

# Public Safety and Security Committee

## Testimony

March 2, 2010

Senator Stillman, Representative Dargan, members of the Public Safety and Security Committee.

My name is Paul Young and I am the Executive Director of the Division of Special Revenue. The Division of Special Revenue would like to take this opportunity to provide the Committee with its input on the subject of Keno. Let me be clear, the Division position is that Keno is a lottery game.

The Division has already approved Keno to be played as a lottery game. The Division has various correspondences dating back to 1991 between the State and the Mashantucket Pequot Gaming Commission addressing the rules and procedures for a Keno lottery game. The correspondence is clear. A letter dated July 8, 1992, from G. Michael Brown, then-Chairman of the Mashantucket Pequot Gaming Commission, to Demetrios Louziotis, then-Executive Director of the Division of Special Revenue, reads in part:

Section 3 (a) (iii) of the Compact permits the Tribe to conduct "any Lottery game". Section 2(o) of the Compact defines a lottery as "any game for which tickets are sold, the winning ticket or tickets being secretly predetermined or ultimately selected in a chance drawing, and in which the holders of winning tickets receive money or something of value. Keno is a form of lottery within this definition. As described more fully in the rules and procedures which have been approved by this Commission and are submitted for your review with this letter, keno is conducted through the sale of tickets in a manner similar to those sold by the State Lottery.

The correspondence goes on to say:

Since the keno lottery is not "substantially identical" to the corresponding State games, section 9(e) of the Compact requires that it be submitted to the State for review. Section 9(e) provides that the games shall be approved "so long as the rules of the game and any software or hardware computer equipment, drawing equipment and lottery tickets required for operation of such game make it possible to operate such game in the manner which is honest, fair to patrons and amenable to regulatory oversight." This Commission is confident that the rules and procedures which we have satisfy these tests. The game will utilize advanced computer equipment and software for the issuance of tickets. Drawing security procedures will be designed to assure the integrity of the games. The overall system has been widely utilized in a large number of gaming facilities in the State of Nevada and has a proven track record with respect to the integrity and fairness. The system which the Tribe will employ will utilize a tighter system of controls than those used in Nevada, since a verified ticket will be issued for every

entry. By comparison, Nevada uses a system in which the player's own marked form is stamped prior to a game, but no operator-verified ticket is issued. We have adopted this approach to further assure the integrity of the lottery."

The Division reviewed all the correspondence, and attached Standards of Operation and Management (SOM) for Lotteries submitted by the Mashantucket Pequot Gaming Commission, and approved them in correspondence from the Division Executive Director to the Tribe dated August 4, 1992. That letter reads in part:

Dear Mr. Henningsen: This is to inform you that the Division of Special Revenue has completed its review of the proposed Keno lottery rules and other supporting documents supplied by the Mashantucket Pequot Gaming Commission. The Division is of the opinion that the Keno lottery games as proposed can be operated in a manner which is honest, fair to the patrons and amenable to the regulatory oversight pursuant to Section 9(e) of the Mashantucket Pequot Tribe/State of Connecticut Gaming Compact ("Compact").

The Mashantucket Pequot tribe has made changes to the SOMs over the subsequent years and the Division has approved them. At all times the SOMs are submitted under section 9 of the Compact, which is the lottery section of the compact.

The Division also has various correspondence from then-Division of Special Revenue Executive Director John B. Meskill, to Mr. Francis M. Mullen, then-Director of Regulations, Mohegan Tribal Gaming Commission concerning Keno, from 1996. The correspondence is similar to that which we have already discussed above, and permission was given by Executive Director Meskill to the Mohegan Tribe to conduct Keno under Section 9, the Lottery Section of the Mohegan Compact.

Therefore, both Tribes have sought approval from the State Regulatory Agency to play a lottery game called Keno, and we have approved Keno to be played at the two tribal casinos under the authority of Lottery. If Keno is determined to be anything other than a lottery game in the State of Connecticut, it would be the Division's position that it could not be played at either tribal casino since the only way it could be authorized is as a lottery game. Keno is not listed in either compact under Section 3, Authorized Class III gaming. It was never listed as an authorized game in our Las Vegas night law, which was the vehicle by which the Tribes were given the authority to operate games of chance.

Since the Division does not have any proposal before it from the Connecticut Lottery Corporation (CLC) concerning a Keno game, I can only address what they are authorized to do by statute.

**Sec. 12-806. Purpose. Powers.** (a) The purposes of the corporation shall be to: (1) Operate and manage the lottery in an entrepreneurial and business-like manner free from the budgetary and other constraints that affect state agencies; (2) provide continuing and increased revenue to the people of the state through the lottery by being responsive to market forces and acting generally as a corporation engaged in entrepreneurial pursuits; and (3) ensure that the lottery continues to be operated with integrity and for the public good.

(b) The corporation shall have the following powers:

(4) To introduce new lottery games, modify existing lottery games, utilize existing and new technologies, determine distribution channels for the sale of lottery tickets and, to the extent specifically authorized by regulations adopted by the Division of Special Revenue pursuant to chapter 54, introduce instant ticket vending machines, kiosks and automated wagering systems or machines, with all such rights being subject to regulatory oversight by the Division of Special Revenue, except that the corporation shall not offer any interactive on-line lottery games, including on-line video lottery games for promotional purposes;

Therefore, should the CLC submit working papers for a new lottery game called Keno, to the Division, and if those working papers outline a game which would operate similar in a manner to that which the Division has already approved, and if those working papers were consistent with the lottery statutes and Division regulations, the Division would approve a third Keno game. Or, to put it differently, the Division has already authorized Keno within the State of Connecticut, and therefore, sees no reason why the CLC could not also operate Keno, a lottery type game.

Thank you for your time and I would be happy to answer any questions.