Proposed Regulation
Agency Background Document

Agency name	Charitable Gaming Board
Virginia Administrative Code (VAC) citation(s)	11 VAC 15-40
Regulation title(s)	Charitable Gaming Regulations
Action title	Adds provisions for network bingo and clarifies several current provisions
Date this document prepared	November 21, 2014

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Orders 17 (2014) and 58 (1999), and the *Virginia Register Form, Style, and Procedure Manual.*

Brief summary

Please provide a brief summary (preferably no more than 2 or 3 paragraphs) of the proposed new regulation, proposed amendments to the existing regulation, or the regulation proposed to be repealed. Alert the reader to all substantive matters or changes. If applicable, generally describe the existing regulation.

The proposed regulations establish a new type of gaming license for providers of a new type of bingo game called “network bingo” and technical standards for the equipment and software that will be used to conduct “network bingo”. Four articles have been added to the existing regulations and are now “Part V-Network Bingo”. These new articles establish various requirements, including provisions regarding: 1) network bingo provider applications, qualifications, suspensions, revocation or refusal to renew permit, maintenance, and production of records; 2) approval of equipment; 3) location of equipment; 4) communication and network requirements; 5) backup and recovery; 6) security requirements; 7) randomization; 8) point of sale terminals; and 9) game play requirements.

Acronyms and Definitions

Please define all acronyms used in the Agency Background Document. Also, please define any technical terms that are used in the document that are not also defined in the "Definition" section of the regulations.

- "Board" means the Charitable Gaming Board
- "Charitable gaming statute" means Article 1.1:1 of Chapter 8 of Title 18.2 of the *Code of Virginia*.
- "Department" means the Virginia Department of Agriculture and Consumer Services.
- "RNG" means random number generator.

Legal basis

Please identify the state and/or federal legal authority to promulgate this proposed regulation, including: 1) the most relevant citations to the Code of Virginia or General Assembly chapter number(s), if applicable; and 2) promulgating entity, i.e., agency, board, or person. Your citation should include a specific provision authorizing the promulgating entity to regulate this specific subject or program, as well as a reference to the agency/board/person's overall regulatory authority.

Section 18.2-340.15 of the *Code of Virginia* authorizes the Charitable Gaming Board to prescribe regulations and conditions under which charitable gaming is to be conducted in Virginia. Chapters 36 and 350 of the 2013 Acts of Assembly amended the charitable gaming statute to require the Board to adopt regulations pertaining to a new bingo game called "network bingo."

On September 9, 2014, the Board voted to propose the necessary amendments to 11 VAC 15-40, Charitable Gaming Regulations.

Purpose

Please explain the need for the new or amended regulation. Describe the rationale or justification of the proposed regulatory action. Describe the specific reasons the regulation is essential to protect the health, safety or welfare of citizens. Discuss the goals of the proposal and the problems the proposal is intended to solve.

Chapters 36 and 350 of the 2013 Acts of Assembly amended the charitable gaming statute to require the Board to adopt regulations pertaining to a new bingo game called "network bingo". This regulatory action is intended promulgate the required network bingo regulations. This action also seeks to amend provisions of the current regulations that need clarification.

Substance

Please briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both. A more detailed discussion is provided in the "Detail of changes" section below.

Chapters 36 and 350 of the 2013 Acts of Assembly amended the charitable gaming statute to require the Board to adopt regulations that prescribe the conditions under which organizations may conduct network bingo. These regulations will also establish a percentage of the proceeds derived from network bingo

sales that must be allocated to (i) prize pools, (ii) the organization conducting the network bingo, and (iii) the network bingo provider. The regulations will establish procedures for retaining and the ultimate distribution of any unclaimed prize.

This regulatory action will also include amendments to clarify existing provisions in the regulations in order to address questions that have arisen subsequent to November 2012, when 11 VAC 15-40 *et seq.* became effective.

Issues

Please identify the issues associated with the proposed regulatory action, including: 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions; 2) the primary advantages and disadvantages to the agency or the Commonwealth; and 3) other pertinent matters of interest to the regulated community, government officials, and the public. If there are no disadvantages to the public or the Commonwealth, please indicate.

Network bingo is intended to provide charitable gaming organizations with a new option to stimulate greater attendance at their gaming events and increase gaming revenues.

Special interest groups that are concerned with the expansion of gaming in the Commonwealth typically monitor the progress of all regulations pertaining to charitable gaming. The department is not aware of specific concerns with the proposed regulations.

This regulatory action poses no disadvantages to the public or the Commonwealth.

Requirements more restrictive than federal

Please identify and describe any requirement of the proposal which is more restrictive than applicable federal requirements. Include a rationale for the need for the more restrictive requirements. If there are no applicable federal requirements or no requirements that exceed applicable federal requirements, include a statement to that effect.

No applicable federal requirements exist.

Localities particularly affected

Please identify any locality particularly affected by the proposed regulation. Locality particularly affected means any locality which bears any identified disproportionate material impact which would not be experienced by other localities.

No locality will bear a disproportionate material impact from the proposed changes to the regulations

Public participation

Please include a statement that in addition to any other comments on the proposal, the agency is seeking comments on the costs and benefits of the proposal and the impacts of the regulated community.

In addition to any other comments, the Board is seeking comments on the costs and benefits of the proposal and the potential impacts of this regulatory proposal. Also, the Board is seeking information on impacts on small businesses as defined in § 2.2-4007.1 of the Code of Virginia. Information may include 1) projected reporting, recordkeeping and other administrative costs, 2) probable effect of the regulation on affected small businesses, and 3) description of less intrusive or costly alternative methods of achieving the purpose of the regulation.

Anyone wishing to submit written comments for the public comment file may do so by mail, email or fax to:

Laura Hare,
Policy Analyst
VDACS, Division of Consumer Protection
PO Box 1163
Richmond, VA 23218
Laura.Hare@vdacs.virginia.gov
Fax: 804-371-7479

Comments may also be submitted through the Public Forum feature of the Virginia Regulatory Town Hall web site at: http://www.townhall.virginia.gov. Written comments must include the name and address of the commenter. In order to be considered, comments must be received by 11:59 pm on the last day of the public comment period.

A public hearing will be held following the publication of this stage and notice of the hearing will be posted on the Virginia Regulatory Town Hall website (**http://www.townhall.virginia.gov**) and on the Commonwealth Calendar website (https://www.virginia.gov/connect/commonwealth-calendar). Both oral and written comments may be submitted at that time.

Economic impact

Please identify the anticipated economic impact of the proposed new regulations or amendments to the existing regulation. When describing a particular economic impact, please specify which new requirement or change in requirement creates the anticipated economic impact.

Projected cost to the state to implement and enforce the proposed regulation, including: **a) fund source / fund detail; and** **b) a delineation of one-time versus on-going expenditures**	The department currently has field personnel whose duties include the inspection of permitted charitable organizations. These inspectors can monitor the initial deployment to ensure compliance with the regulations. The department does not anticipate additional costs to enforce the proposed amendments.
Projected cost of the new regulations or changes to existing regulations on localities.	Localities will not incur costs as a result of the proposed regulations.
Description of the individuals, businesses, or other entities likely to be affected by the new regulations or changes to existing regulations.	Qualified charitable gaming organizations that elect to offer network bingo, as well as the providers that offer the required equipment and services, will be affected by the proposed regulations.
Agency's best estimate of the number of such	Currently, there are approximately 330 charitable

entities that will be affected. Please include an estimate of the number of small businesses affected. Small business means a business entity, including its affiliates, that: a) is independently owned and operated and; b) employs fewer than 500 full-time employees or has gross annual sales of less than $6 million.	organizations that are permitted to conduct gaming. There is no historical information to estimate how many network bingo providers will enter the market, but the department estimates that the majority of the network bingo providers are small businesses. The proposed amendments will allow organizations to offer network bingo to its players and will allow providers to offer equipment to support this new gaming activity.
All projected costs of the new regulations or changes to existing regulations for affected individuals, businesses, or other entities. Please be specific and include all costs including: **a) the projected reporting, recordkeeping, and other administrative costs required for compliance by small businesses; and** **b) specify any costs related to the development of real estate for commercial or residential purposes that are a consequence of the proposed regulatory changes or new regulations.**	Network bingo would be an entirely new bingo offering in Virginia, and charitable gaming organizations will not be required to offer network bingo to their gaming patrons. Organizations that choose to do so would need to contract with registered suppliers to secure the required equipment. There is no historical information to estimate how much providers will charge the organizations for the equipment to support network bingo and for the maintenance of such equipment, or how those costs would be passed on to the gaming patrons. There are no real estate development costs associated with these regulations.
Beneficial impact the regulation is designed to produce.	Charitable gaming organizations will have a new avenue to promote greater attendance at their gaming events and increase their revenue

Alternatives

Please describe any viable alternatives to the proposal considered and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the action. Also, include discussion of less intrusive or less costly alternatives for small businesses, as defined in § 2.2-4007.1 of the Code of Virginia, of achieving the purpose of the regulation.

The promulgation of charitable gaming regulations governing network bingo is required by Chapters 36 and 350 of the 2013 Acts of Assembly; therefore, no alternatives to this proposed action exist.

Regulatory flexibility analysis

Pursuant to § 2.2-4007.1B of the Code of Virginia, please describe the agency's analysis of alternative regulatory methods, consistent with health, safety, environmental, and economic welfare, that will accomplish the objectives of applicable law while minimizing the adverse impact on small business. Alternative regulatory methods include, at a minimum: 1) the establishment of less stringent compliance or reporting requirements; 2) the establishment of less stringent schedules or deadlines for compliance or reporting requirements; 3) the consolidation or simplification of compliance or reporting requirements; 4) the establishment of performance standards for small businesses to replace design or operational standards required in the proposed regulation; and 5) the exemption of small businesses from all or any part of the requirements contained in the proposed regulation.

The promulgation of charitable gaming regulations governing network bingo is required by Chapters 36 and 350 of the 2013 Acts of Assembly. The proposed regulations have been written at the lowest level of

complexity possible while still fulfilling the requirements of Chapters 36 and 350 of the 2013 Acts of Assembly. The proposed regulations have been written to accomplish the objective of the Chapters 36 and 350 while minimizing the adverse impact on small business.

Periodic review and small business impact review report of findings

If this NOIRA is the result of a periodic review/small business impact review, use this NOIRA to report the agency's findings. Please (1) summarize all comments received during the public comment period following the publication of the Notice of Periodic Review and (2) indicate whether the regulation meets the criteria set out in Executive Order 17 (2014), e.g., is necessary for the protection of public health, safety, and welfare, and is clearly written and easily understandable. In addition, as required by 2.2-4007.1 E and F, please include a discussion of the agency's consideration of: (1) the continued need for the regulation; (2) the nature of complaints or comments received concerning the regulation from the public; (3) the complexity of the regulation; (4) the extent to the which the regulation overlaps, duplicates, or conflicts with federal or state law or regulation; and (5) the length of time since the regulation has been evaluated or the degree to which technology, economic conditions, or other factors have changed in the area affected by the regulation.

The promulgation of charitable gaming regulations governing network bingo is required by Chapters 36 and 350 of the 2013 Acts of Assembly. The department received no response to the NOIRA Agency Background Document announcement that a small business impact review was being conducted. The proposed regulations have been written at the lowest level of complexity possible while still fulfilling the requirements of Chapters 36 and 350 of the 2013 Acts of Assembly. The proposed amendments do not overlap, duplicate, or conflict with federal or state law or regulations. The regulations were last evaluated on November 7, 2012. The evaluation consolidated the existing charitable gaming regulations and established guidelines for electronic games of chance. These guidelines specifically addressed the changing nature of technology within the charitable gaming industry and expanded the variety of gaming avenues to promote greater attendance at their gaming events and increase their revenue. The proposed amendments have the same goal.

Public comment

Please summarize all comments received during the public comment period following the publication of the NOIRA, and provide the agency response.

Commenter	Comment	Agency response
Don Ferguson, Virginia Extreme Force	-Questioned how all groups can know they will have a fair share at the profits from network bingo. -Expressed belief that a regularly scheduled program where all bingo halls, businesses, and homes could turn on and watch would be the fair way to approach network bingo. -Recommended adding other incentives connected with the time of day and the day of the week they are bought in order to give all	-The proposed regulations require the gross receipts from the sale of network bingo cards be allocated in the following manner: 1) up to 50% of the receipts to the organization selling the network bingo cards; 2) up to 50% of the receipts to the network bingo prize pool; and 3) any remaining amount to the network bingo provider. Charitable gaming organizations will have the option to conduct network bingo, which will provide charitable gaming organizations a new and unique opportunity to promote greater attendance at their gaming events. The proposed gross receipts allocation ranges would allow any

	sessions across the State ample sales opportunities. -Expressed belief that, should a certain percentage of each sale go to the group that sold it, then a bonus amount should go to the hall in which it was bought. This would increase the sales of this game and would encourage all halls and groups to participate.	organization wishing to participate in network bingo to negotiate with the network bingo provider the percentage of receipts that may be retained by the organization.
John Adams, Applied Concepts Inc. DBA Electronic Bingo Systems Inc.	-Expressed technology concerns but states that network bingo technologies are well established and there shouldn't be major problems when establishing a network in the Commonwealth. -Recommended items of consideration: access and general security of network bingo systems; player-owned devices e.g. smartphones, tablets, etc. as a viewing device; use of Random Number Generation System (RNG) instead of standard ball blowing machine; end user participation in sessions of play; point-of-sale (POS) and reporting requirements; POS station links within the network or end users in order to track bingo cards in play; ways in which users may purchase bingo cards or packages; means by which verifications of a winner is completed; manner by which winnings are paid to players; means by which game information is announced; and prevention of client terminals accessing network bingo system physical or internet sites. -Expressed concerns of implementation of network bingo systems as a result of rules related to non-technical issues. -Recommended that network bingo systems be set up in a way that makes it easy for the end users to join and participate. -Recommended additional items to consider: not all organizations play at the same time and commercial lessors' advantage; commercial	-The proposed regulations directly address issues of security in many aspects of network bingo; those security requirements are outlined in 11 VAC 15-40-490, Security requirements. Additional requirements include: required recalls of equipment with defects which affect game security; and required employment of security process that complies with the Federal Information Processing Standards 140-2 for wireless networks. -The proposed regulations establish testing criteria for all equipment used to perform network bingo in order to ensure the standards of integrity established by the department. Any random number generation, shuffling, or randomization of network bingo cards used in connection with a network bingo system must be by use of a random number generation application that has successfully passed standard tests for randomness and unpredictability outlined in the proposed regulations. -The proposed regulations establish reporting requirements for specific data, including financial data, to ensure the standards of integrity established by the department. -The proposed regulations outline game play requirements, including: network bingo card purchases; independent supervisory verification of game outcome; and announcement and distribution of prizes. -Charitable gaming organizations will have the option to conduct network bingo, which will provide charitable gaming organizations a new and unique opportunity to promote greater attendance at their gaming events. -The department does not dictate the exact contents of agreements between charitable

	lessors shouldn't be able to force organizations to participate in network bingo; commercial leasers shouldn't be involved in the financial transaction of the network bingo system; network bingo system providers should allow organization to select convenient times and day for play; limitation on prize payouts and number of members/players in a network bingo system at one time; multiple providers of network bingo systems should enter the market; and providers must be allowed to set up multiple networks of bingo to accommodate scheduling. - Recommended that means by which funds are collected and paid out must be examined carefully. -Questions how a sample situation is to be handled. -Questions what would happen if end users didn't pay for participating. -Expressed that credit and debit card processors may view network bingo as internet gaming and automatically block processing. -Expressed belief that rules are necessary to govern network failure situations.	organizations and the companies with which they choose to contract. -Maximum prize value is specified by the Code of Virginia. The proposed regulations require that documentation be maintained by network bingo provider in regards to all deposits into and disbursements from the prize pool for the network bingo game. - Under the example situation, the proposed regulations establish a percentage of the gross receipts collected by each of the organizations will be transmitted to the network bingo provider for the prize pool and charges associated with the network bingo game. The remaining amount of receipts will be retained by the organization. If a player wins a network bingo game, then the network bingo provider will be responsible for paying the player the winning prize amount. - According to Section 18.2-340.28:1 of the Code of Virginia, organizations may not accept credit as payment for bingo or related activities. According to Section 18.2-340.27 of the Code of Virginia, it is permissible for organizations to accept debit as a form of payment if they choose to do so. -The proposed regulations establish guidelines for network bingo system backup and recovery.
Marty Williams, State President, Fraternal Order of Police of Virginia	-Expressed that network bingo can be an access in which groups can participate. Suggests that if the game and regulation of it are attractive then groups will take advantage. -Recommended that the money spent by players be removed from the normal "gross receipts audit fee". -Questioned how one group can be responsible to all of the receipts into a 'pool' event and how one group can pay out a winning ticket if the group doesn't have the funds to award the prize. -Expressed belief that prizes need	-Charitable gaming organizations will have the option to conduct network bingo, which will provide charitable gaming organizations a new and unique opportunity to promote greater attendance at their gaming events. -Section 18.2-340.19 of the Code of Virginia requires that a percentage of an organization's gross receipts be used towards charitable purposes. The statute defines gross receipts as the total amount of money generated by an organization from charitable gaming before the deduction of expenses, including prizes. Any receipts generated by the organization from the selling of network bingo cards will be subject to the use of proceeds requirement. The requirement that use of proceeds be determined by the gross receipts is a statutory

	to be paid out of a centralized fund. -Questioned who will handle this centralized fund. -Questioned if proceeds fall under the "use of proceeds" regulations for the groups. -Expressed concerns with audit fees and use of proceeds.	requirement; the suggested change cannot be made through the regulatory process. -The proposed regulations establish that the centralized prize pool will be administered by the network bingo provider. -The proposed regulations establish a percentage of the gross receipts generated by each of the organizations will be transmitted to the network bingo provider for the prize pool and charges associated with the network bingo game. The remaining amount of receipts will be retained by the organization. If a player wins a network bingo game, then the network bingo provider will be responsible for paying the player the winning prize amount. -The audit and administration fee is prescribed by statute and set by the Board. It is not prescribed in the regulations and, as such, cannot be eliminated through the regulatory process.
James Robertson, Gaming Arts, LLC	Gaming Arts provided input regarding a variety of issues related to network bingo as summarized below. -Recommended network bingo game providers and qualified organizations should be allowed to use a certified RNG; technical standards for certification of RNG should be included in regulations; and use of certified RNG will enhance security and integrity of network bingo games. -Recommended that qualified organizations participating in network bingo should be permitted to pre-sell network bingo cards. Gaming Arts believes that this is necessary to maximize participation in network bingo games and promote success of such games. -Recommended that participating organizations cannot be expected to have enough funds on hand to pay network bingo prizes, up to $25,000. The rules should permit organizations and/or network bingo providers to pay verified winners within a calendar week. This will allow enough time for game wins to be verified by the network bingo	-The proposed regulations establish testing criteria for all equipment used to perform network bingo in order to ensure the standards of integrity established by the department. Any random number generation, shuffling, or randomization of network bingo cards used in connection with a network bingo system must be by use of a random number generation application that has successfully passed standard tests for randomness and unpredictability outlined in the proposed regulations. -The charitable gaming statute requires that network bingo cards be sold during the organization's permitted bingo game. -The proposed regulations establish that the centralized prize pool will be administered by the network bingo provider. -The proposed regulations establish the maximum percentages for the allocation of network bingo gross receipts.

	provider and for the "pooled" funds to be aggregated and accounted. -Recommended that the allocation for the prize pools by the network bingo provider should be left to the discretion and mutual agreement of the organizations and network bingo providers.	

The department received three additional comments in response to a similar Notice of Intended Regulatory Action that was withdrawn on September 12, 2013 after the public comment period ended.

Commenter	Comment	Agency response
Thomas Patchin, Corporate Vice President of Marketing, Gaming Arts, LLC.	-Recommended one dollar to be the cost per ticket. -Recommended every day (or every specified day) at a specific time numbers are drawn until at least one winning ticket is established. -Recommended winning numbers be displayed at each bingo hall as well as on designated website and place scanners at bingo halls to determine a winning ticket. -Recommended that if there are multiple winning tickets, the winners share the prize of that day or session. -Recommended that if the prize for a day or session exceeds $25,000, the excess is added to the following day or session's prize pool. -Recommended players be allowed to buy tickets at a participating organization. -Recommended each ticket purchased is entered into the next drawing. -Recommended players go to a website designated by a participating organization to see the winning numbers and the prize amounts for each day or each session. -Recommended each participating organization offer a network bingo game as often as specified by the	-The proposed regulations require network bingo providers to document each sale of network bingo supplies, such as the selling price per card. -The department does not dictate the exact contents of agreements between charitable organizations and the companies with which they choose to contract. -The proposed regulations establish that "house rules" for the network bingo game shall be adopted by a mutual agreement among all of the organizations participating in a particular network bingo or by the network bingo provider. -The proposed regulations do not specify the number of network bingo games that may be played. -The proposed regulations require that all equipment used to perform network bingo be physically located within the boundaries of the Commonwealth. -The proposed regulations require that network bingo system components are linked with one another in a network and that communication protocols shall be used to ensure that erroneous data and signals will not affect the operations or any system components.

	regulations and the economics of the game. -Recommended each participating organization open a designated bank account to deposit its ticket sales into. - Recommended each participating organization be responsible for its own accounting and reporting. -Recommended each participating organization be given access to a system to produce ticket sale reports. -Recommended that the network structure be hosted at a location approved by state regulators and that each POS is connected to the network structure through dedicated internet cable lines to create a VPN connection.	
Mark Newton, Powerhouse Gaming	-Expressed concerns regarding the current use of proceeds based on gross sales making the use of electronic pull tabs impractical for charitable organizations. -Expressed concern regarding manufacturers of bingo supplies and distributors of electronic pull tabs not being registered with the Commonwealth.	-Section 18.2-340.19 of the Code of Virginia requires that a percentage of an organization's gross receipts be put towards charitable purposes. Because the requirement that use of proceeds be determined by gross receipts is a statutory requirement, the suggested changes to the Code of Virginia cannot be made through the regulatory process. -No statutory authority to regulate manufacturers of bingo supplies exists. Manufacturers of electronic pull-tabs and suppliers are required to obtain a license prior to distributing a system or any other charitable gaming supplies.
Sonya Huscroft, VKGS, LLC. DBA Video King	-Recommended allowing alternative methods for progressive games to progress. -Recommended flexibility in the number of bingo games that can be played in a bingo session and specified period in which games must be played.	-Chapter 429 of the 2010 Acts of Assembly amended the charitable gaming statute by permitting organizations to play six progressive games per session. The statute requires that the progressive games include a component related to the number of balls called. Chapter 429 also limited to 55 the number of bingo games that may be played during a session. Changes to the Code of Virginia cannot be made through the regulatory process.

Family impact

Please assess the impact of this regulatory action on the institution of the family and family stability including to what extent the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.

The proposed regulatory action will have no impact on the institution of the family and family stability.

Detail of changes

*Please list all changes that are being proposed and the consequences of the proposed changes; explain the new requirements and what they mean rather than merely quoting the proposed text of the regulation. If the proposed regulation is a new chapter, describe the intent of the language and the expected impact. Please describe the difference between existing regulation(s) and/or agency practice(s) and what is being proposed in this regulatory action. If the proposed regulation is intended to replace an emergency regulation, please list separately: (1) all differences between the **pre**-emergency regulation and this proposed regulation; and 2) only changes made since the publication of the emergency regulation.*

Current section number	Proposed new section number, if applicable	Current requirement	Proposed change, intent, rationale, and likely impact of proposed requirements
11 VAC 15-40-10	N/A	Definitions from the Charitable and Gaming Rules and Regulations	These definitions have been updated to reflect legislative changes that allow for the addition of network bingo to the Virginia realm of charitable gaming. The proposed definition section also includes expanded definitions needed to clarify the portions of the regulations pertaining to network bingo.
11 VAC 15-40-30	N/A	Permit application process	This section reflects changes needed due to Chapters 36 and 350 of the 2013 Acts of Assembly, which allowed network bingo. The addition of specific language in regards to the permit application process was necessary. The phrase "network bingo providers or manufacturers" has been inserted where appropriate.
11 VAC 15-40-50	N/A	Conduct of bingo, instant bingo, pull-tabs, seal cards, event games, network bingo, and raffles	This section reflects changes needed due to Chapters 36 and 350 of the 2013 Acts of Assembly, which allowed network bingo. The phrases "network bingo providers, or manufacturers", "network bingo cards", and combinations of those phrases have been inserted throughout where appropriate. Subsection S. References the relationship between network bingo card sales time and an organization's charitable gaming permit. Subsection V. References the game

			program's required listing of percentage of gross receipts from network bingo cards allocated to the prize pool and the maximum allowable prize amount for network bingo. Subsection AA. Clarifies what is already stated in the charitable gaming statute. The organizations may rent, lease, or purchase charitable gaming, network bingo, or electronic pull-tab supplies from permitted companies: charitable gaming suppliers, network bingo providers, or a manufacturer or supplier respectively.
11 VAC 15-40-60	N/A	Rules of play	The proposed "Rules of play" section outlines that the adoption of "house rules" for network bingo games shall be a mutual agreement among all of the organizations participating or by the network bingo provider. Players participating in network bingo who have purchased network bingo cards do not have to be physically present at the location where the bingo numbers for a game are drawn to play the game or claim the prize. No one involved in the conduct of bingo may play bingo, play network bingo, or purchase network bingo cards at any session they have worked or intend to work.
11 VAC 15-40-70	N/A	Bank accounts	The proposed change to this section is intended to clarify how expenses related to network bingo may be disbursed. An electronic fund transfer from an organization to a network bingo provider must occur under a mutually agreed upon written arrangement, which is required prior to any transfer occurring between the two parties. The phrase "network bingo games" has been inserted where appropriate.
11 VAC 15-40-80	N/A	Recordkeeping	This section reflects changes needed due to Chapters 36 and 350 of the 2013 Acts of Assembly, which allows for network bingo. The phrases "or network bingo supplies" and "or network bingo cards" have been inserted where appropriate. This section reflects a change in the name of bingo managers to game managers.
11 VAC 15-40-110	N/A	Requirements regarding renting premises, agreements, and landlord participation	This section reflects changes needed due to Chapters 36 and 350 of the 2013 Acts of Assembly, which allows for network bingo. The phrases "network bingo provider" and "network bingo cards" have been inserted where appropriate. The

			phrase “charitable gaming” has also been inserted where appropriate.
11 VAC 15-40-120	N/A	Suppliers of charitable gaming supplies: application, qualifications, suspension, revocation or refusal of new permit maintenance, and production of records	This section reflects changes needed due to Chapters 36 and 350 of the 2013 Acts of Assembly, which allows for network bingo. The phrase “network bingo provider” has been inserted where appropriate. The U.S. Department of Justice has replaced the U.S. Department of Justice Gambling Devices Registration Unit. The word “organization” has replaced the term “OCG” when describing the unique indentifying number assigned by the department to an organization and “organization number” has been inserted where appropriate in accordance with the “Definition” section. “Charitable gaming” has replaced “bingo” to describe supplies. The clause regarding the department’s 10 business days to inform manufacturers of either approving or disapproving submission of their electronic bingo devices has been removed. The department is unable to guarantee this deadline due to numerous factors that may surface during the review process and that could be out of the department’s control.
11 VAC 15-40-130	N/A	Construction and other standards for bingo, instant pull-tabs, seal cards, raffles, electronic bingo devices, and instant bingo, pull-tab, and seal card dispensers	“Charitable gaming” has replaced “bingo” to describe supplies. “Session” has replaced the phrase “bingo game” in regards to raffle tickets used independent of session. These changes have been made in order to promote consistency of language throughout the statute and regulations.
11 VAC 15-40-147	N/A	Manufacturers of electronic games of chance systems: application, qualifications, suspension, revocation or refusal to renew permit, maintenance, and production of records	This section reflects changes needed due to Chapters 36 and 350 of the 2013 Acts of Assembly, which allows for network bingo. The phrase “network bingo provider” has been inserted where appropriate. The U.S. Department of Justice has replaced the U.S. Department of Justice Gambling Devices Registration Unit. The word “organization” has replaced the term “OCG” when describing the unique identifying number that is assigned to an organization and “organization number” has been inserted where appropriate in accordance with the “Definition” section. The addition of the word “rents” coincides with 11 VAC 15-40-50 AA.
11 VAC 14-40-150	N/A	Approval of distrusted pull-tab systems, validation systems, point-of-sale stations, and	The clause regarding the department’s 10 business days to inform manufacturers of either approving or disapproving their

		redemption terminals; approval of game themes and sounds	electronic pull-tab system submission has been removed. The Department is unable to guarantee this deadline due to numerous factors that may surface during the review process and that could be out of the Department's control.
11 VAC 15-40-420	11 VAC 15-40-600	Procedural rules for the conduct of fact-finding conferences and hearings	This section has been relocated so that this section will reflect changes needed due to Chapters 36 and 350 of the 2013 Acts of Assembly, which allows for network bingo.
11 VAC 15-40-430	11 VAC 15-40-610	Reporting violations	This section has been relocated so that this section will reflect changes needed due to Chapters 36 and 350 of the 2013 Acts of Assembly, which allows for network bingo. The phrase "and network bingo provider" has been inserted where appropriate. Form 301 has been removed from the regulations because it is no longer in use.
N/A	11 VAC 15-40-440	Network bingo providers: applications, qualifications, suspension, revocation or refusal to renew permit, maintenances, and production of records	The intent of this section is to set forth requirement for network bingo providers' operation in the Commonwealth.
N/A	11 VAC 15-40-450	Approval of equipment used to perform network bingo	The intent of this section is to ensure the integrity and security of components of network bingo systems through set manufacturing and testing criteria and series of continued inspections.
N/A	11 VAC 15-40-460	Location of equipment	The intent of this section is to ensure that all equipment used to perform network bingo remains physically located within the Commonwealth.
N/A	11 VAC 15-40-470	Communications and network requirements	The intent of this section is to ensure that the integrity and security of the game is upheld through data communication protocols, secure connections between all components of the network bingo system, secure encryption keys, and a set of minimum standards for wireless networks.
N/A	11 VAC 15-40-480	Backup and recovery	The intent of this section is to ensure that the integrity and security of the game is upheld through secure storage of data for the network bingo games, data storage requirements, database storage on redundant media, and implementation of a backup plan in the event of catastrophic failure.
N/A	11 VAC 15-40-490	Security requirements	The intent of this section is to ensure that the integrity and security of the game is upheld through specific security requirements in which it is not permitted to alter any significant information,

			password protection is required, and security checks are performed.
N/A	11 VAC 15-40-500	Randomization	These requirements ensure the integrity and security of the network bingo game by requiring randomization of the numbers generated on the network bingo system is completed by a random number generation application that has successfully passed standard tests for randomness and unpredictability.
N/A	11 VAC 15-40-510	Point of sale terminal	This section provides the option of using a point of sale terminal to facilitate electronic gaming transactions. The provisions of this section are intended to ensure the integrity and security of the point of sale terminal.
N/A	11 VAC 15-40-520	Game play requirements	This section is intended to ensure the integrity of the player's interaction with a network bingo card selling device, require an onsite independent supervisor, ensure organizations participating in network bingo comply with § 18.2-340.28:1 F of the Code of Virginia, establishes the allocation of gross receipts from the sale of network bingo cards, ensure specific duration of contracts between network bingo provider and qualified organization, ensure network bingo prizes are claimed within a specific timeframe, establish procedures for retaining and ultimate distribution of any unclaimed prize, and ensure prizes do not exceed limitation set forth in § 18.2-340.28:1 I.