

# NATIONAL ASSOCIATION OF FUNDRAISING TICKET MANUFACTURES

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Sunset Advisory Commission  
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RE: TEXAS LOTTERY COMMISSION

Dear Commissioners:

The National Association of Fundraising Ticket Manufacturers (NAFTM) is a trade association of manufacturers of charitable gaming supplies, including bingo and pull-tab bingo products. The members of NAFTM are licensed in the State of Texas and have been selling gaming supplies there for more than 25 years. From time-to-time, our members have served on the Bingo Advisory Committee, have engaged in Bingo Division sponsored meetings relative to rulemaking, and have worked closely with the Bingo Division as business matters necessitate.

I am writing to you today to express our strong opposition to the recommendation in the Sunset Commission staff report to eliminate distributor and manufacturer licensing for charitable bingo. In our view, the licensing of distributors and manufacturers is critical to ensuring the integrity of bingo in Texas.

The purpose of licensing in any industry is accountability. Prior to the issuance of a license, the applicant manufacturer or distributor, and its officers, directors, and other key employees, are subject to a background investigation. Sections 2001.202 and .207 of the Bingo Enabling Act contain strict eligibility requirements for manufacturers and distributors, all of which would be rendered moot if licensing were eliminated. Without licensing, there would be no barriers to who may manufacture and distribute bingo supplies in Texas.

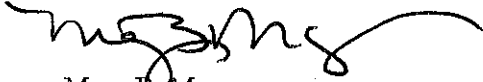
Licensing also ensures compliance. Manufacturers are subject to multiple regulatory requirements, both in the Bingo Enabling Act and the rules adopted by the Lottery Commission. Compliance with those requirements is essential to protect the integrity of bingo and ensure the security of the products used in the games. Section 2001.353 of the Bingo Enabling Act authorizes the Lottery Commission to suspend, revoke or refuse to renew a manufacturer or distributor license for a

violation of the Act or Lottery Commission rule. The absence of a license removes from the Lottery Commission the most effective means of ensuring accountability over industry participants; the threat of taking the license away. Disciplinary action against a license can pose grave consequences for a manufacturer or distributor as it not only renders a company unable to operate in Texas, but it can also result in similar action in other states. The loss of a license in Texas could affect every other license held by a manufacturer or distributor in the United States and Canada.

Finally, licensing of manufacturers and distributors is nearly universal in the bingo industry. There are only a handful of states where manufacturers are not licensed and even fewer with respect to distributors. None of the states without licensing requirements come even close to the \$800+ million wagered annually on bingo games in Texas. Credible participants in any industry understand the licensing function is key to promoting high standards of integrity, and NAFTM fully supports the continued licensing of manufacturers and distributors for charitable bingo in Texas.

Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Mary B. Magnuson', with a long, sweeping flourish extending to the right.

Mary B. Magnuson  
President