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# MARYLAND LOTTERY and GAMING CONTROL COMMISSION

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1800 Washington Blvd., Suite 330, Baltimore, Maryland 21230

## COMMISSION REPORT



**In Bet Gaming Inc.**

**MANUFACTURER LICENSE APPLICANT**

**Report Date: December 1, 2016**

**“Public Report”**

**Manufacturer License Public Report  
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**Introduction**

As a prerequisite to being eligible for a video lottery facility manufacturer license (“manufacturer license”), a manufacturer of a video lottery terminal (“VLT”), table game, or associated equipment must submit a Manufacturer License Application to the Maryland Lottery and Gaming Control Commission (“the Commission”). The applicant must prove to the Commission that it meets the qualification criteria set forth in the Annotated Code of Maryland, State Gov’t Article (“SG”), § 9-1A-01, *et seq.* (“the Gaming Law”). Specifically, an applicant for a manufacturer license must prove, by clear and convincing evidence, that it is qualified under SG § 9-1A-07(c)(7)(i) through (v), and not disqualified under SG § 9-1A-08(d). SG § 9-1A-15. An applicant must provide all information to the Commission that is necessary for a qualification determination as to the applicant, its principals, and its principal entities.

The Maryland Lottery and Gaming Control Agency (“MLGCA,” “we” or “our”), conducted a suitability background license investigation of In Bet Gaming Inc. (“the Applicant” or “the Company”) in connection with its application for a manufacturer license.

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**Background**

In Bet Gaming, Inc. (“In Bet” or the “Company”) was incorporated in New Jersey on July 16, 2013 and is wholly-owned by Ronald LaDuca, who serves as the Company’s President and Chief Executive Officer. In Bet Gaming Inc. previously operated under the name In Bet, LLC until July, 2013 when it changed its organizational structure to an S Corporation for tax purposes. In Bet Gaming Inc. designs and develops casino floor games. Its office is located in Millstone, New Jersey and the Company is licensed by seven state gaming regulatory authorities and two tribal gaming agencies, and is registered or authorized to do business in eight states.

**Discussion of Financial Performance**

We obtained financial statements (unaudited) for the years ended December 31, 2012 through December 31, 2015, and performed an analysis of In Bet Gaming’s financial performance and condition. We reviewed the following:

**Revenue and Cost of Goods Sold**

**Operating Expenses and Net Income**

**Net Profit**

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**Assets, Liabilities**

**Liquidity and Capital Resources**

**Trend Analysis and Comparative Performance**

- **Current Ratio and Quick Ratio**
- **Profit Margin**
- **Return on Equity and Return on Assets**
- **Debt to Equity Ratio**
- **Accounts Receivable Turnover Ratio**

**Internet Litigation Search**

**Dun & Bradstreet**

**Tax Returns**

**Financial Analysis**

In Bet Gaming Inc.'s overall financial performance during the period reviewed can be characterized as positive but inconsistent. Specifically, the Company realized small net profits in 2012 and 2013, a sizable net profit in 2015 due mainly to the sale of a game patent rights, but experienced a significant net loss in 2014 due to sharp increases in cost of sales and operating expenses. In Bet Gaming Inc. was dependent in certain years on capital contributed by its owner to meet its financial obligations, and its

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operations appear to be highly sensitive to increases in operating expenses. However, the Company expects that through increased marketing it will grow its lease revenue and provide better control over operating expenses, which should contribute positively to its profit margins and help stabilize its financial performance in future years. The Company's financial strength improved significantly in 2015 as the sale of the game patent rights produced an influx of working capital which should enable In Bet Gaming Inc. to meet its financial demands for the foreseeable future. There are no overwhelming factors that would lead us to conclude that In Bet Gaming Inc. is financially unsuitable for licensure.

**FINDINGS**

The MLGCA conducted a complete and thorough background investigation as authorized under the Gaming Law by analyzing corporate records and documents, scrutinizing the business operations, practices, and transactions of In Bet Gaming Inc. and conducting interviews of key personnel, focusing on required qualification criteria involving integrity and financial stability. MLGCA adhered to well-defined and approved investigative protocols in assembling the factual information incorporated in this report. The results of the investigation for the specific qualification

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criteria enunciated in SG §§ 9-1A-07(c)(7), 9-1A-08(d), and 9-1A-15 are summarized as follows:

**1) Financial stability, integrity and responsibility**

A comprehensive review was conducted of all of the consolidated financial statements for the last five years. The Applicant satisfies the standards for financial stability, integrity and responsibility. MLGCA also concludes that the individual qualifier (principal) satisfies the Gaming Law's qualification criteria in connection with the Manufacturer License Application.

**2) Integrity of financial backers, investors, mortgages, bondholders, and other holders of indebtedness**

Based on our review, there are no material issues involving the known financial backers of the Applicant.

**3) Good character, honesty, and integrity**

MLGCA found that the Applicant possesses the requisite good character, honesty and integrity. No significant issues surfaced concerning the qualifications of the Applicant or its individual qualifier. There were no

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material issues discovered pertaining to the Applicant's record of regulatory compliance or litigation matters.

**4) Sufficient business ability and experience**

The Applicant designs and develops casino floor games. The Applicant is licensed by seven state gaming regulatory authorities and two tribal gaming agencies, and is registered or authorized to do business in eight states. The Applicant's status in those jurisdictions is currently in good standing. The Applicant clearly possesses the requisite business ability and experience.

**5) Potential Disqualifying factors**

The Applicant is not disqualified from being issued a manufacturer license based on any of the criteria listed in SG § 9-1A-08(d). The Applicant is qualified to be awarded a license by the Commission.

**APPLICANT and PRINCIPAL ENTITIES**

The Applicant satisfies the applicable qualification criteria under SG § 9-1A-07(c)(7), and is not disqualified under SG § 9-1A-08(d).

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**PRINCIPAL QUALIFIERS**

We identified the following natural person qualifier (“principal”) who is associated with the Applicant. We conducted an extensive due diligence investigation on the principal, as described in our full report. We found that the principal has satisfied the applicable qualification criteria under SG § 9-1A-07(c)(7), and is not disqualified under SG § 9-1A-08(d).

1. Ronald LaDuca – President / Chief Executive Officer

**CONCLUSIONS and OPINION**

MLGCA’s investigation has confirmed that the Applicant has sufficient financial resources and found no derogatory information regarding the Applicant’s qualifications. Based on the criteria in SG §§ 9-1A-07(c)(7) and 9-1A-08(d), we conclude that the Applicant and its principal has established by clear and convincing evidence their qualifications for a manufacturer license.