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To: Senator Fonfara, Co-Chair
Representative Berger, Co-Chair
Senator Frantz, Ranking Member
Representative Davis, Ranking Member
& other members of the Finance, Revenue and Bonding Committee

From: Solomon Ramsey, Director of Recruitment and Retailer Relations, Connecticut Lottery Corporation, 860-713-2610, solomon.ramsey@ctlottery.org

Re: Support for "An Act Concerning Keno"

Date: April 15, 2015

Good afternoon, Chairpersons Fonfara and Berger, Ranking Members Frantz and Davis, and other members of the Finance, Revenue and Bonding Committee. My name is Sol Ramsey and I am the Director of Recruitment and Retailer Relations at the Connecticut Lottery Corporation. I have been with the CT Lottery since 2011. My past experience includes working for the Georgia Lottery for eleven years in various sales positions, including four years as the Statewide Product Manager for Keno. During that time, sales for Keno increased from nearly \$50 million to \$130 million. I am originally from Connecticut, grew up in Bridgeport, attended Fairfield Prep, graduated from the Citadel, and ultimately pursued a career in the lottery business. I am happy to have found my way back home.

I am pleased to speak to you about "An Act Concerning Keno." I'd like to demonstrate how a Keno lottery ticket will be sold by our retailers, some of whom are here today. The same terminal that is currently used to sell and print Powerball, Lotto or any of our other draw game tickets will also be used to sell Keno tickets. The process is very similar to selling one of those game tickets. The customer fills in a playslip and presents it to the retailer, with their payment for the ticket. Copies of Powerball and a possible Keno playslip are attached to my testimony. The retailer

inserts the playslip into the terminal for processing. Once the ticket is printed and paid for, the retailer gives the ticket to the customer. The customer can check their ticket after the Lottery holds the game drawing in order to see if they've won a prize.

In the select locations that will have monitors installed for viewing the winning numbers, Keno tends to be viewed as a "social" game because customers can watch the drawings on the screens, much like they watch football or other sports games on TV. Keno is often played in restaurants and taverns. As with all games, Keno will be marketed towards persons 18 or older. Keno is not particularly attractive to youth according to experts in the field.

Differences do exist between Keno, and other draw games. As mentioned, some Lottery retailers will have wall-mounted flat-screen monitors to display the results. In addition, Keno is drawn throughout the day, while most other lottery draw games are offered daily, once or twice a week. Finally, Keno customers understand that the prizes are fair and reasonable, but are not the "life changing" level of a Powerball jackpot win. In places like restaurants and taverns, customers play to pass the time, and to win modest amounts, perhaps enough to cover the cost of their dinner. We know this, because the vast majority of Keno wagers are for 1-5 numbers, which equates to a \$1 - \$5 purchase price, which could yield prizes of \$2 - \$450. The CT Lottery will be able to broaden its player base by offering a different product that appeals to different consumers. This helps to foster a sustainable purchasing population.

In closing, I want to speak about responsible gambling. When I arrived at the CT Lottery, I was impressed by its responsible gambling program. There are regular trainings for retailers and employees, educational campaigns, quarterly corporate responsibility newsletters that prominently feature responsible gambling, ongoing meetings, and a commitment to responsible gambling across all levels of the organization. It is genuinely woven into the culture. When Keno passed in 2013, we committed to include encouraging retailers to put up clocks in their facilities; prominently post responsible gambling materials inside retail locations which include the Problem Gambling Helpline number and new Public Service Announcements. I can assure you there would be a comprehensive campaign.

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

KENO

CT

What is Keno?

Keno is a lottery draw game. The object is to select a set of “Spots” (a.k.a., numbers) to match against the set of winning numbers that are drawn. Most lottery draw games select winning numbers once or twice daily. Keno winning numbers are drawn every 4 minutes.

A **bet slip** allows customers to choose their numbers and also accommodates “Quick Picks.”

Where will Keno game tickets be sold?

Keno will be sold at existing Lottery retailers across the state. Additionally, we anticipate approximately 400 - 600 new locations that will likely be **restaurants, taverns, and fraternal organizations.**

Is Keno an “electronic” game?

No. Keno is purchased in the same way as all other lottery games (Powerball, Lotto, etc.), through a transaction with a retailer. Tickets print from the terminal that every CT Lottery retailer already has in their store. The Lottery terminal looks like a cash register. Customers do not interact with, or touch the lottery terminal.

How is a Keno game played?

There are 80 numbers (1-80) in the game. A customer buys up to 10 of those numbers for each drawing. The lottery selects 20 winning numbers for each drawing. The more spots matched, the higher the prize winnings.

1 How many SPOTS (numbers) per game?
Play more spots for a chance at bigger prizes.
1 2 3 4 5 6 7 8 9 10

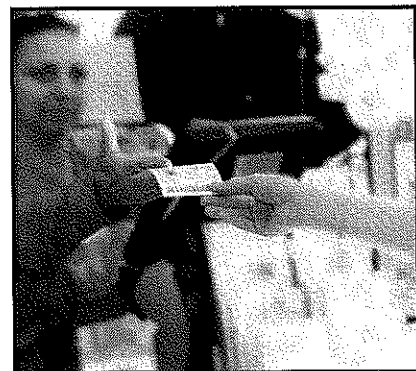
2 Cost per game
See back of this bet slip for maximum price values.
1 2 3 4 5 6 7 8 9 10 15 20 30 40 50 60

3 How many consecutive games do you want to play?
A new game occurs every 4 minutes.
1 2 3 4 5 6 7 8 9 10 21

4 Select your NUMBERS or Quick Pick →
Choose as many SPOTS as selected in **1**.
11 12 13 14 15 16 17 18 19 20
21 22 23 24 25 26 27 28 29 30
31 32 33 34 35 36 37 38 39 40
41 42 43 44 45 46 47 48 49 50
51 52 53 54 55 56 57 58 59 60
61 62 63 64 65 66 67 68 69 70
71 72 73 74 75 76 77 78 79 80

5 BONUS - Multiply your prize YES →
Win up to 10 TIMES the prize. Total cost of ticket will double.

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What does a ticket cost?

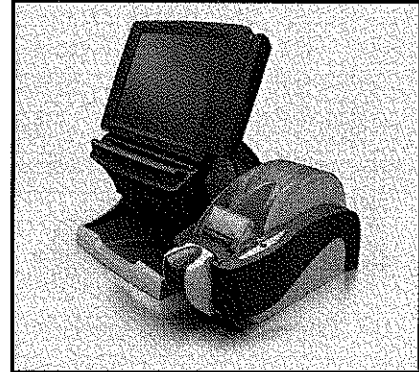
A “base” game ticket (one game drawing, no multiplier) is \$1. When a customer selects the “Multiplier” prize feature, the game ticket cost doubles and the prizes that can be won, increase.

How will a customer know if they have won?

Customers can check their numbers in the same way as the Lottery’s other draw games: on the Lottery’s web site, in the Ticket Checker that all Lottery retailers have, and/or by having a retailer check the ticket on the Lottery terminal after the drawing.

Selected lottery locations will have a flat-screen monitor installed for watching the drawings as they happen.

Lottery retailers cash winning tickets up to \$599. Prizes of \$600 to \$5,000 can be cashed at Lottery High-Tier Claim Centers (there are 5 in CT). Prizes greater than \$5,000 can only be cashed at the Lottery’s offices in Rocky Hill.



Above: Standard Lottery Terminal operated by retailers for printing and selling of Lottery draw game tickets.

What prizes are offered?

The game’s prize structure will include a variety of wagering options and prizes and could vary from a few dollars up to a top prize of \$1,000,000 per draw.

Can game tickets be purchased in advance?

Yes. Lottery draw games typically allow players the opportunity to buy tickets for future drawings. Keno will also offer “Advance Action” of up to 20 draws in advance.

How are the numbers drawn?

Numbers will be selected at random for each game drawing. For this game, a Random Number Generator (RNG) software program will be used to select the winning numbers.



Can minors play Keno?

No. Prevention of gambling by youth is an important priority for the CT Lottery. The Lottery will remain diligent in its efforts to educate the public, its retailers and staff about responsible gambling. As one of only a small number of lotteries worldwide that have achieved Level 2 Accreditation from the World Lottery Association, the CT Lottery has committed itself to social responsibility initiatives and results. An overview of the Lottery's responsible play and social responsibility initiatives is available on www.ctlottery.org.

When will Keno be available in CT?

The first ticket could be sold within six months of authorization. Launch is dependent upon many factors, including: a new agreement between the State and the Tribal nations, recruiting new retailers and canvassing current retailers, training, testing of wagering system, CT Lottery Board of Directors and Department of Consumer Protection approval of game rules and installation of equipment in new retailer and selected existing retailer locations.

What can Keno do for Connecticut?

Keno can help sustain Lottery revenues to the General Fund. The Lottery has added value to Connecticut since 1972. In that first year, the Lottery returned \$800,000 to fund state needs. In fiscal 2014, the Lottery returned a record \$319.5 million, our 5th consecutive record year. In total, we have provided \$8.3 billion for the General Fund, and paid more than \$1.3 billion in earnings to CT's Lottery retailers, a number of whom are here to support passage of CT Keno.

The sale of Keno will grow and diversify our customer base, retailers, and points of distribution. Keno is expected to improve Lottery sales and returns as it has elsewhere. Equally important, Keno can add to the success of our existing retailers through added sales, earnings and increased foot traffic.

The trajectories of Keno sales by lotteries that sell Keno typically show a steady upward climb, and we expect the same for Connecticut. In the first three years of operation, Keno sales could improve annual gross lottery sales by \$25 million, \$50 million, \$70 million, respectively, more after that, and likely eventually eclipse sales of our biggest game, Powerball.

That revenue would mean sustained and even growing returns to the General Fund, rather than the reverse, which is rapidly becoming the status quo for states unable to offer new products.

