

DIVISION OF SPECIAL REVENUE

Gaming Policy Board Minutes

February 26, 2009

held at

555 Russell Road
Newington, CT

Members: William F. Farrell, Chairman; Richard Antonetti; Paul F. Pendergast; Edward F. Osswalt; Gayle A. Russell.

Staff: Paul A. Young, Executive Director; Suzanne Alix; Paul D. Bernstein; Donald Kleber; Anne Stiber; Joseph Tontini; Frank Virnelli; William Ryan; Viola Pietrandrea.

Guests: Lt. Wladimir Petruniw and Det. Peter Considine of the Connecticut State Police.

Call to Order: Chairman Farrell called the meeting to order at 10:30 a.m.

Approval of Minutes: On motion made by Mr. Antonetti, seconded by Mr. Pendergast and unanimously voted, it was resolved that the Minutes of the January 8, 2009 meeting be accepted as distributed.

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 16, 2009 at Division Headquarters in Newington.

Interim Reports

Gambling Regulation: Mr. Tontini reviewed the changes to the OTB operating hours since the Board's last meeting.

Off-Track Betting: There were 20 track approvals for the month December 2008 and eight track approvals for the month of January 2009. The off-track betting system shows a decline of 9.7% through January 31, 2009.

Lottery: There were three Instant games that received preliminary approval and seven Instant games that received final approval for the month of December 2008. Four Instant games received preliminary approval and seven Instant games received final approval for the month of January 2009.

Mohegan Sun – in December 2008 there were 50 jackpots of \$25,000 as well as two jackpots that paid over \$100,000. There were also two wide-area progressive jackpots one that paid \$1.1 million and the other that paid \$125,000 for the month of December 2008.

In January 2009 there were 47 jackpots of \$25,000 as well as three jackpots that paid over \$100,000. There were five additional wide-area progressive jackpots – one paid \$500,000, one paid \$400,000 and the remaining three wide-area progressive jackpots were around \$100.00 each.

In December 2008, Mohegan Sun had 6,740 slot machines on the floor and in January 2009 Mohegan Sun had 6,781 slot machines on the floor.

Foxwoods – In December 2008, Foxwoods had 21 cash jackpots that paid \$25,000 or more and two jackpots that paid over \$100,000. There were no wide-area progressive jackpots for the month of December.

In January 2009, Foxwoods had twelve cash jackpots that paid \$25,000 or more and one jackpot that paid over \$100,000. There was one car/cash jackpot award and no wide-area progressive jackpots for the month.

In December 2008, Foxwoods had 8,238 slot machines on the floor and in January 2009, Foxwoods had 8,050 slot machines on the floor.

Mr. Antonetti questioned the decline of slot machines at both casinos. Mr. Tontini said the decline changes frequently with the addition of new types of machines. He said there were more changes during the summer months due to the construction. It can vary in the 50-range monthly.

The section closures continue at both casinos. Both casinos are constantly reviewing the situation and they are changing their schedules accordingly.

Mr. Antonetti asked if the casinos are making efforts to stimulate the participation in the slot machine area. Executive Director Young stated that Mohegan Sun sends the Division their promotional ideas as to how to increase their attendance. Both casinos have marketing plans to increase attendance and participation.

Integrity Assurance: Mr. Virnelli reviewed the statistical reports for the Board that included the revenue reports, transfers to the General Fund as well as the grants to municipalities.

Charitable Games: Mr. Bernstein provided the following update on Charitable Games activity for the months of December and January.

A letter was sent to sealed ticket permittees on Friday, January 9th, to inform them of the introduction of a new \$.50 sealed ticket game, 'American Classic'. Each 'American Classic' ticket may feature prizes up to \$160.00, and each game packet will net an organization \$382.00.

On Tuesday, January 13th, letters were sent to bingo and sealed ticket permittees to provide them with a current list of bingo product manufacturers and equipment dealers and sealed ticket dispensing machine manufacturers and equipment dealers. The permittees were advised to review the lists in order to ensure that the manufacturer or dealer they conduct business with had renewed its registration as of January 1st, and the permittees were also reminded that they could no longer utilize any manufacturer or equipment dealer who had not done so.

As the Board is aware, the Division approves each make and model of sealed ticket dispensing machine that is to be available for sale or lease to our sealed ticket permittees. On Wednesday, January 28th, representatives of Oasis Gaming of Omaha, Nebraska, a Division of International Gamco, our sealed ticket vendor, were here and demonstrated their new state of the art touch screen dispenser, known as the Tabbox. The machine holds 4,000 tickets, provides sales and accounting information and promotional videos for games being dispensed. We have put the machine through its paces and are in the process of approving it, and Gamco and Oasis as dispensing machine manufacturers.

The parent/teacher association recreational bingos are becoming very popular. There are presently 61 elementary school PTSs/PTOs registered. We have been visiting such bingos and I am pleased to report that the registered organizations are operating in compliance with the new law, in that they are not awarding prizes greater than \$20.00 in value, which would bring them into competition with our charitable bingos.

Action on the development of an RFP for a sealed ticket vendor is on schedule. An evaluation committee has been established in the Division and DAS Procurement Services has been contacted. An RFP should be complete and in DAS' possession during March.

Legislation: Mr. Bernstein provided an update on the legislative activity since the Board's last meeting:

H.B. No. 6287 (RAISED) AN ACT AUTHORIZING CASH PRIZES FOR "BLOWER BALL" GAMES was issued a Joint Favorable Report by the Public Safety and Security Committee on Tuesday, February 17th, and will now be readied for consideration by the House.

H.B. No. 6323 (RAISED) AN ACT PERMITTING "FIFTY-FIFTY" COUPON GAMES AT CERTAIN ORGANIZATION FUNCTIONS AND ATHLETIC EVENTS also received a Joint Favorable from Public Safety on February 17th and was referred to the Finance Committee. It was sent to Finance because the proposed new permit authorized through the proposal would carry a fifty-dollar fee. Each proposal was approved on consent.

Also, the Public Safety Committee issued a Joint Favorable to H.B. No. 6358 (RAISED) AN ACT CONCERNING ADDITIONAL OFF-TRACK BETTING BRANCH FACILITIES, which would increase the number of OTB facilities allowed to have simulcasting from ten to twelve, by allowing for simulcasting at branches in Milford and Putnam, with requisite municipal and state approvals. This proposal was also approved on consent and was referred to the Planning and Development Committee for its consideration.

The Division has submitted testimony to the Public Safety Committee opposing one proposal under consideration and supporting another.

The Division joined the Connecticut Lottery Corporation in opposing H.B. No. 6321 (RAISED) AN ACT CONCERNING THE DENIAL OF A LICENSE AS A LOTTERY SALES AGENT, proposed by Senator Andrew McDonald, of Stamford. If approved, the proposal would prohibit the Division from denying a license to a prospective lottery agent on the grounds that the prior owner was delinquent, essentially repealing Sec. 12-568a-6, a longstanding provision of our lottery regulations.

The Division also joined the Connecticut Lottery Corporation in supporting Raised Bill No. 938 AN ACT CONCERNING AN ASSESSMENT FOR REGULATORY OVERSIGHT OF THE CONNECTICUT LOTTERY CORPORATION. A proposal of OPM, it would afford OPM the ability to assess the total cost incurred by the Division for its regulatory oversight of the Connecticut Lottery Corporation, and to require the corporation to pay such an assessment in quarterly payments. The methodology of the proposal is consistent with the process utilized for recovering the cost of regulation from the two tribal casinos.

Security & Licensing: Mr. Kleber noted that the Board has received the reports for Security and Licensing for the months of December 2008 and January 2009. He updated the report in the area of outstanding background investigations, saying that the report indicated that the number of outstanding background investigations is 502. As of this morning the number has been reduced to 220 outstanding background investigations. The number has decreased significantly. Mr. Kleber said the Division's relationship with the Connecticut State Police in this matter, as well as other matters, is excellent.

Chairman Farrell asked the status of the AFIS system. Mr. Kleber said the AFIS system is working as expected. The system has saved Division personnel much time in travel.

Mr. Kleber continued providing the Board with an update as follows:

Since the last Board meeting, the Security Unit has made three arrests in the area of lottery investigations.

The Security Unit is working closely with the Gambling Unit of the Connecticut State Police (CSP) in a matter that concerns casino nights. There was a company out of Farmingdale, Long Island that persists in attempting to conduct casino nights in the State of Connecticut. The Division sent them a letter, almost a year ago, asking them to cease and desist. They are now operating under a difference name. The Division is working with the Gambling Unit of the State Police as well as the Chief State's Attorney's office requesting an opinion on a prosecution to go forward to seize the company's assets, and take criminal prosecution against the company. This matter is ongoing.

The Division is also working with the Connecticut Lottery Corporation (CLC) in bringing on-board a new on-line game. This requires training of the Division's officers so that our officers are prepared to oversee the new game. The game is scheduled to go on-line at the beginning of April 2009.

The CLC is also looking to relocate their studio to a larger studio within the same venue. The Division staff will need to ensure the move takes place in a timely fashion.

In January some of the Division staff traveled to Yonkers, New York to Empire Gaming and met with a number of staff of Empire, in various areas of their work. A discussion was held regarding their business model. It was a very productive visit.

Chairman Farrell recognized Detective Considine of the Connecticut State Police. Det. Considine noted that he is performing the background investigations coordination for the Unit. He said they hope to be up to speed on all of the background investigations.

Mr. Antonetti referred to his question posed at the last Board meeting relating to an incident whereby an individual was in possession of a weapon without a permit. Mr. Kleber responded by saying the weapon was a handgun. Mr. Antonetti expressed his concern for the safety of the patrons at the casino. Both Lt. Petruniw and Mr. Kleber led a discussion of the security measures at the casinos by both security staff as well as the Connecticut State Police and answered questions for the Board.

Chairman Farrell asked Lt. Petruniw if he would provide Mr. Antonetti a copy of the investigative report in the above-mentioned incident to satisfy his concerns.

A brief discussion was also held regarding the casino licensing process as it pertains to renewals and terminations. Mr. Kleber explained the procedures for the Board that also included the lottery agent licenses, renewals and cancellations.

Administrative Hearings: Mrs. Stiber reviewed the monthly reports for the Board that included both hearing as well as the Freedom of Information area.

Mrs. Stiber requested the Board schedule a time to hear the appeal of Cesar Guzman. Mr. Guzman requested a continuance from today. There was general consensus to hear Mr. Guzman's appeal after the next scheduled meeting of the Board on April 16, 2009.

Executive Director's Report: Executive Director Young provided the following update for the Board:

Much of the time spent at the Division recently deals with the budget deficit, as well as the Governor's mitigation plans. He noted that he would be attending a Commissioners meeting today and possibly will learn more in this area at that meeting.

The biggest of the Governor's mitigation plans calls for the closing of the Cedarcrest Hospital. That is a problem for the Division. Should Cedarcrest Hospital close, the Division would likely have to relocate since the Division receives its heat and air-conditioning from their central power plant. The bill proposed had Cedarcrest closing in July 2010, so the Division would have a year or so to find a new home. The Division will keep the Board informed as to the situation.

The lawsuit pending with the two Tribes concerning their accounting treatment is ongoing. This involves the Free Slot Play program. There has been a discussion with both Tribes during the past 30-60 days. The solution to the problem, offered by the Tribe, was turned down by the State of Connecticut, and we are now trying to push it forward in the court system for resolution; recognizing that whatever resolution there is, there will be an appeal by either side. This matter will continue on into the court system.

The amount of money in escrow presents a problem in that the Division feels the need to spread the money into several banks. The Division is working with the Tribe in this area and there is verbal agreement in this matter at this time.

Legislation – there is probably at least a day or two each week spent at the Legislative Office Building either monitoring our bills or meeting with legislative leaders on other bills that may affect gambling and/or the Division. Executive Director Young said he would keep the Board updated on this matter as well.

Gaming Study – discussions are ongoing with Spectrum Gaming relative to looking at a first rough draft. Executive Director Young said he would provide an update at the next Board meeting.

Mr. Antonetti asked what was the appropriated amount for the Gaming Study. Executive Director Young said the amount was \$700,000.

Adjournment: On motion made by Mr. Antonetti, seconded by Mr. Pendergast and unanimously voted, the meeting adjourned at 11:30 a.m.

Respectfully submitted,

Suzanne J. Alix
Secretary