



## THE MOHEGAN TRIBAL GAMING COMMISSION

One Mohegan Sun Boulevard • Uncasville, CT 06382

Telephone (860) 862-7378 • Fax (860) 862-7392

March 4, 2014

Senator Joan V. Hartley, Co-Chair  
Representative Stephen D. Dargan, Co-Chair  
and Members of the Public Safety and Security Committee  
Room 3600, Legislative Office Building  
Hartford, CT 06106

Re: Public Safety and Security Committee Public Hearing SB-80 *An Act Prohibiting  
Internet Sweepstakes Cafes*

Dear Senator Hartley, Representative Dargan and Members of the Public Safety  
and Security Committee:

At the request of the Tribal Council of the Mohegan Tribe of Indians of Connecticut, I am writing to address Senate Bill No. 80 ("An Act Prohibiting Internet Sweepstakes Cafes") in my capacity as the Director of Regulation for the Mohegan Tribe and Director of the Mohegan Tribal Gaming Commission. The Mohegan Tribal Gaming Commission, or MTGC, is responsible for the regulation and proper conduct of all gaming on the Mohegan Reservation and is the Tribal gaming agency designated in the 1994 Tribal -State Gaming Compact between the Mohegan Tribe and the State of Connecticut (the "Compact"). I have been the Director of the MTGC since April of 2001, and previously served in a similar capacity at Mashantucket from January of 1997 until September 1999. Prior to that, I was the Executive Director of the Connecticut Division of Special Revenue from July of 1993 until January of 1997.

As Director of the Mohegan Tribal Gaming Commission, I do not take positions on Connecticut civil legislation, such as this bill, nor am I authorized to support or oppose such a bill on behalf of the Mohegan Tribe. However, I have been asked, along with the Tribe's Office of Governmental Affairs and Attorney General to review the proposed bill to advise the Tribal Council whether the bill as drafted appears to effectively prohibit the unregulated gaming activity that has occurred in the so-called "internet sweepstakes cafes." This unregulated gaming activity is of great concern to the Mohegan Tribe because, were it allowed to continue, it would violate the terms of the Slot MOU by allowing an entity other than the Mohegan Tribe or Mashantucket Pequot Tribe to operate video facsimile games or other commercial casino games within the State which would relieve the Tribe of its obligation to pay 25% of its slot revenues to the State.

It is prudent for the State to enact legislation to prohibit internet sweepstakes cafes. It is clear from the video taken by WVIT Channel 30 that the two recently raided cafes in Enfield and Bloomfield were both conducting illegal casino gambling prior to their closure, contrary to the convoluted legal arguments put forth on their behalf that they were merely offering lawful sweepstakes. The cafes' legal arguments are specious and more and more courts nationwide are deciding against internet sweepstakes cafes. In some cases the café owners were convicted of conducting illegal gambling and received significant prison sentences. I applaud the Connecticut authorities for quickly shutting down the two reported cafes once their presence became known.

These internet sweepstakes are not insignificant enterprises. In 2012 it was estimated that there were between 3,000 and 5,000 of these cafes operating nationwide doing \$10 billion to \$15 billion in unregulated gaming business annually. The cafes sell internet access cards that also contain a number of sweepstakes entries based on the dollar value of the internet use minutes purchased. The internet card has a magnetic stripe that is programmed with a unique PIN code. The customer swipes the card through an electronic card reader at a computer terminal and enters the PIN code. The computer is then activated and the customer chooses a casino game, usually a well-known slot machine theme, which mimics the same sound and appearance of a casino slot machine. Sweepstakes entries are deducted for each play of the slot game and points are added for wins. The points are redeemable for cash.

The problems associated with these cafes are many. Their owners and employees have not been subjected to background investigations nor has their suitability to conduct gaming activity scrutinized by governmental licensing authorities. They pay no gaming taxes. Because they assert they aren't conducting gambling they have no obligation to deny access to their underage customers. Their games are not tested and certified by independent gaming laboratories. They don't report their results to governmental entities. They have no obligation to provide customers with treatment options for problem gambling. Lastly, they divert revenue from legal gaming activities such as the lottery, off track betting and the two Tribal casinos, which reduces revenue to the State's general fund.

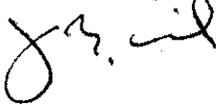
In my opinion the activity these internet sweepstakes cafes are engaging in constitutes casino gambling by offering computerized games that meet the definition of video facsimile machines as defined in the Tribal State Compact. As such, if this activity was allowed to continue by the State it would violate the terms of the Slot MOU by allowing an entity other than the Mohegan Tribe or Mashantucket Pequot Tribe to operate Video Facsimile machines or other commercial casino games within the State. This would relieve the Tribes of their contractual obligation to pay the State 25% of their slot revenues. In 2011, a Mississippi appeals court determined that the games offered by an internet sweepstakes café in that state constituted illegal slot machines as defined by that state's statute. The Mississippi statutory definition of a slot machine is very similar to the definition of a Video Facsimile Machine in the Tribe/State Gaming Compact.

Senator Hartley, Representative Dargan and  
Members of the Public Safety and Security Committee  
March 4, 2014  
Page 3 of 3

The Mohegan Tribe has long been an advocate of strong regulatory oversight of gambling and it spends millions of dollars a year complying with the Indian Gaming Regulatory Act, federal regulations issued by the National Indian Gaming Commission and the Gaming Compact with the State of Connecticut. The internet sweepstakes cafes are subject to no regulatory oversight and effectively operate free from any governmental scrutiny. As such, these venues have the potential to do substantial harm to Connecticut residents and by enacting SB-80 the Legislature would be providing law enforcement authorities the means to close down these exploitive gambling dens and thereby protect Connecticut citizens.

On behalf of the Mohegan Tribal Gaming Commission and the Mohegan Tribe, I would like to thank you for this opportunity to address these issues and concerns in this hearing.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Meskill", written in a cursive style.

John Meskill  
Director  
Mohegan Tribal Gaming Commission