



**Meeting
of the Board of Directors of the
Connecticut Lottery Corporation**

Held on
Thursday, February 10, 2025 at 12:00 p.m.
at the
Connecticut Lottery Corporation
15 Sterling Drive
Wallingford, Connecticut 06492

Board Members Present: Robert Simmelkjaer, Board Chair; Wilfred Blanchette, Jr.; Michael Cicchetti; Douglas Dalena; Steven Ezzes; Ajay Gupta; Andrew Meehan; and Margaret Morton (all via teleconference).

Staff Members Present: Frank Suarez, President & CEO; Melissa Durso; Jodi Ganzer; Diane Geary; Catherine Martorella; Art Mongillo; Lauren Perrotti; Brett Steen; Steve Wagner; Mark Walerysiak; Andrew Walter; and Annmarie Daigle.

I. Welcome:

Chair Simmelkjaer welcomed the Board members and called the meeting to order at 12:03 p.m.

II. Approval of December 12, 2024 Board Meeting Minutes:

On a motion by Ms. Morton and seconded by Mr. Cicchetti, the minutes of the December 12, 2024 Board Meeting were unanimously approved.

III. Review of AML Program Risk Assessment:

Mr. Walter provided an overview of the AML Program Risk Assessment which included the Anti-Money Laundering Program Document, Risk Assessment Document and Narrative Document which have been in existence since 2022 and updated regularly. He noted that it is good for the Board to have a deeper understanding of CLC's AML activities. He indicated that the Federal Government's Financial Crimes Enforcement Network has a proposed rule calling for stronger, modernized anti-money laundering programs. While entities must have risk-based programs, current rules lack specific board approval. The new rule will require board approval of both the AML program and its accompanying risk assessment, as the risk assessment forms the foundation of the program and guides its implementation. Guidance received during CLC's annual AML audit process was that it is a best practice to comply with this proposed rule. Additionally, allowing the Board to review these documents gives a better understanding of our AML responsibilities and duties, which often fly under the radar.

IV. Lottery Reports:

a. Financial Report:

Ms. Martorella provided the Financial Report, noting that Total Sales, including iLottery, through December 2024 were \$682 million. This is below budget by \$34 million and short of last year by \$20.5

million, or 3%. She noted that multi-state games are down \$44 million since last year with instant tickets and draw games each up \$12 million from last year. Total contributions to the General Fund were \$184 million through December, down by \$17 million from last year.

Through the close of last week, Total Sales are \$822 million which includes \$5.9 million in iLottery. This is down \$29 million from last year. Contributions to the General Fund are \$220 million, down approximately 5.6% from the budget and 2.5% from last fiscal year. As a portion of these transfers, iLottery is running ahead of the budgeted \$2 million in annual profit.

With regard to sports betting, the first half of the fiscal year reported sales of \$212 million, exceeding budget by 11% and an increase of \$81 million, or 62% from last year.

Prizes paid through December were \$192 million, leaving a 10% hold. This is a greater hold percentage than the 8% budgeted.

Federal Excise Tax payments were \$516,000, slightly higher than budget and up 57.5% from last year. Total payments to the General Fund were \$2.5 million, an increase from budget by 17% and the prior year by 81%.

Year-to-date sales through last week are over \$273 million. Due to football playoffs and the Super Bowl, this is an overall increase of 93% from last year and 37% increase from budget. We are currently reporting a hold of 9.5%, which is also higher than the 8.5% anticipated.

The transfers to the General Fund have totaled nearly \$3 million for this fiscal year, exceeding last year by \$1.3 million.

The combination of Lottery and Sports Betting have contributed nearly \$215 million through the end of January. This is up 0.4% or fairly flat to last year.

In response to a question from Chair Simmelkjaer, Mr. Walter indicated CLC's market share for Sports Betting in the state is approximately 15%.

b. Marketing Report:

Mr. Steen provided the Marketing Report, noting that instant ticket sales through February 7th are down approximately 9.4%. He then presented a family of X or "multiplier" instant tickets launching later this month as well as a \$30 Win Big ticket launching on April 1. These new games will have a full marketing suite around them.

He then discussed statistics around the 2nd Chance platform, noting that 121,000 total players are enrolled with 975,000 entries and 63,000 app downloads. Game of Thrones launched with and experiential 2nd Chance prize which greatly contributed to these statistics.

He noted that iLottery is tracking in the direction to deliver over \$10 million for the year, sustaining sales of \$32,000 per day.

c. President's Report:

Mr. Suarez provided the President's Report. He noted the Super Bowl was beneficial for the CLC with \$5 million in total sales on Saturday and Sunday. We in an exciting time for sports as there are just four weeks until Selection Sunday. He noted that there is a General Law Committee public hearing tomorrow with regard to various DCP and CLC bills as well as a legislator's bill regarding a proposed change to the 180-day claim period.

Mr. Suarez also noted that the senior staff engaged in a strategic planning exercise last month and more to come on that regarding the CLC's Mission, Vision and Goals.

V. Committee Reports:

a. Audit Committee:

Mr. Meehan noted that the Committee met on January 28 to discuss two Purchasing Justifications. No votes or actions took place. He noted that liquidated damages would be discussed later in today's meeting.

b. Legislative & Games Committee:

Ms. Morton noted that the Legislative & Games Committee met on February 11 to hear an update on CLC's legislative agenda. The Committee also discussed the rule changes to the Mega Millions game and voted to recommend the Mega Millions game rules to the full Board.

VI. Executive Session:

On a motion by Mr. Blanchette and seconded by Mr. Dalena, the Board moved to Executive Session at 12:46 p.m. to discuss:

- a. Legislative Update
- b. Update on Liquidated Damages

All CLC Staff remained for Executive Session.

VII. New Business:

a. Discussion and Action, if any, on items discussed during Executive Session

Upon returning to public session at 1:14 p.m., Chair Simmelkjaer noted that no votes or actions were taken while in Executive Session.

b. Review and Possible Action: Mega Millions Game Rules

Ms. Durso noted that MUSL and the Mega Millions Consortium refined the odds to make them more precise by adding additional places after the decimal point. After a brief discussion and on a motion by Ms. Morton, seconded by Mr. Gupta and unanimously approved, it was:

Resolved, that after review and due consideration and upon recommendation of the Legislative and Games Committee, the Connecticut Lottery Board of Directors hereby approves the changes to the Mega Millions game rules and the changes to the corresponding Connecticut Amendment to the Mega Millions game rules, as presented.

c. Resolution to Approve AML Program

On a motion by Mr. Gupta, seconded by Mr. Meehan and unanimously approved, it was:

Resolved, that after review and due consideration and to comply with the Bank Secrecy Act, the Connecticut Lottery Corporation's Board of Directors hereby approves the Connecticut Lottery Corporation's Anti-Money Laundering Program, its Sports Betting Risk Assessment Matrix, and its Sports Betting Risk Assessment Narrative, as presented. the Board Meeting Schedule for 2025 is hereby approved as presented.

d. Election of Vice Chair

Mr. Simmelkjaer thanked Mr. Blanchette for his tenure on the CLC Board and for his willingness to serve as Vice Chair, noting that he will step down from Board when a successor is appointed or at the end of the legislative session. Mr. Meehan is nominated as Vice Chair with no further discussion.

On a motion by Mr. Blanchette and seconded by Mr. Simmelkjaer, the Connecticut Lottery Board of Directors hereby elects Andrew Meehan as Vice Chair of the Connecticut Lottery's Board of Directors for a period of one year. All in favor, with Mr. Meehan abstaining.

e. Resolution to Endorse Problem Gambling Awareness Month

After a brief discussion and on a motion by Mr. Gupta, seconded by Mr. Meehan and unanimously approved, it was:

Resolved, that the Board of Directors of the Connecticut Lottery Corporation endorses the Lottery's observance of and participation in "Problem Gambling Awareness Month in Connecticut" from March 1, 2025 through March 31, 2025 to raise public awareness about the potential risks of gambling and to reinforce the Connecticut Lottery Corporation's commitment to corporate social responsibility.

VIII. Adjournment:

Mr. Simmelkjaer thanked everyone for attending and noted that the next meeting was scheduled for April 10, 2025.

On a motion by Ms. Morton, seconded by Mr. Gupta, and unanimously approved, the meeting adjourned at 1:23 p.m.

Respectfully Submitted,

Melissa Durso
Corporation Secretary
CT Lottery Corporation