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Hon. Juergen Waldick
Allen County Prosecutor
204 North Main Street, S-302
Lima, OH 45801

Dear Juergen:

With the help and support of law enforcement across the state, the legislature passed House Bill 7 -- a bill that restricts the lawful operation of internet sweepstakes facilities. I am writing to provide you with a brief overview of these legislative changes and to offer continued support in your efforts to enforce this new law.

The law restricts sweepstakes prizes, including a ban on cash prizes and cash equivalents.

As of October 4, it is unlawful for a sweepstakes facility to pay out any cash or cash-equivalent prizes in conjunction with the operation of sweepstakes terminal devices (sweepstakes machines). Further, merchandise prizes are limited to those with a wholesale value of less than \$10.00. Specifically, House Bill 7 prohibits any person from conducting or participating in the conduct of a sweepstakes with the use of a sweepstakes terminal device at a sweepstakes facility under any of the following circumstances:

- (1) Giving to another person any of the following items as a prize for playing or participating in a sweepstakes: (a) **cash**, gift cards, or any equivalent thereof; (b) plays on games of chance, state lottery tickets, bingo, or instant bingo; (c) firearms, tobacco, or alcoholic beverages; or (d) a redeemable voucher that is redeemable for any of the items listed in (a) through (c);
- (2) Giving to another person a merchandise prize or a redeemable voucher for a merchandise prize as a prize for playing or participating in a sweepstakes, when the wholesale value of the merchandise is in excess of \$10.00.

Additionally, House Bill 7 added to the definition of "Scheme of Chance," clarifying that certain activities are illegal schemes of chance and not sweepstakes.

All sweepstakes facilities must obtain a certificate of registration.

All persons desiring to conduct or participate in the conduct of sweepstakes with the use of sweepstakes terminal devices must FIRST apply for and receive an annual certificate of registration from the Ohio Attorney General's Office. This includes all persons or entities who back, promote, organize, manage, carry on, sponsor, or prepare for the operation of a sweepstakes, including all persons who participate in those activities. We are working with the Governor's office to promulgate emergency rules requiring sweepstakes operators to file and

obtain a certificate of registration from our office. We anticipate these rules being effective October 21, 2013. After that date, all sweepstakes facilities must have this certificate on display.

The Ohio Attorney General will work with your office to enforce the Gambling Law.

House Bill 7 also allows the Ohio Attorney General's Office to take any reasonable actions to investigate potential violations of the Gambling Law, including requesting documents and information, performing inspections of premises, or requiring the attendance of any person at an examination under oath. Moreover, the Bureau of Criminal Identification (BCI) will have original jurisdiction to investigate any criminal activity involving certain violations of the Gambling Law, including the provisions involving sweepstakes facilities. I expect that we will be able to use these new tools to provide an even greater level of assistance to you.

The moratorium on new sweepstakes facilities is still in place.

Though House Bill 7 has taken effect, a moratorium on opening new sweepstakes facilities is still in place. As part of the extended moratorium, all internet sweepstakes locations were required to file with my office a detailed affidavit regarding its operation. My office has received over 340 affidavits from internet sweepstakes locations across the state. Therefore, while all of these 340 locations must comply with the provisions of House Bill 7, Ohio law prohibits any new sweepstakes facilities from opening, regardless of whether they attempt to comply with the new law.

Attached to this letter is a list of sweepstakes establishments in your county that filed affidavits with my office and are now subject to the restrictions in House Bill 7. If you become aware of sweepstakes locations in your county that do not appear on this list, please contact Charitable Law Chief Peter Thomas at 614-466-3181 or peter.thomas@ohioattorneygeneral.gov or the Bureau of Criminal Investigations and Identification at 800 BCI OHIO (800-224-6446) with any questions or requests for assistance.

My office will continue to assist local law enforcement and county prosecutors -- from law enforcement and investigative help to providing assistance answering questions of law, case development, or prosecution. Thank you again for your partnership on this issue.

Very respectfully yours,

Mike DeWine
Ohio Attorney General