonging to the Suffolk Downs racetrack. The other applicant is a Wynn Resorts proposal in Everett.

Many casinos offer credit to gamblers, as a convenience for big players who would be uncomfortable traveling with huge wads of cash.

“  
*For many, a home ‘is the one place they have any equity or any assets.’*”

Gambling companies have access to credit bureaus to determine if the player has the financial resources to cover the advance.

When a casino approves a credit line, a player signs what is essentially a check for the amount loaned.

If the loan is not repaid before the customer leaves, the casino will cash the check and the money will be drawn from the player’s bank account. If the account is short, however, the check will bounce.

Since the early 2000s, Foxwoods and Mohegan Sun have placed dozens of liens on Massachusetts properties, seeking payment, interest, and fees.

State law will allow the state’s casinos to extend gambling credit to customers, under rules established by the Massachusetts Gaming Commission. The rules must include “procedures for confirming that a patron has an established credit history and is in good standing,” according to the state’s gambling law.

The commission has not yet written those rules and procedures, but that task is coming up: The panel intends to place the issue on the agenda of an upcoming meeting, the commission’s spokeswoman, Elaine Driscoll, said Monday evening.

In Coakley’s letter, she offered the commission her office’s expertise to help “in crafting regulations that effectively protect consumers, while allowing businesses to operate fairly in the marketplace.”

Mohegan Sun, which last week vigorously defended its credit and collection policies in a letter to the Globe, addressed Coakley remarks in a statement last night: “We have always indicated our willingness to work with the Gaming Commission within whatever regulatory framework they establish.”

Coakley said in an interview Monday that for many people a home “is the one place they have any equity or any assets.”

Liens, which accrue 12 percent interest a year, cloud the title to properties, affecting a homeowner’s ability to sell or refinance.

“We are concerned it would have a very negative impact here if people incur debt and this practice is permitted,” Coakley said.

She believes that if casinos cannot chase debtors with property liens, they may be more conservative in lending.

Leaders of an effort to repeal the state’s 2011 casino law called Monday for the commission and lawmakers to hold hearings on the credit and collection policies of the casinos.

“This is a shining example of the many facets the Legislature overlooked [in legalizing casino gambling], but which can’t be ignored or swept under the rug, even at this late date in the process,” wrote representatives of the Repeal the Casino Deal campaign, including former Massachusetts attorney general Scott Harshbarger.

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