

FINAL MINUTES
Charitable Gaming Board
State Capitol Building, Richmond VA
December 14, 2010

Call to Order

Chairman Fields called the meeting to order at 10:00 a.m. and asked other Board members if there were any items of business that needed to be added to the agenda.

The Chairman asked Ms. Trent to call the roll to confirm that a quorum was present.

Members Present:

Donald R. Fields, Chair
C. D. Crouch
Wesley I. Crowder
Ruth Modlin Ellett
Michael Sheffield

Members Absent:

Clay L. Dawson
Delores E. Ray Wilson, Ph.D.

Staff Present:

Andres Alvarez, Director, Division of Consumer Protection
J. Carlton Courter, III, Program Manager, Office of Charitable Gaming
Tom Clarke, Manager of Enforcement and Inspections, Office of Charitable Gaming
Kay Cholko, Auditing Team Leader, Office of Charitable Gaming
Roz Trent, Special Assistant, Office of Charitable Gaming

Attorney General's Office Staff Present: Amy K. Dilworth, Assistant Attorney General

Approval of Minutes

The Chair asked for a motion to approve the draft minutes of the September 14, 2010 Board meeting. A motion was made and seconded that the minutes be approved unanimously.

A draft copy of the Virginia Department of Agriculture and Consumer Services, Office of Charitable Gaming Electronic Versions of Instant Bingo or Pull-Tab System and Player Devices was distributed to Board members for their review.

Mr. Alvarez informed the Board that two new members had been appointed to the Board: Mr. Randy Green (representing bingo suppliers) and Ms. Renee Trent Maxey (citizen member).

Mr. Alvarez informed the Board that Mr. J. Carlton Courter, III had been selected as the new program manager for the Office of Charitable Gaming. Mr. Courter introduced himself and expressed his eagerness to work with Board members.

As part of the state budget reduction strategy, Mr. Alvarez informed the Board that a decision was made to do away with the previous bingo manager/bingo caller online registration system, which supported fewer than 150 registrants. This reduction strategy resulted in a \$70K savings.

In addition, the Office of Charitable Gaming has been moved from the James Monroe Building to the Oliver Hill Building. This move resulted in rental savings of \$32K+ per year. The move had been delayed due to inability to locate space to house three large filing systems. To resolve this problem, OCG signed an agreement with the Department of Correctional Enterprises to scan paper files and convert them to digital format.

There has been positive feedback received on the redesigned Office of Charitable Gaming website. The new design provides easier access for constituents in accessing needed information.

There has been both positive and negative feedback concerning the elimination of the Winner Take All game. Mr. Alvarez anticipates that there will be legislation introduced in the upcoming legislative session to reinstate this game. The Office has no financial data available to substantiate whether or not this will be a good or a bad move.

Operational Updates

Inspections:

Staff conducted 282 inspections from June 9th through September 13th. This is approximately 47 inspections per inspector per quarter, which continues to rise above the performance measure of 40 inspections.

Enforcement & Inspections:

Several criminal investigations are headed to the Grand Jury in the next couple of months. Depending on progress, more information will be shared at the next board meeting.

Auditing:

Auditors are currently attending games and having face-to-face audits with organizations. This process allows for face/name recognition and provides opportunities for auditing team to serve as consultants to organizations, and provide guidance, when needed.

Training of audit procedures and charitable gaming rules and regulations is on-going with the three additional auditors.

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

142 organizations are currently filing on-line.

Currently, approximately 31% of organizations file on-line.

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

Licensing:

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

There is currently no backlog in permits. The turn-around time for properly completed applications is 35 days.

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

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

Regulations

A draft document has been prepared by GLI consisting of technical language that suppliers can use to plan for the introduction of electronic pull tabs. Mr. Alvarez stated that he has received positive feedback, and believed that hiring consultants to help write the technical requirements of the regulation was a good move.

2011 General Assembly

Mr. Alvarez stated that there is a possibility that bills may be introduced to reinstate the Winner Take All Game. To date, however, no bills have been introduced impacting the Office of Charitable Gaming. With respect to the possible elimination of numerous boards by the Governor's Commission on Government Reform, staff commented that information has been provided to the Commission regarding costs to operate the Board.

New Business

Chairman Fields reminded members that the next meeting of the Charitable Gaming Board will be held on Tuesday, March, 8, 2011. Members will be advised of the location.

Public Comment

Mr. Lane Kneedler, International Gamco/Oasis Gaming), expressed his support for the continuation of the Charitable Gaming Board, as the Board provides a valuable service. He thanked staff for the work done on the draft regulations; however, expressed concerns with several technical issues in the draft, which he would pass on to staff (i.e. maximum payout of 75% and innovations and sounds). Mr. Kneedler also stated that he had hoped that the regulations would have moved to the proposed stage at the December 14th meeting.

Mr. Marty Williams, FOP, expressed concerns regarding auditing fees. He stated that the organizations are unable to give to charities due to the amount of audit fees assessed. He asked that the Board look into reducing the amount of fees charged by the Office of Charitable Gaming for auditing purposes.

Mr. Alvarez stated that the audit fees are established by the Board and that none of the monies were used to operate the Office of Charitable Gaming, and that every fee, by statute, goes to the state's general fund. He suggested that staff could provide a "what if" scenario, looking at fees that were set over the past six years. Chairman Fields asked staff to provide such a scenario.

Mr. Alvarez emphasized that since the Board is appointed by the Governor, that possibly every action that reviews revenue should be looked at. The Office of Charitable Gaming is neutral, but will provide recommendations based on the recommendations of the Policy Office and the Office of the Governor.

Adjournment

There being no further business, meeting adjourned at 10:45 a.m.

Respectfully submitted,

Roz Trent
Special Assistant, Office of Charitable Gaming