

MINUTES

LEGISLATIVE BINGO INVESTIGATION STUDY COMMITTEE

October 15, 1976

Members Present

Representative John Hayes, Chairman
Senator Bob Storey, Vice-Chairman
Representative Ben Foster
Representative Pat Hurley
Senator Dan Bromley
Senator John Crofoot

Staff Present

Bob Coldsnow, Legislative Counsel
Sherman Parks, Revisor of Statutes
Emalene Correll, Legislative Research

The meeting was called to order by Chairman John F. Hayes for the purpose of hearing testimony from the public.

The first speaker was Joe Berger from the Kansas Association of Non-Profit Organizations. Present with Mr. Berger were representatives selected to represent their respective state groups: Floyd Rogers, State Adjutant for the American Legion; Barney Aldridge, State Quartermaster for the Veterans of Foreign Wars; Don Hebert, Benevolent Order of Elks; Francis DeBacker, Knights of Columbus; Benny Daniels, Disabled American Veterans; E. L. Eikleberry, Fraternal Order of Eagles.

Mr. Berger submitted his written statement (See Attachment A) expressing his views concerning changes in the bingo laws and discussed them with the Committee.

Mr. Berger was asked whether a lower prize limit would affect the number of persons playing bingo. He was also asked what the Topeka Moose Lodge cleared from bingo last year. He responded that the club, according to his records, grossed \$95,000 and after prizes, taxes, etc., the profit was \$16,000. Mr. Berger noted that he did not know the source of information indicating that the Moose made \$105,000 from bingo.

Mr. Berger was also asked whether the jackpots would have to be reduced if the state were to increase the tax on bingo. Mr. Berger responded that the organizations he represents believe that a 5 percent tax is high enough. He noted that the previous week the Moose Lodge had \$25.75 after prizes were awarded. The tax then had to come out of this money. He also noted that this does not happen very often. Mr. Berger stated that the organizations that are members of the Association do not have "big bingo games." He also expressed their opposition to door prizes, etc.

Mr. Berger was asked about opposition to requiring bingo proceeds to be used for charity. He stated that about the only money some of the small lodges have which they can depend on are the proceeds from bingo. Asked if the groups had charitable projects, Mr. Berger indicated that they carry out charitable projects to justify their existence but they also need some of their bingo proceeds to keep "their head above water."

Asked again about objections to lowering the prize limit, Mr. Berger noted that lowering the prize limitations would limit jackpots.

Mr. Berger was asked about the number of bingo licenses held by the organizations he was representing. He indicated that he did not know the exact number but, when pressed, estimated that the number of licenses was probably close to 500. Asked how many of the licensees conducted bingo on their own premises, Mr. Berger stated that he did not know the exact number, but he believed the majority hold games in their own locations. He indicated that the organizations were not experiencing high rents.

There was discussion of the Association's recommendation that no more than four days of bingo be held in one location during a one-week period and that there not be over 25 games allowed in any one day or night. Mr. Berger noted that this type of limitation would do away with games being played seven days a week and limit the "bingo parlor" operations.

Asked about the feasibility of limiting rent to a specified percent of the gross proceeds, Mr. Berger indicated agreement. He noted that rent should be reasonable but, "what's reasonable?"

Mr. Berger's earlier statement about the Moose Lodge net proceeds in the last year was referred to by a member of the Committee who then asked for an estimate of how the proceeds were expended. Mr. Berger stated that about 50 percent had been expended for charitable purposes and about 50 percent had gone into the organization's general fund.

Mr. Berger was asked how the organizations expect to comply with the Internal Revenue Code reporting requirement if they do not keep records of the names and addresses of the winners? He responded that there were not enough people winning repeatedly to reach the \$600 reporting requirement. He also noted that people object to giving their names. The organizations suggest that if reporting is required that the reporting be required only for those who win \$100 or more.

Following the questions directed to Mr. Berger, the Committee heard a prepared statement presented by Ronald Anderson, Holton, Kansas. A copy of Mr. Anderson's statement and a pamphlet on bingo prepared by Mr. Anderson are appended to the minutes as Attachment B.

Representative Arden Dierdorff was the next conferee to be heard. Representative Dierdorff noted that he is not familiar with all the bingo regulations but had been contacted by a number of groups who are fearful that the regulations may become so severe that it may eliminate the small operators. He noted that this is the only entertainment that many older people have.

Following Representative Dierdorff, Floyd Rogers, State Adjutant of the American Legion, made a few remarks. Mr. Rogers noted that there are 153 Legion licensees. Mr. Rogers was asked if most of the Legion posts are operating bingo games that could accommodate 100 to 200 people. Mr. Rogers responded that most posts are playing in locations that would accommodate 100 or less persons. Many posts are playing with less and some larger posts, such as Topeka, can accommodate more players. Mr. Rogers noted that the Legion could show where bingo proceeds are going back into the community in every case.

Following a brief recess, the Committee reconvened for the purpose of discussing recommendations and direction to the staff.

Senator Storey proposed amendments to the bingo statutes along the lines of the alcoholic beverage control act, i.e., pre-license investigation of the officers, directors and employees of an applicant organization and a prohibition on licensing those applicants whose officers or employees have been convicted of a felony, morals charge, or racketeering or gambling offenses. He also suggested that the Committee consider increasing the 5 percent tax and limiting prizes to a total of \$1,000. Senator Storey further suggested that the Secretary of Revenue be given authority to approve or disapprove leases.

Senator Crofoot proposed that there be a \$1,200 prize limit, that spouses be able to participate in operating games, and that a limitation be placed on the percentage of bingo proceeds which can be used for capital expenditures. He also suggested a prohibition against anyone participating in a bingo game who is on the payroll of the person who leases the premises.

Representative Hurley indicated that there are two major problems which he sees as needing correction. One problem is the excessive profits being made by those who lease premises for bingo. In conjunction with this there needs to be regulation of lessors who have been selecting license holders. Representative Hurley suggested that the staff take a close look at the Nebraska law as it relates to the rental of facilities. The second concern expressed by Representative Hurley was that organizations have come into existence or have been reactivated after years of being dormant for the sole purpose of obtaining a bingo license. He also concurred with the previous suggestion that the use of bingo proceeds be restricted, especially in terms of real estate purchases.

Senator Bromley noted that limiting prizes further will result in curtailing revenues that will be needed for policing bingo operations. He also noted that if additional restrictions are to be placed on those who can lease premises or who can serve as officers or directors of a corporation — the people who have the money and experience to assist licensees with bingo — there would be other tactics to replace them.

Representative Foster noted that he endorsed a number of the comments made by Representative Hurley, but disagreed with placing restrictions on the use of the proceeds from bingo. He suggested that the emphasis of the law be placed on determining whether an organization is worthy of a license. If the authority to the Secretary to deny licenses were expanded, then there need not be so much concern with the use of bingo proceeds. Representative Foster also suggested the Committee consider limiting by percentage the amount of rent which may be paid for bingo facilities.

Staff noted that the Nebraska statute prohibits a licensee from paying more than "the fair and reasonable rental value for premises rented or leased for the purpose of conducting bingo." The Nebraska law also prohibits the basing of rent on a percentage of the receipts accruing to a bingo licensee.

Senator Storey noted that under the private club laws, an applicant for a license has to show a diagram of the premises, what portion is to be devoted to the club, etc. This type of requirement could be written into the bingo laws.

Counsel suggested that the Committee consider the possibility of amending phraseology from the Internal Revenue Code into the bingo statutes.

Staff noted that there had been discussion of giving authority to the Secretary to suspend a license at an earlier meeting.

Senator Bromley raised the question of criminal penalties for violations of the law or rules and regulations. It was noted that there are misdemeanor penalties in the act. Following discussion, it was decided that consideration should be given to moving the penalties to Chapter 21.

Representative Foster noted the problems raised by auxiliaries and ancillary organizations being eligible for licenses. Following discussion of this problem, it was suggested that the Committee consider a statutory requirement that such groups have an autonomous existence for 18 months prior to becoming eligible for a license.

There was further discussion of limiting the use of proceeds from bingo, following which the Chairman summarized the points which had been raised as follows:

1. Prelicense investigation by the Department of Revenue along the lines of the ABC laws; a prohibition against issuing a license if any officer or director of an applicant organization or any participant in operating the game has been convicted of certain offenses; a requirement, if the bingo games are to be operated off the premises of the applicant organization, that a written lease be filed with the application; and discretion given to the Secretary to determine whether the proposed rent is reasonable.
2. Limitation on the amount of prizes -- \$1,000 to \$1,200. (After discussion, it was the consensus to leave the limitation on prizes as it is but to increase the amount of tax to be paid to the state.)
3. Authorize spouses and members of the auxiliary be permitted to participate in operating a game.
4. Limitation on the amount of bingo proceeds which can be used for other than charitable purposes, such limitation to be in the form of a percentage.
5. Empower the Secretary to review the use of bingo proceeds to determine whether they are being used in accordance with law and to require a licensee to show cause why such uses are not in violation of the act.
6. Prohibit the lessors or employees of lessors from operating or playing bingo games.
7. Make technical changes incorporating language from the Internal Revenue Code.
8. Authorize the Secretary to suspend a license for a period of time and provide for a hearing and related procedure.
9. Amend criminal penalties into Chapter 21.
10. Prohibit the issuing of a license to an organization which has not been in existence for 18 months.
11. Prohibit the offering of doorprizes, conducting a lottery or gambling.
12. Require that the names and addresses of winnings over \$50.00 be reported to the licensee.

By consensus, staff was asked to draft amendments which would carryout the intent of items 1, 2, 3, 6, 7, 8, 9, 10, and 11.

A motion by Senator Bromley, seconded by Representative Foster to recommend item 5 was adopted.

A motion by Senator Crofoot, seconded by Representative Hurley to recommend item 6 failed.

On motion of Senator Crofoot, seconded by Senator Storey, and adopted by the Committee, item number 12 is to be included in the draft.

Although a motion to recommend item 4 failed, staff was asked by Senator Crofoot and Representative Hurley to draft an amendment requiring that 40 percent of a licensee's proceeds from bingo to go to charitable, religious or educational purposes. The Committee agreed to having such a provision drafted.

Staff was asked to find out how many licensees would be affected by an 18-month autonomous existence requirement.

The Chairman informed the Committee that Senator Bromley had given him a letter he had received from Don Wolfe on the bingo laws. A copy of the letter is appended to the minutes as Attachment C.

It was suggested that the Chairman request authorization for the Committee to submit its report after the December 1, 1976, report date.

The next meeting is to be November 15 for the purpose of considering bill drafts.

Prepared by Emalene Correll

Approved by Committee on:

11/15/76
Date

Mr. Chairman and members of the
Bingo Investigation Study Committee:

My name is Joe Berger. I am Secretary-Manager of the Topeka Moose Lodge, Past President of the Kansas Moose Association and President of the Sunflower Club Association.

I have been delegated as spokesman to represent the Kansas association of non-profit organizations which is composed of seven representatives, each selected to represent their respective state groups. Mr. Chairman, I would appreciate the privilege to introduce these people to your Committee. They are Floyd Rogers, State Adjutant for the American Legion, Barney Aldridge, State Quartermaster for the Veterans of Foreign Wars, Don Hebert, Benevolent Order of Elks, Francis DeBacker, Knights of Columbus, Benny Daniels, Disabled American Veterans, E. L. Eikleberry, Fraternal Order of Eagles, and me, representing the Loyal Order of Moose. Our organizations represent the majority of clubs holding Bingo licenses.

For example, the Knights of Columbus has 150 units with 24,000 members; the American Legion has 370 posts with 63,000 members; the American Legion has 350 auxiliaries with 35,000 members; the V.F.W. has 180 posts with 43,000 members; the V.F.W. has 10 auxiliary posts with 24,000 members; the Elks has 43 lodges with 33,000 members; the Eagles has 60 lodges with 45,000 members; the Moose has 20 lodges with 22,000 members; the Moose has 12 auxiliaries with 5,000 members. This represents 1195 units with a membership of 294,000 people - not all of our units have a Bingo license.

Our association and our organizations have done considerable and effective work in behalf of the Bingo proposition and getting the people out to vote for the Bingo constitutional amendment which, as you know, the people of Kansas approved with a two to one majority.

After 18 months of legal Bingo operation, we would like for this committee to consider the following suggestions:

We feel that we have a very good Bingo game and do not want any changes in the way the game is played or the prizes.

In Sec. 1(A) of the Bingo bill, or Senate Bill No. 116, we would like to have the words "with no two (2) cards being identical" deleted. It is almost impossible to keep from having a duplication once in a while. Different Bingo suppliers have different serial numbers and this causes duplication.

The special throw-away Bingo sheets will have identical cards sometimes and this is almost impossible to detect. When identical cards do show up, which is not very often, it only means there are two winners instead of one.

We believe that Sec. 6(A) should not be changed. Organizations should be allowed to use the money wherever they need it, such as paying their bills, putting the money into their building fund, or using it for whatever charitable or civic program they desire. It could be rather embarrassing for an organization to owe a bill to a local merchant and be unable to pay him and in the meantime give all their Bingo proceeds to charity.

Sec. 6(B) - We would like to have this changed to read "No person except a bona fide member, a spouse of a member or an auxiliary member of the sponsoring organization may participate in the management or operation of the game." Some of our small organizations have a hard time finding enough workers for their Bingo games.

Sec. 7 - In regard to revoking a license, we think the law is too severe and it should be changed.

We also feel that Sec. 2(G) should be deleted and a new "Non Profit Organization" definition written by the Legislature be put in its place. #7 of subsection C of section 501 of the Internal Revenue Code does not fit any of our organizations. We feel that some of the undesirable organizations are able to qualify for Bingo license because of Internal Revenue rulings.

We feel that the 5% tax is high enough. We have checked the taxes of other states playing Bingo and they are not paying as much as we are.

If the State needs more revenue from Bingo we suggest that the State take the 2% enforcement tax which at the present time is not properly used by the cities and counties. As a rule it goes into their general funds and it's forgotten. ✓

We are opposed to getting the name of every Bingo winner. We feel that it will accomplish nothing. It would be a harassment to the players and create a hardship for the organizations. If we must have the names of winners for the I.R.S., let us start with winners of \$100.00 or more. ✓

We feel that there should be a ruling that there will not be more than four days of Bingo in any one location during a one week period and that there will not be over 25 games of Bingo allowed on any one day or night. We feel this will eliminate the Bingo Parlors.

As you know, our organizations have been playing Bingo for many, many years without problems. The people of Kansas voted to legalize Bingo because they wanted to continue to play like they always played in the past, without too many changes or restrictions. We feel the State should give us a good solid Bingo law and let the organizations work out their own little minor or petty problems.

Gentlemen, we wish to thank you for your courteous and kind reception and for allowing our organization to discuss Bingo with you.



BINGO

BINGO!

THE WONDERFUL WORLD OF BINGO

Bingo is a very popular pastime and it is enjoyed by a great many people.

It has been found, however, that the great majority of those playing the game are completely uninformed about many factors relative to the game. Foremost among these are an unawareness of the probabilities of winning, and the methods available to outright cheat the players by awarding prizes to selected individuals in the audience playing for the sponsor.

This little booklet attempts to explain the elements contributing to the probabilities of winning (if the money isn't paid out you can't win it) and discloses methods used by unscrupulous operators to award prizes to their confederates sitting in the audience (if you don't know how cheating is accomplished, you can't detect it).

It is hoped that these explanations will help any player understand the elements of the game. Bingo can be fun but each player should understand before he pays out his hard-earned money to engage in a gambling scheme which is against him from the start.

SO YOU THINK YOU CAN WIN?

Of course you do, otherwise you wouldn't play. But do you know of anyone who has won any sizeable amount over and above what they paid in? Of course you don't, because it is impossible. But there seems to be many who consider themselves especially favored by the Lady of Luck peering over their shoulder, and spend large sums of money trying to beat the game. But in the long run, it all averages out, and no person has any chance better than any of the other players.

YOUR CHANCES TO WIN

Let us establish a more or less standard game and analyze it to see just what your chances are to win because your chances of winning any certain amount obviously depends on whether the sponsor pays out the money. Let us look at a standard game of Bingo which is a sort of a general average of several games being played.

THE STANDARD GAME FOR DISCUSSION

	First Half	Second Half	Prizes
1.	7.00	7.00	\$20, then 5
2.	6.00	6.00	\$10, then 5
3.	6.00	6.00	" "
4.	6.00	6.00	" "
5.	10.00	10.00	Special
6.	6.00	6.00	\$10, then 5
7.	6.00	6.00	" "
8.	6.00	6.00	" "
9.	6.00	6.00	" "
10.	10.00	10.00	Blackout
Add:	10.00	20.00	See Below

The games are figured as follows:

Game 1 is a Special, offering \$20 by a certain number, raised one number weekly until the \$20 prize is awarded, with \$5 consolation prize if not won that week. This will average to \$7.00 per week.

Games 2, 3, 4, 6, 7, 8, and 9 are regular Bingo games with a \$10 prize offered if Bingo is made within a certain number, otherwise the prize is reduced to \$5. The average of these games is \$6.00 each.

Game 5 is a Special: Two Bingos on one card, picture frames, etc.

Game 10 is a blackout, offering \$100 in the first half and \$200 in the second half. It takes, on an average, 10 weeks to award these amounts which means that \$10 must be saved weekly to pay off the \$100 game and \$20 must be saved weekly for the \$200 game. This is shown in the "ADD" column.

Now, if you will add all these figures you will find that in our sample game, \$168.00 is being paid out during the course of the evening. This game is representative of many of the Bingo games in operation today, although some games having an exceptionally large attendance will possibly be higher.

MONEY PAID IN

Having obtained the amount of money to be paid out during the course of the evening, now compute the amount of money the house takes in. It is not too difficult to arrive at a reasonable estimate of the amount collected. Most games use tables, and if you will count the number of cards on a few of the tables to arrive at an average number of cards on each table, you can multiply this figure by the number of tables to obtain a reasonable figure of the number of cards being played. Convert this into dollars by applying the cost of the cards (\$1.00 each, 5 for \$5.00, etc.) You will have a fair estimate of the amount of money paid in.

MONEY PAID OUT vs. MONEY PAID IN

Now compare the amount of money paid out in prizes with the amount of money paid in. (You're in for a surprise!). This ratio directly affects the amount of money you can expect to collect IF you win. It's this simple: If the house doesn't pay it out, you can't win it!

HERE'S THE HOOKER

In some games you will be astonished to find that only about 1/3 of the money paid in is paid out in prizes. You are a chump to play this kind of a game for the simple reason that you cannot expect a return, on the average, of exceeding over 1/3 of what you paid in even if you are particularly lucky in winning. On the other hand, there are some games that pay out a high percentage of the money paid in - some running as high as 75%.

Another factor that must be considered in playing Bingo at a game attended by a great many players is that, if you do win, it is more likely that another player will also win, thus splitting the meager prize you did qualify for. So if you play at a game where the number of players is large, your chances of winning are less.

EXPLANATION OF PAID IN/PAID OUT RATIO

Let us approach the paid in/paid out ratio from another angle. Suppose that just two people are playing this game, using the same number of cards, and are playing ten games with a \$1 prize per game. Each player has paid \$5 to play. Thus, all of the money paid in is being paid out. Your chances of winning exactly what you paid in are even. Thus, over many evenings of games, you will win exactly what you paid in. But, now suppose that the sponsor keeps \$5 of the \$10 paid in for expenses of operating the game and profit. This will reduce the amount available to be paid out in prizes to \$5, or 50¢ per game. This means that you will have to win every game just to get back what you

paid in to play! You know from experience just how almost impossible this can be. If you were to win every game, your partner would have to lose every game, and vice versa. So you will end up by donating the \$5 to the sponsor, and winning back \$2.50 of the \$5 you paid in. There isn't much profit in this is there? (Except for the sponsor of the game).

Yet, the principle is identical for any Bingo game anywhere, regardless of the number of players or the amount of money involved. All of the winnings combined cannot equal the amount paid in, otherwise the sponsor would go broke (Did you ever hear of one going broke?).

PAID IN/PAID OUT DISCUSSION

All over the country, depending on the location, gambling has been legalized in various forms. Thus we have gambling on horse races, dog races, automobile races, athletic events, etc. Several states have legalized lotteries in which some of the prizes are quite high. But, any of these pay out only a percentage of the money paid in.

There is one outstanding feature about these legal gambling schemes -- the amount paid out in prizes is controlled by law, and the player is protected by a reasonable ratio of money paid out to money paid in. The player knows in advance just exactly what this ratio is because it is available to anyone who is interested in finding out.

When it comes to commercial games, illegal gambling, or other games where the paid in/paid out ratio is not governed by law, there is no restraint on the ratio and many of these games steal the customers blind because the money paid out is only a small portion of the money paid in. Look at Bingo as played at carnivals at Fairs, or other games that are controlled commercially or without restraint on the paid in/paid out ratio.

Similarly, in Bingo as we know it, there is no legal requirement that the sponsor must pay out a specific

ratio, so he pays out as little as he can and still keep the customers coming in. The ratio thus varies widely. Some games are not concerned with making an enormous profit, and pay a high percentage of the money out; others are cheap-skates, and hold the percentage quite low.

YOUR CHANCES TO WIN

We have discussed the amount of money available to be won as prizes for the Bingo games during the evening, let us now discuss your chances to actually get your hands on some of that money.

It is easy to figure your chances of winning at Bingo. Form a fraction consisting of the number of cards you are playing as the top figure, and the number of cards being played as the bottom figure. This will give you your chances of winning a game of Bingo. For example: Suppose you are playing four cards and there are 200 cards being played by all players. In any one game your chances of winning are four out of two hundred, or 1 in 50. But there are 20 games so you have 20 times 1/50 or 20/50, reduced to two chance in five of winning that evening.

So, your chances to win are reduced to two chances out of five to win only a portion of the money that has been paid in. Not bad for the sponsor is it?

ODDS

Okay! You're playing a Blackout to win \$100 in, let's say, 60 numbers. You are at number 55 with only one number remaining on your card. Your heart is in your mouth and you are tingling with excitement. What are your chances of getting that lone number?

There have been 55 number called. That means that there are only 20 number remaining that can be called. You have five number to go. So your chances of getting that lone number is 5 in 20 or 1 in 4 - not a very good chance is it? The fellow that has two numbers showing has nearly an equal chance with you. And at number 60, if you still haven't covered

that lone number, your chances of winning have decreased. Since there are 15 numbers remaining that can be called, and you need a particular one, your chances of getting that number are 1 in 15. The house isn't taking much of a chance is it?

Suppose you are playing a regular game of Bingo and that you have obtained four in a row after ten numbers have been called. What are your chances of obtaining that final number for the Bingo? Since ten numbers have been called, this means that there are 65 numbers remaining to be called. Since you need a specific number from the 65, your chances of getting that lone number to complete your Bingo are 1 in 65. Not much of a chance is it?

THOSE HIGH JACKPOTS

Do not be misled by high prizes awarded by blackouts and other methods -- they don't cost some sponsors as much as some special games offered during the evening!

Let us say that a prize of \$100 is offered as in our standard game starting at 50 numbers with a \$10 consolation prize if the blackout occurs after the magic number of the evening. The number is increased by one each evening until the big prize is awarded. This will average out to 10 evenings before the big prize is awarded. Let's see what it costs. Since 10 evenings go by before the \$100 is awarded, the average is \$10 per evening for the 10 evenings. And, since \$10 is paid out each evening, that costs \$100 over 10 evenings. Adding these shows that the \$100 jackpot costs \$200 for 10 evenings or \$20 per evening. A \$200 jackpot by the same figuring costs the sponsor \$30 per evening.

Some sponsors offer \$25 for a special game during the evening, and this \$25 is always paid out. This game would cost the sponsor more than the \$100 jackpot, since he pays out \$25 per evening for the special game, and only \$20 for the \$100 jackpot.

Unless the game is attended by a large number of persons, you can expect restrictions on jackpots that will make it almost impossible to win them (or else you can expect some hanky-panky on the part of the sponsor of the game - see below).

FAVORED NUMBERS

It is possible, in some games, that the numbers drawn are not selected truly at random because of a peculiarity in the method used by the machine, or because of certain habits of the operator. Many machines use ping-pong balls blown by compressed air and would appear to be a perfect method of selecting random numbers. When a number is selected, it is placed on a reference table by the operator for later use in checking numbers. Some machines, by withdrawing a lever, will allow the balls to drop back into the machine. This means that approximately the same order is followed each time as the numbers re-enter the machine, and this may produce favored numbers. Machines without this lever require the operator to manually replace the balls. Through habit, he may replace them in a particular order and thus cause favored numbers to appear.

In any Bingo game that you attend regularly, it may pay you to make a list of the numbers as they are called for each game, including only the first 15 numbers of a blackout or other long series. Do this for at least 20 weeks because it takes a large list to determine if there are favored numbers. From these listings you can determine if any number or numbers predominate in the selection. Don't be too disappointed if your list shows all numbers selected at about the same frequency, which they will do if the numbers are selected truly at random.

It is true that during a particular evening, certain numbers will predominate in the selection and others will appear hardly at all. This is following the mathematics of any random system. The difficulty here is that there is no way of determining beforehand just what these numbers will be during that particular

evening. And, even though one has cards containing these predominant numbers, it is no sure sign that one will win.

THOSE MAGIC NUMBERS

At any Bingo game, many players will show up real early to select certain cards containing particular numbers in specific locations. If they attend this same location week after week, this is a most useless operation because the law of averages will defeat them. No one can tell them this, but the fact remains that those who finally find the cards they want do not win any more often than those who select their cards purely at random. Check it out some time and see.

CHEATING AND IRREGULARITIES

Do you instantly assume that all Bingo games are honest? Think about that one a while. There are so many varieties of hanky-pank that can be employed in a Bingo game that even an expert who knows all of them will have a hard time keeping up with them. Let's look at a few.

The setting is right for hanky-panky in a Bingo game. Everyone is watching his cards and doesn't pay the slightest attention to the operator. So the operator can usually proceed without much chance of detection if he is one of those characters who would pull a bit of crookedness.

THE BLACKOUT SWINDLE

The primary method of awarding the big jackpot to a particular individual is to select certain cards beforehand. These cards are selected such that they do not contain certain numbers. There may be as many as ten numbers that do not appear on any of the cards. This leaves the possibility that 65 number DO appear on the cards. Now, if the operator can devise some method of calling only those 65 number that appear on the special cards, there will be an advantage of 10 numbers to his pal sitting in the audience. Where other players need an average of 60 numbers to black

out, his pal now needs only 50. All the operator needs to do is to devise some method to eliminate these 10 numbers so he will not call them.

To be sure these 10 numbers are not called, the operator has several methods at his disposal. He can be sure the numbers are not put into the machine in the first place. This is usually a bit difficult because he has to put them someplace, and some sharpie might see them. So he generally uses as more subtle scheme. This method permits all balls to be returned to the machine, but if one of the chosen numbers comes out he call another number instead, ignoring the number actually appearing on the ball. This gives his pal in the audience the advantage.

Let's look at an example: Suppose the numbers to be eliminated all end in 5 - 5, 15, 25, 35, 45, 55, 65 and 75. There are only eight used here, and in actual practice the numbers would not be in any regular order as used in this example. Now suppose that the B5 ball comes out of the machine. He actually calls B6 and places the B5 ball in the B6 slot on the reference board. If perchance the B6 ball actually shows up later he calls, for example, B4 and puts the B6 ball in the B4 reference slot. And so on for the rest of the numbers. Even someone watching over his shoulder would have a hard time seeing this.

It does not require a great many numbers to insure that his pal in the audience will make the blackout.

Even in the regular small prize games it is easy to throw a game to a specific individual. All that is necessary is that the operator know five numbers on his pal's card that will make a Bingo. He then calls these numbers regardless of what numbers comes out of the machine.

WHAT TO LOOK OUT FOR

If, while you are waiting for the game to start, you should happen to see one of the operators hand cards to one of the customers, watch out! These may be the previously selected cards. If the number of called

numbers is phenomenally low, this may indicate that there has been a bit of hanky-panky, but not necessarily always. It is possible to blackout in an unusually low number of called numbers, but certainly not usual.

WHAT CAN YOU DO ABOUT IT? ?

Unfortunately there is virtually nothing that can be done to prove crookedness in a Bingo game. If you think there might have been some irregularity in the game, you might satisfy yourself that it was done, but to prove it is entirely a different matter. Those who are smart enough to pull one of these stunts are also smart enough to destroy the evidence almost immediately if challenged.

WHEN TO WATCH OUT

Remember that all Bingo games are conducted on the law of averages, and no legislature has ever repealed it yet. Therefore, if a certain Bingo game offers some unusual prize, it means that there will be restrictions on winning it, or else there may be some hanky-panky about it. For example, there are some Bingo games that offer \$500 for a blackout in 50 numbers. Now one can presume it is possible to black out in 24 numbers since that is all that are required for a blackout. But it doesn't happen. Neither has the blackout occurred in 50 numbers; the game that offers \$500 in 50 numbers hasn't had to pay off yet! Occasionally the number is raised a little higher than 50 numbers but the chances are remote that it will ever be won legitimately unless the number of players is exceptionally large thus giving the sponsor the money to pay out such a large amount.

ask yourself, why would any Bingo sponsor offer \$500 for accomplishing anything unless it were virtually impossible? Look at the number of people playing. If it is a very large crowd, then it is possible (but not necessarily probable) that it is a legitimate offer. But in the smaller games, if that \$500 is won, it is like canceling the income for several weeks. However, if \$500 is offered for a prize, and no one wins it week after week, then everyone will understand that it is a joke, and the promoter must do something. It is under

these circumstances that the big prize is sometimes palmed off to a confederate sitting in the audience.

Unless the game is attended by a very large number of people thus giving the sponsor the money to pay out, don't be impressed by a large jackpot offering; you won't get it anyway!

THE CARDS

Do you have any idea how many different Bingo cards can be made? Let's consider just one column - the B column, and see how many different cards can be made. This column contains the numbers from 1 to 15 arranged in five squares. In the language of the mathematician there are $15!/5!:10!$ or over 3,000 groups of five that can be formed from 15 numbers, all different. However each of these groups can be placed on the card in 5! or 120 different ways, so there are over 360,000 different ways for the numbers to be placed in the B column alone! When the other four columns are considered, the number of different cards becomes astronomical.

COST OF PLAYING BINGO

Have you ever considered what it costs to play Bingo? Some people are afflicted with "Bingo-itis" and nearly fit the description of a compulsive gambler because they attend many games weekly and spend large sums at each game. Let's do a little figuring.

Suppose that you are a modest player, attending one game each week and that you spend \$5 per week. This amounts to \$260.00 per year that you pay out. Now, remember that it was shown in previous paragraphs that you cannot expect to win but 2 times out of 5 and when you do win it's for a percentage of the money taken in, the chances of you winning are small. But even if you were to win back 1/3 of the money you paid in, your cost would be around \$175 per year. This means that you have donated this much money to the sponsor.

Now suppose that you are one of the big time players --

.00 per night and 4 nights a week. Your expenditures on a yearly basis amount to more than \$2,000.00. Read that again, \$2,000.00. Of this amount which you pay in to play you cannot expect to win, on the general average as much as 1/3 of this. Even if you do, you have donated the sponsors of the games over \$1,300. Not bad for the sponsor, eh!

If you should doubt these statements, it is easy to prove one way or the other. All you need to do is to keep books. Many have kept books, and have ceased to attend Bingo games when it was discovered how much they were donating to the sponsors of the game.

BINGO AS AN ENTERTAINMENT

Everyone likes to have an "evening out" now and then, even though the cost might be quite high. Some like to go to a play, the movies, or some entertainment of some kind, with maybe a big meal afterwards. Others like to take their entertainment at Bingo. As a matter of fact, there has been considerable criticism of the smaller communities that the absence of any other sort of entertainment has fostered Bingo games - there isn't any other form of entertainment offered. The significant point is that, in playing Bingo, one should realize that it is strictly entertainment and no one is going to come out ahead playing Bingo (except the sponsor). Did you ever hear of anyone who came out ahead playing Bingo? Indeed you have not, because it is not possible over the long run. So, if you can afford it, then well and good. And if you can't afford it, then perhaps you should find your entertainment elsewhere. So long as one understands the odds of winning, which are meager at most; no harm will be done.

CONCLUSION

We hope this little booklet has furnished a bit of information on the game of Bingo that might not have come to your attention. We hope it has shown that you can never hope to win an amount remotely approaching what you have paid in to play on the long run. While some people feel the Goddess of Fortune has bestowed a special blessing on them and that they can alone

emerge as big winners, the facts are that no one has ever done it, nor will they. The laws of mathematical chance cannot be repealed.

Should you disbelieve statements made in this booklet, all you need to do is to look at the many large purchases that have been made by sponsors from the profits from Bingo. You know the money for these large purchases had to come from some place. It did--from people like you, who donate, on the average, a sizeable portion of what you pay to play, to the sponsor at every game you attend. The only one who ever made a profit out of Bingo was the sponsor. If he didn't make the money, he wouldn't sponsor the game.

STATEMENT OF RALPH V. ANDERSON RELATIVE TO BINGO

I am a Bingo player. I like it and can afford it. For twenty-five years I designed and developed codes; and ciphers; this required extensive use of the mathematics of probability. I feel that I can realistically estimate the odds of playing Bingo at a certain location in a very short time. I will not play at certain locations because the odds are highly unfavorable to the player. I would never play at a "commercial" game.

The present Bingo rules need to be drastically revised because certain interpretations of the rules depends on who reads them. As an example the term "special games" is used. To some this means extra games after the usual session of twenty games. To others it means those games which vary from the usual five-in-a-row game (usually the 5th., 10th, 15th. and 20th.) To others it means a departure from the usual, such as selling specially printed cards for one game. There are many features capable of various interpretations. The difficulty seems to be that terminology varies and may depend on whether it is a small, medium or large game.

When I started to play Bingo several years ago (which was before the period when Bingo was prohibited) I became aware of various factors concerning the game. First was the gullibility of the players. They are enamored by the possibility of winning a big prize without the slightest idea of the odds involved. Second was the odds which I will describe as a "rip-off" in many games. Third was the possibility of irregularities in the play. To attempt to educate some of the players I prepared a little booklet which explains many of these factors such as determining the odds, the way cheating can be done, and such factors. I would like to present copies of this booklet to members of the committee.

Let me explain what I consider a rip-off. There are a great many games in the smaller communities which have an attendance of about 75 players. Reference to my Bingo booklet will show that the approximate amount paid out in one of these games will be about \$160. The income from 75 players will approximate \$300. In other words, half of the gross is paid out in prizes. This can be considered a fair and reasonable game. But-- there are many games where 150 to 200 players attend but the money paid out is approximately the same. For 150 players the income would be about \$600; yet the payout is only about \$160. This is a rip-off. Each player has little chance of winning and if he does he usually has to split the prize because so many are playing that someone else will win simultaneously.

Present rules aid and abet the rip-off because the amount of prizes is limited without reference to the amount of money paid in. This is unrealistic. A simple solution is to write the rules on the basis of a paid-in/paid-out ratio with a possible limit on the highest amount that can be paid out for any one game.

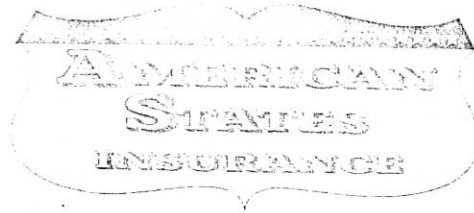
Let us take a look at the Nebraska Bingo law which I consider ideal (Section 9-114). This law provided that, from the income, five percent will go to the state, five percent will go to the local community and of the remaining 90% at least one-half shall be paid out in prizes. The amount to be paid out is thus specified as a percentage of the income without reference to any specific figures. It is useful to continue a limit on the maximum amount of the prize for any one game and to continue the number of games permitted in any one session. These specifications place a limitation on those who would conduct Bingo games and assure greater enjoyment for grand-
ma who is playing for fun.

I therefore respectfully suggest that future Bingo rules be based on a paid-in/paid-out ratio with a limitation on the number of games per session and a limitation on the highest amount payable for any one game.

Respectfully submitted,

Ralph V. Anderson
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DON WOLFE INSURANCE AGENCY
"Parkway Insurance Center"
1101 Commercial
Atchison, Kansas 66002
367-2516



October 12, 1976

Senator Bromley
Atchison, Kansas.

Dear Senator;

Thanks for advising me of the Bingo meeting
this coming Friday in Topeka.

I'm sorry but I just can not make it.

Here is some information that might be helpful.
It will show about what an evening of bingo will net.

Say the club operates two nites a week. Does not
charge admittance. Has an average attendance of 500 one night
and 350 the other nite.

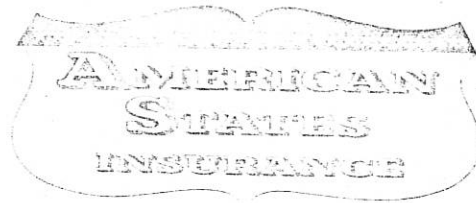
Again say the cards are sold at .50¢ each and
four games are played. Then a pause while additional cards
or sold if wanted by the players for .25¢ apiece or five cards
for \$1.00. The original .50¢ cards are still good if the players
do not want to purchase any more. Now then six more games of
Bingo are played.

After this last 10th game is played the cards are
all picked up and there is about a 30 minute intermission for
the players to get a coke, coffee, snack ect if they want to.

After this intermission the above is exactly
repeated.

After this last 10 games are played the cards are
again all picked up and then sold at .25¢ each or five for \$1.00
for the final big game of the night. It could be something like
a "Big Three" which means its one game but pays three prizes like
\$50.00 for regular bingo, \$75.00 for large letter "X" corner to
corner and finally \$100.00 for black out or card completely
covered. Its one long game and halted to pay these prizes when
a player gets one of the three bingo's.

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(2)

The amount of money paid as prize during the regular 20 games of Bingo would probably run from \$20.00 to \$100.00.

One final item. Probably around 50% of the time either at the end of the first 10 games are the final game of the nite the club will throw in a free game. with maybe a \$50.00 prize. This is over and above the regular scheduled games. The reason is the club is drawing well, making money and wants to do something extra for the players to keep them coming back.

On a situation like the above the club should "NET" about \$1000.00 per week. This of course means about \$50,000. per year.

Again this \$1000.00 per week is net. Its after all expenses and prizes have been paid. Its about what should be deposited in the bank.

Again thanks for advising me of the meeting. I hope this will be helpful to you in some way. Possibly the state should have a Bingo Games Commissioner. One who would be completely familiar with it all.

Yours truly


Don Wolfe