15.0692.02000

FISCAL NOTE Requested by Legislative Council 02/12/2015

Amendment to: HB 1230

1 A. State fiscal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2013-2015 Biennium		2015-2017	Biennium	2017-2019 Biennium	
-	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$14,000		\$10,500	
Appropriations			\$14,000		\$10,500	

1 B. County, city, school district and township fiscal effect: Identify the fiscal effect on the appropriate political subdivision.

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

2 A. **Bill and fiscal impact summary:** Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

As amended, the bill provides for a server-based electronically simulated vertical paddlewheel system with no more than 120 spaces sections in each of no more than three rings.

B. **Fiscal impact sections:** Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

The server-based paddlewheel system will need to be audited to ensure the system's integrity as was originally tested by a game system laboratory.

- 3. State fiscal effect detail: For information shown under state fiscal effect in 1A, please:
 - A. **Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

Not applicable

B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

The electronic system including the random number generator will require a gaming auditor to test the system to ensure it is operating appropriately. The estimated 15-17 and 17-19 biennia are \$14,000 and \$10,500 respectively from the general fund.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.

The \$14,000 from the general fund for the needed operating expenses can either be added to this bill or to the Office of Attorney General's bill, Senate Bill No. 2003.

Name: Kathy Roll

Agency: Office of Attorney General

Telephone: 701-328-3622

Date Prepared: 02/12/2015

15.0692.01000

FISCAL NOTE Requested by Legislative Council 01/14/2015

Bill/Resolution No.: HB 1230

1 A. State fiscal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2013-2015 Biennium		2015-2017	Biennium	2017-2019 Biennium	
-	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1 B. County, city, school district and township fiscal effect: Identify the fiscal effect on the appropriate political subdivision.

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

2 A. Bill and fiscal impact summary: Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

This bill provides for a statewide, server - based, electronically simulated vertical paddlewheel.

B. Fiscal impact sections: Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

This bill is not anticipated to result in a significant fiscal impact.

- 3. State fiscal effect detail: For information shown under state fiscal effect in 1A, please:
 - A. **Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

N/A

B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

N/A

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.

N/A

Name: Kathy Roll Agency: Office of Attorney General Telephone: 701-328-3622 Date Prepared: 01/14/2015

2015 HOUSE JUDICIARY

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HB 1230

2015 HOUSE STANDING COMMITTEE MINUTES

House Judiciary Committee

Prairie Room, State Capitol

HB 1230

1/27/2015
22655
□ Subcommittee

□ Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Relating to the game of paddlewheels.

Minutes:

Testimony #1, #2, #3

Chairman K.Koppelman: Opened the hearing with testimony in support.

Rep. B. Hanson: (See testimony #1) (0-3:35)

Rep. L. Klemin: \$20 to \$50 over what period of time. That is 150% inflation.

Rep. Hanson: Maybe I exaggerated the inflation a little bit.

Joe Richardson, CEO, Gaming Studio, Inc. (See testimony #2)(4:50-9:40) We have legislation in Minnesota for virtually the same thing and they allows electronic paddlewheels. But because of some tricky language in there paddle ticket statue we have not be able to take advantage of the electronic wheel for a statue passed in 2012. So we are trying to get some fixed there. Used displays to show how it works. Explained in detail how these devices work. (10:21-18:00) Records can be checked as you play and go along.

Vice Chairman Karls: (took over)

Rep. L. Klemin: The termology of statewide server based paddlewheel? What is the intention there with statewide based servers?

Joe Richardson: Every four minutes it goes into a simulated spin and it is the same throughout the state and controlled by one server and it is receiving all the ticket information for all passive wheels and the wheel associated with this table. It has a compute in it and it dumps its information up to the central server.

Rep. L. Klemin: There is only one server and you would own it. Is that the way it works?

House Judiciary Committee HB 1230 January 27, 2015 Page 2

Joe Richardson: Yes that is correct. Some other company could have a server that has their games on it as well.

Rep. L. Klemin: So you could be running thousands of them around the whole state. How are you going to charge for that?

Joe Richardson: Flat rate lease on the hardware and software. How they charge the organizations is up to them.

Rep. L. Klemin: This sounds a lot like rolet; I am not sure we allow that do we?

Joe Richardson: They are similar.

Rep. Mary Johnson: Presently individual games at individual sites I have seen some games that the bartender will stand. I have seen none with a server or the control for the electronic devices presently.

Joe Richardson: There is no electronic paddle wheel. It is not allowed by statue. It is only mechanical.

Rep. Mary Johnson: So a server could be right at the site. It seems to me our time here today is addressing administrative rules that have not kept up with technology.

Joe Richardson: The reason it is going to server base it you have better control.

Chairman K.Koppelman: (Back)

Rep. K. Wallman: Can individuals gamble on credit? Does this move to more technology gaming enable that?

Joe Richardson: Whether you use a credit card to buy chips right now or at that table this doesn't make using credit card any simpler. I take compulsive gaming very seriously. Everything I do is the social interaction. You need to be able to monitor those computers so it is a natural thing to do. It is very similar to the lottery now; server based. You game for fun and gamble for profit. We are about fun.

Rep. Mary Johnson: The casino's regulated by state?

Chairman K.Koppelman: They are not regulated by the state. They are a product that was signed between the governor and the tribes years ago. They check a few things in the state.

Joe Richardson: This is a startup of the electronic wheels and tables. We would be the first company to build a wide network of electronic table games because 3M came up with the digital technology that allows for 60 simultaneous input and the prices have come down to where it makes sense. For the tribes in ND we might try electronic wheels. Mechanical wheels have biases and we can't get away from them.

Rep. Mary Johnson: Define mechanical wheel?

Joe Richardson: Yes hand spun.

Rep. Mary Johnson: ND would be a Ginny pig in this server based random number paddlewheel effort?

Joe Richardson: We dream of that. This gives us the opportunity to try some things that might be successful in a broader market. In doing that we can make our games more secure and more accountable.

Rep. Mary Johnson: Are you the only company presently with statewide server based plans?

Joe Richardson: There are other companies who do gamer based gaming. Most notably is a lottery. They have been doing it for decades.

Rep. L. Klemin: You mentioned using smart phones to place your bets? Is that something charged to your credit card then?

Joe Richardson: We are using the smart phone to plan your bets. You have to actually scan the QR code so the smart phone is being used just like that piece of paper that you select your bets on. There is no payment from the smart phone.

Rep. L. Klemin: The QR code is one of those square things with all those dots lines on it?

Joe Richardson: Yes you can put a short story to a QR code. That code can transmit so much information so it can transmit all of the player's choices to our scanner.

Rep. Mary Johnson: How does money pass hands when I lose?

Joe Richardson: You pay for your ticket right away with cash.

Opposition:

Neutral:

Deb McDaniel, Director of the Gaming Division of the Attorney General: Explained needed an amendment (38:00-39:53)

Chairman K. Koppelman: Would you work with the bill sponsor on those amendments and get back to us at your earliest convenience.

Rep. L. Klemin: You cannot do this electronic server paddlewheel anywhere in the US?

Deb McDaniel: Yes

House Judiciary Committee HB 1230 January 27, 2015 Page 4

Chairman K.Koppelman: Does the attorney general see this as an expansion of gambling in ND and if so do you have an opinion pro or con on that?

Deb McDaniel: We have no opinion. It is the same as the bingo bill.

Chairman K.Koppelman: Are these bills crafted in such a way to protect in unintended consequences or further expansion those we not intended by the sponsors of the bills.

Deb McDaniel: Credit is not allowed in the state of ND, except for the lottery. Charitable gaming cannot use any type of credit.

Rep. Lois Delmore: Is it the belief that technology makes this an expansion in gaming?

Deb McDaniel: It is the server based concept and electronic gaming that were asking the legislature to decide is this an expansion of gaming or not. We can regulate it.

Rep. Lois Delmore: That is why I upgrade my I phone; my computer and I Pad and I don't necessarily think I am doing something significantly different. I am just using technology for the way that it is set up.

Chairman K.Koppelman: I hope you look at both of these bills but we do not want to create a loop hole so if there is a way to tighten language to make sure that kind of expansion is unlikely that would be helpful.

Hearing closed

Testimony #3 - Emailed after the meeting.

2015 HOUSE STANDING COMMITTEE MINUTES

Judiciary Committee

Prairie Room, State Capitol

HB 1230
2/10/2015
23586

□ Subcommittee □ Conference Committee

Committee Clerk Signature din

Minutes:

Proposed amendment #1

Chairman K. Koppelman opened the meeting on HB 1230. This is the bill on paddlewheels. (See proposed amendment #1) The sponsor of the bill had this drawn up.

Motion made to move the amendment by Rep. Maragos; Seconded by Rep. Lois Delmore:

Discussion:

Chairman K. Koppelman: Went over the amendment. (1:51-3:33)

Rep. Maragos: I think these amendments were at the request of the director of gaming to make sure the bill is in the fashion the Attorney General wanted it.

Voice vote carried.

Do Pass As Amended Motion Made by Rep. Maragos; Seconded by Rep. K. Hawken:

Discussion:

Rep. L. Klemin: This is the bill designed to make this guy from Fargo a multi-millionaire. He is the one that is going to be running the statewide server based random number generator that is going to run all of these thousands of electronic paddlewheels across the state all at the same time. I am not sure how this differs from a Rolette wheel and table except the Rolette wheel is hanging on the wall? I think this is an expansion of gaming in ND that is going to be best for one particular individual.

Rep. P. Anderson: As I understand it we already have these wheels; we are just making them electronic. I am going to vote for the bill.

Rep. L. Klemin: It increases the total wager from \$20 to \$50. That is quite a substantial increase in the wager a person can do. In response to Rep. Anderson is we have paddle wheels now and they are manual, mechanical devices. This is an electronic thing hanging

House Judiciary Committee HB 1230 February 10, 2015 Page 2

on the wall with flashing lights and operated from a central server somewhere in Fargo probably.

Roll Call Vote: 7 Yes 6 No 0 Absent Carrier: Rep. Maragos

15.0692.01001 Title.02000 Prepared by the Legislative Council staff for Representative Hanson January 30, 2015 2/10/15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1230

Page 1, line 8, after "into" insert "no more than one hundred twenty"

- Page 1, line 8, overstrike "that" and insert immediately thereafter "<u>in each of no more than three</u> rings which"
- Page 1, line 10, remove the overstrike over "The maximum price per paddlewheel ticket or chip is two dollars."
- Page 1, remove line 21
- Page 1, line 22, replace "from a scan of the player's bet selections on a licensed gaming site" with "Electronically simulated paddlewheels must use a paper ticket printed from a scan made at a licensed gaming site representing all of the player's bet selections"

Renumber accordingly

Date: 2-10-15 Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. /230

House JUDICIA	RY				Com	mittee
Subcommittee		Confer	ence C	ommittee		
Amendment LC# or	Description:5	-06	JJ. (51001.		
Recommendation:	Adopt Amendr		t Pass	☐ Without Committee Reco ☐ Rerefer to Appropriations		dation
Other Actions:	□ Reconsider					
Motion Made By	p. MAR	Ag	<u>సిన</u> Se	conded By <u>Rap.</u> L,	10.	Em.
and the second se	entative	Yes	No	Representative	Yes	No
Chairman K. Kop				Rep. Pamela Anderson		
Vice Chairman K	arls			Rep. Delmore		
Rep. Brabandt			1	Rep. K. Wallman		
Rep. Hawken						
Rep. Mary Johns	on					ļ]
Rep. Klemin						ļ]
Rep. Kretschmar				1		
Rep. D. Larson			1	\sim \cap		
Rep. Maragos		/	1-	. / / /		
Rep. Paur		116	<u>ب</u>			<u> </u>
		V			2-	
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Total (Yes) _			No			
Absent						
Floor Assignment						

If the vote is on an amendment, briefly indicate intent:

Date: 2-10-15 Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. ノス30

House JUDICIARY				_ Comr	nittee
Subcommittee] Confer	ence C	ommittee		
Amendment LC# or Description:					
Recommendation:dopt Amend		t Pass			ation
Other Actions: Cher Actions:			□ Rerefer to Appropriation □	S	
Motion Made By <u>Rep</u> , Ma	rag	zz/Se	conded By Rup He	ush	en
Representative	Yes	No,	Representative	Yes	No
Chairman K. Koppelman		1	Rep. Pamela Anderson	V	
Vice Chairman Karls		V	Rep. Delmore		
Rep. Brabandt	V		Rep. K. Wallman		V
Rep. Hawken	V				
Rep. Mary Johnson	V				
Rep. Klemin		V			
Rep. Kretschmar	V	1			
Rep. D. Larson	-	V			
Rep. Maragos	V				
Rep. Paur		V			
Total (Yes)7		No			
Absent	0				
Floor Assignment	Q-1	Na	22705		
If the vote is on an amendment, brie	fly indica	ate inter	nt: /		

REPORT OF STANDING COMMITTEE

- HB 1230: Judiciary Committee (Rep. K. Koppelman, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (7 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). HB 1230 was placed on the Sixth order on the calendar.
- Page 1, line 8, after "into" insert "no more than one hundred twenty"
- Page 1, line 8, overstrike "that" and insert immediately thereafter "<u>in each of no more than</u> <u>three rings which</u>"
- Page 1, line 10, remove the overstrike over "The maximum price per-paddlewheel ticket or chip is two dollars."
- Page 1, remove line 21
- Page 1, line 22, replace "from a scan of the player's bet selections on a licensed gaming site" with "Electronically simulated paddlewheels must use a paper ticket printed from a scan made at a licensed gaming site representing all of the player's bet selections"

Renumber accordingly

2015 TESTIMONY

HB 1230

.

HB1230 1-27-15

HB 1230 Testimony; Rep. Ben Hanson

House Committee on Judiciary:

January 27th, 2015 testimony in regards to HB 1230; A BILL for an Act to amend and reenact section 53 -06.1 -07.4 of the North Dakota Century Code, relating to the game of paddlewheels..

Mr. Chair, fellow committee members, for the record my name is Ben Hanson and I am a representative from District 16 in Fargo and West Fargo. I stand before you today to testify in favor HB 1230.

Paddlewheels are popular games all over North Dakota, frequently found in bars and hotel lounge areas throughout the state. HB 1230 hopes to update our gaming laws to allow a new, electronic form of the game. It also, looking at line 16, updates the maximum betting amount from \$20 to \$50 for inflation.

The current form of the paddlewheel game, involving a physical wheel to place bets on, can be more easily manipulated than the updated version this bill allows for. It also has potential to allow the Attorney General's gaming division to keep better track of said game to prevent rigging.

For some context (in terms of the game "being electronic") I provide the committee with the language decided upon in the 1989 session:

"Electronic video gaming device" means an electronic video machine or device that simulates the play of a game of chance, in a manner provided in this chapter or by rules adopted by the attorney general. The device may not directly dispense coins, cash, tokens, or anything of value other than a credit voucher.

In discussions with the Attorney General's office it was determined that more clarification was needed with details as to what statute considered electronic gaming. I feel this is a positive discussion to have as the direction the gaming industry is moving in is decidedly electronic.

Deb McDaniel is here from the Attorney General's office and I am sure she can answer any legal questions committee members have about Chapter 12.1-28 relating to Gambling Offenses.

One of the game's designers is also here to testify on behalf of the new version of the game and some of the surrounding macroeconomics and local develop potential for North Dakota.

Gaming Studio, Inc.

HB1230 Page 1 PJ-10

Testemony on HB1230 ND House Judiciary Committee

Joe Richardson, CEO, Gaming Studio, Inc. 1/27/15

Mr. Chairman, Members of the Committee,

My name is Joe Richardson and I am the CEO and principle shareholder of Gaming Studio, Inc., a game design firm most noted for having designed wheel games known as "Tri-Wheel®" and "Pig Wheel®." The Tri-Wheel is the leading wheel game in Minnesota while Pig Wheel leads in North Dakota.

My first big game design, Tri-Wheel®, is virtually the same today as it was back in '86 - 29 years ago when it was introduced to Minnesota. In 1991, paddle wheels with tables were authorized by the North Dakota legislature. Incidentally, that is also the year Noel Anderson and two students, NDSU Engineering, built the first electronic paddle wheel for me. In 1992, the Tri-Wheel came home (my company has always been North Dakota based). In 1998, the Pig Wheel® was designed and successfully marketed throughout ND.

The use of tickets with Tri-Wheel games in Minnesota brought a North Dakota printing plant, J&M Printing of Gwinner, hundreds of thousands of dollars worth of state export business. This is an example of creating economic value through North Dakota based innovation.

1

Gaming Studio, Inc.

Gaming Studio realizes that charitable gaming depends on civic minded community leaders volunteering their time to take the ultimate responsibility and risks of raising funding through this form of gaming. As such, we believe charitable organizations should have the benefit of the best technology available for enhancing security, efficiency and efficacy of gaming. The technological upgrades that we propose as fitting within the parameters of HB1230 greatly enhance security, timely reporting and record keeping. Cashier and drop box cash will be known in real time without regulators or gaming managers leaving their offices. Calculations, counts and payouts are made more accurately and gone is the need to check and rebalance wheels daily or investigate possible pattern spinning. We note similar electronic technology is used by the state owned lottery, where the computer even selects, if desired, which numbers a player bets. Electronics are used in off-track and on-track betting. Electronics have

been approved for tribal compacts. It would be natural to extend the benefits of such technology to local charities.

HB1230 creates more than the opportunity to increase the security and efficiency of wheel games operated by charities, it also leverages our charitable gaming program to develop and present world class North Dakota products to gaming markets throughout North America. Serverbased gaming networks are the wave of the future for all forms of gaming. The fact has been recognized in a recent wave of acquisitions. Gone are Bally Technologies, International Game Technology and WMS as independent companies. International lottery equipment and supply companies have purchased them to reduce competition and expand markets in the server-based gaming they know is coming to casinos. It isn't only North Dakota's technology companies, like Onsharp, that benefit from the developments we are pursuing, it is also companies like the metal fabricators who will make the table housing for our electronic table games.

Mr. Chairman, members of the committee, passing this legislation fosters entrepreneurial efforts and high tech development in solving problems and enhancing security and accountability in an activity already legal and games already being played. Assist us in helping reduce exposure and successfully augmenting the community and civic minded volunteers who offer their time to further hundreds of public spirited endeavors. The state uses server-based technologies in its gaming. Allow the same benefits to licensed local charities.

Thank you for your attention Mr. Chairman and members of the committee and I stand ready to explain the exhibits I brought today and answer your questions.

Respectfully,

Joe Richardson

j<u>oe@gamingstudio.com</u> 701-388-3266 Gaming Studio, Inc. Post Office Box 3112 Fargo, North Dakota 58108

Note: Tri-Wheel and Pig Wheel are trade names owned by Gaming Studio, Inc., Fargo, North Dakota. <u>www.gamingstudio.com</u>; <u>www.ti-wheel.com</u>; <u>www.pigwheel.com</u>





You get this ticket by having the paper or the mobile app Player Selection Form scanned into the system. The information contained on this paper ticket is also retained by the network server. If the paper ticket varies with that recorded in the system, we have a problem. The official ticket, more than anything, informs us who owns the recorded bets and resulting wins.

- Random performance every spin = secure.
- Recorded bet selections & computer calculated payouts = secure.
- Low cost operations = *efficient*.
- Greater participation without requiring players sit at a dedicated table = social.
- Automated accounting records leading to automated reporting = *efficient* & *secure*.
- Ability to sponsor the game where staffed wheels could not be economically operated = efficient in rural application.
- Players can view where other players are betting = fun.
- History of past numbers that have won = fun & nerdly.
- Computer calculated payouts = accuracy.
- Mobile App for bet selection, planning & storing = efficient
- Mobile App for site information, player interaction and data analysis including player win/loss reporting = informative, fun and responsible.
- One ticket for several bets and several spins = *less handling & green*.
- Management & regulatory agents can know game cash bank balance in real time = secure and efficient to regulate.
- Animated pigs providing character sketches & vignettes = entertaining.
- Same server provides for on demand spins of electronic wheels used with tables = *enables secure and economic transition for table game wheels*.



Thank you for your interest in Electric Pig Wheel[™]. If legislatively authorized, you will discover that we are pigs with individual attitude and a common dislike for disturbed fowl who treat pigs badly.

> May I carve you a little bird? They're delicious.

Cast of Pigs

Ken = opportunist Roxy = glitze Bob = bird hunter Sue = librarian, but.. Joe = Rebellious



Electric Pig Wheel® Network

Gaming Studio, Inc.

www.gamingstudio.com joe@gamingstudio.com 701-388-3266

Large Wall Hanging Display/Monitor 70" + in diagonal

Large Wall Hanging Display/Monitor 70" + in diagonal



Primary or Main Display



The on-site terminal receives a signal from the central computer server to close all wagers for a spin every 4 or 5 minutes. The central server then sends the video package with the random target starting a graphic sequence with a smooth gradual slowing spin finally stopping on the winning number. As the paddle passes segments they lighten. Sound volume will be locally controlled. Should a pig be designated as having won, a 10 - 15 second humurous character sketch or vignette will display. This allows players to get to know the various pigs while building entertainment value.



Paper Player's Bet Selection Form

These forms are available on site and can be filled out (as example shows) and presened for scanning into system. Ancillary Betting Display



Bets effective for the next spin, show up on the display above as red circled chip images. The amounts are rounded up to the next dollar. This display also shows how many people are playing the next spin based on how many tickets have been scanned into the system with bets effective for the next spin. Payout multiples can also be seen on this display.



Mobile App Player's Bet Planning & Selection Form

The two screens on the left are among several that allow a players to make bet selections, save them and have them until scanned through the use of the QR code at left. Once paid and scanned, the player receives the official ticket (on back). Players can also interact with other players and receive a variety of information through the apps.

Primary or Main Display



The on-site terminal receives a signal from the central computer server to close all wagers for a spin every 4 or 5 minutes. The central server then sends the video package with the random targets for each ring, starting a graphic sequence with smooth gradual slowing the spin of each ring finally stopping on the winning number. As the paddle passes segments they lighten. Sound volume will be locally controlled. Should a blue ring segment with a red "H" in a black disk be designated as a win, all "odd" and "even" bets lose. The "H" is a house reserve for purposes of that one bet.



Paper Player's Bet Selection Form

These forms are available on site and can be filled out (as example shows) and presened for scanning into system.

Ancillary Betting Displ



Bets effective for the next spin, show up on the display above as red circled chip images. The amounts are rounded up to the next dollar. This display also shows how many people are playing the next spin based on how many tickets have been scanned into the system with bets effective for the next spin. Payout multiples can also be seen on this display.







25 Units S	elected	Amount you wish	the line & from Prov
Exact Numbers	10	to bet per spin.	P10
Lines A-D.	2	ting * ar - to shange	Outbois Edman
Lines E-L	2 10	O \$10 C	East ACCOUNTS
Odd or Even Combinations	10	- 210 -	App Saleste
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Return to			
Table View	The value of	Quantity of Spins	\$100.00
	each unit bet	sag * or - to change	a contraction
Wheel View	40¢	G 110 G	1000
Combo View	404	10 manimum calles	and a second





Both the paper and mobile app bet selections processes lead to this printed ticket. When scanned, this ticket will call all of the bets made and inform the player of the wins and amounts due.

Spin Date: 03/31/12	Planer	ID: 639			704337
	Registered spin: 323 \$ 3.00 per x 3 spins		323	20110713	14:12 CT
					326 thuu 328
Blue Ring 06(1); 08 Even (10) Yellow Ring 02(1) Orange Ring 02(1)	; 12(1)	; 18(1)			
Multi-King Combo: B	2.Y2.	02;			
Alpha/Lines:		tion	Exact N Alpha/L	umbers Even: ines:	9 10 0
Multi-Ring Combo: B Alpha/Lines: Wins valid for 24 hours after from which they won.			Exact N Alpha/L Mulu-R	umbers: Even ines: ing Combo	9 10 0
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Exact Number Bets Qty of Spins Pay Exact Hit Combin 36.0 Orange Yell 4.00 20.00 18.00 Profit 10.00 0.00 Profit Odd & Even 1.00 Profit 10.00% • This is with the "house" reserving or taking 4 numbers, 2 odd and 2 even out of the field of 40 Multi-Number Line Bets

	Q	Pay Exact Hit	
	Blue A . D	4	3.0
	Profit:	25.00%	1.0
	Yellow E - I	5	4.0
	Profit:	20.00%	1.0
-			



Combination Bets

• Random performance every spin = secure • Recorded bet selections & computer calculated payouts = secure • Low cost operations = efficient • Greater participation without requiring players sit at a dedicated table = social • Automated accounting records leading to automated reporting = efficient & secure • Ability to sponsor the game where staffed wheels could not be economically operated = efficient in rural application • Players can view where other players are betting = $fun \bullet$ History of past numbers that have won = $fun \& nerdly \bullet$ Computer calculated payouts = accuracy • Mobile App for bet selection, planning & storing = *efficient* • Mobile App for site information, player interaction and data analysis including player win/loss reporting = informative, fun and responsible • One ticket for several bets and several spins = less handling & green • Management & regulatory agents can know game cash bank balance in real time = secure and efficient to regulate • Multi-ring bets and payouts provide more interesting options = entertaining • Same server provides for on demand spins of electronic wheels used with tables = enables secure and economic transition for table game wheels • Players can see their prospects rise or fall away dashed = far more entertaining than Keno.



Electric Tri-Wheel® Network

Gaming Studio, Inc.

www.gamingstudio.com joe@gamingstudio.com 701-388-3266





Advantages

- 1. Environmental and human bias removed from the wheel spin.
- 2. Every bet, payout, chips issued, tipped and/or redeemed is known and recorded.
- 3. Opening procedures are quick and easy.
- 4. Closing reports are a "print closing report" away.
- 5. Records are backed up on the server.
- 6. Gaming Managers with authorization can scan operational information, including cash bank balances in near real time from their homes or offices. We will have a host of reports allowing trend analysis for each wheel - that may be used in planning staff times and promotions.
- 7. Regulatory officials can monitor a site without going on site.
- 8. Provides a social and modern appearance that may attract younger or newer players.

Gaming Studio, Inc.

Post Office Box 3112 Fargo, North Dakota 58108 701-388-3266: joe@gamingstudio.com

www.gamingstudio.com; www.tri-wheel.com; www.pigwheel.com

Electric Wheel Tables

By Gaming Studio, Inc. Fargo, North Dakota

Gaming Studio presents an electronic gaming table for use in charitable gaming venues in North Dakota. The tables shown is a multi-touch electronic surface with an operators station and drink rail metal surround.

New players determine which of the six positions at the table they wish to sit at and the value of the chips they wish to play (range could be from 10¢ to \$5 depending on rules). They pass currency to the operator. Operator presses "Issue" on their screen followed by entering the amount of currency, denomination of chips and the position to issue the chips to. The stack of chips then appears at that position and currency is plunged into the drop box attached to the table. Players bet by sliding their chips on the digitized layout. They tap the chip to increase the amount. Once the operator believes the table ready, the operator presses the spin button. The table is locked down so no bets can be changed. The signal goes up to the central server/computer which generates a random number and a virtual graphic solution to simulate a spin that slowly decelerates to the target number. Once the spin has completed, the losing chips expand and quietly explode in a poof. The winning chips expand and the win credits rack up and the chips return to the players home stack. For cashing out, the operator presses "redeem" and when the redeem screen appears enters the position, the quantity of or "all" chips. The printer attached to the table provides a receipt that is cashed with the cashier (jar attendant). The chips disappear from the home stack of the player.

LightWheel Network[™] Bet Selection Input Methods: Old to New



D

NDLA, Intern 08 - Vaagen, Tessa

rom: ent: To: Cc: Subject:

Koppelman, Kim A. Thursday, January 29, 2015 2:02 PM -Grp-NDLA House Judiciary NDLA, Intern 08 - Vaagen, Tessa; NDLA, H JUD - Shimek, Delores; Hanson, Ben W. FW: HB1230 Changes for Monday Judiciary

Members of the Committee,

Please see below, an email from Rep. Ben Hanson which was suggested after a discussion he had with the gentleman who testified on the bill. Rep. Hanson asked if we needed to have a member of the Committee suggest the amendment and I told him that he could offer it to the Committee, as the prime sponsor.

Tessa, would you please prepare a printed version of the email for the Committee's consideration, when we take the bill up?

Thank you.

Rep. Kim Koppelman North Dakota West Fargo, ND -- District 13 Chairman, Judiciary Committee Past Chairman, Administrative Rules Committee, Constitutional Revision Committee ist National Chairman, The Council of State Governments (CSG) Susiness Office: 701-492-7317; Capitol: 701-328-2916 Email: KKoppelman@nd.gov



From: Gaming Studio [mailto:joe@gamingstudio.com]
Sent: Thursday, January 29, 2015 1:36 PM
To: Hanson, Ben W.
Cc: Koppelman, Kim A.; McDaniel, Deborah A.
Subject: Re: HB1230 Changes for Monday Judiciary

= proposed amendment language

3 HB1230 1-27-15

No sir, you go ahead and author the amendment. I just wasn't sure if it had to be one of the members.

The Changes

1. Technical Change: "The maximum price per paddlewheel ticket played with a mechanical wheel is two dollars." The Attorney General's Office requested that the \$2 be reinstated for mechanical wheels. An electronic ticket ictually contains the equivalent of what could be a couple hundred traditional tickets - used over 10 spins. When ropping the \$2 per ticket, I thought the AG could handle that in administrative rule. Instead, they want that in statute. 2. Limiting parameters for games: no more than 120 equally spaced sections. Offered by me in answer to the Chairman's request that we tighten up the language in effort to avoid something sneaking under the provisions that no one was thinking about. It occurred to me that without the limit, a paddlewheel could have literally thousands of chances. It vas the one gap I could find that really could be misused.

3. Clarification: "Electronically simulated paddle wheels must use a paper ticket printed from a scan made at a licensed gaming site representing all of the player's bet selections." Deb McDaniel called my attention to our less artful addressing of this and I remember, I believe it was Representative Klemin, who needed clarification. It absolutely has to say that no betting can be made without scanning for printed tickets on a licensed site. No playing from smart devices off premises. This augments the point.

56-06.1-07.4. Paddlewheels to read.

A paddlewheel is a mechanical vertical wheel, or a statewide, server - based, electronically

simulated vertical wheel, marked off into no more than 120 equally spaced sections in each of no more than three rings that contain numbers or symbols, and which after being spun, uses a pointer to indicate the winning number or symbol. The maximum price per paddlewheel ticket played with a mechanical wheel is two dollars. Paddlewheels for which winning numbers or symbols are determined by a statewide server - based random number generator may have up to three rings that may work in combination, although with separately generated winning numbers for each ring. Unless all bets are uploaded to a central server and resulting payouts are calculated and directed by the server in real time, a table and chips must be used to register a player's wager when a prize is a variable multiple of the wager. Otherwise, a ticket must e used. A player may not place wagers totaling more than fifty dollars on each spin of the paddlewheel. Cash, chips, or merchandise prizes may be awarded. Unless all bets are uploaded to a central server in real time, no single cash prize, value of chips, or the retail value of the merchandise prize to be awarded for a winning ticket or chip may exceed one hundred dollars. Electronically simulated paddle wheels must use a paper ticket printed from a scan made at a licensed gaming site representing all of the player's bet selections. Tickets issued for electronically simulated paddlewheels may not be valid for more than ten consecutive spins.

Thank you - all of you. I very much enjoy working with you,

Joe

Joe Richardson Designer & CEO Gaming Studio, Inc. P.O. Box 3112 Fargo, North Dakota 58108 joe@gamingstudio.com 701-388-3266 www.gamingstudio.com www.tri-wheel.com www.dakotatri-wheel.com www.pigwheel.com www.electronicpulltab.com On Jan 29, 2015, at 11:35 AM, Hanson, Ben W. < <u>bwhanson@nd.gov</u>> wrote:

Not a problem. I can submit the amendments to legislative council if it would please the chairman. If someone in the committee wanted to do it that would be just fine too. I'll try to grab Rep. Koppelman on the floor today before session to get it hammered out.

On Jan 29, 2015, at 11:31 AM, "Gaming Studio" <joe@gamingstudio.com> wrote:

Ben:

The Attorney General's Office (Deb McDaniel) did catch a technical error in our bill which she brought before the committee. Chairman Koppelman asked that we provide the correction and also review the legislation to tighten some language in order to narrow the possibilities of unforeseen games being able to squeeze in. Deb McDaniel and I have gone a couple of rounds and believe that the definition below should be substituted for that provided under the definition in HB1230. The tweaks need to be provided to Chairman Koppelman by Monday, per his request.

Perhaps Maragos would make the amendment? I'm not sure how the process works; however, I believe that the Chairman wanted to move the bills on Monday.

I genuinely believe this has been a positive process making for a better bill.

Thank you for all your efforts,

Sincerely,

Joe

56-06.1-07.4. Paddlewheels to read

A paddlewheel is a mechanical vertical wheel, or a statewide, server - based,

electronically simulated vertical wheel, marked off into no more than 120 equally spaced sections in each of no more than three rings that contain numbers or symbols, and which after being spun, uses a pointer to indicate the winning number or symbol. The maximum price per paddlewheel ticket played with a mechanical wheel is two dollars. Paddlewheels for which winning numbers or symbols are determined by a statewide server - based random number generator may have up to three rings that may work in combination, although with separately generated winning numbers for each ring. Unless all bets are uploaded to a central server and resulting payouts are calculated and

directed by the server in real time, a table and chips must be used to register a player's wager when a prize is a variable multiple of the wager. Otherwise, a ticket must be used. A player may not place wagers totaling more than fifty dollars on each spin of the paddlewheel. Cash, chips, or merchandise prizes may be awarded. Unless all bets are uploaded to a central server and resulting payouts are calculated and directed by the server in real time, no single cash prize, value of chips, or the retail value of the merchandise prize to be awarded for a winning ticket or chip may exceed one hundred dollars. Electronically simulated paddle wheels must use a paper ticket printed from a scan made at a licensed gaming site representing all of the player's bet selections. Tickets issued for electronically simulated paddlewheels may not be valid for more than ten consecutive spins.

Begin forwarded message:

From: "McDaniel, Deborah A." <<u>dmcdanie@nd.gov</u>> To: Gaming Studio <<u>joe@gamingstudio.com</u>> Subject: RE: Tightening Language Date: January 29, 2015 at 9:59:55 AM CST

Joe,

I agree to all changes. However, since this is your bill and not the A.G's you will need to have Representative Hanson submit the changes to Legislative Council to prepare.

I am still new to this process too so please check with Representative Hanson on how best to proceed.

Deb McDaniel Director of Gaming

ND Office of Attorney General Gaming Division 600 East Boulevard Avenue, Dept. 125 Bismarck, ND 58505-0040

Telephone: (701) 328-4849 Fax: (701) 328-3535 Email to: <u>dmcdanie@nd.gov</u> www.ag.nd.gov

From: Gaming Studio [mailto:joe@gamingstudio.com] Sent: Thursday, January 29, 2015 9:00 AM To: McDaniel, Deborah A. Subject: Re: Tightening Language

I am making it 120. Also thank you for the refinement on the gaming site requirement. See the attached.

Joe

On Jan 28, 2015, at 5:10 PM, McDaniel, Deborah A. <<u>dmcdanie@nd.gov</u>> wrote:

Joe,

I am agreeable to these changes. There are some wheels that still have the 120 sections. I don't think increasing to 120 would cause any concern if we make the committee aware of these older wheels and 120 is not unreasonable.

Our office is very happy with the language change to keep the maximum price per paddlewheel ticket played with a mechanical wheel at \$2.

The only other concern I have after reading it through is the second to last sentence. It just doesn't read well for me. I understand what you are trying to say but it may be difficult for a layperson to decipher. Could it just read: "Electronically simulated paddle wheels must use a paper ticket printed from a scan of the player's bet selections on a licensed gaming site." or "Unless a table is used with chips, electronically" How about: Electronically simulated paddle wheels must use a table is used at a licensed gaming site representing all of the player's bet selections.

I don't know. Just hard to read but does not hurt anything.

The important thing is that I agree on the 120 sections and the new wording for the mechanical wheel wagers.

Thank you,

Deb McDaniel Director of Gaming ND Office of Attorney General Gaming Division 600 East Boulevard Avenue, Dept. 125 Bismarck, ND 58505-0040

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From: Gaming Studio [mailto:joe@gamingstudio.com] Sent: Wednesday, January 28, 2015 4:09 PM To: McDaniel, Deborah A.; Hanson, Ben W. Subject: Tightening Language

Deb:

The biggest omission I see in electronic wheels is that there is no limit on the number of sections. Theoretically, an electronic wheel could have thousands of sections. I propose we restrict to 80 sections; however, I know that there were old carnival wheels that had 120 sections. Are there any such operating or approved for operation in ND? If so, we might need to go to 120 sections. I think this narrows it done quite good. There can only be a maximum of three rings in the original - so that can't be abused.

Joe

Joe Richardson

Designer & CEO Gaming Studio, Inc. P.O. Box 3112 Fargo, North Dakota 58108 joe@gamingstudio.com 701-388-3266 www.gamingstudio.com www.tri-wheel.com www.dakotatriwheel.com www.pigwheel.com www.electronicpulltab.com

On Jan 26, 2015, at 6:24 PM, Gaming Studio <joe@gamingstudio.com> wrote:

Deb:

Attached is a copy of my written testimony.

<ND Testimony Jan 27, 2015.pdf>

On Jan 26, 2015, at 4:51 PM, McDaniel, Deborah A. <<u>dmcdanie@nd.gov</u>> wrote:

Joe,

I just got done speaking with the Attorney General. We will be giving neutral testimony for this bill only pointing out that language stricken may need to be amended.

On line 10 of the bill the language that is stricken my present a problem (or not). With striking this language it would allow a single wager of \$50 for a ticket (not referring to the electronic paddlewheel tickets) while limiting a single cash or merchandise prize to \$100. To cite an example: a common number of tickets for a spin is 30. Therefore, for one spin, an organization could take in \$1,500 but be limited to a prize of \$100. The question arises whether the intent was to increase the wager amount for the current paddlewheel tickets since those are used primarily in conjunction with other events such as banquets or smokers. If not perhaps additional language needs to be added back to limit those type of paddlewheel tickets to \$2.

This is all we are going to present tomorrow. I am looking forward to meeting with you before the hearing! Deb

From: Gaming Studio [mailto:joe@gamingstudio.com] Sent: Friday, January 23, 2015 10:44 AM To: McDaniel, Deborah A. Cc: Jacobson John Subject: RE: Hearing for Paddlewheels

Deb:

Thank you for the clarification. I am introducing and reading John Jacobson (the former ND attorney in charge of games of chance division and a member of the Gaming Studio board of directors) in on this. I understand that this discussion really has no bearing on the legislation proposed and that we can hash this out in the future, should the legislation pass.

Under § 12.1-28-02(4)(a) (Gambling – Related offenses - Classification of offenses) - all games are likely violations of the criminal code. This is because (1) states that games operated by the insertion of coin....operated by application of the element of chance, may deliver, or entitle the person playing or operating the machine to receive cash, premiums, merchandise, or tokens followed by (2) that says the same without the insertion of a coin, token, or similar object. The use of the term "so-called slot machine" is arguably not what we are doing; however, if you call our game a slot machine. Anything can be such. There is no more insertion of a coin in our game design than in the existing paddle wheel table or a 21 table. There is no coin operated device. All games apply the element of chance and deliver or entitle the person playing or operating the machine to receive.... So. as in (2) you remove the insertion aspect - you remain with the application of the element of

chance delivering the player cash, etc. Thus, all games of chance are violations.

In the non-table version, players acquire a ticket (just as they do now for non-table paddlewheels). The ticket contains the players selections which are transmitted by their filling in the bubbles on a paper form or in determining how they wish to play from their smart phone which creates a QR code that is scanned to print an official ticket. There is NO direct betting from a smart phone. "21", bingo and existing paddle wheels apply elements of chance that may deliver or entitle the person to receive cash, etc. The table game is electronic but absolutely not a slot machine (unless this term is stretched so far as to include any game using electronics)

Again in 20.1, the game is no more "activated by inserting a token, coin, currency, or other object, or use of a credit, and which awards credit, cash, tokens, replays or a written" than a lottery terminal operation. In both our system and the lottery terminal, the argument would be that the game is not activated by the insertion. If our design is contrary to the criminal codes so too would be the lottery. Our game is no more activated by insertion of coin...than a 21 table.

As to the 1989 legislature defining electronic video devices, if the 2015 legislature passes the legislation proposed it would supersede the 1989 definition.

Again thank you.....are you officially neutral?

Always a pleasure to communicate with you. I like a good discussion.

Joe

Joe,

You are not thick. I did not understand the correlation either but I have outlined below the information I have received from our attorneys;

Chapter 12.1-28 Gambling and Related Offenses

§ 12.1-28-02(4)(a) (Gambling – Related offenses – Classification of offenses)

As used in subsection 3 but with the exceptions provided by subdivision b of this subsection, the term "coin-operated gaming device" means any machine that is:

- A so-called "slot" machine that operates by means of the insertion of a coin, token or similar object and which, by <u>application of</u> <u>the element of chance</u>, may deliver, or entitle the person playing or operating the machine to receive cash, premiums, merchandise, or tokens; or
- (2) A machine that is similar to machines described in paragraph 1 and is operated without the insertion of a coin, token, or similar object.

In 1989 The North Dakota Legislature defined "Electronic video gaming device" as "an electronic video machine or device that simulates the play of a game of chance."

Gaming Compact, Standing Rock Sioux Tribe & State of North Dakota

XX. Regulation and Play of an Electronic Game

20.1 Electronic Game – Definition

"Electronic Game" means a microprocessor controlled device that allows a player to play games of chance, which the outcome may or may not be affected by the player's skill. A game is activated by inserting a token, coin, currency, or other object, or use of a credit, and which awards credit, cash, tokens, replays, or a written statement of the player's accumulated credits and that is redeemable for cash.

1989 North Dakota Legislature

"Electronic video gaming device" means an electronic video machine or device that simulates the play of a game of chance, in a manner provided in this chapter or by rules adopted by the attorney general. The device may not directly dispense coins, cash, tokens, or anything of value other than a credit voucher. I will get back to you later this afternoon with any other information I receive from the Attorney General. Our meeting is scheduled between 1:30 and 3 p.m. this afternoon.

Deb McDaniel Director of Gaming ND Office of Attorney General Gaming Division 600 East Boulevard Avenue, Dept. 125 Bismarck, ND 58505-0040

Telephone: (701) 328-4849 Fax: (701) 328-3535 Email to: <u>dmcdanie@nd.gov</u> <u>www.ag.nd.gov</u>



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15.0692.01001 Title. #/ #/B/2.30Prepared by the Legislative Council staff for $2 - 10^{-13}$ Representative Hanson January 30, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1230

Page 1, line 8, after "into" insert "no more than one hundred twenty"

- Page 1, line 8, overstrike "that" and insert immediately thereafter "<u>in each of no more than three</u> rings which"
- Page 1, line 10, remove the overstrike over "The maximum price per paddlewheel ticket or chip is two dollars."

Page 1, remove line 21

Page 1, line 22, replace "from a scan of the player's bet selections on a licensed gaming site" with "Electronically simulated paddlewheels must use a paper ticket printed from a scan made at a licensed gaming site representing all of the player's bet selections"

Renumber accordingly

