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1                   CHAIRPERSON JAMES:

2   Do I see several Commissioners that would like to ask a  
3   question or two at this point and then, we'll move to  
4   rest the panelists.

5                   Commissioner Lanni.

6                   COMMISSIONER LANNI:        General, as I  
7   understand it the negotiations that took place between  
8   the State of Connecticut and originally the  
9   Mashantucket Pequots, and more recently the Mohegans,  
10  there were certain areas that were entered into and  
11  agreements that were reached.   Where any of these  
12  issues which you raise now discussed at that time as  
13  part of the process of entering into that compact?

14                  ATTY. GEN. BLUMENTHAL:       They were,  
15  Commissioner.   In fact, Connecticut never successfully  
16  completed its negotiations to reach a compact with the  
17  Mashantucket Pequots.   As you may know, we essentially  
18  reached an impasse in our negotiations.   And the terms  
19  of a compact were imposed on us through federal  
20  procedures.   In all our references to the supposed

1 compact, we really should refer to it as the federal  
2 procedures.

3           But some of those federal procedures, for  
4 example, Section 14, applies to protecting the health  
5 and safety and welfare of non-employees who go to visit  
6 the casinos. And we as a state, just to give you one  
7 minor example, inspect the elevators and escalators  
8 that are used at the casinos by virtue of those federal  
9 procedures. And they give us certain other rights or  
10 responsibilities with respect to the environment. And  
11 the tribe has been extremely cooperative in that  
12 regard.

13           I don't mean everything that I have said  
14 here by any stretch of the imagination be critical of  
15 the tribe, because they have an equal interest in  
16 protecting the health and safety of people who are  
17 their customers.

18           That set of procedures then became the  
19 compact that we negotiated with the Mohegan Tribe. So  
20 the answer to your questions is, yes some of these

1 concerns were addressed but many were not. And the  
2 recent litigation that we are involved in with the  
3 United States, we have sued the Secretary of the  
4 Interior regarding the annexation decision on various  
5 grounds, and it's pending now before the federal  
6 courts, really go to some of those same considerations  
7 as to the burden that additional land being put into  
8 trust would place on surrounding communities.

9 COMMISSIONER LOESCHER: Madam Chairman?

10 CHAIRPERSON JAMES: Certainly, Commissioner  
11 Loescher.

12 COMMISSIONER LOESCHER: I have two  
13 questions. One is softer than the other.

14 ATTY. GEN. BLUMENTHAL: Which one are you  
15 going to give me first?

16 COMMISSIONER LOESCHER: The softer one  
17 first.

18 I have testimony here from local government  
19 officials that says that the State of Connecticut does  
20 not reallocate dollars that it receives from the

1 Mashantuckets back to the local areas to deal with the  
2 roads and local impacts and whatnot. How do you  
3 account for that phenomena?

4           ATTY. GEN. BLUMENTHAL: Well, I can't  
5 account for it in terms of fairness. There is  
6 some recognition, but in my personal view it's  
7 insufficient recognition of the needs of those local  
8 communities in the reallocation or the expenditure  
9 divisions of revenue.

10           The State of Connecticut has a general  
11 policy of not earmarking any revenues for specific  
12 purposes no matter how worthy they may be. Our general  
13 policy has been that the revenue collection process  
14 should be separate from the allocation or appropriation  
15 process. So we have virtually no, and Senator Prague  
16 may correct me on this, but virtually no earmarked  
17 funds. We have no sort of pots of money that are  
18 collected from a source and earmarked for a specific  
19 purpose even though they may be somewhat related.

1                   And as a matter of general principle, I  
2 think the allocation decision expresses it. But I  
3 would say as a personal view that surrounding  
4 communities do not receive adequate compensation for  
5 the burdens that are placed on them.

6                   CHAIRPERSON JAMES: Mr. Loescher I'm going  
7 to let you do one final question. And in fairness to  
8 the other panelists I do want to move along so that  
9 they have the opportunity to speak to us.  
10

11                  ATTY. GEN. BLUMENTHAL: I will try to be a  
12 little bit less long-winded in my answers.

13                  CHAIRPERSON JAMES: Well, you're a  
14 politician, we understand.

15                  COMMISSIONER LOESCHER: Now this can work  
16 as a yes or no answer.

17                  ATTY. GEN. BLUMENTHAL: Okay, I'll try.  
18 Sounds like cross examination to me.

19                  COMMISSIONER LOESCHER: Madam Chairman, it  
20 goes like this. You represented that you're a strong

1 supporter of sovereignty, the sovereignty of the State  
2 of Connecticut, and you recognize the sovereignty of  
3 Native American tribes. Do you have a view about the  
4 application of the Interstate Commerce clause on  
5 activities of gaming of states would be covered or  
6 could be covered by federal jurisdiction? What's your  
7 point of view with regard to that question?

8           ATTY. GEN. BLUMENTHAL: In my view, the  
9 Commerce clause would justify federal jurisdiction in  
10 almost all gambling activities that I can imagine.

11           COMMISSIONER LOESCHER: The reason I ask  
12 that is that we have heard testimony today, although it  
13 came from the Massachusetts State Attorney General,  
14 people complaining about activities of state  
15 governments in gaming. And it seems to me that the  
16 same questions can be posed or similar questions can be  
17 posed about state gaming activities such as lotteries  
18 and other things. The complaints about administration,  
19 employee rights, advertising, and on and on. Do you  
20 think that would be not proper or proper?

1                   ATTY. GEN. BLUMENTHAL:    If I understand  
2 your question, I think certainly the same kinds of  
3 criticisms as a matter of policy may be made of  
4 gambling operations that are sponsored, supported,  
5 operated by the state, including the State of  
6 Connecticut. I have made some of those criticisms  
7 myself, for example, with regard to the lottery  
8 corporation. I have opposed the twice daily drawing of  
9 lottery numbers that has been proposed. I have  
10 proposed some of the promotions that were proposed and  
11 some of them withdrawn as a result of opposition from  
12 myself, from legislators like Senator Prague. There is  
13 a broader philosophical issue and I recognize that as  
14 the one that you really have put at the forefront of  
15 your agenda that relates to all gambling activities.

16                   I've chosen in my remarks, my prepared  
17 remarks really just to address the Indian sponsored  
18 gambling activities. But I don't want to put other  
19 state sponsored gambling activities outside the  
20 boundaries of legitimate criticism.

1                   CHAIRPERSON JAMES:   Thank you.   And I am  
2 going to ask at this time that we move on to our  
3 remaining three panelists.   But I recognize that two  
4 out of the three of you who previously have offered  
5 testimony do have travel conflicts.   But if you can  
6 stay with us, we would welcome that.