

Department of Consumer Protection/Gaming Division

Gaming Policy Board

Minutes of Meeting

September 21, 2012

at

**165 Capitol Avenue, Room #126
Hartford, CT 06106**

Members: Richard Antonetti; Edward F. Osswalt.

Staff: Michelle Seagull, Deputy Commissioner; Donna Rector, Secretary; Frank R. Virnelli, Jr.; Anne K. Stiber; Donald R. Kleber; William E. Ryan; Viola Pietrandrea.

Guests: Lt. Frances Conroy, Connecticut State Police; Sgt. Todd Harbeck, Connecticut State Police; Steve Alford, Sportech.

Call to Order: Richard Antonetti called the meeting to order at 10:04 a.m.

Approval of Minutes: Mr. Antonetti requested that the June 25, 2012 meeting minutes be approved and accepted as distributed. Mr. Osswalt abstained from the vote due to his absence from the board meeting.

Time and Place of Next Meeting: The next Gaming Policy Board meeting will take place at 10:00 a.m. on Friday, November 16, 2012 at DCP, 165 Capitol Avenue, Hartford, Room #126.

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 May, June and July, 2012.

Mr. Ryan gave a brief synopsis of the activity conducted by the Gaming Regulation Program for the months of May, June and July, 2012.

Off-Track Betting

- Eleven track approvals were completed in the month of May, 2012.
- Eleven track approvals were completed in the month of June, 2012.
- Six track approvals were completed in the month of July, 2012.

- On May 5, 2012 the 138th running of the Kentucky Derby was held and reported an all-time record handle with \$3,956,229. This handle represented an increase of 11% from the 2011 Derby. The horse “I’ll Have Another” was the big winner on that race.
- On June 9, 2012 the Belmont Stakes was held and reported all-time record handles at several sites of the Sportech Venues despite the scratch of “I’ll Have Another.” Due to an injury the horse was unable to make a run at the Triple Crown. The total handle was reported at \$2,508,878 with \$3,956,229. This handle represented an increase of 6.3% from the 2011 Stakes. The horse “Union Rags” was the big winner.

Lottery

- Eight instant ticket games received preliminary approval and three games received final approval in May, 2012.
- Three instant ticket games received preliminary approval and three games received final approval in June, 2012.
- Six instant ticket games received preliminary approval and one game received final approval in July, 2012.
- The Connecticut Lottery Corporation Super Draw, Game #4 concluded with the sale of all 262,865 tickets. The drawing for the game took place on July 4, 2012.

Foxwoods

- In May, 2012, Foxwoods had 9 cash jackpots that paid over \$25,000. There were no Jackpots that paid over \$100,000.00.
- In June, 2012 Foxwoods had 13 cash jackpots that paid over \$25,000. There was one Jackpot that paid at/over \$100,000.00
- In July, 2012 Foxwoods had 8 cash jackpots that paid over \$25,000. There were two Jackpots that paid at/over \$100,000.00. Both were WAP.
- As of the end of May, 2012, Foxwoods had a total of 6,314 slot machines on the floor.
- As of the end of June, 2012, Foxwoods had a total of 6,314 slot machines on the floor.
- As of the end of July, 2012, Foxwoods had a total of 6,249 slot machines on the floor.

Mohegan Sun Casino

- For the month of May, 2012, Mohegan Sun had 8 jackpots that paid \$50,000 or more. One that paid over \$100,000.
- For the month of June, 2012, Mohegan Sun had 10 jackpots that paid \$50,000 or more. Three paid over \$100,000
- For the month of July, 2012, Mohegan Sun had 12 jackpots that paid \$50,000 or more. Three paid over \$100,000, one of which was a WAP.
- As of the end of May, 2012, Mohegan Sun had a total of 5,948 slot machines on the floor.
- As of the end of June, 2012, Mohegan Sun had a total of 5,921 slot machines on the floor.
- As of the end of July, 2012, Mohegan Sun had a total of 5,904 slot machines on the floor.

Mr. Osswalt commented he read that Mohegan Sun’s operating a casino in Atlantic City. Mr. Ryan responded that Mohegan Sun is taking over the management contract for Resorts Casino in Atlantic City. He believes they are going through the process of being licensed through the state of New Jersey. The tribal compacts will not apply in this case. Mr. Ryan will update the board on the process.

Accounting & Gaming Auditing Division/Frank Virnelli:

Mr. Virnelli noted that the Board has received the monthly statistical reports for May, June & July and offered to answer questions, if any.

Mr. Antonetti asked Mr. Virnelli to summarize on the two casinos. Fiscal year ending in June, Foxwoods was down 5.6% of their revenue, Mohegan Sun was down 4% for that time period. Aqueduct has been doing very well in New York so that is having an impact.

He continued by providing an update on what is happening with casinos in Massachusetts.

Massachusetts

The Massachusetts Gaming Commission has released a time table for issuing casino licenses. They expect to accept license applications between January and May 2013, review the applications by November 2013, accept agreements from host communities through May 2014 and issue actual licenses from October 2013 to November 2014. They have already started accepting preliminary applications. To date, Suffolk Downs has filed for a casino and Plainridge Racecourse (Plainville) has filed for a slot parlor. The preliminary fee is \$400,000 and the filing allows the prospective applicant to meet with state agencies (environment, transportation, building codes, etc.) and gain legitimacy with the local communities.

The city of Springfield hired a consultant to help decide which of the four companies interested in a casino in that city, MGM Resorts, Ameristar, Penn National Gaming and Hard Rock International, it should negotiate with. The consultant, Shefsky & Froelich, is registered in Illinois as a lobbyist for MGM and Penn. The state ethics commission has ruled that there is no conflict of interest because the members of the firm who will be working on behalf of Springfield are not working for the casinos and the member who does work on behalf of the casinos in Illinois will not be providing services for Springfield.

The state and the Mashpee Wampanoag Tribe have a compact for a casino in the Southeastern casino zone. The State would receive 21.5 percent of the tribe's gambling revenue (non-tribal tax is 25%). The federal government has until mid-October to approve the compact.

A federal appeals court sent the lawsuit of KG Urban Enterprises (which would like to build a casino in New Bedford), challenging the section of the law that gives a federally recognized tribe first chance at a casino in the southeastern part of the state back to the US District Court in Boston. The Wampanoag Tribe of Gay Head-Aquinnah has asked the court to allow it to intervene as a defendant in that case.

Mr. Osswalt asked what the status is with Internet Gambling. Mr. Virnelli responded that some states are going forward with it. There was recently in the senate a bill introduced that would allow poker and horse racing but it's only in the senate and with an election coming up that's a long way off.

License Services – Charitable Program/Viola Pietrandrea:

Ms. Pietrandrea gave a brief update on Charitable Games activity for the months of May, June and July, 2012.

During the month of May, discussions were held and work had begun to amend the current bazaar and raffle regulations to incorporate statutory changes, which authorized golf ball drop raffles. After receiving input from all appropriate individuals, a draft copy of the proposed changes was submitted to the Commissioner for review and approval.

Over the past few months, several sealed ticket bingo event games were reviewed and approved for all registered sealed ticket game product manufacturers. These games are played in a slightly different manner than the standard sealed ticket games. They are generally played in conjunction with an authorized bingo game, offering players an additional method of winning a prize, thereby adding excitement to the game and potentially increasing sales for the organization.

Gaming Surveillance, Enforcement & Assurance Program/Don Kleber:

Mr. Kleber noted that the Board has received the licensing and security reports for the months of May, June and July, 2012 and offered to answer questions, if any. Mr. Kleber mentioned that their relationship with the State Police and the Background Unit continues to be strong. The number of background investigations is steady and haven't climbed significantly which is where they have stayed historically. Staffing has gone down recently with some promotions and hasn't affected the overall operation. Mr. Kleber stated that they are in the period where they are beginning renewals for the casino licensing.

A change that took place is the Director of the Connecticut State Laboratory has been replaced with a new interim Director. Mr. Kleber spoke with him about our business so that it will not affect our portion of the Instant Ticket games that are tested at the laboratory. What that does is ensure that the Connecticut State Police Lab in Meriden will continue to do the integrity testing. The games are shipped to DCP then brought to the lab where they are tested; then test results reviewed. He stated that their relationship with the lab is excellent and he feels that it is important to keep that process in the state. Mr. Antonetti stated that the integrity of the gaming process in Connecticut is vitally important especially to consumers and to the state.

Legal Division/Anne Stiber:

Ms. Stiber noted that the Board has received the monthly hearing reports before you and offered to answer any questions. A draft of the Golf Ball Drop Regulations have been submitted to the Commissioner and Deputy Commissioner. The Sealed Ticket Regulations that were approved by the Board during the last Board meeting were approved by the Attorney General's Office on August 16, 2012 and are now with the Legislatures Regulation Review Committee. Ms. Stiber anticipates it will be put on the agenda for their November meeting. The Lottery Regulations have been submitted to the Governor's Office and OPM for their approval. They also are currently working on the Licensing and Disclosure Regulations and hope to submit that package to the Commissioner and Deputy Commissioner soon. The Pari-mutuel Regulations have not been updated in about fifteen years and with the consolidation need to be updated.

Mr. Osswalt asked the question with regards to the Sealed Ticket Regulations, in Section 7-169(h)26, there is no mention of appellate rights for aggrieved pemmittees to the Gaming Policy Board. In Consumer Protection's Gaming Statutes, Public Act 11-51, which amended all the statutes to provide for Consumer Protection's replacement of the Special Revenue Division, still contained our appellate rights to the Gambling Board on behalf of the aggrieved pemmittees. Was

there a later statutory amendment eliminating the Board? Ms. Stiber will follow-up on this and get back to the Board at the next meeting to make sure that the statutes and regulations are in alliance with each other.

Mr. Antonetti commented on the issue by saying that it's important to get back to more members on the Board. The last meeting he was the sole member on the Board making decisions to important matters and believes that it is vital and is an asset to have more members to stay in compliance with the statutes.

Commissioner's Update:

Deputy Commissioner Michelle Seagull updated the Board saying that they are continuing to transition gaming licensing into an e-Licensing System so it will be automated the next time renewals come around.

Old Business: None

New Business: Mr. Antonetti said he would like to see a letter to the Governor generated, asking him to expedite and appoint new members to the Board. Mr. Ryan noted that the Commissioner has had conversations with the Governor about Board members in the past couple of months.

Adjournment:

On motion made by Mr. Antonetti, the meeting adjourned at 10:45 am.

Respectfully submitted,

Donna Rector, Secretary
Gaming Policy Board