

DIVISION OF SPECIAL REVENUE

Gaming Policy Board Minutes

June 4, 2008

held at

555 Russell Road  
Newington, CT

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

Staff: Paul A. Young, Executive Director; Suzanne J. Alix; Paul D. Bernstein;  
Donald Kleber; Anne Stiber; Joseph Tontini; Frank Virnelli; Victoria  
Tenzca; Dorothea Kelson; Deborah Carter; Joseph Mudry; James Schmitt;  
Viola Pietrandrea; William Ryan; Paul Reiman; Linda Lawrence; Joseph  
Peplau; Tiffani Smith.

Guests: Sgt. William Aulerich, Casino Licensing & Operations, Connecticut State  
Police; Timothy Abromaitis, student – University of Notre Dame.

Call to Order: Chairman Farrell called the meeting to order at 10:35 a.m.

Chairman Farrell, on behalf of the Gaming Policy Board, extended condolences to Joe Tontini on the recent passing of his father.

Approval of Minutes: On motion made by Ms. Russell, seconded by Mr. Osswalt and unanimously voted, it was resolved that the Minutes of the April 10, 2008 meeting be accepted as distributed.

On motion made by Mr. Osswalt, seconded by Ms. Russell and unanimously voted, it was resolved that the Minutes of the December 19, 2007 meeting be accepted as distributed.

Time and Place of Next Meeting: The next meeting of the Gaming Policy Board will take at 9:30 a.m. on Thursday, July 24, 2008 at Division Headquarters in Newington.

### Interim Reports

Gambling Regulation: Mr. Tontini reviewed the changes to the off-track betting operating hours since the last meeting.

Update: Off-track betting – there were nine track approvals completed in the month of March 2008 and eighteen track approvals completed in the month of April 2008. Autotote Enterprises, Inc. (AEI) is still working at the new site in Milford for the OTB facility. As mentioned previously, the site is at 89 Roses Mill Road. Once all local approvals are secured, AEI will be submitting their request to the Board for approval.

On April 16, 2008 a robber entered the Bristol Raceview, approached a mutuel clerk and demanded money. The manager and the mutuel clerk handled themselves well and did nothing to endanger their lives or the patrons in the building. A description of the individual was provided the Bristol police for their investigation. The Division's Security was also assigned to the case. As of this time no one has been apprehended.

Lottery – there was one Instant game that received preliminary approval and six Instant games received final approval for the month of March 2008. Three Instant games received preliminary approval and four Instant games received final approval for the month of April 2008.

Relocations – both the Connecticut Lottery Corporation and Scientific Games have moved to their new locations in Rocky Hill. The final conversion of the lottery system took place on Sunday, May 8, 2008.

Mohegan Sun – in March 2008, Mohegan Sun had 64 cash jackpots of \$25,000 or more and six paid over \$100,000. There was an additional wide-area progressive jackpot hit at Mohegan Sun on March 31, 2008 for \$1.6 million. In April 2008, Mohegan Sun had 53 cash jackpots of \$25,000 or more and four paid over \$100,000. There were two additional wide-area progressive jackpot hits at Mohegan Sun – one was for \$151,000 and the other was for \$249,000.

As of the end of March 2008, Mohegan Sun had a total of 6,009 slot machines on the floor and all of these machines are ticket capable. As of the end of April 2008, Mohegan Sun had a total of 5,766 slot machines on the floor and all of these machines are ticket capable. The numbers of machines at both casinos are down due to the construction at both facilities.

Foxwoods – in March 2008, Foxwoods had 43 cash jackpots of over \$25,000 or more and three paid over \$100,000. There were no car/cash awards for the month of March 2008.

There was a wide-area progress jackpot hit on March 10<sup>th</sup> for \$135,000 and an \$80,000 jackpot hit for an Aristocrat wide-area progressive on March 20<sup>th</sup>. In April 2008, Foxwoods had 27 jackpots of \$25,000 or more and three paid over \$100,000. There was one car/cash award and an additional progressive jackpot hit for \$268,000. As of the end of March 2008, Foxwoods had a total of 6,938 slot machines on the floor and 6,900 slot machines are ticket capable. As of the end of April 2008, Foxwoods had a total of 6,710 slot machines on the floor and 6,672 machines are ticket capable.

On May 17, 2008, Foxwoods opened the MGM Grand that includes over two million square feet of gaming and non-gaming space, a 55,000 square foot casino with 53 tables games and 1,400 slot machines.

Integrity Assurance: Mr. Virnelli provided the monthly reports on the financial statements that included the revenue reports, transfers to the General Fund as well as the grants to municipalities. Mr. Virnelli continued by answering questions regarding the reductions and projections.

Mr. Antonetti stated that one of the primary revenue raisers for the state is the lottery, and with the lottery constantly introducing new games, and asked if it had ever been considered to introduce Keno as a revenue producer for the State. Mr. Virnelli said he thought the idea had surfaced in the past, but believed that it may require a legislative change. A brief discussion ensued on added revenues for the state.

Charitable Games: Mr. Bernstein provided an update on the charitable gaming regulatory activity for the months of March and April as follows:

During the period, a total of 613 registrations and permits were approved for all of the authorized activities, including bingo, sealed ticket sales, bazaars and raffles. One thousand six hundred and twelve financial reports filed by organizations following the conduct of events were examined and verified, and 139 inspections were conducted of permitted events. One hundred and ninety-nine violations were written addressing a failure by permittees to comply with our statutory and/or regulatory requirements, and each recommended appropriate administrative action. A total of 51 pre-event, instructional, or customer service meetings with our non-profit permittees were conducted.

On Thursday, April 3<sup>rd</sup>, a new \$1.00 sealed ticket game ‘Royal Se7ens’ was introduced. Each ‘Royal Se7ens’ ticket may feature prizes up to \$377.00, and each game packet will net an organization \$1,044.00. We have provided the Board members with literature and sample tickets for the ‘Royal Se7ens’ game.

Also, since your last meeting, we have selected and developed specifications for the last sealed ticket games to be ordered this fiscal year. There were six games developed, and we executed the working papers for them on Friday, April 11<sup>th</sup>. Two of the new games will sell for one quarter each. One game will sell for fifty cents, and there will be three games that sell for one dollar.

During the two months, Sealed Ticket Sales processed 94 ‘walk-in’ and 116 “mail-in” purchase orders, selling 566 packets of sealed ticket games, generating \$151,190.00 in revenue for the State. The tickets sold had a retail value of \$1,511,900.00 and will return \$378,385.00 to the organizations selling them as fundraising items.

There are twenty-one positions in the Charitable Games Unit. As the result of some reorganization, promotions, and a retirement, we are in the process of training seven new employees, four of whom will be Charitable Games liaison officers once their training has been completed. Needless to say, considerable time is spent addressing our training requirements.

As a follow-up to legislation enacted in 2007, authorizing cash prize and special tuition raffles, legislation that took effect on October 1, 2007, amendments to the Division’s Administrative Regulations Governing Bazaars And Raffles, addressing the new activities, have been developed and are under consideration. The requisite approval of the Governor’s office and OPM should be realized in the near future after which the proposals will be noticed in the Connecticut Law Journal and the promulgation process will begin in earnest.

Our first sizeable special tuition raffle has been conducted by the Academy of Our Lady of Mercy, Lauralton Hall, of Milford, to support the educational program of Lauralton Hall, a private parochial school for girls. The organization has been conducting a \$100,000 special tuition raffle with tickets selling for \$100.00 each. The raffle drawing was held in conjunction with the school’s senior awards night on Wednesday, May 21<sup>st</sup>. Charitable Games was represented at the event, for inspection purposes. The event was very well done. The winner was a Fairfield woman with two young daughters – one kindergarten and one in the second grade. Under the law, a special tuition raffle winner has four years in which to designate one or more student recipients. In keeping with Division requirements, the \$100,000 tuition prize has been secured in a money market account that the Division will be on. No prize monies may be paid to any educational institution in behalf of any student recipient, without the written approval of the Executive Director.

Charitable gaming activities grossed \$6,235,741.15 and netted \$1,873,585.26 for the purposes of the sponsoring organizations during the two-month period.

Legislation – Mr. Bernstein provided the following update on the legislative activity:

It was a short legislative session that adjourned on Wednesday, May 7<sup>th</sup>, but it was productive for the Division. The Division's sole proposal, House Bill No. 5163, An Act Expanding The Enforcement Authority Of The Division Of Special Revenue was passed by the House on Tuesday, April 8<sup>th</sup> on a vote of 147-0. The bill also passed by the Senate on Wednesday, April 30<sup>th</sup>, on a vote of 36-0. The measure has been assigned Public Act No. 08-70 and will take effect with the Governor's approval. As you will recall, this is the proposal that will extend the criminal enforcement authority of the Division's special policemen to each of the activities for which the agency is responsible. We have not had such authority for several years.

House Bill No. 5646 An Act Creating An Exemption From Permit Requirements For Parent Teacher Association Conducted Bingo was also enacted. The bill passed the House on Thursday, April 17<sup>th</sup>, on a vote of 138-5, and it was passed by the Senate on Tuesday, April 29<sup>th</sup>, on a vote of 35-0. It has been assigned Public Act No. 08-62. It took effect with the Governor's approval on Monday, May 12<sup>th</sup>.

The Division had been monitoring Substitute Senate Bill No. 419 An Act Concerning The Establishment Of A Committee To Facilitate An Extension Of The Ban On Smoking To Casinos. This proposal was passed by the Senate on Friday, May 2<sup>nd</sup>, on a vote of 24-11 and was sent to the House where it died. It was never called for consideration.

Lastly, House Bill No. 5162 An Act Concerning The Collection Of Delinquent Taxes And Lottery Winnings originally proposed by Representative Jim Shapiro of Stamford, died on the House Calendar. It was never called for consideration after three controversial amendments were filed for consideration in connection with it, including a "Give the kid the money" amendment which would have cost in excess of six million dollars by the end of fiscal year 2013. If enacted, the proposal, without the amendments, probably would have generated revenue for the State in that it would have provided for the collection of delinquent taxes owed the State by lottery winners of a prize of five thousand dollars or more.

Security and Licensing: Mr. Kleber introduced Sgt. Bill Aulerich from the Connecticut State Police, one of the Division's partners from the Casino Unit.

Mr. Kleber continued by reviewing the licensing report for the month of April 2008 saying that the Foxwoods licensing numbers will be a little higher as a result of the MGM expansion.

Mr. Kleber reviewed the monthly licensing report for the month of April 2008. He also noted that Mohegan Sun is expanding their casino operations. The Division anticipates that it will be having an increase in our applications beginning in July 2008.

Mr. Kleber also noted that the Licensing Section has recently begun a project to ensure the correct addresses for casino applicants and will monitor it on a regular basis.

Mr. Kleber continued with the Security Background Investigations report for the month of April 2008. He noted that the numbers are high, however, a meeting was held yesterday with Capt. Davis, and members of the Casino Unit, Sgt. Aulerich was also in attendance, concerning the background backlog. The Division is working diligently with the Connecticut State Police (CSP) to resolve the issue. The CSP assured us that they are aware of the problem and will be tackling it in the near future. They stated that they have added a few additional investigators to help alleviate the background backlog.

Chairman Farrell noted that the Gaming Policy Board is concerned about the increase in the background investigations, and realizes the problems that are related to it; however, it is necessary to stay on top of the issue since it is the number one priority that the background log be cleared up and back to normal.

Administrative Hearings: Mrs. Stiber noted that the Administrative Hearing Section has a new employee, Tiffani Smith. Tiffani joined the Division in April and she is responsible for the clerical duties within the Section. Mrs. Stiber also noted that tomorrow Tiffani is receiving her Bachelor's degree in Criminal Justice from Monroe College in New York, graduating Summa Cum Laude.

Mrs. Stiber provided the monthly hearing report for the Board. She also reviewed the Freedom of Information requests and said all requests were responded to in a timely manner.

Mrs. Stiber requested the Board schedule a time to hear the appeal from Benn and Ellen LLC – d/b/a Coliseum News. There was general consensus to hear this appeal after the next scheduled Board meeting on July 24, 2008.

Executive Director's Report: Executive Director Young referred to the bingo bill mentioned earlier. He stated that government receives criticism for not acting quickly to certain issues and he noted that in the Minutes that were approved today, the bingo bill began on December 19, 2007 when representatives from the Manchester PTB appeared before the Board. Within a five-month period of time, the law was crafted, introduced to the legislature, meetings held, and the law changed.

Executive Director Young introduced Tim Abromaitis who is going into his sophomore year at the University of Notre Dame. Tim is job shadowing at the Division for a few weeks. He has been spending time with each of our Units learning what we do.

Executive Director Young updated the Board on the pending lawsuit with the Mashantucket Pequots over a game called 'Free Play'. The process continues to move slowly. The Division is in the process of filing three affidavits where the Division is attesting to the way the game works. The Division does not anticipate a court date until the latter part of 2009. The money is being escrowed from both casinos, in individual accounts.

Executive Director Young noted that the Governor has instituted a hiring freeze as well as a cost savings program. The Division has taken this very seriously and will probably end this fiscal year in the black. The Division is doing its part to be able to return some money back to government, which will help the deficit issue.

He continued by reporting that Autotote Enterprises, Inc. (AEI) evacuated their Sports Haven facility last week. There was a sensor malfunction on the roof that appeared as smoke and/or fire. It was a full evacuation that ended up being a false alarm.

Executive Director Young updated the Board on the gaming study. The Division has entered into a contract with Spectrum Gaming Group to perform the study. He stated that last evening he attended two focus groups in Norwich. The first focus group consisted of 15 individuals who do not really go to the casinos. The parameter was attendance at the casinos less than three times per year. The second focus group consisted of individuals who had been to the casinos three times a year or more. There were some very interesting observations. Neither group had a good perception of what goes on at the casinos and how they may contribute to their community.

Executive Director Young said he would be meeting this evening with the Spectrum Group to review what they have completed thus far on the contract. Monthly meetings will be scheduled for progress reports. He said he is pleased with the results received so far.

New Business: Executive Director Young explained the terms of the Roystons, LLC contract for the Board, and requested the Board's authorization to execute the contract.

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

“Resolved, That the terms of the Roystons, LLC contract be approved, and that the Executive Director be authorized to execute the contract.”

At this time, 11:30 a.m. the Board recess to hear the appeal of Patricia Briggs.

The Board resumed the regular session of its meeting to record the following resolution:

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

“Resolved, That the Division’s decision in the Patricia Briggs matter be sustained and that Ms. Briggs special permits be revoked.”

Adjournment: On motion made by Mr. Osswalt, seconded by Ms. Russell and unanimously voted, the meeting adjourned at 11:58 a.m.

Respectfully submitted,

Suzanne J. Alix, Secretary  
Gaming Policy Board