

FINAL MINTUES

Charitable Gaming Board
Department of Alcoholic Beverage Control
2901 Hermitage Road, Richmond, Virginia
March 8, 2011

Call to Order

In the absence of Chairman Don Fields, Vice-Chairman Michael Sheffield 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.

Vice-Chairman Sheffield asked Ms. Trent to call the roll to confirm that a quorum was present.

Members Present:

Wesley I. Crowder
Clay L. Dawson
Randy W. Green
Renee T. Maxey
Michael Sheffield
DeLores E. Ray Wilson, Ph.D.

Members Absent:

C. D. Crouch
Ruth Modlin Ellett
Donald R. Fields, Chairman

Staff Present:

Andres Alvarez, Director, Division of Consumer Protection
J. Carlton Courier, III, Program Manager, Office of Charitable Gaming
Tom Clarke, Manager of Enforcement and Inspections, 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 Vice-Chair asked for a motion to approve the draft minutes of the December 14, 2010 Board meeting. Ms. Renee Maxey asked that the minutes be amended as follows: (1) to correct the spelling of her name and (2) to reflect that she and Mr. Randy Green not be shown as "absent", since they had been appointed to the Board just prior to the December meeting and were asked to attend their first meeting in March. Vice-Chairman Sheffield asked for a motion that the minutes be approved with amendments. A motion was made and seconded unanimously.

Charitable Gaming Board Final Minutes
March 8, 2011
Page Two

Vice-Chairman Sheffield formally introduced the two new members, Ms. Renee T. Maxey (citizen member) and Mr. Randy W. Green (supplier), and welcomed them to the Board.

Mr. Sheffield informed the Board that the next meeting would be held on Tuesday, June 14, 2011 at 10:00 a.m. Members would be advised of the exact meeting location prior to that time.

Operational Updates

Inspections & Enforcement:

Inspections:

For a three-month period (September 14, 2010 through December 13, 2010), staff conducted 137 inspections. In addition, staff conducted 209 inspections and 14 training sessions from December 14, 2010 through March 8, 2011. This equates to approximately 41.6 inspections per inspector. This number continues to rise above the performance measure of 40 inspections per inspector.

Enforcement:

Mr. David A. Zimmerman, President and Bingo Manager for Plaza Little League located in Virginia Beach, Va., was indicted on February 22, 2011 by a Virginia Beach Grand Jury on thirteen counts of felony embezzlement. Each charge carries a potential sentence of 1-20 years. Mr. Zimmerman is accused of stealing more than \$8,000 from the Plaza Little League's bingo funds. The offenses allegedly occurred in 2008 and 2009; charges stemmed from an investigation by Ms. Gail Greenia, Special Agent, Office of Charitable Gaming. Mr. Zimmerman was arrested on March 2, 2011 in Virginia Beach and is currently out of jail on a \$50,000 bond. A trial date has not yet been scheduled.

There are several criminal investigations 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 continuing to conduct face-to-face audit exit conferences. This process allows for face/name recognition and provides opportunities for the auditing team to serve as consultants, and provide guidance to organizations to ensure compliance with Charitable Gaming Statutes and Rules and Regulations.

Training of audit procedures is on-going with all auditors.

Charitable Gaming Board Final Minutes
March 8, 2011
Page Three

The audit team issued 27 audits from September 14, 2010 through December 1, 2010.

144 organizations are currently filing on-line. This equates to approximately 31% of all organizations filing on-line.

463 organizations have filed their Third Quarter Financial Reports.

Licensing:

From December 1, 2010 through March 2, 2011, 112 organization permits have been issued, including 2 new organizations, 108 permit renewals and 2 renewal requests from suppliers.

The average number of days to process and issue permits is as follows: 43.08 days for new organizations; 40.475 days for renewal organizations; and 11.11 days for renewal suppliers.

7 organizations terminated gaming activities since the last board meeting; 7 organizations' permits expired and did not renew; and 1 supplier permit expired and did not renew.

The unit has set up 8 individuals to file financial reports on-line (representing 5 organizations).

From December 1, 2010 through March 3, 2011, twelve new bingo manager/caller certificates were issued (7 managers; 5 callers). Twenty-six manager/caller certificates were renewed (8 managers; 18 callers).

As of March 3, 2011, there were a total of 173 current bingo manager/caller certificates (70 managers – representing 57 organizations, and 103 callers).

2011 General Assembly Report

There were two bills relevant to charitable gaming. Both bills (House and Senate) died in committee.

Regulations

Division Director Alvarez informed the Board that staff had completed all work related to the drafting of proposed charitable gaming regulations. In addition to a section containing definitions and a section prescribing the administrative process to handle complaints and violations, the proposed regulation consists of three core sections pertaining to (1) charitable gaming organizations and the conduct of charitable gaming, (2) charitable gaming suppliers, and (3) electronic games of chance systems. The Board approved a motion to propose regulation 11 VAC 15-40, *Charitable Gaming*

Charitable Gaming Board Final Minutes
March 8, 2011
Page Four

Regulations, and authorized staff to take any and all actions necessary to have the proposed regulation filed with the Registrar of Regulations for publication in the Virginia Register of Regulations.

New Business

Vice-Chairman Sheffield reiterated that the next meeting of the Board is scheduled for Tuesday, June 14, 2011. Members will be advised of the location.

Public Comment

Mr. Lane Kneedler (International Gamco/Oasis Gaming), Mr. Andy Murphy (Game Manager, St. Gregory Men's Club), and Mr. Matt Benka (Chairman, Va. Bingo) expressed thanks to the Board, Carlton Counter and Charitable Gaming staff for the hard work done in developing regulations and allowing the industry to be a part of the regulatory development process.

Mr. Andy Marty Williams, FOP, once again expressed concerns regarding the amount of auditing fees assessed to organizations. He stated that the fees prohibited organizations from being able to support charities. Mr. Alvarez reiterated that audit fees are established by the Board. All fees go directly into the State's general fund, and none are used to operate the Office of Charitable Gaming. He stated that a 5-year comparison analysis document showing estimated revenue impacts at different audit and administration fee levels had been provided to the Board for review. He concluded that additional information could be researched and provided to the Board for further discussion. Vice-Chairman Sheffield agreed that a more detailed document on audit fees be developed and discussed at the June 14, 2011 meeting.

Adjournment

There being no further business, meeting adjourned at 10:30 a.m.

Respectfully submitted,

Roz Trent
Special Assistant, Office of Charitable Gaming