

FINAL MINUTES

Charitable Gaming Board
Department of Agriculture and Consumer Services (VDACS)
American Legion State Headquarters
1708 Commonwealth Avenue
Richmond, VA
Tuesday, December 5, 2017

CALL TO ORDER

Mr. Bob Sussan called the meeting to order at 10:15 a.m. Mr. Sussan led the Board and the public in attendance with the Pledge of Allegiance.

Mr. Sussan asked Mr. Michael Menefee to call the roll.

MEMBERS PRESENT:

Mr. Bob Sussan, Chair
Ms. Tanya Conrad, Vice-Chair
Mr. Randy Green
Ms. Petrina Jones
Mr. Samuel Kaufman
Mr. Charles Lessin
Mr. James Lewis
Ms. Amy Solares

MEMBERS ABSENT:

Mr. James Corrigan
Mr. Nicholas Curry

VDACS STAFF PRESENT:

Mr. Larry Nichols, Director, Division of Consumer Protection
Mr. Michael Menefee, Program Manager, Office of Charitable and Regulatory Programs

OFFICE OF THE ATTORNEY GENERAL STAFF PRESENT:

Mr. Josh Laws, Assistant Attorney General, Office of the Attorney General

Mr. Menefee informed Mr. Sussan that a quorum was present.

APPROVAL OF MINUTES

Mr. Sussan asked for a motion to approve the draft minutes of the September 12, 2017, Board meeting. Mr. Samuel Kaufman motioned approval of the draft minutes as distributed. Mr. James Lewis seconded the motion and it passed by a unanimous vote.

REPORT FROM BOARD MEMBERS

Mr. Sussan asked the members whether they had any reports for the Board. With no remarks from members, Mr. Sussan informed members that there were no reports before the Board.

PROGRAM MANAGER'S REPORT

Mr. Sussan asked Mr. Menefee whether he had any operational updates on the Office of Charitable and Regulatory Programs (OCRCP). Mr. Menefee informed the members that starting next month; OCRCP will allow a limited number of organizations to submit their renewal charitable gaming license application online to further test the new system. Mr. Sussan asked members whether they had any questions for Mr. Menefee and with no questions, Mr. Sussan moved onto old business.

OLD BUSINESS

Mr. Sussan asked whether there was a report from the Curry-Lewis workgroup. Mr. Lewis informed the members that the workgroup is drafting a public service announcement and the workgroup will provide it to members shortly to solicit their feedback. With no further remarks, Mr. Sussan asked whether there was a report from the Use of Proceeds workgroup, Ms. Tanya Conrad informed members that the workgroup met on November 1, 2017, in James City County to discuss their framework on how it will approach the issue of licensed organizations not meeting the minimum use of proceed percentage requirement. With no further remarks, Mr. Sussan moved onto new business.

NEW BUSINESS

Mr. Sussan asked Mr. Menefee to present information on the petition that was before the Board. Mr. Menefee stated that on June 25, 2017, OCRCP received a petition. The petitioner requested the Board to repeal 11 VAC 15-40-110 (E), *Charitable Gaming Regulations*. Mr. Menefee stated that on September 19, 2017, OCRCP acknowledged receipt of the petition and on October 2, 2017, the Register of Regulations published the petition, which began the 21-day public comment period. He further stated on October 22, 2017, the public comment period ended with 323 comments expressing both support and opposition for the petition. In accordance with 2.2-4007 of the *Code of Virginia*, the Board must decide on whether to grant or deny the petitioner's request within 90 days after the close of the 21-day public comment period.

Mr. Sussan asked the public in attendance whether they had any comments related to the petition. With no comments from the public, Mr. Sussan asked the members whether they had any remarks on the petition. Mr. Randy Green, Ms. Petrina Jones, Mr. Charles Lessin, Mr. Lewis, Ms. Amy Solares, and Mr. Sussan had several remarks on the petition. Mr. Sussan asked for a motion on the petition. Mr. Lewis made a motion to deny the petition and seconded by Ms. Conrad. Mr. Sussan called the vote on the motion to deny the petition, which passed by a unanimous vote.

Mr. Sussan informed members that Pac-O-Matic, a provider of gaming devices requested and obtained a letter from the Department of Alcoholic Beverage Control (ABC), which stated for the purposes of administering Virginia's alcohol laws and regulations, it considered Pac-O-Matic devices as a game of skill. Since the issuance of the ABC letter, Mr. Sussan informed members that others expressed concerns to him that the unregulated Pac-O-Matic devices are in direct competition for players with the regulated activities of charitable gaming. Mr. Sussan asked members whether they had any remarks on skilled-based games, sweepstakes machines and other "grey market devices," Mr. Lessin stated he requested information from ABC on its decision to issue the letter to Pac-O-Matic. Mr. Lessin further stated no one ever approached the Board or OCRP to obtain its feedback on the devices prior to requesting or issuing the ABC letter. Mr. Green stated based on his experience in the State of Ohio, there are approximately 10,000 registered skilled-based games in use and as such, it cut the gross receipts generated from the charitable gaming marketplace in half.

Mr. Sussan asked the public whether they had any comments on the skilled-based games, sweepstakes machines and other "grey market devices." Mr. Adam Chilton with Newmarket Entertainment, a licensed electronic pull-tab system manufacturer expressed concerns with the direct competition for players of the unregulated skilled-based games, sweepstakes machines and other "grey market devices" against their regulated electronic pull-tab devices. Mr. Bob Jekanowski with the Virginia Charitable Gaming Council stated the council opposes the introduction of the unregulated skilled-based games, sweepstakes machines and other "grey market devices in the Commonwealth due to the negative economic effects on the charitable gaming marketplace based on experiences in other states. Mr. Jekanowski further stated approximately 8,000 skill-based devices are in use in the Commonwealth of Pennsylvania and since the issuance of the ABC letter, Pac-O-Matic deployed approximately 400 devices in the Commonwealth of Virginia.

With no further remarks on the Pac-O-Matic devices, Mr. Sussan informed members that the 2018 quarterly meetings for the Board are as followed:

- March 13, 2018
- June 12, 2018
- September 11, 2018
- December 11, 2018

NEXT BOARD MEETING

Mr. Sussan informed members that the next Board meeting will be held in Richmond at the American Legion State Headquarters.

PUBLIC COMMENT

Mr. Sussan asked the public in attendance whether they had any comments for the Board. Mr. Matt McLaughlin with Split provided a basic overview of his company's raffle app.

With no comments from the public and there being no further business, the Board adjourned at 10:46 a.m.

Respectfully submitted,

Michael Menefee
Program Manager
Office of Charitable and Regulatory Programs