

ALL SAINTS TEXAS, LLC  
5446 West HWY 290, Suite 205  
Austin, Texas 78735  
(512) 891-9991

May 16, 2024

Texas Sunset Commission  
P.O. Box 13066  
Austin, Texas 78711

Dear Sunset Commission Members:

All Saints Texas, LLC (“All Saints”) is a licensed distributor of bingo equipment and supplies. We have reviewed the May 2, 2024 Sunset Commission Staff Report on the Texas Lottery Commission and offer the following comments in connection with Sunset staff’s recommendation to eliminate licenses for distributors of bingo equipment and supplies.

We disagree with the Sunset staff’s recommendation. The recommendation is based on the conclusions that distributors face a low regulatory burden to obtain and maintain a license since the Bingo Enabling Act distributor license eligibility provisions require minimal qualifications, there is no meaningful inspection or enforcement activity, and licensing distributors in addition to conductors is duplicative and unnecessary.

The Bingo Enabling Act (“BEA”) sets out the license eligibility requirements for an applicant for a distributor’s license. These requirements make a person who has been convicted of fraud or gambling-related offenses ineligible for a distributor’s license. Additionally, the BEA license eligibility requirements make a person ineligible for a distributor’s license if the person holds another bingo license such as a manufacturer’s license or a lessor’s license. Under the Sunset staff’s recommendation, a person with the enumerated criminal history would be able to distribute bingo equipment such a card-minders, bingo paper, and bingo pull-tabs to conductors. And, under the Sunset staff’s recommendation, one person could be a manufacturer, distributor, and lessor and perform all activities associated with their respective roles.

The Staff conclusion that distributors pose a low risk to the public is based on the following: (1) in the past 10 years, TLC has not denied any license applications for distributors, (2) TLC inspected two distributors over the past five years, finding no violations, and (3) in the last 10 years, TLC has taken no enforcement actions against licensed distributors. We offer this observation for the Sunset Commission members to consider: the existing BEA license eligibility requirements are effective in dissuading potential bad actors from applying for a license in the face of such license eligibility requirements, which, in turn, negate the need to take administrative actions to deny license applications and to take enforcement actions for violations of the BEA and administrative rules.

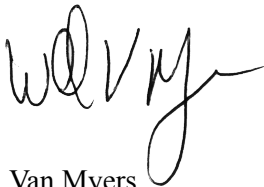
The Report’s conclusion that licensing distributors in addition to conductors is duplicative and unnecessary is based on the reasoning that, in connection with the Texas Lottery Commission’s audits of conductors to validate conductors’ inventory records, TLC could require only conductors instead of

distributors, to provide documentation such as purchase orders, receipts, or other financial documentation, to prove the conductors purchased approved bingo equipment and supplies. The Report's reasoning is that focusing regulation on conductors would streamline TLC's audit process. This approach shifts the regulatory recordkeeping burden entirely on conductors. These conductors are charitable organizations whose members are unpaid volunteers. Requiring distributors to maintain records and provide them to auditors works to ease the regulatory burden on these conductors and allows auditors to have a way to validate the conductors' inventory records independent of a review of the conductors' records.

The Report's recommendations indicate that even in the absence of licensing of distributors, market forces would ensure quality distributor services. We disagree. If distributors are unlicensed, in the event of a "bad actor" distributor, a conductor's only recourse is to pursue a civil remedy. These non-profit organizations are generally not in a position, financially or otherwise, to pursue such recourse. Additionally, under the BEA, a conductor must conduct bingo at premises that are leased to the conductor by a bingo lessor. Under the Report's recommendation to eliminate the need to license manufacturers and distributors, a bingo lessor could also provide manufacturer and distributor services to a bingo conductor. A bingo lessor that also acts a bingo manufacturer and distributor could have significant influence over a bingo conductor's ability to obtain bingo equipment and supplies at a fair and reasonable price because the bingo conductor (non-profit charitable organizations) may not have the bargaining power to obtain bingo equipment and supplies at a fair and reasonable price.

All Saints Texas, LLC appreciates the opportunity to provide our comments for your consideration. Please let me know if you have any questions or if we can provide any further information.

Respectfully,

A handwritten signature in black ink, appearing to read "Van Myers", written in a cursive style.

Van Myers  
President  
All Saints Texas, LLC