



PA 23-54—sSB 971

Public Safety and Security Committee

AN ACT REVISING VARIOUS GAMING STATUTES

SUMMARY: PA 21-23 established new frameworks for legalizing and regulating in-person and online sports wagering and online casino gaming, among other things. It also assigned several regulatory responsibilities to the Department of Consumer Protection (DCP), including establishing and maintaining multiple new gaming licenses and investigating and enforcing the act’s provisions.

This act creates a new license class (“live game employee”) under which certain people associated with live online casino gaming must be licensed. It also makes several changes for “key employees,” including (1) specifying that the term, for licensure purposes, includes certain chief information and data security officers and (2) waiving other licensing requirements that may apply to their positions.

Additionally, the act expands what is a “sporting event” for sports wagering purposes to include any sporting or athletic event where two or more people participate, individually or on a team, and may be eligible to receive more compensation than their actual expenses for participating (rather than, as under prior law, requiring that the participants had actually received more compensation than their expenses) (§ 1).

The act also expands the jurisdiction of certain DCP investigators appointed by the Department of Emergency Services and Public Protection commissioner to act as special police officers. It specifically allows them to investigate and make arrests for any offense arising from operating “retail sports wagering” (i.e., in-person sports wagering done in connection with the Connecticut Lottery Corporation (CLC)), which is in addition to their authority under existing law over the off-track betting system and lottery games (§ 8).

Lastly, the act makes conforming and technical changes.

EFFECTIVE DATE: Upon passage

§§ 1-3 — LIVE GAME EMPLOYEES

Definitions (§ 1)

Under the act, “live game employees” are those who work for certain entities with particular responsibilities. Specifically, they work as an employee of a master wagering licensee, a licensed online gaming operator, or an online gaming service provider that is operating live online casino gaming (see BACKGROUND). They must be (1) responsible for, in a live online casino authorized under state law, (a) handling consumables or (b) presenting live online casino gaming; or (2) a direct manager of those responsible employees.

“Consumables” are nondurable items, including dice, playing cards, and

OLR PUBLIC ACT SUMMARY

roulette balls used in live online casino gaming. “Handling consumables” is physical contact with, or supervisory oversight over the acceptance, inventory, storage, or destruction of, consumables, as well as being responsible for card inspection, counting, and shuffling.

Licensure (§§ 2 & 3)

Before starting their employment, the act requires live game employees, other than key employee license holders, to get a live game employee license if they will be directly or substantially involved in operating live online casino gaming in a way that impacts its integrity.

The act allows the DCP commissioner to determine the application process and forms for the live game employee license. However, under the act, the license application form must require an applicant to do the following:

1. submit to a (a) fingerprint-based state and national criminal history records check done by the State Police under state law, which may include a financial history check if requested by the DCP commissioner, to determine the applicant’s character and fitness for the license or (b) DCP-acceptable third-party local and national criminal background check and other background screening the DCP commissioner may require;
2. give information about their other business affiliations; and
3. give, or allow DCP to get, any other information the department determines is consistent with the act’s other requirements for determining their fitness to hold the license.

Under the act, a third-party local and national criminal background check must include a multistate and multijurisdictional criminal record locator or other similar commercial nationwide database with validation. This check must also be done by a third-party consumer reporting agency or background screening company that complies with the federal Fair Credit Reporting Act and is accredited by the Professional Background Screening Association.

The act requires live game employee licenses to be renewed every two years. It sets the initial license application fee at \$200 and the renewal fee at \$100. However, the initial fee must be waived for live game employees who hold active DCP-issued occupational employee licenses (see BACKGROUND). The act makes licensees responsible for paying any fees incurred for the criminal background check associated with their license renewals.

The act prohibits DCP from requiring that licensed live game employees get occupational employee licenses. It also requires the department to transfer the licensing fees for live game employees of the Mashantucket Pequot and Mohegan tribes, and of the tribes’ affiliated online gaming operators and online gaming service providers, to the State Sports Wagering and Online Gaming Regulatory Fund.

Upon the expiration of a tribe’s master wagering license, existing law requires that all other licenses associated with it expire without the need for any further action by DCP. This includes licenses for an online gaming operator, online service provider, or sports wagering retailer and all corresponding key and occupational

OLR PUBLIC ACT SUMMARY

employee licenses. The act adds licenses for live game employees to this list.

§§ 1 & 4 — KEY EMPLOYEES

Definition (§ 1)

By law, a “key employee” is generally someone with a specified position (e.g., president, chief officer, financial manager, or compliance manager) or an equivalent title with specified responsibilities who is associated with a master wagering licensee or a licensed online gaming service provider, online gaming operator, or sports wagering retailer. The act additionally includes someone with the following position or an equivalent title: (1) chief information officer, who is the person generally responsible for establishing policies or procedures on, or making management decisions related to, information systems; and (2) chief data security officer, who is the person generally responsible for establishing policies or procedures on, or making management decisions related to, technical systems.

Prior law further provided three other types of people that were included as “key employees.” The act eliminates two of these types: individuals who exercise (1) control over technical systems and (2) enough control in, or over, a licensee as to require licensure in the DCP commissioner’s judgment. The act instead includes, as a “key employee,” an individual who is responsible for establishing the policies or procedures on, or making management decisions related to, wagering structures or outcomes for a licensee.

Licensure (§ 4)

As part of a key employee license application, the act requires, rather than authorizes, the DCP commissioner to require applicants to:

1. submit to a state and national criminal history records check done through the State Police under state law, which may include a financial history check if requested by the DCP commissioner, to determine the applicant’s character and fitness for the license;
2. give information related to other business affiliations; and
3. give, or allow DCP to get, other information in order to determine the applicant’s fitness to hold the license.

It also specifies that the records check through the State Police must be fingerprint-based. Though, by law, the DCP commissioner may accept certain third-party local and national criminal background checks instead.

Under existing law, the initial application fee for a key employee license is waived for any key employee who holds an active occupational employee license issued by DCP. The act extends this waiver to key employees who hold an active live game employee license.

The act also prohibits DCP from requiring that licensed key employees get a live game employee or occupational employee license.

OLR PUBLIC ACT SUMMARY

§§ 5-7 — CONFORMING AND MINOR CHANGES AFFECTING LIVE GAME AND KEY EMPLOYEES

The act makes conforming changes to the gaming laws that apply to the Mashantucket Pequot and Mohegan tribes and their affiliates and employees by:

1. extending to their live game employees the existing law barring certain key and occupational employees from raising the defense of sovereign immunity for actions brought against them in their employee capacities (§ 5);
2. including the cost of regulating their live game employees in the calculation for DCP's annual regulatory assessments on the tribes (§ 7); and
3. allowing the tribes to reduce their DCP regulatory assessments by the amounts paid for their live game employee fees, just as existing law allows for their other licensing fees paid (§ 7).

The act also extends to live game employee licenses existing law that authorizes the DCP commissioner to issue suspensions and fines and impose other penalties when there is sufficient cause found. By law, sufficient cause includes, among other things, failure to properly license occupational employees. The act adds failure to properly license key employees and live game employees as a type of sufficient cause (§ 6).

Additionally, the act extends to live game employee licensees existing law's notice and hearing procedures when the DCP commissioner refuses to issue or renew a license. It also applies to live game employee licensees a prohibition on anyone whose license has been revoked from applying for another license issued under the act for at least one year after the date of the revocation (§ 6).

BACKGROUND

Additional Definitions

By law and under the act, a “master wagering licensee” is generally the Mashantucket Pequot or Mohegan tribes or the CLC.

An “online gaming operator” is a person or business entity that operates an electronic wagering platform and contracts directly with a master wagering licensee to provide (1) one or more Internet games or (2) retail sports wagering.

An “online gaming service provider” is a person or business entity, other than an online gaming operator, that provides goods or services to, or otherwise transacts business related to, Internet games or retail sports wagering with a master wagering licensee or a licensed online gaming operator, online gaming service provider, or sports wagering retailer.

“Online casino gaming” means the following games conducted over the Internet: (1) slots, blackjack, craps, roulette, baccarat, poker and video poker, bingo, live dealer, other peer-to-peer games, and any variations of these games and (2) any games authorized by DCP.

An “occupational employee” is an employee of a master wagering licensee, licensed online gaming service provider, online gaming operator, or sports

OLR PUBLIC ACT SUMMARY

wagering retailer.

A “sports wagering retailer” is a person or business entity that contracts with CLC to facilitate retail sports wagering operated by CLC through an electronic wagering platform at up to 15 facilities in the state.