
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 238

Session of
1984

INTRODUCED BY KOSINSKI, FATTAH, LINTON, RYBAK, KOWALYSHYN,
SALVATORE, WESTON, ANGSTADT, CALTAGIRONE, RAPPAPORT, KASUNIC,
BELARDI, CAPPABIANCA, PRESTON, PISTELLA, DeLUCA, BATTISTO,
ITKIN, SEVENTY, PETRARCA AND EVANS, JUNE 5, 1984

REFERRED TO COMMITTEE ON RULES, JUNE 6, 1984

A RESOLUTION

1 Creating a Special Investigative Lottery Fund Task Force.

2 WHEREAS, The Pennsylvania Lottery has successfully generated
3 over its 12-year life span an increase in ticket sales through a
4 variety of games of chance; and

5 WHEREAS, The Lottery Fund generates much needed funds to
6 provide direct services to our senior citizens; and

7 WHEREAS, The confidence of our senior citizens and lottery
8 ticket purchasers is paramount to its continuing success; and

9 WHEREAS, The fiscal health and solvency of the Lottery Fund
10 is vital to its continuing role in providing a high level and
11 high quality of senior citizen assistance; and

12 WHEREAS, An important aspect of the Lottery Fund revolves
13 around the investment practices of the lottery funds including,
14 but not limited to, the moneys used to pay prize winners over
15 the period for which the State is committed to pay out the
16 prizes; surplus moneys in the Lottery Fund; the movement of

1 lottery dollars to any other account for any purpose; and the
2 payment of interest by any recipient fund or party who have the
3 use of these lottery moneys; and

4 WHEREAS, The success of the Lottery Fund is dependent in
5 large part upon the success of its investment practices; and

6 WHEREAS, The investment practices of the Lottery Fund have
7 come into question because of recent reports that 75 annuity
8 policies during the last five years worth more than \$160,000,000
9 have been purchased from Capitol Life Insurance Company of
10 Denver, Colorado, a firm which appears to be in financial
11 trouble, as evidenced by notification to this effect from the
12 National Association of Insurance Commissioners; a report
13 showing that Capitol Life Insurance Company failed in seven of
14 12 categories in tests known as the Insurance Regulatory
15 Information System; and the dropping of Capitol's investment
16 products by the brokerage firm of Merrill Lynch Pierce Fenner
17 and Smith, Inc. and the firm of Paine Webber because of concern
18 over its fiscal condition; therefore be it

19 RESOLVED, That the House of Representatives establish
20 immediately a Special Investigative Lottery Fund Task Force and
21 directs that the Speaker of the House of Representatives appoint
22 five members, three from the majority party and two from the
23 minority party to comprise the Task Force; and be it further

24 RESOLVED, That the Special Investigative Lottery Fund Task
25 Force be charged with the responsibility of investigating the
26 fiscal condition of the Lottery Fund, the investment practices
27 and policies of the Lottery Fund, the criteria on which these
28 policies and practices are based and any other matter related to
29 the fiscal health of the Lottery Fund; and be it further

30 RESOLVED, That the Task Force meet within ten days of the

1 adoption of this resolution and at least two times each month
2 thereafter; and be it further

3 RESOLVED, That the Task Force may hold hearings, take
4 testimony and make its investigations at such places as it deems
5 necessary in this Commonwealth. It may issue subpoenas under the
6 hand and seal of its chairman commanding any person to appear
7 before the Task Force and to answer questions touching matters
8 properly being inquired into by the Task Force and to produce
9 such books, papers, records and documents as the Task Force
10 deems necessary. The subpoenas may be served upon any person and
11 shall have the same effect as subpoenas issued out of the courts
12 of this Commonwealth. Any person who willfully neglects or
13 refuses to testify before the Task Force or to produce any
14 books, papers, records or documents shall be subject to the
15 penalties provided by the laws of this Commonwealth in such
16 case. Each member of the Task Force shall have power to
17 administer oaths and affirmations to witnesses appearing before
18 the Task Force; and be it further

19 RESOLVED, That the Task Force shall conduct all hearings and
20 meetings in compliance with the act of July 19, 1974 (P.L.486,
21 No.175), referred to as the Public Agency Open Meeting Law; and
22 be it further

23 RESOLVED, That the Task Force shall have the power to hire
24 qualified staff to perform the functions with which it is
25 charged under this concurrent resolution; and be it further

26 RESOLVED, That within 30 calendar days after the Task Force
27 has made its report, the chairman of the Task Force shall cause
28 a record of all expenses incurred by the Task Force, or the
29 members thereof, which are payable at Commonwealth expense, to
30 be filed with the Speaker of the House of Representatives who

1 shall cause the record to be entered in the journal. No expenses
2 incurred by the Task Force or any member thereof shall be
3 reimbursable by the Chief Clerk of the House of Representatives
4 unless the expense has first been included as an expense item in
5 the record filed; and be it further

6 RESOLVED, That the total expenses of the Task Force,
7 exclusive of the members' per diem, shall not exceed \$100,000;
8 and be further

9 RESOLVED, That the Task Force report its findings and its
10 recommendations for any legislative and administrative changes
11 to the House of Representatives by October 1, 1984.