



# STATE OF CONNECTICUT

## DEPARTMENT OF CONSUMER PROTECTION

**TO:** Legislative Regulation Review Committee  
Capitol Building, Hartford, Connecticut

**DATE:** July 2, 2012

**SUBJECT:** Proposed Regulations Concerning the Manufacture, Distribution and Sale of Sealed Tickets

### SUMMARY OF TESTIMONY

The Department held a properly noticed public hearing on **May 30, 2012**. The administrative record was held open for one week to allow additional written testimony.

#### IN SUPPORT OF ADOPTION:

1. Frank J. Chesky, owner of CT Bingo Supply, LLC (verbal and written comments).
2. Viola Pietrandrea, the Director of the Drug Control Division of the Department of Consumer Protection (written comments).

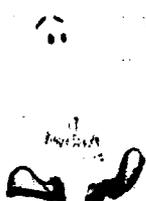
#### OPPOSED TO ADOPTION:

No verbal or written comments opposed the adoption of the proposed regulations.

#### SUGGESTING MODIFICATIONS TO THE TEXT:

1. Frank J. Chesky, owner of CT Bingo Supply, LLC (verbal and written comments marked Exhibit "D"). His three suggestions were incorporated in the final version.
2. Viola Pietrandrea, of the Department of Consumer Protection's Gaming Division (written comments marked Exhibit "G"). Her eight comments, some reiterating Mr. Chesky's comments, were incorporated in the final version.
3. Office of Policy and Management. The Department incorporated OPM's previous suggestion to re-format the published version of the Regulation.

A copy of the official transcript of the public hearing is also being provided with this summary, together with copies of any written testimony. If the members of the Committee should have any questions, they may contact Attorney Jerry Padula at 860-713-6087 or via e-mail at [Jerry.Padula@CT.gov](mailto:Jerry.Padula@CT.gov).



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April 25, 2012

William Rubenstein, Commissioner  
Department of Consumer Protection  
State Office Building, Room 103  
165 Capitol Avenue  
Hartford, CT 06106-1630

**RE: Notice of Intent to Amend Regulations  
The Manufacture, Distribution and Sale of Sealed Tickets**

Dear Commissioner Rubenstein:

This letter is submitted by CT Bingo Supply, LLC, a licensed sealed ticket game products distributor, in response to the intent of the Department of Consumer Protection to amend Connecticut regulations concerning the manufacture, distribution and sale of sealed tickets. For the reasons set forth below, Section 7-169h(a)-13, as currently drafted, fails to conform to Connecticut law, and therefore, must be revised.

Connecticut General Statutes Section 7-169h(i) requires that, "[a]fter the department's supply of sealed tickets has been fully depleted, permittees shall purchase such sealed tickets from a distributor at a cost which is equal to ten per cent of their resale value". In error, Section 7-169h(a)-13(a) of the proposed regulations provides that, "[p]ermittees shall only purchase sealed tickets from a sealed ticket game products distributor at a cost which is no more than ten percent (10%) of their resale value". The proposed regulation is therefore unlawful because it conflicts with the enabling statute, and must be revised to conform to the law. It is suggested that the proposed regulation be revised as follows:

Permittees shall only purchase sealed tickets from a sealed ticket game products distributor at a cost which is [no more than] equal to ten percent (10%) of their resale value.



William Rubenstein, Commissioner  
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In addition, Section 7-169h(a)-23(c) has a typographical error in that "department" should properly be "permittee". This section should be revised as follows:

All sealed tickets purchased by a sealed ticket game products distributor for sale or use in this state shall be stored or warehoused in this state prior to their sale or distribution to any [department] permittee during normal business hours.

CT Bingo Supply, LLC respectfully requests that the above changes be made to the proposed regulations, and then implemented as soon as possible. Thank you for the opportunity to raise this issue with the Department.

Best regards,



Frank J. Chesky III  
Owner  
CT Bingo Supply, LLC



# STATE OF CONNECTICUT

## DEPARTMENT OF CONSUMER PROTECTION

June 8, 2012

William M. Rubenstein, Commissioner  
Department of Consumer Protection  
State Office Building  
165 Capitol Avenue, Room 103  
Hartford, CT 06106

I am Viola Pietrandrea, and I am a License and Applications Supervisor in the Department of Consumer Protection's License Services Division, Charitable Games Unit. I am offering the following testimony and suggested changes in support of the Department's proposed amendments to the Administrative Regulations, The Manufacture, Distribution and Sale of Sealed Tickets.

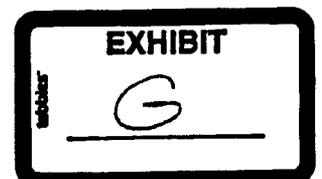
The purpose of the proposed regulations is to conform the currently effective regulations governing the manufacture, distribution and sale of sealed tickets with the provisions of Section 7-169h of the Connecticut General Statutes, as amended by Public Act No. 11-51. The Public Act changed the responsibility for the sale and distribution of sealed tickets from the Department of Consumer Protection to sealed ticket manufacturers and distributors registered with the Department. Several technical corrections are recommended to be made prior to approval of the proposed regulations.

A technical correction should be made to Sec. 7-169h(a)-13(a) of the proposed regulations. The language pertaining to the cost at which permittees must purchase sealed tickets is inconsistent with the language contained in the Connecticut General Statutes. The subsection should be worded as follows:

**Sec. 7-169h(a)-13. Purchase of sealed tickets**

- a. Permittees shall only purchase sealed tickets from a sealed ticket game products distributor at a cost which is equal to ten percent (10%) of their resale value.

A technical correction should be made to Sec. 7-169h(a)-22(e) of the proposed regulations. The subsection currently requires manufacturers to provide the Department with a mailer containing certain information regarding the sealed tickets to be approved, including the amount the permittee will pay for tickets. In Connecticut, sealed tickets may only be sold to permittees at an



amount which is equal to ten percent of their resale value. Mailers are developed by manufacturers for distribution and use in various states, and each state may have different requirements pertaining to the amount a permittee must pay for the purchase of sealed tickets. For this reason, this information isn't typically contained on the mailers produced by the manufacturers. In view of this fact, (7) in this subsection should be removed and the remaining list of requirements renumbered as follows:

**Sec. 7-169h(a)-22. Sealed Ticket Game Products Manufacturer**

- e. A sealed ticket game products manufacturer shall submit a mailer or flyer to the commissioner for approval of each sealed ticket game to be manufactured for distribution and sale in this state, which shall include an artwork representation of the game detailing (1) the name of the sealed ticket game, (2) a reproduction of a game ticket, (3) the price per ticket, (4) the number of winners per packet, (5) the total number of winners and total payout, (6) the winning ticket ratio, (7) the percentage retained by the permittee as gross profit for a fully sold game, which shall be at least ten percent of the resale value of tickets sold, (8) the percentage of the resale value of tickets to be awarded as prizes, which shall be at least forty-five percent, and (9) any other information the commissioner may reasonably require.

A technical correction should be made to Sec. 7-169h(a)-22(i) of the proposed regulations in order to clarify which section of the proposed regulations addresses the revocation of a sealed ticket game products manufacturer's registration. The following subsection should be worded as follows:

**Sec. 7-169h(a)-22. Sealed Ticket Game Products Manufacturer**

- i. No sealed ticket game products manufacturer shall sell sealed ticket game products to a sealed ticket game products distributor after any substantial change has come about in the sealed ticket game products manufacturer's status which is at variance with the facts contained in the original application for a sealed ticket game products manufacturer registration until an application to amend is filed with the commissioner. After an investigation, the department may, if the facts so warrant, revoke such manufacturer's registration in accordance with the provisions of Sec. 7-169h(a)-26(b) of the regulations of Connecticut state agencies.

A technical correction should be made to Sec. 7-169h(a)-22(j) of the proposed regulations. The word "commissioner" was inadvertently left out of the language addressing with whom a sealed ticket game products manufacturer must file a quarterly report. The following subsection should be worded as follows:

**Sec. 7-169h(a)-22. Sealed Ticket Game Products Manufacturer**

- j. A sealed ticket game products manufacturer shall file a report or reports with the commissioner on a quarterly basis, during the months of January, April, July and October, in a manner prescribed by the Commissioner. Each such report shall include (1) the name, address and registration number of the sealed ticket game products distributor to whom sealed tickets were sold, (2) the name of the game, serial numbers and form numbers for all games sold to a sealed ticket game products distributor, (3) the date of sale, and (4) any other information the commissioner may require.

A technical correction should be made to Sec. 7-169h(a)-22 of the proposed regulations. A new subsection should be added in order to provide for the inspection of the facilities of a sealed ticket game products manufacturer. The proposed regulations don't currently provide the department with the proper authority to inspect the facilities of a manufacturer, which is imperative. The subsection should be worded as follows:

**Sec. 7-169h(a)-22. Sealed Ticket Game Products Manufacturer**

- k. The facilities of a sealed ticket game products manufacturer shall be subject to inspection by the commissioner or the commissioner's duly designated agent during normal business hours.

A technical correction should be made to Sec. 7-169h(a)-23(c) of the proposed regulations. The subsection indicates that tickets may only be sold and distributed to the department; however, it should have stated that tickets may only be sold and distributed to a permittee, rather than to the department. Furthermore, a technical correction should also be made to this subsection in order to provide for the inspection of the storage or warehouse facilities of a sealed ticket game products distributor. Currently, the proposed regulations permit the department to inspect a distributor's physical office, but there isn't any reference to inspection of the storage or warehouse facilities, which is imperative. The subsection should be worded as follows:

**Sec. 7-169h(a)-23. Sealed Ticket Game Products Distributor**

- c. All sealed tickets purchased by a sealed ticket game products distributor for sale or use in this state shall be stored or warehoused in this state prior to their sale or distribution to any permittee during normal business hours, and such warehouse or storage facility shall be subject to inspection by the commissioner or the commissioner's duly designated agent during normal business hours.

A technical correction should be made to Sec. 7-169h(a)-23(h) of the proposed regulations. An incorrect section number was referenced within this subsection regarding the revocation of a sealed ticket game products distributor's registration. Furthermore, a technical correction should also be made to the section that should have been referenced in order to properly address the issue of revocation of a registration for a sealed ticket game products distributor or manufacturer. In view of this fact, a technical correction should also be made to Sec. 7-169h(a)-26(b) of the proposed regulations. The following subsections should be worded as follows:

**Sec. 7-169h(a)-23. Sealed Ticket Game Products Distributor**

- h. No sealed ticket game products distributor shall sell sealed tickets after any substantial change has come about in its status which is at variance with the facts contained in the original application for a sealed ticket game products distributor registration until an application to amend is filed with the commissioner. After an investigation, the department may, if the facts so warrant, revoke such distributor's registration in accordance with the provisions of Section 7-169h(a)-26(b) of the Regulations of Connecticut State Agencies.

**Sec. 7-169h(a)-26. Violations of statutes, rules and regulations, false statement**

- b. Whenever the commissioner finds as the result of an investigation that any person has violated any provision of section 7-169h of the General Statutes or sections 7-169h(a)-1 to 7-169h(a)-28, inclusive, of the regulations of Connecticut state agencies, or made any false statement in any application for a registration or permit or in any report required by the commissioner, the commissioner may send a notice to such person by certified mail, return receipt requested. Any such notice shall include (1) a reference to the section or regulation alleged to have been violated or the application or report in which an alleged false statement was made, (2) a short and plain statement of the matter asserted or charged, (3) the fact that any registration or permit issued pursuant to this section may be suspended or revoked for such violation or false statement and the maximum penalty that may be imposed for such violation or false statement, and (4) the time and place for the hearing. Such hearing shall be fixed for a date not earlier than fourteen days after the notice is mailed.

Thank you for the opportunity to provide this testimony.

Very truly yours,



Viola Pietrandrea  
License and Applications Supervisor  
License Services/Charitable Games Unit

**REGULATION HEARING**  
**Sealed Tickets Transcript (Gaming Division)**

Jerry Padula:

Good afternoon everyone. An attorney Jerry Padula, one of the attorneys here at the Department of Consumer Protection. I've been designated by Commissioner William Rubenstein to be the hearing officer for today's public hearing on proposed regulations concerning Sealed Tickets. Today is Wednesday May 30, 2012, and the time is now 2:05 in the afternoon. We're here in Room 119 of the State Office Building, which is located at 165 Capitol Avenue here in the "Capitol City" of Hartford, Connecticut. On April 24, 2012, the Department of Consumer Protection published a "Notice of Intent to Amend Regulations" in the Connecticut Law Journal. These regulations are being proposed in accordance with the authority granted in the Connecticut General Statutes, sections 4-168a and 7-169h. For the record, a copy of the Connecticut Law Journal notice published on April 24, 2012 will be entered into the record as Exhibit "A". The department also prepared a Fiscal Note, which reflects no fiscal impact on the department, that document will be marked Exhibit "B" for the record. And the department also prepared a Small Business Impact Statement, which is also referred to within the Law Journal notice, and that Small Business Impact Statement will be marked as Exhibit "C". And finally, we did receive one submission into the record and that was a document from Connecticut Bingo Supply, LLC and that document was dated April 25, 2012, that will be marked Exhibit "D". We also have the Commissioners designation letter allowing me to be the hearing officer for today proceedings and that will be marked as Exhibit "E". The department prepared the Small Business Impact Statement analysis, and has notified the Department of Small Business Affairs at the Department of Economic Development of our intent to amend these regulations. In pursuant to Connecticut General Statute, section 4-168a, when drafting these proposed regulations, the Department considered the methods that would accomplish the objectives of the applicable statutes while minimizing the adverse impact on small businesses. And the agency specifically considered the five methods that are listed in subsection (b) of Connecticut General Statutes 4-168a. Now at this point, we will begin by having the individuals who signed the speaker sign-up sheet to come forward with their comments. And the first person on that list is Frank Chesky of CT Bingo Supply, LLC.

Frank Chesky: Am here today to just provide some brief comments with regards to the proposed regulations regarding the Manufacture Distribution of Sale of Sealed Tickets. My name is Frank Chesky, am a co-owner of CT Bingo Supply, LLC of Bristol Connecticut. We are currently a licensed Sealed Ticket Games Product Distributor by the DCP. We previously, as you mention, submitted written comments dated April 25, 2012, those explanations should be self explanatory. Although again I will point out one of the primary issues that we had with the proposed regulations was with regards to the resale value of sealed tickets as identified in section 7-169h(a)-13 which identifies the purchase price by permittees from distributors at a price of no more than 10% of the resale value of the sealed ticket. And the, as the Commissioner is likely aware the statute provides that the sale price of a ticket shall be 10% of the resale value of a ticket. So we suggest that change should be made to the draft regulations. I think we did have one other comment to that and then in further review of the regulations I did note two other additional errors that were, appeared to be in the regulations. Specifically with regards to identification of the proper identification of section 7-169h(a)-26 violation statutes, it appears that throughout the draft regulations the improper section was designated as 7-169h(a)-25(b). Aside from that, one other comment to the draft regulations in section 7-169h(a)-23 subsection (c), it appears that it states all sealed tickets purchased by a sealed tickets games products distributor for sale or used in the state shall be stored in a warehouse in the state prior to there sale or distribution to any department during normal business hours and I suggest that is probably an error and should be read “ to be to any permittee” rather than “to any department”. And aside from that, I have no other comments and with those changes I would close support the draft regulations.

Jerry Padula: Thank you. If I could just ask you a quick question?

Frank Chesky: Sure.

Jerry Padula: In your comments, you mentioned three different changes. Was the second one specifically in your written comments? Section 25(b)

Frank Chesky: I don't believe it was.

Jerry Padula: Okay.

Frank Chesky: I think it was, again it was something that I had identified after we made or submission.

Jerry Padula:

Okay good, I made a note of that so, I was just comparing your written comments. Thank you. Does anybody else wish to address the department, get on the record? Okay, with that I'll just summarize the next step for these regulations. The agency will be reviewing any of the comments that are provided, we will leave the record open for an extra week through Friday June 8, at the close of business to allow any written comments to come in the record. And the department will be reviewing all the written comments as well as the testimony from today's proceedings once it's transcribed. And we will be considering whether any revisions need to be made to the text of regulations as it was published in the Connecticut Law Journal. In pursuant to the Uniform Administrative Procedures Act, we will then forward the regulations to the Attorney General and the Attorney General performs a review of the legal sufficiency of that regulation. If it's approved by the Attorney General, the regulations go to the Regulation Review Committee where they're put on the agenda for one of the committee meetings. And if approved there, it will be filed with the Secretary of the State and I believe these regulations are going to be effective upon their filing with the Secretary of the State's Office. The department also has the option of setting a specific date, we usually use the date of filing as the date of effective for the effectiveness. Okay, with that I'll just note the time, it's 2:13 and this public hearing is now adjourned. Thank you all for coming and for testifying.