

DRAFT MINUTES

Charitable Gaming Board
Virginia Department of Alcoholic Beverage Control
Hearings and Appeals Room
2901 Hermitage Road, Richmond, Virginia
September 14, 2010

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
Clay L. Dawson
Christina Eaton
Michael Sheffield
Linwood Williams
Delores E. Ray Wilson, Ph.D.

Members Absent:

Ruth Modlin Ellett

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 June 8, 2010 Board meeting. A motion was made and seconded that the minutes be approved unanimously.

Members were provided a draft copy of the Annual Report on the Charitable Gaming Activities of the Virginia Department of Agriculture and Consumer Services for Fiscal Year 2010. In particular, Mr. Alvarez emphasized that during calendar year, charitable gaming organizations reported over \$279 million in gross sales, of which approximately \$35 million, or 12.6% of gross sales, was donated for charitable, community,

educational or religious purposes. The Office of Charitable gaming collected \$2,802,333 in fees that were deposited to the Commonwealth's general fund.

Ms. Eaton inquired whether the \$280 million raised was higher or lower than previous years. Mr. Alvarez will distribute a 5-year analysis to the board for information purposes.

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:

Reminder letters are being sent to organizations regarding the filing of quarterly financial reports. This process is working well.

Auditors are currently attending games and having face-to-face exit conferences with organizations. This approach provides opportunities for the auditing team to suggest best management practices to the organizations.

Auditing staff have begun to use the services of a certified courier for the shipment of audit records.

Training of audit procedures and charitable gaming rules and regulations is on-going with the three additional auditors. Staff recently attended Audit/Fraud Training. Acquired training enhanced auditing skills as well as accrual of continuing education credits.

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

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

Licensing:

To improve the process of renewal of charitable gaming permits, renewal reminders (1st and 2nd notice), acknowledgment of receipt of applications (less than/more than 45

days), and notices of permit expiration are being sent to charitable gaming organizations. Currently, there are no backlogs in processing of permits. The turn-around time for properly completed applications is approximately one week. Favorable comments have been received regarding this new process.

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

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

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

Redesign of Website

The Office of Charitable Gaming Webpage will soon be brought under the VDACS website. The site will be streamlined for ease of navigation. Once the site goes live, Board members will be advised.

Travels to Eastern Shore and Northern Neck

On July 14th, Mr. Alvarez and staff traveled to the Eastern Shore to meet with Del. Linwood Lewis and several of his constituents to discuss charitable gaming issues. The meeting was very productive and well received. A similar meeting is planned for September 16th on the Northern Neck with Del. Albert Pollard and his constituents.

Office of Charitable Gaming Move to the Oliver Hill Building

The move has been delayed due to concerns over the size and weight of the Lektreiver systems used to house charitable gaming files. There is no space available in the Oliver Hill building to accommodate these systems. Staff is working with the Library of Virginia to adopt a 3-year record retention schedule to reduce the number of unnecessary files being stored.

VDACS Strategic Plan - 2010-2012 Biennium

Board members were distributed a draft of the VDACS Strategic Plan for 2010-2012 Biennium. The proposed three objectives and strategies redefined the service area plan for the Office of Charitable Gaming.

Regulatory Update:

VDACS has submitted the Notice of Intended Regulatory Action regarding 11 VAC 15-40, *Charitable Gaming Regulations*, which will consolidate the two existing regulations and establish guidelines for electronic games of chance.

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Chairman Fields commended Mr. Alvarez and Charitable Gaming Staff for the noted improvements that had been made.

New Business

Chairman Fields reminded members that the next meeting of the Charitable Gaming Board will be held on Tuesday, December 14, 2010. Members will be advised of the location.

Public Comment

There were no public comments.

Adjournment

There being no further business, meeting adjourned at 10:26 a.m.

Respectfully submitted,

Roz Trent
Special Assistant, Office of Charitable Gaming