

DIVISION OF SPECIAL REVENUE

Gaming Policy Board Minutes

April 16, 2009

held at

555 Russell Road
Newington, CT 06111

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

Absent: Gayle A. Russell.

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

Guest: Sgt. William C. Aulerich of the Casino Unit with 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. Osswalt and
unanimously voted, it was resolved that the Minutes of the February 26, 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, May 28, 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 six track approvals for the month of February 2009 and eight
track approvals for the month of March 2009. Like other gaming venues, Connecticut OTB
is showing declines of approximately 9.5% through this year. The new site from Milford Jai
Alai was approved by the Board on July 24, 2008 and final approval was granted, after the

Division's walk-through of the facility on March 30, 2009. The facility opened for business on March 31, 2009.

On February 4, 2009, Pompano Park in Florida announced that it will discontinue summer racing. This will end a decade of year-round harness racing at this facility.

Lottery – There were five Instant games that received preliminary approval for the month of February 2009 and four Instant games that received final approval for that month. Three Instant games received preliminary approval and four Instant games received final approval for the month of March 2009.

A new on-line game, Lucky for Life, began this month, March 2009. There is a possible top prize of \$2,000 per week for life, a guaranteed annuity for at least twenty years, which would result in a minimum payout of \$2,086,000.

Mohegan Sun – in February 2009 there were 46 jackpots of \$25,000 or more of which two paid \$100,000 or more. There were no wide-area progressive hits. In March 2009 there were 50 jackpots of \$25,000 or more and two paid over \$100,000, one of which was a wide-area progressive hit.

In February 2009, Mohegan Sun had 6,785 slot machines on the floor; and in March 2009 Mohegan Sun had 6,764 slot machines on the floor. The small reduction was due to the widening the aisles in the Casino of the Wind.

On March 23, 2009 there were four Williams machines modified, and set up, as super credit games. This machine allows a patron to receive a credit of \$1,000 for each \$1.00 inserted. Effectively it provides play for one-tenth of a penny.

Foxwoods – in February 2009 there were 26 jackpots of \$25,000 or more of which six paid over \$100,000. There was one car/cash award. There was one wide-area progressive award at Foxwoods on February 7th for \$274,000. In March 2009 there were 27 cash jackpots over \$25,000, including three over \$100,000. There was one car/cash award. Two of the three jackpots over \$100,000 were wide-area progressive awards.

At the end of February 2009, Foxwoods had a total of 7,985 slot machines on the floor. At the end of March 2009, Foxwoods had a total of 7,603 slot machines on the floor.

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 an update on the Charitable Games activity for the month of February.

A letter was sent to sealed ticket permittees on Wednesday, February 11th, to inform them of the introduction of a new \$1.00 sealed ticket game, 'Money Clip'. Each 'Money Clip' ticket may feature prizes up to \$300.00, and each game packet will net an organization \$1,004.00.

Mr. Bernstein continued saying during this period, we finalized decisions on the last three sealed ticket games we will be purchasing this fiscal year. We selected the games, developed our specifications including the prize structures, and were able to execute all of the working papers. There will be two \$1.00 games and one fifty cent game. We will receive the games prior to the fiscal year's end. (Bar Bingo, Tin Pan Alley, and Horse Race) The work on the Request for Proposals for a sealed ticket vendor (the initial draft) was completed during the period. It has been the subject of a review by our evaluation committee and is presently undergoing a review by DAS/Procurement Services.

Since the Board's last meeting, the number of recreational bingo registrations issued to PTAs or PTOs has continued to increase from 64 to 79, and compliance under the new law continues to be very good.

We are now at the beginning of the bazaar season. Since the Board's last meeting we have approved 49 bazaars. Cow-chip events have also begun to be held, and we have recently inspected two successful events, one held at Berlin High School and the other at Quinnipiac University.

Our Compliance and Audit Section, since its inception, has done a lot of very good work. It takes time to undertake and complete a comprehensive sealed ticket audit. Over the past year, eight such audits have been completed. Work on four sealed ticket over-the-bar permittee audits is currently under way. Work on two comprehensive raffle audits has also been completed. That is not to mention the numerous instructional meetings that have been conducted and pre-audit work that has been done, involving the counting of tickets, a review of control forms, and a reconciliation of inventories. In addition, staff has been involved in several administrative proceedings, including two Show Cause hearings in February.

The Division has approved International Gamco's TabBox dispensing machine for sale to our sealed ticket permittees. Also, International Gamco has registered with the Division as a dispensing machine manufacturer and has selected the firm of Bristol Consolidated, a registered dispensing machine dealer, as their Connecticut distributor.

Over the past year we have trained four Connecticut Career Trainees to become Special Revenue Charitable Games liaison officers. Each candidate has successfully completed all training. Three of the four trainees have been promoted to liaison officer. The last promotion is scheduled to take effect on Friday, April 24, 2009.

Mr. Bernstein provided an update on the legislative activity which has taken place since the Board's last meeting, attached hereto as 'Attachment A'.

Security: Mr. Camarco reviewed the Licensing and Security reports for the months of February and March, 2009.

The Division's investigators have made several arrests regarding lottery and off-track betting criminal investigations. They were routine investigations pertaining to fraudulent activity of lottery agents and some customers who were on their property.

Mr. Camarco continued saying the Connecticut Lottery Corporation (CLC) has a new game called 'Lucky for Life', which is similar to PowerBall, but on a smaller scale. The Division security has had to train, and be present at the new lottery drawings. The Division is responsible for security and integrity at the lottery drawings. The Division did receive training from individuals at the CLC as to how to operate the game.

Mr. Camarco reported that the television studio that performs the drawings for the CLC is moving back to Channel 61 in Hartford. Division security is presently involved with the CLC to ensure the integrity and security of the transfer of all the equipment. The move will take place on April 30th after the drawings, and will be in place at the new studio on May 1st at Channel 61 in Hartford. Division security will be present at both studios during the move.

Channel 61's lottery studio is presently being built to CLC specifications. ADT is involved with installing the video surveillance. The Division is involved with some of the aspects of the security setting to include where the equipment is stored. Channel 61 has assured everyone that the studio will be completed by the deadline date of April 30th.

Mr. Camarco continued saying that another move of Channel 61 will take place six months from the May 1st move. Channel 61 will be moving to their present building on Broad Street. Details of that move will be provided at a later date.

Mr. Camarco provided an update on the licensing renewals.

Chairman Farrell asked the status of the relationship with the Connecticut State Police relative the background investigations. Mr. Camarco said the pending numbers are dropping dramatically; the Connecticut State Police are doing an excellent job and the cooperation between the Connecticut State Police and the Division has been very good.

Sgt. Aulerich of the Connecticut State Police Casino Unit provided Mr. Antonetti the report he requested concerning an individual who was taken into custody at one of the casinos for possession of a weapon without a permit.

Administrative Hearings: Mrs. Stiber provided the hearing reports for the month of March and well as the Freedom of Information requests.

Executive Director's Report: Executive Director Young provided the following update for the Board: He stated as you all know, the state is facing some big budget gaps and a lot of time has been spent recently addressing this issue. The Governor and the Office of Policy and Management have been requesting reductions, and the Division is doing its best to keep up with all the requests.

There is talk among the Unions, the General Assembly and the Governor's office regarding a Retirement Incentive Program. If that program is approved, this will be something that we will address, as the Division has a large number of employees that would be eligible to accept the program. There is the concern that the Division could lose some institutional knowledge through this program. Typically, when a program such as this occurs, there is guidance from the Governor's office and very seldom is an agency able to replace these employees.

The Connecticut Lottery Corporation recently issued a Request for Proposal (RFP) for instant ticket vending machines. Their desire is to find a vendor to produce machines that would dispense the instant tickets. The law provides for this and the Division will work closely on any decisions made relative to where these machines will be placed. The last time this program was attempted, there was a great deal of concern that minors would have access to the machines.

Keno is another item that has been mentioned recently. The Division has been asked to speak with the legislators on this topic. The media has requested interviews as well. The Division's position on Keno is simple. The Division believes Keno is already authorized through the CLC, and the CLC has the authority to operate new games. There is a group of individuals who believe that this requires legislation. The Division will monitor this topic.

With regard to simulcasting, representatives from Autotote and Scientific Games have met with the Division pertaining to their plans to make the facilities more attractive venues, which may include a name change. The Division is working closely with them as well.

Mr. Pendergast asked about the details of the Retirement Incentive Program. Executive Director Young explained the program and a brief discussion ensued on this topic.

Mr. Antonetti asked, if Keno were implemented, what scenario would the Division play in this? Executive Director Young said the Division would be ready should this occur. He said if retirements occur, and Division staffing is affected in a major, he would reserve his right to say that the Division is ready. He continued by explaining the process involved in working with the CLC and our Licensing and Security Unit to have the Keno program up and running.

Chairman Farrell asked the status of the Gaming Study. Executive Director Young said the Division has received a rough draft of the Gaming Study and have reviewed it internally. The Division has sent the vendor approximately 80 pages worth of corrections, modifications, changes, etc. The Division has also reviewed the last 200-plus pages and is in the process of making the final edit to be forwarded to the vendor. He stated he anticipates a new product to be delivered to the Division probably mid-May. The report is due to be delivered to the legislature during this session.

At this time 11:30 a.m., the Board recessed to hear the appeal of Cesar Guzman, an employee at Foxwoods casino.

The Board resumed its meeting to record the following resolution:

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

“Resolved, That the appeal of Cesar Guzman be denied and that the decision of the Division of Special Revenue be sustained.”

Adjournment: On motion made by Mr. Antonetti, seconded by Mr. Osswalt and unanimously voted, the meeting adjourned at 12:11 p.m.

Respectfully submitted,

Suzanne J. Alix, Secretary
Gaming Policy Board