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March 9, 2022

The Honorable Guy Guzzone and Members
Budget and Taxation Committee
Miller Senate Building
Annapolis, MD 21401

Re: Support – SB796 – Instant Ticket Lottery Machines – Veterans’ Organizations – Repeal of the Pre-Printed Ticket Requirement

Dear Chairman Guzzone and Members of the Committee:

As a bingo supply distributor that provides bingo gaming supplies to veterans’ organizations as well as commercial bingo halls, I ask that you support SB796 – Instant Ticket Lottery Machines – Veterans’ Organizations – Repeal of the Pre-Printed Ticket Requirement.

My name is Larry Weinstein and I am the President of Atlantic Bingo Supply. We are headquartered in Odenton, Maryland, and began operations in 1988. We are one of the largest distributors in the industry.

SB796 would remove a reference to an obsolete Court of Appeals holding that exists in current law governing Maryland’s Instant Ticket Lottery Machine (ITLM) program run by the Lottery. This reference, which requires the use of devices with “pre-printed tickets”, effectively creates a monopoly in the program for a single manufacturer. In 2012, as the General Assembly debated allowing a sixth casino location in Prince George’s County, along with the introduction of table games, a significant number of members wanted veterans’ organizations to be able to generate revenue through gaming as well. As a compromise, the legislature created the ITLM program, which provides much-needed revenues to the veterans’ halls on the western shore of Maryland by allowing the operation of up to 5 machines each.

The law governing the program references the holding in *Chesapeake v. Riddle*, a Court of Appeals case from 2001 requiring electronic instant bingo machines to operate using pre-printed paper tickets. The case has since been superseded by legislative action. Unfortunately, at the time the ITLM law was passed, no one was aware that only one company still manufactured machines using pre-printed paper tickets. Everyone else in the industry had evolved to utilize more modern technology that provides better accounting and reporting and still meets the standard of predetermination required of electronic instant bingo machines.

Upon solicitation of its RFP for the ITLM program, the Lottery received bids from multiple companies; however, the Lottery could find only one bid technically responsive due to the pre-printed paper ticket requirement, since only one company continues to manufacture a machine utilizing this antiquated technology. The other bids were deemed technically non-responsive because of the reference to the *Chesapeake* case in the law.

As the Lottery begins weighing a new RFP on the ITLM program, this bill simply allows for the use of an updated device that adheres to the predetermination standard required of any electronic instant bingo machine in Maryland. Adoption of this bill will provide the lottery with the ability to achieve competition in the program, thereby yielding a better financial deal for the veterans' halls and the State. It will also provide the halls with more accountability and the players with a more technologically superior and popular device.

We do not believe there is any opposition to this bill. On behalf of Atlantic Bingo Supply Company, I respectfully ask for a favorable report.

Sincerely,

Larry Weinstein
President

DG MD Information Letter 3.7.22.pdf

Uploaded by: Richard Reinhardt, II

Position: INFO

**Senate Budget & Taxation Committee
Senate Bill 796/ House Bill 1315: Instant Ticket Lottery Machines – Veterans’ Organizations
– Repeal of the Pre-Printed Ticket Requirement**

LETTER OF INFORMATION

March 8, 2022

Senator Guy Guzzone, *Chair*
Senate Budget & Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

Dear Chairman Guzzone and Committee Members:

As the current state contractor to the Maryland Lottery and Gaming Control Agency (MLGCA) for providing the equipment, central system, and tickets for the Veteran Organizations’ *Instant Ticket Lottery Machine* (ITLM) program, I am respectfully submitting this letter of information to correct (and address) some of the testimony (both oral and written) that was provided, on March 2, 2022, during the hearing on House Bill 1315 before the House Ways and Means Committee.

Equipment: Owned or Leased.

During the oral testimony it was stated the State of Maryland purchased the equipment for the ITLM program. The state did not purchase the equipment, nor does it own the equipment.

As you may know, Diamond Game receives a percentage of the net revenue as a lease fee that covers all of the equipment at the site, tickets, and parts/supplies for the operation of the equipment at each site. In addition, the lease fee covers the following:

- *Internet connection for communication with the central server;*
- *The central server that compiles all the data from the sales and operation of the games at the sites;*
- *The system that manages the cashing of vouchers for payment of prizes;*
- *Access for the Maryland Lottery and Gaming Control Agency to receive revenue reports and view operation of systems at sites in real time;*
- *Conducting the weekly billing of the sites for the money due to the Lottery; and*
- *A system for managing the database for processing W-2Gs and checking for child support/tax payments/state debts recapture when winners of \$600.00 or more are claimed.*

The Diamond Game system and support services provided to MLGCA is far more complex than simply the games played by members of the veteran posts.

“Antiquated” Technology.

During the testimony last week, it was stated that the games in the program are “*archaic and antiquated*,” with similar language expressed in the written testimony.

The kiosks that Diamond Game provide use modern technology that fully meet the specifications of the MLGCA. Moreover, Diamond Game has continually upgraded the system with new software and hardware as technology has advanced to ensure the veteran organizations and the MLGCA have a reliable system that players enjoy.

The entire system is tested and certified by independent Gaming Laboratories International for the MLGCA, including new hardware and software. Such certifications were obtained before the system was deployed and are obtained before updates are made to the system.

Both the look of the devices and the pre-printed ticket-dispensing technology are provided to meet the requirements of MLGCA and the legislature, respectively. The game kiosks in the ITLM program do not look like gaming machines – this is by design at the request of MLGCA. The MLGCA required a cabinet that reflected more traditional lottery games. As a courtesy to you and the committee, I have attached an image of the kiosk for your reference. DG has many other cabinets, games, and systems in its portfolio that provide a flashier, more “slot like” appearance if it becomes the desire of MLGCA or the legislature.

Diamond Game has *Print on the Fly* technology and currently has games in play in Anne Arundel County bingo halls using that technology, so we have both technologies (pre-printed and print on the fly) available and in play. Diamond Game could bid *Print on the Fly* games in a future MLGCA Request for Purchase (RFP) solicitation for the ITLM program if that becomes an option.

In fact, Diamond Game offers a multitude of technologies from wholly-electronic instant ticket and slot games to electronic bingo systems to the pre-printed/print on the fly ticket products, as well as a sophisticated state-of-the-art central system to which machines across a jurisdiction connect. I can assure you, the product and technology provided to MLGCA and our customers in other jurisdictions are not archaic or antiquated; on the contrary, our games, software, and systems are highly-advanced.

Pre-Printed Tickets Created a “Monopoly” in Maryland.

Finally, it was stated before the committee that the pre-printed ticket requirements for the program created a “monopoly” because no other company produces the games.

There is no monopoly. Nothing prevents any company now, nor at the time the ITLM program began, from producing pre-printed ticket devices. Any company that wants to develop pre-printed ticket games may do so. In fact, a competitor, Arrow International, that has been distributed by one entity that provided testimony on this matter, has or had exactly this product—a device that dispensed pre-printed tickets and read and displayed the results, just like the Diamond Game product. If other companies can produce such a product, but choose not to, that does *not* create a monopoly.

Quantity of Units in Maryland

When asked the number of kiosks operating in the ITLM program, the proponents testified there was an estimated 700 games currently in operation. The correct number is currently 385 kiosks in operation in the program.

Diamond Game is proud to be the contractor for the ITLM program—a program that has been a terrific success, generating over \$32 million dollars for the vital programs of veteran organizations since the inception of the program seven years ago (in September 2014).

Should you or the committee have any questions, please do not hesitate to contact me at any time. Thank you for your attention and providing the opportunity to submit this letter of information into the record.

Sincerely,



Bill Breslo
President

Enclosure

cc.

Delegate Eric Ebersole, House Sponsor to HB 1315



Maryland Lottery and Gaming Control Agency Approved Kiosk for the Instant Ticket Lottery Machines Program