

Figure 71: Foxwoods Regulatory Deficits by Fiscal Years

	Regulatory assessment	Percent change in assessment	Deficit
2004	\$4,655,512		(1,487,690)
2005	\$4,795,178	3%	(1,773,179)
2006	\$5,034,936	5%	(1,866,071)
2007	\$5,236,335	4%	(1,260,432)
2008	\$5,759,967	10%	(929,256)
2009*	\$6,700,000	16%	
2010*	\$7,035,000	5%	
2011*	\$7,316,400	4%	
Total Deficit	(2004-2008)		(7,316,627)

Source: Office of Policy and Management

*Projections

Figure 72: Mohegan Sun Regulatory Deficits by Fiscal Years

	Regulatory assessment	Percent change in assessment	Deficit
2004	\$4,203,822		(1,187,696)
2005	\$4,329,937	3%	(1,658,111)
2006	\$4,546,437	5%	(2,392,826)
2007	\$4,728,294	4%	(1,923,124)
2008	\$5,201,124	10%	(1,432,993)
2009*	\$6,200,000	19%	
2010*	\$6,510,000	5%	
2011*	\$6,770,400	4%	
Total Deficit	(2004-2008)		(8,594,750)

Sources: Connecticut Department of Revenue Services, Office of Policy and Management

*Projections

Crime: Embezzlements

Long ago, Connecticut struggled to cope with gambling-related embezzlements. We came across a November 13, 1855, *New York Times* letter to the editor from a Hartford resident who complained about the prevalence of gambling. J.H. Green described a young merchant who lost everything at a gambling club. The merchant gambled with money owed to creditors and forged the names of relatives on checks to feed his addiction. The results were “frightful,” he told the newspaper.

Gambling-related embezzlements continue to be such a problem in southeastern Connecticut that a newspaper columnist in 2007 called the region the “embezzlement capital of the world.”²²⁸ Connecticut has been hit with a rash of them, both in the private and public sectors, with much of the stolen money used to feed a gambling habit. Police made 43

²²⁸ New London Day, July 20, 2007, David Collins.

embezzlement arrests in Connecticut in 1991, the year before the first Indian casino opened. In 2007, there were 214 such arrests, an all-time high.²²⁹

The FBI defines embezzlement as “the misappropriation or misapplication of money or property entrusted to one’s care, custody or control.”

No other state that reported 40 or more embezzlements in 1992 has had a higher percentage increase than Connecticut’s 397 percent rise from that year to 2005. The state’s increase is nearly 10 times that of the national average. Nevada’s increase was 23 percent for the same period of time. Another casino state, New Jersey, actually saw its embezzlements drop from 120 to 80 during the same time period.²³⁰

To prevent a one-year aberration, we analyzed embezzlements over a number of years before and after the casinos opened. In the seven years before casinos, the average number of embezzlements was 49. In the first seven years after Foxwoods opened, the figure doubled to 99. And in the nine-year period from 1999 to 2007, it was 176.²³¹

Figure 73: Number of Embezzlement Arrests in Connecticut

Number of Arrests	
1985	28
1986	47
1987	30
1988	70
1989	81
1990	40
1991	47
*1992	47
1993	63
1994	95
1995	102
1996	117
1997	124
1998	142
1999	120
2000	136
2001	191
2002	204
2003	199
2004	166
2005	192
2006	165
2007	214

Source: “Crime in the United States” (FBI), Connecticut Uniform Crime Reports (State Police) *Foxwoods opened on February 15, 1992. In January 1993, it began slot operations.

²²⁹ FBI, Crime in the United States; Uniform Crime Report, Connecticut State Police.

²³⁰ Ibid.

²³¹ Ibid.

The FBI and state crime reports do not indicate how many of the embezzlements were casino- or gambling-related, but our research and discussions with law enforcement personnel indicate that many of those who stole from their employer used either part or all of the money to gamble at the two Indian casinos.²³²

Former PGS Director Chris Armentano noted that the crime reports don't capture all of the embezzlements.

"There were a lot where the company declined to press criminal charges because the employer wanted to avoid negative publicity. In addition, family members also often refuse to go to the police," he noted.

Clinicians at United Community & Family Services, a site that provides treatment for problem gamblers through the state's Better Choice program in southeastern Connecticut, identified 36 clients in the fiscal year ending June 30, 2008, who stole money to feed their gambling habit. Only seven were criminally charged. The amounts stolen varied, but in each case, they involved a minimum of several thousand dollars. Two clients each stole more than \$150,000.²³³

The embezzlements come with a heavy price tag. Embezzlers often face stiff prison terms. Their lives, and the lives of their families, are ruined. The businesses they leave behind often go bankrupt.

On August 3, 2007, three defendants appeared before Superior Court Judge Susan Handy to plead guilty to embezzlement charges that had a casino connection. The judge noted that she had seen far too many of these cases. She said there was a "template" for the defendants:

Female, typically middle-aged and older, who, up until now, had lived exemplary an life.

²³² Court records, research, interviews with law enforcement agencies.

²³³ Interviews with United Community & Family Services, Norwich, November 2008.

Figure 74: Notable Embezzlements Involving Area Employers

Embezzlements in which perpetrators gambled in Connecticut casinos with all or part of the stolen money*

Year	Position	Amount	Embezzlement Victim
1997	Rocky Hill financial advisor	\$ 1,000,000	Clients
1997	Chief financial officer	\$10,000	Town of Darien
1998	Bookkeeper	\$ 300,000	Cross Sound Ferry Co. in New London
1998	Tax collector	\$ 105,000	Town of Sprague
1999	Norwalk investment advisor	\$ 1,400,000	Clients
1999	Employee	\$ 200,000	State Department of Social Services
1999	Chief financial officer	\$ 146,746	Norwich car dealership
2000	Tax collector	\$ 300,000	Town of Ledyard
2000	Bookkeeper	\$ 202,605	Groton law firm
2001	Bookkeeper	\$ 330,000	Glastonbury medical office
2001	Bookkeeper	\$91,000	Bushnell tavern
2001	General manager	\$60,000	Milford bowling alley
2003	Administrator	\$ 240,000	City of Providence, RI
2003	Fitness club counselor	\$48,400	Fitness club in Waterford
2003	Postmaster	\$16,697	Niantic Post Office
2004	Payroll clerk	\$ 153,000	Vernon Board of Education
2004	Financial secretary	\$ 138,000	Paper, Allied-Industrial, Chemical and Energy Workers Union Local 745
2004	Paralegal	\$ 100,000	Law firm clients who had their veteran benefits and social security payments stolen
2005	Bookkeeper	\$ 688,000	West Hartford law firm
2005	Lawyer	\$ 600,000	Clients of Middletown firm
2005	Accountant	\$ 257,000	Stonington Finance Office
2006	Wallingford lawyer	\$ 150,000	99-year old woman living in a nursing home who had given the lawyer power of attorney
2006	Bookkeeper	\$ 130,000	Westbrook marine company
2006	Nurse	\$94,000	Pendleton nursing home
2006	Nurse	\$75,000	Quadriplegic patient from Old Lyme
2007	General manager	\$ 300,000	Colchester car dealership*
2007	Bank teller supervisor	\$ 278,000	Bank in West Hartford
2007	Gatekeeper	\$40,000	Colchester municipal transfer station
2007	Assistant manager	\$29,000	Norwich marina
2007	Church worker	\$10,000	Stonington church
2008	Police officer	\$19,000	Manchester Police youth programs
Total		\$ 7,511,448	

*Nine other defendants were involved

Source: Spectrum Gaming Group research

Patricia Devendorf is the coordinator of the Bettor Choice program at the Wheeler Clinic in Hartford. Devendorf said 15 years ago, there were very few problem gamblers in treatment who committed criminal acts. The number over the years has increased significantly, she noted.

From 2001 to 2004, clinicians associated with Bettor Choice treated 55 pathological gamblers throughout the state that committed criminal offenses. Embezzled or stolen money

totaled nearly \$8 million from 2001 to 2004. In most instances, the stolen money was used to gamble at the casinos, but some involved the lottery. The thefts ranged from a few hundred dollars to more than \$3 million. Devendorf said that confidentiality regulations prevented her from releasing any information that might identify those who committed the thefts.²³⁴

Spectrum met with a group of significant others who were receiving counseling help from a Bettor Choice clinician. One of the participants was a woman whose husband had lost more than \$50,000 on lottery tickets. Some of that money, she said, was stolen from his employer.

Clinicians at the Wheeler Clinic are involved in programs to counsel inmates in federal and state prisons with gambling problems. One such state program is offered at the York Correctional Institution in Niantic, a prison for women. Prison officials asked the clinicians to counsel the women in the hope that they would avoid gambling when they were released. A Department of Corrections spokesman said the prison is “winding up with a lot of women gamblers.”²³⁵

One inmate explained that her gambling addiction resulted in her stealing from her non-profit employer to buy lottery scratch tickets. She spent more than a \$100 a day, burying her losing tickets in a backyard. Another lost her marriage of 36 years after she was caught stealing checks to finance her gambling. She now works as a counselor for the Wheeler Clinic.²³⁶

No one knows better than Lawrence Tytla that embezzlements have been on the rise. He is the Supervisory Assistant State’s Attorney for New London County. Tytla first started with the office in 1988. The motive then, he noted, for embezzlements was to feed a drug habit; today it is to feed a gambling habit.

The first thing police do when they investigate embezzlement is to check with the casinos to see if the suspect has been a patron. Invariably, the answer is yes, according to Tytla.²³⁷ He said he spends roughly one-quarter of his time prosecuting casino-related embezzlements. It would be much higher, he explained, except for the fact that many of the cases never go to trial as defendants routinely enter into a plea bargain.

Norwich police estimate that its special investigations unit spends more than 100 hours per year investigating casino-related embezzlements.²³⁸

Kevin O’Connor was the state’s US Attorney from 2002 to April 2007 when he resigned to become chief of staff for the US Attorney General. O’Connor said he noticed a spike in embezzlements shortly after he took office.²³⁹ “The FBI is spending a considerable amount of time on these cases,” O’Connor said, noting he became so concerned over the number of cases that he instructed his press officer to indicate in press releases whether gambling played a role in the embezzlement.

²³⁴ Connecticut Division of Problem Gambling Services.

²³⁵ Rick Green, *Hartford Courant*, “Prison Program Explores Gambling Dark’s Heart,” May 26, 2009.

²³⁶ Ibid.

²³⁷ Interview, July 22, 2008.

²³⁸ Testimony before the General Assembly’s Joint Appropriations Committee, April 16, 2005.

²³⁹ Interview July 30, 2008.