

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

DECEMBER 15, 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.

## APPEARANCES

## COMMITTEE MEMBERS:

William T. Smith III (Trace), Chairman

Will Martin

Tommy Duncan

Jason Pohl (telephonically)

Melodye Green (telephonically)

Emile Bourgoyne

Corey Harris

## COMMISSION STAFF:

LaDonna Castañuela, Director of Charitable Bingo Operations

Bob Biard, General Counsel

Tyler Vance, Assistant General Counsel

## PUBLIC:

Steve Bresnen

Larry Segebarth

Stephen Fenoglio

Sharon Ives

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**P R O C E E D I N G S**

WEDNESDAY, DECEMBER 15, 2021 (10:00 a.m.)

AGENDA ITEM 1

CHAIRMAN SMITH: All right. It's 10:00, so we'll go ahead and call the meeting to order. I'd like Mr. Will Martin to lead us in the American Pledge and Texas Pledge.

AGENDA ITEMS 2 AND 3

(Pledges recited)

AGENDA ITEM 4

CHAIRMAN SMITH: All right. Go ahead and do a roll call. We have several members that are tuning in via phone call, so I'll go through this and if you can and you're on the phone, please answer when you hear your name called.

I am obviously here; William Smith. Kim Rogers was not able to make it this morning. She had some things going on, and so she will not be here. Corey Taylor (sic).

MR. HARRIS: Oh, Corey Harris.

CHAIRMAN SMITH: Harris, sorry.

MR. HARRIS: I don't know who Corey Taylor is, but I know who Corey Harris is.

CHAIRMAN SMITH: One of my good friends, Corey Taylor. I apologize.

MR. HARRIS: That's all right.

1 CHAIRMAN SMITH: Sorry, my bad.

2 MR. HARRIS: He ain't, I am, we're good.

3 CHAIRMAN SMITH: Gotcha. Gotcha. Corey's  
4 here. Will is here. Tommy is here. Melodye Green, are you  
5 on the phone?

6 MS. GREEN: Yes. Here.

7 CHAIRMAN SMITH: All right. Veronica Uriegas?  
8 Veronica didn't make it, I guess. She had some things that  
9 were going on in her family as well, so we'll have a --

10 UNIDENTIFIED VOICE: What about Jason?

11 CHAIRMAN SMITH: Jason Pohl? I hadn't got  
12 that far yet.

13 UNIDENTIFIED VOICE: Oh.

14 MR. POHL: I'm here.

15 CHAIRMAN SMITH: Jason Pohl, all right. And  
16 Emile Bourgoyne.

17 MR. BOURGOYNE: Here.

18 CHAIRMAN SMITH: And Emile is here. All  
19 right. Okay. All right. I'm going to jump out of order for  
20 just a moment since both Kim and Veronica are not on the call  
21 or here in person.

22 Kim is our faithful note taker that has done  
23 such a good job through this last tenure. I'm going to ask  
24 the members of the BAC if it would be okay if Sharon Ives  
25 from Fort Worth Bookkeeping keep the notes for today so we

1 can compile a report for tomorrow.

2 UNIDENTIFIED VOICE: Yeah.

3 UNIDENTIFIED VOICE: That's fine.

4 CHAIRMAN SMITH: Is that fine with everybody?  
5 Everybody okay with that?

6 MR. BOURGOYNE: Yes.

7 CHAIRMAN SMITH: All right. Wonderful.

8 MR. HARRIS: Yes.

9 CHAIRMAN SMITH: Sharon, thank you very much.

10 MR. HARRIS: Thanks, Sharon.

11 CHAIRMAN SMITH: We appreciate it.

12 MR. MARTIN: If you'd like to move over here,  
13 it's a lot easier than writing on your knee there.

14 MS. IVES: Well, I didn't have a choice, you  
15 know, with Trace.

16 CHAIRMAN SMITH: If you want to sit up at the  
17 table, Sharon.

18 MS. IVES: No, I'm fine.

19 CHAIRMAN SMITH: You good? Okay.

20 AGENDA ITEM 5

21 CHAIRMAN SMITH: Okay. We're going to skip  
22 down to number 5, meeting minutes from October the 20th,  
23 2021. I'm sure everybody got a copy of that. Would anybody  
24 like to make any corrections on that? No? Okay. Okay.

25 I'd like to accept the minutes as emailed to

7  
1 all of us, the members. If you'd make a motion for that.

2 MR. DUNCAN: Make a motion.

3 CHAIRMAN SMITH: Okay.

4 MR. MARTIN: I second.

5 CHAIRMAN SMITH: All right. We have a motion  
6 by Tommy, seconded by Will. All in favor to accept the  
7 motion as read?

8 (Chorus of "ayes")

9 CHAIRMAN SMITH: Any opposed? No opposed.  
10 All right.

11 AGENDA ITEM 6

12 CHAIRMAN SMITH: Number 6, pull-tab work  
13 group. Mr. Emile Bourgoyne. You have been busy, sir.

14 MR. BOURGOYNE: Well, not really.

15 CHAIRMAN SMITH: And the committee has been  
16 busy as well.

17 MR. BOURGOYNE: The committee has been busy.  
18 Let me bring you up to speed what happened. You made me the  
19 chairman of this subcommittee and asked us to look at the  
20 bingo pull-tab rules to see if there was anything that we  
21 could do to change that might help in the current situation.

22 The subcommittee looked at it, came back with  
23 a few ideas. Nothing would have had an immediate impact, but  
24 there were a couple of items that may have had a little --  
25 down the road may have helped impact product availability.

1 And so we moved from there.

2 I reached out to all the licensed  
3 manufacturers to make sure none of them had anything to add,  
4 and at the end of the day we ended up with four items that  
5 was brought to our attention. I don't necessarily agree with  
6 all four of them, but I chose to present them, all four, so  
7 that you would understand what the manufacturers and the  
8 subcommittee came up with. And I can go through them one by  
9 one if you'd like.

10 The first one, it was with the Texas Lottery  
11 Commission's seal required on each individual ticket. And  
12 what the committee is recommending, and I agree with, would  
13 be to have that Texas seal required on each ticket or the  
14 flare. And by doing this, existing product would not have to  
15 be re-approved because it's currently approved with the seal  
16 on the flare, but down the road, new product if the  
17 manufacturer wanted to make a run of product tickets without  
18 the seal on the tickets that could be sold in multiple  
19 markets, they would simply have to put the seal on the Texas  
20 flare for the product to be legal in Texas. And that  
21 requires changes in three different points in the rule and  
22 they're marked out as Item 1, 1A, and 1B on the paper that  
23 you have in front of you.

24 CHAIRMAN SMITH: So it's the committee's  
25 recommendation that you take the seal off of the pull-tab but



1 leave it on the flare?

2 MR. BOURGOYNE: No.

3 CHAIRMAN SMITH: No?

4 MR. BOURGOYNE: The committee's  
5 recommendation is that the manufacturer has the option of  
6 putting the seal on each ticket or on the flare.

7 CHAIRMAN SMITH: Gotcha. Okay. Okay.

8 MR. BOURGOYNE: That way no existing product  
9 has to be resubmitted for approval or changed in any way.

10 CHAIRMAN SMITH: Gotcha.

11 MR. BOURGOYNE: And going down the road, we  
12 can make product without a seal on it that can be sold in  
13 multiple markets and simply flare the product for Texas with  
14 the seal on it.

15 CHAIRMAN SMITH: Okay. All right.

16 MR. BOURGOYNE: Do you want to go on to the  
17 next one?

18 CHAIRMAN SMITH: Yeah, go on and then we'll  
19 come back and --

20 MR. BOURGOYNE: All right. Number 2 deals  
21 with an issue that we haven't had with this administration,  
22 but that we had with previous administrations, and that deals  
23 with the graphic symbols, preserve the integrity of the  
24 commission.

25 We had no problems with violent acts, profane

1 language, provocative, explicit or derogatory image or texts.  
2 Well, the derogatory image is where I think the --

3 CHAIRMAN SMITH: Ambiguity.

4 MR. BOURGOYNE: -- problem -- we have some  
5 games that were denied and I attached art to those games to  
6 all of you I think, you've seen them, but it's very  
7 subjective. And what the manufacturers asked me to ask the  
8 commission for was at least some type of appeal process  
9 rather than that all images are subject to final approval by  
10 the commission, end of story, would at least like to have  
11 some type of appeal process on some of these very subjective  
12 denials.

13 CHAIRMAN SMITH: Okay.

14 MR. BOURGOYNE: Item number 3 is an issue that  
15 I don't agree with and most manufacturers don't agree with  
16 it. It regards the distance requirements between the  
17 symbols, the win indicators and the dye cut areas. One  
18 manufacturer requested that we remove this entirely, and  
19 that's item number 3.

20 I object to this proposed change. Number one,  
21 that distance requirement is a security issue in my opinion  
22 and in fact, the Minnesota Gambling Control Board  
23 demonstrated to each manufacturer that's licensed in  
24 Minnesota, brought them up to Minnesota, laid their tickets  
25 in front of them, the two stacks of tickets, and told them

1 these are winners and these are losers, and none of them had  
2 been opened and we couldn't even determine that they had been  
3 peeked. That's how good they were at showing us that this  
4 was a real problem.

5 So although it was brought up by the  
6 subcommittee, number 3, I felt compelled to present it to  
7 you, but I don't agree with it.

8 CHAIRMAN SMITH: Thank you.

9 MR. BOURGOYNE: That's number 3.

10 And number 4 deals with bingo event tickets.  
11 Currently, Texas and Nebraska is the only two states that  
12 require a bingo event ticket to contain instant winners. In  
13 Texas, it's more than two. The only concern that was raised  
14 by the subcommittee was in doing so, we wanted to ensure that  
15 bingo event ticket remained a form of pull-tab bingo so that  
16 the prizes were exempt from the session limitations.

17 And bingo event ticket in the rule says it's a  
18 form of pull-tab bingo, but in statute, pull-tab bingo does  
19 not mention bingo event tickets, so that's where I draw the  
20 concern from.

21 CHAIRMAN SMITH: So say that one more time  
22 again? Again, the rule --

23 MR. BOURGOYNE: In the rule it says bingo  
24 event ticket, a form of pull-tab bingo. In statute, the  
25 definition of pull-tabs does not mention bingo event ticket.

1 It says instant bingo and sealed card or something else. It  
2 doesn't mention event ticket in the statute. Our concern  
3 was, we just want to make sure that somewhere down the road,  
4 no one from the commission comes in and says bingo event  
5 tickets without instant winners is a bingo game and not pull-  
6 tab bingo, and therefore, the prizes count towards your  
7 session numbers.

8 CHAIRMAN SMITH: Gotcha. Okay. All right.  
9 It looks like your subcommittee has done a lot of work on  
10 that and we greatly appreciate that because I know that's a  
11 huge undertaking and I know you've done this for a very long  
12 time, so this might seem like second nature to you. It's a  
13 little bit Greek to me. This is not typically in the every  
14 operator's wheelhouse and so we do appreciate your expertise  
15 in doing that.

16 So I know there's going to be some discussion  
17 about that, so let's go back to number 1, and I'd like to  
18 open this up for discussion. Tommy, I know you've probably  
19 got some ideas on this.

20 MR. DUNCAN: I'm against the removing the  
21 seal, so I mean --

22 CHAIRMAN SMITH: And that's which one? Number  
23 1?

24 MR. DUNCAN: Number 1. I'm okay with the flare  
25 card, but as long as there's a seal on it so no product comes

1 from outside of Texas, we have that problem now.

2 CHAIRMAN SMITH: Okay.

3 MR. BOURGOYNE: If I may? Here's the deal  
4 with the flare card, with the seal being on the flare. It's  
5 the first thing you see before you even unseal the box of  
6 tickets, right?

7 MR. DUNCAN: The flare -- it's the first thing  
8 the worker sees.

9 MR. BOURGOYNE: It's the first thing --

10 MR. DUNCAN: Right.

11 MR. BOURGOYNE: And the first thing they post  
12 the flare in the halls.

13 MR. DUNCAN: Nobody posts them, but okay.

14 MR. BOURGOYNE: Okay.

15 MR. DUNCAN: But yeah.

16 MR. BOURGOYNE: But it's the first thing you  
17 see when you open the box.

18 MR. DUNCAN: The worker does.

19 MR. BOURGOYNE: Before you even unseal the box  
20 of tickets.

21 MR. DUNCAN: The worker does.

22 MR. BOURGOYNE: If the seal is only on the  
23 tickets, you have to unseal the box to see if the seal's  
24 there.

25 CHAIRMAN SMITH: So let me ask --

1 MR. DUNCAN: I think you're missing my point.

2 CHAIRMAN SMITH: -- Tommy if I may ask a  
3 question. It's a requirement you have to post the flare,  
4 correct?

5 MR. DUNCAN: Well, they post them, they move  
6 them, they take them to the caller stand to verify. They  
7 post a ticket most of the time because the flare card has to  
8 be used at the caller stand to verify the game. And --

9 CHAIRMAN SMITH: You're talking about on  
10 winning tickets.

11 MR. DUNCAN: Right. Well, that's all we're  
12 talking about. And if you talk about winning on the seal,  
13 like on number 4, the caller's going to have that flare up  
14 there to pop that seal for the winners such as speed ball or  
15 something like that.

16 CHAIRMAN SMITH: Okay. Maybe I misunderstood  
17 and maybe I need to be straightened out a little bit here. I  
18 was understanding that the recommendation was that that was  
19 for pull-tabs and for event tabs. Is it just for event tabs?

20 MR. DUNCAN: Well, I mean, you could -- you  
21 could do it on pull-tabs, too.

22 MR. BOURGOYNE: Pull-tab bingo is one whole  
23 category. That includes event tickets.

24 CHAIRMAN SMITH: Okay.

25 MR. BOURGOYNE: All of them currently require

1 to have the seal on the ticket itself.

2 CHAIRMAN SMITH: Right.

3 MR. BOURGOYNE: We are recommending that we  
4 have the option of putting the seal on the ticket or the  
5 flare. We could do --

6 CHAIRMAN SMITH: Whether it be a pull-tab or -  
7 -

8 MR. BOURGOYNE: Whether it be a pull-tab or  
9 event --

10 CHAIRMAN SMITH: -- an event tab.

11 MR. BOURGOYNE: Yes.

12 CHAIRMAN SMITH: Okay. Okay. LaDonna or  
13 Tyler, would y'all like to jump in on number 1 while we're  
14 still on this? Is there anything y'all would like to comment  
15 or talk about on this one?

16 MS. CASTAÑUELA: Well, I'm still new.

17 CHAIRMAN SMITH: Yes, ma'am.

18 MS. CASTAÑUELA: I have been asking about this  
19 idea of the flare. I had to ask a couple days ago what a  
20 flare was, okay? So, that's how new I am.

21 CHAIRMAN SMITH: We're not revoking your new  
22 card yet, I promise.

23 MS. CASTAÑUELA: Thank you. But I got  
24 different answers about if that flare is posted and I am kind  
25 of tracking down a concern about how that might be audited by

1 our auditors when they come do the game inspection if the  
2 flare is not posted, but those are just questions that I'm  
3 sort of trying to track down right now.

4 CHAIRMAN SMITH: Okay.

5 MS. CASTAÑUELA: That's what I've got. We'll  
6 go to Tyler on the requirement.

7 MR. VANCE: Yeah, I -- no, I don't have a  
8 requirement. I think the main concern from our end is when  
9 we go back to in-hall inspections, an inspector can determine  
10 very quickly if tickets are legitimate just by looking at the  
11 seal, whereas, if they don't have a seal, they're going to  
12 have to go find the flare. And of course, there are always  
13 ways for them to track back the paperwork back to the  
14 distributor or back to the manufacturer, it's just it's more  
15 complicated on our end if that seal's not immediately visible  
16 on the tickets that are being sold in the hall when they show  
17 up.

18 CHAIRMAN SMITH: So if I may, and you may not  
19 know this right off the top of your head, but let's say  
20 you're doing a site inspection and the seal wasn't required  
21 on a pull-tab and you go back and you do the paperwork and  
22 you find out that it's not an approved pull-tab, isn't that a  
23 cause for pulling that charity's license?

24 MR. VANCE: Sure. And it would also go back  
25 to the distributor they bought it from.



1 CHAIRMAN SMITH: Right.

2 MR. VANCE: And maybe the manufacturer. We'd  
3 have to track it down all the way to see where it came from.

4 CHAIRMAN SMITH: So that's a pretty major  
5 violation to do some stupid stuff like that.

6 MR. VANCE: Correct.

7 CHAIRMAN SMITH: Okay.

8 UNIDENTIFIED VOICE: A serious claim.

9 CHAIRMAN SMITH: Yeah. Yes.

10 MR. VANCE: Yeah, and it would be illegal  
11 bingo.

12 CHAIRMAN SMITH: Right. Okay.

13 MR. BOURGOYNE: Just like Facebook.

14 CHAIRMAN SMITH: Yeah, like Facebook, right.  
15 Gotcha.

16 UNIDENTIFIED VOICE: Easier to track.

17 MS. CASTAÑUELA: It'd be easier to find.

18 CHAIRMAN SMITH: Okay. All right. Any other  
19 comments from the public on that? Steve Bresnen?

20 MR. BRESNEN: Maybe a couple questions. If  
21 you had the option between having it on the flare or on the  
22 tab, then if some -- if a manufacturer wanted to use the  
23 exact same tab that's already been approved but in its next  
24 printing of it take the seal off and just leave the flare,  
25 would that have to be approved all over again if that was the

1     only change that was made in the game?

2                   MR. BOURGOYNE:   Yeah, that's why we wanted to  
3     leave the option in, because they wouldn't have to remove it  
4     in other words.

5                   MR. BRESNEN:    I understand by using the  
6     existing product, but it seems to me you could amend the rule  
7     unless the statute wouldn't allow it, to say that if the only  
8     change is the removal of the seal and it's otherwise the  
9     same, then it doesn't have to go through the whole approval  
10    process, that takes a little drag off the, just going --

11                   MR. BOURGOYNE:   We could add reprint language  
12    in there to make that an option.

13                   MR. BRESNEN:    Right.

14                   MR. BOURGOYNE:   I think we could do that.

15                   CHAIRMAN SMITH:   Would that be a benefit or a  
16    detriment, Tommy, in your opinion?

17                   MR. DUNCAN:    Well, I've got a couple of  
18    concerns on the posting of the flare.   A lot of times we have  
19    to use that flare at the caller stand, so they post a tab of  
20    the game we're playing.   That was agreed upon a couple of  
21    administrations ago.

22                   CHAIRMAN SMITH:   Right.

23                   MR. DUNCAN:    Secondly, on the approval, who  
24    told you it didn't have to be approved because we're changing  
25    a border color on a ticket and it has to be re-approved,

1 where a company has changed one name and in their name and  
2 all their tickets to have be approved, so.

3 MR. BOURGOYNE: I think what we just said is  
4 that we could include language in the rule that would deal  
5 with it and wouldn't have to be resubmitted -- if all you're  
6 doing is removing the seal.

7 CHAIRMAN SMITH: And he's talking about --

8 MR. DUNCAN: That's a broad rule.

9 CHAIRMAN SMITH: Yeah.

10 MR. BOURGOYNE: There's an existing rule about  
11 what you can do, what changes you can make, without seeking  
12 re-approval. And it's very limited.

13 MR. DUNCAN: We changed from a jumbo to a  
14 regular sized ticket and had to get re-approval, too, on  
15 everything. And we didn't change anything but the size.

16 MR. BOURGOYNE: Got it.

17 CHAIRMAN SMITH: And the approval process is -  
18 - it's not very lengthy, is it? About 10 days maybe?

19 MR. DUNCAN: It is this month.

20 CHAIRMAN SMITH: It is?

21 MR. DUNCAN: No, not usually, not now with one  
22 approval. It's pretty quick.

23 CHAIRMAN SMITH: Do you know roughly how many  
24 approvals you go through, a year, Tommy?

25 MR. DUNCAN: A lot. I put in hundreds of

1 tickets, Trace, just Goodtime does.

2 CHAIRMAN SMITH: They do? Okay. LaDonna,  
3 would you like to comment on roughly how many approvals  
4 versus denials that y'all have?

5 MS. CASTAÑUELA: So I pulled some information.  
6 Staff pulled some information for me. This year so far a  
7 little over 200 submissions for artwork, no denials. Last  
8 year, I think it was about 350 submissions. Maybe one  
9 denial. And the year before that, which was of course before  
10 COVID, it was like 550 submissions; 540. So there's a lot of  
11 this going on.

12 The average time period from submittal to  
13 whatever the final decision is, which is by far mostly  
14 approval, is 10 days.

15 MR. BOURGOYNE: I agree with that.

16 CHAIRMAN SMITH: That's pretty quick. That's  
17 a quick turnaround.

18 MR. DUNCAN: Some of them are in a day.

19 MS. CASTAÑUELA: She knows what she's doing.

20 CHAIRMAN SMITH: Well, bravo to her. Okay.

21 MS. CASTAÑUELA: Well, she's on the phone.

22 CHAIRMAN SMITH: All right.

23 MR. BOURGOYNE: If I may. Existing rule says  
24 that with the exception of changing the serial number, index  
25 color, or trademarks, it must be resubmitted. We could

1 simply add removing the seal to that category in this rule.

2 CHAIRMAN SMITH: Okay. Okay. All right. So  
3 let's go to the --

4 MR. BRESNEN: May I ask one more question?

5 CHAIRMAN SMITH: Yes, sir. Steve Bresnen.

6 MR. BRESNEN: I understand and I hear what the  
7 commission staff are saying about the ease with which  
8 somebody at -- one of their staff in the hall will see if  
9 there's either a seal or there's not. Presumably, anybody in  
10 that hall that's got any sense at all, is not going to be  
11 selling a ticket without the seal under the current  
12 circumstance. So currently, I'm not sure that adds anything.  
13 Going forward, it might.

14 But it seems like a fairly light  
15 administrative benefit compared to the potential to have a  
16 wider array of product offerings at a cost that's not  
17 affected by stopping the presses, changing the plates in  
18 them, cranking them up for a Texas only run, and then they're  
19 undoing it all and going back to whatever they're selling in  
20 other states.

21 So I'm trying to figure out if there's a way  
22 to -- is there any way to calculate that cost benefit? I  
23 understood from the manufacturers that that was a pretty big  
24 deal to stop the runs and start up again. On the other hand,  
25 they've been doing it for I don't know how many years in

1 Texas to now, so 30 years or so.

2 I don't know how you calculate, how you get  
3 the calculation on that, but generally speaking, when you're  
4 doing anything on a manufacturing process that's out of whack  
5 for a specific jurisdiction, it has a negative fee kind of  
6 consequence, whether it's a large one or not I don't know,  
7 you guys that are actually in the bingo business have to say  
8 that.

9 I don't know how you -- my question is  
10 rhetorical maybe, is the regulatory benefit a substantial  
11 enough to outweigh the benefits that might come from having a  
12 wider array of product offerings and without dragging the  
13 manufacturers about which state did they have with respect to  
14 the seal.

15 CHAIRMAN SMITH: If I may, LaDonna, ask you a  
16 -- a theoretical question. Theoretically, if the BAC  
17 recommended to follow Emile's suggestion on this particular  
18 item, and we were allowed to have pull-tabs that did not have  
19 the seal, but the flare did have the seal, if an inspector  
20 showed up to do a site inspection, I would assume that the  
21 commission staff would have a list of all approved pull-tabs  
22 available to them that were approved under this. I'm just  
23 theoretical, follow me here.

24 So if they walk into a hall to do an  
25 inspection and there's not a seal on a pull-tab, either

1 through electronic means or old-fashioned paper means, they  
2 would look okay, Big Star pull-tabs, okay. Yeah, that's on  
3 the list. Okay, that's an approved tab. Could that be a  
4 possible scenario?

5 MS. CASTAÑUELA: You know, Trace, I'm going to  
6 have to give you more information on that later.

7 CHAIRMAN SMITH: Okay.

8 MS. CASTAÑUELA: I'm going to have to ask  
9 about that.

10 CHAIRMAN SMITH: I don't know enough about  
11 site inspections and what staff are required to do. That's  
12 just kind of a theoretical.

13 MS. CASTAÑUELA: Me either, right. I'm not  
14 sure what kind of access --

15 UNIDENTIFIED VOICE: It'd be a pretty big  
16 list.

17 UNIDENTIFIED VOICE: Yeah, it would be a big  
18 list.

19 MS. CASTAÑUELA: A big list, yes. Yes. It's  
20 a huge list.

21 CHAIRMAN SMITH: Okay.

22 UNIDENTIFIED VOICE: Really?

23 UNIDENTIFIED VOICE: Yeah.

24 MS. CASTAÑUELA: I don't know how easy it is  
25 to access.

1 CHAIRMAN SMITH: Okay. Yes, Will?

2 MR. MARTIN: I think removing that seal is  
3 opening up a door we don't want to open. I'm for leaving the  
4 seal on there.

5 CHAIRMAN SMITH: Okay. All right.

6 MR. FENOGLIO: I'd like to address, Trace?

7 CHAIRMAN SMITH: Yes. Steve Fenoglio.

8 MR. FENOGLIO: Steve Fenoglio. So, they don't  
9 show up, I can tell you, the inspectors historically haven't  
10 shown up with that list, because it is extremely lengthy and  
11 you know, it can be approved as LaDonna has just said, today,  
12 and an inspector goes in tomorrow and you know, that's not on  
13 it.

14 What they have historically looked at is, is  
15 the seal on the tickets and if so, there's an automatic  
16 presumption that it's legal. So, year -- I'm old enough in  
17 the bingo world to recall when all the distributors and all  
18 the manufacturers years ago in the Billy Atkins era,  
19 advocated for the elimination of what Emile was talking  
20 about. And everyone agreed and the Lottery Commission put a  
21 thumbs down and said absolutely not, and it didn't go  
22 anywhere.

23 I've listened to my good friend Tommy and I  
24 still can't understand the opposition to it. I don't want to  
25 open the -- have the BAC unknowingly open a door for



1 nefarious activity. It seems to me if there's a seal  
2 somewhere, that should be good enough.

3           The other alternative I see in this draft is  
4 it seems to preclude if a manufacturer, Tommy's, wants to  
5 continue the way they do it today, I don't think the rule  
6 allows that; it has to be an either/or. And I would think  
7 you would want to -- if you're going to make a change, we  
8 want to allow people to have the option to do it the way  
9 they're doing it today, including those on the seal and on  
10 the ticket. But I'm not sure I understand the fear, because  
11 the reality is today with printing, Emile and I if we were  
12 nefarious enough, could print a bunch of tickets that have  
13 the seal, never get it approved, look just exactly like  
14 something that's been approved, then an investigator comes  
15 in, how is the investigator going to be able to spot that?

16           The only answer is if they pulled in the  
17 distributor's list of tabs and they can line up and say oh,  
18 that particular deal with the serial number was sold six  
19 months ago, guys, you got a problem.

20           MR. BOURGOYNE: Just for the record, as I  
21 thought I would make some mistakes.

22           MR. DUNCAN: It's either/or.

23           MR. BOURGOYNE: It's either/or, which means it  
24 could be both.

25           UNIDENTIFIED VOICE: From the flare or

1     whatever.

2                   MR. DUNCAN:   And I'm not opposed -- I'm  
3     opposed to removing the seal completely.  But now,  
4     everything's done on a digital press.  We're not changing  
5     plates, are we, Larry?

6                   MR. SEGEBARTH:  No.

7                   UNIDENTIFIED VOICE:  Because everything's done  
8     digitally.

9                   MR. SEGEBARTH:  It would --

10                  UNIDENTIFIED VOICE:  Hold on.  That's -- it's  
11     not all digital.

12                  UNIDENTIFIED VOICE:  Hold on.

13                  MR. SEGEBARTH:  It's not all digital.

14                  MR. DUNCAN:  Not all digital, but most of them  
15     are.

16                  MR. BOURGOYNE:  But it's required on one or  
17     the other, there's nothing to prevent it being on both.

18                  UNIDENTIFIED VOICE:  Okay.

19                  MR. BOURGOYNE:  As I had meant to write it.

20                  CHAIRMAN SMITH:  And we may need to look at  
21     that and make sure.  I'm not an attorney at all, but we may  
22     want to look at that and make sure that that's --

23                  MR. BOURGOYNE:  I'm pretty sure.

24                  CHAIRMAN SMITH:  Gotcha.  So, Larry, you  
25     wanted to speak?

1 MR. SEGEBARTH: Yeah, Larry Segebarth with  
2 American Games. There is by manufacturers some product, even  
3 today at American Games, and International Game Co., some  
4 flare cards and seal cards, are printed on a traditional  
5 offset press, it's not digital.

6 Now, most manufacturers are trying to move  
7 that direction to digital, but that's -- it's --  
8 realistically, that's probably a number of years down the  
9 road before everybody makes that conversion. And -- and so,  
10 the either/or is a -- from our standpoint, a fantastic  
11 option. The flare -- having it on the flare, that makes it -  
12 - to me that would make it much easier for inspector, for  
13 anyone to go through their inventory and immediately look on  
14 their inventory in their warehouse or in their storeroom and  
15 they see the flare -- they see the seal on the flare, they  
16 know it's a good product.

17 And so you -- either you would see it on the  
18 flare before -- you see the flare before you see the tickets.  
19 But, to transition to either/or would certainly be appealing.

20

21 MR. DUNCAN: Tommy Duncan. And I'm not  
22 opposed to it. I'm just opposed to removing it completely.

23 CHAIRMAN SMITH: Gotcha.

24 MR. BRESNEN: Oh, okay. That's -- I didn't  
25 understand.

1 MR. DUNCAN: Yeah. I --

2 UNIDENTIFIED VOICE: Okay.

3 MR. DUNCAN: I don't want any tickets in the  
4 state that don't have it on one or the other. And the flare  
5 is probably the optimal way to go.

6 CHAIRMAN SMITH: Okay. Corey?

7 MR. HARRIS: Well -- Corey Harris. It's my  
8 understanding that Texas is a minority of states that require  
9 the seal; is that understanding correct? And so anytime  
10 you're looking to make any changes, obviously, there's the  
11 potential for risk. So my question is, is the potential for  
12 risk more hypothetical than is actual?

13 In the majority of states that don't have the  
14 seal, is that door that you had mentioned, is that an actual  
15 door or is that something that is a possibility? Are they  
16 facing rampant fraud and various other things that come about  
17 from that lack of seal? And that's all I'm just -- I'm just  
18 curious about that; is this fear of risk grounded in reality  
19 from things we're seeing in other states or is it more well,  
20 it could, it could, it could?

21 MR. BOURGOYNE: Every product --

22 CHAIRMAN SMITH: I think that's an excellent  
23 question and I don't really do -- Emile and maybe Larry may  
24 be --

25 MR. BOURGOYNE: Every product --

1 CHAIRMAN SMITH: -- know as well --

2 MR. BOURGOYNE: -- is tracked from the  
3 manufacturer to end user by make, model and serial number.  
4 Some states throw an additional layer on that and put a seal.  
5 One state goes further and puts a stamp number on the seal  
6 and that stamp number is tracked versus the serial number.  
7 But it's still make, model and serial number. When you call  
8 a manufacturer and you want to know who we sold a ticket to,  
9 we're going to ask you for the serial number of the ticket.  
10 Not the stamp number, not the state seal number, we're going  
11 to ask you for that serial number. And that's how it's  
12 tracked.

13 CHAIRMAN SMITH: Okay.

14 MR. FENOGLIO: So this is sort of like --

15 CHAIRMAN SMITH: Steve Fenoglio.

16 MR. FENOGLIO: Yeah, Fenoglio again.

17 Pollution control on automobiles where you have a federal  
18 standard, but California has elected to make it higher  
19 standard. And every major automobile manufacturer builds for  
20 the California standard because there's so many cars that are  
21 sold in California, California's the trendsetter.

22 And Texas is, to continue the example, Texas  
23 is not the trendsetter for pull-tabs. It used to be  
24 Minnesota. I don't know if Minnesota --

25 MR. SEGEBARTH: Still is.

1 MR. FENOGLIO: -- is still the trendsetter, so  
2 --

3 MR. SEGEBARTH: It is.

4 MR. FENOGLIO: -- if you're a car manufacturer  
5 and you only want to build cars to meet the Lottery  
6 Commission standard, meaning seals on every ticket, then  
7 you're only going to have a subset of the market as opposed  
8 to if you build it to the Minnesota standard since that's the  
9 800 pound gorilla in the state. So I -- I'm advocating it.  
10 Now that I hear what Tommy has clarified, either/or, I think  
11 that's the way to go.

12 Unless, the staff can identify that this is a  
13 huge audit problem where charities are going to get taken  
14 advantage of. If it's harder for the staff to come in  
15 because the tickets don't have it, but there's a flare that  
16 does, well, so be it, you gotta get the flare investigated.

17 MR. BOURGOYNE: Just so you know, in Minnesota  
18 there is a requirement that the state outline and a certain  
19 imprint being put on the flare. If that product is sold  
20 outside of Minnesota, that part of the flare has to be  
21 removed. There's nothing on the ticket specific --

22 MR. FENOGLIO: Right. Right.

23 MR. BOURGOYNE: -- to Minnesota.

24 MR. FENOGLIO: It's just the flare, which is  
25 easy to fix.

1                   MR. BRESNEN: Trace, can I point out one other  
2 thing?

3                   CHAIRMAN SMITH: Steve Bresnen.

4                   MR. BRESNEN: I think this maybe tangential,  
5 but maybe not. Two things. One of the items you had talked  
6 about is, is the subjectivity in approving various themes  
7 that are on tabs. The Lottery is a huge and important brand  
8 in Texas, very important. We don't minimize that and we know  
9 where we fit in the scheme of the things economically. I'm  
10 not talking about inside the agency here; it's a big thing.

11                   So if I'm the Lottery, I want to protect that  
12 brand. If I've got my seal on a product, a pull-tab, I  
13 probably am going to exercise less leeway than what I  
14 approve, because I don't want it to reflect on my brand,  
15 either as an agency or because I've got this larger product  
16 in the universe that I'm servicing called the lottery.

17                   So I would think that all of the things being  
18 equal, you get some marginal benefit if we start working on  
19 the subjectivity aspect, maybe you don't even have to work on  
20 the subjectivity aspect if the Lottery's brand is not at risk  
21 when it's approving pull-tabs to put into the marketplace.

22                   One other point that I would make. The  
23 legislature approved a statute that gives the governor  
24 authority to approve amendments to rules where there are  
25 effects on competitiveness. And if something drives the cost

1 of a product up or its availability down, et cetera, by the  
2 statute, the governor is not supposed to approve the rule or  
3 approve it if it improves those things.

4 So, it seems to me we've got a state policy  
5 that is in favor of greater competitiveness and driving down  
6 the cost of participating in a regulated activity in the  
7 state and that ought to be supportive of this kind of change  
8 in the rules.

9 CHAIRMAN SMITH: Thank you, Steve. All right.  
10 Want to go on to the next one.

11 MR. BOURGOYNE: The second one was dealing  
12 with the images on the ticket; all images subject to final  
13 approval. And like I said, we didn't have any problems with  
14 this administration, but in previous administrations we had  
15 some pretty subjective determinations and we are just asking  
16 for some type of appeal process --

17 CHAIRMAN SMITH: Okay.

18 MR. BOURGOYNE: -- to those decisions.

19 CHAIRMAN SMITH: So right now, what if you get  
20 a hey, we don't like this, I'm going to use the artwork for  
21 example. Hey, we don't like this artwork. What is that  
22 process now?

23 MR. BOURGOYNE: Either change it or we're not  
24 going to approve it.

25 CHAIRMAN SMITH: Okay.



1 MR. BOURGOYNE: And so now we have to move  
2 through the process of getting back to our customer where the  
3 product came from sometimes, what kind of changes will they  
4 agree to, then we have to go back and get the artist to make  
5 the changes and then resubmit.

6 CHAIRMAN SMITH: Is this real common or is  
7 this --

8 MR. BOURGOYNE: No, it's not. It hasn't  
9 happened under this administration yet to my knowledge.

10 MR. DUNCAN: Tommy Duncan. And some of them  
11 you wouldn't appeal. I mean, some of them are art you may  
12 want to fight for that ticket, some of them are obvious.  
13 Like the one last year that got disapproved was one of ours.  
14 We had Topsy on the ticket. Now, it didn't have any beer or  
15 anything on it, but the mere implication of Topsy, so we  
16 didn't even -- there was no point in arguing anyway, but so  
17 we just changed the name.

18 CHAIRMAN SMITH: Gotcha.

19 MR. DUNCAN: See, some of them are obvious.  
20 If you put a gun on it, it's not going through.

21 MR. BOURGOYNE: Well actually, you can put a  
22 gun now, you just can't point it at someone.

23 CHAIRMAN SMITH: So you're looking for a  
24 process -- you're looking to create a process?

25 MR. BOURGOYNE: No, we're just looking to have

1 some type of appeal process to an arbitrary and subjective  
2 denial of art that doesn't seem to be offensive, to us  
3 anyway.

4 CHAIRMAN SMITH: Right.

5 MR. BOURGOYNE: We place ourselves pretty well.

6 CHAIRMAN SMITH: Right.

7 MR. BOURGOYNE: But sometimes we get requests  
8 for product and we'll look at it and say --

9 MR. DUNCAN: Do you have an example?

10 MR. BOURGOYNE: Well, I've got these examples  
11 here.

12 MR. HARRIS: Pass them down.

13 CHAIRMAN SMITH: Yeah.

14 MR. BOURGOYNE: Pass them around.

15 CHAIRMAN SMITH: So these are examples that  
16 have been --

17 MR. BOURGOYNE: This particular one was a --  
18 this was actually as I understand it was a --

19 MR. DUNCAN: A real bingo lady.

20 MR. BOURGOYNE: -- a real bingo lady and was  
21 done as an honor to her.

22 MR. DUNCAN: Yeah, her family wanted it.

23 MR. BOURGOYNE: Her family wanted it and yet,  
24 it was denied. That's a caricature of her.

25 CHAIRMAN SMITH: So Emile, so everybody will

1 understand, you're passing around examples of denials?

2 MR. BOURGOYNE: Originally denied. I don't  
3 know if they were modified and re-approved or not, but  
4 originally they were denied, as this was denied.

5 CHAIRMAN SMITH: Okay.

6 MR. BOURGOYNE: The Big Texan. Roll with it.

7 MR. HARRIS: So -- Corey Harris. If I may.  
8 So this Buckshot Billy, was it shot down -- no pun intended.  
9 Was it denied because of the likeness of the individual or  
10 because of the implication of buckshot? I'm just curious,  
11 which -- or both?

12 MR. BOURGOYNE: I don't know.

13 MR. DUNCAN: I don't think they give us a  
14 determination on here.

15 MR. HARRIS: Okay.

16 MR. DUNCAN: It's just approved or denied.

17 MR. HARRIS: Okay. Well perhaps --

18 CHAIRMAN SMITH: LaDonna, if -- do they get a  
19 -- I assume that if they submit artwork they're going to get  
20 a letter, hey, we don't like XYZ, would you be willing to  
21 change XYZ.

22 MR. BOURGOYNE: Sometimes we get a phone call,  
23 just a phone call.

24 CHAIRMAN SMITH: Sometimes it's a phone call.

25 MR. BOURGOYNE: But again, it's somebody's

1 subjective determination without us having an appeal process  
2 to that position that they took.

3 MR. HARRIS: Or at least justify your design.

4 MR. BOURGOYNE: Yeah.

5 CHAIRMAN SMITH: Right. LaDonna, you want to  
6 comment on this or Tyler maybe? I mean --

7 MS. CASTAÑUELA: Well, like they said, there's  
8 a lot of communication with the staff person who's been doing  
9 this, she's been doing it for a long, long time. So --

10 CHAIRMAN SMITH: Yeah.

11 MS. CASTAÑUELA: -- she's -- for a whole bunch  
12 of a different administrations, so she is following the  
13 instructions that she's been given and she's certainly very  
14 concerned about the language that's in the rule.

15 I know that she sends letters pointing out  
16 specific parts of the art and then she will invite further  
17 information. Sometimes that comes back in the way of a  
18 modified artwork -- modified submission, and sometimes it's a  
19 withdrawal. She told me mostly it's modified and then  
20 approved, eventually approved. So a couple of the ones that  
21 you submitted as your examples are approved tickets now.

22 I've been looking at her communications. Some  
23 of them I could see that maybe they need a little information  
24 in there, a little more guidance, but I know that she has  
25 very good relationships with the manufacturers and there are

1 a lot of phone calls and emails, it's not all correspondence.

2 MR. BOURGOYNE: The issue is sometimes we just  
3 disagree. We disagree with whatever she finds offensive  
4 about things and we don't have a recourse.

5 MS. CASTAÑUELA: Yes.

6 MR. BOURGOYNE: We either have to change it or  
7 it's not going to get approved. And that's pretty arbitrary  
8 and subjective in our opinions. We'd like to have a process  
9 to go over her head, if you will.

10 MS. CASTAÑUELA: I will tell you that if she  
11 has a question about something or if she feels like okay,  
12 we're going back and forth, we're not getting anywhere and  
13 now it's, I think it needs to be a denial, a letter that  
14 actually says, articulates a denial of that artwork, that she  
15 comes to the director and we will talk about it.

16 She and I have not had one of those  
17 discussions, but we've had discussion about how that process  
18 works.

19 MR. BOURGOYNE: Yeah.

20 MS. CASTAÑUELA: So I don't know if that  
21 helps.

22 MR. BOURGOYNE: It certainly does.

23 MS. CASTAÑUELA: I mean, that --

24 MR. BOURGOYNE: It certainly -- and again, we  
25 haven't had these issues with your administration yet, but --

1 MS. CASTAÑUELA: Hasn't been that long.

2 MR. DUNCAN: Understood.

3 MR. BOURGOYNE: Yeah. Tommy Duncan?

4 MS. CASTAÑUELA: Yeah.

5 CHAIRMAN SMITH: Tommy?

6 MR. DUNCAN: For the most part, everything  
7 gets approved. Like she said, she has a good rapport with  
8 the manufacturers, it may be a phone call; hey, can you  
9 change Topsy to Tippy or this or that. It's very easy and I  
10 know some of these denials are mine, but I'm going to go back  
11 and kind of take up for her a little bit.

12 I believe in their rule, she has to keep the  
13 Lottery Commission's image in mind when she approves a  
14 product. So she has some constraints on top of her that she  
15 has to look at, too.

16 MR. BOURGOYNE: Sure.

17 MS. CASTAÑUELA: We all take that very  
18 seriously.

19 CHAIRMAN SMITH: And as well I think we all  
20 should.

21 MR. BOURGOYNE: And keep in mind, I'm making  
22 this case, that's not necessarily Emile's issue, it was one  
23 of the subcommittee member's issue.

24 CHAIRMAN SMITH: Sure.

25 MR. BOURGOYNE: It's all --

1                   CHAIRMAN SMITH: Yeah, and we understand that,  
2   Emile. We're not going to hold you personally responsible  
3   for this.

4                   MR. HARRIS: Yet.

5                   MR. BOURGOYNE: Yet.

6                   CHAIRMAN SMITH: Yet. I say that jokingly.  
7   All right. Let's go back on to the third one there.

8                   MR. BOURGOYNE: Number 3, one of the  
9   manufacturers recommended that we remove the design tolerance  
10   between the symbols and winning ticket identification and the  
11   dye cut areas. And again, I strongly disagree with changing  
12   this language, because it is a security issue for the  
13   product, but I promised them I'd bring it up.

14                  CHAIRMAN SMITH: Understand. I don't know  
15   enough about pull-tabs or event tickets to really comment on  
16   this one. Is there anybody --

17                  MR. DUNCAN: I wish I'd brought one in, but --  
18   Tommy Duncan. But what he's talking about, Trace, you sell  
19   the instance. I know you have.

20                  MR. BOURGOYNE: Yes, what --

21                  MR. DUNCAN: They can put on silver star where  
22   you win the dollar and it matches the color, they don't want  
23   any constraints. We have a certain size it has to be,  
24   because the worker behind the counter, if it's just big in  
25   there, they could just man, just slightly pop that corner and

1 know if they have a winner or not.

2 CHAIRMAN SMITH: Got it.

3 MR. DUNCAN: That's the purpose of that.

4 MR. BOURGOYNE: They had some product the  
5 winners were highlighted in red and it went all the way to  
6 the edge.

7 MR. DUNCAN: Well, we had that win now feature  
8 that was red and we had to draw it in, because that was a  
9 problem. If it was red, you could hold onto it.

10 MR. BOURGOYNE: You could just bend it  
11 slightly.

12 MR. DUNCAN: Yeah.

13 MR. BOURGOYNE: And see red in that corner.

14 MR. DUNCAN: Yeah, I don't think changing that  
15 rule would help anybody.

16 CHAIRMAN SMITH: All right. And let's run  
17 over to the left, I think that one's pretty cut and dried.

18 MR. BOURGOYNE: Yeah, just removing the  
19 instant requirements from the bingo event tickets. Again,  
20 the concern was to make sure a bingo event remained a pull-  
21 tab bingo. While it says it in the rule, it doesn't say it  
22 in the statute is our concern.

23 CHAIRMAN SMITH: Okay. So I'm going to ask,  
24 if I may, for some clarification. Maybe Steve Bresnen or  
25 Tyler, maybe y'all could talk about maybe it being the rule



1 versus not in the statute or how that works?

2 MR. VANCE: Yes. This is Tyler Vance. The  
3 BEA Section 2001.002(24) defines pull-tab bingo as a form of  
4 bingo played using tickets, some of which have been  
5 designated in advance as prize winners. So in order for  
6 these things to be legally pull-tabs, some of them, which I  
7 interpret as more than one, need to have instant winners. If  
8 there are no instant winners in the deal, then it is not  
9 legally a pull-tab in the state of Texas.

10 And so, then it's either bingo or it's  
11 something completely different. Again, I don't --

12 MR. BOURGOYNE: That was our concern.

13 MR. VANCE: It might not even be bingo because  
14 it's really then it's just a chance to play bingo. So it  
15 might be gambling for the chance to win anything. I don't  
16 know, that'd be outside of our jurisdiction, but I can tell  
17 you for sure that it wouldn't be a pull-tab in the state of  
18 Texas.

19 CHAIRMAN SMITH: Okay.

20 MR. BOURGOYNE: No manufacturer wants that  
21 changed if it's not going to be a bingo event ticket -- not  
22 going to be a pull-tab, form of pull-tab bingo.

23 CHAIRMAN SMITH: I agree with that 100  
24 percent.

25 MR. BOURGOYNE: None of us want that.

1 MR. DUNCAN: Well, yeah, it would go against  
2 your -- Tommy Duncan. It would go against your prize award I  
3 would think. Mr. Fenoglio should remember this. I think it  
4 was back in Phil Sanderson, there was as big tadoo about this  
5 and I think they come back and made the agreement on three,  
6 right? Isn't that we whittled it down to minimum of three  
7 instants in a deal of events?

8 MR. FENOGLIO: I believe it's two or more.

9 MR. DUNCAN: It's two or more.

10 MR. BOURGOYNE: More than two.

11 MR. VANCE: More than two.

12 MR. BOURGOYNE: More than two.

13 MR. DUNCAN: So three is where we stopped; I  
14 gotcha.

15 CHAIRMAN SMITH: Steve Bresnen.

16 MR. BRESNEN: Is the suggestion -- is number 4  
17 the suggestion to get rid of the requirement for any instant  
18 winners or just to -- that there be at least one?

19 MR. BOURGOYNE: The recommendation came to me  
20 was to remove the requirement for any instant winners on an  
21 event ticket. And Tyler had explained that pretty well I  
22 think.

23 MR. BRESNEN: Got that nailed. I don't know  
24 about the two or more, but just if there's one at all, if the  
25 requirement is at least one, that doesn't solve the concern

1 that was raised. Is that correct?

2 MR. BOURGOYNE: Well --

3 MR. BRESNEN: It wasn't two --

4 MR. BOURGOYNE: The statutory language in  
5 question says some of which has been designated in advance.  
6 So how do you define how many is some of which?

7 MR. VANCE: Yeah, so my interpretation --  
8 Tyler Vance again. My interpretation on that is if they  
9 wanted one, it would say at least one of which is designated,  
10 so some of which I think is more than one, which we can then  
11 go for two, two or more, which is less than -- the rule is  
12 more than two. I don't know how they came to that  
13 determination, but --

14 MR. BOURGOYNE: Well, going --

15 MR. VANCE: -- they can knock it down --

16 MR. BOURGOYNE: -- from more than two to two  
17 doesn't do anything for the manufacturer.

18 MR. BRESNEN: Does two to one make any  
19 difference?

20 MR. DUNCAN: No.

21 MR. BOURGOYNE: No.

22 MR. BRESNEN: Okay. I rest Tyler's case.

23 MR. BOURGOYNE: So do I.

24 CHAIRMAN SMITH: So I like where this is  
25 headed. I definitely think there's some more work to be done

1 and maybe talked about, about the seal before we make a  
2 recommendation to the actual Commissioners. I think we need  
3 to have not just a subcommittee recommendation, but maybe  
4 more of an industry collaboration on this one. I think that  
5 clearly there's a lot of common ground that we need to tend  
6 to work on now that I understand Tommy's position a lot more  
7 on that.

8 MR. BOURGOYNE: Can I?

9 CHAIRMAN SMITH: Yes, sir.

10 MR. BOURGOYNE: Can I redo that portion of  
11 this rule and include where we don't have to change it, but  
12 if you're reprinting with the seal, like I mentioned earlier?

13

14 UNIDENTIFIED VOICE: Absolutely.

15 CHAIRMAN SMITH: Is that all you got? Oh, I  
16 thought you were going to read me something.

17 MR. BOURGOYNE: Oh.

18 MR. DUNCAN: No.

19 CHAIRMAN SMITH: Did I miss that?

20 MR. DUNCAN: No, he just wanted to change what  
21 we talked about in that one.

22 CHAIRMAN SMITH: Oh, okay.

23 MR. DUNCAN: Was it the either/or?

24 MR. BOURGOYNE: Well, it -- it says, if the  
25 pull-tab bingo ticket is modified in any way, with the

1 exception of, currently reads serial number, index color or  
2 trademarks. I will simply add or the State seal. If it's  
3 modified by removing the State seal. Then it doesn't have to  
4 be resubmitted.

5 CHAIRMAN SMITH: Okay. Doesn't have to be re  
6 --

7 MR. BOURGOYNE: That resolves the issue about  
8 a reprint of an existing game if they want to remove the seal  
9 and leave it on the flare, that resolves that issue.

10 MR. DUNCAN: That's a big deal on the  
11 resubmittal because remember that list?

12 CHAIRMAN SMITH: Yes. And you're in favor of  
13 that, Tommy?

14 MR. DUNCAN: I'm in favor of no resubmittals.

15 CHAIRMAN SMITH: I gotcha. I gotcha. Okay.  
16 I think we're pretty much on task with all this, Emile, and I  
17 think you've done a heck of a job with this. I know you've  
18 had a lot of input and a lot of time put in with this, and I  
19 definitely want to thank you for that.

20 My concern is, is we've got several members  
21 that are out today that are really integral to this  
22 discussion and I'd like to hear maybe more from some of the  
23 more learned attorneys before we make a recommendation to the  
24 Commissioners for rulemaking process on this.

25 So Emile, I guess what I'm asking is will you

1 get the language complete on that and reroute that for us for  
2 the next meeting so we can all kind of work in-between the  
3 next meeting on this to actually try to make a recommendation  
4 to the staff and Commissioners for the next meeting?

5 MR. BOURGOYNE: Sure.

6 CHAIRMAN SMITH: All right. Thank you. All  
7 right.

8 AGENDA ITEM 7

9 CHAIRMAN SMITH: Item Number 7, website  
10 workgroup. Corey Harris, with an H.

11 MR. HARRIS: That's me. Thank you. This is  
12 Corey Harris. I did kind of take a look at the website.  
13 First, I'd like to issue what they call in marketing as a  
14 disclaimer, I'm not a website guru or designer or any other  
15 thing that qualifies me to make these recommendations, I'm  
16 just a guy who was raised by websites, so I've seen a few of  
17 them. And so I looked at our website with the mindset of a  
18 consumer. So if I was a consumer or a bingo player or  
19 somebody who was interested in having a bingo game, one of  
20 the things I would be looking for on this website, how  
21 quickly could I find them.

22 So I remember back in 2019, MIT did a study on  
23 unintentional and intentional website browsing. And  
24 unintentional website browsing is when you are messing around  
25 on Facebook or whatever, an ad comes across your face and you

1 click on it and it redirects you to a website.

2 Unintentional website browsing is three  
3 seconds or less per page. That's how long you've got on  
4 unintentional browsing to catch somebody's attention. On  
5 intentional browsing is when you are actually seeking out the  
6 information, people browse for a whopping five seconds per  
7 page to find what they're looking for until they move on.  
8 Okay? We're talking about attention spans that could be  
9 measured in nanoseconds.

10 So with that in mind, and I put together just  
11 a very informal little situation here because again, I am of  
12 the generation that does things this way. So, this is the  
13 home page of the website, just kind of a snapshot, you've got  
14 the forms and all the stuff.

15 CHAIRMAN SMITH: And this is the BAC website?

16 MR. HARRIS: That would be correct. This is  
17 for the [www.txbingo.org](http://www.txbingo.org). Okay?

18 So a couple things: it's not very interactive,  
19 so -- which is okay, what you see is what you get. You've  
20 got some tabs here: Forms, Play Responsibly, Play Bingo,  
21 Licensing, News and Publications and About Us. Some of the  
22 things I always look at from a website is first thing you  
23 need to tell whoever's on your site who you are and what you  
24 do, and that's best done by a mission statement, which we  
25 have; that's buried in the about us.

1                   So anybody who stumbles on or is on our  
2 website, intentionally or unintentionally, ought to very  
3 quickly determine what it is this whole thing does. Our  
4 mission statement is, provide, authorized organizations the  
5 opportunity to raise funds for their charitable purposes by  
6 conducting bingo, determine that all charitable bingo funds  
7 are used for a lawful purpose promote and maintain the  
8 integrity of the charitable bingo industry throughout Texas.

9                   Pretty cut and dry and it's not very long. I  
10 would recommend that on the home page, doesn't have to be all  
11 boring like this, you can put it in a jazzy little bubble or  
12 whatever, but I think it would be beneficial for any consumer  
13 who goes to the website to immediately be able to identify  
14 what the charge of this organization is. And that's to  
15 protect the integrity of charitable bingo in the state.

16                  Next is charity. That is what this whole game  
17 is about, is making sure that people can engage in this  
18 activity and the fruits of that engagement benefit the  
19 charities of Texas.

20                  So, we have a pie chart buried underneath the  
21 frequently asked questions for some reason, but it's in the  
22 FAQ section, that shows where the prizes are paid out, how  
23 much and this kind of stuff. This information ought to be  
24 boosted up a little bit more and possibly even have the  
25 larger charities of the State named for their participation



1 and distribution of funds, like Lions Club, Elk Club, Knights  
2 of Columbus, the large and generally well received clubs, to  
3 be recognized in their involvement with charity bingo, to  
4 lend some credibility to their organizations, as well as to  
5 ours.

6                   Frequently asked questions. I think this is a  
7 great page that is -- it doesn't have its own tab, it's  
8 buried in the play bingo. I don't know why. I mean, I had to  
9 find it. I was this close to giving up because I was past my  
10 five seconds, but I did find it eventually.

11                   And the frequently asked questions that are on  
12 here are pretty good; there should be more. One thing is, I  
13 think would be a great FAQ with this, can I play bingo on  
14 Facebook? That should be a great question, with a very  
15 emphatic answer of no. Right?

16                   So, we should have our frequently asked  
17 questions tab more prominently displayed, if not prominently  
18 displayed, at least given its own tab. It shouldn't be  
19 buried in another tab. But all in all, these are great  
20 questions. Can our employees play bingo at an office party,  
21 can we play bingo at our family reunions, great questions,  
22 but there should be some legal questions on here, too.

23                   Down on the bottom of the page on the foot of  
24 the page, there's some nice little links, very, very  
25 inconspicuous links, to our YouTube channel and Facebook

1 page. So if you go to our Facebook page, the last post was  
2 made on July the 22nd of 2019. It was a while ago. And it  
3 was to inform everybody that the site was down for  
4 maintenance.

5 Now before that, there was a post about a  
6 vacancy on this board, which I believe I'm now sitting in, so  
7 -- because that was right about the time that I started the  
8 deal, so that just --

9 CHAIRMAN SMITH: Corey?

10 MR. HARRIS: -- we have a -- yeah.

11 CHAIRMAN SMITH: If I may interrupt you just a  
12 second.

13 MR. HARRIS: Of course you may.

14 CHAIRMAN SMITH: Where does it say there's a  
15 Facebook page on the --

16 MR. HARRIS: So on the very, very bottom,  
17 right there, see that little link?

18 CHAIRMAN SMITH: No.

19 MR. HARRIS: It's right next -- there should  
20 be a little square. You're looking at it, right there.

21 CHAIRMAN SMITH: Oh, okay.

22 MR. HARRIS: That is a clickable thing. I  
23 only know that because I know that.

24 CHAIRMAN SMITH: I did not know that.

25 MR. HARRIS: You wouldn't know that, because

1 it doesn't say click here or anything like that.

2 CHAIRMAN SMITH: Okay. All right.

3 MR. HARRIS: So, that will redirect you to  
4 Facebook and then the YouTube button will redirect you to  
5 YouTube, which has some very boring videos.

6 CHAIRMAN SMITH: I clicked on it and it says  
7 it's broken or not available.

8 MR. HARRIS: Well, so I did the same thing and  
9 wasn't able to redirect, but when I searched it out on my --  
10 just on my page by itself, it was able to find it. So, it's  
11 on there.

12 CHAIRMAN SMITH: Sorry to interrupt your --

13 MR. HARRIS: Not at all.

14 CHAIRMAN SMITH: -- thing, go ahead.

15 MR. HARRIS: No, please do. Let's see. I  
16 think it's --

17 MR. FENOGLIO: This is Fenoglio. It is on --  
18 I have my laptop open and running and --

19 MR. HARRIS: Yeah.

20 MR. FENOGLIO: -- when you click on the link -  
21 -

22 MR. HARRIS: I think it's on mobile device is  
23 that it has a hard time going. It depends on the operating  
24 system, so it looks like you're on a IOS?

25 MR. FENOGLIO: Yes.

1                   MR. HARRIS: Apple? Yeah, so it could just be  
2 the -- whatever securities they have in place.

3                   So where I was going with that is this is  
4 great. If we're going to have a Facebook page that's not  
5 really utilized, it's a good idea to bury this, because in  
6 advertising, you don't want to drive people to something  
7 that's underwhelming. You're just better off not being there  
8 at all. Just like a website, right? Part of the rule is if  
9 you're going to have a website, make it a good one, because  
10 there's nothing worse than having a bad website. Which this  
11 isn't a bad website.

12                  CHAIRMAN SMITH: If I may real quick and  
13 LaDonna and Tyler, this may be more of a question for y'all I  
14 think. I know in the past there's been issue with funding  
15 for the website technology person and stuff like that. Is  
16 the staff currently experiencing that? I mean, I know at one  
17 point the position was vacant. I was just curious if there  
18 was somebody doing that now or? And it may be just that --

19                  MR. VANCE: Yeah, I think for technology  
20 stuff, we use the Lottery side, but there's a long list of  
21 wants and desires that we already have that are in there.  
22 And it just takes time. They're also servicing the Lottery  
23 which has a bunch of needs, so I think website modifications  
24 have just historically been pretty low on the list. We have  
25 constant upgrades to BOSS and BSP --

1 CHAIRMAN SMITH: Right.

2 MR. VANCE: -- that have taken priority and  
3 some of those take a lot of time and resources for IR, the  
4 Information Resources Division.

5 MS. CASTAÑUELA: Except requesting information  
6 like new website --

7 MR. VANCE: Yeah, we get upgrades to the  
8 website, but like if you -- if there's a director's message -  
9 -

10 CHAIRMAN SMITH: Right.

11 MR. VANCE: -- something pretty easy, we can  
12 throw that on the website with a day's notice or something.

13 CHAIRMAN SMITH: Okay. I was just curious. I  
14 know that there had been some staffing issues in the past, so  
15 I didn't know if it was, if that was part of it.

16 MR. BIARD: This is Bob Biard.

17 CHAIRMAN SMITH: Yes, sir.

18 MR. BIARD: I just thought I'd jump in here  
19 and say that the Administration Division has an Information  
20 Resources Department and they handle the website needs for  
21 the entire division. And they did just do a bit of work on  
22 the Lottery website and upgrade to it. And I just wanted to  
23 point out that not all changes are of equal demand, doing --

24 CHAIRMAN SMITH: Sure.

25 MR. BIARD: -- requires much effort. So it

1 would be good to have a list of the recommendations and see  
2 whether some of those were things that could be done  
3 reasonably with others.

4 MR. HARRIS: Agreed.

5 CHAIRMAN SMITH: Thank you very much.

6 MR. HARRIS: And that really just kind of  
7 brings me to proposal, which is my thoughts. And again, this  
8 isn't a bad website, it's really not. My professional  
9 background's in real estate, so if I were to equivocate this  
10 to real property, it would say it's a great piece of  
11 property, it's just not really utilizing its space very well.

12 All the information that I want is here, it's  
13 just not that easy to get to. I think there's some  
14 redecorating we can do on this site to just not change it,  
15 just move where some of the information is. Because again,  
16 we have some great information that's mislabeled, it's buried  
17 under other things that I think people are missing just  
18 because they can't see it.

19 CHAIRMAN SMITH: I think that's an excellent  
20 point, Corey. I know a lot of people call me and ask me,  
21 hey, when's the next Bingo Advisory Committee meeting, and I  
22 have to tell them go look on the website, and they're like I  
23 can't find it.

24 MR. HARRIS: It is difficult to find on there.  
25 So one thing I would recommend is here on the --

1                   CHAIRMAN SMITH: Maybe on a ticker or  
2 something like that.

3                   MR. HARRIS: -- on the home page, there is  
4 this little box here, you can see the arrows left and right.  
5 You have to manually scroll those, so you have to know that  
6 that box scrolls. So one way we could fix this problem, if  
7 you even want to call it a problem, or address this proposal,  
8 is to have this automated to just change by itself, because  
9 that's one of those eye catchers, it's an indicator of  
10 activity.

11                   So, marketing tells us that if you want  
12 somebody to look left, put something that moves on the left  
13 side of the screen, draws their attention. So, if this thing  
14 scrolls with information every two or three seconds, we're  
15 going to be within that unintentional searching window that  
16 catches the eye to move down.

17                   So right now it has good information on it,  
18 you know, \$1.2-billion in charitable giving, that's pretty  
19 good information. But it's behind the gambling problem again  
20 and awareness thing, which is another important thing, but  
21 you would have to manually move over the gambling awareness  
22 to get to the charity thing, it's not going to go by itself.

23                   You could also have the Bingo Advisory  
24 Committee meetings put on that scroll as well. So that's a  
25 very small, in my opinion, adjustment to that already

1 existing feature that ought to be able to just be changed to  
2 scroll by itself through an automated feature.

3           So conclusion; the site is fully functional  
4 and layout in general is very well done as far as the layout.  
5 It's not cluttered, it's not full with useless information,  
6 it's good stuff. I'd recommend adding to the home page a few  
7 things that I feel add to the value proposition of the  
8 Commission, and overall, the site is good and does not need  
9 anything but a few things that could be updated.

10           And that is essentially the long and the short  
11 mostly, and my apologies the long, of my report.

12           CHAIRMAN SMITH: Well, I think that's pretty  
13 thorough and I definitely appreciate that, Corey. So do you  
14 have that in a list or can you email that to us later?

15           MR. HARRIS: I can. I could absolutely just  
16 compile it into a bullet point list my thoughts, and just  
17 email those to the Committee for consideration.

18           CHAIRMAN SMITH: Absolutely. If you could do  
19 that, we'd be very appreciative, because I do agree with you,  
20 it's got some great content, it's just a little difficult for  
21 maybe an older generation to --

22           MR. HARRIS: I would add one more thing. I  
23 thought of this as an afterthought, but because it is such an  
24 issue, there ought to be a tab or some kind of a call to  
25 bring awareness to illegal bingo and to alert consumers as to



1 knowing when you're about to engage in illegal bingo. And  
2 that is such a thing.

3 CHAIRMAN SMITH: Absolutely.

4 MR. HARRIS: Perhaps you may not be aware. I  
5 wasn't aware before I took a seat at the big kids table, that  
6 you could go on Facebook and get in a game right now in  
7 England, probably. I could probably join a game right now or  
8 in a couple of hours. I had no idea that's illegal.

9 CHAIRMAN SMITH: Well, you don't have to do it  
10 in England, you can do it right here in good ole Texas.

11 MR. HARRIS: Yeah. So, it might just be  
12 something on there, just a separate tab, illegal gambling  
13 awareness or illegal bingo awareness, just to inform  
14 consumers that such a thing does exist and that they ought to  
15 be on the lookout for it. It could be quite easy to be  
16 informed of illegal bingo.

17 CHAIRMAN SMITH: Or report it or --

18 MR. HARRIS: Well, I don't know what the  
19 channels are for where is there a website or something where  
20 you can report such a thing, but explain why it's a problem  
21 and why they should speak up if they see it.

22 CHAIRMAN SMITH: If I may? Steve Bresnen and  
23 Steve Fenoglio, if we were to recommend putting a tab on  
24 there to report illegal Facebook gaming, what would the  
25 recommendation be? What agency would we refer that to?

1 Because we know it can't be the Texas Lottery Commission  
2 because those people don't have a license.

3 MR. DUNCAN: It can if they see it in a bingo  
4 hall, though. If they see people doing it in a bingo hall,  
5 that should come back to the Commission.

6 CHAIRMAN SMITH: You're talking bout  
7 customers?

8 MR. DUNCAN: Well, that's who's going to look  
9 at the website.

10 CHAIRMAN SMITH: Okay. Gotcha.

11 MR. FENOGLIO: Yeah, this is Stephen Fenoglio.  
12 So, if it is in a bingo hall, then yes, the Lottery  
13 Commission, Bingo Division, does have jurisdiction. Short of  
14 that, under Texas law, every county has their own decision to  
15 make on prosecution, so it could go to a district attorney or  
16 sometimes it's a county attorney. In some counties it's the  
17 county attorney and district attorney in one office. You  
18 also have your local police and then Department of Public  
19 Safety.

20 The challenge is these are not priorities for  
21 any law enforcement agency. Even though if it's on Facebook,  
22 you're conducting this in Trace's home, it's clearly illegal.  
23 The challenge is no law enforcement, unless there's enough  
24 complaining going on, is going to take any action whatsoever.

25 Facebook, we have had some success, Tyler is

1 aware, where we have complained to Tyler and then they in --  
2 on Facebook, and then they in turn have forwarded the  
3 complaint to Facebook and Facebook has taken down that site.  
4 The challenge of course is you can recreate the site another  
5 way. Yeah, it's kind of like a shell game. And there's no  
6 good answer.

7 MR. HARRIS: Well, and Trace -- this is Corey  
8 Harris. My interest in proposing that is strictly consumer  
9 protection. Obviously, nobody's going to go kicking in  
10 somebody's door and raid a bingo game, but if a consumer  
11 doesn't realize that there's such a thing as illegal bingo on  
12 Facebook, then they can walk into those things and there's  
13 not much they can do. But if it's just like oh, that's  
14 illegal, I don't want to do that because it's illegal, it's  
15 worth it just right there.

16 So to me it's more about protecting and  
17 informing the consumer and the other people in that world  
18 than it is shutting down a bingo game.

19 MR. FENOGLIO: And you raise a good point,  
20 that talking -- Mr. Bresnen said earlier about the brand of  
21 the Lottery/Bingo Division, whether or not the Lottery  
22 Division, Bingo Division, has any jurisdiction, it would  
23 affect adversely the brand. Especially if you're a consumer  
24 and you have a complaint, you complain, well, let's see, it's  
25 bingo, who regulates bingo, I'm going to contact the Bingo

1 Division.

2 MR. HARRIS: And you're violating your very  
3 own mission statement as it clearly says the purpose is to  
4 maintain the integrity of charitable bingo in the state of  
5 Texas. So how could we as a committee not very openly  
6 denounce and acknowledge the existence of illegal bingo and  
7 point out it's existence?

8 MR. BOURGOYNE: Corey, if I may? Emile  
9 Bourgoyne again. On our MFTA web page --

10 MR. HARRIS: Uh-huh.

11 MR. BOURGOYNE: -- the very top button is for  
12 illegal gambling, and when we get a call or I get an email,  
13 we tell them to click on the regulatory contacts whatever  
14 state they're in, and it gives them that agency and the phone  
15 number and their website and how to go complain to them.

16 MR. HARRIS: What is MFTA?

17 MR. BOURGOYNE: That's the Manufacturer's  
18 Trade Association.

19 MR. HARRIS: Okay. Okay. Is there a link for  
20 that on our -- is there a link for that website on the --

21 MR. BOURGOYNE: I don't think so.

22 CHAIRMAN SMITH: I don't think any private  
23 entities are allowed to be on the website. I'm sorry, I may  
24 have stepped out of line, but I think --

25 MR. HARRIS: That's a good point.

1 CHAIRMAN SMITH: -- Tyler may have to --

2 MR. HARRIS: Yeah.

3 CHAIRMAN SMITH: Mr. Bresnen, would you like  
4 to address this?

5 MR. BRESNEN: Yeah, but just to agree with  
6 Steve's observations, and y'all may already have this policy,  
7 but I like the idea of having them point out illegal gaming.  
8 I'm fine -- since I don't have to do the work, I'm fine with  
9 them reporting it to the Commission to recognize that it --  
10 and we may ought to have a disclaimer and the Commission  
11 would inform the Attorney General or, you may want to just  
12 put on the website if you know about illegal gaming, contact  
13 law enforcement or the Attorney General.

14 If enough of that stuff shows up over at the  
15 AG's Office, maybe somebody will do something.

16 CHAIRMAN SMITH: Well, they've got the --

17 MR. BRESNEN: But they've got to have  
18 somewhere to go with it.

19 CHAIRMAN SMITH: Sure. If we put on there  
20 that they were to report it to the Lottery Commission, would  
21 that information be tracked of how many complaints were filed  
22 or?

23 MR. VANCE: Yeah, currently it's if they file  
24 a formal complaint, and we know how many emails, we save all  
25 of our emails that we direct towards Facebook, but yeah, we

1 certainly keep track of formal complaints. And so we can  
2 have a link there to a complaint form in which they could  
3 submit that to us and we would know how many of those we got.

4 MR. HARRIS: And this is Corey Harris again.  
5 You could also in the Contact Us just create an email address  
6 specifically for illegal bingo complaints. That way, every  
7 email that goes, say, to report a complaint, click here.  
8 That email is only tagged for those. So you could always  
9 just look at the inbox and say there's 400 in the inbox since  
10 April, it's just -- because the only thing that goes to that  
11 inbox are those complaints and you could easily add that  
12 email to the Contact Us --

13 CHAIRMAN SMITH: Gotcha.

14 MR. HARRIS: -- page.

15 CHAIRMAN SMITH: All right. Corey, well,  
16 thank you very much. We definitely appreciate the work  
17 you've done on that. If you could get us that list back out  
18 on an email, greatly appreciate that.

19 MR. HARRIS: I will. Thank you for the  
20 opportunity. It was my pleasure and I hope that helps us  
21 somewhat.

22 CHAIRMAN SMITH: All right.

23 AGENDA ITEM 8

24 CHAIRMAN SMITH: Number 8, let's go into old  
25 business. Anybody have any old business they want to talk

1 about on the committee or public, at this time? Okay.

2 AGENDA ITEM 9

3 CHAIRMAN SMITH: All right. Let's go on to  
4 number 9, new business. I know Steve Bresnen, you wanted to  
5 talk about a couple of things?

6 MR. BRESNEN: Yeah, I've had a couple of  
7 inquiries about what might be going on in the legislative  
8 front. They've got nothing right at this moment, but we have  
9 had a request from the chair of the house Licensing and  
10 Administrative Procedures Committee, Senfronia Thompson, for  
11 suggested interim studies. Those get assigned by the speaker  
12 of the house and the speaker solicits ideas from the  
13 committee chairs and the committee chairs frequently ask  
14 people in the various industries and organizations that are  
15 involved with the committees.

16 And so we submitted several items that Mr.  
17 Stewart doesn't know it yet, but he's going to forward those  
18 over to the agency staff, because I just got the permission a  
19 while ago to share that communication from the legislature  
20 with the agency.

21 MR. STEWART: For the record, this is Tom  
22 Stewart; I've already done that.

23 MR. BRESNEN: So Tom's very efficient. So  
24 just to hit the high points.

25 We asked for a look at illegal gaming, how it

1 affects bingo. I suspect that there's a wider interest in  
2 the legislature about illegal gaming in general and so there  
3 may be some attention to that, either by Ms. Thompson's  
4 committee or one of the other committees.

5 We specifically asked, and I hope you'll  
6 appreciate this, we specifically asked that the committee,  
7 and probably this will be done under oversight authority  
8 rather than as an interim committee assignment, to review the  
9 statutory clarifications, cleanups and stuff that were three-  
10 fourths of the bill last session. Those are important things  
11 and we did a lot of work with staff before and during last  
12 session, to get those right. So in addition to that, being  
13 part of the program that I'm assuming that my clients will  
14 want to pursue, we've asked the chair to include that in the  
15 oversight committee, so if a report is done, those things  
16 will get captured in there.

17 We've asked a general and a specific question  
18 about looking at the effects of COVID and the shutdowns and  
19 general pandemic stuff on charitable bingo, what, if  
20 anything, might need to be done to help with the recovery.

21 I think generally speaking, that probably  
22 captures the flavor of what we asked for. Some things were a  
23 little more specific than others, but I think you can get the  
24 drift from that. I don't know when those interim charges  
25 will be issued by the speaker. It's awful late in the day to



1 get it done this year, so I'm predicting it will be shortly  
2 after the first of the year they'll make those assignments.  
3 Legislators were in session so long this year that nobody's  
4 in a real big hurry to go back and get organized and active  
5 again for a while. So I'm thinking everybody will enjoy  
6 Christmas and New Years and start back to work after the  
7 first of the year.

8 I think that constitutes what I wanted to  
9 relay. Happy to answer any questions.

10 CHAIRMAN SMITH: All right. Thank you, Steve.  
11 Tom Stewart, did you have --

12 MR. STEWART: Sure. This is Tom Stewart,  
13 Executive Director of Texas Charity Advocates. I'd just echo  
14 what Mr. Bresnen said. But one of the things that this group  
15 needs to be aware of if they're not already, is the fact that  
16 TCA for at least the time period that I've been involved with  
17 the organization has looked at a variety of ways over the  
18 last four to five years to try to expand the megaphone if you  
19 will, of bingo as an option for people to incorporate in  
20 their entertainment choices. And we did a variety of things  
21 leading up to the pandemic, including market research, some  
22 brand development, letsgobingo.org website, and we had test  
23 advertised in the Austin market and then the pandemic hit and  
24 everything went south and all that has virtually been put on  
25 hold.

1                   Gearing that back up under the leadership of  
2 the distributors, virtually all the key distributors in  
3 Texas, and significant support from the manufacturers, we're  
4 now back in a position that starting in January we're going  
5 to start some targeted digital advertising in the state of  
6 Texas and virtually statewide. It's a small buy, but we  
7 think we've got an approach that will have an impact, will  
8 have results that we'll share with people over time, and the  
9 goal and the objective is to sustain this beyond just a test  
10 phase that we did, I believe if I'm remembering correctly, it  
11 might have been -- I can't remember, but it was pre-pandemic.

12                   CHAIRMAN SMITH: '18. I think it was 2018.

13                   MR. STEWART: I can't remember; might have  
14 been '18. But anyway, but the goal and the objective is to  
15 sustain over the course of a year then be in a position to  
16 have some data and submit information on the impact that  
17 we're having in terms of getting more people into bingo halls  
18 to begin to try to reverse the long-term trend that we've  
19 seen in the decline of attendance.

20                   We've got, if you look at the fundamental  
21 numbers of charitable bingo in Texas, gross revenue is up,  
22 prizes paid out is up, adjusted gross revenues continues to  
23 show steady increases, and this is absent the pandemic year,  
24 I don't know what those numbers are yet, and I don't know  
25 what we're seeing for the bounce back this year, but I'm told

1     that it's pretty healthy.

2                     But that long-term trend in declining  
3     attendance is something that we at TCA have been focused on  
4     in trying to stem that tide, hopefully see some sort of  
5     bottom out of that number.

6                     So anyway, that's the bottom line; I wanted to  
7     let folks know that we're going to restart that in January,  
8     so be watching all your three second and five second ads.

9                     MR. BRESNEN: Can I ask Tom a question?

10                    CHAIRMAN SMITH: Absolutely.

11                    MR. BRESNEN: Tom, do we have any -- or this  
12     is for anybody who knows or thinks they know, do we have any  
13     idea how much is stimulus money, the unemployment money, and  
14     child tax credit money, and all this stuff, has made? I know  
15     I watched the Lottery Commission's presentation the other  
16     day, lottery numbers were very healthy. Do we have any idea  
17     about how much of that has come from this trillions of  
18     dollars of federal money getting pushed into the --

19                    MR. STEWART: What I can tell you anecdotally  
20     are statements like that, that people that are in the front  
21     lines in the halls, in the business everyday, they attribute  
22     a lot to the stimulus over the last year and a half, almost  
23     two years, that have flowed into people's pockets. They've  
24     got a lot more cushion that gives them discretionary dollars  
25     to spend.

1 I have not seen anything from a study  
2 standpoint. I think that would be an interesting question of  
3 the Lottery to what they attribute its record sales at a time  
4 when it was pretty rough going for some folks. So I'd be  
5 curious to know from the Lottery's standpoint if they looked  
6 at what's contributing to the rises that they've seen,  
7 particularly in their scratch-offs.

8 MR. DUNCAN: Free money.

9 UNIDENTIFIED VOICE: Probably don't have the  
10 right people here for that.

11 CHAIRMAN SMITH: Yeah, right.

12 MR. STEWART: Yeah, gotcha.

13 UNIDENTIFIED VOICE: Sharon, what do you  
14 think?

15 MS. IVES: What do I think about what? On  
16 how the stimulus money and all that --

17 CHAIRMAN SMITH: Sharon Ives.

18 MS. IVES: -- has affected bingo? Sorry;  
19 Sharon Ives, Fort Worth Bookkeeping. From my side on the  
20 clients that we do books for, I mean, when stimulus money  
21 started coming in, I was calling the managers to question  
22 exactly how much their deposit was. I thought maybe they had  
23 a decimal point mixed up, but it -- yeah, it was something.  
24 I've been in bingo what, since '84, and I've never seen  
25 anything like it.

1 UNIDENTIFIED VOICE: Me either. I guess the  
2 one question I would ask, particularly those that know more  
3 than I do, which is probably most everybody here, but that  
4 still is from a declining attendance, right? It's more  
5 dollars spent by fewer people; is that --

6 MS. IVES: Right. More money per person  
7 spent.

8 UNIDENTIFIED VOICE: Right.

9 UNIDENTIFIED VOICE: Yeah.

10 CHAIRMAN SMITH: That's --

11 MR. DUNCAN: Tommy Duncan, I'll tell you,  
12 bingo has not done great itself because of the attendance.  
13 We're only getting 40 or 50 percent of where we were, which  
14 was already low, but the spend per head on tabs? Nobody  
15 saved any money, I can tell you that.

16 CHAIRMAN SMITH: And I just want to add that  
17 those good numbers that we hear of in the bingo world may be  
18 isolated or may be in a specific location, so I don't think I  
19 can jump out there and say that that's a statewide thing.

20 There are locations that have barely gotten by  
21 since reopening or since the pandemic has come to a openable  
22 end if that's the right terminology.

23 MR. DUNCAN: That's a true statement. That's  
24 a true statement.

25 CHAIRMAN SMITH: So there's a lot of pockets

1 out there that are not doing well, their attendance is, like  
2 Tommy said, 50 percent of what it was, and those people are  
3 not getting the stimulus or they're not getting unemployment  
4 or they're not qualifying for it in some way, shape or form,  
5 so there are quite a few halls that I hear of that are  
6 struggling to say the least.

7 MR. BRESNEN: Well, Trace, that's -- that was  
8 then what about the drop off --

9 CHAIRMAN SMITH: Yeah.

10 MR. BRESNEN: -- going forward?

11 CHAIRMAN SMITH: Yeah.

12 MR. BRESNEN: There'll be plenty of money  
13 flowing out of D.C. into various things, it's not likely to  
14 be, at least for a lot of people, it's not going to be those  
15 checks that showed up unexpectedly.

16 CHAIRMAN SMITH: Right. And I'll stand by  
17 what I said last year, is that I will be surprised if within  
18 two years we don't see a lot of attrition in the halls and  
19 the charities in the state of Texas because of the pandemic,  
20 so we'll just have to take a wait and see.

21 MR. DUNCAN: Tommy Duncan, I'd like to expound  
22 on that a little bit. Trace has hit it right on the head.

23 As I said, bingo is not doing great, the prize  
24 board side, so when you're robbing Peter to pay Paul, while  
25 those spend numbers may sound like the greatest thing since

1 sliced bread, you're using all that for your expenses because  
2 we're not getting enough people to buy in to bingo itself, a  
3 lot of what you're talking about.

4 CHAIRMAN SMITH: Absolutely. Absolutely.  
5 Okay. All right. Is there anybody else with -- Will, you  
6 wanted?

7 MR. MARTIN: I was just going to say what  
8 Conservative Texans are working on right now. Unit tax was  
9 one of the big things, and I was looking at your number 4  
10 item here, we argue with the IRS about that, they say oh, you  
11 got an instant winner, so that's not bingo so we can tax it.  
12 And if we get rid of those instant winners, then we're scared  
13 that that is going to go against the \$2500 cap. But I can  
14 say and we're not ready to jump up in the air and click our  
15 heels, but we're getting real close to getting rid of that  
16 unit tax.

17 One of the things we're saying is that if you  
18 got a organization like Disabled American Veterans, they  
19 can't work -- they can't volunteer to work on the floor  
20 selling event tabs, and so, therefore, if you're using paid  
21 labor, we're getting discriminated against because we're  
22 handicapped and having to pay the unit tax. So it's  
23 historically kind of turned around.

24 We have two congressmen that are helping and  
25 it's -- all I can say is it's looking a whole lot better than

1 it did five or six months ago.

2 CHAIRMAN SMITH: Awesome.

3 MR. MARTIN: And besides that, I'm still at  
4 battle with illegal game rooms; always.

5 CHAIRMAN SMITH: Always. I understand. All  
6 right. Thank you, Will. We appreciate everything on that.

7 Is there any new business from the public? If  
8 not, all right. Close that down.

9 AGENDA ITEM 10

10 CHAIRMAN SMITH: All right. Let's set the  
11 date for our next meeting. I know, Tyler, you said that the  
12 next Commission meeting was when?

13 MR. VANCE: February 10th.

14 CHAIRMAN SMITH: February 10th. Okay. Let's  
15 -- does anybody have any issues with the last week of  
16 January? Does that give you all enough time if we propose  
17 something, Tyler?

18 MR. VANCE: We're not going to be able to  
19 submit it as a rulemaking at that point, but I think the  
20 timeline would be you would recommend it at the February 10th  
21 meeting, the Commissioners would direct staff to draft  
22 it up and then we could propose it at the next one. But we  
23 need to send it to the governor's office, we need to --

24 CHAIRMAN SMITH: Gotcha.

25 MR. VANCE: -- post an agenda in advance, so



1    yeah, we couldn't turn it around that quick --

2                   CHAIRMAN SMITH:   Okay.

3                   MR. VANCE:   -- with the late January.

4                   CHAIRMAN SMITH:   Okay.   All right.   But we  
5   could at least get the process started.

6                   MR. VANCE:   Yeah.

7                   CHAIRMAN SMITH:   Okay.   All right.   Does  
8   anybody have any issues with that last week in January?

9                   MR. MARTIN:   26th?

10                  CHAIRMAN SMITH:   You good with that?   Emile?  
11   26th?

12                  MR. BOURGOYNE:   Yep.

13                  CHAIRMAN SMITH:   Good with that?   Okay.  
14   Melodye, if you can hear us, are you good with that?

15                  MS. GREEN:   That's fine.

16                  CHAIRMAN SMITH:   Jason, you still on?

17                  MR. POHL:   Yes, sir.   That's good.

18                  CHAIRMAN SMITH:   Okay.   All right.   We'll  
19   tentatively schedule it for January the 26th, pending where  
20   we've got use of the room and if not, we'll get back to  
21   everybody.   All right.   Okay.   The next meeting is set.

22                  LaDonna, thank you for once again being at our  
23   meeting.   Tyler, thank you.   And Larry as well.   We  
24   appreciate y'all.

25                  UNIDENTIFIED VOICE:   Thank you for setting up

1 the parking?

2 UNIDENTIFIED VOICE: Yes.

3 CHAIRMAN SMITH: Do what?

4 UNIDENTIFIED VOICE: Parking.

5 CHAIRMAN SMITH: Oh, yeah. Parking, that's  
6 right, yeah. That's awesome. Okay. Excellent.

7 AGENDA ITEM 11

8 CHAIRMAN SMITH: Yeah, I would strongly  
9 encourage everybody to be here at the next meeting. It's  
10 going to be -- we're going to hopefully make some  
11 recommendations to the Commissioners for staff to start  
12 making some new rules for us, so if you can get here, please  
13 do be, and have a happy holidays, merry Christmas and  
14 whatever holiday you celebrate.

15 Will, one more thing?

16 MR. MARTIN: Yes, the American Legion -  
17 Department of Texas wants to wish everyone merry Christmas,  
18 please be safe out there.

19 CHAIRMAN SMITH: All right. Thank you very  
20 much. Meeting adjourned.

21 (Meeting adjourned at 11:28 a.m.)

22

23

24

25

## 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 27th day of December, 2021.

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

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17049 El Camino Real, Suite 200  
Houston, Texas 77058  
281.724.8600