

## **General Law Committee JOINT FAVORABLE REPORT**

**Bill No.:** SB-1235

AN ACT CONCERNING THE DEPARTMENT OF CONSUMER PROTECTION'S

**Title:** RECOMMENDATIONS REGARDING LOTTERY AND GAMING REGULATION.

**Vote Date:** 3/24/2025

**Vote Action:** Joint Favorable Substitute (LCO 6758)

**PH Date:** 2/14/2025

**File No.:**

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### **SPONSORS OF BILL:**

General Law Committee (per request from the Department of Consumer Protection)

### **REASONS FOR BILL:**

Senate Bill 1235 is an omnibus bill that makes various changes to statutes regarding the Connecticut Lottery, casino gaming, and sports betting. The General Law Committee raised this bill based on a proposal submitted by the Department of Consumer Protection (DCP). DCP Commissioner Bryan Cafferelli submitted [detailed testimony](#) outlining what the bill does and why it is needed.

### **SUBSTITUTE LANGUAGE:**

Proposed Substitute Bill 1235 responds to public testimony and feedback from other stakeholders by doing the following:

- (1) Striking Section 2's proposed changes to the application process to become a Lottery sales agent.
- (2) Adding a requirement for a hearing prior to a license suspension.
- (3) Updating the language by setting a maximum civil penalty.
- (4) Prohibiting suspended Lottery sales agents from running unlicensed games.
- (5) Updating the definition of "sporting event" and requirements pertaining to advertisements for online gambling.
- (6) Authorizing the Governor to enter into multi-jurisdictional agreements to conduct peer-to-peer online casino games.
- (7) Setting a maximum "rake" for online poker games.

### **RESPONSE FROM ADMINISTRATION/AGENCY:**

[Bryan T. Cafferelli, Commissioner, Department of Consumer Protection](#) testified that this bill is needed to improve the department's regulatory oversight of the gaming industry. He outlines what each section of the bill does.

**Sections 1 and 3** clarify that lottery courier services are prohibited in Connecticut.  
**Sections 2 and 4** detail reasons for Lottery licensure denials or enforcement actions.  
**Section 6** clarifies what kind of limited betting can take place on Connecticut collegiate athletic teams.  
**Section 8** prohibits legal gaming providers from advertising on the same platforms as illegal ones.  
**Section 9** clarifies fees for online games.  
**Section 10** clarifies that wagers on professional athletic contests are permitted.  
**Sections 7 and 11** update background check requirements to align with FBI standards.  
**Section 11** also prohibits sweepstakes gaming contests.  
**Section 12** strengthens penalties for illegal gambling.  
**Section 13** removes dated language.

[Frank Suarez, President and CEO, CT Lottery Corporation \(CLC\)](#) supports the intent of SB 1235 but has concerns about specific provisions that would inhibit the rights of state employees, lottery sales agents, vendors, and vendor employees to do business with CLC. He writes that this bill eliminates due process, lowers the standard for punitive action, and imposes a strict time limit for reapplying. Mr. Suarez argues that as drafted, the bill would interfere with due process by eliminating the licensee's ability to present their case before a decision is rendered, and it would eliminate the licensee's right to notice of the charges against them. CLC argues that every action would lead to a suspension without first finding that public health, safety, or welfare warrants such action. They note that there are also inconsistencies between sections 2 and 4 in terms of reasons the commissioner could take action against an employee, vendor or affiliate.

#### **NATURE AND SOURCES OF SUPPORT:**

[Diana Goode, Executive Director, Connecticut Council on Problem Gambling \(CCPG\)](#) supports SB 1235 because it would help strengthen Connecticut's Problem Gambling Safety Net. She explains that prohibiting resale of lottery tickets and the operation of ticket courier services keeps the lottery under direct state oversight and ensures compliance with state regulations. Ms. Goode maintains that granting the Commissioner of Consumer Protection the authority to reject, suspend, or revoke gaming-related licenses aligns with best practices for regulatory oversight.

CCPG supports restrictions on Connecticut collegiate sports betting because these limits protect the integrity of college sports and the well-being of student athletes. They support advertising restrictions because they are critical in protecting minors and other vulnerable populations. Prohibiting the use of simulated gambling devices closes regulatory loopholes, and establishing violations as a Class D felony reinforces compliance with state laws. Overall, CCPG supports SB 1235 because it ensures that Connecticut remains a leader in regulated gaming.

[Tres York, Senior Director, Government Relations, American Gaming Association \(AGA\)](#) supports SB 1235's provisions that clarify that unlicensed and unregulated sweepstakes casinos are illegal gambling. AGA is concerned about the growth of such

games because they are not licensed, tested, regulated, or paying any gaming taxes. They provide details regarding similar regulations enacted in Michigan.

## **GENERAL COMMENTS:**

[Chuck Bunnell, Chief of Staff, Mohegan Tribe](#) presents suggested revisions to selected sections of SB 1235. In Section 5, they request that a formal definition of “advertisement” be developed in order to help operators and licensees abide by any restrictions. The Mohegan Tribe argues that Section 8 is overly broad and could open up operators to enforcement actions based on bad actors’ abuse of internet channels. They suggest clarifying which specific types of “website” or “media forum” are included. In section 8, they note that “investigation” should be clarified to specify that this would be upon notice and formal investigation by the DCP. They add that clarifications of the definition of “advertisement” would be needed for the same reasons noted in section 5.

[Michael Ventre, Senior Manager, State Government Relations, FanDuel](#) testified to express specific concerns about advertising restrictions in SB 1235. They argue that as written, Section 12-863(e) and (h) would prohibit law abiding operators from advertising on the same platforms as illegal operators. This provision could increase residents’ exposure to advertising by bad actors whose ads do not promote responsible gaming. FanDuel encourages amendments to the language that clarify its intent and specify what types of websites and media are covered by its provisions.

[Jennifer Widness, President, Connecticut Conference of Independent Colleges \(CCIC\)](#) does not have concerns about SB 1235 as currently drafted. However, they would have concerns if the committee made further changes that would make it easier to bet in-state on collegiate sports taking place at Connecticut institutions. They note that Connecticut’s prohibitions are consistent with every state in the northeast where collegiate sports betting is legal. CCIC encourages the committee to preserve current law.

## **NATURE AND SOURCES OF OPPOSITION:**

[Anonymous from Fairplaygov](#) testified in opposition to SB 1235 because they think that outlawing sweepstakes sportsbooks pushes more bettors into unregulated markets. They argue that the proposed regulations limit competition and increase demand for alternative books. Anonymous thinks that the solution is to expand legal access to sports betting beyond the three licensed providers.

[Paul Prezioso, VP of Legal, Compliance, and Regulatory Affairs, Jackpot.com](#) testified in opposition to the portion of SB 1235 that prohibits lottery courier services from operating in Connecticut. He notes that services like Jackpot.com are safe, secure, and convenient, and they currently operate in 19 states. Mr. Prezioso believes that these services advance the state’s interests by reaching new players, increasing ticket sales, and providing a new source of revenue through advertising on the site. Mr. Prezioso cites multiple regulatory and safety requirements implemented on their platform. Instead of banning lottery courier services, he suggests that Connecticut look to New York and New Jersey as models for licensing and regulation.

[Peter Sullivan, Senior Vice President- Lottery, Draft Kings](#) testified in opposition to the section of SB 1235 that would prohibit lottery courier services in Connecticut. He was the founder and CEO of Jackpocket, the first licensed and regulated lottery courier service in the country. He suggests that Connecticut should regulate lottery courier services in a manner similar to New York and New Jersey, rather than prohibit the services entirely. Mr. Sullivan believes that companies that follow strict consumer protection standards protect players while helping the lottery grow.

**Reported by: Betsy Francolino**

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