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**KHRG Office of Charitable Gaming
Order to Disable Electronic Pulltab Devices
Manufactured by LNW Gaming, Inc. and Creative Game Technologies, LLC**

Kentucky Horse Racing & Gaming's Office of Charitable Gaming is aware of multiple instances of illegal "fishing" activities impacting electronic pulltab devices throughout Kentucky, resulting in the theft of tens of thousands of dollars. Fishing takes a significant amount of time, in some cases hours, and involves inserting and then pulling currency back out of a gaming machine using plastic lines. This process tricks the machine into thinking more money has been deposited than is the case. The person engaged in the illegal activity is then able to cash out large sums of money without ever playing the game. This constitutes criminal activity and a diversion of funds from legitimate charitable purposes.

While those engaged in the fishing ultimately are responsible for the theft, organizations licensed by KHRG failed to appropriately prevent the criminal activity. Facility Licensees have shown an inability to prevent criminal activity and the diversion of funds from legitimate charitable purposes in violation of KRS 238.500. Charitable Organization Licensees have failed to properly supervise charitable gaming activities by failing to ensure a chairperson is present and in full charge of charitable gaming to ensure the proper receipt and recording of gaming funds. KRS Chapter 238, 820 KAR 1:032, Section 20(2) and Section 33(15). Manufacturer Licensees have failed to provide electronic pulltab devices equipped with adequate security equipment and software to prevent theft, thereby negatively impacting device security, integrity, and the public confidence. KHRG is required, upon learning of a problem with an electronic pulltab system that affects the security or the integrity of the device, to direct all licensees to immediately cease the use of the affected devices until the game security is corrected. 820 KAR 1:032, Section 30.

KHRG is authorized pursuant to KRS Chapters 230 and 238 to regulate the conduct of charitable gaming in the Commonwealth of Kentucky. Further, among the intents of KRS 230.215 and KRS 238.500 are the prevention of the participation in charitable gaming by criminal and other undesirable elements and the diversion of funds from legitimate charitable purposes.

Therefore, in the best interest of charitable gaming in Kentucky, and to protect the public and charitable organizations of the Commonwealth, **it is Ordered all machines manufactured by LNW Gaming, Inc. and Creative Game Technologies, LLC** at locations other than a charitable organization's office location, the location where a charitable organization is licensed to conduct bingo, and a location where pre-approved charitable fundraising events are authorized **be disabled immediately upon receipt of this Order.**

It is further **Ordered** that no machine may be enabled without express written approval from the Director of Charitable Gaming, Kim Sutherland, upon satisfaction of the following conditions and the successful completion of a facility audit:

Each Charitable Organization Licensee must:

- Confirm, in writing, a Chairperson will be present on the premises at all times that electronic pulltab devices are made available to the public and shall be responsible for the administration and conduct of the charitable gaming activity. The Chairperson shall not be compensated in any way by any person, organization, or any other entity whatsoever while acting as a Chairperson. The Chairperson may not be an on-duty employee of any business where space is leased by a charitable gaming facility licensee.
- Confirm, in writing, the facility where the electronic pulltab devices are located is restricted to persons 21 years of age and older.
- The Chairperson listed for your organization has been approved by the office. In the event the chairperson changes, the organization must submit a notice to the office for approval. Each organization should request that the Office remove from its license all Chairpersons that cannot fulfill the requirements and responsibilities described in the first bullet.

Each Manufacturer Licensee must:

- Submit a detailed, written incident report to explain what occurred, the corrective action plan, and the steps that will be taken to prevent future similar incidents.
- Submit a list of all facilities your machines are located.
- Confirm, in writing, that the identified vulnerabilities of the manufactured machines have been addressed and resolved.

Each Facility Licensee must:

- Confirm in writing that the facility, including all areas where electronic pulltab devices are present, has surveillance equipment capable of accurate visual monitoring and recording of each electronic pulltab device, including anyone utilizing the devices, at all times they are enabled and made available to the public. Recording must be enabled whenever the machines are available to the public and recordings must be retained for a minimum of thirty (30) days.

Upon completion of all conditions by all licensees at a location, a licensee may request a facility audit by email to the Licensee's respective Licensing Specialist with the Kentucky Horse Racing and Gaming's Office of Charitable Gaming. Audits will be scheduled without unnecessary delay on a first come, first served basis.

Failure to immediately comply with this Order will result in further disciplinary action.



Jamie Eads
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Kentucky Horse Racing and Gaming Corporation