

DIVISION OF SPECIAL REVENUE

Gaming Policy Board

Minutes of Meeting

November 18, 2010

held at

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; Donald R. Kleber;
Viola Pietrandrea; William Ryan; Anne K. Stiber; Joseph P. Tontini;
Frank R. Virnelli.

Guests: Sgt. Jonathan Montey, Connecticut State Police; Chelsea Turner,
Connecticut Lottery Corporation.

Call to Order: Chairman Farrell called the meeting to order at 10:35 a.m.

Time and Place of Next Meeting: The next meeting of the Gaming Policy Board will take
place at 10:30 a.m. on January 20, 2011 at Division Headquarters in Newington.

Approval of Minutes: On motion made by Mr. Osswalt, seconded by Ms. Russell and
unanimously voted, it was resolved that the Minutes of the September 22, 2010 be
accepted as distributed.

Interim Reports

Gambling Regulation: Mr. Tontini reported briefly on the changes to the operating hours
of the OTB system.

Mr. Tontini noted the Division has received a request from Sportech, Inc. for approval of
the 2011 operating dates for the CT Off-Track Betting System. He noted that the Board
has received the date request and said the Division recommends approval of this request.

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

“Resolved, the request for the 2011 operating dates for the CT Off-Track Betting System, attached as ‘Attachment A’ is approved.”

Mr. Tontini requested the Board’s approval to add an item to the Board’s agenda in reference to extending the Resolution deadline of the conditional approval of the Sportech purchase of Scientific Games Racing given by the Gaming Policy Board at its September 22, 2010 meeting.

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

“Resolved, the request for the extension to the deadline of conditional approval for the Sportech purchase of Scientific Games Racing is added to the Agenda for discussion.”

Mr. Tontini requested approval to change the deadline of the conditional approval for the Sportech purchase of Scientific Games Racing from December 1, 2010 to February 1, 2011.

Mr. Osswalt asked how the investigation is proceeding, is everything satisfactory and is the Division receiving cooperation. Executive Director Young stated that the Division sent employees to the United Kingdom to further discuss and talk about the Sportech operation. He continued saying that Don Kleber headed the delegation that went to the United Kingdom (U.K.) – two from the Division and two from the Connecticut State Police. Executive Director Young said that generally speaking there has been nothing derogatory reported or uncovered thus far that is of concern to the Division.

Mr. Kleber said that he and Michael Janusko traveled to London, England to review some of the entities that are similar to ours in the United States, as pertains to Sportech and Newby Manor. He continued saying that he visited the financial services administration as well as U.K. Gaming and also traveled to the Isle of Jersey and met with the Chairman and other Board Members from Newby Manor.

Mr. Kleber said all the entities cooperated greatly with the Division. No derogatory information was found. The FSA has an arm that has more stringent requirements to the SAC for a publicly traded corporation. The summary of the trip was that there was not one piece of derogatory information uncovered during the trip.

Mr. Osswalt asked if the investigation would be complete within the next two months. Mr. Kleber replied that it is hard to answer for the State Police however he feels that there is a good chance that their portion would be completed in that time. He noted that the State Police conducted personal interviews of our licensees. Mr. Kleber also stated that as far as the Division's part of the investigation with the financials, etc., the Division should be prepared within the next two months.

Mr. Osswalt asked if the February 1, 2011 would be a working date for completion. Mr. Kleber said he is in contact on a regular basis with the Connecticut State Police and they have indicated that they had added additional manpower to this investigation, so the February 1, 2011 date should work.

Executive Director Young stated that he has had conversation with the Commissioner of the Connecticut State Police relative to this issue and the Commissioner, too, had similar words that the Unit looks like it will complete its investigation early next year.

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

“Resolved, That the Board's conditional approval of Sportech's purchase of Scientific Games Racing adopted at its September 22, 2010 be amended with respect to the deadline for completion of the six conditions from December 1, 2010 to February 1, 2011.”

Update: Off-Track Betting – there were six track approvals for the month of August 2010 and eleven track approvals for the month of September 2010. Like most gaming venues, Connecticut OTB has shown a bit of a decline, in that they were down \$2.2 million for the first three months of this fiscal year, and 4.5% for the year.

The New London OTB opened for business on November 1, 2010. The Willimantic OTB is still a work-in-process and is not expected to open until December at the very earliest.

Lottery – there were five Instant games that received preliminary approval and three Instant games that received final approval for the month of August 2010. There were five Instant games that received preliminary approval and five Instant games that received final approval for the month of September 2010.

The Connecticut Lottery Corporation started the first 200 Instant Ticket Vending Machines (ITVM) on September 12, 2010. On September 14, 2010 the Division approved a new on-line game, Connecticut Super Draw. It is a lottery game that will award prizes to ticketholders matching a six digit number that was randomly selected by a random

number generator (RNG) on draw day. The first tickets went on sale October 1, 2010 and the first draw will take place on January 1, 2011.

Mohegan Sun: In August 2010 Mohegan Sun had 20 jackpots that paid \$50,000 or more and four jackpots that paid \$100,000 or more and two of the four jackpots were wide-area progressive jackpots paid by the casino.

In September 2010 Mohegan Sun had ten jackpots that paid \$50,000 or more. There were no wide-area progressive jackpots for the month of September.

At the end of August 2010, Mohegan Sun had 6,405 slot machines on the floor and at the end of September 2010 Mohegan Sun had 6,403 slot machines on the floor.

Foxwoods: In August 2010 Foxwoods had 23 cash jackpots that paid over \$25,000 including two jackpots that paid over \$100,000. There was one wide-area jackpot. In September 2010 Foxwoods had 21 cash jackpots that paid over \$25,000 including three jackpots of \$100,000 or more. Two of these jackpots were wide-area progressive jackpots, one for \$325,000 and one for \$80,000.

At the end of August 2010 Foxwoods had 6,741 slot machines on the floor and at the end of September 2010 Foxwoods had 6,691 slot machines on the floor.

Mr. Tontini stated that as previously discussed Foxwoods is cutting down the number of slot machines. This number is down 520 slot machines.

Mr. Antonetti questioned the e-bonus contributions and Mr. Virnelli explained the procedures for the e-bonus process. He stated that the e-bonus is based on the settlement agreement that the State made with both Tribes.

Mr. Antonetti asked if the Division is aware of the “T.O” process with the slot machines whereby machines are actually turned off. Mr. Tontini said the “T.O.” process is used for a number of reasons, i.e. the testing of machines. It is also used for big bettors/players that are regulars to the facility and are better customers.

A brief discussion ensued on this process with Mr. Tontini clarifying the testing process of the machines and answering questions.

Mr. Osswalt stated with regard to the protocol for the testing of the machines, apparently the Division identifies a number of machines on a weekly basis for testing. These machines are randomly selected. He asked how much advanced notice the casino receives

prior to testing. Mr. Tontini replied the casino is given a few days notice prior to the testing. Mr. Tontini explained the procedure involved in the testing of the machines.

Integrity Assurance: Mr. Virnelli noted that the Board has received the statistical reports and offered to answer questions, if any.

Mr. Virnelli continued with an update on gaming in the region as follows:

Connecticut: With a new Governor and a new Attorney General, it is unclear what, if anything will change in Connecticut. Scott Butera, the new president and Chief Executive Officer of Foxwoods said Foxwoods Development Company has partnered with Goodson Gaming to get into on-line gambling. Velocity Gaming will operate only where on-line gambling is legal, but clearly it is looking toward the day when it is legal in the United States.

On the Federal side, the Republican takeover of the House of Representatives brings into question the fate of Barney Frank's on-line gambling bill. There are over 100 new members of Congress entering this year.

Massachusetts: In Massachusetts Governor Deval Patrick was re-elected and Senate President Therese Murray and House Speaker Robert DeLeo are still in place. Speculation is that the three of them will come to a private agreement about casinos in Massachusetts in order to avoid the embarrassment of last summer when they could not get a casino bill passed.

Maine: The voters in Maine passed an initiative to allow a casino in Oxford. The proposed \$165 million casino would be the first in Maine to have table games. The state legislators claim that they have the ability to revise some of the language, including allowing Hollywood Slots in Bangor to also have table games.

New Hampshire: In New Hampshire, Governor John Lynch was re-elected. The report of the gaming regulatory oversight authority is due by December 15th. The seven member authority is to evaluate current law and design the appropriate structure for an oversight agency for, presumably, racinos; it is also to draft new regulations for any expanded gambling.

Rhode Island just elected a new Governor, Lincoln Chafee. A year ago he declared that he was against the expansion of gambling. According to his campaign web site, he considers gambling addictive behavior, but would support full casinos in Rhode Island if Massachusetts were to legalize casinos.

Pennsylvania: Republican Tom Corbett, currently Pennsylvania's Attorney General, has been elected governor. It is believed that the expansion of gambling in the state will now slow down. There are four groups seeking the final "slots resort" casino license in Pennsylvania.

Charitable Games: Ms. Pietrandrea provided a brief update on the Charitable Games activity for the months of August and September as follows:

The Division was notified that it was chosen to participate in Phase VI of the Appropriations Committee's Results-Based Accountability (RBA) initiative. Each agency involved in the RBA process is requested to develop an RBA Report Card for a program selected by the Appropriations Subcommittee. The report card is a summary of the most important information about the program, which must be based on the "Eight Standard RBA Questions". The Division was requested to develop an RBA Report Card for the Charitable Games program. In view of this fact, a team of individuals involved in the Charitable Games program was formed to create the report card. The project team worked diligently on the assignment, and submitted the initial draft of the Charitable Games report Card to the Appropriations Committee Administrator by the required deadline. During the next phase of the project, the RBA Resource Team will review the report card and forward a copy of the review sheet along with any comments to the Division.

During the month of August, a \$2.00 sealed ticket game 'Cherry Master' sold out. On August 9th, a letter was sent to sealed ticket permittees to notify them that this game had sold out, as well as to inform them of the introduction of a new \$2.00 sealed ticket game, 'Jackpot Deluxe'. Each 'Jackpot Deluxe' ticket may feature prizes up to \$1,000.00, and each game packet will net an organization \$1,888.00.

The \$1.00 sealed ticket game, 'Money Clip' also sold out. On September 29th, sealed ticket permittees were notified of this, and were also informed of the introduction of a new \$1.00 sealed ticket game, 'Horse Race'. Each 'Horse Race' ticket may feature prizes up to \$350.00, and each game packet will net an organization \$1,012.00.

All approved bingo and sealed ticket permit renewals were mailed to appropriate permittees on Wednesday, September 15, 2010. The renewal permits and registrations are valid from October 1, 2010 through September 30, 2011. At the end of the month, a small number of organizations still had to renew their permits. Those organizations were contacted and informed that they couldn't conduct bingo games or sell sealed tickets as of October 1st, unless and until their renewal permits were approved. Many organizations indicated that they would submit their applications as soon as possible.

Security and Licensing: Mr. Kleber noted that the Board has received the Security and Licensing reports and offered to answer questions, if any.

Chairman Farrell said Mr. Antonetti has presented a request for a report on the missing funds from Sports Haven. Mr. Kleber said that on November 10, 2010 Nicholas Martin pled guilty in state court and was sentenced to one year and has been in prison since February. The investigation is continuing, the Division is working with other jurisdictions, and anticipates it will have further results soon.

He continued saying that last week he received a letter from Sportech complimenting Investigators Jepsen, Iacovetti and McGuire as well as William Daley and Michelle Anderson on their work on behalf of the Division in supporting Sportech.

Mr. Kleber reported that there was a robbery at the Off-Track Betting location in Waterbury and the Division is working closely with the Waterbury Police Department.

Chairman Farrell asked the status of the AFIS system. Mr. Kleber said the AFIS machine is working fine and the Division's relationship with the Connecticut State Police is as good as ever.

Administrative Hearings: Mrs. Stiber noted that the Board has received the October hearing report and said there is no Freedom of Information report for this month.

Mrs. Stiber provided the following report on the Lottery Amnesty Program. The program began at the beginning of October and runs through the end of 2010. The Division sent out 467 letters. The initial letters went out at the beginning of October and a large number were returned. The Division was able to obtain additional addresses for some of the cases. The total amount thus far is 467. The Division has received about 30 phone calls however the Division has received no payments thus far.

Mr. Osswalt asked the status of the lottery regulations. Mrs. Stiber replied that a meeting was scheduled for Friday, however due to a conflict it needs to be rescheduled.

Executive Director's Report: Executive Director Young reported on the New England Gaming Summit that was held at Mohegan Sun. It was a good conference. The gaming industry is moving rapidly. The President of the Massachusetts Legislature was in attendance as well as the President Pro Tem of the Senate who gave his personal opinion as to how he thought things were going, in that he believes there will be casinos in Massachusetts. The only question remaining is how many casinos. The one subject of debate is in the number of racinos, if any.

Executive Director Young stated it was a good conference however they may have tried to put too much into one day. This week is the G2E Conference in Las Vegas but due to travel restrictions the Division was unable to send anyone to the conference. Being unable to attend Conferences is becoming a concern because the Division may be a little behind in obtaining some of the knowledge and new information. The conferences are always a good opportunity to see the newest ideas. It has been about three years since the Division was able to send someone to the G2E Conference.

Chairman Farrell asked if this topic was included in the Transition Report recently requested by the Governor. He said he feels that this is an important issue that should be mentioned to the new administration.

Executive Director Young said the current administration dictated what information was to be included in the Transition Report. He continued saying that given the opportunity to meet with someone in the new administration it is a subject that would be mentioned.

Executive Director Young concluded by noting the change in administrations. He said he is an appointed official, so at some point there will be a discussion regarding his reappointment. Chairman Farrell said he is sure he speaks for the panel in supporting the Executive Director's actions contributed to the Division and hopefully he will be reappointed.

Executive Director Young said he plans to seek reappointment.

Adjournment: On motion made by Mr. Antonetti seconded by Ms. Russell and unanimously voted the meeting adjourned at 11:25 a.m.

Respectfully submitted,

Suzanne J. Alix, Secretary
Gaming Policy Board

Attachment (1)