

Lottery blunder puts casino contract in doubt

Topeka, Kansas – Recent computer blunders in the Kansas Lottery Pick 3 game could cost international gaming giant Gtech a contract to run the games at the four state-owned casinos.

The Providence, R.I.-based firm manages state lottery and casino data systems for gambling jurisdictions worldwide, including Kansas. In April, the firm was tentatively awarded the state's casino data systems contract.

But Ed Van Petten, Lottery executive director, said that final contract negotiations with Gtech were now at a standstill until the issue is resolved.

„It was defective software, pure and simple,“ Van Petten said Wednesday. „If they can't address software issues in the Lottery system, how do we know they're going to be able to operate a gaming system.“

Van Petten said the data systems contract would cover software for the Lottery's central monitoring system for all casino games. He said there's no deadline for signing a contract.

„I'm not moving forward until I'm satisfied. There is too much at stake for the state to move forward with a knee-jerk reaction,“ Van Petten said.

Gtech spokesman Bob Vincent acknowledged the casino contract issue.

„We believe we will shortly resolve these issues that have come up with Pick 3,“ he told The Kansas City Star for a story in Wednesday's editions.

„We are very confident we can do that to the satisfaction of

the Lottery and renew our discussions with the Lottery about the gaming contract," Vincent said.

A law enacted last year allows for state-owned and -operated resort casinos in Cherokee, Ford, Sumner and Wyandotte counties to be managed by casinos companies. The Lottery would own the games.

As for the Pick 3 problem, „it was a software glitch that happened," Vincent said. „It should have been caught, and it shouldn't have happened."

Lottery officials last week disclosed that Gtech's systems reported the wrong winning numbers in the state's daily Pick 3 drawings on June 29, June 30 and July 1. Officials feared many genuine winning tickets were discarded before the errors were discovered July 2.

Since then, Van Petten said only seven of the 169 rightful winners had claimed their share of USD 23,740 in prizes that should have been awarded. The Lottery also is honoring 136 tickets that were sold with numbers mistakenly reported as the winners.

Van Petten said the blunder had Kansas second-guessing itself on whether Gtech is up to the task of managing data for the casinos.

„We made them the apparent successful bidder" for the casinos contract, said Van Petten. But, he added, „We have not formally awarded anything. We are in the process of requesting further information to verify their capabilities."

The cause of the three-day computer glitch has not been determined, Van Petten said. But Gtech's system has correctly reported every Pick 3 drawing since July 1.

He said Gtech was converting its Kansas system to new software on June 29 when the problem first occurred.

„It was supposed to be better and quicker,“ he said of the new data control software. „But thus far it has been a nightmare.“

The error was detected during the Lottery’s security verification process.

Meanwhile, Van Petten said the state would press Gtech for USD 20,730 in damages for prizes it paid on the incorrect numbers that were announced as winners.

The lottery last year sold USD 5.8 million worth of Pick 3 game tickets, at 50 cents or USD 1 each, depending on the type of wager placed. Daily prizes range from USD 40 to \$ 500.

Since 2006, Gtech has been a subsidiary of the Italian firm Lottomatica S.p.A.

The final award of the state’s casino data systems business is subject to negotiation of a seven-to-10 year contract, and approval by the Kansas Lottery Commission and the Kansas Information Technology Office.

The lone rival bidder was Scientific Games Corp.