

KEY POINTS TO LAST WEEK'S TESTIMONY
REGARDING FUTURE SPORTS-WAGERING LEGISLATION
BY RICK OHANIAN

01. ANY BILL LIMITING THE ABILITY TO BE "THE HOUSE" TO SPECIAL INTEREST GROUPS VS. ANY CITIZEN WHO WISHES THE SAME BENEFIT IS PATENTLY UNCONSTITUTIONAL PER AMENDMENT 14 AND OTHERS.

02. THE CURRENT DIRECTION OF FARMING-OUT THESE SERVICES WILL COST THE STATE OF OHIO AND ITS EDUCATION SYSTEMS A WHOPPING \$5 BILLION PER YEAR. ARE YOU MORE BEHOLDEN TO THE CASINO INDUSTRY THAN OUR OWN YOUTH? COULD THESE BILLIONS NOT BE BETTER UTILIZED FOR NEW SCHOOL BUILDINGS, REPAIRING OLD ONES, PURCHASE OF NEW COMPUTERS AND EQUIPMENT FOR DISADVANTAGED STUDENTS AND SUPPLIES THAT TEACHERS ARE NOW DIPPING INTO THEIR OWN INCOMES TO PURCHASE? NOT TO MENTION THE OHIO STATE \$107 MILLION ATHLETIC DEPARTMENT DEFICIT?

03. YOU ARE ABOUT TO GIVE AWAY THE LARGEST MONOPOLY IN STATE HISTORY, A MONOPOLY YOU ALREADY OWN. WHY SELL THE COW WHEN YOU ARE GETTING THE MILK FOR FREE? THE DIFFERENCE IS \$50-\$60 MILLION PER YEAR VIA UP-FRONT FEES AND TAXES VS. \$700-\$800 MILLION PER YEAR PURE PROFIT BY WAY OF MY "THE STATE AS THE HOUSE"TM PROGRAM. THAT IS ALMOST A 12-FOLD INCREASE BETWEEN THE TWO, SO I DON'T UNDERSTAND THE LOGIC HERE.

04. I READ A RECENT ARTICLE WHERE REPRESENTATIVE DAVE GREENSPAN THE SPONSOR OF HB194 FEELS THE KEY TO THE PROPOSAL IS THE PURCHASE OF THOUSANDS OF NEW FREE-STANDING "BETTING KIOSKS". WHY, WHEN YOU HAVE 10,000 "KIOSKS" CONNECTED TO A CENTRAL SYSTEM ALREADY? THEY ARE CALLED "LOTTERY TICKET DISPENSERS" AND CAN BE THE SOLE (AND MOST EFFORTLESS) METHOD OF COLLECTING CASH FOR EACH WAGER. WHY SPEND ADDITIONAL MILLIONS WHEN THERE IS NO NEED? IF YOU WANTED TO SPEND EXTRA FUNDS, I WOULD PURCHASE A LOTTERY TICKET DISPENSOR FOR EVERY RESTAURANT, BAR AND TAVERN IN THE STATE. (YOU MIGHT EVEN GET THEM TO PURCHASE THEM, IF A SMALL PERCENTAGE IS GRANTED FOR COLLECTING EACH BET - THEY COULD USE THE ADDITIONAL REVENUE AS WELL, DUE TO THE VIRUS'S EFFECT ON THEIR BUSINESSES, COULD THEY NOT?)

05. I WOULD LIKE TO ADMINISTER THIS PROGRAM FOR THE STATE FOR AN EXECUTIVE SALARY AND 10% PERCENT OF NET. THE REASON THE STATE WOULD NOT HAVE TO BID THIS CONTRACT IS TWO FOLD: 1.) UNLESS THE STATE IS GOING TO STEAL THE METHODOLOGY FROM ME (SEE CORRESPONDENCE BETWEEN MS. KOSTURA OF THE OLC AND MYSELF), I AND NO ONE ELSE HAS INVENTED THE SYSTEM TO BEGIN WITH AND: 2.) MY PROPOSAL ALSO CONTAINS TWO PATENTABLE NEW PRODUCTS THAT WILL EARN THE STATE OF OHIO ADDITIONAL BILLIONS OF REVENUE FROM BEYOND ITS BOARDERS IN A NATIONAL AND INTERNATIONAL MARKET. I WOULD SHARE THIS REVENUE WITH THE STATE 50/50, IF THE STATE PAYS FOR THE TWO PATENTS.

06. AS ANOTHER "ASIDE" TO THE PROPOSAL, IF IMPLEMENTED CORRECTLY BY MYSELF IN PARTNERSHIP WITH THE OHIO LOTTERY COMMISSION, AND SINCE THEIR FUNDS ARE TO GO TOWARD EDUCATION ANYWAY, THE PROPOSAL MAY VERY WELL BE THE ANSWER TO THE OHIO STATE UNIVERSITY'S \$107 MILLION ATHLETICS DEPARTMENT DEFICIT DUE TO THE COVID-19 VIRUS. IN ADDITION, DUE TO THE HORDS OF ILLEGAL IMMIGRANTS BEING ALLOWED INTO THE COUNTRY, THERE IS NOTHING THAT SHOWS US NEXT YEAR WILL BE ANY DIFFERENT, SO THERE MAY BE MORE OSU REVENUE SHORTFALLS DUE TO COVID-19.

07. EVEN IF LEGISLATION IS PASSED IT WILL BE UNENFORCEABLE PER AMENDMENT 14 OF THE CONSTITUTION WHICH STATES:

No state shall make or **enforce** any law which shall abridge the privileges or immunities of citizens of the United States;

08. WHETHER IT IS ENFORCEABLE OR NOT IS NOT THE BIGGEST WORRY STATE LEGISLATORS WOULD HAVE. THE BIGGEST PROBLEM IS CAN THE STATE BUDGET WITHSTAND MULTI-MILLION DOLLAR LAWSUITS FOR AND FROM ANY PARTY THAT IS NOT INCLUDED AS "THE HOUSE"? THE 14TH AMENDMENT, WITH REGARD TO DISCRIMINATION, IS VERY CLEAR AND I BELIEVE THE WOMEN'S MOVEMENT AND CIVIL RIGHTS MOVEMENT HAVE ILLUSTRATED (AND PROVEN) YOU CAN NOT LIMIT PARTICIPATION IN A LEGAL AMERICAN INDUSTRY TO SPECIAL INTEREST GROUPS, SO WHY EVEN START? ALL YOU ARE DOING, WITH RESPECT, MR CHAIRMAN, IS OPENING A CAN OF WORMS FOR WHICH THE STATE ULTIMATELY WILL BE LIABLE UNDER THE 14TH AMENDMENT AND OTHERS, AS THE BILLS ARE DISCRIMINATORY.

IN CONCLUSION:

WHENEVER I LOOK AT A SPECIFIC PIECE OF LEGISLATION, I ASK A SINGLE QUESTION: "WHAT IS IT'S BASIC UNDERLYING PURPOSE?" SO WHAT IS THE PURPOSE OF THIS SPORTS-WAGERING LEGISLATION? IS IT:

- A.) TO INTRODUCE SPORTS-WAGERING IN OHIO BY WAY OF THE CASINO INDUSTRY; OR:
- B.) TO MAXIMIZE THE REVENUE FOR THE STATE'S EDUCATION SYSTEMS FROM THE EXTRA REVENUE GENERAL SPORTS-WAGERING IN OHIO WILL PROVIDE?

IF THE ANSWER IS "A" THEN HB194 - EVEN THOUGH BLATANTLY ILLEGAL - HAS SUCCEEDED AS WILL ANY FUTURE SIMILAR SENATE BILL. IF ON THE OTHER HAND, THE ANSWER IS "B" THEN WITH RESPECT, MR. CHAIRMAN, THE STATE OF OHIO, ITS GOVERNOR AND ITS LEGISLATORS HAVE FAILED MISERABLY AND FAILED THE SCHOOL SYSTEMS AND OUR CHILDREN'S FUTURES.

THE MOST I COULD DESCRIBE THE REVENUE THE STATE AND ITS EDUCATION SYSTEMS WOULD RECEIVE UNDER THE CURRENT AND FUTURE LEGISLATION - IF PASSED - IS "TABLE SCRAPS". AND WITH RESPECT AGAIN, MR. CHAIRMAN, WE DON'T PASS LEGISLATION THIS IMPORTANT FOR A DAY, A MONTH OR A YEAR, WE PASS IT IN PERPETUITY, CORRECT? THIS MEANS OVER THE NEXT DECADE, IF THIS LEGISLATION IS FASHIONED INTO LAW, THE STATE, ITS EDUCATION SYSTEMS AND ITS CHIDREN WILL LOSE A WHOPPING:

\$50,000,000,000

AND I FIND THAT INEXCUSABLE, MR. CHAIRMAN, AND CERTAINLY NOT THE PURPOSE OF ANY LEGISLATION (TO LOSE MONEY) OR THE CHARGE OF OUR LEGISLATRORS IN GENERAL. NOW THAT YOU HAVE - AND HAVE KNOWLEDGE OF - A SIMPLE SYSTEM THAT WILL AVERT THESE MULTI-BILLION LOSES AND MAKE THE STATE THESE SAME SUMS, I DON'T SEE ANY REASON WHY IT SHOULD NOT BE IMMEDIATELY IMPLEMENTED, INSTEAD OF HANDING-OUT ALL THE GOODIES TO THE CASINO INDUSTRY WHO WON'T GIVE A DIME TO OUR EDUCATIONAL SYSTEMS AND ITS STUDENTS.

ONCE AGAIN, I WILL SIMPLY ASK:

**"WHY SELL THE COW, WHEN YOUR ARE
GETTING THE MILK FOR FREE?"**

IS THERE SOMETHING COMPELLING THE STATE TO GIVE AWAY THIS MONEY?
IS SOMEONE HOLDING A GUN TO YOUR HEAD FORCING YOU TO GIVE AWAY
THIS MONEY? NO . . . INCREDIBLY (PER HB194) YOU ARE GIVING THIS
MONEY AWAY . . . MONEY AND PRODUCTS YOU ALREADY OWN . . . ALL BY
YOURSELVES??!!

WITH RESPECT, ARE YOU KIDDING ME? ONCE MORE, IT WOULD BE LIKE
MS. DOLLY PARTON OR MS. CHRISTINA HENDRICKS UNDERGOING BREAST-
REDUCTION SURGERY.

IT'S NOT AS IF YOU DON'T ALREADY OWN THE PRODUCT, YOU DO. SO
WHY NOT KEEP IT IN STATE COFFERS WHERE IT BELONGS? (THERE IS A
COMPROMISE PROPOSAL CONTAINED WITHIN MY SUBMISSION LAST WEEK, TO
APPEASE THE CASINO INDUSTRY, BUT YOU DON'T EVEN HAVE TO DO THAT
IF YOU DON'T WISH TO, THE STATE - UNDER MY PROGRAM - CAN TAKE-
IN, GRADE AND PAY-OUT EVERY SINGLE SPORTS-WAGER IN THE STATE.)

ON THIS BASIS, I HOPE YOU WILL RECONSIDER THE LEGISLALION IN
QUESTION AND ALSO ADOPT MY "THE STATE AS THE HOUSE"TM PROGRAM FOR
THE BENEFIT OF THE STATE OF OHIO, ITS CITIZENS, ITS EDUCATIONAL
SYSTEMS, ITS CHILDREN AND THE OHIO STATE UNIVERSITY ATHLETIC
DEPARTMENT, AS WELL.

RESPECTFULLY SUBMITTED FEBRUARY 12TH BY:

RICK OHANIAN, SEMI-RETIRED ARCHITECT AND BUILDER
PRESIDENT, WWW.UNDERGROUNDHOMES.COM
INVENTOR OF THE "PSL" (PERMANENT SEAT LICENSE)
INVENTOR OF THE "THE STATE AS THE HOUSE"TM PROGRAM
INVENTOR OF "A NEW SPORTS WAGER FOR WOMEN"
INVENTOR OF "A NEW CASH COLLECTION SYSTEM FOR STATE LOTTERIES"
ORIGINAL DESIGNER OF THE OHIO STADIUM RENOVATIONS, PHASE 01
ORIGINAL DESIGNER OF THE OHIO STADIUM RENOVATIONS, PHASE 02
MEMBER OSU VARSITY BASKETBALL TEAM 1974 AND 1975
AND NOMINEE FOR THE 2018 NOBEL PRIZE IN ECONOMIC SCIENCES

C. VIA E-MAIL TO:

THE HONORABLE MIKE DEWINE, GOVENOR, THE STATE OF OHIO
MS. KRISTEN JOHNSON, PRESIDENT, OSU
MR. GENE SMITH, ATHLETIC DIRECTOR, OSU
MR. PATRICK MCDONALD, DIRECTOR, OLC
MR. MATTHEW SCHULER, DIRECTOR, OCC

PLEASE FORWARD TO THE APPROPRIATE PARTIES AS LISTED ABOVE.
THANK-YOU.

WWW.MICHIGANLOTTERY.COM



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01494 05666 21474 86848 37754 95963 40004

0 0 0 STRAIGHT \$1.00

FOR 1 DRAW (13238) Mon Dec 31 18
Evening Only
\$1.00

THERE IS \$8,140,000 IN CASH PRIZES STILL
AVAILABLE IN THE \$1 HOLIDAY CASH INSTANT
GAME. OVER 500 TOP PRIZES OF \$500 ARE
STILL AVAILABLE!

Sales Rate: QAC 37754-7-29

FOR DRAWING RESULTS CALL: 1-800-589-5466
www.michiganlottery.com

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5170453305342419021000210000000000000000
01494 05666 21474 86848 37754 95963 40004



WWW.MICHIGANLOTTERY.COM

Assuming \$5 million of GGR in a hypothetical month at four years of market maturity, the lottery can deduct:

- 16% for fixed costs
- Up to 12% in bonusing

That would leave \$3.6 million as net revenue with 12% deducted, SBTech the

- \$432,000 in access fees
- \$612,000 in managed service fees

SBTech would take in more than \$1 million in fees on \$5 million, of GGR or 29% of net revenue. Vendors would also receive up to \$800,000 in deduction (16%) as compensation for "payment processing, chargebacks, KYC, and other costs" as set out in the contract.

That amount could make the vendors' share as much as 16% of revenue.

Will Oregon sports betting

Even without the contract, it's easy to pinpoint the underperformance of Oregon sports betting.

Giving one operator a monopoly is, for the broadest path to success in any state. Without competition, it's hard to foster innovation needed to build a young sports betting market from scratch. By many accounts, the coreboard app is one of the least user-friendly sportsbooks you'll find in the cr

What's more: the structure of the agreement with the lottery disincentivizes both parties from offering the types of promotional bonuses at 12%, though they drive growth in competitive markets. The contract caps such bonuses at 12%, thus taking them from the net revenue calculation.

Regulations also put sports betting at a disadvantage right out of the gate. College athletics are off the board, most notably, and the choice to treat sports betting like a lottery game creates additional hurdles for prospective bettors. Both likely will need to change before the market can thrive.

Of course, any discussion of the future comes with a great deal of uncertainty at the moment. The governing bodies of nearly every international sport have indefinitely suspended play in an effort to combat the coronavirus pandemic.

Lotteries struggling to succeed in sports betting

State lotteries are, with few exceptions, well-equipped to administer draw games and scratch-off tickets. Sports betting, however, is fundamentally not a lottery game. And as a group, lotteries are not doing a great job administering the new vertical.

Of the 16 states with legal sports betting, six of them use their lottery as the regulator. In some cases, such as in Oregon, the agency also assumes the role of the operator in partnership with a third-party supplier.

So far, none of these partnerships have produced an ideal framework for sports betting.

Proof is in the details

Rhode Island and Delaware managed to get their industries off the ground without incident, but those small-market monopolies generate negligible sports betting revenues.

THIS IS PATENTABLE PRODUCT #02



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01494 05696 21474 86948 37754 95963 40004

STRAIGHT \$1.00

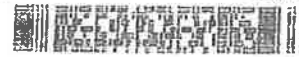
FOR 1 DRAW (13233) Mon Dec 31 18
Evening Only
\$1.00

THERE IS \$8,000,000 IN CASH PRIZES STILL AVAILABLE IN THE \$1 MONDAY CASH INSTANT GAME. OVER 500 TOP PRIZES OF \$500 ARE STILL AVAILABLE!

Game Rule: 040 3770:1-7-20

FOR DRAWING RESULTS CALL: 1-800-589-6446
WWW.OREGONLOTTERY.COM

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THIS IS WORTH BILLIONS
Jenex 11

THE STATE OF OHIO PARLAY CARD

-----WEEK #01 & #02: SEPT. 05-14, 2020-----

\$10 MINIMUM BET AND \$250 MAXIMUM BET PER CARD

ALL HOME TEAMS IN CAPS & BOLD (N) = NEUTRAL SITE GAME PAGE 01)

ALL TIES ARE LOSSES!!

<u>FAVORITES:</u>		<u>UNDERDOGS:</u>		<u>LINE:</u>
SATURDAY, SEPTEMBER 05, 2020				
001	MEMPHIS	002	arkansas state	+14
003	over 72	004	under 72	
005	smu	006	TEXAS STATE	+24
007	over 70	008	under 70	
009	ARMY	010	mid-tenn state	+04
011	over 55	012	under 55	
SUNDAY, SEPTEMBER 07, 2020				
013	NAVY -02	014	b.y.u.	-02
015	over 54	016	under 54	
THURSDAY, SEPTEMBER 10, 2020				
017	MIAMI, FL	018	u.a.b.	+17
019	over 49	020	under 49	
021	KANSAS CITY	022	houston	+10
023	over 55	024	under 55	
SATURDAY, SEPTEMBER 12, 2020				
025	NORTH CAROLINA	026	syracuse	+21
027	over 63	028	under 63	
029	APPALACHIAN ST.	030	charlotte	+21
031	over 60	032	under 60	
033	FLORIDA STATE	034	georgia tech	+10
035	over 55	036	under 55	
037	KANSAS	038	coastal carolina	+04
039	over 59	040	under 59	
041	LOUISVILLE	042	western kentucky	+13
043	over 56	044	under 56	
045	olemson	046	WAKE FOREST	+31
047	over 61	048	under 61	
049	NOTRE DAME	050	duke	+21
051	over 54	052	under 54	
053	IOWA STATE	054	l.a. lafayette	+13
055	over 58	056	under 58	
057	TEXAS	058	utep	+42
059	over 62	060	under 62	
061	BAYLOR	062	l.a. tech	+17
063	over 55	064	under 55	
065	OKLAHOMA ST.	066	tulsa	+21
067	over 65	068	under 65	
SUNDAY, SEPTEMBER 13, 2020				
069	NEW ENGLAND	070	miami	+07
071	over 44	072	under 44	
073	BALTIMORE	074	cleveland	+10
075	over 49	076	under 49	
077	BUFFALO	078	n.y. jets	+07
079	over 40	080	under 40	

081	las vegas	02	082	CAROLINA	-02
083	over	47	084	under	47
085	ATLANTA	-02	086	seattle	-02
087	over	49	088	under	49
089	philadelphia		090	WASHINGTON	+07
091	over	44	092	under	44
093	DETROIT	-02	094	chicago	-02
095	over	44	096	under	44
097	indianapolis		098	JACKSONVILLE	+07
099	over	45	100	under	45
101	MINNESOTA		102	green bay	+04
103	over	46	104	under	46
105	l.a. chargers		106	CINCINNATI	+03
107	over	44	108	under	44
109	SAN FRANCISCO		110	arizona	+07
111	over	48	112	under	48
113	NEW ORLEANS		114	tampa bay	+03
115	over	50	116	under	50
117	dallas	-02	118	L.A. RAMS	-02
119	over	51	120	under	51

MONDAY, SEPTEMBER 14, 2020

121	pittsburgh		122	N.Y. GIANTS	+04
123	over	48	124	under	48
125	DENVER	-02	126	tennessèe	-02
127	over	42	128	under	42

ADDED GAMES (FBS AND/OR FCS)

129	NORTH TEXAS		130	houston-baptist	+24
131	over	00	132	under	00
133	marshall		134	EASTERN KENTUCKY	+20
135	over	00	136	under	00
137	TROY		138	l.a. monroe	+05
139	over	00	140	under	00
141	UTEP		142	stephen f. austin	+04
143	over	00	144	under	00
145	WESTERN MICHIGAN		146	colgate	+30
147	over	00	148	under	00
149	VIRINIA		150	v.m.i.	+47
151	over	00	151	under	00
153	CINCINNATI		154	western michigan	+20
155	over	00	156	under	00
157	OKLAHOMA		158	missouri state	+61
159	over	00	160	under	00

FOR DATES AND TIMES OF ADDED GAMES CONSULT
THE NEWSPAPERS AND/OR ESPN

FILL-IN YOUR PIN # HERE: _____ (PAGE 02)

KEEP PAGE 01 & 02 PART FOR YOURSELF
SEND-IN PAGE 03 BY MAIL TO US WITH PAYMENT
BY MONEY ORDER ONLY - DO NOT SEND CASH

FILL-IN YOUR PIN # HERE: _____ (PAGE 03)

KEEP PAGE 01 AND 02 FOR YOURSELF TO CLAIM WINNINGS FOR YOUR RECORDS AND SEND-IN PAGE 03 TO THE ADDRESS BELOW. PRINT INFORMATION IN INK AND CLEARLY (IF WE CAN'T READ YOUR ADDRESS, WE CAN'T SEND YOU YOUR WINNINGS). ALL TICKETS MUST BE POSTMARKED EACH WEEK ON THE FRIDAY BEFORE GAME SATURDAYS AND MAILED TO THE ADDRESS BELOW. ALL PAYMENTS ARE MAILED OUT THE FOLLOWING TUESDAY. YOUR PIN NUMBER IS THE FIRST LETTER OF YOUR FIRST NAME, YOUR FIRST LETTER OF YOUR LAST NAME FOLLOWED BY A DASH AND THEN 4 NUMBERS OF YOUR CHOICE LIKE THIS: (FOR INSTANCE, MY PIN # FOR "RICK OHANIAN" WOULD BE: "RO-1497", (ETC.)) THEN CIRCLE THE TEAM NUMBER OF YOUR SELECTED PICKS (ABOVE AND BELOW) IN INK. SELECT BETWEEN 01 AND 15 TEAMS - FOR ODDS AND ANY OTHER QUESTIONS AND/OR INSTRUCTIONS, SEE OUR WEBSITE:

WWW.OHIOCARD.COM

001 002 003 004 005 006 007 008 009 010 011 012 013 014 015 016 017
018 019 020 021 022 023 024 025 026 027 028 029 030 031 032 033 034
035 036 037 038 039 040 041 042 043 044 045 046 047 048 049 050 051
052 053 054 055 056 057 058 059 060 061 062 063 064 065 066 067 068
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153 154 155 156 157 158 159 160 161 152 153 164 165 166 167 168 169
179 189 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195
196 197 198 199 200

NAME _____

ADDRESS _____

CITY, STATE AND ZIP _____

E-MAIL _____

PHONE NUMBER _____ AGE _____

NUMBER OF TEAMS SELECTED _____ \$ AMOUNT BET _____

ALL TICKETS MUST BE POSTMARKED BY THE FRIDAY OF EACH WEEK BEFORE GAME SATURDAYS AND MAILED-IN TO:

**OHIO CARD PROCESSING CENTER
P.O. BOX 0000
COLUMBUS, OH 43201-1804**

MINIMUM BET \$10.00 PER CARD - MAXIMUM BET \$250.00
TEAMS MUST "BEAT THE SPREAD" (LINE) - ALL "TIES" ARE LOSSES
*** (YOU MUST BE 18 OR OLDER TO PLAY) ***

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