

DIVISION OF SPECIAL REVENUE

Gaming Policy Board Minutes

January 8, 2009

555 Russell Road
Newington, CT

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

Absent: Paul F. Pendergast.

Staff: Paul A. Young, Executive Director; Suzanne J. Alix; Paul D. Bernstein;
Donald Kleber; Joseph Tontini; Frank Virnelli; Viola Pietrandrea;
William Ryan; Paul Reiman; Linda Lawrence; Richard Embler.

Guests: Donald Barberino, Autotote Enterprises, Inc.; Lt. Wladimir Petruniw,
Commanding Officer, Casino Licensing & Operations, 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 October 16, 2008 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, February 26, 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 11 track approvals for the months of September and
October 2008 and four track approvals in the month of November 2008. The off-track
betting system shows a decline of 3.2% over last year through November 30th.

The new off-track betting location in Torrington opened to the public last Wednesday, December 31st after a final walk through of the building by Division staff. The Executive Director provided final approval.

The Breeders' Cup races took place over a two-day period, October 24th and 25th. Connecticut sales were down 17.8% compared to last year. The National handle for the Saturday program dropped approximately 9%.

On November 4, 2008 the state of Massachusetts voted to ban greyhound racing effective 2010. The referendum passed by a 54 to 46 margin.

Mr. Tontini thanked the Board for their approval of Autotote Enterprises, Inc.'s 2009 racing date request.

Lottery – There were two Instant games that received preliminary approval, and five Instant games that received final approval for the month of September 2008. Six Instant games received preliminary approval, and four Instant games received final approval for the month of October 2008. Two Instant games received preliminary approval and two Instant games received final approval for the month of November 2008.

Mohegan Sun – in September 2008 there were 45 jackpots of \$25,000 or more, three paid over \$100,000. In October 2008 there were 48 jackpots of \$25,000 or more, four paid \$100,000 or more. There was a wide-area progressive jackpot on October 25th in the amount of \$180,000. In November 2008 Mohegan Sun had 66 jackpots of \$25,000 or more and five paid \$100,000 or more. There was a wide-area progressive jackpot in November for \$201,000.

Foxwoods – in September 2008 there were 39 cash jackpots of \$25,000 or more including two that paid over \$100,000. There was one car/cash award. In October 2008 Foxwoods had 25 cash jackpots of \$25,000 or more. There was one wide-area progressive jackpot on October 30, 2008 in the amount of \$439,000. In November 2008 Foxwoods had 19 cash jackpots of \$25,000 or more.

As of the end of September 2008, Foxwoods had 8,267 slot machines on the floor. All of these are ticket capable. At the end of the months of October and November 2008 Foxwoods had 8,267 slot machines on the floor.

A brief discussion ensued pertaining to the section closures at the casinos and the hours of operations. Mr. Tontini answered questions in this regard.

Mr. Osswalt asked if the Division has any role to play with the on-going smoking versus no smoking controversy at the casinos. Mr. Tontini said the Division does not have a role in this matter.

Mr. Tontini reviewed the request from Autotote Enterprises, Inc. to establish a non-simulcast OTB facility with J. D. Coopers at 146 Park Road, Putnam. J.D. Coopers will build a separate room in the restaurant, within their sports bar, to accommodate the non-simulcast OTB facility. The Division recommends approval upon written approval by the Executive Director after receipt of all necessary documents and certificates indicating full compliance.

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

“Resolved, That Autotote Enterprises, Inc.’s request to establish a non-simulcast OTB facility located at J. D. Coopers Restaurant at 146 Park Road in Putnam, CT be granted conditioned with receipt of approval from the Division’s Executive Director.”

Integrity Assurance: Mr. Virnelli provided the monthly reports of the financial statements that included the revenue reports, transfers to the General Fund, as well as the grants to municipalities.

Charitable Games: Mr. Bernstein provided the Board an update of the Charitable Games activity, attached hereto as ‘Attachment A’.

Mr. Bernstein also provided a legislative update for the Board, attached hereto as ‘Attachment B’.

Mr. Bernstein continued saying the Division is seeking the Board’s approval of the Division’s proposed Administrative Regulations Governing Amusement And Recreation Bingo For Parent Teacher Associations. These regulations are required pursuant to Section 1, subsection (d), of Public Act No. 08-62. The purpose of these regulations is to detail the steps to be taken by a parent teacher association or organization desiring to operate or conduct amusement and recreation bingo as authorized.

Mr. Bernstein noted that these proposals were noticed in the Connecticut Law Journal and were heard publicly on September 16th and October 21st, respectively. They are not controversial and will not result in a fiscal impact, as the Division already accommodates the oversight of bingo activity.

The Board's approval is requested in furtherance of Section 1, subsection (d), of Public Act No. 08-62. As a point of information, the Legislative Commissioners' Office advised us to use Xs in place of statutory or regulatory cites, as the Public Act has not be codified yet.

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

“Resolved, That the proposed Administrative Regulations
Governing Amusement And Recreation Bingo For
Parent Teacher Associations be approved.”

Security and Licensing: Mr. Kleber noted that the Board received the licensing and security reports for the months of October, November and December 2008. He noted that the background investigation numbers have been reduced to approximately 500 outstanding investigations, in large part due to the cooperation of the Connecticut State Police. He said this is an on-going process that the Division continues to monitor with the Casino Unit of the State Police.

Mr. Kleber noted that the Division has seen a slight upturn in the hiring at both casinos.

Mr. Kleber said the AFIS program is up and running as expected. The running of the AFIS program contributes significantly of the ability to assure that the individuals who reach the casino floors do not have criminal backgrounds. The success of the program was due to many efforts of the technical staff of the State Police Bureau of Investigations and the Division.

He continued saying that since the Board's last meeting, his staff has made five arrests in the lottery area, and explained the circumstances involved.

Mr. Kleber said his Unit is proceeding with the licensing of vendors. In the past, the state of Connecticut, as provided in the Compact, permitted us to have vendors service the casinos, based up New Jersey licensing. Since New Jersey no longer provides Connecticut with the necessary information, the Division has embarked upon a project to license everyone that services the casinos. This is a multi-year project and has a huge impact on the Connecticut State Police Background Unit because some of the vendors are international vendors.

Mr. Kleber continued saying the Connecticut Lottery Corporation (CLC) is changing its business model regarding their Instant ticket printing of games. In the past when the CLC introduced a new game on the market, they would print 2-3 million tickets a game,

the game would expire when the tickets were sold. The CLC has changed their business model whereby they will not be printing between 10-12 million tickets at a time and the game will last longer. The effect on the Division will be in the way the tickets are tested. The Division is working with a mathematician to develop a statistical model to ensure the quality of the ticket meets the standards.

Mr. Kleber concluded by reporting that recently the Division became aware that there were a number of companies who were running casino nights, not necessarily for profit, but sometimes to enhance a corporate event. Letters were sent to the companies involved, telling them to cease and desist as they were in violation of the law. Copies of the letter sent to the companies were provided to the Attorney General's office as well as the Connecticut State Police.

A brief discussion ensued on this topic and Mr. Kleber answered questions for the Board.

Chairman Farrell asked if the Division is still receiving the cooperation of the Connecticut State Police regarding the background investigations. Mr. Kleber introduced Lt. Wladimir Petruniw, who is the new Commanding Officer of the Casino Unit. He said the Division met with Lt. Petruniw right after he assumed his new duties at the Casino Unit and the meeting went well, as does the cooperation regarding the background investigations.

Mr. Antonetti referred to an incident on the Foxwoods report whereby an individual was in possession of a weapon without a permit. Mr. Kleber said he was not aware of the exact circumstances, however, he would check into it and report back to the Board at the next meeting. A brief discussion was held on this issue.

Administrative Hearings: Executive Director Young reported that Mrs. Stiber is out sick today. The Board is in receipt of the monthly reports. The Board needs to schedule two appeals for the next meeting: Cesar Guzman (Foxwoods) and Christopher Jackson (Foxwoods). There was general consensus to hear both appeals after the next Board meeting scheduled for February 26, 2009.

Executive Director's Report: Executive Director Young provided the following update for the Board: the big item is the budget problem of the state with the deficit. As this fiscal year winds down there is that \$320 million deficit that hopefully will be taken care of when the legislature begins. The bigger picture is next year with the declining revenue. The gaming industry is seeing declines in the revenue. The lottery seems to be holding on better than some of the other forms of gaming. Autotote Enterprises is also looking into ways to attract new customers, as well as keeping existing customers.

The Division is participating in the hiring freeze. We have not hired anyone recently. There are several retirements coming up which will not be replaced.

The legislature requires more time for the Division's presence. The Division has two bills it is watching. Testimony will be provided.

Gaming Study – the Division is very close to receiving the Gaming Study. It will be delivered to the Division this month. Once it arrives, the Division will have more opportunity to review it and try to interpret what it is telling us. Executive Director Young said he did not believe that there would be enough time in this legislative session to make new recommendations based upon the study. It would probably be addressed in the 2010 legislative session.

Executive Director Young said he went to the Foxwoods casino to meet their new President, Michael Spellman. Mr. Spellman is a veteran of the industry. He worked at Foxwoods when they initially opened. He and his wife reside in Stonington. He has traveled to work in other states however he continued to reside in Connecticut.

PowerBall has expanded itself. They have added the state of Florida and have moved the drawings from Iowa to Florida. Florida is a big state and it is hopeful that it will introduce bigger jackpots.

Casino nights – there has been a plethora of those recently. They are corporate parties. The corporations had no idea that the casino nights are against the law. The Division is trying to educate the people about the issue. Letters and meeting have been sent to Departments of Education throughout the state. Meetings have been held with the Presidents in the University System to tell them about this issue.

Executive Director Young concluded addressing the Internet gaming issue. With the change in Congress, there does appear to be a movement to do something with Internet gaming. The Division may be faced with looking at Internet gaming in the coming year. With the changing of the Governor in Delaware, it looks like sports betting may come to the state of Delaware. There are four states that are grandfathered under the law that could, legally, do sports betting and Delaware is one of those states.

Mr. Osswalt asked if the authors of the Gaming Study are required to appear and answer questions. Executive Director Young replied yes, the RFP requires that they appear and answer questions.

Adjournment: On motion made by Mr. Antonetti, seconded by Mr. Osswalt and unanimously voted, the meeting adjourned at 11:40 a.m.

Respectfully submitted,

Suzanne J. Alix, Secretary

Attachments (2)