

Department of Consumer Protection/Gaming Division

Gaming Policy Board

Minutes of Meeting

February 9, 2012

at

**555 Russell Road
Newington, CT 06111**

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

Staff: William M. Rubenstein, Commissioner; Donna Rector, Secretary; Frank R. Virnelli; Anne K. Stiber; Donald R. Kleber; William E. Ryan; Viola Pietrandrea.

Guests: Lt. John Eckersley, Connecticut State Police; Dianna Kulmacz, Connecticut Lottery Corporation and Steve Alford, Sportech.

Call to Order: Chairman Farrell called the meeting to order at 10:02 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 December 8, 2011 meeting be accepted as distributed.

Time and Place of Next Meeting: The next meeting of the Gaming Policy Board will take place at 10:00 a.m. on Thursday, April 19, 2012 at DCP Gaming in Newington unless advised of a change of location.

Gaming Regulation Program/William Ryan:

Mr. Ryan noted the Board has received the approved changes to the Off-Track Betting (OTB) hours of operation for November and December, 2011.

Mr. Ryan gave a brief synopsis of the activity conducted by the Gaming Regulation Program for the months of November and December, 2011.

Off-Track Betting

Five track approvals were completed in the month of November, 2011.

Twenty-three track approvals were completed in the month of December, 2011.

On November 5, 2011 the Breeders Cup was conducted and the Saturday handle was \$1,909,098, approximately 10% less than the 2010 handle. This decline can be attributed to the nor'easter storm that hit Connecticut and cut power to some venues, especially the Bradley Teletheater.

Lottery

Five instant ticket games received preliminary approval and six games received final approval in November, 2011.

Four instant tickets games received preliminary approval and one game received final approval in December.

The Connecticut Lottery CT Super Draw, Game #3, which began sales on Saturday, October 1, 2011 with 275,000 tickets available for sale, sold out prior to the conclusion of sales on December 31, 2011. The drawing for the game was conducted on January 1, 2012.

Foxwoods

In November 2011, Foxwoods had 14 cash jackpots that paid over \$25,000. There was one jackpot that paid over \$100,000 and it was a wide area progressive jackpot.

In December 2011, Foxwoods had 18 cash jackpots that paid over \$25,000. There were two jackpots paid at/over \$100,000. One was a wide area progressive jackpot.

As of the end of November 2011, Foxwoods had a total of 6,336 slot machines on the floor.

As of the end of December 2011, Foxwoods had a total of 6,334 slot machines on the floor.

Mohegan Sun Casino

For the month of November, 2011, Mohegan Sun had 16 jackpots that paid \$50,000 or more. Four were wide area progressive jackpots that paid over \$100,000.

For the month of December, 2011, Mohegan Sun had 12 jackpots that paid \$50,000 or more. Two paid over \$100,000, one of which was a wide area progressive jackpot.

As of the end of November, 2011, Mohegan Sun had a total of 6,203 slot machines on the floor.

As of the end of December, 2011, Mohegan Sun had a total of 6,134 slot machines on the floor.

Information Technology, Accounting & Gaming Auditing Division/Frank Virnelli:

Mr. Virnelli noted that the board has received the monthly statistical reports for November and December and offered to answer questions, if any.

He continued by providing an update on what is happening with on-line gambling and casinos in Massachusetts.

On-Line Gambling

On December 23, 2011, the Criminal Division for the federal Department of Justice released a memorandum opinion that changed the way the DoJ regards on-line gambling. The opinion was in response to questions from both New York and Illinois as to whether their lotteries could offer their products on the internet as long as the purchasers were within their state borders when they

bought the tickets. The AG's office concluded that the federal Wire Act applies only to wagering on sporting events or contests. Since the Wire Act would not apply and since most other federal gambling statutes require that another law be violated first, commentators believe that this ruling would allow on-line gambling that does not involve a sporting event or contest in states that legalize it. Many also argue that there could be interstate on-line gambling among jurisdictions that legalize it.

In addition to New York and Illinois, states that are exploring on-line gambling include Nevada, Massachusetts (a task force to study on-line lottery sales), Iowa, Maryland and California. According to various reports, there is no bill currently planned in Connecticut.

Also of note, the Washington, D.C. Council repealed its on-line gambling law. It appears that much of the opposition was in how the Council passed on-line gambling in the first place (most council members were not aware that they were voting for it when they voted on a budget bill). So, another bill will be introduced, but even if it passes, it could now be years before DC has on-line gambling.

Commissioner Rubenstein attended the Legislative Informational Hearing on On-line Gaming last week. Testimony was given by both of the Tribal Nations, Sportech, CLC and the Council on Problem Gambling. The session was started by assuring people that it was an informational only session, that there was no pending legislation and that the Governor was not going to be introducing legislation with the word on-line gaming during this legislative session. Connecticut is studying, and trying to understand the legal implications, and the policy implications of on-line gaming. Also, the Attorney General's Office testified at the hearing on the legal aspects.

Mr. Antonetti requested a copy of both casinos' opinions regarding the impact of gambling on-line and how it would impact their casinos positively or negatively, and also a copy of the testimonies from the Council on Problem Gambling and Attorney General.

Mr. Osswalt asked the question is it correct that the lottery would require legislation in order to offer on-line lotteries? Mr. Virnelli replied that our opinion (the AG's and Chief State's Attorney) that currently on-line gaming is illegal in the State of Connecticut and if it were permitted then it would need legislation. Currently there is legislation that prohibits lottery from conducting any on-line activity so that would have to be repealed. Mr. Osswalt asked if you have you heard of any revenue projections in terms of conducting on-line poker for example in Connecticut? Bill Ryan was not aware of any projections that have been made at this point. Mr. Osswalt, asked is there a requirement with the casinos in Connecticut that they participate in on-line gaming? Commissioner Rubenstein responded that the Attorney General advised at the hearing that it's an area that the State should tread on knowing that it may have an impact on the MOU. The tribal nations believe it would have an impact on the MOU and the precise contours have not yet been developed so there is not a formal opinion as to what the impact would be. Mr. Osswalt said then it hasn't really been decided yet as to permit the participation from the casinos? Commissioner Rubenstein: The advice from the attorney general was that it should be considered carefully to assure that unattended consequences didn't happen.

Mr. Antonetti: Is it permissible to bet in Connecticut on sporting events elsewhere or is it federal statutes that say you can't? Mr. Virnelli replied that currently we cannot. You must be physically in the place where wagering on sporting events is legal.

Commissioner Rubenstein stated that professional gambling other than those specifically permitted by statute in Connecticut is unlawful. So the participants in Connecticut would be violating Connecticut State law for participating in those kinds of activities.

Mr. Osswalt: Is there a reason why law enforcement doesn't actively pursue illegal activity in Connecticut? Commissioner Rubenstein responded that this should be directed to the law enforcement agencies. Chairman Farrell spoke from a law enforcement aspect; he would assume that they take a look and say it's low on their priorities list. Commissioner Rubenstein stated the issue of lack of enforcement discussed at the informational hearing, the notion that whether or not Connecticut would like to participate in on-line gaming or not, doesn't mean that there isn't currently on-line gaming happening in Connecticut through all these off-shore locations and that is a question of the enforcement will and resource and frankly a logistical ability to enforce, but the problem was raised and the committee is aware of those issues. Mr. Kleber added that what the target of the Department of Justice is the actual sites and the owners and proprietors behind that, not the individual gamblers.

Massachusetts

Governor Deval Patrick named Stephen Crosby as Chairman of the Massachusetts Gaming Commission. To date Crosby is the only member of the Gaming Commission. The four remaining commissioners should be named by March 21, 2012. According to Mr. Crosby, it will be at least a year or two before the slots only facility is open and longer for the full casinos. In addition to hiring employees, the commission needs to find office space and create by-laws, among many necessities.

New York

Governor Andrew Cuomo has come out in favor of legalizing full-scale casinos in New York. It will require a constitutional amendment, which means two consecutive legislatures would have to vote for it and then the state's voters would have to approve it. The earliest passage would be 2013.

The Shinnecock Tribe has approved a deal with Gateway Resorts to build three casinos on Long Island, including one at Belmont Park. The tribe still must come up with a compact with the state of New York. Governor Cuomo is against a casino at Belmont due to its proximity to Aqueduct, which currently has slot machines. Governor Cuomo has announced that he would like the largest convention center in the world to be built at Resorts World Casino, New York City.

New Jersey

New Jersey Governor Chris Christie has signed legislation that would legalize sports betting in that state pending a change in federal law. This will set up a court case challenging the federal Professional and Amateur Sports Protection Act that bans sports wagering everywhere but Nevada, Delaware, Oregon and Montana. Two different New Jersey Congressmen are also introducing bills to modify the federal ban to allow New Jersey and other states to offer betting on sports.

License Services – Charitable Program/Viola Pietrandrea:

Ms. Pietrandrea gave a brief update on Charitable Games activity for the months of November and December, 2011.

On November 14th, correspondence was mailed to bingo and sealed ticket permittees informing them that their current permits would expire as of December 31st. This year the bingo and sealed ticket permit renewals were processed through the CAVU licensing system, which is an eLicensing system that has been utilized by the Department of Consumer Protection for many years. The renewal notices and applications were initially generated through the current Charitable Games database, but the renewal data was also entered into the CAVU system for processing purposes. In the short-term, a dual system will be maintained in order to ensure all aspects of the system are functioning well, and all required data are accessible.

On Tuesday, December 6th, registration renewal notices were sent to Bazaar and Raffle Equipment Dealers, Bingo Product Manufacturers and Equipment Dealers, and Sealed Ticket Dispensing Machine Manufacturers and Equipment Dealers registered with the Department. These firms contract with permitted organizations for the rental of bazaar or raffle equipment, bingo products and related equipment and sealed ticket dispensing machines, respectively. The registrations expired as of December 31st, and all but one firm renewed prior to the end of the month.

Gaming Surveillance, Enforcement & Assurance Program/Don Kleber:

Mr. Kleber noted that the Board has received the licensing and security reports for the months of November and December and offered to answer questions, if any. He also noted that his unit has been working closely with the Connecticut State Police to keep the background investigations numbers down. Their relationship is as strong as ever and AFIS is doing a good job. They are working on lottery retailer renewals which has to be completed by March 31, 2012 and they are holding weekly meetings with CLC to ensure that the retailers, should they have any problems, could coordinate their efforts and not duplicate their efforts. They do not expect to have any problems.

In January there was a Super Draw that the officer's attended and there were no issues during the drawing that uses a random number generator. Also in January, Lottery introduced mid-day Play 3 Bonus Play. In addition to the three numbers being drawn, they insert six white balls and a red ball in a separate machine and it's drawn first. Should the red ball be drawn, there is a bonus payout for the Play 3. The plan is to end this game February 18, 2012. Currently CLC is conducting a game "Lucky for Life." This is conducted on Mondays and Thursdays and is now going to be a regional game where all the New England states will be participating. The starting date is supposed to be March 15, 2012. This drawing will be held in Connecticut and they will be overseeing the preparation of the game. Also, the Investigators were working with the New Haven Police Department recently to help solve a stream of six armed robberies, where the individuals stole lottery tickets and tried to cash them and we were able to help them track the cashing.

Legal Division/Anne Stiber:

Ms. Stiber reported that Sealed Ticket regulations are still with OPM and the Governor's Office and we are waiting for their approval. Lottery regulations are in their final stages of formatting. Gary Berner, DCP's Legislative Program Manager, is in charge of shepherding all the various DCP regulations through the process and believes that it should be completed in the next few days. They should be going to OPM and the Governor's Office shortly.

A group has been formed that will be looking at the Licensing and Disclosure Regulations next week that need to be updated. A group will also be looking at the pari-mutuel regulations to update those also. Finally, regarding the Golf Ball Drop regulations, we did contact other states looking to see what kind of regulations they may have. We will be working on those regulations as well.

Chairman William Farrell submitted his resignation from his position on the Gaming Policy Board effective March 1, 2012.

Old Business:

Richard Antonetti thanked Ken Flatto for gathering information concerning the number of employees at both of the casinos.

Adjournment:

On motion made by Mr. Antonetti and accepted, the meeting adjourned at 10:40 am.

Respectfully submitted,

Donna Rector, Secretary
Gaming Policy Board