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September 7, 2011

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

Dear Ms. Sprunk:

I am writing on behalf of Lancaster Bingo Company, Inc., a licensed distributor and manufacturer of small games of chance in the Commonwealth of Pennsylvania. For your reference, we are license numbers D-0069 and M-0053 and have been licensed to sell small games of chance in Pennsylvania for more than 18 years.

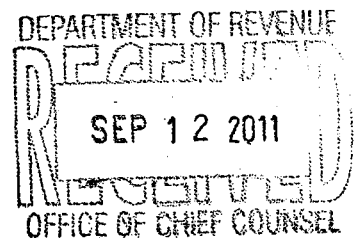
The purpose of my letter is to comment on and object to the Proposed Rulemakings by the Department of Revenue to amend 61 PA. CODE CH. 901, relating to Local Option Small Games of Chance, as published in The Pennsylvania Bulletin on August 27, 2011, 41 Pa.B. 4638.

Here are our comments, concerns and objections:

1. **Sections 901.117(a)(1) and 901.151(a)(1) Mandatory denial and revocation.** The Department will deny a manufacturer's/distributor's application for registration and certificate and will revoke a registration and certificate if the applicant or licensed manufacturer/distributor fails to do one of the following:

- (1) File a complete application

Comments: It has been our experience in the past that if the Department would need additional information or a mistake on the application is made, the Department would contact us and we would quickly rectify the issues. Will we still have an opportunity to do this? This seems quite serious for an incomplete application and could easily be subjectively applied. License revocations and denials have to be reported to other state regulatory agencies during our licensing process with these other jurisdictions. A license denial or revocation in Pennsylvania for an unintentional omission could lead to administrative actions by other jurisdictions. This new language is excessive we believe and could result in unintended consequences for both applicants and for the State of Pennsylvania.



Suggestion: Can language be added that allows for corrections or additional information to be made and provided within a specific time frame, perhaps 10 days, before the application is denied and the license revoked? Our concern is that by stating that it is a “mandatory denial and revocation” should the application be “incomplete” that this leaves no room for unintentional omissions or errors. Another suggestion might be to insert in (a) language such as: “if the applicant or registered manufacturer/distributor *with willful intent to withhold required information* fails to file a complete application.” We hope you will reconsider this language so that inadvertent errors or omissions do not result in the automatic denial and revocation of a manufacturer or distributor license that is in every other regard acceptable to the Commonwealth.

2. Section 901.425 (1)(v) and 901.445(1)(v) and (vi) Records...Sales Invoices...For sales to a Pennsylvania registered manufacturer or Pennsylvania licensed distributor, the manufacturer shall indicate on the invoice each game that the Department has approved and not approved for sale in this Commonwealth.

For sales to a Pennsylvania licensed distributor, the distributor shall indicate on the invoice each game that the Department has approved and not approved for sale in this Commonwealth.

For sales to a Pennsylvania licensed eligible organization, the distributor shall confirm that the Department has approved for sale in this Commonwealth each game listed on the invoice and provide a written statement on the invoice affirming that each game listed on the invoice has been approved for sale in this Commonwealth.

Comments: We currently sell our products in 8 different state jurisdictions and we analyze each product and determine if it is legal within the statutory and regulatory framework for each of these jurisdictions. And we follow the requirements in Pennsylvania and submit all games for approval prior to sale. The proposed rule above will now require us to change our software programs so that our invoices will somehow print out a statement on each game regarding the approval process. This will restrict our ability to maintain a general inventory and may require that we maintain a completely separate inventory of Pennsylvania games and products. And, it appears that we will need to maintain separate invoice paper for Pennsylvania that includes a blanket statement regarding the approval of the games. Obviously, software, inventory and other additional costs will result for us should this rule take place.

Suggestion: Audit invoices and implement a disciplinary process should a manufacturer and/or distributor be found to be willfully selling products in Pennsylvania that have not been approved for sale. Consider revocation of licensing should this action continue. Requiring expensive software changes or asking for Distributors and Manufacturers to merely make statements on their invoices regarding compliance with the approval process will not ensure compliance but will result in more costs to those Distributors and Manufacturers that are already working to comply with current requirements. This will in turn increase prices for charitable organizations in Pennsylvania.

3. **Section 901.601 Uniform minimum quality standards (d) Sub-deals.** A deal in a pull-tab game may not be segregated into sub-deals or portions. A pull-tab game may not be manufactured so that a part of a deal may be distinguished or played separately from the rest of the deal in a pull-tab game.

Comments: Sub-Deals should be permitted as it is a primary way for smaller charities to offer pull-tab games with larger prizes. Smaller charities may not be able to play an entire 4,000 count deal in one session, but can easily play a couple of sub-deals of 200-300 count.

These sub-deals should be identical in count, number of winners, and losers and holders, if any.

4. **Section 901.632 (b) Predetermination of rules, winning chances, and prizes...**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.

Comments: By restricting ALL options, even those that allow the game to be played within the current prize limitations, this rule will again increase costs by requiring the production of separate games and approvals. Games are regularly manufactured with seal cards that allow the operator to determine if there is one winner at \$500; two winners at \$250 each; or, five winners at \$100 each. This allows the manufacturer to produce several games and it allows the organization to determine which structure will work best for their market and players. Restricting these legal options will result in fewer games being available in Pennsylvania and additional costs to manufacturers and distributors, and ultimately to charitable organizations, in trying to meet the demand for various payout structures.

Suggestion: Instead of restricting all options, require that the seal cards only allow payout structures that fall within current statutory limitations and implement a disciplinary procedure that limits the ability for a distributor and/or manufacturer to renew their license should their games contain seal cards with prize structure options that are not legal with the current statute. In addition, require that these options appear on the tickets themselves so that players are fully aware of the payout options and can then ensure compliance by the operators.

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As you are in the process of rulemaking, we would like the Commonwealth to consider allowing the use of "bingo event tickets." Bingo event tickets are permitted by North American Gaming Regulators Association (NAGRA) standards for play with or without a seal card. These games are used in many jurisdictions successfully by charities in their fundraising efforts. They encourage audience participation and add fun and excitement to the charities' small games of chance offerings. The language defining Event Tickets by NAGRA is as follows:

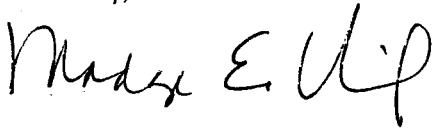
Event Game means a type of pull-tab game, played with or without a seat card, in which certain prizes are determined by the draw of a bingo ball or by some other approved specified event.

The approved specified event must consist of a method of randomly selecting numbers or symbols that correspond to the numbers or symbols printed by the manufacturer on the pull-tab.

Again, these games are very popular in charitable jurisdictions throughout the country and are endorsed by NAGRA as a pull tab game.

Thank you for the opportunity to provide written comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Madge E. Vail". The signature is written in a cursive style with a large, stylized initial "M".

Madge E. Vail  
Regulatory Compliance Officer  
Lancaster Bingo Company, Inc  
740-652-2544