

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

SEPTEMBER 08, 2021

10:00 a.m.

(Via Zoom Videoconference)

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

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APPEARANCES

COMMITTEE MEMBERS:

William T. Smith III (Trace) - Chairman
Will Martin
Tommy Duncan
Jason Pohl
Melodye Green
Veronica Uriegas
Emile Bourgoyne
Kim Rogers
Corey Harris

COMMISSION STAFF:

Cindy Fields - Commissioner
Tyler Vance - Assistant General Counsel

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P R O C E E D I N G S

WEDNESDAY, SEPTEMBER 08, 2021(10:01 a.m.)

AGENDA ITEM 1

CHAIRMAN SMITH: Why don't we go ahead and call the meeting to order. It's 10:01, September 8th, 2021. This is the Bingo Advisory Committee meeting for the Texas Lottery Commission. We are doing this on a very sketchy Zoom webinar this morning. So I know we may have some background noises going on. If you'd please mute your phone while you're making your morning coffee, we would appreciate that.

AGENDA ITEMS 2 AND 3

CHAIRMAN SMITH: Is Will Martin on yet?

MR. MARTIN: Yeah. Can you hear me?

CHAIRMAN SMITH: I can now, sir. Good deal. Would you like to lead us in the American Pledge and the Texas Pledge, sir?

(Pledges recited)

CHAIRMAN SMITH: Thank you, Will. We do appreciate you doing that every time and we definitely don't get to tell you thank you enough for that, but we do greatly appreciate that. It does mean a lot to me personally to have that done before every meeting.

MR. MARTIN: Yes, sir.

AGENDA ITEM 4

CHAIRMAN SMITH: All right. We've got --

1 well, let's go into roll call. So Veronica?

2 MS. URIEGAS: I'm here. Good morning.

3 CHAIRMAN SMITH: Good morning. Kim is here.

4 MS. GREEN: Here on call.

5 CHAIRMAN SMITH: Trace is here. Corey. Is
6 Corey Harris on?

7 MR. HARRIS: Yes. I'm here. Good morning.

8 CHAIRMAN SMITH: Excellent, Corey. Emile, are
9 you on? Tommy Duncan, are you on, sir?

10 MR. DUNCAN: Yes. Good morning.

11 CHAIRMAN SMITH: All right. Melodye's here.
12 And is Jason Pohl on?

13 MR. POHL: Here.

14 CHAIRMAN SMITH: All right. And then, of
15 course, we have Mr. Will Martin. All right. We have a full
16 board today for the Bingo Advisory Committee. So how about
17 that? Good deal.

18 AGENDA ITEM 5

19 CHAIRMAN SMITH: Kim, do you want to go over
20 the meeting minutes from August 13th?

21 MS. ROGERS: Yes, sir. I looked them over
22 briefly and did not find any problems with them. I make a
23 motion that we approve them as they are for online.

24 CHAIRMAN SMITH: We have a motion. Do we have
25 any public comment or committee member comment before we

1 carry that over? All right. If we've got no comment on the
2 meeting minutes from August 13, 2021, we have a motion in
3 place to accept them as printed. All in favor.

4 (Chorus of "ayes")

5 CHAIRMAN SMITH: And any opposed? The motion
6 carries. Meeting minutes from August 13th have been
7 approved.

8 AGENDA ITEM 6

9 CHAIRMAN SMITH: All right. And here we go
10 fun time, guys. Number six, we've got the pull-tab work
11 group that I know Mr. Emile has been working very diligently
12 on. I know there is a lot of different opinions on this so
13 this ought to be interesting. Emile, do you want to lead
14 this up, sir?

15 MR. BOURGOYNE: I can do that, if you can hear
16 me.

17 CHAIRMAN SMITH: Yes, sir. We can hear you.

18 MR. BOURGOYNE: Okay. Our subcommittee was
19 asked to review the pull-tab bingo rules regarding our new
20 2022 Work Plan. And that work plan requires us to evaluate
21 the impact of COVID-19 on charitable bingo in Texas and to
22 identify potential rule or procedural changes that may help
23 the organization to address any related challenges.

24 We sent out notice to the subcommittee members
25 and all manufacturers on Sunday, August the 15th. To that

1 respect, we copied the rules and we gave them the two points
2 that we brought up in our BAC meeting prior to that. Number
3 one being the Texas seal, number two being the more than two
4 instant requirements on a bingo event game.

5 And I got comments back from a couple
6 manufacturers and a couple of distributors and, in a
7 nutshell, from the manufacturer's perspective, removing the
8 Texas seal would not open up any additional inventory to
9 Texas distributors in the short-term. We're just not sitting
10 on any non-Texas seal product that would be available for
11 Texas.

12 In the long-term, the manufacturers were in
13 agreement that any time you remove a specific requirement for
14 a pull-tab ticket in Texas that doesn't pertain to any other
15 state, you create a unique product, a shorter product run,
16 and we would discourage anything to do that going forward
17 down the road. It would help long-term, but not -- won't be
18 no short-term fixes.

19 Basically the same is true for removing more
20 than two instant winners. Again, short-term it's not going
21 to solve any problems, but long-term, going down the road, as
22 manufacturers make product, they can make product that can
23 sell in multiple states, therefore increasing the production
24 runs and moving them further up the priority list in their
25 planning.

1 We did get another suggestion from another
2 manufacturer about removing the prize amounts and number of
3 winners for each prize, et cetera, and the cost per ticket,
4 and maybe removing the language about the graphic symbols and
5 then also the image size requirements. So that's the unique
6 requirement that both Texas and Minnesota have that keeps the
7 symbol image certain distance away from the die-cut edges.
8 And I can tell you NAFTM would oppose changing any of those
9 rules, because they're all security measures for the product,
10 and we support those rules as they are.

11 One of the other manufacturers submitted a
12 request to remove the packing slip requirement and they were
13 not aware that we had already done that about a year ago.

14 So that pretty much sums up all the
15 information I received back from the subcommittee members and
16 the manufacturers. And so, bottom line, in the immediate
17 future there's nothing in the rules that we can foresee that
18 would change that would open up new product to Texas on the
19 short-term.

20 CHAIRMAN SMITH: Emile, this is Trace, you
21 talk about the short-term, but you did say in the long-term
22 it could help productivity, or would it help pricing? What
23 would be the benefit of removing it for the long-term basis?

24 MR. BOURGOYNE: Again, any time you have to
25 manufacture a specific product for a specific market, you're

1 narrowing the amount of product that's going there, so you're
2 narrowing the production run. And any time you narrow the
3 production run, you're decreasing the priority of that
4 product getting put on the planning charts at a
5 manufacturer's level.

6 And, again, Texas is not the only state that
7 requires a seal. There's one required in New Hampshire. A
8 law passed in New York this past session to require one.
9 They haven't implemented it yet, but there are other markets
10 that require seals. We tell the same things to those
11 markets. Every time you put a specific requirement for a
12 ticket just for your market, you create a unique product line
13 and you're decreasing our ability to run that product to sell
14 in other states or you're eliminating our ability to sell
15 that product in other states. Therefore, the production run
16 is smaller.

17 CHAIRMAN SMITH: Gotcha. So, security-wise,
18 and this is going to be some overlap here, I guess on the
19 Facebook stuff, I've had a lot of people ask me, if we do
20 vote to recommend the seal be taken off, security-wise how
21 would that help or hurt on the -- are you there?

22 MR. BOURGOYNE: Yes.

23 CHAIRMAN SMITH: Okay. Sorry. It clicked,
24 the screen clicked off on my end. How would it help or hurt
25 the Facebook gaming? The security stuff? Is that a ready

1 identifier that could hurt or help later on down the line?

2 Do you understand what I'm asking? I know that's kind of

3 bunched together, but --

4 MR. BOURGOYNE: Well, I'm going to take a shot
5 at it. Basically our product is tracked like a car or a gun;
6 make, model, and serial number. And we don't track a serial
7 number like some states do, but we track our product by make,
8 model, and serial number and we can trace that product back
9 to the distributor we shipped it to with those three items,
10 or even just a serial number in some cases.

11 The seal does nothing to prevent the product
12 from being played on Facebook Live, does nothing. And there
13 are Texas seal tickets being played on Facebook Live. We've
14 seen them.

15 CHAIRMAN SMITH: Yes.

16 MR. BOURGOYNE: Again, we trace the product by
17 the serial number.

18 CHAIRMAN SMITH: You don't think the seal is a
19 do or die item for having it on there or not having it on
20 there to help with --

21 MR. BOURGOYNE: That's a Texas Lottery
22 decision. They wanted that on their product, that's why they
23 have it in their rules.

24 CHAIRMAN SMITH: Sure.

25 MR. BOURGOYNE: But it's certainly not

1 something that the manufacturers encourage any state to do.

2 CHAIRMAN SMITH: Right. So it's not a benefit
3 for security is what you're saying. I think that's what I
4 hear you say.

5 MR. BOURGOYNE: Not from our standpoint. It
6 may make the Lottery feel more comfortable, but not from our
7 standpoint. Again, we track by make, model, and serial
8 number.

9 CHAIRMAN SMITH: Okay. I see that --

10 MR. BOURGOYNE: And one other thing.

11 CHAIRMAN SMITH: Yes, sir.

12 MR. BOURGOYNE: One other thing, Trace. With
13 regards to removing the two instant winners, we were very --
14 there was a lot of concern about if the instant winners being
15 removed would somehow make those games interpreted as bingo
16 games and not pull-tab bingo games, and therefore, subject to
17 the bingo session prize limitations. So there was a lot of
18 caution urged and research to be done by Legal before we move
19 in that direction.

20 CHAIRMAN SMITH: Okay. Let me circle back to
21 that because I got a question on that, too. I noticed that
22 Tyler is on. If I may, Tyler Vance, ask you a question from
23 maybe the Lottery standpoint if you have one yet.

24 MR. VANCE: Sure.

25 CHAIRMAN SMITH: Whether or not the Lottery

1 Commission feels as if the Texas seal being on the pull-tabs
2 is important enough to maybe get some pushback from if we
3 decide to try to vote to take that off.

4 I think long-term it definitely would benefit
5 the tab manufacturers and the industry getting products a
6 little easier. I think it'd take six months or more to be
7 able to even go through that rulemaking process. But does
8 the Lottery have a stance on that, Tyler, that you're aware
9 of?

10 MR. VANCE: Well, first, I would caution that
11 I'm just a staff member. I am not the Lottery Commission, so
12 this would be coming from you guys as a recommendation to the
13 Commissioners to propose this rule, and then the five
14 Commissioners would be the ones who make this decision. And
15 I assume they would ask me what I think about it, or ask
16 LaDonna what she thinks about it.

17 And speaking for myself, I think that the idea
18 is that this thing was included years ago as a tracking
19 mechanism, as something that allowed investigators to be able
20 to quickly ascertain whether or not a pull-tab was legal or
21 not. And I think, as we've all discussed, we recognize that
22 there are other ways of doing that, namely, shipping logs,
23 purchase logs --

24 CHAIRMAN SMITH: Sure.

25 MR. VANCE: We can pretty easily figure out if

1 a pull-tab is illegal or not. Perhaps not as easily as we
2 could with a logo on there, but that's, that just weighs our
3 interest against the industry's interests. Obviously the
4 manufacturers, it's easier for them to make things with fewer
5 restrictions on them, with fewer requirements on them. So I
6 recognize that.

7 I don't know what the Commissioners, what
8 their decision would be. And, of course, we have to run all
9 these rules by the governor's office. I don't know what
10 their position on it would be.

11 But as a staff person, I understand that the
12 staff's interest in this requirement is mitigated by the fact
13 there are other ways to identify illegal pull-tabs. And it
14 would obviously benefit the manufacturers and presumably then
15 distributors and charities.

16 Although you guys just mentioned one thing
17 that kind of piqued my ears a little bit is that it helps
18 when you're watching games on Facebook that you know that
19 it's a Texas ticket because you see a TLC logo on it. So
20 that could help with the enforcement of Texas illegal bingo
21 activities. That if you guys, if you see the TLC logo on
22 Facebook, you know that, that leaked out of a Texas-licensed
23 facility at some point. So in that regard it may be helpful
24 in kind of slowing down this Facebook situation, but --

25 CHAIRMAN SMITH: So, Tyler, maybe -- I'm a lay

1 person, and you all know that. I'm kind of big red crayon
2 person. So clear this up for me. You said that if it's a
3 Texas seal on a Facebook Live type deal that that would've
4 had to come from a Texas distributor?

5 MR. DUNCAN: That's not necessarily true.

6 MR. VANCE: Yeah. No that's a good -- yeah.
7 So it --

8 CHAIRMAN SMITH: Yeah I'm asking because --

9 MR. VANCE: Well, it's from a Texas facility,
10 a licensee. I mean, it either came -- either a Texas
11 licensed manufacturer sold it to this person, a distributor
12 sold it to this person, or a charity sold it, or it was
13 stolen from one of those three people. At least that way we
14 know that when we see that ticket on Facebook, that to some
15 extent a Texas bingo licensee was involved in that. Which
16 gives us --

17 MR. DUNCAN: That's not necessarily true.
18 They sell our tickets in other municipalities outside of
19 Texas with the Texas seal on them.

20 MR. VANCE: All right. I see. Okay.

21 CHAIRMAN SMITH: Okay. So there's other -- so
22 from what I understand, manufacturers sell Texas stamped
23 tickets in other jurisdictions and that there's no
24 administrative rule or Bingo Enabling Act violation by them
25 doing that. Is that correct, Tommy?

1 MR. DUNCAN: That's -- this is Tommy Duncan.
2 Yeah. As far as I know. I mean, we seen one on Facebook
3 that had our logo on it, and it was sold to a distributor in
4 New York.

5 CHAIRMAN SMITH: Okay.

6 MR. DUNCAN: From the manufacturer.

7 CHAIRMAN SMITH: Okay. So if I understand
8 correctly, and I may be completely wrong -- this is Trace
9 again -- having the Texas seal on it doesn't necessarily mean
10 it came from Texas. And with the Lottery Commission kind of
11 handcuffed to not being able to go after these unlicensed
12 entities, they don't -- it's my understanding they don't have
13 the jurisdiction, which is not their fault, we're seeing
14 Texas tabs in other jurisdictions.

15 So could it possibly mean that the Texas seal
16 really doesn't accomplish what we want it to if it's being
17 sold in other jurisdictions? Anybody?

18 MR. BOURGOYNE: Well, I've got my hand up.
19 You want me to speak up?

20 CHAIRMAN SMITH: Absolutely. Yeah. I can't
21 see who's got their hand up or not.

22 MR. BOURGOYNE: Okay. Okay. This is Emile
23 Bourgoyne.

24 For the record, every deal of pull-tabs that's
25 being sold on Facebook Live is illegal.

1 CHAIRMAN SMITH: Yes, sir.

2 MR. BOURGOYNE: Whether it has a Texas seal or
3 not. Every deal that's being sold on Facebook Live is
4 illegal.

5 Yes, manufacturers do sell Texas seal product
6 outside of the state of Texas, particularly if a production
7 run died in Texas and we can't no longer sell it in Texas,
8 we'll flush it out somewhere else.

9 CHAIRMAN SMITH: And that's not illegal.
10 Right, Emile?

11 MR. BOURGOYNE: There's nothing to prevent us
12 from doing that, in my opinion, anywhere.

13 CHAIRMAN SMITH: Right.

14 MS. ROGERS: This is Kim Rogers. I have a
15 question, please.

16 CHAIRMAN SMITH: Yes, ma'am.

17 MS. ROGERS: Tyler, if we go on to Facebook
18 and you see that it's a tab and it's Texas seal, are you
19 saying -- I'm sorry, my internet kind of went in and out a
20 little bit. Are you saying that you have assistance to stop
21 those games from going on or do anything about it? Or.

22 MR. VANCE: No. I just think it's an extra --
23 so the big issues when we get Facebook complaints is do we
24 have jurisdiction?

25 MS. ROGERS: Right.

1 MR. VANCE: First of all, we don't know where
2 this thing's happening. We don't know half the time these
3 people have fake names and stuff. So it's just one more
4 piece of evidence. If we see a Texas seal, we see a name
5 that's on the registry, then I would assume this person stole
6 these from a hall.

7 It's one more piece of evidence that could
8 help us try to track these down. It's not a great piece of
9 evidence. It's not going to immediately lead to us being
10 able to resolve this. But it's just a consideration that
11 when you guys were mentioning it I thought, well, that's just
12 another piece of information that we can use to try and track
13 these guys down.

14 I'm not saying that it's necessarily going to
15 result in us tracking them down or that there aren't, as
16 Emile says, I don't think there's anything wrong with selling
17 Texas pull-tabs to another state as long as that state allows
18 them. So there are legal ways in which these things can get
19 out of the state of Texas.

20 And Emile's right, there are no legal ways in
21 which they can be played online. But the fact that they show
22 up online doesn't necessarily mean that a Texas licensee has
23 violated the law. But it is, just from my perspective, it's
24 just another piece of useful information to try to track
25 these down.

1 But these cases are kind of so nebulous that
2 just because we see a TLC logo on Facebook, that by itself
3 isn't going to solve anything.

4 MS. ROGERS: Right. So it doesn't stop it.
5 And you are correct. All the ones I've seen, they have fake
6 names. So thank you.

7 MR. VANCE: Yeah.

8 MS. GREEN: Tyler, this is Melodye Green. And
9 I've seen these pull-tabs for sale on Amazon. I -- at Amazon
10 I just put in pull-tabs for sale and there were several pull-
11 tabs, tabs that I cannot even get any more and they were for
12 sale on Amazon. And they were for sale on other websites.

13 So they're not even -- so you said, I guess
14 somebody did steal it somehow, but not necessarily the
15 charity worker doing it, but you can go on Amazon and buy
16 pull-tabs and they'll deliver them to your house. The same
17 ones we used to sell.

18 MR. VANCE: Okay. Yeah, I'm not saying this
19 is a do or die factor. I just think it's an important thing
20 to consider in whether or not you guys want to recommend
21 leaving the seal or taking it out. There are obviously
22 advantages to taking it out for the industry, and there are
23 some disadvantages and it's just a matter of whether the
24 Commissioners think those advantages outweigh the
25 disadvantages.

1 CHAIRMAN SMITH: Thanks, Tyler. We appreciate
2 that. This is Trace once again.

3 Just an old East Texas redneck speaking here.
4 If the seal is on the pull-tabs, in my opinion, if the seal
5 is on there for a security purpose to make sure that the tabs
6 that the halls are using in Texas are Texas tabs, I think
7 historically the Commission and the industry were both
8 worried in the early days of the pull-tabs. I think the
9 intent was to try to make sure we didn't have tabs in Texas
10 that were not Texas-legal tabs. That's where the state seal
11 came on and that's why we used it.

12 I think in this day and age, any hall
13 operators or charities themselves that are actively running a
14 bingo hall, I don't think -- I think the compliance is
15 probably going to be close to 100 percent on getting legal
16 Texas stamped pull-tabs. I'm going to go out on a limb there
17 and say it's probably close to 100 percent.

18 So if the Texas tabs are being sold in other
19 jurisdictions with the stamp on it, I personally don't really
20 see the need to have a Texas stamp on the tabs that we use.
21 If they were only being sold in Texas and that was the
22 complete identifier for a Texas legal tab, I can understand
23 leaving it on there.

24 But if it's being sold in New York and Arizona
25 and Florida and everywhere else, I really can't fathom

1 recommending keeping the Texas seal on the pull-tab itself if
2 it's being sold in other jurisdictions. It defeats the
3 purpose. And if that's what makes it harder for the
4 manufacturers to get pull-tabs to the state of Texas, even in
5 the long run, just as a matter of prudence, personally I
6 would say what do we need it for?

7 MR. HARRIS: And Trace, if I could add
8 something, this is Corey Harris.

9 CHAIRMAN SMITH: Yeah.

10 MR. HARRIS: I'm right there along with you.
11 If we had the seals on the tabs for security purposes, we had
12 established the last time we all met that there is really no
13 enforcements of these securities, there's no entity that's
14 investigating or attempting to police these things, so
15 security against what is my main question.

16 I mean, if they serve a security purpose, what
17 security and who's enforcing that security? If nobody is,
18 then it's just an extra step. And it's, to this point,
19 causing us a log jam in our supply chain.

20 CHAIRMAN SMITH: I think that pretty much sums
21 up how I'm looking at it as well. And I know that's a
22 practical matter and I look at it practically. But I was
23 told if we do try to remove the seal -- and, Tyler, this may
24 be a question for you. If there's a tab, like, I'm just
25 going to use an example here.

1 If there's a tab that already has a Texas seal
2 on it and the rule does get repealed, does that tab have to
3 go through a re-submission process, or is it going to be kind
4 of like a rubber stamp and go, hey look, this was the same
5 tab. There's no changes except they're taking the seal off,
6 rubber stamp this through.

7 MR. VANCE: No.

8 CHAIRMAN SMITH: Or is it a complete process
9 to go all the way back through?

10 MR. VANCE: No. We could grandfather any
11 previously approved tab, provided that nothing else changed
12 except for the removal of the seal would remain approved.

13 CHAIRMAN SMITH: Excellent. Excellent.
14 That's wonderful.

15 MS. ROGERS: Trace, Emile has his hand raised.

16 CHAIRMAN SMITH: Okay. Emile.

17 MR. BOURGOYNE: Yes. Trace?

18 CHAIRMAN SMITH: Yes, sir.

19 MR. BOURGOYNE: Thank you.

20 What I wanted to point out, there's a huge
21 difference of printing that Texas seal on each and every
22 ticket than printing that seal on the flare that has to be
23 posted in plain sight of the players. We could use those
24 same deals in every other state. And for Texas, it's not
25 that difficult to put a seal on just the flare. The problem

1 is on each and every ticket.

2 If you understand what -- we can box those
3 deals up and we could take Texas flares and put on them, and
4 then take Minnesota flares and put on them, and then take
5 Louisiana flares and put on them. If -- they may have their
6 seal on the flare. Big difference putting the seal on every
7 ticket, versus just a flare for the game.

8 CHAIRMAN SMITH: Gotcha. I completely
9 understand that. And I don't have any issues with that at
10 all, either.

11 Tommy, do you agree with Emile on that?

12 MR. DUNCAN: I agree that it's not going to
13 help us right now. I don't know that -- this is Tommy
14 Duncan. I don't know that it'll really help long-term,
15 because in normal times we weren't having delivery problems
16 to begin with. We're in these uncertain times, and it's not
17 going to help us right now. But we also got to consider if
18 you take the seal off, what's to say people don't start
19 flooding product in to these bingo halls and people quit
20 being compliant? Follow what I'm saying?

21 CHAIRMAN SMITH: Yeah. I do follow what
22 you're saying. That's a good point, Tommy. It's a real good
23 point. And I think, and I'm not -- I can't speak for
24 everyone, but -- and maybe this would be a question for
25 Tyler, maybe. If -- are there a lot of instances where halls

1 are using illegal pull-tabs in the hall?

2 MR. VANCE: Not that I'm aware of, but we
3 haven't conducted in-person inspections in well over a year
4 now. But historically I don't know that it's that big of a
5 problem. But maybe that's because it's so easy to get
6 caught. If you don't have a Texas seal on it, that -- those
7 things stand out like a sore thumb.

8 CHAIRMAN SMITH: You have a point there.

9 MS. URIEGAS: I have a question. This is
10 Veronica.

11 CHAIRMAN SMITH: Yes, ma'am.

12 MS. URIEGAS: So Tommy, this is probably for
13 you or Emile. In other states, are they having -- prior to
14 COVID, are they having other illegal pull-tabs sold in those
15 states? Or how is that addressed? I mean, is it a huge
16 issue of the distributor buying them from somewhere they're
17 not supposed to or the charity buying them from somewhere
18 they're not supposed to?

19 MR. DUNCAN: Well -- this is Tommy Duncan.
20 I'm going to let Emile jump on that, but I will just say not
21 all states are as regulated as we are, and I believe there
22 was a case in Mississippi where they caught the bingo hall
23 selling illegal product, so. But what's to stop the
24 charities in Texas from buying online, like Melodye said? If
25 we don't need the seal, and you don't record it, who would

1 ever know?

2 MS. GREEN: Well -- this is Melodye again. A
3 lot of these products you can buy online do have the Texas
4 seal on them.

5 MR. DUNCAN: But I'm saying there's got to be
6 some out there that don't as well.

7 MS. GREEN: Right. Right.

8 MS. ROGERS: This is Kim Rogers. In my
9 opinion, if there is a hall or a person out there that's
10 going to purchase tabs illegally, they're going to do it
11 whether it has the seal on it or not. So that hall -- you
12 still have the rules that you must purchase from a licensed
13 distributor, correct? So, I mean, you can still trace it by
14 that. Just because it does or does not have the seal on it,
15 it's not going to stop someone who -- in my opinion. That's
16 all.

17 CHAIRMAN SMITH: Well and, Kim -- this is
18 Trace. And to the point about pull-tabs not having the seal
19 on it, you can buy Texas-printed bingo paper as well. It's
20 not that hard to buy Texas paper outside of Texas so I'm
21 being told.

22 And once you get through the audit process, I
23 think the Lottery Commission is good enough to be able to
24 tell if they're using illegal paper or illegal pull-tabs. I
25 think they --

1 MS. ROGERS: Absolutely. And I --

2 CHAIRMAN SMITH: -- they're doing a fine job
3 during their audit process to go through the ins and outs and
4 pick up on that stuff.

5 MS. ROGERS: Absolutely. And let me just say,
6 any audit that I've been a part of, you have to prove where
7 you bought the event tabs, pull-tabs. You have to have
8 serial numbers. You have to have your log in order. I mean,
9 that doesn't -- whether it had the seal or not, they're going
10 to know, because they also contact your distributor that you
11 bought it from.

12 CHAIRMAN SMITH: Yes. Yeah. The sales and
13 the inventory just wouldn't match up. And I think that we
14 may be overtalking this a little bit and maybe over
15 scrutinizing it or looking under a microscope at it if you
16 will.

17 But what I would look to do and just the
18 concerns for time, I would like to come back to this
19 workgroup, give everybody an opportunity to think about some
20 of the points we've made today, and maybe at the next in-
21 person meeting maybe possibly be ready to take a vote on
22 whether or not to ask for the removal of the seal or not.

23 Does anybody have any heartburn about that?

24 MR. MARTIN: No.

25 MR. HARRIS: No. I'm okay with that.

1 MS. ROGERS: I'm fine.

2 MS. GREEN: Yes. That's -- yeah.

3 MR. BOURGOYNE: Fine.

4 MS. GREEN: Yeah.

5 MS. URIEGAS: Me, too.

6 CHAIRMAN SMITH: All right. Emile, we're
7 going to put you on for next time around and I'm sure we'll
8 be talking to you back and forth. And then if we do feel
9 like we're going to ask the Commission to remove the seal,
10 that'll give Tyler and the staff time to draft things and run
11 it up the flagpole at the governor's office and give
12 everybody a little bit more time to get their ducks in a row,
13 so to speak.

14 MR. BOURGOYNE: Trace, it's Emile.

15 Again, I would recommend that we move the seal
16 from the tickets to the flare as opposed to eliminating it
17 all together. It still might give the Lottery some feel-
18 good, if you will.

19 CHAIRMAN SMITH: And I really like that idea
20 as well. I really like that idea. So let's all take some
21 time on that and kind of think about it and roll it around
22 and we will revisit at this at the next BAC meeting to maybe
23 kind of work with staff a little bit, see how they're feeling
24 about it, and amongst ourselves as well.

25 I know there is -- it's hard on a Zoom call to

1 get everybody's two cents worth, if you will. And I don't
2 want to leave anybody out on this, so we'll take this back up
3 at the next BAC meeting.

4 Is there any public comment that we need to
5 have on this workgroup? Oh, public comment aren't allowed.
6 My bad. Sorry. Okay.

7 AGENDA ITEM 7

8 CHAIRMAN SMITH: Well, we're not going to have
9 a call to action on this one this time, so we'll skip on down
10 to number 7; temporary submittal on the Bingo Service Portal.
11 And this is Ms. Kim Rogers' workgroup. Kim, take it away.

12 MS. ROGERS: Good morning. Kim Rogers here.

13 A while back, and I don't know the exact date,
14 quite a few people in the industry noticed that if you were
15 just an operator, designated representative, designated
16 operator, you were not allowed to apply for temporaries.

17 This issue came up in trying to figure out
18 what happened, we formed a workgroup at the last meeting.
19 And I got with Tyler Vance to ask when did this come about?
20 What's the rule, et cetera.

21 The Rule is 402.400 if any of you all want to
22 pull that up. And the way I read it states that officers,
23 directors, operators, and authorized representatives are
24 allowed to file an application. So when I talked to Tyler,
25 he let me know that in the past, people have been able to

1 apply for this, yet on the paper form, FORMID 16, it was a
2 little different, so they tried to make them both be the
3 same. How about if that -- if that's the wordage, put them
4 in line to be together and ask -- request the same person to
5 sign.

6 The paper form requires two signatures. Your
7 BSP is not -- doesn't do that, and we don't want it to. But
8 if you have only officers or directors -- so right now it's
9 limited to officers, directors, I believe, and chairperson,
10 which, your chairperson has to be an officer or director
11 anyway. Those are the only ones that can apply for a
12 temporary.

13 In speaking with Veronica, we completely agree
14 that what we need to change is probably the paper, FORMID 16,
15 to only require one signature, therefore, it's in line with
16 the BSP.

17 And we think -- so, members we're asking you
18 all's opinion. We think that officers, directors,
19 bookkeeper, and operator, so the only one we're adding to the
20 rule is bookkeeper, is who we should ask the Commissioners to
21 be able to sign for these. And I would like anyone; members,
22 if you'd like to comment on that.

23 CHAIRMAN SMITH: This is Trace. Kim, I have a
24 question. Are the bookkeepers allowed to be operators?

25 MS. ROGERS: Yes, sir. As far as I know.

1 Yes. They are.

2 CHAIRMAN SMITH: Okay. And then -- and --

3 MS. ROGERS: The only rules -- the only rule
4 for an operator is that they must be a member of the
5 organization.

6 CHAIRMAN SMITH: Okay. So if a bookkeeper's
7 an operator, then that's --

8 MS. ROGERS: Good point. Good point. Yep.
9 Then it's a moot point putting the bookkeeper on there.

10 So as it sits right now, the way I read it,
11 Veronica I ask you, officers, directors, and operators should
12 be able to apply for a temporary online, correct?

13 MS. URIEGAS: I'm no lawyer, but that's the
14 way I see it, and -- yes. Yeah. I'll just leave it at that.

15 MS. ROGERS: Okay. So, Tyler, can you explain
16 to us why -- and I understand and I've said we tried -- you
17 all tried to put it in line with the paper form. But why can
18 an operator not apply for a temporary any longer?

19 MR. VANCE: So the law on this is in the
20 statute. It's in 2001.103. And it says -- so there's
21 another section on normal licenses, like an annual license.
22 And an annual license under the law specifically requires
23 certain people to fill it out. A temporary license under the
24 law is submitted, quote, on a form prescribed by the
25 Commission.

1 So there are no explicit requirements for
2 what's on a temporary license form, and so it's totally up to
3 the Commission. And what happened in this case is that
4 historically the Commission has decided that the paper form
5 had to be signed by both a chairperson and then an officer,
6 director, or designated director. And at some point, years
7 ago, former Bingo director allowed for other folks, operators
8 and bookkeepers, to submit requests on BSP.

9 And so it was brought to my attention a couple
10 months ago that there were two different standards. And so I
11 said, well, just go to whatever that the paper form requires,
12 those two -- make sure BSP requires the same thing. I don't
13 want two different standards for the same application.

14 And part of the discussion we had why does the
15 paper form require these things? And they said, well, the
16 idea that it was discussed years ago that they wanted a
17 chairperson to sign it to ensure that the organization was
18 more involved in the use of their license, was more aware of
19 their organization's request of temporary licenses. So
20 that's why it was set up the way it is. The paper one.

21 Whether or not that's necessary is open for
22 debate, and it's certainly not required. The law allows the
23 Commission to prescribe the form however they see fit. So if
24 the Commissioners decided that they wanted to allow
25 bookkeepers to sign this, then that would be fine legally.

1 MS. ROGERS: Okay.

2 MR. VANCE: But, yeah, there is the
3 consideration of to what extent do we want to allow auxiliary
4 folks to apply for licenses.

5 As Trace points out, it's pretty common. Or I
6 don't know about if it's common, but it's common amongst the
7 larger organizations to have their bookkeepers put as
8 designated operators, designated directors, so that they can
9 sign these things. But even then, you still need a
10 chairperson's signature. So that only solves half of the
11 problem if you see this as a problem.

12 MS. ROGERS: So I have a question for you.
13 The rule that you sent me, 402.400, that was changed when you
14 told them to make it all the same?

15 MR. VANCE: No, no --

16 MS. ROGERS: Because it lists operators as
17 able to apply for a temporary.

18 MR. VANCE: Yeah. So it says, for purposes of
19 the subsection, which is general license provisions, it says,
20 an individual shall be recognized as an applicant or the
21 licensee's authorized representative only if they file with
22 the Commission in the form prescribed, identifying them as
23 listed as a director, officer, or operator, or an authorized
24 representative.

25 So this is really splitting hairs here, but

1 this rule -- and this is what I initially sent you when you
2 asked me what law applied here. This rule is saying that
3 we'll recognize -- we'll accept a submission from these
4 people. These are the people we'll talk to in regards to a
5 license application. It doesn't necessarily mean that these
6 are the people who are going to be granted an application.
7 The license form is more specific.

8 So these are general provisions of licensing
9 and communication between licensees, applicants, and the
10 agency. Whereas, the issue here is the temporary application
11 -- the temporary license application form itself specifically
12 requires only the chairperson, officer, or director.

13 So it's -- the form itself is more narrow than
14 this rule is, but that's, again, the Commission decides what
15 the form says so that the form can be made more general. It
16 could be made to allow for directors, officers, or operators.

17 But this rule is more of a general guideline
18 for our communication, our interactions with licensees and
19 their representatives, who among the licensees that the
20 agency will discuss things with, will accept things from.
21 But as far as actually requesting and granting a temporary
22 license the form, Form 16, specifically requires the
23 chairperson and the officer, director, or operator.

24 CHAIRMAN SMITH: If I may real quick; this is
25 Trace again.

1 So when this got changed, and maybe my brain's
2 just not working, but when this got changed, I don't remember
3 this in a meeting. Did I miss that meeting completely? I
4 mean, did this go through the, like, rule-change process or
5 was this just an administrative deal that was just done and
6 --

7 MR. VANCE: I think this was just an
8 administrative deal. It sounds like Michael Farrell may have
9 done it and I don't remember him asking me about it. I don't
10 know.

11 Like I said, there's nothing legally wrong
12 with opening it up. But I think there's something legally
13 wrong with having the form require one thing and BSP require
14 another.

15 CHAIRMAN SMITH: Sure.

16 MR. VANCE: So when that was brought to my
17 attention, I said, well, we're going to go with the form
18 that's the more strict one. So that's apparently what the
19 Commission wanted.

20 CHAIRMAN SMITH: Right.

21 MR. VANCE: That's the way it was before it
22 was changed.

23 CHAIRMAN SMITH: Tyler, I don't know what the
24 -- I don't really know the process of things like that. So,
25 like, when something like that is changed, is there a notice

1 sent out or is it on an email blast? Or, hey, listen, we're
2 changing this or is it on the website? Or how do the
3 organizations get notified of changes like that?

4 MR. VANCE: Sure. So it is -- it's kind of a
5 unique thing in administrative law. It's not really a rule,
6 so it's not subject to the Administrative Procedures Act. It
7 doesn't require public notice or anything like that. It's
8 just kind of like an internal process change.

9 When the law says, as prescribed by the
10 Commission, typically that allows the director to take that
11 action unilaterally.

12 CHAIRMAN SMITH: And I'm not questioning the
13 authority of the Lottery Commission in any way, shape, or
14 form.

15 MR. VANCE: Sure.

16 CHAIRMAN SMITH: I guess more what I'm asking
17 is, how do the organizations know that change has happened?

18 MR. VANCE: That should have been accompanied
19 by an email blast or at least a header or something.

20 CHAIRMAN SMITH: Right.

21 MR. VANCE: But it's not subject to the
22 Administrative Procedures Act where it needs to be formally
23 noticed and proposed and adopted. It's more -- it's
24 considered like a day to day administration of the agency,
25 that the agency has kind of immediate discretion over.

1 CHAIRMAN SMITH: Sure. I think, and I don't
2 remember if there was an email blast sent out on this to let
3 people know, hey, this is changing. In the case of
4 temporaries, a lot of times it's kind of a last-minute thing
5 that we're rushing to go do and we've got to go get
6 signatures and everything. And if something changes
7 midstream without the industry knowing it, it can kind of
8 flip over a few rocks with people that are trying to do
9 things on a time schedule. And then if something changes and
10 they're not aware of it, it does kind of get those people a
11 little upset. And rightfully so. If something changes and
12 they're not made aware of it, it kind of upsets them a little
13 bit.

14 And, Kim, did you get an email blast about
15 this? Or anybody? I don't deal with this very often, so I
16 don't know if an email blast was sent out or not.

17 MS. URIEGAS: This is Veronica. And I can
18 tell you, I did not. And I'm -- I was actually in the
19 process of getting temporary licenses and I had to call Alice
20 and -- Alice Banks, and she had to inform me of the way it
21 was changed.

22 I do have a question just so I understand
23 everything. We -- so we started the BSP -- or the BSPs
24 kicked in and we started using it. Then the temporaries were
25 added to be able to do them online. Was it Mike Farrell that

1 decided that we were able to only have one signature at that
2 point? Is that what --

3 MR. VANCE: Yes. That's my understanding of
4 the situation. Yeah.

5 MS. URIEGAS: Okay.

6 MR. VANCE: Is that somebody -- somebody
7 requested with him to make it easier to do it on BSP and he
8 said, sure, go for it.

9 CHAIRMAN SMITH: Gotcha.

10 MS. URIEGAS: Thank you. Just wanted to
11 clarify that.

12 CHAIRMAN SMITH: Okay. All right.

13 MS. ROGERS: So -- and to answer your
14 question, Trace, no. Not to my knowledge did we ever receive
15 anything like that.

16 And when you have an organization that's
17 trying to do everything accordingly, to be perfect with all
18 the rules and regulations that we have, you are correct,
19 being thrown this is a huge curve ball that it's difficult to
20 try -- when you're a bookkeeper or an operator, you've given
21 all of your information. You've had a background check. You
22 -- the lottery has everything on you. So there is no --
23 there should not be, I don't think, a reason why an operator
24 or bookkeeper cannot apply for a temporary. And still,
25 402.400 says operators can, yet on the BSP today you cannot,

1 so.

2 CHAIRMAN SMITH: So are you recommending a
3 rule change?

4 MS. ROGERS: I am recommending that we ask the
5 Commissioners that on the BSP, officers, directors, and I
6 think we should list bookkeepers, because some may not be
7 operators, and operators, should be allowed to apply for
8 temporaries.

9 MS. URIEGAS: This is Veronica. I also have a
10 question, I guess. Operators are allowed, or are not
11 allowed, to print temporary licenses? Tyler, I guess that's
12 for you.

13 MR. VANCE: They're allowed to print them. So
14 we made that rule change last year in the rule review to
15 allow operators and I believe bookkeepers, to go online and
16 print the license, but not apply for them.

17 CHAIRMAN SMITH: Okay. Tyler, and this is
18 just an opinion question, and I see what you were trying to
19 do here by making the two pages the same color crayon, if you
20 will. I like crayons. I get that. I totally understand it.
21 Do you think there's a security risk or a negative impact
22 that it would maybe affect security or something by doing it
23 with just the one person, like what's Kim -- what Kim's
24 asking? Is there a negative side to doing that?

25 MR. VANCE: Well, the security risk, again, is

1 going to be that right now it requires a signature of two
2 people. So at least two people in the organization need to
3 be aware of this and need to sign off on it. So if you --
4 even if you just took that down to one, whether it be the
5 chairperson --

6 MS. URIEGAS: That's incorrect. That's
7 incorrect, because you can do it with one person online. So
8 it's not two people that are not aware of it.

9 MR. VANCE: Okay. Well, the paper form
10 requires two signatures.

11 CHAIRMAN SMITH: Right.

12 MR. VANCE: And so, in my mind, although I'm
13 not currently the director anymore, so in my mind the paper
14 and the online should be the same. If the paper required
15 something, there's no reason the online should require less.

16 CHAIRMAN SMITH: Right.

17 MR. VANCE: That just seems kind of arbitrary
18 to me.

19 So the paper requires two signatures. So
20 taking it down to one signature, even if that one person is a
21 bonafide member, an officer or whatever, again it's, but you
22 could take this the other way, too. Should we have four
23 people sign it? I mean, how many people need to be involved
24 in this?

25 The general idea again is that we want the

1 organization to be aware of their use of temporary licenses.
2 And you can make a reasonable argument that a bookkeeper is
3 so involved in the organization's day-to-day operations and
4 is so trusted, that it's perfectly fine to allow just a
5 bookkeeper to sign off on it.

6 You could make a reasonable argument that
7 maybe every officer of the charity needs to sign off on it.
8 It's just a matter of what -- as a policy matter, what amount
9 of involvement by bonafide members of the charity do you want
10 to ensure that the charity knows what's going on with its
11 license?

12 CHAIRMAN SMITH: Tyler, is -- has there been a
13 lot of instances where charities are unaware of themselves
14 playing temporaries and somebody did something that wasn't
15 legal or inappropriate with the money from a temporary
16 session?

17 MR. VANCE: I don't know anything
18 specifically, but just anecdotally talk -- when I was talking
19 about this with a staff member, as I said, years ago that was
20 an issue. They had a few enforcement cases where the
21 charities would come in and they'd say, oh, we didn't even
22 know that we had all these temporary occasions.
23 And so that was kind of -- the idea back then, the reason it
24 got shifted to require two signatures, was because they were
25 seeing cases with any number of problems. But it got

1 revealed on a lot of those cases that in addition to the
2 other problems they had, it was just, in general, the
3 charities weren't that involved, in general. And so this
4 was, I think, seen as one more avenue to get the charities
5 more directly involved in supervising their bingo activity.

6 CHAIRMAN SMITH: Okay.

7 MS. ROGERS: I have a question, please, Tyler.
8 Do the emails still go out -- when you apply for a temporary
9 and a temporary is approved, is there not an email that goes
10 out to the chairperson?

11 MR. VANCE: I think there is. Yeah. I think
12 that's correct.

13 MS. ROGERS: So your chairperson, Trace, is
14 always notified, whether it be the bookkeeper, or operator,
15 director, or officer, that applies for a temporary. They're
16 always notified.

17 CHAIRMAN SMITH: Ah. So it --

18 MS. URIEGAS: This is Veronica. Yes. I'm
19 going to second that. That is correct.

20 CHAIRMAN SMITH: Okay.

21 MS. ROGERS: So to take the stance that a
22 charity didn't know, well, what's your chairperson doing?
23 You follow me?

24 CHAIRMAN SMITH: Yeah. I do now. Okay. So
25 if I understand this correct, what you're saying, Kim, is

1 that if a bookkeeper applies for a license, signs it, sends
2 it off, gets the temporary license in the process of
3 approval, that an email is generated from the Lottery
4 Commission and it goes to the chairperson who is not the
5 bookkeeper. So you're basically nailing down two different
6 people of, hey, here's the catch, you all are applying for
7 this. Is that what I'm understanding, Kim?

8 MS. ROGERS: Yes. As far as I know, that's
9 still happening.

10 CHAIRMAN SMITH: Is the common for the
11 bookkeeper to be the Bingo chairperson?

12 MS. ROGERS: Not that I know of. Maybe Tyler
13 could answer that. I don't know.

14 MR. VANCE: Yeah. The chairperson's got to be
15 a bonafide member of the organization. It's not uncommon for
16 the bookkeeper to be a designated operator or a designated
17 director or officer. But you can't be a designated
18 chairperson.

19 CHAIRMAN SMITH: Okay.

20 MS. URIEGAS: This is Veronica. Yes. A
21 chairperson in some instances are the bookkeeper as well.

22 MR. VANCE: Yeah. I -- so if you were --
23 let's say you're a bingo hall that's truly ran by the
24 charity. Like, let's say, I don't know, VFW hall where
25 everybody that works in that place is a VFW member, then the

1 bookkeeper would also be a bonafide member. Organization
2 can't make anybody a designated member for the purposes of
3 the bingo license. So if the bookkeeper -- like I couldn't
4 be a member of the VFW because I didn't serve in a combat
5 role in a foreign operating theater. But if I worked as a
6 bookkeeper for the VFW, they can make me a designated
7 operator or a director, but they couldn't make me their
8 chairperson. You'd have to be an actual member of the VFW in
9 order to be a chairperson.

10 CHAIRMAN SMITH: Gotcha. Gotcha. Okay.

11 MR. URIEGAS: However -- this is Veronica.

12 However, in a -- just an organization that has just
13 a regular 501(c)(3), for example, they can appoint somebody
14 to be their bingo chairperson and they can also be the
15 bookkeeper if the organization's that small enough.

16 MR. VANCE: Yeah. That's --

17 MS. URIEGAS: I have seen that.

18 And then I have another question, I guess. I
19 think this is also the case, back to Kim's information about
20 the chairperson gets an email. I do think that even if it's
21 not a chairperson, if it's a director that applies for it, it
22 does go to -- or if it's a chairperson that applies for the
23 temporary, it does go to a second member in the email group.
24 It doesn't have to be just the chairperson.

25 Is that correct, Tyler?

1 MR. VANCE: I'm not sure about that, to be
2 honest with you.

3 CHAIRMAN SMITH: Okay.

4 MR. VANCE: But we could set this -- we could
5 set this thing up in any way to to notify whomever.

6 CHAIRMAN SMITH: Sure. I get where the staff
7 is coming from on this, Tyler. I really, really do. And I
8 kind of like it when there's more than one person involved.
9 I personally don't like it where it's just one person. But
10 if they're getting emails on the back end that's not the same
11 person, I also understand that.

12 The thing that really concerns me the most is
13 when changes are made and the organizations aren't really
14 notified, and the only way they find out about it is midway
15 through a process. Is there a better way that we could get
16 updates or maybe notifications on little changes like that?
17 And it may seem kind of little or not a big deal, but I think
18 that's something that we would definitely like to know when
19 there's administrative changes made on stuff like that. To
20 me that would be probably one of the bigger fixes to things
21 like this is if people just don't know.

22 MR. VANCE: Yeah. And I understand that, and
23 I'll apologize for this, because this was my decision and I
24 didn't think to put out an email blast on it. And it was --
25 it was just one decision in 50 that I made on some Wednesday

1 morning or something. But --

2 CHAIRMAN SMITH: If that's the worst thing you
3 ever do, Tyler, I think we're going to be A-OK.

4 MR. VANCE: But, yes, this should have been
5 communicated. I don't know if Michael Farrell communicated
6 when he did it, but, yeah, I agree. A change on a form like
7 this, especially a form that's commonly used, should
8 definitely be publicized ahead of time and discussed ahead of
9 time.

10 The decision that was given to me is that I
11 had these two forms that were completely different.

12 CHAIRMAN SMITH: Sure.

13 MR. VANCE: And I just said make them the
14 same. We certainly should have published those then.

15 CHAIRMAN SMITH: To be honest, Tyler, I would
16 have done the same thing you did. I would've just said make
17 them the same. I would have done it. So not -- no fault
18 there. We're just -- we just kind of want to make sure that
19 we're all on the same page and working together from hereon
20 out, I guess. Because I want to tell you, Tyler, you did a
21 fantastic job with the cauldron of mess that you got thrown
22 in your lap, so we're definitely appreciative of what you did
23 and how well you handled it. That's for darn sure.

24 MR. VANCE: Well, thank you, sir.

25 CHAIRMAN SMITH: Yes, sir.

1 So, Kim, do you have a -- I know I asked you
2 this earlier, but is there something you want to do on this,
3 or do you want to wait and think about it? This is your
4 workgroup. Give us some direction here.

5 (Pause)

6 CHAIRMAN SMITH: Kim, are you there?

7 MS. URIEGAS: This is Veronica. I know she
8 had to leave, but she said she was going to stay on until
9 11:15, so I think she might have already left.

10 CHAIRMAN SMITH: Okay.

11 MS. URIEGAS: So I recommend that we just let
12 her -- let's say we're going to think about it. Because I've
13 been talking to her about this. So I'll just reach out to
14 her and let her know that we're just going to wait on this
15 and we'll talk about it amongst -- oh. There you are.

16 MS. ROGERS: So sorry. I'm back. My computer
17 just went completely out, but it's back now.

18 CHAIRMAN SMITH: All right.

19 MS. ROGERS: But I missed everything that you
20 all spoke about, so you want to postpone and not change
21 anything at this time?

22 CHAIRMAN SMITH: What I'm asking you is what
23 you want to do on your workgroup. Do you want to have some
24 more conversation about this? Do you want to propose
25 something?

1 MS. ROGERS: Well, I believe what Tyler was
2 trying to tell me was that we need to, yes, propose
3 something, get the BAC members' opinion, and if you all want
4 to make a motion.

5 I think we should ask that -- and if we need
6 to go to the Commissioners to ask them at the next meeting
7 when you go, the officers, directors, bookkeepers, and
8 operators and make both forms the same. Make the BSP is one
9 of them, one of those four positions can apply for a
10 temporary, and make the form that one of those or two of
11 those four would submit on FORMID 16.

12 Veronica, was that also your idea?

13 MS. URIEGAS: Yes. Yes. I agree with you.

14 CHAIRMAN SMITH: Okay. So let me see if I
15 understand this correct, Kim. This is Trace.

16 You want to make it to where just one person
17 can file for the temporary licenses, however, on the back end
18 of that, there's going to be more than one person at the
19 organization getting an email and it won't be that same
20 person; is that correct?

21 MS. ROGERS: Absolutely. Absolutely.

22 CHAIRMAN SMITH: Okay.

23 MS. ROGERS: Now the BSP only requires one
24 person to do it, because of course it's online.

25 CHAIRMAN SMITH: Uh-huh.

1 MS. ROGERS: So you log into your portal and
2 you do it. If Tyler and staff believe that the paper should
3 stay two signatures because that goes back to the BEA, then I
4 still think it should be two of those four.

5 MR. VANCE: Yeah, so there's no requirements
6 whatsoever in the BEA of who has to sign this thing, so this
7 is just a pure policy decision.

8 MS. ROGERS: Okay.

9 MR. VANCE: And I think that if only one
10 person needs to sign on BSP, I think it ought to be one
11 person that signs the paper, too. Like I said, there really
12 shouldn't be two different standards for the same
13 application.

14 MR. DUNCAN: Agreed.

15 MS. ROGERS: Absolutely. I agree.

16 CHAIRMAN SMITH: Okay. So you're making a
17 motion that we petition the Lottery to --

18 MS. URIEGAS: This is Veronica. If I can also
19 interject. Kim, did you want to add the bookkeeper to that
20 list as well? Is that what I'm understanding?

21 MS. ROGERS: I would like to make a motion
22 that we petition the Commissioners for an organization to
23 apply for a temporary license, they only -- it only requires
24 the signature of an officer or a director or a bookkeeper or
25 an operator on the BSP or FORMID 16. I also believe you

1 might have to include FORMID 17 in that, but I'm not
2 positive.

3 MS. GREEN: I want to add chairperson.

4 CHAIRMAN SMITH: But with one signature,
5 you're still getting those multiple emails on the back end to
6 where there's more than one person that the organization is
7 aware of. And I guess where I'm going with that is I don't
8 really --

9 MS. ROGERS: Yes.

10 CHAIRMAN SMITH: -- -- have a problem
11 personally with one person filing for the approval of
12 temporary licenses as long as that one person is not the only
13 person in the organization that knows that's going on.

14 MS. ROGERS: And, Trace, I completely agree
15 with you, but I think that would be something that we would
16 ask staff to do versus putting in or changing any type of
17 rule or anything like that. But, yes, requesting that staff,
18 when a temporary is approved by a bookkeeper, a officer or
19 director or operator is notified. Someone else within the
20 organization.

21 MS. URIEGAS: This is Veronica. I would say
22 applied for, not approved.

23 MS. ROGERS: Okay. Applied for. Exactly.
24 And, Melodye, to -- I don't know that we would have to list
25 the chairperson, because your chairperson has to be an

1 officer or director. Am I correct, Tyler?

2 MR. VANCE: That's correct. Yeah.

3 MS. GREEN: Or they could send the email to
4 the chairperson, that way they wouldn't have to be searching
5 for officers, directors, or operators. Because they -- the
6 chairperson's the one in charge of bingo, correct?

7 MR. VANCE: Correct. I think the targets
8 would be the chairperson and the designated agent, which
9 might be the chairperson, but sometimes it's not.

10 MS. GREEN: Correct.

11 MR. VANCE: But those are the two people we
12 have on file to contact.

13 MS. GREEN: Correct. Then you can tell them
14 when something's been applied for or changed.

15 MS. ROGERS: Absolutely. The organization
16 more than one person -- exactly like when you do your
17 inventory, more than one person needs to be involved in it,
18 so everyone knows what's going on. So, yes sir, Trace, that
19 is what the motion we would like to bring up for the BAC.

20 CHAIRMAN SMITH: Okay. And do we have a
21 second for that motion?

22 MR. MARTIN: This is Will Martin, and I second
23 it.

24 CHAIRMAN SMITH: All right. We got a second
25 by Will Martin. All right. All in favor of asking the

1 Commissioners and staff to make these changes that Kim has
2 just talked about? And we will get this all in writing here
3 after the meeting, I'm sure. But all in favor say aye.

4 (Chorus of "ayes")

5 CHAIRMAN SMITH: Any opposed? The motion
6 carries.

7 MS. ROGERS: Thank you.

8 AGENDA ITEM 8

9 CHAIRMAN SMITH: All right. Well, any --
10 since we don't have public comment on this meeting, we'll
11 move on to number 8, old business.

12 Corey, you had a workgroup that you were
13 working on that we did not actually get to put on the agenda
14 today. I know it's short notice because it wasn't on the
15 agenda, but do you have anything on your workgroup you'd like
16 to report about?

17 MR. HARRIS: Yeah. Good morning, Trace.
18 Yeah. This is Corey Harris. I wasn't prepared at this
19 meeting; I was -- thought we were going to go over that when
20 we met again in person. I'm in Colorado this week, so I'm
21 operating remotely. So if it's okay with you and the
22 committee, can we just add that to our agenda and I'll be
23 ready for that on the next meeting?

24 CHAIRMAN SMITH: That sounds like a plan, sir.

25 MR. HARRIS: Okay.

1 CHAIRMAN SMITH: And that was our -- my fault
2 for not putting it on the agenda this go around. So blame
3 lies here.

4 MR. HARRIS: Yeah. Well, I don't think
5 there's any blame necessary. We'll just go ahead and tack it
6 on to the other one, and we'll talk about it next time.

7 CHAIRMAN SMITH: All right. Sounds good.

8 Any other old business that needs to be
9 discussed?

10 (No responses)

11 AGENDA ITEM 9

12 CHAIRMAN SMITH: All right. Moving on, number
13 9, new business. Is there anybody that's got anything new
14 that we need to address?

15 MR. VANCE: Trace, this is Tyler Vance. I
16 want to bring up we're going to propose three rules at the
17 next Commission meeting and part of the BAC's mission is to
18 advise the Commission on any rule proposals. So we're going
19 to run these by you.

20 You'll have a paper copy at the next meeting,
21 but I'll go ahead and read them for you.

22 Normally on a substantive rule we present
23 these to you months ahead of time so you can debate this and
24 consider it. These amendments are all clean-up. They're
25 instances in which our rules conflict with the statute, so we

1 need to change them. And there's nothing to debate about
2 them. They're relatively straightforward. So I'll go ahead.

3 Rule 402.413 is for military applicants for
4 licenses and the legislature this session amended the
5 definition of "Armed Forces of the United States" to include
6 the Space Force. Our rule does not have the Space Force in
7 it, so we'll be amending that rule to include the Space
8 Force.

9 CHAIRMAN SMITH: All right.

10 MR. VANCE: Rule 402.452 applies to the
11 calculation of net proceeds for a two-year license. Right
12 now our rule has two different standards. The first year of
13 a two-year license is based on the start date and the
14 anniversary date, and the second year evaluation is based on
15 the anniversary date and then the end date. And so the end
16 date is the day before the anniversary date. And this has
17 raised some issues when Accounting and Audit gets into
18 looking at net proceeds.

19 Well, if you look at the statute, the statute
20 uses only the anniversary date in both instances. So we need
21 to change that rule to make it clear; the net proceeds for a
22 two-year license will always be referencing the anniversary
23 date of the license for the calculation.

24 And then the other change is in 402.702. This
25 is the disciplinary action section, and so it provides that

1 when we propose denying an application, so let's say you have
2 a criminal history issue, and we send a notice that says oh,
3 you've got an issue, but here's your chance to provide
4 letters of recommendation or anything else.

5 Our current rule allows 20 days to provide
6 that information, but chapter 53 of the Texas Occupations
7 Code which governs this, allows for 30 days. And so we've
8 changed that on our letters, the letters that go out give
9 people 30 days, but our rule still says 20 days, so we need
10 to correct that.

11 CHAIRMAN SMITH: Excellent.

12 MR. VANCE: And so those three will be going
13 up in October, and I'll get a copy of that, I or LaDonna, to
14 all of you guys to look at the next BAC meeting and then
15 you'll be expected, Trace, to make some comment on it at the
16 next Commission meeting.

17 CHAIRMAN SMITH: Absolutely. Not a problem.
18 Thank you for the heads up on that, and I hope that those
19 help you in the future. They sound like they're pretty open
20 and shut deals.

21 Is there any other new business?

22 (No response)

23 AGENDA ITEM 10

24 CHAIRMAN SMITH: Okay. Since we don't have
25 public comment for new business, let's sneak on over to item

1 number 10. How about that?

2 MS. ROGERS: Trace, I believe we set the date
3 for our next meeting to be October 20th at 10:00 a.m. in
4 Austin. In-person meeting. Just for your information.

5 CHAIRMAN SMITH: Yes, ma'am. That is correct.
6 I was looking for it in my paper right here and you beat me
7 to it. All right.

8 So, Tyler, are we still good for that? And I
9 just now -- I'm just now able to see who the attendees are on
10 the call today. I do see Commissioner Fields is on the call
11 today. I don't know why that just popped up. But,
12 Commissioner Fields, is there anything that you would like to
13 talk about or impart to us? Wanted to give you the
14 opportunity to talk if you'd like to.

15 COMMISSIONER FIELDS: Yeah. Thanks, Trace. I
16 really -- morning, everyone. I don't have anything. Just
17 hiding here.

18 CHAIRMAN SMITH: Okay. All right. Well,
19 you're certainly welcome. And we're definitely glad you
20 joined us. It's certainly a pleasure to know that the
21 Commissioners are paying attention to what we do. We
22 definitely appreciate that very much.

23 COMMISSIONER FIELDS: Thank you.

24 CHAIRMAN SMITH: Yes, ma'am.

25 All right. So we're scheduled for the next

1 meeting October 20th at 10:00 a.m. Tyler, is that still good
2 with y'all on the staff front?

3 MR. VANCE: Yes, it is. As far as I know.

4 CHAIRMAN SMITH: Okay. All right. Excellent,
5 excellent.

6 AGENDA ITEM 11

7 CHAIRMAN SMITH: Alrighty. Well, we will
8 adjourn the meeting and I will see you all soon. And I'm
9 sure there'll be quite a few emails rolling around out there.

10 (Meeting adjourned at 11:17 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 17th day of September, 2021.

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

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