

Department of Consumer Protection/Gaming Division

Gaming Policy Board

Minutes of Meeting

June 25, 2012

at

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

Members: Richard Antonetti; Edward F. Osswalt (Absent).

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

Guests: Jerry Padula, DCP; Lt. Frances Conroy, Connecticut State Police; Chelsea Turner, Connecticut Lottery Corporation and Steve Alford, Sportech.

Call to Order: Richard Antonetti called the meeting to order at 10:00 a.m. and recognized the absence of Edward Osswalt due to illness.

Opening Statement from Commissioner Rubenstein spoke regarding the absence of Mr. Osswalt which caused the board to stand at one member for this meeting. The Commissioner stated that because Mr. Osswalt is medically incapacitated and unable to serve as a board member at the moment, a historical opinion from the Attorney General's office under Doctrine of Necessity, the membership of a Board that is below its normal capacity and even below its quorum can still function. Mr. Antonetti would be able to cast votes as he is currently the only appointed and capable member serving.

Approval of Minutes: On motion made by Mr. Antonetti, it was resolved that the Minutes of the April 19, 2012 meeting be accepted as distributed.

Time and Place of Next Meeting(s): It was discussed that the next two meetings of the Gaming Policy Board will take place at 10:00 a.m. on Friday, September 21, 2012 & 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 March and April, 2012.

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

Off-Track Betting

- Eight track approvals were completed in the month of March, 2012.
- Twelve track approvals were completed in the month of April, 2012.
- On April 8-9, 2012 the Sportech Racing completed the migration from the CT-OTB Tote system in New Haven to the Northeast Quantum Data Center in Mt. Laurel, New Jersey all tote activities are conducted from the New Jersey Hub location. There were no problems or incidents reported during the transition.
- Sportech also began to deploy the new Bet Jet terminal throughout the State. The terminals allow for more races per card to be accepted by the tote system in addition to being a more user friendly terminal.
- The new wagers approved by the Gaming Policy Board at the April 19, 2012 meeting were approved by DCP Gaming and implemented on April 26, 2012. The wagers are Tri Super, Super Hi Five and Place Pick.

Lottery

- Four instant ticket games received preliminary approval and five games received final approval in March, 2012.
- Four instant ticket games received preliminary approval and four games received final approval in April, 2012.
- The Connecticut Lottery Corporation Super Draw, Game #4 was approved on March 13, 2012 the game is following the same format as previous Super Draw games, with \$275,000 tickets available for sale. The drawing for the game will be conducted on July 4, 2012.

Foxwoods

- In March, 2012, Foxwoods had 15 cash jackpots that paid over \$25,000. There were two Jackpots that paid over \$100,000 one of which was a WAP.
- In April, 2012 Foxwoods had 19 cash jackpots that paid over \$25,000. There were three Jackpots paid at/over \$100,000, none were WAP.
- As of the end of March, 2012, Foxwoods had a total of 6,322 slot machines on the floor.
- As of the end of April, 2012, Foxwoods had a total of 6,318 slot machines on the floor.

Mohegan Sun Casino

- For the month of March, 2012, Mohegan Sun had 8 jackpots that paid \$50,000 or more. One that paid over \$100,000.
- For the month of April, 2012, Mohegan Sun had 13 jackpots that paid \$50,000 or more. Five paid over \$100,000, four of which was a WAP.
- As of the end of March, 2012, Mohegan Sun had a total of 5,977 slot machines on the floor.
- As of the end of April, 2012, Mohegan Sun had a total of 5,986 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 March and April and offered to answer questions, if any.

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

Massachusetts

The Mashpee Wampanoag Tribe has been working the steps necessary to secure the license for the Southeastern casino zone. They have an option to purchase land in Taunton, an agreement with that city's leadership and a positive result in a non-binding referendum by the voters of the city. In addition, by all reports their negotiations for a compact with the state are going well. The Bureau of Indian Affairs has approved the tribe's gaming ordinance and held a hearing on their application to place the Taunton land into federal trust. The application is opposed by various local tribes who assert that the Mashpee have never had ties to the Taunton area and are infringing on their ancestral home. The Mashpee's dispute that. Another challenge is that under the 2009 US Supreme Court Carciere decision, the BIA does not have the authority to take land into trust for the Mashpee's because they received federal recognition after 1934 (they achieved recognition in 2007).

The Wampanoag Tribe of Gay Head (Aquinnah), which has declared that it would like the Southeastern license, is not faring as well. The Aquinnah, based on Martha's Vineyard, lost non-binding votes by wide margins in both Lakeville and Freetown, where the tribe hopes to build a casino. The state refuses to negotiate a compact with them, claiming the fact that as part of a land deal their land is subject to state law and so disqualifies them from having a casino. The Aquinnah are threatening a federal lawsuit.

Suffolk Downs and Caesar's Entertainment announced the casino they would build in East Boston if they are awarded the license for the Boston Region. Their chances dramatically improved when Robert Kraft and Steve Wynn declared that they would not pursue a casino in Foxborough due to the strong local opposition.

Mr. Antonetti mentioned that there were reports in the press that experts say Massachusetts can't compete with our casinos and asked when Mr. Virnelli would you say they will be up and running? Mr. Virnelli stated his personal opinion was that still will take a while. The gaming commission is still going forward but they still need to come up with the criteria to even award a license. He believes that Suffolk Downs will be the first one to start. Mr. Antonetti asked does it delay the procedure when applicants apply and then withdraw their applications? Mr. Virnelli stated that in some ways but then because of the more entities that drop out, there are fewer left available and if they do qualify it may be less competition that may make it a little quicker once the application process is available.

License Services – Charitable Program/Viola Pietrandrea:

Ms. Pietrandrea gave a brief update on Charitable Games activity for the months of March and April, 2012.

The Department received three applications from firms desiring to manufacture or distribute sealed tickets in this state. The application forms were reviewed by the Charitable Games Unit, and all pertinent information was then forwarded to the Security Unit to begin the background check, and to the Audit Section for review of the financial information. Each manufacturer also submitted several sealed ticket games for approval. Information such as the game artwork, payout structures, and profit to the organization must be reviewed and verified to ensure

percentages and certain requirements set by statute are being met prior to approving a sealed ticket game for sale and distribution.

The Department subsequently completed the review and processing of the three applications, and two manufacturers and one distributor were recommended for approval. With the approval of these firms, the sale and distribution of sealed tickets was transitioned over from the Department of Consumer Protection to a new manufacturer and distributor system, effective Monday, April 23, 2012. At the time of transition, nearly two hundred sealed ticket games had been approved by the Department, and the manufacturers were provided with a list of the games that were approved for sale to registered distributors.

Ms. Pietrandrea offered to answer questions, if any.

Mr. Antonetti asked if these are the same manufacturers that we had previously. Ms. Pietrandrea responded that two of the manufacturers had our contract over the years and the third one didn't, but they have met all the requirements so we have three approved manufacturers at this point in time and that Connecticut Bingo Supply in Bristol is the current distributor. Mr. Antonetti asked, do you feel there is ample security on the distribution of these tickets and also through the machines that are going to be used? Ms. Pietrandrea responded that the dispensing machines have been out there for a number of years and we do tag every machine so we do know where those machines are with dispensing of tickets. Mr. Antonetti asked does the department have a check on the process of security? Ms. Pietrandrea stated that without our field staff we are not going out and inspecting those permittees anymore. Mr. Antonetti responded, so that might be a venue for error in security? Ms. Pietrandrea stated with the new proposed regulations, the organizations are going to have to submit monthly reports to us. Mr. Antonetti did read a little on the regulations where the people who are buying the tickets, they have to secure that they are registered and members of the organization. Commissioner Rubenstein addressed Mr. Antonetti's concerns by saying that we do have investigatory and security assets to do inspections that are able to respond either to suspicions if there are problems or to complaints that we receive or to make random checks if we wanted to. We feel confident that we have a security team in place that's able to deal with problems as they arise.

Gaming Surveillance, Enforcement & Assurance Program/Don Kleber:

Mr. Kleber noted that the Board has received the licensing and security reports for the months of March and April 2012 and offered to answer questions, if any. Mr. Kleber mentioned that the number of background investigations is at a slight rise from last report but that they are still substantially lower than they have been in the past. Lt. Conroy explained the failure to pay a plea warrant by stating that if you are issued a summons and you fail to pay or plead guilty or not guilty an arrest warrant is issued.

Effective May 31, 2012, the Connecticut Lottery Corporation, DCP and Connecticut State Police lab entered into an amendment to the original Memorandum of Understanding concerning the integrity testing of instant games. What that does is ensure that the Connecticut State Police Lab in Meriden will continue to do the integrity testing. Our relationship with the lab is excellent and we feel that it is important to keep that process in the state. During the month of June, Connecticut Lottery Corporation engaged in a bonus play 3/Mid-day 3. We are also engaged in SuperDraw which is a drawing on July 4th, we have had two training sessions.

Legal Division/Anne Stiber:

Ms. Stiber noted that the Board has received the monthly hearing reports before you and offered to answer any questions. The proposed regulations for the Manufacture, Distribution and Sale of Sealed Tickets, as a result of that request here Public Act 1151 the Statutory change shifted the responsibility for the sale of sealed tickets from the State to sealed ticket manufacturers and distributors that are registered with the DCP. These proposed regulations were also changed to reflect the merger of the former Division of Special Revenue into the DCP and change references from the Division to DCP and the Executive Director to the Commissioner. These regulations spell out the requirements for being a registered sealed ticket manufacturer and distributor as required by the Statutes. Sealed ticket dispensing machine equipment manufacturers and dealers are also subject to registration. Ms. Stiber noted one technical correction has been made to these proposed regulations since they were mailed to you in Section 71-169h-25(c) where department should be replaced with the word permittee. These proposed sealed ticket regulations have received the prior approval of the governor's office and OPM and were subject to a public hearing on May 30, 2012. Now in accordance with General Statutes Section 12-57(e) we respectfully request the board's approval of the sealed ticket regulations so that we can proceed in the process and receive approval with the attorney general's office. Ms. Stiber offered to answer any questions.

Mr. Antonetti mentioned that he had noticed that there was one change taking some of the oversight powers from the Gaming Policy Board and putting them into the hands of the Commissioner. Section 7-169h-28 waiver provision, gives over the final approval from the oversight of the Gaming Policy Board to the Commissioner. Commissioner Rubenstein addressed this issue that the provision is consistent with other provisions and waiver in the rest of the Department of Consumer Protection Regulations. The notion is that the Gaming Policy Board having its oversight responsibilities remains, but that the functioning of the process, where the Gaming Policy Board meets every 3 to 4 months means there's often not an opportunity to seek advance approval of the Gaming Policy Board where a market contingency comes up, and so there's always the opportunity for the Gaming Policy Board to come back and undo the action of the Commissioner. Approval of the regulations was made by Mr. Antonetti.

Commissioner's Update:

Commissioner Rubenstein mentioned that at the last meeting the board requested copies of the testimony held at the public hearing by the General Assembly, Public Safety Committee on Internet Gaming possibilities. What was gathered for the board was the extent of the public record of written testimony before the committee, but unfortunately not all of the testimony was committed to writing, notably the testimony of the two tribes was not committed to writing and there is no transcript available, however, the entire hearing was taped by Connecticut News Network (CTN) and so it's available on-line for the board to review.

The Governor issued a proclamation thanking former Chairman Farrell and Board Member Gayle Russell for their service to the state as members of the Gaming Policy Board and has mailed that proclamation to them. "A fitting thank you and tribute has come from the highest level of the executive branch."

New Business: None

Adjournment:

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

Respectfully submitted,

Donna Rector, Secretary
Gaming Policy Board