

DIVISION OF SPECIAL REVENUE

Gaming Policy Board Minutes

February 13, 2008

held at

555 Russell Road  
Newington, CT 06111

Members: William F. Farrell, Chairman; Richard Antonetti (via telephone); Edward F. Osswalt; Paul F. Pendergast.

Staff: Paul A. Young, Executive Director; Suzanne J. Alix; Paul D. Bernstein; Michael Janusko; Bruce Kemble; Donald Kleber; Linda Lawrence; Joseph Peplau; Viola Pietrandrea; William Ryan; Anne Stiber; Joseph Tontini; Ellen Wells.

Donald Barberino of Autotote Enterprises, Inc. was also in attendance.

Call to Order: Chairman Farrell called the meeting to order at 10:30 a.m. Chairman Farrell noted that Mr. Antonetti would take an active role in the meeting today via telephone.

Time and Place of Next Meeting: The next meeting of the Gaming Policy Board will take place at 10:30 a.m. on Thursday, April 10, 2008 at Division Headquarters in Newington.

Interim Reports

Gambling Regulation: Mr. Tontini reviewed the changes requested by Autotote Enterprises, Inc. and approved by the Executive Director to the off-track betting operating hours since the Board's last meeting.

Mr. Tontini reviewed Autotote Enterprise Inc.'s request for waiver of the provisions of Section 12-574-F9 for pari-mutuel operations concerning payments for minimum payments. He said the Division recommends approval of their request.

On motion made by Mr. Antonetti, seconded by Mr. Pendergast and unanimously voted, it was:

“Resolved, That the Gaming Policy Board and the Executive Director waive the fourth sentence of Section 12-574-F9(i) ‘Pari-mutuel operations – Payments-minimum payments’ of the Administrative Regulations for Pari-mutuel Operations for any approved Connecticut-calculated wager of less than \$1.00. The specific sentence being waived is ‘The minimum pari-mutuel payoff by a greyhound or OTB association shall be \$2.10 on each winning \$2.00 wager and \$2.20 for jai alai wagers’.”

Mr. Tontini continued with a brief update at the facilities as follows: off-track betting – there were 23 track approvals completed in the month of December. Autotote Enterprises, Inc. is looking for a new site in Milford. A location has been found at 89 Roses Mill Road and was approved by the Board of Aldermen on February 4<sup>th</sup>. The location still needs the Planning and Zoning’s final town approval, and if approved, will be forwarded to the Division. Hopefully, the process will be completed in time to present it to the Gaming Policy Board at its next meeting.

On December 12, 2007, Scientific Games Vice President Brooks Pierce announced organizational changes for Autotote Enterprises. The current President, Rick Pullman, will take on more international responsibilities, and Don Barberino and James Birney will take on more responsibilities here in Connecticut.

Lottery – there were eight Instant Games that received preliminary approval and two Instant Games that received final approval in December 2007. The Connecticut Lottery Corporation is in the process of deploying their new wave terminal to their agents.

Both Scientific Games and the Connecticut Lottery Corporation will be moving their operations to new facilities in Rocky Hill within the next few months.

The slot machines in Yonkers, New York and Twin River in Lincoln, Rhode Island are continuing to affect both Connecticut casinos.

Mohegan Sun – in December 2007 Mohegan Sun had 46 jackpots of \$25,000 or more and one paid over \$100,000. There were two additional wide-area progressives hit at Mohegan Sun in December.

At the end of November 2007, Mohegan Sun had a total of 6,192 slot machines on the floor and all of these are ticket capable.

Foxwoods – in December 2007 Foxwoods had 58 cash jackpots of \$25,000 or more, including six jackpots awards of \$100,000 or more; there were four car/cash awards at Foxwoods during the month of December 2007, and an additional wide-area progressive hit was made at Foxwoods during the month of December 2007 that paid \$52,000.

As of the end of December 2007, Foxwoods had a total of 7,275 slot machines on the floor; 7,264 slot machines are ticket capable and eleven slot machines remain the conventional type at this facility.

At this time Executive Director Young requested that, due to the weather conditions and the potential of losing electricity, the Board address the Spectrum Gaming topic on the agenda that requires a vote.

He continued saying the Division issued a Request for Proposal (RFP) for a gaming study, which was the charge of the legislature last year. In the process of carrying out the legislature's charge, the Division has selected Spectrum Gaming Group LLC. Executive Director Young requested the Board's concurrence and approval of the contract so that the Division may continue the process of having the gaming study completed. The Board has received the information in question. Executive Director Young requested the Board's approval of the contract.

On motion made by Mr. Antonetti, seconded by Mr. Pendergast and unanimously voted, it was:

“Resolved, That the terms of the Spectrum Gaming Group LLC contract be approved, and the Executive Director be authorized to execute the contract.”

Integrity Assurance: Mr. Janusko introduced himself to the Board members and continued by providing the monthly report on the financial statements that included the revenue reports, transfers to the General Fund as well as the grants to municipalities.

Charitable Games: Mr. Bernstein provided an update on the charitable gaming regulatory activity for the month of December as follows:

During the period, a total of 123 registrations and permits were approved for all of the authorized activities, including bingo, sealed ticket sales, bazaars and raffles. Eight hundred and eighty-eight financial reports filed by organizations following the conduct of events were examined and verified, and 136 inspections were conducted of permitted events. One hundred and twenty-one violations were written addressing a failure by permittees to comply with our statutory and/or regulatory requirements, and each

recommended appropriate administrative action. The Division also conducted a total of 13 pre-event, instructional, or customer service meetings with our non-profit permittees.

Pursuant to Public Act 07-36, effective January 1, 2008, bingo permittees may only purchase bingo cards and sheets, bingo balls and bingo equipment from a registered dealer, and sealed ticket permittees purchasing sealed ticket dispensing machines may only purchase them from a dealer registered with the Division. During December, three firms were registered as Bingo Product Manufacturers or Equipment Dealers, and those same three firms also registered as Sealed Ticket Dispensing Machine Equipment Dealers. The Division is currently working with several other firms that desire to register as bingo product equipment dealers within the state. The bingo equipment dealer registrations and the sealed ticket equipment dealer registrations are valid until December 31, 2008.

As previously reported, the Division received approval from the Department of Administrative Services to establish a Compliance and Audit Section within the Charitable Games Unit. The Section will process requests for administrative action from the Unit, ensuring uniform regulation, and will be responsible for the conduct of recordkeeping training for permittees, as well as for the conduct of baseline and complete, comprehensive audits of permittees. The recruitment of Accounts Examiners was underway, as of the Board's last meeting. On Friday, December 28<sup>th</sup>, I was pleased to announce the promotion of Liaison Officer Richard Embler to Accounts Examiner. Richard has served Charitable Games as a Liaison Officer since the early 1990s, and he will make a very fine staff addition to Compliance and Audit. Richard has previously served the State as an Accounts Examiner, and he is a Certified Public Accountant.

During December, Sealed Ticket Sales processed 41 "walk-in" and 37 "mail-in" purchase orders, selling 222 packets of sealed ticket games, generating \$62,434.00 in revenue for the State. The tickets sold had a retail value of \$624,340.00 and will return \$157,021.00 to the organizations selling them as fundraising items.

During the month, charitable gaming grossed \$3,079,920.20 and netted \$1,105,334.79 for the purposes of the sponsoring organizations.

Legislation: Mr. Bernstein provided the following update on the Division's legislative activity:

In early January, the Governor's Office approved the submittal of one legislative proposal of the Division for consideration during the 2008 session of the General Assembly that convened last Wednesday, February 6<sup>th</sup>. The proposal was An Act Concerning Enforcement Authority Of The Division Of Special Revenue, a housekeeping

measure, which would update the statutes in order that the criminal enforcement authority of the Division's special policemen would extend to each of the activities for which the agency is responsible (Lottery, Off-Track Betting, and Charitable Games). That was, but is not presently the case, due to statutory changes and some re-codification that has occurred.

The Division submitted its proposal to the Legislative Public Safety and Security Committee for consideration, on Friday, January 18<sup>th</sup>. The Executive Director, Don Kleber and I met with the Committee Leadership and addressed the measure on Tuesday, January 29<sup>th</sup>. On Thursday, February 7<sup>th</sup>, the Committee met and raised the proposal. It will now be drafted as a Raised Bill and scheduled for a public hearing.

At the last board meeting, Ms. Jackie Madore of the Connecticut PTA appeared and asked whether or not PTA organizations could obtain some relief with respect to the various requirements that must be met by an organization applying for a bingo permit. The Executive Director and I did meet with Ms. Madore on Friday, December 27<sup>th</sup> and provided her with requirements the Division could support which would establish Amusement and Recreation Bingo for PTAs. At present, there are only two types of legal bingo in Connecticut. Amusement and Recreation Bingo for Senior Citizen organizations, where cash or merchandise prizes cannot exceed \$20.00 in value, or charitable bingo conducted for fundraising purposes, where prizes may run into the hundreds and thousands of dollars. At present, a PTA desiring to conduct a bingo game may only apply for a charitable fundraising bingo permit, and many balk at some of the requirements, as they only desire to conduct a family or kiddie bingo, with low cash or toy prizes. The Division could support Amusement and Recreation bingo for PTAs and would support legislation that would authorize such bingo. It is our understanding a Manchester legislator may be offering such legislation.

Security and Licensing: Mr. Kleber reviewed the licensing reports for the December 2007. Mr. Kleber noted that in the casino licenses section of his report pertaining to the Class I & IA licenses, his Unit embarked on a project to look at the way the Division licenses individuals. One of the steps, as a result of the review, is that the Class I and IA licenses have been consolidated. Mr. Kleber explained that the process would save manpower at both the casinos and the Division. This process began as of January 1, 2008. He stated that with his next report to the Board he would report only on Class I licenses.

Mr. Kleber reviewed the report on security background investigations for the month of January 2008. He noted that the numbers are high in that the Office of Policy and Management did not approve the hiring of the retired employees to process the applications; therefore there is a backlog of pending investigations.

Adjournment: At this time, 11:10 a.m., a power outage occurred and Mr. Antonetti, who was attending via telephone conferencing, was no longer able to participate. It was decided to adjourn the formal meeting and provide informal notes for reference.

Respectfully submitted

Suzanne J. Alix  
Executive Secretary

Gaming Policy Board  
Notes – February 13, 2008