

CHARITABLE GAMING RULES AND REGULATIONS

Chapter 22

CHARITABLE GAMING RULES AND REGULATIONS

Effective Date: ~~January 1, 1998~~

Part I

DEFINITIONS

11 VAC 15-22-10. Definitions. In addition to the definitions contained in § 18.2-340.16 of the Code of Virginia, the words and terms below, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise:

~~“Address of record” means an address provided to the commission on a permit application or exempt notification form or the most recent address on the commission’s files.~~

“Board” means the Virginia Charitable Gaming Board

“Board of directors” means the board of directors, managing committee or other supervisory body of a qualified organization.

~~“Building” means a structure enclosed by continuous exterior walls regardless of the configuration of the interior walls.~~

~~“Bundled pull tabs” means certain pull tabs, commonly referred to as “jar tickets,” “guppies,” etc., which are taped or stapled together and sold as one unit.~~

“Calendar day” means the period of 24 consecutive hours commencing at 12:01 a.m. and concluding at midnight.

“Calendar week” means the period of seven consecutive calendar days commencing at 12:01 a.m. on Sunday and ending at midnight the following Saturday.

“Cash” means United States currency or coinage.

~~“CGC number” means a unique identification number issued by the commission.~~

~~“Commission” means the Virginia Charitable Gaming Commission.~~

“Concealed face bingo card” means a non-reusable bingo card constructed to conceal the card face. This type of card is commonly referred to under trade names such as “Tear-open,” or “Bonanza Bingo” ~~“Bullseye” and “Fortune Cards.”~~

“Conduct” means the actions associated with the provision of a gaming operation during and immediately before or after the permitted activity, which may include, but not be limited to (i) selling bingo cards or packs, electronic devices, instant bingo or pull-tab cards, or raffle tickets, (ii) calling bingo games (iii) distributing prizes (iv) any other services provided by volunteer workers.

“DCG number” means a unique identification number issued by the department.

“Daubing” means covering a square containing a number called with indelible ink or otherwise concealing the number on a card or an electronic facsimile of a card.

“Deal” means each separate package or series of packages consisting of one game of instant bingo, pull-tab raffle or seal cards with the same serial number.

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“Decision Bingo” means a bingo game where the cost to a player to play is dependant on the number of balls called and the prize payout is in direct relationship to the number of participants and the number of balls called, but shall not exceed statutory prize limits for a regular bingo game.

“Department” means the Virginia Department of Charitable Gaming.

“Director” means the director of the Virginia Department of Charitable Gaming.

“Designator” means an object used in the number selection process, such as a ping pong ball, upon which bingo letters and numbers are imprinted.

“Discount” means any reduction in cost of admission or game packs or any other purchases through via use of coupons, free packs or other similar methods.

“Disinterested player” means a player who is unbiased.

“Disposable paper card” means a non-reusable, paper bingo card manufactured with pre-printed numbers.

“Door prize” means any prize awarded by the random drawing or random selection of a name or number ~~taken from any entry or admission ticket~~ based solely on attendance at a gaming session.

“Electronic bingo device” means an electronic device, ~~which~~ that uses proprietary software or hardware, or in conjunction with commonly available software and computers, displays facsimiles of bingo cards and allows a player to daub such cards.

“Electronic verification” means the verification of bingo by entering the free space number of the winning bingo card into computer equipment which contains pre-programmed software for this purpose.

“Equipment and video systems” includes equipment which facilitates the conduct of charitable gaming such as ball blowers, flashboards, TV monitors, cameras, smoke eaters, P.A. systems, tables and chairs, electronic verifiers and replacement parts for such equipment.

“Fiscal year” or “annual reporting period” means the twelve month period beginning ~~October~~ January 1st and ending December 31st of any given year ~~and ending September 30th of the following year.~~

“501(c) organization” means any organization that is tax exempt under 26 USC § 501(c) (3), (4), (8), (10) or (19).

“Flare” means a piece of paper, cardboard or similar material which bears printed information relating to the name of the manufacturer or logo, name of the game, card count, cost per play, serial number, the number of prizes to be awarded and the specific prize amounts in a deal of instant bingo, pull-tab or seal cards.

“Free space number,” “perm number,” “center number,” “card number” or “face number” means the number generally printed in the center space of a bingo card that identifies the unique pattern of numbers printed on that card.

“Game program” means a written list of all games to be played, including, but not limited to the sales price of all bingo paper and electronic bingo devices, pack configuration, and prize amounts to be paid during a session for each game, and an indication whether ~~where~~ prize amounts are fixed or are based on attendance.

“Immediate family” means one’s spouse, ~~mother, father~~ parent, ~~son, daughter~~ child, ~~brother, sister~~ sibling, grandchild, grandparent, ~~mother-in-law, or~~ father-in-law, or stepchild.

“Interested ~~parties~~ persons” means the president, an officer or bingo manager of any qualified organization which is exempt or is a permit applicant or holds a permit or exempt authorization to conduct charitable gaming or the owner, director, officer or partner of an entity engaged in supplying charitable gaming supplies to organizations.

“IRS” means the United States Internal Revenue Service

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“Lucky Seven” means a bingo game as authorized in § 18.2-340.33(9a)(b) of the Code of Virginia.

“Management” means the provision of oversight and supervision of a gaming operation, which may include, but not be limited to the responsibilities of applying for and maintaining a permit or authorization, compiling, submitting and maintaining required records and financial reports, and ensuring that all aspects of the operation are in compliance with all applicable statutes and regulations.

“Manufacturer” means a person who assembles from raw materials or subparts a completed piece of bingo or other charitable gaming equipment or supplies. “Manufacturer” also means a person who modifies, converts, adds or removes parts to or from bingo or other charitable gaming equipment or supplies to further their promotion or sale for the conduct of charitable gaming.

~~“Operating costs” means charitable gaming fund disbursements for reasonable and proper expenses incurred in the conduct of charitable gaming including, but not limited to, costs of publicizing the time, date and location of charitable gaming; utilities; rent; prizes; professional fees; audit and administration or permit fees; and gaming supplies.~~

“Operation” or “conduct” means the activities associated with production of a charitable gaming activity, which may include, but not be limited to (i) the direct on-site supervision of the conduct of charitable gaming; (ii) coordination of volunteers; (iii) all responsibilities of charitable gaming designated by the organization’s management. the authority for check writing, approval of expenses of charitable gaming funds, purchase of charitable gaming supplies, negotiation of contracts or leases, or services as a volunteer worker or assistant.

“Owner” means any individual with financial interest of 10% or more in a supplier.

“Packet” Pack means sheets of bingo paper or electronic facsimiles assembled in the order of games to be played. This may or may not include specials, winner take alls and jackpots, but shall not include any winner-take-all, Lucky Seven or raffle.

~~“Person” means an individual, corporation, partnership, association, governmental body, municipal corporation or other legal entity.~~

“Prize” means cash, merchandise, certificate or other item of value awarded to a winning player.

“Progressive seal card ~~game~~” means a seal card game in which a prize is carried forward to the next deal if not won when a deal is completed.

~~“Pull tabs” means individually prepackaged cards made completely of paper or paper products with winners being determined by the appearance of preprinted concealed letters, numbers or symbols that must be exposed by the player to determine wins and losses.~~

~~“Random selection” or “randomly selected” means a process of selecting number designators to produce random numbers during a bingo game in which each designator or number in the remaining population has an equal chance or probability of being selected.~~

“Remuneration” means payment in cash or the provision of anything of value for goods provided or services rendered.

“Seal card” means a board or placard used in conjunction with a deal of the same serial number which contains one or more concealed areas that, when removed or opened, reveal a pre-designated winning number, letter or symbol located on that board or placard.

~~“Selection device” means a device that is operated manually or mechanically to randomly select bingo numbers.~~

“Serial number” means a unique number printed by the manufacturer on each bingo card in a set, ~~or~~ each instant bingo or pull-tab card in a deal, each electronic bingo device or each door prize ticket.

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“Series number” means the number of unique card faces contained in a set of disposable bingo paper cards or bingo hard cards. A 9000 series, for example, has 9000 unique faces.

“Session” means a period of time during which one or more bingo games are conducted ~~by a single qualified organization, or when approval for joint operation is obtained, by two or more qualified organizations~~ that begins with the selection of the first ball for the first game and ends with the selection of the last ball for the last game.

~~“Set” means the bingo cards contained within each series number.~~

~~“Special permit” means a permit granted to a qualified organization to allow the organization to conduct more frequent operation of bingo games during carnivals, fairs or other similar public amusement events of limited duration.~~

“Treasure chest” means a raffle including a locked treasure chest containing a prize that a participant, selected through some other authorized charitable game, is afforded the chance to select from a series of keys a predetermined key that will open the locked treasure chest to win a prize.

“Use of proceeds” means the use of funds derived by an organization from its charitable gaming activities which are disbursed for those lawful religious, charitable, community or educational purposes. This includes expenses relating to the acquisition, construction, maintenance, or repair of any interest in the real property involved in the operation of the organization and used for lawful religious, charitable, community or educational purposes.

“WINGO” is a variation of a traditional bingo game that uses visual devices rather than a verbal caller and is played by hearing impaired persons.

Part II
PERMITS, EXEMPT NOTIFICATIONS,
REGISTRATION CERTIFICATES

11 VAC 15-22-20. Eligibility for permit to conduct charitable gaming; when valid; permit requirements.

- A. The conduct of charitable gaming is a privilege ~~which that~~ may be granted or denied by the ~~commission~~ department. Except as provided in § 18.2-340.23 of the Code of Virginia, every eligible organization and volunteer fire department and rescue squad with anticipated gross gaming receipts ~~of that exceed \$25,000 or more annually in any 12-month period~~ shall obtain a permit or exempt authorization ~~number~~ from the ~~commission~~ department prior to the commencement of ~~authorized~~ charitable gaming activities. To be eligible for a permit an organization must meet all of the requirements of § 18.2-340.24 of the Code of Virginia.
- B. ~~Upon the organization’s request and Pursuant~~ to § 18.2-340.24 (B) of the Code of Virginia, the ~~commission~~ department shall review a tax exempt request submitted to the IRS for a tax exempt status determination and may issue an interim certification of tax-exempt status solely for the purpose of charitable gaming, conditioned upon a determination by the IRS. A non-refundable fee of ~~\$250~~ \$500 payable to the Treasurer of Virginia shall be charged for this review.
- C. A permit or exempt authorization shall be valid only for activities, locations, days, dates and times as listed on the permit or exempt authorization.
- D. In accordance with § 18.2-340.19 (1) of the Code of Virginia, as a condition of receiving a permit or exempt authorization, ~~the following~~ a minimum of ten percent ~~percentage~~ of charitable gaming gross receipts shall be used for (i) those lawful religious, charitable, community or educational purposes for which the organization is specifically chartered or organized or (ii) those expenses relating to the acquisition, construction, maintenance or repair of any interest in real property involved in the operation of the organization and used for lawful religious, charitable, community or educational purposes.

For the fiscal year beginning October 1, 1997:

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~~For organizations with annual gross receipts less than \$150,000—4%~~

~~For organizations with annual gross receipts between \$150,000 and \$500,0006%~~

~~For organizations with annual gross receipts over \$500,0009%~~

~~For the fiscal year beginning October 1, 1998, and later fiscal years:~~

~~For organizations with annual gross receipts less than \$150,000—5%~~

~~For organizations with annual gross receipts between \$150,000 and \$500,00010%~~

~~For organizations with annual gross receipts over \$500,00012%~~

~~Unless an organization has derived no gross receipts in the prior fiscal year, the gross receipts of the most recently completed fiscal year shall be used to determine the applicable percentage for the use of proceeds requirement. An organization with no prior charitable gaming activity shall be subject to a 5.0% minimum use of proceeds requirement.~~

- E. ~~If an organization fails to meet its minimum use of proceeds requirement, its permit shall may be suspended or revoked. However, the department shall not suspend or revoke the permit of any organization solely because of its failure to meet the required percentage without having first provided the organization with an opportunity to implement a corrective action plan. In such a case, the organization shall be afforded the opportunity to enter into a consent order with the department specifying the proposed corrective action and the time frame to accomplish the plan. ~~based on the deficiency in use of proceeds of according to the following schedule:~~~~

Deficiency	First Failure	Second Failure
Less than 2.0%	10 days	20 days
2.0-5.0%	20 days	40 days
Over 5.0%	30 days	60 days

~~If an organization fails to meet the minimum use of proceeds requirement three times, its permit shall be revoked.~~

- F. ~~Notwithstanding the provisions of subsection E of this section, if an organization is within less than one percentage point of the minimum use of proceeds requirement for a given fiscal year, it may request a one time approval to make up the deficiency (in dollars) in the following fiscal year. If such approval is granted, the deficiency will be added to the percentage requirement for the following year and the permit shall not be suspended.~~

~~Failure to meet the required percentage in the year following such approval shall result in a 30 day suspension.~~

~~An organization may request a temporary reduction in the predetermined percentage specified in subsection D of this section from the department. In reviewing such a request, the department shall consider such factors appropriate to and consistent with the purpose of charitable gaming, which may include, but not be limited to (i) the organization’s overall financial condition, (ii) the length of time the organization has been involved in charitable gaming (iii) the extent of the deficiency (iv) the progress that the organization has made in attaining the minimum percentage in accordance with a corrective action plan pursuant to subsection E of this section.~~

- G. An organization whose permit is revoked for failure to comply with provisions set forth in subsection D of this section shall be eligible to reapply for a permit at the end of one year from the date of revocation. The ~~commission~~ department, at its discretion, may issue the permit if it is satisfied that the organization has made substantial changes to its management, operations or both.

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11 VAC 15-22-30. Permit application and exempt notification process.

- A. Organizations anticipating gross gaming receipts ~~of that exceed~~ \$25,000 ~~or more~~ (except volunteer fire departments and rescue squads) shall complete a ~~commission~~ department-prescribed application to request issuance or renewal of an annual permit to conduct charitable gaming. The application shall be accompanied by a non-refundable fee payable to the Treasurer of Virginia in the amount of \$200.

~~The commission may also issue permits for periods of less than one year. Fees for such permits shall be prorated and rounded off to the nearest \$50 per quarter.~~

- B. Volunteer fire departments and rescue squads anticipating gross receipts ~~of that exceed~~ \$25,000 ~~or more~~ shall file a ~~commission-prescribed~~ an exempt notification on a form prescribed by the department to request an authorization to conduct charitable gaming.
- C. The ~~commission~~ department may initiate action against any organization exempt from permit requirements when it reasonably believes the organization is not in compliance with the provisions of charitable gaming laws or applicable regulations of the ~~commission board~~ or both. The ~~commission~~ department may decline to issue an ~~exempt notification number~~ authorization to conduct charitable gaming to volunteer fire departments and rescue squads failing to meet the requirements of § 18.2-340.23 of the Code of Virginia.
- D. Permit holders requiring a Special Permit pursuant to § 18.2-340.27 D of the Code of Virginia shall convey their request ~~in the~~ on a form of a letter to ~~prescribed by the~~ prescribed by the ~~commission~~ department. There shall be a \$50 fee for special permits.
- E. Permits and exempt authorizations shall be valid for a period of one year from the date of issuance or for the period specified on the permit or authorization. The Department may issue permits for permits for periods of less than one year.
- F. Permits shall be granted only after a background investigation of an organization or interested ~~parties~~ persons, or both, to ensure public safety and welfare as required by § 18.2-340.25 of the Code of Virginia. Investigations shall consider the nature, the age and severity and the potential harm to public safety and welfare of any criminal offense(s). The investigation may include, but shall not be limited to, the following:
1. A search of Virginia criminal history records for ~~all officers~~ the chief executive officer and chief financial officer of the organization ~~and members who serve as game managers~~. Information and authorization to conduct these records checks shall be provided in the permit application. In addition, the department shall require that the organization provides assurances that all other members involved in the management or operation of charitable gaming meet the requirements of § 18.2-340.33.12 of the Code of Virginia. Applications may be denied if any game manager or officer has been convicted within ~~40~~ 5 years preceding the date of application for any:
 - a. Felony ~~involving fraud, theft or financial crimes~~; or
 - b. Misdemeanor crimes involving moral turpitude, fraud, theft or financial crimes.

~~In addition, any felony conviction involving fraud, theft or financial crimes, regardless of age, may result in denial of application.~~
 2. An inquiry as to whether the organization has been ~~investigated or examined~~ granted tax exempt status pursuant to § 501 (c) by the Internal Revenue Service ~~in connection with charitable gaming activities during the previous three years~~ and is in compliance with IRS annual filing requirements;
 3. An inquiry as to whether the organization has entered into any contract with, or has otherwise employed for compensation, any persons for the purpose of organizing or managing, operating or conducting any charitable gaming activity;
 4. Inquiries into the finances and activities of an organization and the sources and uses of funds; and
 5. Inquiries into the level of community or financial support to the organization and the level of community involvement in the membership and management of the organization.

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- G. The permit application for an organization that has not previously held a permit shall include:
1. A list of members participating in the ~~conduct~~ management or operation of charitable gaming;
 2. A copy of the Articles of Incorporation, By-Laws, Charter, Constitution or other appropriate organizing document;
 3. A copy of the determination letter issued by the IRS under Section 501(c) of the Internal Revenue Code, if appropriate, or a letter from the national office of an organization indicating the applicant organization is in good standing and is currently covered by a group exemption ruling. A letter of good standing is not required if the applicable national or state office has furnished the department with listing of member organizations in good standing in the Commonwealth as of the January 1 of each year and has agreed to promptly provide the Department any changes to the listing as they occur;
 4. A copy of the organization's most recent annual financial statement and balance sheet, or most recent Form 990 that has been filed with the IRS;
 5. A copy of the written lease or proposed written lease agreement and all other agreements if the organization rents or intends to rent a facility where bingo is or will be conducted. Information on the lease shall include name, address, phone number of the landlord, square footage and maximum occupancy of the building, and the rental amount ~~by each category of equipment or property rented~~ per session; and
 6. An authorization by an officer or other appropriate official of an organization to permit the ~~commission~~ department to determine whether the organization has been investigated or examined by the Internal Revenue Service in connection with charitable gaming activities during the previous three years.
- H. Copies of minutes of meetings of an organization and any contracts with landlords or suppliers to which the organization is, or may be a party, may be requested by the ~~commission~~ department prior to rendering a permitting decision.
- ~~I. Copies of amendments to an organization's Articles of Incorporation, By-Laws, Charter, Constitution or other organizing document, as they occur, shall be submitted to the commission.~~
- ~~J. Organizations applying to renew a permit previously issued by the ~~commission~~ department shall submit Articles of Incorporation, By-Laws, Charter, Constitution or other organizing document and IRS determination letter only if there are any amendments or changes to these documents that are directly related to the management, operation or conduct of charitable gaming. ~~The most recent financial statements, information on officers and an IRS tax waiver form shall also be filed with a renewal application.~~~~
- ~~K. Organizations may request permits to conduct joint bingo games as provided in § 18.2-340.29 of the Code of Virginia and special permits as provided in § 18.2-340.27 of the Code of Virginia:~~
1. In the case of a joint game between a volunteer fire department or rescue squad and an organization not exempt from permit requirements, ~~both they~~ shall file the exempt notification form and permit application respectively. Benefits extended by ~~regulation or~~ the Code of Virginia or these regulations to a volunteer fire department or rescue squad shall not extend to a non-exempt organization ~~solely~~ due to operation of a joint game.
 2. The non-refundable permit fee for joint games shall be a total of \$200.
 3. A single permit shall be issued in the names of both organizations conducting a joint game. All restrictions and prohibitions applying to single organizations shall apply to qualified organizations jointly conducting bingo games pursuant to § 18.2-340.29 of the Code of Virginia.
 4. No charitable gaming shall be conducted prior to the issuance of a joint permit ~~or joint exemption number.~~

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5. Applications for joint games shall include an explanation of the division of manpower, costs and proceeds for the joint game.
- ~~L-K.~~ An organization wishing to ~~permanently~~ change dates, times or locations of its charitable gaming shall request a change in the permit. Change requests shall be made in writing on a form prescribed by the department at least 30 days in advance of the proposed effective date.
- ~~M-L.~~ ~~No more than six temporary~~ Changes in dates, or times or locations due to inclement weather, ~~special events or holidays~~ disasters, or other circumstances outside the organization's control may be made ~~in a permit year~~ without a ~~permanent~~ change in the permit. The organization shall request such a change on a form prescribed by the department as soon as the necessity for the change is known.
- ~~N.~~ ~~Change requests shall be made in writing at least 30 days in advance of the proposed effective date.~~
- ~~OM.~~ A non-refundable fee of \$50, payable to the Treasurer of Virginia, shall be submitted with a request for a ~~permanent~~ permit change. The fee shall not be charged for ~~temporary~~ changes as described in subsection ~~M L~~ or to changes in permits due to an addition or removal of a charitable gaming activity.
- ~~PN.~~ An organization located in the Northern Virginia Planning District may sell raffle tickets for a drawing to be held in another state in the United States provided:
1. The raffle is conducted by the organization in conjunction with a meeting outside the Commonwealth of Virginia or with another organization which is licensed to conduct raffles outside the Commonwealth of Virginia;
 2. The raffle is conducted in accordance with these regulations and the laws and regulations of the state where the drawing is to be held; and
 3. The portion of the proceeds derived from the sale of raffle tickets in the Commonwealth is reported to the ~~commission~~ department.
- ~~O.~~ Any permitted organization that ceases to conduct charitable gaming shall immediately notify the department in writing, return its permit to the department and provide the department a report as to the disposition of all unused gaming supplies.

11 VAC 15-22-30:1. Suspension, revocation or denial of permit or authorization.

- A. Pursuant to § 18.2-340.20 of the Code of Virginia, the Department may suspend, revoke, or deny the permit or authorization to conduct charitable gaming of any organization for cause including, but not limited to any of the following reasons:
1. The organization is found to be in violation of or has failed to meet any of the requirements of the statutes or regulations governing the operation, management, and conduct of charitable gaming in the Commonwealth.
 2. The organization is found to be not in good standing with its state or national organization.
 3. The IRS revokes or suspends the organization's tax exempt status.
 4. The organization willfully and knowingly provides false information in its application for a permit or authorization to conduct charitable gaming.
 5. The organization is found to have a member involved in the management, operation or conduct of its charitable gaming who has been convicted of any felony or any misdemeanor crime involving moral turpitude, fraud, theft or financial crime within the past 5 years.
- B. In lieu of suspending, revoking or denying a permit or authorization to conduct charitable gaming, the Department may afford an organization an opportunity to enter into a consent order specifying additional conditions or requirements as it may deem necessary to ensure an organization's compliance with the statute and regulations governing the conduct of charitable gaming activities and may require that an organization participates in such training as is offered by the department.

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- C. If a permit or authorization is suspended, the department shall set the terms of the suspension, which shall include the length of the suspension and a requirement that, prior to reinstatement of the permit or authorization, the organization shall submit a corrective action plan to address the conditions that resulted in the suspension.

Part III

CONDUCT OF GAMES, RULES OF PLAY,
ELECTRONIC BINGO

11 VAC 15-22-40. Conduct of bingo, instant bingo and raffles.

- A. Organizations subject to this chapter shall post their permit or exempt authorization at all times on the premises where charitable gaming is conducted.
- B. No individual shall provide any information or engage in any conduct that alters or is intended to alter the outcome of any charitable game.
- C. Individuals under 18 years of age may play bingo provided such persons are accompanied by a parent or legal guardian. It shall be the responsibility of the organization to ensure that such individuals are eligible to play. An organization's house rules may further limit the play of bingo or purchase raffle tickets by minors.
- D. Individuals under the age of eighteen may sell raffle tickets for a qualified organization raising funds for activities in which they are active participants.
- E. No individual under the age of ~~14~~ 18 may participate in the management, or operation ~~or conduct~~ of bingo games. Individuals ~~14~~ 14 through 17 years of age may participate in the conduct or operation of a bingo game provided the organization permitted for charitable gaming obtains and keeps on file written parental consent from the parent or legal guardian and verifies the date of birth of such youth. Individuals 11 through 13 years of age may only participate in the conduct of a bingo game provided they are accompanied by a parent or legal guardian. An organization's house rules may further limit the involvement of minors in the ~~operation or~~ conduct of bingo games.
- F. Immediate ~~F~~ family members of bona fide members and surviving spouses of deceased bona fide members may participate as volunteer game workers.
- G. All volunteer game workers, ~~including non-member spouses,~~ shall have in their possession a picture identification, such as a driver's license or other government-issued identification, while participating in the management, operation or conduct of a bingo game.
- H. ~~There shall be a~~ A game manager who is a bona fide member of the organization and is designated by the organization's management as the person responsible for the operation of the bingo game during a particular session shall be ~~or person in charge~~ present any time a bingo game is conducted.
- I. Organizations shall ensure that all charitable gaming equipment is in working order before charitable gaming activities commence.
- J. Any organization selling bingo, instant bingo, pull tab raffles or seal cards shall:
 1. Maintain a supplier's invoice or a legible copy thereof at the location where the gaming is taking place and cards are sold. The original invoice or legible copy shall be stored in the same storage space as the ~~supply of pull tab, instant bingo or seal cards gaming supplies.~~ All gaming supplies shall be stored in a secure area that has access limited only to bona fide members of the organization; and

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2. Pay for ~~instant bingo, pull tab or seal card~~ all gaming supplies only by a check drawn on the charitable gaming account of the organization.
- K. A volunteer working a bingo session may receive complimentary food and non-alcoholic beverages ~~for consumption~~ provided on premises, provided as long as the retail value of such food and beverages does not exceed ~~\$8.00~~ \$15.00 for each session.
- L. ~~Individuals employed by an organization to work in the private social quarters open only to members and guests may sell seal cards or pull tab cards provided they are members who are not directly compensated for the sale of these products. Permitted organizations shall not commingle records, supplies or funds from permitted activities with those from pull tabs sold in social quarters in accordance with § 18.2-340.26:1 of the Code of Virginia..~~
- M. Individuals who are not members of an organization or are members who do not participate in any charitable gaming activities may be paid reasonable fees for preparation of quarterly and annual financial reports.
- N. ~~Except for individuals identified in subsections K and M above and individuals allowed by law to be compensated for providing assistance to organizations for the deaf and blind, n~~ No free packs, free electronic bingo devices, discounts or remuneration in any other form shall be provided directly or indirectly to volunteers, members of their family or individuals residing in their household. The reduction of tuition, dues or any fees or payments due as a result of a member or shareholder, or anyone in their household, working bingo games or raffles is prohibited.
- O. Individuals providing security for an organization's charitable gaming activity shall not participate in the charitable gaming activity ~~as a player~~ and shall not be compensated with charitable gaming supplies or with rentals of electronic bingo devices.
- P. No organization shall award any prize money or any merchandise valued in excess of the ~~following~~ amounts specified by the Code of Virginia.
- ~~1. No bingo door prize shall exceed \$25.~~
 - ~~2. No regular bingo or special bingo game prize shall exceed \$100.~~
 - ~~3. No instant bingo prize for a single card shall exceed \$500.~~
 - ~~4. No bingo jackpot of any nature whatsoever shall exceed \$1,000 nor shall the total amount of bingo jackpot prizes awarded in any one calendar day exceed \$1,000.~~
 - ~~5. No pull tab card shall have a prize exceeding \$500.~~
- ~~The provisions of this subsection shall not apply to any bingo game in which all the gross receipts from players for that game up to \$1,000 are paid as prize money back to the players, provided there is no more than one such game per calendar day of play and the prize money from any such game does not exceed \$1,000, such games being commonly referred to as "winner take all" games.~~
- Q. Multiple bingo sessions shall be permitted in a single premises as long as the sessions are distinct from one another and are not used to advertise or do not result in the awarding of more in prizes than is permitted for a single qualified organization. All leases for organizations to conduct charitable gaming in a single premises shall be for sessions separated by an interval of at least one hour ~~during which no sales shall take place~~. Bingo sales for the subsequent session may take place during the one hour break once the building is cleared of all patrons and workers from the previous session.
- ~~R. Separate sessions at the same location shall require separate admission fees.~~
- SR. All bingo and instant bingo sales must occur within the time specified on the charitable gaming permit. ~~In addition, instant bingo sales may occur as provided in subsection T below provided no such sales take place in the required one hour break between sessions.~~

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- ~~TS~~. Instant bingo cards shall only be sold in conjunction with a regular bingo session. No instant bingo sales shall take place more than two hours before or after a session. If multiple sessions are held at the same location, no instant bingo sales shall be conducted during the required one hour break between sessions. ~~The commission~~ department may take action if it believes that a regular bingo session is not legitimate or is being conducted in a manner such that instant bingo cards are not being sold in conjunction with a normal, regular bingo session.
- ~~UT~~. Only ~~bona fide volunteers~~ a volunteer game worker of qualified organizations may rent, exchange or otherwise provide electronic bingo devices to players.
- ~~VU~~. A qualified organization shall conduct only bingo games and raffles listed on a game program for that session. The program shall list all ~~games and~~ prize amounts. If the prize amounts are determined by attendance or at the end of a game, the game program shall list the attendance required for the prize amount or disclose that prizes shall be determined at the end of a game and the method for determining the prize amount. In such case, the organization shall announce the prize amount at the end of the game.
- ~~WV~~. A qualified organization selling instant bingo or pull-tab cards shall post a flare provided by the manufacturer at the location where such cards are sold. All such sales and prize payouts shall be in accordance with the flare for that deal.
- ~~XW~~. Only qualified organizations, facilities in which qualified organizations play bingo and suppliers registered with the Department shall advertise a bingo game. Providing players with information about bingo games through printed advertising is permitted, provided the name of the qualified organization shall be in a type size equal to or larger than the name of the premises, hall or the word "bingo". Printed advertisements shall identify the use of proceeds percentage reported in the past quarter or fiscal year.
- ~~YX~~. Raffles which award prizes based on a percentage of gross receipts shall use pre-numbered tickets.
- ~~ZY~~. The following rules shall apply to ~~pull-tab~~ instant bingo dispensing devices:
1. A dispenser shall only be used at a location ~~owned or leased by~~ and time during which a qualified organization ~~which~~ holds a permit to conduct charitable gaming ~~at that location~~. Only cards purchased by an organization to be used during the organization's charitable gaming activity shall be in the dispenser.
 2. Keys to the dispensing area and coin/cash box shall be in the possession and control of the game manager or designee of the organization's board of directors at all times. Keys shall at all times be available at the location where the dispensing device is being used.
 3. The game manager or designee shall provide ~~keys~~ access to a ~~commission representative~~ department agent for inspection upon request.
 4. Only a volunteer game worker of an organization may stock the device, remove cash or pay winners' prizes.
- ~~Z~~ Organizations shall only purchase gaming supplies from a supplier who has a current certificate of registration issued by the department.
- ~~AA~~. An organization shall not alter bingo paper from its original form as invoiced from the supplier.
- ~~BB~~. The total amount of all discounts given by any organization during any fiscal year shall not exceed 1% of the organization's prior year gross receipts.

CHARITABLE GAMING RULES AND REGULATIONS

- A. ~~An~~ Each organization ~~may~~ shall adopt “House Rules” regarding conduct of the game; ~~provided . s~~ Such rules ~~are~~ shall be consistent with the provisions of the law and these regulations. “House Rules” shall be conspicuously posted or, at an organization’s option, printed on the game program.
- B. All players shall be physically present at the location where the balls for a bingo game are drawn to play the game or to claim a prize. Seal card prizes that can only be determined after a seal is removed or opened must be claimed within 30 days of the close of a deal. All other prizes must be claimed on the game date.
- C. The following rules of play shall govern the sale of instant bingo and ~~pull tab~~ seal cards:
- ~~1.~~ Cards shall not be sold to the public from the original packing box or container. ~~Cards from the original packing box or container shall be mixed thoroughly before being sold by volunteers, dispensing machines or from other containers.~~
 - ~~21.~~ No cards which have been marked, defaced, altered, tampered with or otherwise constructed in a manner which tends to deceive the public or affect the chances of winning or losing shall be placed into play.
 - ~~32.~~ Winning cards shall have the winning symbol or number defaced or punched immediately after redemption by the organization’s authorized representative.
 - ~~43.~~ An organization may commingle unsold instant bingo cards with no more than one additional deal. The practice of commingling deals shall be disclosed to the public via house rules or in a similar manner. Seal card deals shall not be commingled.
 - ~~54.~~ If a deal is not played to completion and unsold cards remain, the remaining cards shall be sold on the next date the same type of ticket is scheduled to be sold. If no future date is anticipated, the organization shall, after making diligent efforts to sell the entire deal, consider the deal closed or completed. The unsold cards shall be retained ~~in accordance with 11 VAC 15-22-70~~ for three years following the close of the fiscal year and shall not be opened.
 - ~~65.~~ All seal card games purchased shall contain the sign-up sheet, seals and the cards packaged together in each deal.
 - ~~76.~~ Progressive seal card prizes not claimed within 30 days shall be carried forward to the next progressive game in progress and paid to the next progressive game prize winner.
- D. ~~Volunteers~~ game workers may ~~not~~ play bingo at any session they have worked ~~after the session has started~~ provided such individuals do not return to working a game after having played. ~~Volunteers~~ game workers may not purchase directly or through others instant bingo, ~~pull tab~~ or seal card products from organizations they assist on the day they have volunteered or from any deal they have helped sell, whichever is later.
- E. Electronic Bingo
1. Electronic bingo devices may be used by bingo players in the following manner:
 - a. Players must input into the device each number called.
 - b. Players must notify the game operator or caller of a winning pattern of bingo by a means other than use of the electronic device.
 - c. Players are limited to playing a maximum of ~~72 (seventy two)~~ 54 (fifty four) card faces per device per game ~~on each device.~~
 - d. Electronic bingo devices shall not be reserved for players. Each player shall have an equal opportunity to use the available devices on a first come, first served basis.
 - e. Each ~~player using an~~ electronic bingo device shall ~~possess a printed representation of all faces played or to be played by the device or~~ produce a player receipt with the organization name, date, time, location, sequential transaction or receipt number, number of electronic bingo cards ~~played~~ loaded, cost of electronic bingo cards loaded, date and time of the transaction and device identification number. Images of cards or faces stored in an electronic device must be exact duplicates of the printed faces if faces are printed.

CHARITABLE GAMING RULES AND REGULATIONS

- f. ~~Commission's representative(s)~~ Department agents may examine and inspect any electronic bingo device and related system. Such examination and inspection shall include immediate access to the device and unlimited inspection of all parts and associated systems and may involve the removal of equipment from the game premises for further testing.
 - g. All electronic bingo devices must be ~~programmed~~ loaded or enabled for play on the premises where the game will be played.
 - h. All electronic bingo devices shall be rented or otherwise provided to a player only by an organization and no part of the proceeds of the rental of such devices shall be paid to a landlord, his employee, agent or member of his immediate family.
 - i. If a player's call of a bingo is disputed by another player or if a ~~commission representative~~ department agent makes a request, one or more cards stored on an electronic bingo device shall be printed by the organization.
2. Players may exchange a defective electronic bingo device for another device provided a disinterested player verifies that the device is not functioning. A disinterested player shall also verify that no numbers called for the game in progress have been keyed into the replacement device prior to the exchange.
- F. The following rules of play shall govern the conduct of raffles:
1. Before a prize drawing, each stub or other detachable section of each ticket sold shall be placed into a receptacle from which the winning tickets shall be drawn. The receptacle shall be designed so that each ticket placed in it has an equal chance to be drawn.
 2. All prizes shall be valued at fair market value.
- G. The following rules shall apply to "decision bingo" games:
1. Decision bingo shall be played on bingo cards in the conventional manner.
 2. Players shall enter a game by paying a predetermined amount for each card face in play.
 3. After the calling of each set of three numbers, players wishing to continue playing shall pay an additional predetermined fee for each card in play.
 4. The prize amount shall be the total of all fees not to exceed \$100. Any excess funds shall be retained by the organization.
 5. The predetermined amounts in subsections 2 and 3 above shall be printed in the game program. The prize amount for a game shall be announced before the prize is paid to the winner.
- H. The following rules shall apply to "treasure chest" games:
1. The organization shall list the treasure chest game on the bingo game program as a "Treasure Chest Raffle".
 2. The organization shall have house rules posted that describe how the game is to be played.
 3. The treasure chest participant shall only be selected through some other authorized charitable game at the same bingo session.
 4. The organization shall account for all funds as treasure chest/raffle sales on the session reconciliation form.
 5. If the player does not open the lock on the treasure chest, the game manager **or his designee** shall proceed to try every key until the correct key opens the treasure chest lock to show all players that one of the keys will open the lock.
- I. The following rules shall apply to "Lucky Seven" games:

CHARITABLE GAMING RULES AND REGULATIONS

1. General rules

- a. A “Lucky Seven” bingo card shall have a single face where seven (7) numbers shall be chosen.
- b. A “Lucky Seven” sheet shall have multiple faces where seven (7) numbers shall be chosen per face.
- c. A player shall select seven (7) numbers between the numbers of 1 and 75.
- d. No duplicate numbers shall be played on a purchased face.
- e. If a duplicate number appears on a face, then the card shall be void.
- f. “Lucky Seven” shall be played on a bingo card or sheet, or electronic facsimile thereof.
- g. “Lucky Seven” bingo paper (i.e. card(s) and sheet(s)) shall conform to the construction and randomization standards in the Charitable Gaming Supplier Regulations.
- h. “Lucky Seven” shall be sold separately from the bingo card(s) or sheet(s) issued for any other bingo game.
- i. “Lucky Seven” shall not be a part of any pack of any kind such as a convenience pack, super pack, etc.
- j. The financial accounting for “Lucky Seven” must include separate accounting for the “Lucky Seven” sales and prize payouts as well as informational entries for each session that records the following for the progressive jackpot: beginning balance, additions to the progressive jackpot, payouts and ending balance that is to be carried over to the next session.
- k. “Lucky Seven” shall be listed on the game program for the session it is played.
- l. “Lucky Seven” game card(s) or sheet(s) pricing shall be listed on the game program.
- m. The pricing of “Lucky Seven” bingo card(s) or sheet(s) shall be by the number of faces.
- n. The price for a “Lucky Seven” bingo card or sheet face shall be the same regardless of the number of faces are purchased by a player.
- o. No discounts shall be allowed.
- p. “Lucky Seven” paper shall not be given away as a door prize.
- q. There shall be no more than one (1) “Lucky Seven” game per organization per calendar day.
- r. No volunteer may play “Lucky Seven” at any session where he has worked.
- s. The pricing for “Lucky Seven” faces shall remain constant from when the progressive jackpot is first started until the same jackpot has been won.

2. Progressive jackpot rules

- a. “Lucky Seven” shall begin with the calling of sixteen (16) random numbers by the game caller. These numbers will determine the winner of the “Lucky Seven” progressive jackpot. If the progressive jackpot has not been won during the session, then the maximum number of numbers called for the following session shall be increased by one (1) number. This shall continue until the progressive jackpot has been won.
- b. The amount of the progressive jackpot shall be announced prior to the game being played at the session. Multiple winners shall evenly split the progressive jackpot.

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- c. The initial progressive jackpot for the “Lucky Seven” game shall not exceed \$500.
- d. The organization shall take into consideration the number of players at its sessions when deciding the starting amount for its progressive jackpot.
- e. Any increase in the amount for the “Lucky Seven’s” progressive jackpot game shall be 50 percent of the monies received from the sales of “Lucky Seven” bingo card(s) or sheet(s) during the previous session for which the sales occurred or \$100 per session, which ever amount is less.
- f. Once the progressive jackpot has reached \$5,000, the organization shall not add any additional money generated from the sales of its “Lucky Seven” bingo card(s) or sheet(s) from a session to the jackpot.
- g. The amount of numbers needed to win the “Lucky Seven” progressive jackpot and the amount of the jackpot shall be posted in conspicuous place inside the bingo hall.
- h. Once the progressive jackpot has been won, the next progressive jackpot shall not start in excess of \$500.

3. Regular or special prize rules

- a. If the progressive jackpot has not been won during the session, then the game caller shall continue to call numbers at random until there is a verified bingo winner of the regular or special prize amount.
- b. The regular or special prize amount shall be announced prior to the game being played. Multiple winners shall evenly split the regular or special prize.
- c. The regular or special prize amount shall be 50 percent of the monies received from the sales of “Lucky Seven” bingo card(s) or sheet(s) during the current session or \$100, which ever amount is less.
- d. The regular or special prize amount shall not be awarded when the progressive jackpot is won by a player.

J. The following rules shall apply to “WINGO”:

- 1. “WINGO” shall be played only by organizations for hearing impaired players.
- 2. “WINGO” shall utilize a visual device such as an oversized deck of cards in place of balls selected from a blower.
- 3. A caller must be in an area visible to all players and shall randomly select cards or other visual devices one at a time and display them so that all players can see them.
- 4. The organization must have house rules for “WINGO” and the rules shall identify how players indicate that they have won.
- 5. All financial reporting shall be done consistent with reporting for a traditional bingo game.

Part IV

BANK ACCOUNTS, RECORDKEEPING,
FINANCIAL REPORTING, AUDITS, FEES

11 VAC 15-22-60. Bank accounts.

- A. Qualified organizations shall maintain a ~~separate bank account for charitable gaming receipts~~ charitable gaming bank account that is separate from any other bank account and all gaming receipts shall be deposited into the charitable gaming bank account.

CHARITABLE GAMING RULES AND REGULATIONS

- B. Disbursements for expenses other than prizes and reimbursement of meal expenses shall be made by check directly from a charitable gaming account ~~or by check from a general fund account of the organization if charitable gaming funds are transferred to such an account.~~
- C. ~~Monthly~~ All charitable gaming bank account records, including but not limited to monthly bank statements, cancelled checks or facsimiles thereof, and reconciliations shall be maintained for three years following the close of a fiscal year (September 30th).
- D. All receipts from each session of bingo games and instant bingo shall be deposited by the second business day following the session at which they were received.
- E. ~~Pull tab and r~~ Raffle proceeds shall be deposited at least once every calendar week.

11 VAC 15-22-70. Recordkeeping.

- A. In addition to the records required by § 18.2-340.30 D of the Code of Virginia, qualified organizations conducting bingo shall maintain a system of records **for a minimum of three years, unless otherwise specified, for each gaming session on forms prescribed by the department, or electronic reasonable facsimiles of those forms approved by the department, that documents and identifies include:**
1. Charitable gaming supplies purchased and used;
 2. ~~Charitable gaming supplies used~~ A session reconciliation form and an instant bingo reconciliation form completed and signed within 48 hours of the end of the session by the bingo manager;
 3. ~~All~~ All discounts provided;
 4. ~~Daily bingo reconciliation and instant bingo reconciliation~~ A reconciliation to account for cash received from floor workers for the sale of extra bingo sheets for any game;
 5. Number of electronic bingo devices rented, unique serial numbers of such devices, number of faces sold by each unit and a summary report for each session to include date, time, location and detailed information on income and expenses;
 6. ~~Unused charitable gaming supplies that were destroyed. Destruction must be witnessed by two officers of the organization who shall sign and date the itemized list if the retail face value of supplies destroyed exceeds \$1,000 in a fiscal year.~~ An admissions control system that provides a cross-check on the number of players in attendance and admission sales. This may include a ticket control system, cash register or any similar system;
 7. All operating expenses including rent, advertising and security. Copies of invoices for all such expenses shall also be maintained;
 8. Expected and actual receipts from games played on hard cards and number of games played on hard cards; ~~and~~
 9. ~~Each~~ A record of the name and address of each winner for all seal cards; ; pull tabs and instant bingo prizes of \$250 and over along with in addition, the winning ticket and seal card shall be maintained for a minimum of 90 days after the session; and
 10. A record of all door prizes awarded.
- B. Qualified organizations conducting raffles, **other than pull tabs or seal cards** shall have a recordkeeping system to account for cash receipts, cash disbursements and raffle tickets purchased or sold and prizes awarded. All records shall be maintained for three years from the close of the fiscal year. The recordkeeping system shall include:

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1. Invoices for the purchase of ~~pull-tab~~ raffle cards which shall reflect the following information:
 - a. Name and address of supplier;
 - b. Name of purchaser;
 - c. Date of purchase;
 - d. Invoice price for each deal;
 - e. Form number and name of card;
 - f. Serial numbers;
 - g. Quantity purchased; and
 - h. Sales price of cards.
 2. A record of cash receipts from raffle ticket sales (other than pull-tabs) by tracking the total number of tickets available for sale, the number issued to sellers, the number returned, the number sold and reconciliation of all raffle sales to receipts;
 3. Serial numbers of ~~door-prize~~ tickets for raffle sales initiated and concluded at a bingo game or sequentially numbered tickets which shall state the name, address and telephone number of the organization, the prize or prizes to be awarded, the date of the prize drawing or selection, the selling price of the raffle ticket and the charitable gaming permit or exempt authorization number;
 4. Receipts for all raffle prizes valued at ~~\$500~~ 600 or more on which prize winners must provide printed name, residence address and the amount and description of the prize received; and
 5. Deposit records of the required weekly deposits of ~~pull-tab~~ raffle receipts.
- C. ~~All raffle tickets (except for pull-tab raffles) shall have a detachable section, shall be consecutively numbered with the detachable section having the same number, shall provide space for the purchaser's name, complete address and telephone number, shall state the name and address of the organization, the prize or prizes to be awarded, the date, time and location of the prize drawing, the selling price of the ticket and the charitable gaming permit or exemption authorization number. All such tickets shall be sequentially numbered. Winning tickets for prizes of \$500 and over and unsold tickets shall be maintained for three years from the close of the fiscal year.~~
- D. ~~Organizations shall maintain a complete set of records for each deal of pull-tab cards sold and a reconciliation of cash to determine gross receipts and prizes paid. The reconciliation must be performed at the close of each deal unless all pull-tabs are sold for the same price. In this event, a reconciliation shall be performed at least once every week. All unused charitable gaming supplies shall either be returned for refund to the original supplier in unopened original packaging in resalable condition, as determined by the supplier, or turned in to the department for destruction. The organization shall maintain a receipt for all such supplies returned to the supplier or turned in to the department.~~
- E. Each organization shall prepare and maintain the following records for each session:
1. ~~A session reconciliation form and an instant bingo reconciliation form completed and signed within 48 hours of the end of the session by the bingo manager;~~
 2. ~~An admissions control system that provides a cross check on the number of players in attendance and admission sales. This may include a ticket control system, cash register or any similar system;~~
 3. ~~A reconciliation to account for cash received from floor workers for the sale of extra bingo sheets for any game; and~~
 4. ~~A record of all discounts exceeding two dollars per person given to customers may be required from organizations whose discounts for the previous fiscal year exceeded 1% of that fiscal year's gross receipts.~~
- F. ~~Organizations may value winner take all sheets sold in game packs at a different price from the sale price of such sheets on the floor provided players are notified as to the value attached to sheets in the packs via the house rules.~~

CHARITABLE GAMING RULES AND REGULATIONS

- A. Each charitable gaming permit holder shall file an annual report of receipts and disbursements by ~~December~~ March 15 of each year on a form prescribed by the ~~commission~~ department. The annual report shall cover the activity for the fiscal year. Volunteer fire departments and rescue squads shall file a ~~commission-prescribed~~ resolution of their board of directors on a form prescribed by the department by ~~December~~ March 15 each year, in lieu of the financial report.
- B. The annual report shall be accompanied by the audit and administration fee as established by the ~~commission~~ department for the fiscal year unless the fee has been remitted with quarterly reports.
- C. An organization desiring an extension to file annual reports for good cause shall pay the projected audit and administration fee by ~~December~~ March 15 and request the extension in writing on a form prescribed by the department.
- D. ~~Qualified~~ Unless exempted by § 18.2-340.23 of the Code of Virginia, qualified organizations realizing any gross gaming receipts ~~in excess of \$50,000~~ in any calendar quarter shall file, ~~in addition to its annual report,~~ a quarterly report of receipts and disbursements on a form prescribed by the ~~commission~~ department as follows:

<u>Quarter Ending</u>	<u>Date Due</u>
December 31	March 1
March 31	June 1
June 30	September 1
September 30	December 1
<u>December 31</u>	<u>March 1</u>

Quarterly reports shall be accompanied by the appropriate audit and administration fee. An annual financial report may ~~not~~ substitute for a quarterly report if the organization has no further charitable gaming income during the remainder of the reporting period and the annual report is filed by due date for the applicable calendar quarter.

- E. Organizations failing to file required reports, request an extension or make fee payments when due shall be charged a penalty of \$25 per day from the due date ~~up to a maximum of \$750~~ until such time as the required report is filed.
- F. Any ~~other~~ qualified organization in possession of funds derived from charitable gaming (including those who have ceased operations) ~~as of September 30 of any year,~~ regardless of when such funds may have been received or whether it has a valid permit from the ~~commission~~ department shall file an annual financial report on a form prescribed by the department on or before ~~December~~ March 15 of each year until such funds are depleted. Volunteer fire departments and rescue squads that have ceased gaming but are still in possession of funds derived from charitable gaming shall file a resolution of their board of directors by March 15 each year, in lieu of the financial report, on a form prescribed by the department. If an organization ceases the conduct of charitable gaming, it shall provide the ~~commission~~ department with the name of an individual who shall be responsible for filing financial reports. If no such information is provided, the president of an organization shall be responsible for filing reports until all charitable gaming proceeds are depleted.
- G. If an organization has been identified through inspection, audit or other means as having deficiencies in complying with statutory or regulatory requirements or having ineffective internal controls, the ~~commission~~ department may impose restrictions or additional record keeping and financial reporting requirements.
- H. ~~The commission, at its option, may impose a penalty on any organization which fails to comply with provisions of the law or these regulations.~~
- I. Any records deemed necessary to complete an inspection, audit or investigation may be removed by the ~~commission~~ department, its employees or agents from the premises of an organization or any location where charitable gaming is conducted. The ~~commission~~ department shall provide a written receipt of such records at the time of removal.

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- A. All payments by an organization intended as use of proceeds must be made by check written from the organization's charitable gaming account, ~~or the organization's general fund account; and~~
- B. Use of proceeds payments may be made for scholarship funds or the future acquisition, construction, remodeling or improvement of real property or the acquisition of other equipment or vehicles to be used for religious, charitable, educational or community purposes. In addition, an organization may obtain ~~commission~~ department approval to establish a special fund account or an irrevocable trust fund for special circumstances. Transfers to such an account or an irrevocable trust fund may be included as a use of proceeds if the ~~commission-approved~~ payment is authorized by an organization's board of directors.

No payments made to such a special fund account shall be withdrawn for other than the specified purpose unless prior notification is made to the ~~commission~~ department.

- C. Expenditures of charitable gaming funds for social or recreational activities or for events, activities or programs which are open primarily to an organization's members and their families shall not qualify as use of proceeds unless substantial benefit to the community is demonstrated.
- D. Payments made to or on behalf of indigent or sick or deceased members or their immediate families shall be allowed as use of proceeds ~~up to 1.0% of an organization's prior year gross receipts~~ provided they are approved by the organization's board of directors and the need is documented. ~~Organizations may obtain prior commission approval to exceed the 1.0% limit in special cases.~~
- E. Payments made directly for the benefit of an individual member, member of his family or person residing in his household shall not be allowed as a use of proceeds unless authorized by law or elsewhere in this chapter.
- F. Use of proceeds payments by an organization shall not be made for any activity which is not permitted by federal, state or local laws or for any activity which attempts to influence or finance directly or indirectly political parties or committees or the election or re-election of any person who is or has been a candidate for public office.
- G. Organizations shall ~~provide~~ maintain details of all use of proceeds disbursements for a minimum of three years ~~with the annual financial report and shall make this information available to the department upon request.~~
- H. The ~~commission or its employees~~ department may disallow a use of proceeds payment to be counted against the minimum percentage referred to in 11 VAC 15-22-20 (D).

If any payment claimed as use of proceeds is subsequently disallowed, an organization may be allowed additional time as specified by the ~~commission~~ department to meet minimum use of proceeds requirements.

Part V

RENT

11 VAC 15-22-100. Requirements regarding renting premises, agreements and landlord participation.

- A. No organization shall rent or use any leased premises to conduct charitable gaming unless all terms for rental or use are set forth in a written agreement and signed by the parties thereto prior to the issuance of a permit to conduct charitable gaming. **A qualified organization that leases a building or other premises which is utilized in whole or in part for the purpose of conducting charitable gaming more frequently than two calendar days in one calendar week shall only lease such premises directly from (i) a qualified organization which is exempt from taxation pursuant to § 501 (c) of the Internal Revenue Code or (ii) any county, city or town.**
- B. Organizations shall not make payments to a landlord except by check drawn on the organization's ~~general fund or~~ charitable gaming account.

CHARITABLE GAMING RULES AND REGULATIONS

- C. No landlord, his agent or employee, member of his immediate family or person residing in his household shall make directly or indirectly a loan to any officer, director, game manager or entity involved in the management, operation or conduct of charitable gaming of an organization in Virginia which leases its charitable gaming facility from the landlord.
- D. No landlord, his agent or employee, a member of his immediate family or person residing in his household shall make any direct or indirect payment to any officer, director, game manager or entity involved in the management, operation or conduct of charitable gaming conducted at a facility rented from the landlord in Virginia unless the payment is authorized by the lease agreement and is in accordance with the law.
- E. No landlord, his agent or employee, person residing in the same household or member of his immediate family shall, at charitable games conducted on the landlord's premises:
1. Participate in the management, operation or conduct of any charitable games;
 2. Sell, lease or otherwise provide any bingo supplies including, but not limited to, bingo cards, pull-tab cards, markers or other game pieces; or
 3. Require as a condition of the lease or contract that a particular manufacturer, distributor or supplier of bingo supplies be used by the organization.
- "Bingo supplies" as used in these regulations shall not include glue and tape sold from concession stands or from a location physically separated from the location where bingo supplies are normally sold.
- F. ~~If equipment or services are included by a landlord in any lease or contract, the lease or contract shall itemize the amount attributable to the rent of the premises, equipment and each service to be provided by the landlord.~~
- ~~GE.~~ No member of an organization involved in the management, operation or conduct of charitable gaming shall provide any services to a landlord or be remunerated in any manner by the landlord of the facility where an organization is conducting its charitable gaming.

Part VI

FACT FINDING CONFERENCES AND HEARINGS

11 VAC 15-22-110. Procedural rules for the conduct of fact finding conferences and hearings.

- A. Fact finding conference; notification, appearance, conduct.
1. Unless automatic revocation or immediate suspension is required by law, no authorization or permit to conduct charitable gaming shall be denied, suspended or revoked except upon notice stating the proposed basis for such action and the time and place for a fact finding conference, as set forth in § ~~9-6.14:14~~ 2.2-4019 of the Administrative Process Act.
 2. If a basis exists for a refusal to renew a suspension or a revocation of a permit or authorization, the ~~commission~~ department shall notify, by certified mail or by hand delivery, the interested ~~parties~~ persons at the address of record maintained by the ~~commission~~ department.
 3. Notification shall include the basis for the proposed action and afford interested ~~parties~~ persons the opportunity to present written and oral information to the ~~commission~~ department which may have a bearing on the proposed action at a fact finding conference. If there is no withdrawal, a fact finding conference shall be scheduled at the earliest mutually agreeable date, but no later than 60 days from the date of the notification. Organizations or suppliers who wish to waive their right to a conference shall notify the ~~Commission~~ department at least 14 days before the scheduled conference.

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4. If, after consideration of evidence presented during an informal fact finding conference, a basis for action still exists, the interested ~~parties~~ persons shall be notified in writing within 60 days of the fact finding conference, via certified or hand-delivered mail, of the decision and the right to a formal hearing. Parties to the conference may agree to extend the report deadline if more time is needed to consider relevant evidence.

B. Hearing; notification, appearance, conduct.

1. If, after a fact finding conference, a sufficient basis still exists to deny, suspend or revoke a permit or authorization, interested ~~parties~~ persons shall be notified by certified mail or hand delivery of the proposed action and of the opportunity for a hearing on the proposed action. If an organization desires to request a hearing, it shall notify the ~~commission~~ department within 14 days of receipt of a report on the conference. Parties may enter into a consent agreement to settle the issues at any time prior to (or subsequent to) an informal fact finding conference.
2. If an interested party or representative fails to appear at a hearing, the hearing officer may proceed in his absence and make a recommendation.
3. Oral and written arguments may be submitted to and limited by the hearing officer. Oral arguments shall be recorded in an appropriate manner.

C. Hearing location.

Hearings before a hearing officer shall be held, insofar as practicable, in the county or city in which the organization is located. If the parties agree, ~~H~~ hearing officers may conduct hearings at locations convenient to the greatest number of persons or by telephone conference, video conference or similar technology, in order to expedite the hearing process.

D. Hearing decisions.

1. Recommendations of the hearing officer shall be a part of the record and shall include a written statement of the hearing officer's findings of fact and recommendations as well as the reasons for the recommendations. Recommendations shall be based upon all the material issues of fact, law or discretion presented on the record.
2. The ~~commission~~ department shall review the recommendation of the hearing officer and render a decision on the recommendation within 30 days of receipt. The decision shall cite the appropriate rule, relief or denial thereof as to each issue.

E. Agency representation.

The ~~executive secretary's~~ director's designee may represent the ~~commission~~ department in an informal conference or at a hearing.

Part VII

REPORTING VIOLATIONS

11 VAC 15-22-120. Reporting violations.

- A. Unless otherwise required by law, the identity of any individual who provides information to the ~~commission or its employees~~ department or its agents regarding alleged violations shall be held in strict confidence.
- B. Any officer, director or game manager of a qualified organization shall immediately report to the ~~commission~~ department any information pertaining to the suspected misappropriation or theft of funds or any other violations of ~~the law~~ charitable gaming statutes or these regulations.

CHARITABLE GAMING RULES AND REGULATIONS

- C. Failure to report the information required by subsection B may result in the denial, suspension or revocation of a charitable gaming permit or authorization.
- D. Any officer, director or game manager of a qualified organization involved in the management, operation or conduct of charitable gaming shall immediately notify the ~~commission~~ department upon conviction of a felony or a crime of moral turpitude or a crime involving fraud, theft or financial crimes.
- E. Failure to report information required by subsection D by any officer, director or game manager of a qualified organization or supplier may result in the denial, suspension or revocation of a permit or authorization.
- F. Any officer, director or game manager of a qualified organization involved in charitable gaming shall immediately report to the ~~commission~~ department any change the Internal Revenue Service makes in the tax status of the organization, or if it is a chapter of a national organization covered by a group tax-exempt determination, the tax status of the national organization.
- B. All organizations regulated by the ~~commission~~ department shall display prominently a poster advising the public of a phone number where complaints relating to charitable gaming may be made. Such posters shall be provided by the ~~commission~~ department to organizations at no charge.