

DIVISION OF SPECIAL REVENUE

Gaming Policy Board Minutes

July 24, 2008

held at

555 Russell Road
Newington, CT

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

Staff: Paul A. Young, Executive Director; Suzanne J. Alix; Paul D. Bernstein; Donald R. Kleber; Joseph P. Tontini; Anne K. Stiber; Frank Virnelli; William Ryan; Paul Reiman.

Guests: Donald Barberino and James Birney of Autotote Enterprises, Inc. and Sgt. William Aulerich, Casino and Licensing Unit of the Connecticut State Police.

Call to Order: Chairman Farrell called the meeting to order at 9:40 a.m. and noted that one of the members, Paul Pendergast, is en route to the Division.

Approval of Minutes: On motion made by Mr. Antonetti, seconded by Ms. Russell and unanimously voted, it was resolved that the Minutes of the June 4, 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, October 16, 2008 at Division headquarters in Newington.

Interim Reports

Gambling Regulation: Mr. Tontini noted the letter identifying the changes to the off-track betting operating hours since the Board's last meeting.

Update: Off-track betting – there were nine track approvals completed in the month of May 2008 and 14 track approvals completed in the month of June 2008.

Lottery – there were three Instant games that received preliminary approval during the month of May 2008 and three Instant games that received final approval during the month of May 2008. There were four Instant games that received preliminary approval during the month of June 2008 and three Instant games that received final approval during the month of June 2008.

The casinos are still being impacted by the rising costs in fuel as well as the expansions at both casinos.

Mohegan Sun – in May 2008, Mohegan Sun had 45 jackpots of \$25,000 or more. There were two wide-area progressive jackpots in May 2008, one for \$1.5 million and the other for \$382,000. In June 2008, Mohegan Sun had 55 jackpots of \$25,000 or more, of which three paid \$100,000 or more. There were also two wide-area progressive jackpots in June 2008, one that paid \$204,000 and the other paid \$146,000. As of the end of May 2008, Mohegan Sun had a total of 5,968 slot machines on the floor and all of these machines are ticket in/ticket out capable. As of the end of June 2008, Mohegan Sun had a total of 6,084 slot machines on the floor and all of these machines are ticket in/ticket out capable.

Chairman Farrell asked if Mohegan Sun had penny machines at its casino. Mr. Tontini replied yes and explained the variations of the machines.

Foxwoods – in May 2008 Foxwoods had 41 cash jackpots of over \$25,000 and none over \$100,000. In June 2008 Foxwoods had 38 cash jackpots of over \$25,000, five over \$100,000, no car/cash awards; however, there was one wide-area progressive jackpot for \$289,000. As of the end of May 2008 Foxwoods had a total of 8,115 slot machines on the floor. This increase is due to the opening of the MGM Grand casino. Of the 8,115 slot machines, all but 38 machines are ticket in/ticket out capable. As of the end of June 2008, Foxwoods 8,150 slot machines on the floor, and all but 38 machines are ticket in/ticket out capable.

Mr. Tontini reviewed the request from Autotote Enterprises, Inc. (AEI) of a new OTB facility at 89 Roses Mill Road in Milford, CT. He stated the City of Milford approved the establishment of the new facility. On February 4, 2008 the Board of Alderman adopted a resolution authorizing the establishment of an OTB facility at 89 Roses Mill Road in Milford to include Sunday wagering. The Division recommends approval to AEI's request as well.

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

“Resolved, That Autotote Enterprises, Inc.’s request of a new OTB facility at 89 Roses Mill Road in Milford, CT., that includes Sunday wagering, is granted.”

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. Antonetti asked about the possibility of a projection if Keno was introduced into our gaming position, and whether it would provide additional revenue to the State. He also asked if a study could be done in this regard by the Lottery as an introduction to a new Keno game. Mr. Antonetti also asked if legislative action is needed, could the Division initiate it.

Executive Director Young stated that the Connecticut Lottery Corporation would be the agency to initiate legislation, as they would have the authority to do so. He continued stating that the last time the Division did a study on Keno, the projection was that the first year might produce approximately \$35 million in sales for the lottery. This particular administration has made it clear that they are not looking to expand gambling in any form. The Division could update the figures and discuss them with the Board at a future date once the figures are updated.

Chairman Farrell asked if the Division could locate the survey and forward a copy to Mr. Antonetti.

Charitable Games: Mr. Bernstein noted that the Board members have been provided the Charitable Games Operations Statements for the months of May and June.

Mr. Bernstein provided the following report on the Charitable Games activity for the month. The Division transmitted correspondence to the Superintendent of Schools in the state informing them of the enactment of Public Act No. 08-62 creating an exemption from permit requirements for parent teacher association bingo, for amusement and recreation purposes. The correspondence was sent on Tuesday, June 10th. The Division provided the superintendents with a copy of the new law and with information parent teacher associations or organizations will need to have, in order to register for bingo.

The Division has finalized proposed amendments to the Bazaar and Raffle regulations that would govern the conduct of “cash prize” and “special tuition” raffles authorized by sections 7-177a and 7-185b of the 2008 Supplement to the General Statutes. The proposals have been forwarded to the Governor’s office and OPM for their approvals as to policy.

The second tuition raffle drawing, with a sizeable prize of \$50,000, was conducted by the Hamden Hall Country Day School on Monday, June 23rd. The winner of the raffle was a gentleman from North Haven who has designated his daughter as the student recipient. The daughter has been accepted for enrollment as a 9th grade student at the Choate Rosemary Hall School for the 2008-2009 academic year. At the winner's request, the cost of tuition and fees for the academic year were paid by Hamden Hall, with Division approval.

Security and Licensing: Mr. Kleber noted that the Board has received the monthly reports for security and licensing.

He continued noting that with regard to licensing, and the Mohegan Sun expansion, the Division has not seen a large increase in requests for new licensees. What the Division has been told is that Mohegan Sun is in the process of utilizing current employees to staff that expansion as opposed to new hires.

Mr. Kleber also noted that with regard to the Connecticut Lottery Corporation (CLC), the Division's Security Unit conducted a six-month study in how to weigh and ensure the integrity of the lottery drawing balls. As a result a recommendation was made to the CLC, and has been accepted, which will reduce the manhours that both agencies dedicate to ensure the integrity of the weights of the balls without impacting the actual drawings.

Mr. Kleber concluded by reporting that the Division received a complaint about companies operating in the State under Las Vegas Nights, providing them with corporate functions. After an investigation the Division found seven companies that were engaged in that practice. A cease and desist letter was issued, copying the Chief State's Attorney's Office, as well as the Connecticut State Police. As a result of the letters issued, an additional company is being investigated to see if they are engaged in that practice within the State.

Mr. Kleber said the Security Unit is continuing to work with the Connecticut State Police relative to the outstanding background investigations. He said there has not been a significant reduction in the backlog. Mr. Kleber said he would be meeting with Lt. Spellman next week with regard to the backlog. The number of outstanding investigations has been reduced since the last Board meeting.

Chairman Farrell asked the status of the AFIS system. Mr. Kleber said he has scheduled a meeting for July 30th with Cogent and the SPBI at the Connecticut State Police Department. The development of the system is complete and the scheduled meeting is to discuss the installation. Mr. Kleber said that the "forward and save" program should be installed by the next Board meeting.

Administrative Hearings: Mrs. Stiber noted that the Board has received the hearing reports for the month as well as the FOI reports.

Mrs. Stiber requested the Board schedule a time to hear the appeal of Damion Dunhaney. There was general consensus to hear the appeal on October 16, 2008 after the scheduled Board meeting.

Executive Director: Executive Director Young reported on the following topics: the Governor called for budget reductions, and during this period the Division worked to figure out its fair share of reduction and reported back to the Governor as to where the reductions would occur.

Since the last Board meeting a hiring freeze has been enforced, which also impacts the Division. There are several open positions that will not be filled at this time.

As mentioned earlier from the Unit Heads, incomes in some areas are down. The lottery continues to do very well. The casinos, for the first time, are showing significant decreases in their income. As indicated previously, the decreases at the casinos can also be attributed to the competition. The economy itself has an impact, however, the impact of the competition is a larger part of the decrease. Both casinos are moving forward with expansions. Mohegan Sun's expansion will be opening in late August 2008.

Foxwoods – in terms of the lawsuit on the Free Slot Play, the legal process moves very slowly through the judicial system. There is no update on the lawsuit at this time.

Mr. Antonetti asked the status of the gaming study. Executive Director Young stated the study is going fine. Spectrum Gaming has finished their discussions. They have spoken with executive officers within the 20-mile radius around the casinos, as requested by the Division. They are currently preparing to conduct a survey of lottery agents.

He continued saying that he has attended all the focus groups held around the State. There is one more focus group that will be held, but as yet there is not a specific date. The Division is provided bi-weekly updates and the study continues to move forward.

Mr. Antonetti asked if the lottery has introduced new machines whereby a purchaser may scan their ticket to determine if it is a winner? Executive Director Young stated that the Connecticut Lottery Corporation converted, approximately six months ago, to a new system, and part of that system is a self-serve scanning device that the customer may check to see if they have a winner.

Mr. Antonetti asked if the old machines were removed with the conversion. Executive Director Young said all the machines have been replaced. He stated that an agent recently indicated that his lottery machine had been removed and he had not received a new one. Mr. Tontini stated that if an agent had a problem obtaining a license, it could cause the delay for receiving the new machine.

Ms. Russell asked what areas in the Division have open positions. Executive Director Young said the Division has one position open in Charitable Games and one position open in the accounting area.

At this time the Board recessed to hear the appeal of Benn & Ellen LLC, d/b/a Coliseum News.

The Board reconvened its meeting to record the following resolution:

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

“Resolved, That in the matter of Benn & Ellen LLC the Executive Director’s decision be sustained and affirmed by the Board.”

Adjournment: On motion made by Mr. Antonetti, seconded by Ms. Russell and unanimously approved, the meeting adjourned at 11:15 a.m.

Respectfully submitted,

Suzanne J. Alix, Secretary
Gaming Policy Board

