



Gaming & Entertainment, Inc.  
250 Delaware Avenue  
Buffalo, New York 14202  
T 716 858 5000  
F 716 858 5056  
[www.delawarenorth.com](http://www.delawarenorth.com)

March 19, 2019

Director John Myers  
West Virginia Lottery  
900 Pennsylvania Avenue  
Charleston, WV 25302

### **Notice of Issues related to Electronic Sports Betting Platform**

Dear Director Myers:

Delaware North Companies, Incorporated ("Delaware North") is a global food service and hospitality company with over 55,000 employees across the country and across the world. Among other industries, Delaware North operates and manages 11 gaming-related companies in the United States through its Delaware North Companies Gaming & Entertainment, Inc. subsidiary ("DNGE"). DNGE employs approximately 1,200 workers in the State of West Virginia and accounts for over \$71,000,000 in West Virginia tax revenue in 2018. We pride ourselves on being a good corporate citizen, with a strong record of compliance and a firm commitment to transparency and cooperation with our regulators and the law enforcement community.

As the President of DNGE, I am writing to inform you of some concerns that have come to our attention regarding the electronic sports betting platform (the "Platform") provided by Miomni Gaming Ltd. ("Miomni"). The Platform contains software developed or otherwise provided by Miomni.

The Platform went live in the State of West Virginia on December 27, 2018. On March 6, 2019, the Platform experienced an interruption in service, and has not been operational since that time.

DNGE began an investigation into the reasons behind the interruption and was later informed by Miomni that it is involved in a contractual dispute with a third-party vendor. Subsequent investigation revealed that a company known as Enterg Software Solutions Limited ("Entergaming") believes that Miomni has and continues to infringe upon Entergaming's intellectual property rights in relation to the use of portions of the Platform. We have spoken both with Miomni and Entergaming in an attempt to ascertain the facts and to resolve the matter.

Prior to the interruption, DNGE was unaware of any challenge to the intellectual property use or ownership rights of the platform technology that Miomni claimed to possess. Under the contract where Miomni is required to provide the Platform, Miomni was required to identify any portions of the Platform that included or otherwise required the use of another party's intellectual property. Following the events of March 6, 2019, however, we have learned that, although not identified by Miomni in that contract, the Platform is integrated with a "back-end" sports betting platform that ostensibly continues to be owned by Entergaming (the "Entergaming IP").

Miomni takes the position that it acquired from Entergaming sufficient rights to use the Entergaming IP. Entergaming disagrees, and claims that Miomni's use of Entergaming's intellectual property is improper unless and until Miomni purchases additional rights from Entergaming.



We understand that Miomni received written notice of termination from Entergaming in late February indicating, among other things, that Miomni should abstain from offering any services using the Entergaming IP. That notice also stated specifically that Miomni should inform us of the termination of Miomni's agreement with Entergaming and terminate further use of the Entergaming IP. DNGE was not provided notice of these demands until after the Platform was disabled.

Most recently, Entergaming and Miomni have traded strong accusations with each other. By way of example, Entergaming has claimed that Miomni used the Entergaming IP without proper rights, and that Miomni has otherwise breached its agreement with Entergaming. Miomni has indicated that it suspects that Entergaming improperly disabled the Platform, and asserts that Entergaming's demands for payment are similarly inappropriate.

Given the allegations of Miomni and Entergaming, the continued disruption of service to the citizens of West Virginia, and our firm commitment to integrity and excellence in service in all of our gaming offerings, we are evaluating our options. We expect to be able to report on our next steps in the near future. This matter has already caused substantial disruption to our West Virginia patrons, as well as to employees of DNGE, who are West Virginia citizens. It also has harmed DNGE's business and operations (including lost business due to the shutdown of the Platform, resulting in less tax revenue), and caused reputational loss. Our first priority is to treating our patrons well, to working cooperatively with regulators and law enforcement, and to running a responsible business.

We look forward to working with your office in order to ensure that the re-launch of sports betting services are made properly and in full compliance with all applicable statutes, regulations and private agreements.

As mentioned above, Delaware North is proud of its relationship with the State of West Virginia and its regulators. We will continue to provide the highest levels of quality service for all our gaming patrons, and we will continue to protect the integrity of gaming for the citizens of the State of West Virginia, for our employees, and for our business partners and service providers.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Brian Hansberry".

E. Brian Hansberry  
President, Delaware North Companies Gaming & Entertainment, Inc.