

DRAFT MINUTES

Charitable Gaming Board
Department of Agriculture and Consumer Services (VDACS)
Pop's Bingo World
210 Giant Drive
Richmond, Virginia
Tuesday, October 13, 2020

CALL TO ORDER

Mr. Charles Lessin called the meeting to order at 11:05 a.m.

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

MEMBERS PRESENT:

Mr. Charles Lessin, Chair
Ms. Tanya Conrad, Vice-Chair
Ms. Lasonja Black
The Honorable William Feasenmyer
Mr. Samuel Kaufman
Ms. Lea Roberts
Ms. Amy Solares

MEMBERS ABSENT:

Mr. Clay Dawson
Mr. James Lewis
The Honorable Ryant Washington

VDACS STAFF PRESENT:

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

OFFICE OF THE ATTORNEY GENERAL STAFF PRESENT:

Mr. Justin Bell, Assistant Attorney General, Office of the Attorney General [via Conference Call]

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

APPROVAL OF MINUTES

Mr. Lessin asked for a motion to approve the draft minutes of the September 16, 2020 Board meeting. Ms. Amy Solares motioned approval of the draft minutes as presented. Ms. Tanya Conrad seconded the motion and it passed by a unanimous vote. Mr. Lessin moved onto the next item on the agenda.

MESSAGE FROM THE CHAIR

Mr. Lessin thanked VDACS for their efforts in redrafting the Board's regulations for Texas Hold'em poker tournaments. Mr. Lessin stated that it is important for the fees that are paid by charities for the privilege of conducting charitable gaming to be used to oversee the charitable gaming industry. Mr. Lessin concluded his comments by expressing that it is important for charities to compete with other forms of gaming in the Commonwealth on a level playing field. Mr. Lessin moved onto new business.

NEW BUSINESS

Mr. Lessin stated that the new business before the Board is to review the redraft of the Board's regulations for Texas Hold'em poker tournaments. As such, Mr. Lessin asked Mr. Menefee to present the redrafted regulations to the Board, which Mr. Menefee did so.

During the presentation, Mr. Lessin asked the Board to lower the amount of compensation to an operator of a Texas Hold'em poker tournament, which may be counted towards the minimum use of proceeds, from 1% to 0.25% of the gross receipts generated from the poker tournament and to allow the Board to adjust this particular figure at its discretion on an annual basis. With no objections from any Board members, Mr. Lessin informed Mr. Menefee to make this change to the redrafted regulations.

Mr. Samuel Kaufman asked for rationale as to why the redrafted regulations contained language restricting the charity from contracting with itself or any person affiliated with charity to administer the charity's Texas Hold'em poker tournament. In response, Mr. Menefee informed Mr. Kaufman that VDACS is concerned about the conflict of interest when a charity is allowed to negotiate with itself or any person affiliated with the charity to administer the charity's Texas Hold'em poker tournament. If the Board eliminated the restrictive language, then a charity, who has effectuated control over the charity could create an operator and negotiate a contract between himself. Mr. Menefee also expressed concern that if the Board eliminated the restrictive language, then individuals affiliated with the charity could be personally compensated by the operator for finalizing the contract between the charity and operator by allowing the operator to hire these individuals to administer the Texas Hold'em poker tournament. Mr. Lessin stated that there are ways to address the conflict of interest as it happens all of the time in business and he agreed with Mr. Kaufman that the language in question was not in keeping with the Board's desire not to place this type of a restriction on the charity. Mr. Solares also agreed that this restrictive language be eliminated.

With no further comments, Mr. Lessin asked for approval to eliminate the restrictive language on page 6, items L and P. As such, the following members voted in favor of this elimination:

Member	Vote on the Elimination
Lessin	Aye
Conrad	Aye
Black	Aye
Feasenmyer	Abstention
Kaufman	Aye
Roberts	Aye
Solares	Aye

Ms. Lea Roberts informed members it may wish to review the requirement in the redrafted regulations requiring operators to purchase their charitable gaming supplies for a Texas Hold'em poker tournament from a licensed charitable gaming supplier. Mr. Lessin asked Mr. Menefee for a rationale on why this particular requirement as placed in the redrafted regulations. In response, Mr. Menefee informed Mr. Lessin that under the existing charitable gaming statutes, charities wishing to conduct its own Texas Hold'em poker tournament must purchase their charitable gaming supplies from a licensed charitable gaming suppliers. As such, the rationale for placing this same requirement on the operator was to create a "level playing" field between an operator and a charity. With no objections from any of the Board members, Mr. Lessin informed Mr. Menefee to allow an operator to purchase only poker chips and playing cards from a non-licensed charitable gaming supplier while requiring the purchasing of a mechanical card shuffler or other mechanical equipment, must be purchased from a licensed charitable gaming supplier.

At conclusion of the presentation and with no further comments, Mr. Lessin moved onto public comment.

PUBLIC COMMENT

Mr. Lessin asked whether anyone from the public had any comments for the Board. Mr. Charlie Daniels asked Mr. Lessin whether the "cash games" style of poker is legal in the Commonwealth. Mr. Lessin expressed that the advice he received from Mr. Justin Bell is that "cash games" style of poker is legal under the charitable gaming statutes so long as it meets the legal definition of "Texas Hold'em poker game" and "Texas Hold'em poker tournament" as defined by § 18.2-340.16 of the *Code of Virginia*. In response, Mr. Nichols informed the Board that based on commonly accepted standards for playing the "cash games" style of poker, VDACS was advised from its legal counsel that such a style is not legal under the charitable gaming statutes.

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With no further comments from the public and there being no further business, the Board adjourned at approximately 2:45 p.m.

Respectfully submitted,

Michael Menefee

Program Manager

Office of Charitable and Regulatory Programs