

FINAL MINUTES

Charitable Gaming Board
Department of Agriculture and Consumer Services
102 Governor Street – 2nd Floor Board Room
Richmond, Virginia
March 13, 2012

Call to Order

Mr. Randy Green called the meeting to order at 10:00 a.m. He asked Ms. Trent to call the roll to confirm that a quorum was present.

Members Present:

C. D. Crouch
Clay L. Dawson
Randy W. Green
Renee T. Maxey

Member Present via Teleconference from Remote Location (3019 Peters Creek Road, Conference Room 600):

Mrs. RoxAnne L. Christley

Members Absent:

Wesley I. Crowder
Ruth Modlin Ellett

Staff Present:

Andres Alvarez, Director, Division of Consumer Protection
Erin Williams, Policy & Planning Coordinator, Division of Consumer Protection
Michael Menefee, Acting Program Manager, Office of Charitable Gaming
Tom Clarke, Manager of Inspections and Enforcement, Office of Charitable Gaming
Kay Cholko, Audit Unit Team Leader, Office of Charitable Gaming
Roz Trent, General Administration/Coordinator I, Office of Charitable Gaming

Office of the Attorney General Staff Present:

Amy Dilworth, Assistant Attorney General

Approval of Minutes

Mr. Green asked for a motion to approve the draft minutes of the December 13, 2011 Board meeting. A motion was made by Mr. Crouch, seconded by Mr. Dawson and passed unanimously.

Introduction of New Board Members

Mr. Green welcomed the two newly appointed members to the Board. Mrs. RoxAnne L. Christley, succeeds Dr. DeLores Wilson and Mr. Thomas Stiles, succeeds Mr. Donald

Fields. Ms. Christley and Mr. Stiles introduced themselves and spoke about their respective backgrounds.

Report from Board Members

There was no report from any Board member.

Director's Report

Mr. Alvarez remarked that the March 13th meeting of the Board involved remote participation by a member. He stated that the Department will research the number of remote meetings that can be held per year, as this mechanism can be explored for facilitating participation by other members. He also informed members that there is still one vacancy left on the Board. Staff is awaiting notification from the Secretary of the Commonwealth regarding the filling of this vacancy.

Budget Reduction

Mr. Alvarez discussed the recent proposed budget reductions which included a reduction in the General Fund appropriation for the Office of Charitable Gaming (OCG). The Governor's proposed budget included reductions of \$171,798 in the first year of the biennium and \$232,916 the second year. He stated that the Senate Finance Committee introduced amendments to restore the cuts, but the State budget has not yet been passed.

2012 Legislation

There were four (4) bills related to Charitable Gaming, none of which made it to the Governor's desk for signature:

Bills Continued to 2013 Session:

SB 172 (Senator Peterson) - Poker; definition of illegal gambling and charitable gaming; poker games authorized; regulation of poker tournaments

SB 452 (Senator Vogel) - Authorizes the conduct of a new charitable game known as network bingo.

Bills Left in House General Laws

HB 473 (Delegate Albo) – Authorizes the conduct of a new charitable game known as jumbo bingo

HB 1109 (Delegate Greason) – Problem Gambling Treatment Fund established

Office of Charitable Gaming Updates

Tom Clarke provided an operational update on the Inspections & Enforcement Unit.

Enforcement:

A Commonwealth's Attorney Office will seek felony indictments against an individual in a case involving violations of Section 18.2-340.37 (C) of the Code of Virginia, conversion of funds derived from charitable gaming for his own or another's use.

Inspections:

From December 13, 2011 to March 13, 2012, staff has been assigned 46 bingo related complaints and has conducted approximately 421 inspections. This averages out to approximately 84.2 inspections per inspector during this time frame.

Kay Cholko provided an operational update on the Audit Unit.

The audit team conducted and issued 31 audits and 10 financial reviews from December 1, 2011 through March 9, 2012. Auditors are concentrating on assisting organizations in meeting the use of proceeds requirements.

The auditors are conducting audits which will assist enforcement cases. Currently, there are two open enforcement audits.

As reported at the December meeting, when an organization is audited and it is determined that the organization is experiencing difficulty meeting the use of proceeds requirement, the Office of Charitable Gaming offers coaching on how to run a more profitable game. During this period, four organizations have been offered coaching, and two organizations have accepted the offer.

Financial Reporting:

423 organizations filed their 3rd Quarter Financial Report, which was due December 1, for the 2011 calendar year.

139 organizations are currently filing their financial reports on-line.

Staff is currently processing the 4th Quarter Financial Reports, which were due on March 1, 2012. There are 22 suppliers that filed their 2011 Annual Reports by March 1, 2012. Staff is currently receiving and processing the 2011 Annual Financial Reports which are due by March 15, 2012.

Roz Trent provided an operational update on the Licensing Unit.

From December 1, 2011 through February 29, 2012, 111 organization permits were issued, including four (4) new organizations and 107 permit renewals.

The average number of days to process and issue organization permits was as follows:

44.55 (45) days for new organization permits
36.74 (37) days for renewal organizations

Three (3) organizations terminated gaming activities during this time period.

Three (3) organizations whose permits were scheduled to expire during this time period did not renew.

Suppliers:

From December 1, 2011 through February 29, 2012, four (4) supplier permits were issued, including one (1) new supplier and three (3) permit renewals.

The average number of days to process and issue supplier permits were as follows:

32.40 (32) days for the new supplier
20.50 (21) days for renewal suppliers

One (1) supplier whose permit was scheduled to expire during this time period did not renew.

Bingo Managers:

From December 1, 2011 through February 29, 2012, eleven (11) bingo manager certificates were issued, including five (5) new managers and six (6) certificate renewals.

The average number of days to process and issue bingo manager certificates was 16.30 (16).

As of February 29, 2012, there were a total of 80 registered bingo managers, representing 60 organizations.

Bingo Callers:

From December 1, 2011 through February 29, 2012, 22 bingo caller certificates were issued, including seven (7) new callers and 15 certificate renewals.

The average number of days to process and issue bingo caller certificates was 23.50 (24).

As of February 29, 2012, there were a total of 103 registered bingo callers.

Regulatory Update

Ms. Erin Williams, Policy & Planning Coordinator, Division of Consumer Protection, provided a detailed chronology of key milestones regarding 11 VAC 15-40, *Charitable Gaming Regulations*. Ms. Williams also indicated that the public comment period for the proposed stage ended on January 6, 2012. Currently, staff is reviewing the comments and making appropriate amendments to the proposed regulation. The comments receive are more in-depth than had been anticipated, and for this reason staff will be meeting with representatives from Gaming Laboratories International to ensure that the language in the regulations accurately reflects the highly technical nature of this undertaking. Although the next meeting of the Board is not scheduled until June 12, 2012, Ms. Williams indicated that the current review work may be completed before then, in which case the Board would be asked to hold a special meeting specifically for the purpose of advancing this regulatory action to the third and final stage.

New Business

Election of Chair and Vice Chair

Mr. Alvarez informed the Board that Randy Green was the only member who expressed interest in serving as Chair. Members were polled to determine if there were any other interests in serving in this position. Mr. Crouch made a motion, seconded by Mr. Dawson that the nominations be closed, and moved that Mr. Green be elected as Chairman. The motion was seconded by Ms. Maxey. By roll-call voice vote, members unanimously confirmed the selection of Mr. Green as Chair.

Mr. Alvarez then asked if there were any persons interested in serving in the position of Vice-Chair. Mr. Dawson expressed his interest in serving in this position. Mr. Crouch made a motion, seconded by Mr. Green that Mr. Dawson be elected as Vice-Chair. By roll-call voice vote, members unanimously confirmed the selection of Mr. Dawson as Vice-Chair.

Compliance Review Committee

Mr. Alvarez stated that the 2010 General Assembly Session amended the Charitable Gaming Statute to require that VDACS receive the Board's approval before an organization's permit is denied, suspended, or revoked. Mr. Alvarez asked the Board to consider the establishment of a Compliance Review Committee, consisting of no more than three members who would then act on behalf of the Board in the review of VDACS's proposed denial, suspension, or revocation of an organization's permit. Mr. Green, Mr. Stiles and Mr. Dawson expressed interest in serving on this committee. More specific information will be brought before the Board at the next meeting.

Next Board Meeting

The next Board meeting will be held on Tuesday, June 12, 2012. The location will be announced at a future date.

Public Comment

Eddy Aliff, Virginia Assembly of Independent Baptists, voiced three concerns: His organization is not in favor of any type of gambling. He urged the board to make sure there is no casino-style gambling and that pull tabs be kept low key.

Oversight is critical and funds should be designated to keep the Office of Charitable Gaming in operation. He stated that he will be in contact with legislators in regards to this issue.

The organization is against network gambling. Other existing options, such as Queen of Hearts, are a more effective tool in helping non-profit organizations.

Matt Benka (Virginia Charitable Bingo Association) expressed his support to restore funding to the Office of Charitable Gaming, rather than funds being going back in the State's General Fund. He stated that he will be in contact with legislators to urge restoring of funding to OCG.

Lane Kneedler (International Gamco/Oasis Gaming) expressed his support for restoring funds to the Office of Charitable Gaming. He offered his assistance and willingness to work with Charitable Gaming staff and legislative budget committees to help work out an arrangement.

There being no further business, the Board adjourned at 10:31 a.m.

Respectfully submitted,

Roz Trent
General Administration/Coordinator I
Office of Charitable Gaming