

DRAFT MINUTES

Charitable Gaming Board
State Capitol Building – One Capitol Square
First Floor - House Room 1
December 14, 2010 – 10:00 a.m.

Call To Order

Chairman Fields called the meeting to order at 10:00 a.m. and asked other Board members if there were any items of business that needed to be added to the agenda.

The Chairman asked Ms. Trent to call the roll to confirm that a quorum was present.

Members Present:

Donald R. Fields, Chair
C. D. Crouch
Wesley I. Crowder
Ruth Modlin Ellett
Michael Sheffield

Members Absent:

Clay L. Dawson
Randy Green
Renee Maxey Trent
Delores E. Ray Wilson, Ph.D.

Staff Present:

Andres Alvarez, Director, Division of Consumer Protection
Tom Clarke, Manager of Enforcement and Inspections, Office of Charitable Gaming
Kay Cholko, Auditing Team Leader, Office of Charitable Gaming
Roz Trent, Special Assistant, Office of Charitable Gaming
Attorney General's Office Staff Present:
Amy K. Dilworth, Assistant Attorney General

Approval of Minutes

The Chair asked for a motion to approve the draft minutes of the September 14, 2010 Board meeting. A motion was made and seconded that the minutes be approved unanimously.

A draft copy (Version 2.0) of the Virginia Department of Agriculture and Consumer Services, Office of Charitable Gaming Electronic Versions of Instant

Bingo or Pull-Tab System and Player Devices was distributed to Board members for their review.

Mr. Alvarez informed the Board that two new members had been appointed effective July 1, 2010: Mr. Randy Green (representing bingo suppliers) and Ms. Renee Maxey Trent (citizen member). Neither of the two members were present.

Mr. Alvarez informed the Board that Mr. J. Carlton Courter, III had been selected as the new program manager for the Office of Charitable Gaming. Mr. Courter introduced himself and expressed his anticipation in working with Board members.

As part of the state budget reduction strategy, Mr. Alvarez informed the Board that a decision had been made to do away with the previous bingo manager/bingo caller online system. With this system, there were fewer than 150 registrants. This reduction strategy resulted in a \$70K savings.

In addition, the Office of Charitable Gaming has been moved from the James Monroe Building to the Oliver Hill Building. This move resulted in rental savings of \$32K+ per year. The move was delayed due to the moving of the lektrievers. An agreement was signed with the Department of Correctional Enterprises to scan paper files located in the lektrievers to electronic files.

There has been positive feedback received on the redesigned Office of Charitable Gaming website. The new design provides easier access for constituents in accessing needed information.

There has been both positive and negative feedback concerning the elimination of the Winner Take All game. Mr. Alvarez anticipates that there will be legislation introduced in the upcoming legislative session to reinstate this game. The Office has no financial data available to substantiate whether or not this will be a good or a bad move.

Operational Updates

Inspections:

Staff conducted 282 inspections from June 9th through September 13th. This is approximately 47 inspections per inspector per quarter, which continues to rise above the performance measure of 40 inspections.

Enforcement & Inspections:

Several criminal investigations are headed to the Grand Jury in the next couple of months. Depending on progress, more information will be shared at the next board meeting.

Auditing:

Auditors are currently attending games and having face-to-face audits with organizations. This process allows for face/name recognition and provides opportunities for auditing team to serve as consultants to organizations, and provide guidance, when needed.

Training of audit procedures and charitable gaming rules and regulations is on-going with the three additional auditors.

The audit team has issued 34 audits from June 9th through September 13th.

142 organizations are currently filing on-line.

Currently, approximately 31% of organizations file on-line.

462 organizations have already filed or should be filing their 2nd quarter financial report.

Licensing:

The licensing unit has issued 111 organization permits, including six new organizations, as well as permit renewal requests for permitted organizations and suppliers.

There is currently no backlog in permits. The turn-around time for properly completed applications is 35 days.

The unit has set up 24 individuals to file financial reports online (representing 18 organizations).

9 organizations have terminated their gaming activities since the last board meeting.

Regulations

A draft document has been prepared by GLI consisting of technical language that suppliers can use to roll out the introduction of electronic pull tabs. Mr. Alvarez stated that he has received positive feedback, and believed that acquiring experts to work on this document was a good move. He stated that Virginia is a pioneer in this effort, as there was no other framework to use as an example, and that the Commonwealth will gain nationwide recognition in this arena.

2011 General Assembly

Mr. Alvarez stated that there is a possibility that bills may be introduced to reinstate the Winner Take All Game.

To date, no bills have been introduced to eliminate the Office of Charitable Gaming, nor have any bills been introduced that have negative impacts on the

authority of the Board. There are many boards being evaluated by the Commission on Government Reform for possible elimination. Information has been provided to the Commission regarding costs to operate the Board; however, staff is still waiting on the full report.

Chairman Fields stated that he was aware of concerns regarding the Board, but believed that the Board was on target.

New Business

Chairman Fields reminded members that the next meeting of the Charitable Gaming Board will be held on Tuesday, March, 8, 2011. Members will be advised of the location.

Public Comment

Mr. Lane Kneedler, International Bingo, expressed his support for the continuation of the Charitable Gaming Board, as the Board provides a valuable service.

He thanked staff for the work done on the draft regulations; however, expressed concerns with several technical issues in the draft, which he would pass on to staff (i.e. maximum payout of 75% and innovations and sounds).

Mr. Kneedler stated that he had hoped that the regulations as proposed would have been adopted at the December 14th meeting and that the formal process would begin. He asked that the Board adopt the regulations as proposed and have them publicized to move the process along.

Mr. Alvarez stated that he had sought guidance from the policy staff regarding this request. He stated that the Board could not take action on the proposed regulations, as the document was in "draft" stage. He stated that staff will work to have final language that will address all core components of the proposed regulations, namely supplies, gaming and electronic pull tabs.

Mr. Marty Williams, FOP, expressed concerns regarding auditing fees. He stated that the organizations are unable to give to charities due to the amount of audit fees assessed. He asked that the Board look into reducing the amount of fees charged by the Office of Charitable Gaming for auditing purposes.

Mr. Alvarez stated that the audit fees are established by the Board and that none of the monies were used to operate the Office of Charitable Gaming, and that every fee, by statute, goes to the state's general fund. He suggested that staff could provide a "what if" scenario, looking at fees that were set over the past six years. Chairman Fields asked staff to provide such a scenario.

Mr. Alvarez emphasized that since the Board is appointed by the Governor, that possibly every action that reviews revenue should be looked at. The Office of

Charitable Gaming is neutral, but will provide recommendations based on the recommendations of the Policy Office and the Office of the Governor.

Adjournment

There being no further business, meeting adjourned at 10:45 a.m.

Respectfully submitted,

Roz Trent
Special Assistant, Office of Charitable Gaming