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June 3, 2025

VIA FEDERAL EXPRESS

Board of Directors
Wisconsin Amusement & Music Operators, Inc.
380 Terra Cotta Road, Suite F
Crystal Lake, IL 60012

PO Box 14113
Madison, WI 53708

Re: Sale and Operation of Counterfeit Electronic Gaming Devices in Wisconsin

Dear Board Members:

Banilla Games has been a member of Wisconsin Amusement & Music Operators ("WAMO") for approximately 10 years. In recent years, we have witnessed a disappointing explosion in the sale and operation of counterfeit electronic gaming devices at locations throughout Wisconsin. This counterfeiting is being conducted by much of WAMO's membership. When Banilla discussed this problem with certain WAMO members, the members were nonchalant but frank about these illegal activities and described a rampant, state-wide issue. In our survey of the market, every "brand-name" manufacturer of electronic gaming devices—including Aristocrat, Light & Wonder, IGT, and Banilla—is having their games knocked off in Wisconsin.

Banilla takes seriously the counterfeiting of its games and the theft of its intellectual property ("IP"). Over the past three years, Banilla has engaged in an IP enforcement campaign, targeting counterfeiters and distributors of knock-off Banilla devices, including the locations in which those devices were found. Those efforts have been in twelve federal judicial districts across seven states. Of those roughly forty cases, Banilla has obtained multiple "six-figure" judgments and settlements and multiple findings of willful infringement. Moreover, in nearly every case in which Banilla has received a judgment, Banilla has been awarded its attorneys' fees. Banilla has never lost a case.

We write to you to ensure that the WAMO Board gets this message out to its members: Banilla's IP enforcement campaign is coming to Wisconsin; those selling, distributing, operating, and possessing counterfeit Banilla devices are engaging in criminal activities, and we intend to prosecute wrongdoers to the fullest.

These counterfeits create an uneven playing field for legitimate operators who adhere to ethical business practices and respect intellectual property rights. Furthermore, everyone selling, distributing, operating, and possessing counterfeit games in Wisconsin is engaged in, among other things, trademark infringement, unfair competition, copyright infringement, and/or trade secret misappropriation. **This includes locations.** Numerous federal statutes provide Banilla and other IP

owners with remedies against IP infringers. The ongoing activities are also in violation of Wisconsin's civil and criminal laws.

Indeed, for trademark infringement, counterfeiting, and unfair competition, the Lanham Act (15 U.S.C. §§ 1051 *et seq.*) provides for, among other remedies:

- The award of statutory or actual monetary damages to the IP owner, including the disgorgement of the infringer's profits.
- The seizure and destruction of counterfeit goods.
- The tripling of the IP owner's damages for the infringer's willful infringement.
- The infringer paying the IP owner's costs and attorneys' fees.

For copyright infringement, the Copyright Act (17 U.S.C. §§ 501 *et seq.*) provides for, among other remedies:

- The award of actual monetary damages or statutory damages of up to \$150,000 per infringement.
- The impoundment and destruction of infringing devices.
- The award of IP owner's costs and attorneys' fees.

We thank the Board in advance for disseminating this message to the entire WAMO membership.

Please feel free to contact us with any questions regarding the contents of this letter.

Very truly yours,

Banilla Games, Inc.

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cc: Ryan J. Cudnik, Assistant Chief Counsel, IP & Litigation (Banilla Games)
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