CHAIRPERSON JAMES:

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

Commissioner Lanni.

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

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

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

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

That set of procedures then became the compact that we negotiated with the Mohegan Tribe. So the answer to your questions is, yes some of these
concerns were addressed but many were not. And the
recent litigation that we are involved in with the
United States, we have sued the Secretary of the
Interior regarding the annexation decision on various
grounds, and it's pending now before the federal
courts, really go to some of those same considerations
as to the burden that additional land being put into
trust would place on surrounding communities.

COMMISSIONER LOESCHER: Madam Chairman?

CHAIRPERSON JAMES: Certainly, Commissioner Loescher.

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

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

COMMISSIONER LOESCHER: The softer one first.

I have testimony here from local government officials that says that the State of Connecticut does not reallocate dollars that it receives from the
Mashantuckets back to the local areas to deal with the roads and local impacts and whatnot. How do you account for that phenomena?

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

The State of Connecticut has a general policy of not earmarking any revenues for specific purposes no matter how worthy they may be. Our general policy has been that the revenue collection process should be separate from the allocation or appropriation process. So we have virtually no, and Senator Prague may correct me on this, but virtually no earmarked funds. We have no sort of pots of money that are collected from a source and earmarked for a specific purpose even though they may be somewhat related.
And as a matter of general principle, I think the allocation decision expresses it. But I would say as a personal view that surrounding communities do not receive adequate compensation for the burdens that are placed on them.

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

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

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

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

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

COMMISSIONER LOESCHER: Madam Chairman, it goes like this. You represented that you're a strong
supporter of sovereignty, the sovereignty of the State of Connecticut, and you recognize the sovereignty of Native American tribes. Do you have a view about the application of the Interstate Commerce clause on activities of gaming of states would be covered or could be covered by federal jurisdiction? What's your point of view with regard to that question?

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

COMMISSIONER LOESCHER: The reason I ask that is that we have heard testimony today, although it came from the Massachusetts State Attorney General, people complaining about activities of state governments in gaming. And it seems to me that the same questions can be posed or similar questions can be posed about state gaming activities such as lotteries and other things. The complaints about administration, employee rights, advertising, and on and on. Do you think that would be not proper or proper?
ATTY. GEN. BLUMENTHAL: If I understand your question, I think certainly the same kinds of criticisms as a matter of policy may be made of gambling operations that are sponsored, supported, operated by the state, including the State of Connecticut. I have made some of those criticisms myself, for example, with regard to the lottery corporation. I have opposed the twice daily drawing of lottery numbers that has been proposed. I have proposed some of the promotions that were proposed and some of them withdrawn as a result of opposition from myself, from legislators like Senator Prague. There is a broader philosophical issue and I recognize that as the one that you really have put at the forefront of your agenda that relates to all gambling activities.

I've chosen in my remarks, my prepared remarks really just to address the Indian sponsored gambling activities. But I don't want to put other state sponsored gambling activities outside the boundaries of legitimate criticism.
CHAIRPERSON JAMES: Thank you. And I am going to ask at this time that we move on to our remaining three panelists. But I recognize that two out of the three of you who previously have offered testimony do have travel conflicts. But if you can stay with us, we would welcome that.