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Douglas

DOUGLAS PRESS INC.

DEPARTMENT OF REVENUE
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SEP 14 2011
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OFFICE OF CHIEF COUNSEL

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September 12, 2011

Ms. Mary R. Sprunk
Office of Chief Counsel
Department of Revenue
P.O Box 281061
Harrisburg, PA 17128-1061

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Dear Ms. Sprunk,

This letter is in response to the proposed rulemaking looking to amend chapter 901 for Local Option Small Games of Chance filed on August 27, 2011 in the Pennsylvania Bulletin. There was an invite for interested persons to submit comments, suggestions or objections regarding the proposed rulemaking.

Douglas Press, Inc. is a manufacturer currently Licensed in Pennsylvania (number M-0005). We wish to submit comments and objections to the proposed new rules.

The first objection is to Subchapter B. section 901.117.c where the statement reads "**The Department may issue a notice of violation for or revoke an approved game of chance if the game of chance fails to meet the requirements of the act or this part**". How can it be a violation on the part of a manufacturer if the game was previously approved by your Agency? What is the manufacturer or distributor supposed to do with existing inventory of an approved game that would all of a sudden have the approval revoked? Many games are made exclusively for Pennsylvania market and some even exclusively for a specific distributor. There could be no place else for the distributor or manufacturer to sell the existing product. This would cause a big problem and could result in a significant financial loss to several parties. This does not seem to be fair and equitable to any of the parties that would be affected by this change.

The second objection is to General Manufacturing Standards section 901.632 (b) "**A registered manufacturer may not produce a pull-tab game or punchboard for sale or use in this Commonwealth that permits the operator of or a participant in the game to choose between optional game rules, payout structures or methods of operating the game**". It seems as though this is designed to prohibit the manufacturers from designing seal card games that offer the option of awarding the total seal value prizes in a game differently. An example of this would be a game with a seal value of \$500. In one instance the prize would be a single \$500 winner. Common options for this type of game is to also offer the following payouts: 2 winners @ \$250 or 5 winners @ \$100. All three of these options award the same total prize value of \$500. There are times when a game operator wants to spread out the prize payments to more players and other times that they are looking to award a big prize. By having the options available on a seal card, it allows them to decide how to award the prize money before they play the game.

The design of a seal card games with options came about many years back in an effort to limit the number of different game form numbers and different games required to be manufactured. It currently allows for manufacturers, distributors and game operators to reduce their investment in inventory of multiple games that are very similar. It also provides a cost advantage when manufacturing with this method. This is commonly done for most seal card games in the entire charitable game ticket marketplace today. If this would no longer be permitted in Pennsylvania, there would be a significant cost impact placed on the distributors and charities in Pennsylvania. All games that would be manufactured for sale in Pennsylvania would need to be made special and separately from games made for other states. This would add cost due to the lower quantity of sets being produced for use only in Pennsylvania. A change like this would certainly be moving the industry and Pennsylvania distributors and charities backwards in technology and would also provide a lack of variety of games for them to choose from.


A third objection is to General Manufacturing Standards section 901.634(b) (1) **“All aspects of a game to which a form number has been assigned must be identical. This includes the following: (1) The name of the game and its exact spelling, graphics, winning and losing numbers and symbols”**. There are many games manufactured today that are packaged as a “variety pack” style game. This is done to be able to offer a variety of different looking symbols and themes of games that have the same payout structure and play the same way. Game operators are forced to provide a variety of games to offer to players that do not want to be looking at the same graphics from one game to the next. The variety pack allows the manufacturer to provide a variety of graphics to distributors in an economical fashion. It also allows the distributors to provide the variety of game graphics to the charities in a more economical manner than if they had to purchase separate game form numbers. A change like this would also be moving the industry and Pennsylvania distributors and charities backwards and would provide a much greater lack of variety of games for them to choose from.

Douglas Press, Inc has spoken directly with many licensed distributors in Pennsylvania and they all have agreed with our objections. They have urged us to write to you with these objections and ask that you re-consider them and not move forward with them as planned.

If the department moves forward with these proposed new rules, there will most likely be significant cost implications in the form of increased pricing to charities. It doesn't seem that this is a good idea if it will negatively impact organizations that are working to help charitable causes in the State of Pennsylvania by taking dollars away from them in these hard economic times. It could also force some organizations that are currently struggling to stay in operation to close down and no longer be able to provide their services to those that need them. Please consider all of this before you make your final decisions regarding these proposed changes.

Sincerely,

Douglas Press, Inc.



Bill Thinner
VP Sales & Marketing

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