

VIRGINIA LOTTERY  
Board Meeting  
January 13, 2026

The Virginia Lottery Board met on January 13, 2026, at 1:30 p.m. at Lottery Headquarters in Richmond, Va. A livestream link to the meeting was available on the Virginia Regulatory Town Hall website. A video recording of the meeting can be viewed here:  
<https://youtu.be/IGbgLIMrv6o>

MEMBERS PRESENT: Ferhan Hamid, Chairman  
Adam Tolbert, Vice Chairman  
Jonathan Comer  
Orrin Gallop  
Scott Price

MEMBERS ABSENT: Charles King  
Rebecca Tres

STAFF PRESENT: Khalid R. Jones, Executive Director  
Amy Dilworth, General Counsel  
Ray Dunkle, Deputy Executive Director of Gaming Compliance  
Jennifer Mullen, Deputy Executive Director of Communications  
and Customer Relations  
Tony Russell, Deputy Executive Director of ITS and Operations  
Bobby Stahler, Deputy Executive Director of Finance and  
Administration  
Robert Fontaine, Deputy General Counsel - Gaming Compliance  
Jo Murphy, Executive Office Manager

Mr. Hamid, chairman, presided, and Jo Murphy was the recording secretary.

CALL TO ORDER

Mr. Hamid called the meeting to order and noted that a quorum was present.

REPORT OF NOMINATING COMMITTEE

The Nominating Committee, which includes Mr. Comer and Chief Gallop, met on January 9, 2026, and proposed the following slate of officers for Calendar Year 2026:

Chairman	Ferhan Hamid
Vice Chairman	Adam Tolbert

ELECTION OF OFFICERS

Mr. Hamid opened the floor for further nominations. There were none. On motion duly made by Mr. Comer and seconded by Mr. Price, the members of the Board unanimously elected the slate of officers for Calendar Year 2026 as presented.

Mr. Hamid presided over the remainder of the meeting.

GAMING COMPLIANCE COMMITTEE REPORT

Mr. Comer said that the Gaming Compliance Committee met on December 3, 2025. During the Gaming Compliance Committee meeting, Mr. Dunkle provided a Gaming Compliance update; most of the update took place during the closed portion of the meeting.

On motion duly made by Mr. Comer and seconded by Mr. Price, the minutes from the Gaming Compliance Committee meeting held on September 18, 2025, were approved as recommended by the committee.

On motion duly made by Mr. Comer and seconded by Mr. Price, the revisions to the Gaming Compliance Committee charter were approved as recommended by the committee.

Mr. Comer said that the next meeting will take place in February 2026 on a date to be determined.

OPERATIONS COMMITTEE REPORT

Mr. Tolbert said that the Operations Committee met on December 3, 2025. He provided a brief overview of that meeting.

On motion duly made by Mr. Tolbert and seconded by Mr. Comer, the minutes from the Operations Committee meeting held on September 18, 2025, were approved as recommended by the committee.

On motion duly made by Mr. Tolbert and seconded by Mr. Comer, the revisions to the Operations Committee charter were approved as recommended by the committee.

On motion duly made by Mr. Tolbert and seconded by Mr. Price, the revised Internal Audit Charter was approved as recommended by the committee.

MINUTES OF LAST MEETING

On motion duly made by Mr. Comer and seconded by Mr. Price, the minutes from the Special Meeting to Consider Casino Operator License Application for Golden Eagle Corporation II, LLC, which was held on October 29, 2025, and the minutes from the regular Board meeting, which was held on October 30, 2025, were approved as distributed.

DIRECTOR'S REPORT

Mr. Jones started off his report with a quote from Jim Collins.

Mr. Jones reported that first-half fiscal year results remain strong. Total sales exceeded \$3.2 billion, which represents an 18% increase over the prior year and performance slightly above forecast. Scratcher sales are down from last year and below goal. Projected first-half profits total \$485 million, which marks the highest first-half profit figure in Lottery history and exceeds both last fiscal year and current projections.

Mr. Jones said that Powerball sales increased significantly due to two unusually large jackpots, including a recent \$1.8 billion jackpot, that drove increased player participation. He noted that, though these results are influenced by jackpot cycles, the impact on overall performance has been positive. Pick 3, Pick 4 and Pick 5 also performed exceptionally well this year and rebounded from weaker results in the prior fiscal year. At the same time, Scratcher sales declined compared to last year and remain below goal, which reflects broader nationwide softness and ongoing in-store pressures. Mr. Jones said that, despite this, retail engagement remains strong as evidenced by a recent record set for first-day activations, which can help support continued player traffic and sales activity.

Mr. Jones said that the iLottery program continues to be a major driver of growth. First-half iLottery sales increased 31% year over year. Although the program, which launched in 2020, would typically be expected to plateau at this stage of maturity, growth has continued due to careful game selection, diversification of offerings and strong coordination between the Digital Marketing and Sales teams. Mr. Jones emphasized that the omnichannel approach, along with the introduction of new and niche games and effective use of high-jackpot periods, has contributed to sustained momentum. He acknowledged the staff for ongoing innovation and strong collaboration across teams.

Mr. Jones said that a cross-functional working group has been convened to focus specifically on improving Scratcher performance in a competitive and evolving market. Despite challenges in the Scratcher category, he is proud of the overall results and the team's ability to deliver record-setting performance while continuing to monitor and address areas of concern.

DIRECTOR'S REPORT (continued)

Mr. Jones provided an update on casino regulation and unlicensed gaming issues.

Mr. Jones reiterated that the review of regulations will occur after the legislative session concludes. That will allow staff to work from finalized information rather than running parallel processes.

Mr. Jones said that work continues regarding aligning Virginia's internal exclusion program with a national exclusion framework, so patrons cannot move between jurisdictions to avoid exclusions. Conversations are underway with external providers, which includes one taking a lead role on coordination.

Mr. Jones said that he recently participated in a panel at the National Council of Legislators from Gaming States (NCLGS) conference in December 2025. The discussion emphasized reframing responsible gaming as a revenue driver and not a barrier.

Mr. Jones said that Virginia has not issued a public letter on unlicensed gaming, but Lottery staff have held direct conversations with licensed sports betting operators. The position remains that unlicensed prediction markets are considered sports betting and raise concerns regarding fitness for licensure. Ongoing litigation in other jurisdictions is being closely monitored.

Mr. Jones said that positive coordination is underway with the Virginia State Police and the Attorney General's Office to strengthen oversight even though there is not a single gaming commission. Ms. Dilworth and Mr. Dunkle have spearheaded the coordination to close regulatory gaps through collaboration.

Mr. Jones said that discussions with Yield Sec™ are nearing completion. The goal is to better quantify the illegal gaming market, identify key participants and engage both operators and platform providers. Having reliable data will position the Lottery to lead on this issue regardless of future structural changes.

Mr. Comer asked about the Lottery's authority over licensees connected to illegal gaming activity. Mr. Jones confirmed that the Lottery has discretion to review and act, without the need for legislative changes, on licensees if conduct elsewhere is deemed detrimental to gaming in Virginia. That includes situations where related entities or ownership structures are involved.

Mr. Hamid said that there are license holders of sports books in Virginia that opened prediction markets, but he was not sure if the prediction markets were in Virginia or not. He further said that operating prediction markets with respect to sports is illegal in Virginia. Mr. Hamid asked what the Lottery is planning to do about the situation. Mr. Jones said that, if there was a license

DIRECTOR'S REPORT (continued)

holder operating prediction markets on sports in Virginia, then that would be illegal and subject to swift action. How activity in other jurisdictions should be viewed is under active review. Mr. Jones noted that Virginia has not joined multistate legal action on this issue, and no update was available regarding potential future participation.

Mr. Hamid asked about offshore gaming - how do we reach the operators, and what possible penalty could be imposed? Mr. Jones explained that while illegal operators can be identified, enforcement requires coordination with law enforcement and legal partners. Efforts are underway to better understand the scope and scale and the operators involved and to educate the public about the risks of illegal platforms.

Annual SWaM Update

Mr. Jones presented the Small, Women and Minority (SWaM) owned businesses participation report for FY25. Total eligible spending was approximately \$180 million with SWaM spending of nearly \$43 million, which exceeded the adjusted overall goal. Adjusted goals reflect the Lottery's unique vendor landscape particularly in systems and gaming platforms.

Mr. Jones reported that the Lottery is on track to meet its FY26 Small, Women-owned and Minority-owned Business (SWaM) goals and emphasized plans to expand outreach and education to increase participation by small, women-owned and minority-owned businesses. Several SWaM vendors were highlighted as providing critical creative, technology or security services. Mr. Comer noted that additional spending benefiting SWaM businesses occurs through commissions that are not captured in the reported figures.

Legislative Update

Mr. Jones provided an overview of the following bills that have a direct or potential impact on the Lottery: HB32 (Problem Gambling Treatment and Support Advisory Committee New Members), HB145/SB129 (Fantasy Sports Taxation), HB218 (Casino Service Permit Requirements), HB515 (Authorized Sports Betting Payment Types), HB396 (Charitable Texas Hold'em Rules), HB271/SB195 (Virginia Gaming Commission) and HB161 (Internet Gaming). Mr. Jones covered many facets of HB161: internet gaming licensing structure, licensing fees for internet gaming operators, iGaming taxation, Hold Harmless Fund and enactments.

Mr. Jones ended his report with a quote from Zora Neale Hurston.

BOARD ISSUES

Financial Report

Mr. Stahler emphasized that all financial figures presented are preliminary and unaudited; December 2025 numbers are still under review, and it is prior to closing the books. Overall, sales are up approximately 18%, which is driven largely by Powerball and iLottery instants. Powerball benefited from two jackpot runs approaching \$1.8 billion, which also increased digital engagement across the iLottery platform. In contrast, Scratchers sales declined about 8% year over year. Mega Millions sales declined 29.7%, which can be attributed to the April 2025 game change and fewer high jackpot runs. Virginia's New Year's Millionaire Raffle sales were excluded from the figures because the raffle sold out on December 28, 2025. The sales will be recorded in the next reporting period.

Mr. Stahler said that Scratchers sales continue to trail forecast, and daily games (Pick 3, Pick 4, Pick 5 and Cash 5) exceeded both last year and forecast. Jackpot games showed strong growth due to Powerball performance, and other games (including Keno, CASH POP, Print 'n Play and raffle remained relatively flat. The largest growth area continues to be iLottery instants, which shows significant gains over both prior year and forecast.

Mr. Stahler said that prize expense increased by 2.2% primarily due to the growth of iLottery instants, which have higher payout rates. Daily games payouts normalized compared to an unusually low payout the year previously. Retailer compensation and operating expenses remained stable; operating expenses came in under forecast and well within the 10% allowable threshold.

Mr. Stahler said that profit performance remained strong: a record first half of the fiscal year at approximately \$485 million compared to \$460 million at the same point last year. He noted that the first profit transfer to the Department of Accounts occurred in December 2025; transfers now move to a monthly schedule.

Mr. Hamid asked if we have determined the effect that the iGaming bill could have on the Lottery. Mr. Jones said that we are required to prepare an economic impact statement for all legislation affecting the Lottery; potential iGaming legislation falls into that category.

Mr. Stahler said that sports betting fiscal year-to-date wagers totaled \$3.3 billion, which generated almost \$339 million in adjusted gross revenue (AGR) and \$59.4 million in taxes, which is an increase of approximately \$12 million over last year. November 2025 accounted for a significant portion of AGR. December 2025 tax collections were received in January 2026.

BOARD ISSUES (continued)

Mr. Stahler reported that casino tax rates remain tiered by calendar year and are based on adjusted gaming revenue. Hard Rock Bristol (HR Bristol), Rivers Portsmouth (Rivers) and Caesars Virginia Danville (Caesars Virginia) each exceeded \$200 million in adjusted gaming revenue and entered the second tax tier for part of the year. The casino in Norfolk opened a temporary facility in November 2025 and generated approximately \$250,000 in taxes during the partial quarter. He also reported that the first collections for the Virginia Indigenous People's Trust Fund totaled \$14,000.

Mr. Stahler noted that the updated forecast was approved at the October 2025 Board meeting, and the governor's amendments to the FY26 and biennium budget are expected to be reviewed and finalized in spring 2026.

Mr. Jones recognized Mr. Stahler for his work and noted that this was his first board presentation. While managing the impact statement process, the current session, hiring a replacement and a major conversion, Mr. Stahler managed everything seamlessly and without complaint, Mr. Jones said.

Gaming Compliance Update

Mr. Dunkle provided an update on sports betting. He shared the list of approved sports wagering permit holders. He also provided an update on sports betting suppliers and vendor renewals. Mr. Dunkle provided the market share by operator. He also showed a comparison of total wagers and total winnings by sports categories for 2024 and 2025. Lastly, he shared the timeline of the retail sportsbook handle.

Mr. Dunkle provided an update on casinos. He shared the status of service permits and supplier permits as of December 31, 2025.

Mr. Dunkle provided an update on HR Bristol. He said that, during the last quarter, his department approved 24 scheduled projects, which involved 243 slot machines, and one table project involving two tables. He also said that his team is continuing to work with HR Bristol on day-to-day operations.

Mr. Dunkle provided an update on Rivers. He said that, during the last quarter, his department approved 22 scheduled projects, which involved 202 slot machines, and one table project involving eight tables. He also said that his team is continuing to work with Rivers on day-to-day operations.

BOARD ISSUES (continued)

Mr. Dunkle provided an update on Caesars Virginia. He said that, during the last quarter, his department approved 29 scheduled projects, which involved 113 slot machines, and one table project consisting of 14 tables. He also said that his team is continuing to work with Caesars Virginia on day-to-day operations.

Mr. Dunkle provided an update on the Norfolk casino. He said that his team is overseeing its day-to-day operations. The permanent casino construction activity is progressing as expected. Monthly project meetings are taking place. Regular site visits also will take place to assess the construction progress.

Mr. Dunkle provided an update on the Petersburg casino. He said that the Gaming Compliance team is on-site daily for regulatory review and compliance requirements. Coin testing will begin on January 15, 2026. The opening is planned for the week of January 19, 2026, pending licensing and completed approvals.

Mr. Dunkle provided an update on the Voluntary Exclusion Program (VEP). He provided a breakdown of enrollees by gender and age. Mr. Dunkle shared the median number of days that pass between when a patron has had the patron's term expire and then reapplies. He explained the variety of ways to sign up for the VEP. Lastly, he shared a map showing active VEP enrollees across Virginia.

Waivers

Mr. Fontaine said that the Virginia casino gaming facility operators have asked the Board to permit waivers to the regulations that relate to actions a casino operator must take when a jackpot triggers tax reporting to the United States Internal Revenue Service (IRS). He said that the IRS has issued draft instructions for completing Form W-2G, Certain Gambling Winnings. Changes made in the 2025 federal budget bill raised the minimum threshold reporting amount for slot machine jackpots from \$1,200 to \$2,000 effective January 1, 2026. Inflation adjustments to this figure may be made annually.

Mr. Fontaine said that current Lottery regulations specify that certain actions are taken when a slot machine jackpot win of \$1,200 occurs. This requirement was based on the long-standing jackpot amount of \$1,200.

Mr. Fontaine said that each of the four existing casino operators and the applicant for the Petersburg casino license have submitted requests to waive this \$1,200 requirement and replace it with an amount that is consistent with revised IRS minimum thresholds.

BOARD ISSUES (continued)

On motion duly made by Mr. Comer and seconded by Mr. Price, pursuant to 11VAC5-90-30, and consistent with revisions to the United States Internal Revenue Service's tax reporting requirements, the Board approved the requests of casino gaming facility operators to waive the Lottery's regulations concerning the jackpot dollar value when:

- a) slot machines must lock up and stop further play (11VAC5-90-110.CC.2.b), and
- b) certain verification processes related to jackpots are mandated (11VAC5-90-110.CC.5.h (7)).

This waiver would eliminate the requirement to perform these functions for all jackpot dollar values over \$1,200 as currently required by 11VAC5-90-110.CC and instead would require these actions to occur at whatever dollar value is established by the IRS. Effective January 1, 2026, that dollar value is \$2,000, but it is anticipated that the IRS may adjust this amount annually for inflation.

Mr. Fontaine said that Rivers has asked the Board to permit a waiver to the regulations that relate to the location where a gaming chip may be issued to a player. During renovation of its poker room cashier's cage, Rivers must close the poker room cashier's cage. For an estimated three-week construction period, Rivers wants to be able to issue gaming chips at any of its window cashiers at its main cashier's cage. Once the renovations are complete and the poker room cashier's cage is reopened, the waiver would expire.

On motion duly made by Mr. Tolbert and seconded by Chief Gallop, pursuant to 11VAC5-90-30, the Board approved the request of Rivers Casino Portsmouth to waive Lottery regulation 11VAC5-90-170.J.4.(b), which relates to the location where gaming chips may be issued, during the renovation of its poker room.

Further, the Board delegated to Lottery staff the authority to approve such a request from any other casino gaming establishment in Virginia; staff would report any approvals to the Board at its next scheduled meeting.

Communications Update

Ms. Mullen said that, a few years ago, the internal help desk team moved to the Communications and Customer Relations (CCR) department, and, a few months ago, the Customer Service Centers (CSCs) also transitioned over to CCR, which brought most customer-facing functions together. She shared the number of calls handled by the Customer Relations team. She also provided an overview of the CSCs and their many functions.

BOARD ISSUES (continued)

Ms. Mullen provided an update on education outreach. Fiscal year to date, the team has attended 29 professional-development conferences and added three new partners. In addition to statewide education associations, individual school systems are increasingly inviting the team to back-to-school events. In total, these activities reached about 13,000 educators.

Ms. Mullen acknowledged the long-running partnership with Northern Virginia influencers Tommy + Kelly to share the Lottery's Virginia K–12 public education impact. She shared a video of the Virginia Fall Teacher Tour that showcased the Lottery's presence in a dozen Northern Virginia schools.

PUBLIC COMMENT

Mr. Hamid said that public comment was received in writing. He distributed the document to the other members.

OTHER BUSINESS

Mr. Hamid said that the special meeting to consider casino operator license application for PPE Casino Resorts Petersburg LLC will take place on January 14, 2026.

BOARD MEMBERS' OPEN DISCUSSION

None.

ADJOURNMENT

There being no further business to come before the Board, the chairman declared the meeting adjourned.

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Khalid R. Jones, Secretary

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Ferhan Hamid, Chairman