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TRANSCRIPT OF PROCEEDINGS
BEFORE THE
TEXAS LOTTERY COMMISSION
AUSTIN, TEXAS
BINGO ADVISORY COMMITTEE MEETING

AUGUST 13, 2021

10:00 a.m.

AT

TEXAS LOTTERY COMMISSION
611 East 6th Street
Austin, Texas 78701

Proceedings reported by electronic sound recording;
transcript prepared by Verbatim Reporting & Transcription
LLC.

1 APPEARANCES

2 COMMITTEE MEMBERS:

3 William T. Smith, III (Trace) - Chairman

4 Will Martin

5 Tommy Duncan

6 Jason Pohl

7 Melodye Green

8 Veronica Uriegas

9 Emile Bourgoyne

10 Kim Rogers

11 Corey Harris

12

13 COMMISSION STAFF:

14 Cindy Fields - Commissioner

15 Tyler Vance - Assistant General Counsel

16 Bob Biard - General Counsel

17 LaDonna Castañuela - Charitable Bingo Operations Director

18

19 PUBLIC:

20 Steve Bresnen

21 Larry Segebarth

22 Glenn Goulet

23 Ronnie Baker

24

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P R O C E E D I N G S

FRIDAY, AUGUST 13, 2021(10:00 a.m.)

AGENDA ITEM 1

CHAIRMAN SMITH: All right. It is now 10:00 a.m. August 13, 2021. We will call the Bingo Advisory Committee meeting at the Texas Lottery Commission to order.

AGENDA ITEMS 2 AND 3

CHAIRMAN SMITH: Mr. Will Martin, will you lead us in the American Pledge and the Texas Pledge, sir?

(Pledges recited)

AGENDA ITEM 4

CHAIRMAN SMITH: All right. We're going to get rolling real quick. Veronica Uriegas.

MS. URIEGAS: Here.

CHAIRMAN SMITH: Kim Rogers.

MS. ROGERS: Here.

CHAIRMAN SMITH: Will Martin.

MR. MARTIN: Here.

CHAIRMAN SMITH: Melodye Green.

MS. GREEN: Here.

CHAIRMAN SMITH: Tommy Duncan.

MR. DUNCAN: Here.

CHAIRMAN SMITH: Corey Harris.

MR. HARRIS: Here.

CHAIRMAN SMITH: Emile Bourgoyne.

1 MR. BOURGOYNE: Here.

2 CHAIRMAN SMITH: And we have Jason Pohl on the
3 phone. Is that correct?

4 UNKNOWN SPEAKER: You there, Jason?

5 MR. POHL: Here.

6 CHAIRMAN SMITH: Excellent. All right. Well,
7 we have all nine members here, so that is absolutely
8 wonderful. Glad to have everyone here today.

9 Take a real quick second to -- Corey, this is
10 I believe your first meeting in person since the deal?

11 MR. HARRIS: Yeah.

12 CHAIRMAN SMITH: So if you want to kind of say
13 a couple words or introduce yourself, the floor is all yours.

14 MR. HARRIS: Well thank you, Trace. My name is
15 Corey Harris. I live in Arlington. This is my first time
16 being able to attend in person thanks to the nuisance we've
17 all been living through the last 18 months or so. Want to
18 thank the Advisory Committee for inviting me and for allowing
19 me to fill this role. Look forward to it. So if anybody has
20 any questions, I'd be happy to speak to you a little bit
21 after the meeting, but till then let's just take care of
22 business.

23 CHAIRMAN SMITH: All right, sir. Thank you.
24 Welcome, Corey.

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AGENDA ITEM 5

CHAIRMAN SMITH: All right. We'll move on to number 5, meeting minutes from June 23, 2021 meeting. Does anybody have any public comment from those meeting minutes? All right. Does anybody want to make a motion we accept that as written?

MR. DUNCAN: I make a motion.

CHAIRMAN SMITH: Can I get a second?

MS. ROGERS: I second.

CHAIRMAN SMITH: All right. We have a motion and a second. All in favor.

(Chorus of "aye"s)

Any opposed? All right. Motion carries, meeting minutes are approved.

AGENDA ITEM 6

CHAIRMAN SMITH: Number 6, Report on the Texas Lottery Commission meeting yesterday, August 12, 2021.

Yesterday I reported to the Texas Lottery Commission that we voted to support the staff language on the gift card rule. At that time I think they are still looking for some revisions. They did not address that rule yesterday in their meeting. There is still, I think, some work to be done on that rule. So waiting for the revisions to look at that again at a later date.

I asked them to continue for another year for

7
1 the BAC and to reinstate all nine members, and they
2 unanimously voted to do that, which we are very grateful for
3 here today.

4 I gave them the 2020 Annual Report, which you
5 should all have in your hands now. And we also got our 2020
6 Annual Work Plan from the commissioners and from staff.

7 You might want to read this. There was some
8 changes last minute that occurred that we're going to have to
9 contend with. The -- if you -- does anybody that doesn't
10 have it on the board here? The only changes that I could
11 really find with any content was item number 1, and I will
12 read that for you now.

13 Evaluate the impact of COVID-19 on charitable
14 bingo in Texas and identify potential rule or procedural
15 changes that may help organizations to address any related
16 challenges. These recommendations on changes to how bingo
17 games are played shall be clearly authorized by Texas law and
18 do not include electronic bingo, including electronic pull-
19 tabs or any other activities not authorized by law or video
20 confirmation of paper pull-tabs.

21 So just plain language is to me that -- and
22 we'll tie this in here in a little bit. Emile, I'm sure
23 you'll have a work report on your work group, but we'll get
24 to that in a second.

25 That was something that the staff and the

1 commissioners had changed on our draft work plan that we
2 submitted to them for approval. So, basically, we are not
3 going to talk about electronic stuff that is not authorized
4 by the Texas law in the BAC meetings.

5 To my understanding if we want to do that on
6 our own individually we can do that but not at the meetings.
7 Any comments? Public comments?

8 MS. ROGERS: I just have one. Tyler's here,
9 yes?

10 MR. VANCE: Sure. Yeah.

11 MS. ROGERS: Okay. Sir, it says, Or any other
12 activities not authorized by law. So if there's something
13 that's not legal at this time or we are not allowed to do,
14 how do you all propose that we bring that forth to you all?

15 MR. VANCE: Well I think first and foremost we
16 should work on agendas. In the past we've been using agendas
17 kind of generically and just saying we'll discuss whatever.
18 But if you're --

19 MS. ROGERS: Specifically listed out.

20 MR. VANCE: Really, yeah. You guys need to
21 coordinate with LaDonna ahead of time. If there's something
22 you want to talk about that you think is going to touch on
23 one of these areas, please run it by us on your preliminary
24 agenda and then we can look at it and we can say maybe, yes,
25 or no ahead of time.

1 If something comes up at the meeting, I mean,
2 Trace is the Chairman of this committee, he can look to me or
3 Bob and say, is this okay? And we're just going to have to
4 make a judgement call. And we don't want to censure free
5 discussion here, but there are some things that since we're
6 using staff facilities, we're using staff resources, there
7 are just some things that we just cannot address.

8 And so I understand that we're going to walk
9 that line as we get there. But, yeah, we'll always be here
10 to advise you in that. But, ideally, we could do that ahead
11 of time through the agenda process rather than have to do it
12 on the fly.

13 CHAIRMAN SMITH: Excellent.

14 MS. ROGERS: Thank you, sir.

15 CHAIRMAN SMITH: Since we are on the Annual
16 Work Plan from the Commission meeting yesterday, I want to
17 stress that we have Commissioner Fields here today as well.
18 She is our, I guess, Bingo Commissioner, I guess you could
19 call that.

20 She did, in her report yesterday, thank each
21 and every one of us very graciously for the work that we do.
22 She stressed very, very much that this is not a paid
23 position. This is something that we do as a service to our
24 industry. And I just wanted to tell her thank you for that
25 yesterday. That really meant a lot and went a long way. And

1 if there's anything you'd like to say at this time, we'd love
2 to hear from you.

3 MS. FIELDS: I'd just like to reiterate that I
4 thank you all for your service. You're true public servants
5 and we really do appreciate all of your work. Everything you
6 do for Texas.

7 CHAIRMAN SMITH: Thank you very much. We
8 appreciate that. All right. So that is the Lottery Work
9 Plan. Any other public comments or BAC member comments?
10 Anybody?

11 MS. GREEN: Would the electronic gift
12 certificates fall under this bottom part that's not
13 authorized by law? Or is there a reason that we voted to
14 have those last time and they're not coming through. Is it
15 still just the Kickapoo saying no? Should we just drop it?

16 CHAIRMAN SMITH: I don't know the answer to
17 that question, but I'll find out for you. I think if the
18 staff is -- they have a draft rule, I think it would be --
19 I'm going out on a limb here, Tyler. I think if the staff
20 has a draft rule, it's perfectly acceptable for the BAC to
21 talk about that. Is that correct?

22 MR. VANCE: I think that's fair. I think we
23 could also change this rule to plastic gift card rather than
24 electronic gift card.

25 CHAIRMAN SMITH: Okay.

1 MR. VANCE: Might ease some of these concerns.
2 But I don't know really what the plan is too, going forward.
3 I'm uncertain of that right now.

4 CHAIRMAN SMITH: Okay. If it would help, we
5 can wait for staff until they review that rule some more and
6 then we can go from there on that, so we can mark that off
7 our agenda for this time until later maybe, if that'll help.

8 MR. VANCE: Okay.

9 CHAIRMAN SMITH: All right. One of the other
10 things that I did ask the commissioners yesterday on this
11 particular rule or this particular item on the work plan was
12 to please give us a lot of guidance on this. And thank
13 goodness they listened, and Tyler and Bob and everybody are
14 here today. So that's, it's testament to them trying to help
15 us keep on track. So any other comments on this? Steve
16 Bresnen?

17 MR. BRESNEN: Steve Bresnen on behalf of the
18 Bingo Interest Group. One of the things that I ask that the
19 commissioners and I would request you all to have on your
20 radar, there's been concerns expressed about the product
21 availability on I know paper and I think pull-tabs as a
22 result of COVID-19. I think, at least, I don't know if it's
23 the manufacturers, distributors, both, have said that things
24 are not available in the marketplace -- and I've heard that
25 from you all -- because of COVID-19.

1 So I requested the support of the
2 commissioners and I suppose this will determine on what you
3 all do and what you ask them to do, but to look into that,
4 any restrictions that are being placed on your ability to
5 sell a product that you've sold in the past, how it's
6 affecting the games. Is this a permanent condition? Is it
7 just transitory? Is it going to be over? When's it going to
8 be over? The extent to which it's hamstringing your
9 operations and those kinds of things.

10 And I think that's consistent with the item
11 number 1 in the Commission's work plan.

12 CHAIRMAN SMITH: Absolutely.

13 MR. BRESNEN: I didn't ask them for any
14 specific commitment. There was no vote or anything like
15 that. But it seemed like an important problem that's come up
16 in this body and people that have talked to me about it. So
17 I would encourage the BAC to have that -- if that's not
18 appropriate for today, then at an appropriate time that you
19 take that up and do some --

20 CHAIRMAN SMITH: We've got several items that
21 are going to fall into that category. Specifically place
22 those in other stuff.

23 MR. DUNCAN: Can I comment on Mr. Bresnen,
24 what he said?

25 CHAIRMAN SMITH: Absolutely.

1 MR. DUNCAN: Tommy Duncan. I'm from the BAC.
2 It's not going to get any better any time soon and we also
3 need to look at the fact of all's going into labor situations
4 because of the shortage. So.

5 CHAIRMAN SMITH: Okay.

6 MS. ROGERS: You're talking about the negative
7 net proceeds there?

8 MR. DUNCAN: Well, yes. Exactly. Because as
9 the pull-tabs get thinner, which is not a shortage, it's just
10 a long delivery times. But it's going to affect your game.

11 MS. ROGERS: Oh, absolutely. It's affecting us
12 already.

13 MR. DUNCAN: That's what I mean. So that needs
14 to be looked at too.

15 CHAIRMAN SMITH: I don't want to get too far
16 off our track, because we're going to talk -- we're going to
17 circle back to this here later on in the meeting. So I don't
18 think we need to take a vote to approve this. I think this
19 is our work plan that was given us from the Commission, so we
20 need to do our best to adhere to this.

21 There's things that are not currently legal.
22 There are other trade organizations, and leadership groups
23 among the industry. I would suggest that you work privately
24 through them and -- if that's what you choose to do. So.

25 So any other questions on the work plan? All

1 right. Anything on it?

2 The next thing I would like to -- oh. One
3 more thing I did want to add about this yesterday, I believe
4 it was Gary Grief yesterday from the Lottery Commission was
5 talking quite along the same lines that the Lottery's having
6 a lot of difficulty in price increases, shipping costs, that
7 nature of similar problems that we're having in our industry.

8 So I don't think that our plight is going
9 unnoticed. I think everybody's seen that on both sides of
10 the fence here, Bingo and or Lottery side. I know he was
11 speaking of the price increases on the scratch offs and paper
12 and all that, shipping costs, and the leave times are from
13 way out there. So it's definitely something that's on their
14 radar as well. I don't want anybody to think that it's just
15 bingo. Because it's --

16 MR. DUNCAN: Did he mention anything that
17 they're doing about their problems?

18 CHAIRMAN SMITH: I don't remember anything
19 specific. I'll have to go back and look at the meeting
20 minutes, or you can. I don't know if they're doing things
21 with other vendors. They probably have a much wider scope of
22 vendors to choose from than we do.

23 MR. DUNCAN: Yes I would think. Yeah.

24 CHAIRMAN SMITH: So all right. Okay. Well
25 that's it on that if there's no other public comment or BAC

1 member comment?

2 I would love to take a moment to introduce our
3 new Bingo Director, LaDonna. And forgive me if I say this
4 wrong, it's Castañuela?

5 MS. CASTAÑUELA: Castañuela.

6 CHAIRMAN SMITH: Castañuela. All right. I'd
7 like to introduce you and give you the opportunity to come up
8 and speak and say hello to everyone if you choose to do so.

9 MS. CASTAÑUELA: Well hi, everybody. I'm
10 really happy to be here at my first BAC meeting. I am a full
11 six weeks in my new job. My joke earlier today was that I've
12 been talking to Trace almost every day. So I'm here.

13 I think I gave everybody my card. And I'm
14 very happy to be here. So it's nice to meet everybody.

15 CHAIRMAN SMITH: Excellent. Thank you and
16 welcome. We're glad to see a new smiling face.

17 AGENDA ITEM 7

18 CHAIRMAN SMITH: All right. Let's get to old
19 business. I guess we'll just take the Bourgoyne one first,
20 if that's all right with you, sir. And I know you've had a
21 work group for quite some time on new technology.
22 Unfortunately I think we're going to have to do something
23 else. But I'm going to give you the floor.

24 MR. BOURGOYNE: All right. Thank you. Mr.
25 Chairman, I was assigned the chairmanship of a subcommittee

1 that was to look into three things. First one was to
2 identify the scope and expected timetable for the existing
3 supply and demand issue regarding pull-tabs and paper and
4 availability.

5 The second issue was to identify the scope and
6 the size of the Facebook Live pull-tab and bingo problem.

7 And the third, of course, was to look into the
8 potential available pull-tab event, verify a product over
9 some other solution to the pull-tab shortage problem.

10 I'll take them in that order. The first
11 report I sent to you and to the subcommittee members was on
12 July the 25th. So I won't go back and read that one. Since
13 then I've reached out to the manufacturers for an update on
14 their product availability and sad to say it's not better.
15 It's even a little worse now.

16 Inventory continues to drop. In terms of
17 product availability overall, things are probably tougher now
18 than they were when the subcommittee was formed. Stagnant
19 capacity continued to elevated demands and less inventory.

20 Our particular two companies have come to the
21 conclusion, and I think our salesmen in the back room can
22 verify it, that we -- bottom line is our product lines are
23 going to have to reduce. We can't keep up with the demand
24 with the number of products we're trying to produce now.

25 And that's what's going to make everybody

1 unhappy in the state of Texas, in the state of Louisiana, and
2 throughout the country. Is that when we can no longer afford
3 to run shorter runs for this particular distributor or this
4 particular hall owner or this custom payout for this one, and
5 that's where the problems are coming from.

6 And we can't increase our capacity at this
7 time, because the labor's not available. We're competing
8 with employees with our neighboring factories. And that's
9 the same song we're hearing from Arrow and the same song
10 we're hearing from the other manufacturers.

11 CHAIRMAN SMITH: So if -- what I'm hearing,
12 and I'm hearing this from different halls across the state,
13 is the different variety of products of event tabs, pull-
14 tabs, all of that, is going to be narrowed down to less
15 variety.

16 MR. BOURGOYNE: If I understand the issue, is
17 that the days of having 20 different pull-tab games available
18 for one particular session are all over. If I can put it
19 bluntly.

20 CHAIRMAN SMITH: And that affects the hall
21 directly from geographical area to geographical area. Is
22 that right?

23 MR. BOURGOYNE: That's correct.

24 CHAIRMAN SMITH: Okay. So if you have a hall
25 in, I'm just going to say in Dallas, that plays Betty Boop

1 and they're used to playing that tab and Betty Boop's a short
2 run that they're not going to be able to get that tab any
3 more. They're going to have to transition into something --

4 MR. BOURGOYNE: If Betty Boop's not playing in
5 three or four or five other states with that same exact
6 payout, then you're probably not going to see that Betty Boop
7 again for a number of months. They're, I mean, it may
8 eventually show up 11 months from now.

9 CHAIRMAN SMITH: Right.

10 MR. BOURGOYNE: But right now you're not going
11 to see it.

12 CHAIRMAN SMITH: Are the pull-tabs that you're
13 familiar with, are they -- do they make -- let's - I'll use
14 Betty Boop for an instance. Do you make Betty Boop for --
15 with a Texas stamp and without a Texas stamp?

16 MR. BOURGOYNE: Yes. The part made
17 specifically for Texas has to have the 26-point Texas logo on
18 it, Texas Lottery.

19 CHAIRMAN SMITH: Right.

20 MR. BOURGOYNE: So that product is not
21 supposed to be sold to other -- in other markets.

22 CHAIRMAN SMITH: Okay. Is there any rule that
23 can be generated by staff that could relieve some of that
24 problem? Or is it strictly --

25 MR. BOURGOYNE: Anything that requires to be

1 put on a product designated specifically for a particular
2 market like Texas, if that is removed, it opens up more
3 possibilities.

4 We have some states -- Texas isn't the only
5 one that requires their seal, or star, or whatever. New
6 Hampshire has one, New York just passed one this past
7 session. We're hoping the governor vetoes it, because
8 they're going to be having shortage problems because of it.

9 CHAIRMAN SMITH: Yeah. So but I'm
10 understanding that -- I'm just spitballing here. I think
11 it's --

12 MR. DUNCAN: It could free up press time.

13 CHAIRMAN SMITH: I'm not part --

14 MR. DUNCAN: It could free up press time now
15 obviously.

16 CHAIRMAN SMITH: Yeah. I'm not making this --
17 I'm not making a motion or suggesting a rule or anything.
18 I'm trying to fact-find with you here.

19 If -- what you're saying -- I think I hear
20 what you're saying, is if we didn't have the regulation of
21 having to put the Texas logo on the tab, that we could
22 possibly have more tabs into Texas.

23 MR. BOURGOYNE: The less restrictive the
24 product is, the less market-specific it is, the more
25 possibilities of us putting it back on press.

1 CHAIRMAN SMITH: Are other jurisdiction's tab
2 requirements similar to Texas' tab requirements? Or are we
3 unique in that aspect?

4 MR. BOURGOYNE: With regard to events, I think
5 Texas is -- Texas requires at least two instance I believe?

6 MR. DUNCAN: Three.

7 MR. BOURGOYNE: Three instance on a given
8 game. Other markets don't have that requirement that I'm
9 aware of.

10 CHAIRMAN SMITH: Okay.

11 MR. BOURGOYNE: So, in other words, we made
12 this special-event product for the state of Texas because,
13 number one, has the Texas star on it, number two, it has to
14 have the included instant winners that other markets don't
15 require.

16 CHAIRMAN SMITH: So then would it be your
17 opinion that if we were able to work with staff to get -- I
18 don't know. I would assume that's legislative and not
19 through administrative rules.

20 MR. DUNCAN: The three instance could be
21 administrative.

22 CHAIRMAN SMITH: Pardon?

23 MR. VANCE: I'm looking. I don't see the
24 requirement in the statute.

25 MR. BOURGOYNE: I think it's administrative.

1 MR. DUNCAN: Yeah, I think the three instance
2 is administrative. That's for sure.

3 CHAIRMAN SMITH: Okay. I know the tabs
4 shortage is definitely -- and when I say tabs, I'm including
5 both instant tabs and the event tabs. I know that a lot of
6 the halls use, they're tab-heavy, if you will, and probably
7 90 percent of their income in some halls comes from the sale
8 of pull-tabs.

9 I think maybe what could help is to maybe look
10 at the administrative rules and see if there is some way that
11 we could alter those maybe to relieve some of the pressure.
12 Maybe just on a temporary basis, not on a permanent basis
13 until maybe the -- am I making -- I'm looking to Emile and
14 Tommy here. I don't know enough of how that works.

15 MR. DUNCAN: Well, this is Tommy, but yeah.
16 It might help. It may free up some press time because we're
17 not specific with the logo.

18 But, for example, Louisiana, their statute on
19 payouts is different than ours. But if necessary, what needs
20 to get us on the press are counts. If we can match up the
21 counts, I know my --

22 CHAIRMAN SMITH: I don't know what that means,
23 Tommy.

24 MR. DUNCAN: Well, let's say that Betty Boop
25 is 330 tickets in a deal. If we didn't have the Texas seal,

1 they could -- maybe they can only run so many for Texas, but
2 they run the same 330 count for another state. Now if we
3 didn't have the Texas seal, maybe they could run 2-million of
4 them for everybody. See what I'm saying?

5 CHAIRMAN SMITH: Okay.

6 MR. DUNCAN: Because the payout isn't
7 necessarily what's holding us up. Correct, Larry?

8 MR. SEGEBARTH: Yeah. That's correct.

9 CHAIRMAN SMITH: And the reason I ask that, is
10 because I got an email yesterday. Now let me find it here,
11 that you can just go get -- if the tab restrictions a lot
12 looser, I'm looking online to buy pull-tabs, which you're not
13 supposed to be able to do in the state of Texas. But I can
14 buy as many pull-tab vouchers as I want online right here.
15 This is United Novelty. I don't know if I'm supposed to say
16 their name out loud. But I can go to United Novelty and I
17 can get \$500 Jockeys. I can get Miami Vice tabs, \$500. It
18 would seem to me that it might be the restrictions that are
19 jamming us a little bit.

20 MR. DUNCAN: You know what's funny, that you
21 can buy that -- that Jockey that's on there is a Jockey for
22 Texas, that \$500 payout. And nobody in this state has any
23 right now. But they got them right there.

24 CHAIRMAN SMITH: But that's a Texas licensed
25 product? Is that correct?

1 MR. DUNCAN: Well it's -- it's a J-30. I,
2 like I said, I don't know if they run the same count
3 somewhere else without the seal.

4 MR. BOURGOYNE: It may not have the Texas seal
5 --

6 MR. DUNCAN: I don't know if it has the Texas
7 seal, but it's one we sell here.

8 MR. BOURGOYNE: Right.

9 MS. ROGERS: But that would be the only
10 difference.

11 MR. BOURGOYNE: Right.

12 MS. ROGERS: The seal.

13 MR. BOURGOYNE: Yes.

14 MR. DUNCAN: The seal.

15 MR. BOURGOYNE: In that particular tab. Yes.

16 MS. ROGERS: Can I ask maybe a stupid question,
17 I don't know if there is such a thing as a stupid question,
18 but why do we have the seal?

19 CHAIRMAN SMITH: I think I -- if memory serves
20 me correct, when -- back in the day, if you will, that was
21 done to help mitigate the unlicensed sale of pull-tabs coming
22 into the state through other jurisdictions. So I think it's
23 just a --

24 MS. ROGERS: It's to keep you from buying
25 Jockey online and playing in the hall. They want --

1 MR. DUNCAN: Yes, or Louisiana coming across
2 the line, or Oklahoma, or Arkansas. Or -- yeah. He may know
3 more about the --

4 MR. BOURGOYNE: But the same is true for the
5 bingo paper. You have a Texas outline on your bingo paper.

6 MS. ROGERS: But at this time I can almost bet
7 money that nobody in Louisiana is going to come across,
8 because they're hungry for it, too. Right? You see what I'm
9 saying?

10 MR. BOURGOYNE: They're starving. Yeah.

11 MS. ROGERS: Right. Like they're starving as
12 much as we're starving.

13 MR. BOURGOYNE: Right. Nowhere near the --
14 yeah. You're right.

15 MS. ROGERS: So the point to staff would be --
16 staff's correct it's a crazy time.

17 CHAIRMAN SMITH: Yeah. Yes. I think so. I
18 don't know, and this may be -- Tyler, Bob, this is probably
19 going to be more directed to you all. Would it be completely
20 -- or better -- let me back that up. Do you know if this is
21 some of the conversations that you all are having on the
22 Lottery side to try to mitigate you-all's shortage of scratch
23 tickets and other things? Is it a -- are our conversations
24 similar? Getting some of the resolutions you're all trying
25 to fight for any -- and you may not know. I mean, it may be

1 too early to tell. And that's okay. I'm just curious.

2 MR. BIARD: Bob Biard, General Counsel. On
3 the Lottery side, the scratch tickets that are used in the
4 industry, I mean, they're very -- they have very specific
5 types of characteristics. And there's only three vendors
6 that manufacture these particular types of tickets. We
7 currently have contracts with all three of those. The
8 contracts are not set to expire for a while, but we have
9 become aware of the cost increases. And so the conversations
10 on the Lottery side are about moving up the date of
11 procurement so we can get current bids earlier instead of
12 waiting a couple of years.

13 CHAIRMAN SMITH: Got you.

14 MR. BIARD: Before their expected prices are
15 going to be --

16 CHAIRMAN SMITH: Got you. Well thank you. I
17 -- that's -- that helps a lot. I'm not trying to put you on
18 the spot, just trying to gather as much intel as we can,
19 really. Yeah. I think -- how many manufacturers of tabs are
20 there? There's four or five maybe? I don't know. Seven or
21 eight?

22 MS. ROGERS: It says eight.

23 CHAIRMAN SMITH: Oh, about eight? Eight.
24 Well, about eight. And that's for the whole country. Right?

25 MR. BOURGOYNE: Yes. And Canada.

1 CHAIRMAN SMITH: And Canada. Okay. Wow.
2 Well I know -- I know tab sales aren't anywhere near scratch
3 off sales, but that's besides the point.

4 MS. ROGERS: In the bingo world they are. I
5 mean --

6 CHAIRMAN SMITH: Well, actually yes. I think
7 they are.

8 MS. ROGERS: -- to us they are like the
9 scratch offs of bingo.

10 CHAIRMAN SMITH: To charities they are.

11 MS. ROGERS: Exactly.

12 MR. BIARD: Yeah. And, I'll just say that I
13 think similar to Bingo, on the Lottery side, they account for
14 over 80 percent of our sales revenues. And I hear similar
15 figures on the Bingo side.

16 MS. ROGERS: Yes.

17 MR. DUNCAN: Well they even use some of our
18 names.

19 CHAIRMAN SMITH: Pardon me? Sorry.

20 MR. DUNCAN: They even use some of our names.

21 CHAIRMAN SMITH: There are some bingo scratch
22 tickets. Yes there are. Yes there are. All right. Yes,
23 Will.

24 MR. MARTIN: Questions. Maybe somebody here in
25 this room can answer one of them. With this tab shortage,

1 how much of it is caused by increasing demand and how much is
2 it caused by COVID shutdown? I'd like to know, because a lot
3 of this I think is caused by stimulus checks and those extra
4 \$300 and \$600 a week payments that people were getting. Can
5 anybody answer that, sir?

6 MR. BOURGOYNE: I can tell you that the
7 problem exposed itself very quickly after the first shutdowns
8 were released. That March and April period of time when the
9 shutdowns ended. All the plant -- all the factories had shut
10 down production completely with the exception of
11 International Game Co.

12 We were right -- we were so far behind that we
13 ran throughout the pandemic to catch up and build inventory.
14 Within the first 30 to 45 days once everybody got turned
15 loose, demand shot through the roof, everything we had in
16 inventory was burned out and demand has never slacked off.
17 So we don't know if it's from the stimulus, if it's from the
18 Facebook Live world, if it's a whole new market created by
19 that, but there's a lot of people staying home playing pull-
20 tabs on Facebook. A lot of people.

21 UNKNOWN SPEAKER: It's common now.

22 CHAIRMAN SMITH: If I may, I'd like to
23 recognize --

24 MR. GOULET: Thank you, Trace. For the
25 record, I'm Glenn Goulet, the President of Good-Time Action

1 Games.

2 One of the interesting things that you can all
3 look at, as posted on the Lottery's website, manufacturers
4 and distributors, as well as charities, have to post their
5 financials.

6 If you were to look at and compare what
7 happened in the fourth quarter of 2018, the first quarter of
8 '19, and the second quarter of '19, because 2020 was, let's
9 take that out of the game. Right? So if you went back to
10 the most comparable year, you will notice that the
11 manufacturers, to their credit, have sent more product into
12 Texas in the fourth quarter of last year, the first and
13 second quarter of this year than they did two years ago.

14 So the manufacturers have sent us more product
15 than they did two years ago kind of pre-pandemic if you were
16 to look at a comparison. So that speaks to the point that
17 Will Martin is talking about, that speaks to that point of
18 it's demand. The consumers, the players, have a pent up
19 demand for our products. And the manufacturers, of course,
20 are noticing that it's not just in Texas. All across the
21 country there's a demand for bingo product.

22 So I just wanted to add that. If you were to
23 look on the Lottery's website you could see that the
24 manufacturers sent us, Texas, more in these last three
25 quarters than they did in the comparative time period.

1 MS. URIEGAS: Question.

2 CHAIRMAN SMITH: Yes, Veronica.

3 MS. URIEGAS: Is there in -- this is Veronica.
4 Is there any way to track what is going to illegal people
5 selling on Facebook?

6 MR. BOURGOYNE: Well that's part of my next
7 report.

8 CHAIRMAN SMITH: Right. We're going there.
9 All right.

10 Again, I guess my question is, if most of the
11 regulations on pull-tabs are administrative versus
12 legislative, is there something that staff could do to the
13 administrative rules to lessen the burden on the charities
14 today in your opinion?

15 MR. BOURGOYNE: I'd have to ask -- because --

16 MR. DUNCAN: Well I'll -- I'd like to speak to
17 that a little bit.

18 CHAIRMAN SMITH: Yeah.

19 MR. DUNCAN: Okay. This is Tommy with Good-
20 Time Action Games. If we didn't have that Texas seal, we as
21 a company have been actively working with -- talking to other
22 distributors around the country. Some of their tabs would
23 work in Texas, but we can't run together because we have the
24 seal. So we're still two separate runs. Would it help a
25 little bit? I got to believe it would.

1 But I do want to go on the defense for some of
2 these manufacturers. Yes, demand is up. They have gotten us
3 more product. But they're in different states that have
4 different COVID rules. There're mask mandates, there're
5 manpower shortages, there's -- they have a whole host of
6 problems that necessarily Texas doesn't have. You know what I
7 mean.

8 CHAIRMAN SMITH: Yeah. Keep in mind, I'm not
9 advocating for a rule change. I'm just advocating --

10 MR. DUNCAN: No, I'm listening. Absolutely.

11 CHAIRMAN SMITH: -- things that would help. I
12 think that --

13 MR. DUNCAN: But we should hear from -- we
14 could hear from one of the manufacturers right over there,
15 Larry Segebarth.

16 MR. SEGEBARTH: Yep. Larry Segebarth from
17 American Games. I've been in this business for about 30
18 years. Probably 90 percent of the tickets that are sold in
19 Texas are games that I've created or knock offs, variations
20 of games I created.

21 And, to your point, the Texas seal, if you
22 look at -- and I'll bore you with the long explanation. But
23 to put that Texas seal on the back -- we have two identical
24 games. To put the seal on the back, we have to shut down the
25 press completely. So a press -- a printing press can do

1 about 2-million tickets an hour. So if we had to shut down
2 that press, it takes about 30 minutes to change over the
3 printing plates. And so just to add the Texas seal costs us
4 about a million tickets in output.

5 And so I was at Game Co. for almost a little
6 over a decade. And Game Co., they probably have 150, maybe
7 200 different form numbers in Texas. Many of those are
8 shared outside of Texas. And so if you have, let's just say,
9 30 tickets that are in Texas, those same 30 tickets are
10 outside of Texas, every time we change those, that costs us
11 30-million tickets in output by having to work with the Texas
12 seal on it.

13 And so if we could streamline the process, not
14 require the Texas seal because the reality is, at this point,
15 in terms of technology we have to report the form numbers we
16 sell, the serial numbers we sell, all of that is very readily
17 available. We have it, the distributors have it. And so 20
18 or 30 years ago that wasn't the case.

19 And so we could -- my opinion only, not as a
20 company but my personal opinion, we could eliminate the Texas
21 seal requirement and still have all the regulatory
22 enforcement for reporting and be able to track those games
23 from where we sold it to as a manufacturer, who we sold it
24 to, the distributor, who they sold it to. We could track
25 through the entire process.

1 But, yeah, we lose a tremendous amount of
2 efficiency by having seals on one games and not seals on the
3 other.

4 MR. BOURGOYNE: Essentially, what you've done
5 is you've created two product lines instead of one. And if
6 you remember my comments, I tell you, we have to reduce our
7 product lines. So more than likely the one who gets the
8 fewer runs, one of those is going to be limited. Wouldn't
9 you think, Larry?

10 MR. SEGEBARTH: Yeah. I mean, we're only
11 going to be able to do as many runs. And right now with the
12 manufacturing constraints and demands in the market lead to
13 illegal gaming, the demand is out of control. And we're
14 hamstrung by some of the rules. They're good rules and they
15 certainly have their purpose, but today's marketplace,
16 today's environment, they're just so much easier to track
17 with technology than 20 or 30 years ago.

18 MS. ROGERS: I just want to say, Trace, I
19 don't think you're advocating. Our job is to sit up here and
20 say what the industry needs. And coming from San Antonio our
21 charities -- all the charities in the hall that we play
22 received great distributions the past quarters. That is
23 going to come to a quick halt.

24 We've been told by our distributors that we're
25 a year out on some of our things that our customers want. We

1 are scraping, I mean, we're begging, borrowing, I mean,
2 anything. So to look at something that will free up us
3 having what we need at this time, and I believe it was
4 Melodye that mentioned it last meeting, kind of like the
5 alcohol-to-go as the governor did, just using that as a
6 reference.

7 CHAIRMAN SMITH: Right.

8 MS. ROGERS: We need help right now. And to
9 ask staff. What can we do? What can we look at that you
10 guys can tell us that can give the industry more event tabs
11 and pull-tabs? Is what we need to do and what we need to ask
12 for to work on.

13 MR. HARRIS: Thanks, Mr. Chairman. And rookie
14 question, so I'll apologize if my education comes at the
15 expense of everyone's time. What is the purpose of having
16 seal on the pull-tab?

17 CHAIRMAN SMITH: That's what I was saying
18 earlier, I think that was a control measure put in. And I'm
19 probably speaking out of turn. I should probably defer to
20 the staff on this. But I'll try to head that off at the
21 pass, if that's all right.

22 I think it was a control measure to keep
23 outside of states and outside pull-tabs from coming in to --
24 as a tracking measure.

25 MR. BOURGOYNE: Sure.

1 CHAIRMAN SMITH: And, Emile, you might know
2 more about this.

3 MR. BOURGOYNE: I'd like to add that in those
4 jurisdictions where the Lottery regulates our activities,
5 most of those require some type of a seal or a stamp from
6 that state. It's a typical Lottery thing. It's --

7 MR. HARRIS: So do the majority of
8 jurisdictions require a seal from that jurisdiction on the
9 pull-tabs?

10 MR. BOURGOYNE: No.

11 MR. HARRIS: Are we a minority in that?

12 MR. BOURGOYNE: You're a minority in that.

13 MR. HARRIS: Are we a gross minority in that?
14 Do the vast majority of other --

15 MR. BOURGOYNE: There's only a handful of
16 states that are regulated by the lotteries, and those states
17 are the ones that required the seals.

18 MR. HARRIS: In those states, do you know of a
19 trouble they have regulating their games?

20 MR. BOURGOYNE: No, I don't. But I also have
21 to add that the state of New York just this year, just this
22 past session, passed a requirement to put the New York legend
23 on the pull-tabs. Now the governor hasn't signed it yet. In
24 fact, he was going to veto it until he resigned. So I'm not
25 sure what's going to happen there now.

1 MR. HARRIS: Well New York thought it was a
2 good idea.

3 MR. BOURGOYNE: Right.

4 MR. HARRIS: But New York would be the first,
5 New York thought it was a good -- New York's not a modern
6 state.

7 MR. BOURGOYNE: Got you. I think there was a
8 --

9 CHAIRMAN SMITH: Good TV commercial a while
10 back about some picante sauce or something about New York
11 City. Ronnie Baker.

12 MR. BAKER: I'm Ronnie Baker with Roy Bingo
13 Supply. And what leaves us scratching our head from our
14 smallest towns to the largest to suburban areas is that
15 there's a proliferation of unmarked paper, unmarked pull-
16 tabs. You can play online, you can play -- you can go to
17 these facilities. The state is very rigorous in their
18 enforcement of rules and regulations regarding all of our
19 charitable bingo locations as they are of all distributors
20 and manufacturers.

21 There's a total complete lapse of any kind of
22 enforcement towards these illegal games that are blowing up
23 everywhere. And when I go online and I can look at a pull-
24 tab that's coming out of New York, it has no Texas seal on
25 it, and it's being advertised. And I, personally, I've got

1 one hall in Pryor, Texas to compete with a Loteria pull-tab
2 house where they get almost as many players and the pull-tabs
3 are coming out of New York.

4 So I would -- if we're going to enforce the
5 rule on us, there has to be some type of enforcement on
6 shrinking the illegal game activities on where this product
7 is coming in, which is a felony, needs to be enforced.
8 Because it's killing bingo, as are the game rooms. Thank
9 you.

10 CHAIRMAN SMITH: Thank you, Ronnie.

11 Appreciate that. Emile, do you want to --

12 MR. MARTIN: Can I ask Larry Segebarth a
13 question?

14 CHAIRMAN SMITH: Yes, sir. Absolutely.

15 MR. MARTIN: What -- when you all have to --
16 in dollars and cents -- when you have to go in and stop the
17 press to put that Texas seal in there, how much money does
18 that cost you all?

19 MR. SEGEBARTH: Just I guess, well, I mean,
20 it's thousands and thousands of dollars. And that's just in
21 lost revenue, not including time, labor, overhead expenses.
22 Just in terms of pure ticket production half an hour would be
23 15 to -- anywhere from \$12 to \$25,000 depending upon the
24 specific product line.

25 So, I mean. And it's not only an American

1 Games issue, it's an industry-wide issue. And so the same
2 pain that we feel would be the same thing that Arrow, or
3 Trade, or Specialty, or Bonanza, any other licensed
4 manufacturer has the same issue.

5 MR. MARTIN: All right. Thank you.

6 CHAIRMAN SMITH: Steve Bresnen.

7 MR. BRESNEN: Trace, I'd like to make a couple
8 suggestions, I think. And this I'm spitballing, I'm really
9 spitballing here. And I don't want to drag staff or anybody
10 else into the ditch or into something that's inappropriate.
11 So you all can speak up now or hammer me later.

12 This -- I was just looking at the
13 administrative rule, it's 402.300 in your -- in the bingo
14 rules for pull-tabs. It's quite extensive. It's two long
15 pages on the Texas Administrative Code website. So it's a
16 lot. The seal is one item in a whole list of things. So I
17 think it would be good if you were going to go forward and
18 talk about rule changes, that whatever's an impediment to the
19 use of product that's being produced elsewhere that's in that
20 rule be identified on the front end.

21 Administrative rulemaking usually takes about
22 six months. If all of the normal procedures of the
23 Administrative Procedures Act are followed, and there's no
24 emergency rulemaking or anything, it takes a while to do
25 that. So you'll want to back up. If you've got a -- if

1 there's some other problem other than just the seal, it needs
2 to be identified on the front end and evaluated as to -- from
3 the Lottery Commission's point of view whether that's
4 consistent with their duties.

5 And as Tyler pointed out to me, we're not
6 doing a heavy-duty analysis of the statutory requirements
7 sitting here either. We just can't possibly do it just
8 sitting here.

9 So I would say that on an expedited basis my
10 suggestion would be, particularly since you've got
11 manufacturers and distributors here, who know this at a level
12 that I certainly don't know, you all know I don't know about
13 bingo operation, those of you who do ought to go through that
14 and look for any other possible impediment.

15 I would say don't consider it impediment if
16 it's a matter of tracking the product, knowing the sales so
17 you can be audited and it can be tracked from the
18 manufacturer, to the distributor, to the charity, to the
19 customer. All of those kinds of things. But do it all at
20 once.

21 The second thing should be considered, and this is
22 beyond my scope here, but whether this is an appropriate
23 matter for emergency rulemaking. Obviously there could be a
24 request to the governor made.

25 I don't know that the Commission -- that it'd

1 be the proper role for the Commission to do it. But the
2 governor can suspend various requirements of state law and
3 administrative rules. I have some experience. But, with
4 that, I think the governors loathe to do it in a lot of
5 circumstances, but that would be one route. Emergency
6 rulemaking might be another route. Whether this satisfies
7 those requirements of the Administrative Procedures Act, I
8 don't know sitting here.

9 The third thing I would suggest is this -- I
10 want to make sure we're being consistent with the work
11 effort. Because I heard the Commission loud and clear
12 yesterday. Demand and increase in demand is recovery -- this
13 is recovering for the hall to the charities -- this is
14 recovering from COVID-19. These are people these was a pent-
15 up demand for Bingo.

16 You all -- without that demand, you all had to
17 shutter your halls, people -- some people had to pay rent for
18 places where they couldn't generate any revenue, employees
19 went without pay, public benefits didn't get paid. I mean,
20 employee benefits didn't get paid. So I see this as
21 something that's necessary to recover. Meeting that demand
22 is something that's necessary to recover from COVID-19.

23 And we have no idea the way things are going,
24 whether this is -- we're going to be back into that bad
25 situation in that regard right now. So those would be my

1 suggestions, but that you move with all due expedited -- on
2 an expedited basis to get this information. Anything else
3 that needs to be done, to be formulated, if you're going to
4 make a request to the Commission for any kind of relief.

5 CHAIRMAN SMITH: That being said, I guess, and
6 if anybody else wants to chime in on this, I'm certainly glad
7 to hear it. So Emile, Tommy, with that being said it takes
8 about six months for a rule change, what kind of timeframe
9 are we looking at to be back to close to normal delivery
10 schedules? 18 months? 24 months? I mean, is it something -
11 -

12 MR. DUNCAN: That depends on who shuts down
13 what.

14 MR. BURGOYNE: We can't know that.

15 MR. DUNCAN: I mean, if the state of Ohio
16 shuts their state down, well then you've closed the largest
17 manufacturer in the world. Who knows? I mean, we don't
18 know. Nobody knows.

19 CHAIRMAN SMITH: Well, I guess what I was
20 asking was the --

21 MR. DUNCAN: That's a good number to start
22 with. If you wanted 18 months to 2 years that -- yeah. It's
23 going to take a long time to recover.

24 MR. BURGOYNE: It's not --

25 MS. ROGERS: If we can do something in six

1 months to assist the process, I mean, I don't -- I vision
2 entirely ordering in --

3 CHAIRMAN SMITH: Yeah. That's right.
4 Absolutely.

5 MR. DUNCAN: Can you do it within a week?

6 MS. ROGERS: If it's emergency, why can't --
7 can it be sped up? I don't know.

8 MR. BOURGOYNE: I can go through these rules
9 in -- within a week and point out anything that we see as a
10 hindrance that doesn't affect tracking and that sort of
11 thing.

12 CHAIRMAN SMITH: Well and that's what I wanted
13 to stress. I think we've got enough problems tracking the
14 illegal pull-tabs in the state. And I do want to brag on the
15 industry. I think the industry is the ones that are
16 following the rules and wanting these tighter restrictions on
17 tracking and asking for enforcement of the illegal pull-tabs
18 that are coming in from various sources. So good on the
19 industry for that, because, man, we've come a long way.

20 But, yeah, anything that I think has to do
21 with tracking. And maybe if there's a measure that increases
22 tracking or makes the Lottery Commission's job easier to
23 track without sacrificing printability, I think we should
24 also maybe look into that.

25 MS. ROGERS: I'm going to ask a funny little

1 question, and I don't know. This is something -- are you
2 limited to who can print the tabs? Yes. Correct? There's
3 only eight. That what they said?

4 MR. BOURGOYNE: Well --

5 MS. ROGERS: Is a press different than the
6 eight? Does that make sense?

7 MR. BOURGOYNE: No.

8 MS. ROGERS: Okay.

9 MR. BOURGOYNE: It's not an equipment issue
10 for us. It's more of a staffing issue trying to keep up with
11 the demand. It's not an equipment issue for us.

12 MR. DUNCAN: Some people that ran three shifts
13 can run one, one and a half.

14 MR. BOURGOYNE: Yep.

15 MR. DUNCAN: And then if you get a COVID case
16 on the line, they got to --

17 MR. BOURGOYNE: They got to shut the whole
18 line down.

19 MR. DUNCAN: -- shut the place down. I do
20 want to take this opportunity to credit the staff with one
21 thing they did earlier in the year to kind of help us. They
22 eliminated that second approval.

23 So we only needed first approval, which is
24 great, on their behalf. But nobody will print a new ticket.
25 We're getting all these tabs approved, but it may be 18

1 months before they will even print one. But I still want to,
2 we need to credit them for at least making that. I think
3 that was Tyler's.

4 UNKNOWN SPEAKER: Are you trying to close any
5 tickets?

6 MR. DUNCAN: Yeah. But they won't print them
7 now, because as Emile said, they're trying, they're just
8 staying within a product line. They don't want to expand
9 titles right now.

10 CHAIRMAN SMITH: They're not changing the
11 plates.

12 MR. DUNCAN: Right. Well, they just don't
13 want to expand titles. Start adding a bunch of new tickets,
14 you clog the line up on getting out your Betty Boops or the
15 ones that you need, --

16 MR. BOURGOYNE: We're trying our best to make
17 and produce to demand our top 100 items, and we can't do
18 that.

19 MS. ROGERS: And as we all know, bingo players
20 are creatures of habit.

21 MR. BOURGOYNE: And our product lines were --
22 is in the thousands. We're trying to take care of the top
23 100 and we can't.

24 CHAIRMAN SMITH: Okay. Well, I think we're
25 getting a little long in the tooth on this. I think you've

1 got more to your report than just having --

2 MR. BOURGOYNE: Yeah. The --

3 CHAIRMAN SMITH: Let me, if I may, I don't
4 think we need to take a vote on this. But in your work
5 group, can you look at those items that could be possibly
6 changed to help speed up the framing process? Can you make,
7 like, a list that we could look at?

8 MR. BOURGOYNE: Yeah. I'll go through it and
9 I'll circulate it to the members of the subcommittee, which
10 includes every distributor. So that'd be a good place to
11 start. And then I'll also circulate it to the manufacturers.

12 CHAIRMAN SMITH: And keeping in mind that we
13 are probably under a time crunch with everyone.

14 MR. BOURGOYNE: That'll go out within the
15 week.

16 CHAIRMAN SMITH: Because the first thing that
17 we would want to do is once we do get some sort of list
18 formulated, is get it in front of a Bingo Advisory Committee
19 and then definitely work with staff on it before we go down
20 the road before we're too far on it.

21 MR. BOURGOYNE: I'll take care of the nuts and
22 bolts of the rules and see where we can do that. And I'll
23 get that circulated.

24 My second issue was to identify the scope and
25 size of the Facebook Live and bingo problems and suggest

1 solutions.

2 Well, in the July 25th report we -- I pointed
3 out where the criminal cases were in some states. And we're
4 still tracking, but we can't give you the numbers, because we
5 don't have the distributors' sales information as to where
6 they're going. And they're not going to give that to us for
7 the most part.

8 There are two or three distributors that have
9 online accounts, like you pointed out, and there's a handful
10 that have showed up on Ebay, whatever --

11 CHAIRMAN SMITH: Amazon.

12 MR. BOURGOYNE: Amazon and those we've tracked
13 those serial numbers back and the bottom line is it comes
14 back to a handful of distributors in the U.S. and one in
15 Canada.

16 Just to get an update, we've had two
17 regulators in -- U.S. regulators contact the regulator of --
18 it's not -- wasn't New York, it was a New Jersey account and
19 contacted a New Jersey Legalized Games of Chance Control
20 Commission who regulates and licenses that distributor. And
21 they were asked to go back and pull these invoices of these
22 serial numbers and find out who they sold them to, and they
23 wouldn't cooperate. The Commission would not cooperate.

24 In fact, their quote to the investigator in
25 the state of Washington was, We don't care what they sell

1 outside of the state of New Jersey, we just worry about what
2 they sell inside the state of New Jersey.

3 So we've passed that information on to the
4 manufacturers and can only encourage them to make prudent
5 decisions about future sales of that, but we can't -- as our
6 manufacturers association, we can't ask them to do something,
7 because it's bordering on anti-trust and collusion issues we
8 have to watch out for.

9 But we are as a trade association, NAFTM was
10 going to send that commission the entire New Jersey Legalized
11 Games of Chance Control Commission, a letter urging them to
12 enforce their own rules, which require tracking of those
13 serial numbers to all that distributor sales do.

14 That's been -- that's one of the biggest
15 distributors that we found in this process.

16 CHAIRMAN SMITH: Can I ask a dumb question
17 here? If the problem distributors have been identified, why
18 do the manufacturers keep selling to them? Do we know?

19 MR. BOURGOYNE: There are some states that as
20 long as they're licensed we have to sell to them. They have
21 to sell to our requirements, if you will.

22 We can't, as a group, make a decision not to
23 sell because of anti-trust issues.

24 CHAIRMAN SMITH: Right.

25 MR. BOURGOYNE: But individually it's up to

1 each manufacturer. I can't ask them to quit selling. I
2 can't do that. Because I'm President of the trade
3 association.

4 CHAIRMAN SMITH: Right, I get that.

5 MR. BOURGOYNE: All right. But we're going
6 through the process to see if we can get the particular
7 regulatory industries to enforce their own rules. Because
8 each of these agencies except for the one in Canada, has
9 rules regarding these type of activities and they're not
10 enforcing them. This was the first agency that refused to do
11 anything that I'm aware of, and so we're going to try to take
12 action with that agency.

13 CHAIRMAN SMITH: I think we have a member of
14 the public wanting to speak. Steve Bresnen.

15 MR. BRESNEN: Thank you.

16 CHAIRMAN SMITH: Then I'll give it to you next
17 round.

18 MR. BRESNEN: It strikes me that if somebody's
19 selling product across state lines that's not legal in the
20 incoming state, that they are in violation of the Johnson Act
21 and the -- a referral to the FBI should be made in those
22 circumstances. We really appreciate NAFTA standing up on
23 that and raising the issue, and I know that may be hard,
24 because you might have some members that are culpable, but
25 you cannot send gambling equipment across state lines in this

1 country in that manner, is my understanding.

2 I wish Mr. Fenoglio or Kim were here today,
3 because they're more expert than I am in this. But I
4 strongly suspect that there's a federal criminal offense
5 being engaged in right there. And I don't think it's
6 appropriate for this agency, but I would request, Emile, that
7 you communicate that idea to the people at NAFTA. And if
8 they have -- maybe they've already considered it.

9 MR. BOURGOYNE: No that's our -- our intention
10 is not only to notify the agency, but also notify the
11 attorney -- the states attorney generals and the appropriate
12 federal authorities when we do that. That's our intention.

13 MR. BRESNEN: United States Attorney for where
14 that person is located or this -- on in the squad that you
15 placed where the -- the nexus of criminal offense is where
16 any act of the offense occurs. So if it's in the state where
17 they're shipping it or the state where it's being received,
18 it will be the -- within that U.S. Attorney's jurisdiction to
19 pursue that.

20 MR. BOURGOYNE: We intend to try. But getting
21 them to do is another act. All right.

22 MR. BRESNEN: Let me just say one other thing.

23 CHAIRMAN SMITH: Yes, sir.

24 MR. BRESNEN: I got a little strident in my
25 remarks at the last BAC about this meeting. So to the extent

1 of if I was out of bounds, I apologize to anybody, including
2 the Commission, any staff, anybody else. But I'm as serious
3 as a heart attack about this. This is just flat wrong, and
4 it's -- something has got to be done to stop it.

5 For people to say that they can't get product
6 when we know product's been sold illegally, that's product
7 that's not going into legal channels and it's an interstate
8 problem and somebody needs to do something about it. Anybody
9 needs any help with that, let me know and I'll see what I can
10 do to help.

11 MR. BOURGOYNE: I'd also like to add that
12 Facebook is now going on record saying it's not a violation
13 of their policies even though it clearly is. They could stop
14 it in a heartbeat. They could stop me from saying something,
15 but they won't admit it on Facebook.

16 MR. BRESNEN: Do you have that in writing?

17 MR. BOURGOYNE: Yes.

18 MR. BRESNEN: Will you send it to me, please?

19 MR. BOURGOYNE: Oh, I can dig it up.

20 MR. BRESNEN: Thanks.

21 CHAIRMAN SMITH: Well, I think we all know
22 that if Facebook wants to do something, they will do
23 something whether it's right or wrong. They seem to be able
24 to track down somebody that made a statement 23 years ago,
25 yet they can't find or seem to find or track down people that

1 are doing child trafficking, or they don't want to help. I
2 understand your frustration with Facebook. I have the same
3 thing. Glenn Goulet.

4 MR. GOULET: Glenn Goulet again. I just
5 wanted to add to what Emile just said and make this
6 clarification. The distributors he's talking about, none of
7 them are from Texas.

8 MR. BOURGOYNE: Correct.

9 MR. GOULET: So when he's talking about
10 distributors who are selling product into other states, there
11 are no distributors in Texas doing that. Is that fair to
12 say, Emile?

13 MR. BOURGOYNE: That's correct.

14 MR. BRESNEN: Emile, do you all know the
15 identify of any distributors and if so dealing with product
16 into Texas?

17 MR. BOURGOYNE: Yes.

18 MR. BRESNEN: All right. I look forward to
19 hearing from you on that.

20 CHAIRMAN SMITH: I'm going to piggy-back on
21 that. Has the Lottery Commission been notified about that,
22 or how has that played out, or has it yet? I -- you might be
23 right in the middle of it, and I might not be supposed to be
24 talking about it. But.

25 MR. BOURGOYNE: They've dealt with many

1 complaints and have tried to trace product back through the
2 manufacturers, and they know which distributors were
3 involved. We didn't get involved in their investigation.

4 CHAIRMAN SMITH: Okay.

5 MR. BOURGOYNE: But we've certainly been happy
6 to trace the products back for them, and I know they have
7 done that.

8 CHAIRMAN SMITH: So when you trace this
9 products to people that have sold -- from distributors out of
10 state that have sold to people in the state of Texas, has --
11 have those --

12 MR. BOURGOYNE: We only know that it showed up
13 on Facebook in Texas. Physically we don't know where that
14 took place. We don't have that ability to investigate that
15 as a trade association. The Texas Lottery Commission would
16 have to do that. We can only tell you who we sold it to and
17 then we know that it showed up on Facebook Live.

18 CHAIRMAN SMITH: Right.

19 MR. BOURGOYNE: We don't know where that Live
20 took place at.

21 CHAIRMAN SMITH: Presumably is it usually in
22 the area that it's being paid out at? Are they using Venmo
23 and Cashapp and all that?

24 MR. BOURGOYNE: We don't know -- we don't know
25 the location where that occurs. That would be part of the

1 criminal investigation of the Lottery Commission or whatever
2 law-enforcement agency was conducting that investigation.

3 CHAIRMAN SMITH: Okay. But that --

4 MR. DUNCAN: It is how the trade in production
5 --

6 MR. BOURGOYNE: You may have viewed it from
7 Facebook within Texas, but that don't mean it took place in
8 Texas.

9 CHAIRMAN SMITH: Right.

10 MR. BAKER: Trace.

11 CHAIRMAN SMITH: So that would violate the
12 Internet Gaming Act. Correct?

13 MR. BOURGOYNE: Correct.

14 CHAIRMAN SMITH: Okay.

15 MR. BAKER: Ronnie Baker, again. You can
16 actually see the pull-tabs that they're selling or whether
17 they are event tickets, pull up a serial number, I know who
18 the manufacturer is and I'll call in my contacts and they'll
19 tell me what distributor they sold it to. And then I
20 encourage them, Well don't sell to them, because it's killing
21 us.

22 And so you can see it online and you have to
23 go back to the manufacturers. So it's there. And we can't -
24 - as Glenn said, We don't sell out of state, but it falls on
25 the Lottery Commission to come back and say, Bring in an

1 unlicensed product sold through an unlicensed distributor
2 playing at an unlicensed time. Those are all violations.

3 And it's hurting all of our non-profits. It
4 takes away from them.

5 CHAIRMAN SMITH: Does Facebook get a piece of
6 the action when that's done?

7 MR. BOURGOYNE: I'm not aware of it doing
8 that.

9 CHAIRMAN SMITH: Do you have to pay for
10 Facebook Live or is there any transaction?

11 MS. ROGERS: No.

12 CHAIRMAN SMITH: It's all free.

13 MR. HARRIS: Mr. Chairman.

14 CHAIRMAN SMITH: Yes.

15 MR. HARRIS: This is Corey. The only way I
16 can see that being a violation, if somebody actually paid for
17 an advertisement to invite people to these games. So if they
18 took out Facebook ads, that's the only way. I don't know if
19 it violates our standards to advertise for gaming sessions.

20 MS. ROGERS: Facebook uses the, it's a private
21 group. They were doing kind of like in Texas you could have
22 a private game of Texas Hold 'Em.

23 MR. BOURGOYNE: Like a private chat room.

24 MS. ROGERS: Exactly. Private -- yes.

25 CHAIRMAN SMITH: Okay. I guess if -- yes sir.

1 MR. BOURGOYNE: There's one more report to
2 mine.

3 CHAIRMAN SMITH: Oh, yes sir. Go ahead.

4 MR. BOURGOYNE: The third item, which dealt
5 with the potential solutions to the pull-tab shortage via the
6 electronic part that we're not supposed to talk about.

7 I just wanted to go on the record saying that
8 I'm assuming the product that we were going to demo meets
9 Texas statutory requirements, it just doesn't -- didn't make
10 the regulatory requirements. But it did include video
11 confirmation of the paper pull-tabs. I'm assuming that's why
12 that's no longer an issue, right?

13 CHAIRMAN SMITH: All right. Back to the
14 illegal Facebook stuff. Tyler, Bob, are we all -- has there
15 been any ramped up efforts or enforcement, mobilized or
16 anything at all done to help us?

17 MR. VANCE: Not still -- I mean, we still we
18 take complaints and get complaints. We pass them on to
19 Facebook. But that's the limit of our jurisdiction. We only
20 have authority over licensees. So if there's activity going
21 on by non licensees, that's a criminal matter. We don't have
22 the proper jurisdiction. So it's a law enforcement
23 situation.

24 MS. URIEGAS: Veronica. Is there somebody we
25 can contact to take that to the next level, since you guys

1 can't? Or how does that -- how can we work to pass that
2 along?

3 MR. VANCE: So you -- the tricky part here is
4 figuring out who has jurisdiction. And we don't know where
5 it's happening and you don't necessarily know who -- oh, if
6 he knows in Dallas, then you call Dallas Sheriff or the
7 Dallas DA or Dallas -- any local law enforcement and tell
8 them, I'm watching a felony on Facebook right now. Whether or
9 not they decide to go after that, who knows. That's if they
10 even have the ability to go after it.

11 But if it's happening in another state and
12 it's being conducted in another state and it's happening in
13 Texas, now you're looking at a federal issue so as Steve was
14 talking about, now you're talking about an FBI. You've got
15 interstate felony.

16 And so the local law-enforcement entities of
17 both of those areas have jurisdiction over and the federal,
18 FBI, has jurisdiction over it, too.

19 MS. URIEGAS: So, I was just going to ask, Do
20 we know if anybody is prosecuting in any state other than
21 Florida?

22 MR. BOURGOYNE? Yes.

23 MS. URIEGAS: They are?

24 MR. BOURGOYNE: Yes.

25 MS. URIEGAS: Okay.

1 MR. BOURGOYNE: If -- on that July 25th memo I
2 listed to you a couple of links about several different
3 states that are prosecuting. Alaska was one of them, Florida
4 was one of them, Mississippi was one of them. Louisiana has
5 an ongoing investigation now.

6 CHAIRMAN SMITH: So if -- Tyler, and I'm
7 trying to understand this, because I get a little
8 discombobulated. If somebody was holding an illegal bingo
9 game that was unlicensed, then that wouldn't be your
10 jurisdiction?

11 MR. VANCE: No. We could send them a cease
12 and desist. And what we could -- the old-fashioned version
13 of this was bingo at a bar. Right? What we would do is send
14 the bar a cease and desist and then send local law
15 enforcement a courtesy copy of it, so that they could be
16 aware that it was happening there. But it's --

17 CHAIRMAN SMITH: But if the local DA decided
18 not to do anything about it, there's nothing you could do?

19 MR. VANCE: End of story for us. Yeah. We
20 just send the cease and desists. We don't have prosecutorial
21 authority, we don't have law enforcement authority.

22 CHAIRMAN SMITH: Is that the same thing on
23 scratch off tickets? Does it parallel that?

24 MR. VANCE: Basically -- yeah. It'd be a
25 felony -- yeah. I'm pretty sure, though, that you would just

1 notify the local law enforcement.

2 CHAIRMAN SMITH: And if they chose not to do
3 anything?

4 MR. VANCE: Or maybe the AG's office. I'm not
5 sure if it --

6 CHAIRMAN SMITH: Yeah.

7 MR. VANCE: But, yeah. We don't prosecute it
8 if some guy on the street's selling lottery tickets. There's
9 really nothing we can do about it. We can only go after
10 licensed retailers.

11 CHAIRMAN SMITH: Interesting.

12 MS. ROGERS: Dang. You couldn't stop them?

13 MR. DUNCAN: Yeah. They're trying to do an
14 illegal bingo. I mean, you regulate Bingo..

15 MS. ROGERS: You couldn't stop them from
16 selling lottery tickets on the street?

17 MR. VANCE: No. We have no authority. We
18 don't -- nobody's --

19 CHAIRMAN SMITH: Anybody know if they sell
20 scratch offs online? That was rhetorical. That was a joke.

21 MS. ROGERS: Well, if you're being serious,
22 that's a ton of them.

23 CHAIRMAN SMITH: No I -- that was a joke. I'm
24 paralleling a situation that's frustrating. And I'm sure you
25 all have people that (indiscernible) the Lottery stuff, too.

1 MR. VANCE: I think the thing is with the
2 Lottery, it would -- it just wouldn't make sense. Because
3 the guy on the street's going to have to mark it up, and so
4 why would I buy \$1.50 lottery ticket, when I can buy it for \$1
5 in grocery store?

6 CHAIRMAN SMITH: They'll figure out a way to
7 hustle it. I promise you. They'll figure out a way.

8 MR. VANCE: It economically doesn't make
9 sense. Whereas I think bingo you've got just a virtual
10 aspect of it that adds value.

11 MS. ROGERS: The people who make their lottery
12 tickets probably don't sell. Which is what they're talking
13 about.

14 MR. VANCE: Yeah.

15 MS. ROGERS: Our people have no restrictions
16 on who they sell to.

17 MR. VANCE: Yeah. They sell the lottery
18 tickets to us, and then our vendor distributes them.

19 MS. ROGERS: Right.

20 MR. VANCE: So there's no independent middle-
21 man there. You're going to sell them to a third party.
22 Control the whole chain.

23 MR. BRESNEN: The loss of one of those
24 contracts would be devastating to any of those suppliers,
25 too.

1 MS. ROGERS: Right.

2

3 CHAIRMAN SMITH: Okay.

4 MS. GREEN: And, Trace --

5 CHAIRMAN SMITH: All right. Emile, you've got
6 anything else on you report, sir?

7 MS. GREEN: Trace, can I ask Emile a question.

8 CHAIRMAN SMITH: Yes.

9 MS. GREEN: The last thing they just mentioned
10 about the demonstration that was canceled and everything, you
11 said there was something about a video confirmation that you
12 said was legal, but you can't talk about because it's not
13 legal, or what --

14 MR. BOURGOYNE: The products -- the products
15 that Diamond has to demonstrate, in their minds and mine too,
16 met statutory requirements, but didn't meet the rule
17 requirements, which is primarily because of the tickets being
18 on the roll, pre-printed roll, and not traditional paper
19 roll.

20 But both devices required a verification --
21 they had a verification factor, and that's why -- since that
22 has fallen off of the work plan -- that's why we had to
23 cancel the meeting.

24 MS. GREEN: The verification is not -- is a
25 statutory problem. Right? Or is it a regulatory problem?

1 MR. BOURGOYNE: Verification is a regulatory
2 problem.

3 MS. GREEN: And we're not allowed to talk
4 about that? Anything like that?

5 MR. VANCE: No verification of pull-tabs, now
6 that's been struck off the list. That was discussed years
7 ago and it was -- made it to that point of the rulemaking and
8 then the whole thing was shut down. So now it's been shut
9 down again.

10 MS. GREEN: Forever? Because we can never
11 speak about -- changing a rule again that's forever? Okay.

12 MS. URIEGAS: We can talk about it outside of
13 here as a group.

14 MS. GREEN: When would we -- but what -- why
15 would we ever do that? Because it's not going to do any good
16 just for everybody to say, No.

17 MS. URIEGAS: Well I -- my belief is that,
18 what I'm understanding, is we can talk about it outside of
19 here and then address it with somebody and say, What is legal
20 of this and what is not? And then go to rulemaking. Is that
21 not correct? Is that what I'm understanding?

22 MR. VANCE: Yeah. And I think you could
23 discuss it independently and as an industry you might
24 independently pay a lobbyist to try to change the law on it.
25 But the Lottery Commission isn't in a position to lend its

1 resources to this discussion that's already been struck down.

2 MS. GREEN: They're not going to change a
3 rule.

4 MR. BOURGOYNE: I think that's the message.
5 The message is change the law legislatively to permit
6 whatever it is you want to permit. I think that's the
7 message.

8 MS. GREEN: Wow. Was that the only thing we
9 can't talk about forever? What else can we not talk about?

10 MR. VANCE: Electronic pull-tabs.

11 MR. BIARD: If I can just clarify something
12 else that might help you understand sort of the parameters
13 here.

14 MS. GREEN: I know I do need help.

15 MR. BIARD: It's that the concern is the
16 expansion of gaming.

17 MS. GREEN: I'm sure the Kickapoos are very
18 upset.

19 MR. BIARD: And so -- I understand that
20 there's an AG opinion that says that video confirmation alone
21 has not turned paper bingo into electronic bingo. But we got
22 a letter, this agency did a rulemaking to try to do this in
23 2014. There was a letter from 36 members of the Texas
24 Legislature who said we believe this is an expansion of
25 gambling.

1 We have no reason to think that's changed at
2 all. And one of the signatories to that letter is our
3 current attorney general. So I think the agency is not
4 interested in pursuing and has not been pursuing the
5 expansion of gambling. The industry is welcome to do that on
6 their own. But I think that this committee is not the venue
7 for doing it.

8 CHAIRMAN SMITH: I was unaware of that, that
9 there was a bunch of letters written. Do you know of those
10 legislators that wrote those letters how many are still in
11 office? And that's just an off the -- don't go anything into
12 that. I'm sorry. I thought -- I really shouldn't have asked
13 that. But.

14 CHAIRMAN SMITH: That's enough, isn't it?

15 CHAIRMAN SMITH: Yeah.

16 MS. ROGERS: Well, lottery tickets on your
17 phone is --

18 CHAIRMAN SMITH: All right.

19 MR. BIARD: But they could -- they could call
20 her --

21 CHAIRMAN SMITH: Is it? Okay.

22 MR. BIARD: We're happy to share it.

23 CHAIRMAN SMITH: I was just curious. We get
24 it. We get it loud and clear. We get it absolutely.

25 All right. Let's go next to -- so does that

1 conclude your report, sir?

2 MR. BOURGOYNE: It does.

3 MS. ROGERS: Thank you.

4 CHAIRMAN SMITH: All right. So you'll get
5 back to us ASAP on the possible changes we can do on that
6 first item. And then that Facebook stuff on the other thing?

7 MR. BOURGOYNE: I'll prioritize -- I'll do the
8 rule thing first. So.

9 CHAIRMAN SMITH: Yes. Okay. All right. Good
10 deal. All right. Let's see here. Okay. The other thing --
11 this is -- this was kind of brought up at the last meeting.

12 We were concerned about people not being able
13 to make it to the meetings in person. A lot of people still
14 are wary and they're not wanting to get out in public. And I
15 certainly understand that, and I respect that decision by
16 each and every person.

17 One of the questions that I was asked by
18 someone in the industry yesterday was, Can I call in to the
19 meetings? And I said, I'm unaware of any way to do that at
20 the time except for a staff person or for the BAC member.

21 So I guess I want to ask the staff if maybe
22 there's something we can do to look into the future maybe the
23 next meeting or the one after that, if there was a way that
24 people that couldn't be able to attend that were vital to the
25 industry would be able to attend via phone. If that's at all

1 possible to look into it to see if we could start doing that.

2 MR. VANCE: Yeah. I mean, it's perfectly
3 legal. I mean, we've got somebody on the phone right now and
4 theoretically you could all be on the phone if that's the way
5 you want to do it. Right. And I think that's -- like, my
6 only concern for you is that if you wanted in-person meetings
7 and you give this option then I think you're going to be
8 surprised to find out not a lot of people show up. But.

9 CHAIRMAN SMITH: Right.

10 MR. VANCE: And it's just so much more meaning
11 -- but, yeah, everybody can call in. There's no requirement.
12 This isn't a legally regulated open meeting under the Open
13 Meetings Act.

14 CHAIRMAN SMITH: Oh, no. I wasn't planning that
15 at all. Yeah.

16 MR. VANCE: Yeah. Just so you can. It's just
17 it's -- the committee's call.

18 MS. ROGERS: Is there a limit as to how many
19 can be on the phone?

20 MR. VANCE: I don't think so. We've had
21 informal conferences with 12, 15 people on or more. Is there
22 a-- is there --

23 MS. ROGERS: I don't know about.

24 CHAIRMAN SMITH: Well, that may be something
25 that I can just chat with you all over email and maybe people

1 can make a special request for that. Because I know that
2 Steve Fenoglio asked about it yesterday. I don't know if he
3 -- I got in touch with him or not about it. But --

4 MR. VANCE: Yeah. There's no prohibition
5 against it. There might be a physical limit to how many
6 people can call in on a conference.

7 CHAIRMAN SMITH: Okay.

8 MR. VANCE: And it also becomes kind of a
9 logistical thing, too. Or just -- you've got 30 people on
10 there, they -- two of them talk over each other it's easy to
11 see somebody raise a hand in a room, but --

12 CHAIRMAN SMITH: I definitely, me personally,
13 I'm speaking for myself only, I definitely like the in-person
14 meetings better. I think what messages convey, you can read
15 the body language better, you can hear inflection and the
16 tone better in people's voice. So I think a message gets
17 communicated a lot more clearly in person.

18 MS. ROGERS: And you should advocate those.

19 CHAIRMAN SMITH: Absolutely. Absolutely. So
20 find my note here. Okay. On item 4 of our new Fiscal Year
21 2022 Work Plan, it talks about review components of the
22 agency's Charitable Bingo website including listing of the
23 BAC members and recommended elements and information to be
24 included in future website updates.

25 So I would think we would need to set up a

1 committee meeting on that to kind of -- someone to take
2 charge on that to satisfy that requirement.

3 Personally, for me, I'm very technologically
4 challenged. I like the KISS method, especially that last
5 "S", because that's how I am about technology. But is there
6 anybody on the BAC that would like to kind of tackle that?

7 MR. HARRIS: Mr. Chairman, this is Corey. I'm
8 happy to help so long as I can get the information as far as
9 more website being hosted and all the activity details so I
10 can have backdoor access and I'd be happy to make any
11 changes.

12 CHAIRMAN SMITH: Well, I think what the
13 changes that we can be doing, I think what we would do is we
14 just needed somebody to go in and look at the website, come
15 up with a list of changes that would possibly need to be
16 made, report back to the full board. In the end the staff
17 actually makes the decision to do all that. All the --
18 correct title. Yeah.

19 MR. HARRIS: So what you're saying is I just
20 need to be critical and don't have to do any work?

21 MS. ROGERS: Well have you ever gone to the Bingo
22 website?

23 MR. HARRIS: I think I've been there, yes.

24 MS. ROGERS: Go and try to navigate. Go try
25 to find some information out. See what's difficult for you

1 to do. Maybe. Maybe that would help you say, Hey, if this
2 was easier to go from here to hear.

3 MS. GREEN: I'll do that with him, too.
4 Because I'm really -- I'm as bad as you are. And I've had to
5 call for child help before.

6 MS. URIEGAS: Well there's a lot of things on
7 the website that I -- have expired that are still on there.
8 As of yesterday I called a charity that's trying to get a
9 license and I'm like, Where is the pre-licensing interview?
10 And I spent an hour on the website, I finally made two phone
11 calls somebody said, Oh, we're not doing that anymore.

12 MS. GREEN: Call Alice.

13 MS. URIEGAS: I -- she wasn't available.

14 MS. GREEN: Oh, no.

15 MS. URIEGAS: Yeah, I know. So I finally
16 called Kim and so she said, Yeah. We need to take it off
17 there. I'm like, As of when?

18 MS. ROGERS: I think we should change Alice's
19 name to, Wealth of Information. The most amazing person
20 ever. Let me go on record by saying that.

21 CHAIRMAN SMITH: Okay. So we have a committee
22 chair, Veronica Uriegas, and Melodye Green. Is that
23 something you all need help on, or advice on?

24 MS. GREEN: Oh I am sure I need help with
25 everything.

1 MS. ROGERS: Can I ask, who from staff would
2 they be contacting, or should they contact? Oh. You do the
3 IT?

4 MS. GREEN: Oh my. Pressure.

5 UNKNOWN SPEAKER: Absolutely not.

6 MS. ROGERS: I am not worthy. Oh, heavens.

7 MS. GREEN: I need Corey's information. Do
8 you have -- is your information on --

9 MS. URIEGAS: It's in the emails.

10 MS. GREEN: It is?

11 MS. URIEGAS: Yes.

12 MR. HARRIS: Okay. I can just give you it
13 directly after.

14 CHAIRMAN SMITH: Okay. And if I -- if I may,
15 I know there was a couple people that had to redo their
16 picture, or something to update for the website. So I think,
17 Corey, I think your information will be up there pretty soon.
18 Probably in the next few weeks or so. So that will already
19 be one of the changes. And if I could volunteered to have my
20 picture retaken, I would love to do that.

21 MS. GREEN: Oh, yeah it is. I'm going to have
22 40-year anniversary when I showed you earlier from 40 years
23 ago, I've got to use that one.

24 CHAIRMAN SMITH: Okay. Do we have any other
25 old business?

1 AGENDA ITEM 8

2 CHAIRMAN SMITH: And do we have any new
3 business? Yes, sir, Mr. Martin.

4 MR. MARTIN: I've got a question here. And it
5 concerns subchapter J, section 2001.451. Actually if you
6 skip down to H.

7 CHAIRMAN SMITH: What it -- what's the number
8 again, Will? 2001.451?

9 MR. MARTIN: Yeah. And you skip all the way
10 down to (h) (2) where it says, Does not exceed a total of
11 \$50,000 for a single organization or \$50,000 for each member
12 of a unit unless -- and then it has all this language there.

13 And there are some of us that are at all halls
14 that would like to see that \$50,000 cap raised up to maybe
15 \$75 or \$100,000. Anybody in here that's conducting any kind
16 of business knows that \$50,000 ain't nothing anymore. You
17 can go through \$50,000 quick. And then that unit or that
18 organization is look -- is left sitting there broke. They
19 can't buy bingo equipment or tabs or paper or anything.

20 So we would like to -- I'd like to know what
21 kind of procedures do we have to go through, who do we need
22 to talk to, to file whatever paperwork is necessary to -- for
23 a unit or an organization to raise that cap.

24 CHAIRMAN SMITH: I think it -- I'm going to
25 defer to Tyler.

1 MR. VANCE: Yeah. There's a form to -- a
2 request to increase your operating capital limit and you
3 submit it and it goes to the director. My opinion is the
4 director has complete discretion over it that that \$50,000
5 limit is really meaningless, because then they turn around
6 and say, Or whatever the director wants.

7 So I think the director has full discretion
8 over it. When I was in that position, I just ran them.
9 Because to me the only -- the only consideration is that when
10 you raise that limit, every dollar you raise it is another
11 dollar that the charity is not going to be distributed every
12 quarter. Right?

13 But if the charity is the one sending you the
14 request, the charity is saying, We don't want -- we want 20-
15 grand in our bank account and not our charity account. And I
16 figured if that's how you guys want it, I'm sure, I can't
17 think of a reason not to grant them. But the policy is to --

18 MR. MARTIN: Is the form online, or do I need
19 to call someone? Or.

20 MR. VANCE: It's online. I don't know the
21 exact number, but if you call Alice, she'll tell you. So
22 request to increase operating limit.

23 MS. GREEN: And how long is that a one-year
24 extension? Is that what it is? Okay.

25 CHAIRMAN SMITH: And I -- just for those of

1 you that may not know, I think historically what had happened
2 was there wasn't a cap on the bingo bank account, and a lot
3 of charities had a lot of money in their accounts, hundreds
4 of thousands of dollars. And that money wasn't actually
5 being distributed for its charitable purpose.

6 So back then, I think it was in '96, '97 I
7 think. Something like that. When we moved from the old 35
8 percent rule to the new rule of everything's got to go to the
9 charity for that distribution.

10 That's when we as a collective group, if you
11 will, decided to put that \$50,000 cap in there. With the
12 caveat that you can get a raise and that in case by case
13 basis.

14 MR. VANCE: All right. Trace.

15 CHAIRMAN SMITH: Yes, sir.

16 MR. VANCE: Steve raised a good point.
17 Historically, it was -- you had to have a good reason for it.
18 Like you -- and a typical reason was we have some giant
19 capital expenditure that we're saving up for that, our
20 current limit's \$100,000 and we need to save up \$250,000 for
21 a new parking lot, or something like that. But it's not a
22 requirement. So it's completely at the discretion of the
23 director and whatever the new director's policy is.

24 But historically you had to have some kind of
25 -- some kind of reason to justify why you need more than

1 \$50,000. But my reading of the law is it's completely at the
2 director's discretion.

3 CHAIRMAN SMITH: Thank you.

4 MR. VANCE: And other directors required some
5 component of necessity.

6 CHAIRMAN SMITH: Okay.

7 MS. GREEN: With COVID now you never know. I
8 mean, Dallas County, we could close down again and lose the
9 money reserves.

10 MR. VANCE: And so does -- so part of the
11 reason I was just approving all of them was because they were
12 all COVID related.

13 CHAIRMAN SMITH: Got you.

14 MS. GREEN: Thank you.

15 CHAIRMAN SMITH: Yes, sir.

16 MR. MARTIN: I've got a -- I've got another
17 question or subject. And I heard Kim speaking about it
18 earlier and it was about the new procedure to get temps. Can
19 you -- can you enlighten me on that and that way I can ask
20 the staff why we changed from what we were doing to what is
21 now required?

22 MS. ROGERS: We were speaking about that it's
23 change that only officers and directors are now --

24 MR. MARTIN: And chairperson.

25 MS. ROGERS: And chairperson, which has to be

1 an officer or director, are allowed to request temporaries
2 online.

3 MR. DUNCAN: And I think traditionally, I
4 mean, recently it's been operators and bookkeepers, because
5 the bookkeepers are all --

6 MS. ROGERS: Operators, bookkeepers, also
7 designated operators were in there prior.

8 MR. DUNCAN: Right.

9 MS. URIEGAS: I think I missed the beginning
10 of that. Was that discussed today?

11 MS. ROGERS: No. Someone brought the
12 question, and I said, Yes, it had changed. I only now this
13 because I was in the office when I saw that there was a
14 change.

15 I don't know what the root of it was. I don't
16 know when it changed. I'm sure staff -

17 MR. DUNCAN: Well let's ask Tyler. When we
18 did the temporaries on demand, something happened where now
19 only directors and officers can apply for temps?

20 MR. VANCE: Yeah. I think that who got
21 dropped out were designated members, so --

22 MS. ROGERS: Or operators.

23 MR. VANCE: -- or operators. Right.

24 MS. ROGERS: Right.

25 MR. VANCE: So the idea is that we want, like,

1 bonafide members of charity to know that their licenses are
2 being requested and used. So a designated member, such as a
3 bookkeeper, wouldn't be quite as bonafide, right? We want --
4 we want, like, an actual officer of the charity to know that
5 he requested a temporary license on Friday night.

6 MS. ROGERS: Even though your bookkeeper is
7 listed on your license? I mean, the charity has to sign off
8 that that bookkeeper is their bookkeeper.

9 MS. GREEN: The bookkeeper would be one of the
10 -- one of the ones that was really -- be one of the better
11 ones to get. I remember my bookkeeper the -- my vice person
12 and my mens VFW at the bar get one.

13 CHAIRMAN SMITH: Yeah. Because they're dates
14 on it now.

15 MS. GREEN: And our bookkeeper was the one
16 who's doing it and operators are also members. Each real
17 operator is a member of the -- oh, look at that.

18 MR. VANCE: I think this has changed a couple
19 times over the last -- some of the old timers in Bingo told
20 me that the reason it was changed is because there were --
21 there was a concern that the guys that run the charity had no
22 idea what their licenses were being used -- it was changed to
23 restrict the requesting of these licenses in order to require
24 that actual officer and directors were more involved with the
25 day-to-day operations.

1 MS. GREEN: Well, we're really old. Who else
2 -- don't do that.

3 MR. DUNCAN: Well thank you for being on the
4 license. Don't you think they wouldn't jeopardize the
5 license by doing anything out of the ordinary?

6 MS. URIEGAS: Well, also, don't you email,
7 like, if it's done online you email us back whoever did it,
8 and then you email a separate person. Correct? A random
9 separate person. That's what I was told.

10 MS. ROGERS: The chairperson always gets an
11 email when a temporary -- so for a charity to take the stance
12 that they didn't know what was going on --

13 MS. URIEGAS: Is that correct, or incorrect?

14 MR. VANCE: I'm not sure about that. The
15 chairperson is assigned it.

16 MS. URIEGAS: No, no. That -- it -- that --
17 the person who submits the license online gets an email
18 confirmation, but it also gets sent to a separate person
19 that's all listed as one of the board members or --

20 MR. VANCE: Probably the designated contact,
21 which doesn't necessarily have to be the chairperson.

22 CHAIRMAN SMITH: So, if I may just ask a
23 question, was this just a policy change, or was it a rule
24 change?

25 MR. VANCE: I believe it's in the rule that

1 says only a designated -- either a chairperson or director or
2 a designated operator can request.

3 MS. ROGERS: Okay. No designated. There's no
4 more designated for the chairperson. So it's only officers,
5 directors, and chairpersons. And I'm just saying this, at
6 this time, on my BSP, that can apply for a temporary.

7 CHAIRMAN SMITH: So I'm assuming that was a
8 rule change and it --

9 MS. URIEGAS: And it's just not being
10 enforced.

11 MR. VANCE: Yeah. I'm not sure that the rule
12 -- I'm going to have look back on this. Because I remember
13 talking about this -- about this with Sherri a couple months
14 ago. And from what I can tell the rule hadn't been changed
15 and I think, I mean, to be honest, what I think is that we
16 realized that rule existed, but we weren't doing what the
17 rule said. We were allowing people other than these three.
18 The rule has always said only these three people are allowed
19 to do it and now clarified in form that -- what all was said.
20 And then in discussions with them I recall them saying that
21 the purpose of the rule as it was decided years and years ago
22 was to ensure that higher-level people in the charity were
23 the ones actually making these requests.

24 CHAIRMAN SMITH: Got you. Okay. All right.
25 But that clarifies a lot for me. Because I was trying to

1 remember. I was like, Oh, yeah. I just -- did I just miss
2 something completely that came through the BAC and I just had
3 a blackout or something? I just --

4 MR. DUNCAN: Well it's caused a lot of uproar.
5 I mean, it's caused a lot of phone calls.

6 UNKNOWN SPEAKER: Going back to the more
7 important work.

8 MR. MARTIN: Well it's still on the license,
9 so they're not going to jeopardize the license.

10 CHAIRMAN SMITH: I guess what we would need to
11 ask ourselves is, Is this something that we would want to get
12 with staff about and maybe talk about going through the
13 draft-rule process to change it? I think that would be the
14 proper way to talk about this.

15 MS. ROGERS: Absolutely. And I'll chair it.

16 MR. MARTIN: That was easy.

17 MS. ROGERS: But and let me -- and let me
18 follow up with that. Not because -- yeah, I'll be a
19 cheerleader, but your charities are mostly volunteer people.
20 They don't sometimes -- and they should get notified. They
21 should know what's going on. Charities should know
22 absolutely what's happening in their -- with their bingo
23 licenses. I'm an advocate for that.

24 But sometimes they cannot take care of
25 everything. So you have to have people. If the bookkeeper's

1 willing to put their social security and their information on
2 that piece of paper knowing that they're having to follow the
3 rules and regulations, then by all means. They can be the one
4 that can apply for a temporary.

5 CHAIRMAN SMITH: And I see both sides on this.
6 I've -- I was made aware of an incident some months back
7 right pre-COVID that there was a -- one of the staff members
8 had requested a temporary license unbeknownst to the charity.
9 It went through and played, everything was on the up and up,
10 but the charitable representative wasn't made aware of it
11 until after the fact. And I think that's a problem. I think
12 that's probably just trying to make sure that everything's on
13 the up and up and --

14 MS. ROGERS: Sure. Oh yeah.

15 MR. DUNCAN: And maybe the designated agent
16 that gets that other email should be required to be an
17 officer instead of just a designated --

18 CHAIRMAN SMITH: That's something that was
19 pretty broadly talked about.

20 MR. DUNCAN: You know what I mean,
21 chairperson.

22 MS. ROGERS: Right. If the bookkeeper applies
23 for a temporary when they -- when they send that email out
24 that -- confirming, Thank you for applying. Because there's
25 a real nice email that goes back. It says, Thank you for

1 applying. It needs to go to the bingo chairperson. That's
2 what that bingo chairperson was put there for, if I'm not
3 mistaken. It's to stay on top of things.

4 MR. DUNCAN: Right.

5 CHAIRMAN SMITH: So, Kim, you're going to --
6 you're going to chair that work group. Is there anybody else
7 who wants to be on that?

8 MR. DUNCAN: I don't think she needs anybody
9 else.

10 MS. ROGERS: I don't think so either.

11 MS. URIEGAS: I'll just go watch her. Take
12 your time. I'll take your notes.

13 CHAIRMAN SMITH: All right. And we'll explore
14 the possibility of revisiting that rule and -- and go on a
15 fact-finding mission.

16 Okay. Let's see here. Is there anybody else
17 in old -- or new business? Anything else? Anybody from the
18 staff like to say anything else?

19 Well, we would definitely like to thank
20 everyone for being here today. Especially Commissioner
21 Fields and our new director, LaDonna. And of course always
22 those Bob and Tyler, you guys are always a big help in these
23 meetings.

24 MS. ROGERS: Yes.

25 AGENDA ITEM 9

1 CHAIRMAN SMITH: If there's nothing else from
2 the committee members, we will set the date for the next
3 meeting.

4 MS. ROGERS: When do the commissioners meet
5 next? Is it set yet? No. The commissioners meet --

6 MR. BIARD: 21st, October 21st.

7 MS. ROGERS: The commissioners meet October
8 21st.

9 Now I have a question for you, Trace, was it
10 easier, more convenient, to do it after the commissioners
11 meeting, or was it more convenient to do it the day prior?

12 UNKNOWN SPEAKER: Yeah, let's get off these
13 Fridays.

14 MS. ROGERS: It doesn't seem like Fridays --
15 it's -- it seems like Fridays are difficult for people.

16 CHAIRMAN SMITH: It is definitely more
17 convenient to have it either right before or right after.

18 MS. ROGERS: Yeah. If we had it the day
19 before, you could report to the commissioners how the meeting
20 went. Is that something you want to do?

21 CHAIRMAN SMITH: Absolutely. Absolutely. That
22 works fine for me if that works good with the staff as well.

23 MR. VANCE: Yep. I think that's -- and I
24 agree with that, it makes more sense to have it the day
25 before.

1 CHAIRMAN SMITH: Are we good with that?

2 MS. ROGERS: Yes.

3 CHAIRMAN SMITH: Okay. All right.

4 MR. DUNCAN: I do have a question. I want to
5 expound on what Mr. Bresnen said. He said this emergency
6 thing could take up to six months and we might want to
7 expedite it.

8 CHAIRMAN SMITH: Yes, sir.

9 MR. DUNCAN: He's going to have his thing done
10 in a week. Shouldn't we maybe have a meeting in a couple of
11 weeks if we want to do this --

12 CHAIRMAN SMITH: Well that -- you're right on
13 target. That's what I was going to kind of ask. That's a
14 long time, that's --

15 MS. ROGERS; We could get together through Zoom
16 if it's easier.

17 CHAIRMAN SMITH: No that's over -- yeah that's
18 over two --

19 MR. DUNCAN: Either way.

20 MS. ROGERS: Just to do it.

21 CHAIRMAN SMITH: I meant that's almost three
22 months from now. So I would -- I would expect us to probably
23 have to have a meeting before that and then right before the
24 commissioner's meeting then.

25 Today's the 13th. Do you want to have a

1 meeting, say, maybe the second week of or third week of
2 September since we're on a time crunch here?

3 MR. DUNCAN: I'm good with that.

4 CHAIRMAN SMITH: Tyler, Ms. LaDonna, did that
5 --

6 MR. VANCE: I apologize. Just talked to Bob.
7 We can, I know what you guys are looking to get. You want
8 the seal requirement taken out. Like, I -- we can prepare
9 all of that rule, have it all -- have it all ready to go at
10 the same time you guys are working and then you as a
11 committee can get together the day before so that you can
12 recommend to the commissioners the next day, We want the seal
13 thing gone. And then I'll have that rule ready. It'll be
14 there in front of them. So if they decide they want to --
15 they want to propose it on that day --

16 CHAIRMAN SMITH: That's a good point. Yeah.
17 So nothing could be done till the commissioner's got to say
18 anything.

19 MR. VANCE: Yeah. Right.

20 CHAIRMAN SMITH: We probably need to have a
21 meeting in or before that next BAC meeting before the
22 commissioners meeting.

23 MS. ROGERS: Does that need to be in person,
24 or do you prefer it --

25 CHAIRMAN SMITH: I personally -- I think it --

1 MS. ROGERS: Well I guess we need to ask
2 Emile, right?

3 CHAIRMAN SMITH: Emile, what works better for
4 you for an interim meeting? Zoom?

5 MR. BOURGOYNE: Yes.

6 CHAIRMAN SMITH: Yeah? Okay. Good with it.
7 Well let's try to have it in Zoom call, so maybe the week of
8 the 13th through the 15th in September?

9 MR. VANCE: Yeah. I -- Trace, so we would
10 have to float that rule by the governor's office a month in
11 advance. Like earlier in September would be better. The
12 sooner you can get me the list of the things you want gone,
13 the sooner I can get the rules through to get over to the
14 governor.

15 CHAIRMAN SMITH: Okay. And keeping in mind
16 this will just be for temporary. Not completely forever. Or
17 maybe. I don't know.

18 MS. URIEGAS: What about the first week? Is
19 that early enough?

20 MR. VANCE: Watch out for dove season.

21 CHAIRMAN SMITH: No the first week an in-
22 person meetings?

23 MS. URIEGAS: I was thinking the 9th.

24 MS. GREEN: The 9th is good. Yeah. Exactly.

25 MS. GREEN: Right. I mean, that was the 6th.

1 The 9th is --

2 CHAIRMAN SMITH: I'm going with September 9th.

3 MS. GREEN: That's Thursday.

4 MS. ROGERS: Now this is for a Zoom.

5 MS. GREEN: Correct.

6 MS. ROGERS: Is that -- is -- would Zoom be
7 something we need to facilitate, or would you all facilitate
8 it?

9 MR. VANCE: Well I think we'll facilitate it.

10 MS. ROGERS: Okay. Thank you.

11 CHAIRMAN SMITH: Is that -- would that work
12 for you all, the 9th of September?

13 MR. VANCE: Yeah. I'm not sure what I --

14 MR. MARTIN: Are we still going to put down
15 the October when as a face-to-face here?

16 CHAIRMAN SMITH: Yes.

17 MR. SEGEBARTH: Hey Tommy or Emile, I'm sorry.
18 Whenever you guys are talking about that rule, just it's one
19 of those unintended consequences. Just keep in mind is that
20 if that would impact existing product that's already been
21 approved or will we have to re-approve product without the
22 seal on it. And so we don't -- what we don't want to do is
23 we --

24 MR. DUNCAN: That's a good point.

25 MR. SEGEBARTH: What we don't want to do is

1 create a lot more work. And we don't want to -- and from a
2 manufacturing standpoint, we have to do a lot more -- lot
3 more submittal, that's just a lot more work for the staff.
4 And so --

5 MR. DUNCAN: Oh, that'll slow things down
6 more.

7 CHAIRMAN SMITH: That's a very, very good
8 point. I think that's something that the work group would
9 need to have to get stamped out --

10 MR. SEGEBARTH: So you guys just address that
11 how you want, but it's just a thought.

12 CHAIRMAN SMITH: Yeah. Excellent. Thanks,
13 Larry.

14 MR. VANCE: Uh, Trace.

15 CHAIRMAN SMITH: Yes, sir.

16 MR. VANCE: We've got a -- we've got a staff
17 meeting on the morning of the 9th. We can do 8 or 10, I
18 think it might be better.

19 CHAIRMAN SMITH: Yes sir. I would do either
20 one of those days.

21 MS. ROGERS: 8th would be better than 10th for
22 me. Anything else?

23 MR. DUNCAN: 8th as well.

24 MR. HARRIS: I'm in Colorado that whole week,
25 so I'll try to Zoom in. And so pretty much any day that

1 week.

2 CHAIRMAN SMITH: Change it to the 8th?

3 MS. URIEGAS: The 8th is the Wednesday?

4 CHAIRMAN SMITH: Yes. Yeah. So September 8th
5 at 10:00 a.m. And then tentatively on the day before the
6 Commission meeting on October 20 --

7 MS. URIEGAS: October 20th.

8 MS. ROGERS: Would that be a Wednesday? The
9 Commissioners meet on the 21st, which is a Thursday.

10 CHAIRMAN SMITH: Okay. All right.

11 MS. ROGERS: Do you know if there is a room
12 available the 20th?

13 MR. VANCE: It should be.

14 CHAIRMAN SMITH: Okay. All right. So we got
15 a new date for the September the 8th at 10:00 a.m. Yes sir.

16 MR. SEGEBARTH: I'm just wondering, is that
17 meeting a closed meeting, the September 8th meeting, or is
18 that --

19 CHAIRMAN SMITH: That will be a phone meeting,
20 everybody will phone in.

21 MS. ROGERS: Zoom.

22 MS. ROGERS: But is he's asking for the public
23 -- for the public --

24 MR. SEGEBARTH: Is it just BAC?

25 MR. VANCE: It'll be on Zoom, and the agenda

1 will be published on the website and it'll have a link to the
2 -- to this here conference. And the phone number if you
3 don't have Zoom you can just call in to.

4 CHAIRMAN SMITH: All right. Commissioner
5 Fields, thank you very much.

6 MS. FIELDS: Thank you.

7 AGENDA ITEM 10

8 CHAIRMAN SMITH: LaDonna, thank you very much.
9 We appreciate you all. Tyler and Bob, as always. I believe
10 we'll call this meeting to close. This is one of the longest
11 meetings that we've had in a long time. We'll close the
12 meeting at 11:40. Thank you very much.

13 (Meeting adjourned at 11:40 a.m.)

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C E R T I F I C A T E

STATE OF TEXAS)

COUNTY OF HARRIS)

I, Kimberly C. McCright, Certified Vendor and Notary in and for the State of Texas, do hereby certify that the above-mentioned matter occurred as hereinbefore set out.

I FURTHER CERTIFY THAT the proceedings of such were reported by me or under my supervision, later reduced to typewritten form under my supervision and control and that the foregoing pages are a full, true and correct transcription of the original notes.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 20th day of August, 2021.

/s/ Kimberly C. McCright
Kimberly C. McCright
Certified Vendor and Notary Public

Verbatim Reporting & Transcription, LLC
17049 El Camino Real, Suite 100
Houston, Texas 77058
281.724.8600