

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

JANUARY 26, 2022

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 (telephonically)

Will Martin

Tommy Duncan (telephonically)

Jason Pohl

Melodye Green

Emile Bourgoyne

COMMISSION STAFF:

LaDonna Castañuela, Director of Charitable Bingo Operations

Tyler Vance, Assistant General Counsel

Mary Volpe, Executive Assistant, Charitable Bingo Operations

Division

Dorota Bienkowska, Legal Assistant

PUBLIC:

Stephen Fenoglio

Glenn Goulet

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P R O C E E D I N G S

WEDNESDAY, JANUARY 26, 2022 (10:00 a.m.)

AGENDA ITEM 1

CHAIRMAN SMITH: I've got straight up 10:00.
We could go ahead and -- everybody hear me okay?

MS. GREEN: Yes.

MR. BOURGOYNE: Yes.

CHAIRMAN SMITH: Okay. Good deal. It's
10:00, January 26th. I'm going to go ahead and call the
meeting to order. Mr. Martin, if you will, can you give us
the American Pledge and the Texas Pledge?

MR. MARTIN: Yes, sir.

AGENDA ITEMS 2 AND 3

(Pledges recited)

AGENDA ITEM 4

CHAIRMAN SMITH: All right. And thank you,
sir. And can we go ahead and go off with the roll call.
Emile?

MR. BOURGOYNE: Here.

CHAIRMAN SMITH: Will?

MR. MARTIN: Here.

CHAIRMAN SMITH: Tommy?

MR. DUNCAN: Here.

CHAIRMAN SMITH: Jason?

MR. POHL: Here.

1 CHAIRMAN SMITH: Melodye?

2 MS. GREEN: Here.

3 CHAIRMAN SMITH: Corey?

4 (No response).

5 CHAIRMAN SMITH: Okay. Veronica is out today.

6 And Kim; Kim, you didn't make it on the call, did you? Okay.

7 I didn't think so.

8 Okay.

9 MS. CASTAÑUELA: Trace?

10 CHAIRMAN SMITH: A couple things.

11 MS. CASTAÑUELA: Trace?

12 CHAIRMAN SMITH: Yes.

13 MS. CASTAÑUELA: This is LaDonna. I just
14 wanted you to know that we did hear from Corey this morning
15 and he can't make it.

16 CHAIRMAN SMITH: Yeah, I got that -- I just
17 got that email --

18 MS. CASTAÑUELA: Okay.

19 CHAIRMAN SMITH: -- just a little bit ago,
20 too.

21 MS. CASTAÑUELA: All right.

22 CHAIRMAN SMITH: I was hoping maybe he had
23 freed his time up, but. If we could, let's -- I'll tell you
24 what, let's -- we'll go ahead and go through Item Number 5
25 real quick and then after Item Number 5, I want to interject

1 something real quick on one of our members of the BAC.

2 AGENDA ITEM 5

3 CHAIRMAN SMITH: So Item Number 5, meeting
4 minutes from December 15th. Those were published online, if
5 anybody has any comment on those, speak now or forever hold
6 your peace.

7 MR. BOURGOYNE: I move we accept them without
8 reading them.

9 MR. MARTIN: Second.

10 CHAIRMAN SMITH: All right. Wonderful. All
11 in favor?

12 (Chorus of "ayes")

13 CHAIRMAN SMITH: Any opposed? No. Okay.
14 Meeting minutes from December 15th are accepted as published.

15 CHAIRMAN SMITH: So yesterday evening I got a
16 call from Kim, our vice chair, and she is going to have to
17 resign from her position on the BAC due to some time
18 constraints that she has with her family and with her
19 business. So with that being said, LaDonna, I guess at the
20 next meeting, if you agree or if you think we need to hold
21 off, I would think we would probably need to let the
22 Commissioners know that and also ask for applications to be
23 reopened for another spot on the BAC board.

24 MS. CASTAÑUELA: Well, of course, it's my
25 first vacancy. Tyler, is that our procedure? Tyler?

1 MR. VANCE: Yeah. That's the process. He'll
2 just report back to the Commissioners and they'll open up the
3 process and we'll go through all that again. And it should
4 be to -- what was Kim? Kim was a charity lessor, I believe,
5 so --

6 CHAIRMAN SMITH: I believe so.

7 MR. VANCE: -- we would be looking for
8 somebody -- yeah, we'd be looking for somebody to replace
9 that particular slot as well.

10 MS. CASTAÑUELA: Okay.

11 CHAIRMAN SMITH: All right. Good deal. We'll
12 do that at the next commission meeting.

13 Is that something that we need to take a vote
14 on or is that just automatic?

15 MR. VANCE: No, I don't think so. You --
16 yeah, you'd just report that when you get there.

17 CHAIRMAN SMITH: Okay. All right. Okay.
18 Moving on to Number 6; old business.

19 AGENDA ITEM 6

20 CHAIRMAN SMITH: I guess we'll start off with
21 you, Emile. We needed to revisit this after the last
22 meeting. Do you want to give us any updates or any
23 conclusions that your committee has come up with?

24 MR. BOURGOYNE: Yes, but first I'd like to
25 give you some possible good news on the Facebook Live issue.

1 CHAIRMAN SMITH: All right.

2 MR. BOURGOYNE: I'm not sure how many of you
3 are aware, but embedded into House Resolution 1319, the
4 "American Rescue Plan Act of 2021" that went into effect
5 January 1st of 2022, is Section 9674, modification of the
6 exemptions for reporting a third party network transactions.
7 And basically what that means, if you receive \$600 or more in
8 payments for goods or services through a third party payment
9 network such as Venmo, Cash App, Zelle or any one of them,
10 these payments were now be reported to the IRS on a 1099 by
11 those cash apps.

12 Now, there's non-reportable income, such as
13 money received from a friend as reimbursements, money
14 received from a roommate to pay their share of the rent,
15 money received from gifts, so I'm sure there's going to be
16 some ways these people conduct in Facebook Live when they're
17 trying to work their way around this, but I suspect the IRS
18 is going to see a lot of cash app money going to the
19 individuals who are running these games and if they try to
20 offset their gross tax dollars by prizes paid, they're going
21 to be proving to the IRS they're conducting online gambling.
22 So, it's going to get interesting.

23 CHAIRMAN SMITH: All right. Very good.

24 MR. BOURGOYNE: And the next part of our
25 subcommittee was the -- basically the rule to allow us to put

1 the 12 point diameter star on either the tickets or the
2 flare. And I know that Tommy has some objection to that, so
3 I'd like to give him the opportunity to talk.

4 CHAIRMAN SMITH: Alrighty. Go ahead, sir.

5 MR. DUNCAN: Okay. This is Tommy Duncan.
6 Yeah, everybody I've talked to, we do not want to remove the
7 seal from the ticket. It is an integrity thing. There are
8 unintended consequences. And I believe my boss is there and
9 he has some numbers.

10 We are getting more tabs now in 2021 (sic)
11 than we received pre-pandemic in 2019, so the seal is not
12 really holding things up.

13 CHAIRMAN SMITH: Tommy, if I may ask. You
14 state that y'all are getting in more tabs now than you were
15 last year; is that correct?

16 MR. DUNCAN: And there's more sales. I mean,
17 you can look at the quarterlies and go back and compare.

18 CHAIRMAN SMITH: Is that comparisons, is that
19 statewide or is that just -- is that just your company?

20 MR. DUNCAN: That's statewide.

21 MR. GOULET: Trace, this is Glenn --

22 CHAIRMAN SMITH: Hold on. Hold on, Glenn. Go
23 ahead and answer, Tommy. I'm sorry.

24 MR. DUNCAN: That's statewide.

25 CHAIRMAN SMITH: That's statewide, okay.

1 MR. DUNCAN: Yeah.

2 CHAIRMAN SMITH: Gotcha. Okay. I just -- for
3 clarification personally. Glenn --

4 MR. DUNCAN: If we were all there -- I'm
5 sorry, Trace. If we were all there, we could see these
6 numbers, but Glenn can --

7 CHAIRMAN SMITH: Sure.

8 MR. DUNCAN: -- elaborate.

9 CHAIRMAN SMITH: Okay. Glenn Goulet, go right
10 ahead, sir.

11 MR. GOULET: Thank you, Trace. For the
12 record, my name is Glenn Goulet, I'm the president of
13 Goodtime Action Games with K&B Sales.

14 Every quarter, as everyone knows, operators,
15 charities, distributors, manufacturers, file reports with the
16 State of Texas, we file our quarterly reports no different
17 than a charity. And if one were to look at the numbers
18 alone, you would see that -- forget about 2020, 2020 was kind
19 of a lost year. But if you were to compare what we were
20 doing in terms of business in 2019 compared to 2021, you'd
21 see a great increase.

22 For example, for Goodtime Action Games, in
23 2019 we sold \$8.3-million worth of tabs to charities. In
24 2021, we sold over \$11-million. That's about a 30-odd
25 percent increase in tab sales.

1 The same numbers are reflected from Roy Bingo
2 as well. Their numbers went from \$5.1-million in 2019 tab
3 sales to \$6.8-million; again, about a 30-some-odd percent
4 increase.

5 Danny Moore, the third distributor in the
6 state, he too saw the same kind of increases. So that's the
7 increases in tab sales from distributors to the charities.
8 That's one piece of -- or one side of the coin.

9 The other side of the coin would be the
10 manufacturers. And if one were looking at the manufacturers,
11 not all the manufacturers have posted yet for their fourth
12 quarter numbers, so we don't have the full year, but take,
13 for example, Muncie Gaming; they did post for the full year.
14 In 2019, they sold \$586,000 worth of tickets in Texas. In
15 2021, they sold nearly 700,000.

16 If you take Douglas Gaming, for example, they
17 sold more tickets in 2021 to the State of Texas than they did
18 in '19. Bonanza, whose president is here today as well,
19 Ryan, in 2019 he sold a million dollars worth of tabs to
20 distributors and last year he sold 1.6.

21 And even Pollard and American Game or American
22 Games and Gamco, they're now combined Pollard, they sold
23 slightly more than they did in 2019. So, the point in these
24 numbers, they're right there in the Lottery's or the
25 Charitable Bingo Division's quarterly filings, the numbers

1 would suggest that both distributors are selling more pull-
2 tabs to the charities, and it would also suggest that the
3 manufacturers are selling more tabs to the distributors.

4 So it's not a not getting tickets issue, it's
5 we're not getting enough tickets to satisfy the demand, and
6 that demand is being created more by public policy and
7 politics in terms of free money and extra money going out to
8 players.

9 I think that you'll see as you examine the
10 charitable numbers as they come in for the fourth quarter,
11 you're going to start seeing attendance is down, but the
12 spend is up. So it's not a function of not having -- not
13 selling or making enough tickets. Tickets are being made,
14 it's just the pent up demand from the buyers is outpacing the
15 supply chain.

16 And there are other issues in the supply chain
17 that are happening right now and I could let Emile and others
18 on the manufacturing side speak to it. But I just wanted to
19 give you those numbers, Trace, and hopefully they're helpful.

20

21 MR. BOURGOYNE: Trace, if I may?

22 CHAIRMAN SMITH: Thank you, Glenn. Yeah, go
23 ahead.

24 MR. BOURGOYNE: He's correct, we are selling
25 more tabs, but the demand is still there. And the purpose of

1 the request to remove the seal is immaterial to sales. It
2 has to do with the fact that NAFTM's constant position over
3 the 20, 30 years of its existence has always been to remove
4 any hurdle that we can that requires us to print something
5 specific for a specific market.

6 When I was on the committee in Illinois
7 similar to this one, we tried to get rid of the imprint
8 requirement of each distributor's name on the tickets there.
9 We fought for the last 15 years in New York against the
10 legislation that would require us to put the New York legend
11 or New York seal on tickets there. We lost two years, but we
12 were successful in getting the governor to veto it twice, two
13 different governors.

14 Anytime we have to do something special for
15 one particular market and the ticket can't be sold in other
16 markets, it brings down the priority of that product getting
17 on our production schedule. And that's the reason for the
18 request.

19 CHAIRMAN SMITH: Thank you, Emile. Maybe I'm
20 not grasping the concept. Maybe it's that I've been sick. I
21 haven't personally been able to get more than a couple of
22 three cases of tabs on each order possibly, if I was lucky.
23 Melodye, I think you told me you're having trouble getting
24 tabs; is that correct?

25 MS. GREEN: Yes. And I had a question for

1 Glenn later, but yes.

2 CHAIRMAN SMITH: I think what Glenn has shared
3 with us is completely opposite from every operator I've
4 talked to all across the state of Texas. There may be some
5 exceptions that I haven't talked to, there's a lot of
6 operators, but it would seem to me if they're making more
7 tabs and we're selling more tabs, then the tabs have to be
8 going somewhere. I don't know where they're going.

9 Are they going to the Facebook Live people? I
10 don't know. But I don't think a lot of operators -- sir?

11 MR. DUNCAN: Well, I was just going to say
12 what Melodye is talking about and what some people are
13 talking about, we're getting plenty of tabs, but we're not
14 getting everything everybody needs right now. There's still
15 manpower shortages, there's paper shortages. And while I
16 appreciate Emile's position to help the manufacturers, we
17 can't really let that have a bearing on the integrity of
18 Texas.

19 MS. GREEN: Tommy, I -- Trace, this is Melodye
20 Green. I had a question.

21 Tommy, you're saying if they took off that --
22 the State of Texas, the integrity of the tabs would go down
23 because other people would sell them on Facebook? I mean,
24 what is your reasoning on that?

25 MR. DUNCAN: Well, they could get tabs from

1 anywhere. And also another thing that the industry doesn't
2 want to happen is we can't, if we take the seal off and it
3 allows us to start buying from other states, that puts some
4 distributors at a competitive disadvantage. So, the seal is
5 not holding up the tabs, guys.

6 CHAIRMAN SMITH: Hold on, Tommy.

7 MR. DUNCAN: The manufacturers, yes.

8 CHAIRMAN SMITH: Tommy. Tommy. Operators in
9 Texas cannot buy from out of state distributors. That's
10 against the law.

11 MR. DUNCAN: Yeah, but there's a way around
12 that. Yeah. But there's -- but Trace, all it had -- it took
13 -- it's a credit rebuild, it's a transfer process. Yeah.
14 Just like if we were transferring tabs from one charity to
15 another, somebody could transfer tabs back through the
16 manufacturer back down and invoice it in Texas. They can't
17 do that with our seal on there.

18 MR. BOURGOYNE: The seal would still be on the
19 flare.

20 MR. DUNCAN: And they sell -- and they sell
21 our tickets with the seal and even our logo, Goodtime's logo,
22 in other states; New York, Connecticut, Louisiana,
23 California, Arizona. They're selling tickets with our seal
24 on it because the other states don't care.

25 MS. GREEN: Well -- I'm sorry, Tommy, this is

1 Melodye Green. You're talking about distributors and my
2 answer from my bingo hall is I don't care. I just wrote a
3 check for over -- almost \$100,000 to y'all the other day, but
4 I mean, I still cannot get tabs. I would have bought another
5 25, 30,000 from Glenn, but I can't get them. I can either
6 buy those used tabs or baby -- people don't want baby tabs in
7 my hall. I can't -- I mean, I can't get what I need, I can't
8 get what I want, I can't get my paper, and I don't care if
9 the seal's on there, if a naked man or whatever you want to
10 put on there is, I just need tabs.

11 If it causes a problem to the distributor,
12 we'll fix that. I think most people here are very loyal.
13 The only reason they're not going to be loyal is I can't get
14 the tabs.

15 MR. DUNCAN: The seal is not going to make
16 that difference, Melodye. We're all in line on tabs, every
17 distributor. We have probably 160-million tabs on order
18 right now, it's a matter of getting them produced and the
19 seal isn't holding it up.

20 CHAIRMAN SMITH: This is Trace. Are there any
21 manufacturers that could corroborate what Tommy's telling us?

22 MR. BOURGOYNE: The manufacturers I represent
23 are in favor of having the option of putting the seal on the
24 flare versus on the tickets, because it would increase the
25 level of the production for that particular product, because

1 it can go into multiple markets. It's much easier for us to
2 change the flare than it is to -- we can't take a seal off of
3 every ticket, but we can change a flare --

4 CHAIRMAN SMITH: Right.

5 MR. BOURGOYNE: -- for it and you can sell
6 that product in multiple markets.

7 MR. FENOGLIO: This is Fenoglio. So, we've
8 had this discussion through the years. Some of us have been
9 around long enough to remember that at one point the entire
10 industry was united in trying to remove the flare from the
11 specific tickets and Lottery Commission was adamant to keep
12 it.

13 I personally don't see in this day and age how
14 having a flare on an individual ticket is going to affect the
15 integrity or not. If a charity is audited or there's a
16 complaint filed that hall ABC is selling illegal tickets, the
17 Lottery Commission or Bingo Division auditors come in and
18 investigate. And if you have a seal on a ticket doesn't mean
19 it's legal. It's an indication that it's been approved, but
20 in this day and age with counterfeit, you can put seals on
21 tickets that haven't been tested and approved.

22 What I hear Emile suggesting is put it on the
23 box and then you can determine, the auditor can determine,
24 from looking at the records who'd you buy the box from, the
25 manufacturer has to be, as we all know, licensed. It has

1 records, the distributor has records, and the charity has
2 records. So it may be superficially feel good it seems to me
3 from an integrity standpoint to have that seal on an
4 individual ticket, but that doesn't mean it's legal or
5 illegal. The detail is let's go back to the distributor,
6 what tickets did you sell this particular charity or charity
7 hall. And if necessary, go back from the distributor to the
8 manufacturer. And that's, I believe how it's done today --

9 MR. BOURGOYNE: Steve, if --

10 MR. FENOGLIO: -- if there's a complaint.

11 MR. BOURGOYNE: If I can add something, Steve.
12 This is Emile again.

13 If the seal is on the flare, boxes of tickets
14 will be delivered shrink wrapped with the flare visible. You
15 would see the seal before you even had to open -- break the
16 NAFTM seal on the deal to look at the ticket to see if they
17 had a seal. But once you break that seal, if those tickets
18 didn't have the seal on them, they would be contraband and
19 couldn't be sold in Texas and you'd have to return them to
20 the distributor for credit, right?

21 MR. FENOGLIO: Correct.

22 MR. BOURGOYNE: But with the seal on the
23 flare, you can see it before you crack that NAFTM seal and
24 you get into the ticket themselves, and you know it's a legal
25 product in Texas. That's why we preferred that.

1 MR. FENOGLIO: Agreed. I agree. You know --

2 MR. DUNCAN: I disagree.

3 MR. FENOGLIO: All right. What's the scenario
4 that a bad actor is going to do if there's not a seal on an
5 individual pull-tab ticket? I take it by your silence the
6 answer's none.

7 MR. DUNCAN: I didn't catch the question.
8 What was the question?

9 MR. FENOGLIO: What's the integrity issue if
10 there's not a seal on each individual pull-tab ticket?

11 MR. DUNCAN: They could buy them online, they
12 can be transferred from other states through the
13 manufacturers. These flare cards can be printed on a regular
14 printer. It's not going to take any time. They can replace
15 the seals.

16 Look guys, I'm just telling you my opinion.
17 The distributors are against removing the seal from the
18 ticket.

19 MR. FENOGLIO: All distributors are against
20 it?

21 MR. DUNCAN: The ones I talked to are.

22 MR. BOURGOYNE: Who were they?

23 MR. DUNCAN: Well, it'd be Isabel, Danny
24 Moore, Roy said he didn't care one way or the other. My
25 position is I'm against it, removing the seal from the

1 ticket.

2 MR. GOULET: Trace, this is Glenn Goulet. If
3 I could answer Steve's question; is that all right?

4 CHAIRMAN SMITH: Sure, absolutely.

5 MR. GOULET: So here's how I would do it if I
6 were going to skirt the rules, okay? I'm not the operator of
7 a hall, I'm not a manager of a hall, but I could be in
8 cahoots with other people; I work at a hall, okay? And I buy
9 a deal that doesn't have a seal and I slip it into the
10 program, okay, I pay the prizes, I slip it into the program,
11 I keep the proceeds. Okay?

12 CHAIRMAN SMITH: Okay.

13 MR. GOULET: You're the operator --

14 CHAIRMAN SMITH: And that can be done now.

15 MR. GOULET: It can be done now. It can be
16 done a whole lot easier, be done a whole lot easier if I can
17 start buying tickets without seals.

18 CHAIRMAN SMITH: You can do that now. You can
19 buy them with seals.

20 MR. DUNCAN: Not in the bingo hall.

21 CHAIRMAN SMITH: Hold on a minute Tommy. You
22 can do that now, Glenn, and people are doing it now, and
23 they're doing it on Facebook Live. They're buying -- y'all
24 have already stated that the manufacturers sell a sealed
25 ticket in a different jurisdiction; is that correct?

1 MR. BOURGOYNE: That's correct.

2 MR. GOULET: Yeah, that's correct. They over

3 --

4 CHAIRMAN SMITH: Okay.

5 MR. GOULET: They overprint; is that --

6 CHAIRMAN SMITH: Then I -- the only -- then
7 the meaning if you can buy a Texas seal ticket in another
8 jurisdiction illegally, the only harm that we're doing by
9 keeping the seal on there is we're stifling production
10 process and we're stifling distributors and we're stifling
11 the charities most of all. I can't see how taking the seal
12 off is going to create a monster.

13 MR. GOULET: Well, how many other states
14 require three instants in a deal? Do you know offhand,
15 Emile?

16 CHAIRMAN SMITH: We're not talking about that
17 right now, Glenn.

18 MR. GOULET: Well no, because --

19 CHAIRMAN SMITH: Glenn, we're not talking
20 about that. We're not going to open that can of worms right
21 now.

22 MR. GOULET: Okay.

23 CHAIRMAN SMITH: We're talking about the seal.

24 MR. GOULET: And doesn't --

25 CHAIRMAN SMITH: I agree with you on your

1 point. I agree with you on your point.

2 MR. GOULET: Let me just make a point for the
3 record.

4 CHAIRMAN SMITH: But --

5 MR. GOULET: The point for the record would be
6 it doesn't speed up the process taking off the seal if you
7 still have to have the instants.

8 MR. FENOGLIO: And just briefly, if you don't
9 have the instants, then it's regular bingo and you're limited
10 to \$2500 a session and then bingo is in the crapper, period.

11 MR. DUNCAN: That's correct. And the numbers
12 don't reflect the seal being the holdup.

13 CHAIRMAN SMITH: Emile, is that correct?

14 MR. BOURGOYNE: Those numbers have nothing to
15 do with the seal itself, they're just sales numbers. I
16 stated before, and I'll state for the last time, anytime we
17 have to do a process specific to one market, it puts that
18 project on a lower priority production than projects that can
19 go in multiple markets. It's that simple. It's been a
20 manufacturer's --

21 CHAIRMAN SMITH: One less sale.

22 MR. BOURGOYNE: It's been a manufacturer's
23 position since NAFTA was created to try to eliminate any
24 market specific requirement for the tickets. We're okay with
25 the flares like in Minnesota, but we don't have to do

1 anything specific for Minnesota on the tickets. That's why
2 we fought the imprint bill in New York for 15 years, that's
3 why we tried to get the imprint removed from Nebraska and
4 Illinois of the distributors' names. It's just that simple;
5 it's been our position forever.

6 And since you asked me to look at the rules to
7 see what we could do to help, that's why this was brought up.
8 That's the only reason I brought it up.

9 CHAIRMAN SMITH: Okay. All right. Thank you,
10 Emile. LaDonna, Tyler, has the staff got a stance on this
11 issue one way or another?

12 MR. VANCE: This is Tyler and I don't really
13 have a stance. I think we've talked about how it would be
14 easier for auditors, it would be quicker for them to catch
15 illegal tabs if there were a seal requirement, but it's not
16 an absolute necessity, we can always go through the records,
17 the sale records and trace it back through a licensed
18 distributor into a licensed manufacturer. It's just a little
19 bit more cumbersome.

20 CHAIRMAN SMITH: Gotcha. Gotcha. And
21 somebody made a point --

22 MR. FENOGLIO: Trace?

23 CHAIRMAN SMITH: -- about this at the last
24 meeting and I don't remember.

25 MR. FENOGLIO: Trace?

1 CHAIRMAN SMITH: Yes?

2 MR. FENOGLIO: LaDonna wants to say something.

3 MS. CASTAÑUELA: Thank you, Steve.

4 CHAIRMAN SMITH: Okay. Go ahead.

5 MS. CASTAÑUELA: I just wanted to say, no, I
6 don't have an opinion, I also don't speak for the
7 Commissioners. I don't know all the history of previous
8 times that this may have gone before the Commission, so, but
9 right now, no, I don't think that.

10 CHAIRMAN SMITH: Gotcha. And the point I was
11 going to say -- thank you, LaDonna, I appreciate that -- what
12 I was going to say was someone made the point at the last
13 meeting and I do not remember who it was, but they made the
14 point that the seal was instituted back in the '80s when
15 computers were not that prevalent and they were not what they
16 are now. I think it may be an antiquated way to quickly
17 determine legality, whereas now we have technology, we have
18 bar codes, we have quick scan codes, we have all of that at
19 our disposal now and Lottery has that at their disposal as
20 well, to go back and look through things like Tyler was
21 talking about and trace things back. That was a really valid
22 point that somebody made and I don't remember who made it,
23 but I just wanted to throw that in the mix as well.

24 MS. GREEN: Trace, this is Melodye, I'd like
25 to respond to what Tyler said about the audits as somebody

1 who has audits like every week. The people, when they come -
2 - when the auditors come in, they're not looking at the pull-
3 tabs, they're not looking at any of it, they want your
4 sheets, what you sold that day, what serial numbers. They
5 get all the sheets from like my Goodtime Bingo, they send me
6 all my invoices, and they match the invoices to the sheets.
7 I mean, nobody's been in the hall in years to see if I'm
8 selling something with a flare on it.

9 The auditors come in, they look at -- they
10 match it by your serial numbers. They match your serial
11 numbers to your distributor. And what they do from there, I
12 don't know, but you know, we've never had a problem with
13 that. So the flare wouldn't make -- or the State of Texas
14 makes no difference at all to my auditors. They don't ever
15 see it. They're not in there while we're selling it.

16 MR. DUNCAN: I'm just going to go back to what
17 Glenn said; it's not going to make a difference as long as
18 the instants are in there. They still have to do a separate
19 plate, we're beating a dead horse here, guys and gals.

20 MR. BOURGOYNE: The instant plates are on the
21 inside of the ticket, the seal is on the outside of the front
22 of the ticket; different plates.

23 MR. DUNCAN: It's not our job to make the
24 manufacturer's job easier.

25 MS. GREEN: Yes, it is, Tommy. I'm sorry,

1 this is Melodye Green. I'm getting very frustrated --

2 MR. DUNCAN: We're getting -- we're getting
3 plenty of tickets, it doesn't --

4 MS. GREEN: I can't --

5 MR. DUNCAN: The numbers prove it.

6 MS. GREEN: I can't get tickets. Whatever we
7 can do to make it easier, I -- do y'all need to rent a U-
8 Haul? I can't get paper and I can't get tickets, yet, you're
9 printing more. I -- that doesn't work.

10 MR. DUNCAN: Well, the paper -- the paper,
11 it's not a seal issue. They don't have paper or manpower.
12 That's the problem on the paper issue. American Games has
13 been out of paper for two to three weeks already.

14 CHAIRMAN SMITH: All right. Let me pose a
15 question here. The seal on the paper, Emile, in your
16 opinion, does that cause the same problem as it does on the
17 pull-tabs?

18 MR. BOURGOYNE: On the bingo paper? The
19 outline --

20 CHAIRMAN SMITH: Yes, sir.

21 MR. BOURGOYNE: The outline of Texas on the
22 bingo paper?

23 CHAIRMAN SMITH: Yes.

24 MR. BOURGOYNE: Same issue. Same issue.

25 CHAIRMAN SMITH: Same issue. Okay. Okay.

1 Well, I think unfortunately we hit a fork in the road on
2 this. And I think there's valid points on both sides. To
3 me, this would be the process going forward.

4 I think there's some people that believe that
5 we should have the option to take the seal off going forward,
6 not retroactive, if it's on a tab that's already being
7 produced with a seal on it, then it's not going to -- you
8 can't take the seal off. And if a new tab comes out that
9 doesn't have the seal that meets the requirements and it's
10 approved and all that, well, that's okay. That's what I'm
11 gathering from what Emile's saying.

12 Is that correct, Emile?

13 MR. BOURGOYNE: No. No, no, not exactly. On
14 page 4 of the proposed rule change, in red 1(B), it would
15 allow us to remove the seal from an approved game and put it
16 on the flare without having to resubmit either the seal or
17 the flare.

18 CHAIRMAN SMITH: Okay. That's right. My bad.
19 Yes, sir. Gotcha. Excuse me.

20 Okay. Well, I think we're at a fork in the
21 road and I think we're going to have to call a vote on this
22 to either pass it or table it for further discussion or
23 something. And it may be a controversial vote here, because
24 we've got one, two, three people missing -- one, two, three,
25 four, five, six -- we have six people, okay. We've got two-

1 thirds.

2 All right. So, state your motion, Emile, and
3 we'll take a vote on it.

4 MR. BOURGOYNE: I move we approve the proposed
5 rule change and send it on to the Commission.

6 CHAIRMAN SMITH: Okay.

7 MS. GREEN: Second.

8 CHAIRMAN SMITH: And that's stated as -- who
9 seconded that; Melodye?

10 MS. GREEN: Uh-huh.

11 CHAIRMAN SMITH: Okay. All right. Okay. And
12 we have a motion and a second. And state your name with an
13 "aye" or a "nay" when I call your name out because we need to
14 make this proper.

15 Emile?

16 MR. BOURGOYNE: Aye.

17 CHAIRMAN SMITH: Will Martin?

18 MR. MARTIN: Nay.

19 CHAIRMAN SMITH: Did you say nay?

20 MR. MARTIN: That's correct.

21 CHAIRMAN SMITH: All right. Tommy? Nay?

22 MR. DUNCAN: Nay.

23 CHAIRMAN SMITH: Jason Pohl?

24 MR. POHL: Nay.

25 CHAIRMAN SMITH: Melodye Green?

1 MS. GREEN: Aye.

2 CHAIRMAN SMITH: All right. And I guess that
3 leaves me then. We're going to have a tie vote, because I
4 vote yes. So we've got three and three, so we'll have to
5 table this for further discussion.

6 Okay. Moving on. Corey Harris' item was the
7 bingo website recommendations. We have yet to receive
8 Corey's recommendations from the last meeting, so we'll pass
9 on that.

10 AGENDA ITEM 7

11 CHAIRMAN SMITH: Item Number 7 under new
12 business. I've talked with LaDonna quite a bit about this.
13 She's got some issues with people filing their quarterly
14 reports paper and I think her numbers that are being filed
15 paper wise will astound you when you hear the percentage of
16 this. So LaDonna, I'm going to hand the meeting over to you
17 for now.

18 MS. CASTAÑUELA: Thank you, Trace. LaDonna
19 Castañuela for the record.

20 So I was hoping to get some ideas, hoping the
21 Committee could come up with some ideas for me. What we're
22 seeing right now is about 40 percent of our filers of
23 quarterly reports every quarter are filing in paper in the
24 mail and that requires my staff to spend a bunch of time
25 doing the data entry, possibly making mistakes, which is a

1 nightmare also. A lot of time, a lot of resources, chances
2 of course for human error.

3 Of course, we had the BSP, the other 60
4 percent of the filers are filing online. I assume that the
5 folks in this room are filing online, so I'm sort of
6 preaching to the choir here, but -- wait a minute, Melodye's
7 shaking her head no at me.

8 So, I'd like to know what kinds of ideas we
9 can get to help us get people to file online.

10 MS. GREEN: This is Melodye Green. I do use
11 your online to do my quarterly reports, but my packet comes
12 with a lot of information in it. You breakdown your
13 charities, your charities, it doesn't -- it's not all in one
14 package. You have to get out of this, out of the quarterly
15 report, you go into the charity line, then you get out of the
16 charity line to go into the lessor line. So when my package
17 comes, it's all in one package. If I do it on the quarterly,
18 you're going back and forth, you're also dealing with
19 somebody that's not computer literate; me, myself, yes. And
20 one time we filed, Linda filed online, and they took -- and
21 she apparently pushed the wrong and they took the money out
22 twice and almost bounced one of our checks. So, she owed
23 30,000, they took 60,000 out of the account, which sort of
24 scared us.

25 That was before you. But, to me if you mail

1 me a package that says Betcha Bingo One Unit Trust with all
2 the information in there, if I can click on Betcha Bingo One
3 Unit Trust and they have all that information in one spot
4 instead of having to go back and forth, then I might miss one
5 filing; submit and save, submit and save, you're doing that
6 so many different times.

7 MS. CASTAÑUELA: Okay. So I don't necessarily
8 understand exactly what you're explaining to me, but I've
9 written it down and I hope I can call you later offline and -
10 -

11 MS. GREEN: You can.

12 MS. CASTAÑUELA: -- get more information about
13 exactly what you're looking at and what might help and do it
14 together if that's possible. You're talking about the
15 package. That was the other -- that was -- I think what
16 you're talking about is when we mail forms to you. So, we do
17 that by rule. There's a rule that requires my Division to
18 send quarterly report forms to every single entity that has
19 to file a quarterly report, which is lots and lots of mail,
20 it's all hand-stuffed and addressed. That's another big huge
21 resource drain.

22 I understand those forms are available online.
23 I don't know if the forms that we send to, I was just talking
24 to Tyler about this yesterday. Are they actually -- what's
25 the word I want, customized or personalized for --

1 MS. GREEN: They are -- you have blank forms
2 for your charities, but the ones that you send us in the mail
3 will have all the charities' names and all the charities'
4 license numbers.

5 MS. CASTAÑUELA: Special to those entities.

6 MS. GREEN: Yes, they're special.

7 MS. CASTAÑUELA: Okay.

8 MS. GREEN: So and that's what you send me in
9 the mail.

10 MS. CASTAÑUELA: Uh-huh.

11 MS. GREEN: And it's a package with the report
12 and then the charity information and the distribution things
13 and --

14 MS. CASTAÑUELA: Uh-huh.

15 MS. GREEN: -- then also, as most -- some of
16 the lessor information on it. It all comes in one. So if
17 you can go in the portal and click on that and have that one
18 thing so I'm not going back and forth and looking for oh, did
19 I miss the charity distribution form.

20 MS. CASTAÑUELA: Uh-huh. Okay.

21 MS. GREEN: So it's all filled out when you
22 send it to me and it's easier for me just to write it out.

23 MS. CASTAÑUELA: Uh-huh.

24 MS. GREEN: And send it back to you instead of
25 going back and forth on the portal to try to find it.

1 MS. CASTAÑUELA: Okay.

2 MS. GREEN: But that's just -- most people are
3 smarter than me.

4 MS. CASTAÑUELA: Thank you. I'm taking notes.
5 Thank you. Trace, I don't know if there's anybody else
6 that's got any feedback for me today. You all have my email
7 address; if you think of something, please let me know.

8 CHAIRMAN SMITH: Sorry, I was on mute. Sorry
9 about that. Yeah, Steve Fenoglio, do you have any thoughts
10 on this? Not to put you on the spot or anything, but.

11 MR. FENOGLIO: Right. For the record, my name
12 is Stephen Fenoglio.

13 I think most -- I was under the impression
14 that most of the halls, certainly the units, do file online
15 and there may be some, I don't know if the VFW posts or
16 American Legion or otherwise, that only conduct one or two
17 times a week where that could be a challenge, but more and
18 more, my interaction with clients across the state is
19 everyone loves the online system. That it's so easy and
20 simple and you save mailing the documents and there's a
21 digital record that's easy.

22 So, I don't know if -- and I'm looking at Will
23 now, Martin, that if the American Legion posts have a
24 significant challenge, small posts. I mean, I know Will, the
25 charity you are with is in a commercial hall, so I don't

1 think that's an issue, but I've heard through the years well,
2 we don't have a computer at our post. I think that's pretty
3 well gone the way of the dodo bird because I think everyone's
4 got digital access now.

5 But it may be that, again, for the clients
6 that I've dealt with, they all do it and would not oppose a
7 restriction or a limit that says you must do it, but it may
8 be that halls that are of a certain size might be exempted
9 from that.

10 LaDonna, in the past the Commission has
11 opposed a different treatment level, regulatory requirement
12 for small halls versus large, that's just been a
13 philosophical view, so I'll turn it over to Will, because I
14 know he can always help us.

15 MR. MARTIN: Will Martin. Is there any way
16 you can get us a -- some type of a breakdown on that 40
17 percent that are still sending in? Is it coming from
18 Veterans posts, is it -- if it is the American Legion or VFW
19 or veterans organizations like that, maybe I can sit down
20 with some of them and figure out what we can do. Because I
21 realize when they mail -- when you get it in the mail, then
22 they all have to transpose it into the computer so it -- a
23 lot of manpower there that we're paying for that we could get
24 rid of that work.

25 MR. BOURGOYNE: Also increases the errors.

1 MR. MARTIN: Yeah.

2 MS. CASTAÑUELA: I can absolutely get a list.

3 MR. MARTIN: Yeah, if you could get a
4 breakdown on that and give me some numbers, I can see what I
5 can do to help you out.

6 MS. CASTAÑUELA: All right.

7 MR. FENOGLIO: And I think, LaDonna, also to
8 submit it to the BAC.

9 MS. CASTAÑUELA: Sure.

10 MR. FENOGLIO: Maybe put it on your website.
11 I mean --

12 MS. CASTAÑUELA: That sounds like tattling.

13 MR. FENOGLIO: Well, I mean, it -- right now
14 they have the right, but it's possible some people don't
15 know.

16 MS. CASTAÑUELA: Yeah. Makes sense. Makes
17 sense.

18 MR. FENOGLIO: I mean, how many times have you
19 heard, you haven't been here long, but I've certainly heard
20 well, I never knew that was an option.

21 MS. CASTAÑUELA: Right. Right.

22 MR. FENOGLIO: They're kind of in their silo
23 and they never come out.

24 MS. CASTAÑUELA: Uh-huh.

25 MS. GREEN: Would you accept -- as Steve said,

1 I did my whole quarterly report on your website, right, it's
2 just the other supplemental sheets. Would you accept those -
3 - there's not a lot of information to put on -- put in from
4 that, not a lot of data. Do you know what I'm talking about,
5 Mary?

6 MS. VOLPE: And I know some forms are not even
7 available on the BSP.

8 MR. FENOGLIO: Right.

9 MS. VOLPE: The Form 156, if you play multiple
10 locations --

11 MS. CASTAÑUELA: Yeah. Uh-huh.

12 MS. VOLPE: -- you can't -- you have to still
13 mail that part in.

14 MS. GREEN: So LaDonna, if you would want a
15 quarterly report on the cash that's coming straight in --

16 MS. CASTAÑUELA: Yes.

17 MS. GREEN: -- that's fine. And then the
18 other sheets may -- would come as a --

19 MS. CASTAÑUELA: That would definitely be a
20 big help. The other -- let me look into the other sheets.

21 MS. GREEN: Uh-huh. So that's what you're
22 looking for. Your main thing is to get the money in and get
23 those numbers on the quarterly report and have those through
24 the --

25 MS. CASTAÑUELA: The check -- the processing

1 checks is 5200 steps around here, so.

2 MS. GREEN: Right.

3 MR. FENOGLIO: Don't want anyone running off
4 with the money.

5 MS. CASTAÑUELA: You can ask Mary. She just
6 wrote up that procedure.

7 CHAIRMAN SMITH: Okay. All right. Very good.
8 So LaDonna, are you getting some good feedback on this?

9 MS. CASTAÑUELA: I am. I am. Thank you.

10 MS. GREEN: That makes a big difference right
11 there. Mary knows what I'm talking about, there's just a lot
12 of extra information that comes with the units.

13 UNIDENTIFIED VOICE: Uh-huh. Uh-huh.

14 MS. GREEN: That I cannot file online.

15 CHAIRMAN SMITH: Does anybody have any other
16 comments on electronic filing or anything they want to give
17 LaDonna?

18 MR. FENOGLIO: Well, that's open-ended.

19 MS. GREEN: Okay. I have one more thing.
20 This is Melodye Green. When we are applying for temporaries,
21 I think I mentioned this last time to Kim, and there's not an
22 option to print what we have asked for or requested online.

23 MS. CASTAÑUELA: Uh-huh.

24 MS. GREEN: So I just end up taking a picture
25 of it with my phone so I make sure that -- because after I

1 hit submit, it's gone.

2 MS. CASTAÑUELA: Uh-huh.

3 MS. GREEN: And I'm going well, did I ask for
4 12 or 15 or there's not a print button there.

5 MS. CASTAÑUELA: Let me look into it.

6 MS. GREEN: Or save.

7 MR. BOURGOYNE: Or save, save a copy.

8 MS. GREEN: Yeah, there's not an option on
9 that. There is on the -- when she's talking about the
10 quarterly reports and all that, that's wonderful. But when
11 you're asking for temporary licenses, there's not an option
12 for that. That might save some steps for you, too.

13 CHAIRMAN SMITH: Excellent, Melodye.
14 Excellent. Okay. I guess we're going to wrap that item up.

15 Is there anything that anybody wants to get on
16 the next agenda right now or wants to talk about new
17 business-wise or anything like that?

18 (No responses)

19 AGENDA ITEM 8

20 CHAIRMAN SMITH: All right. Let's set the
21 date for the next meeting then and hopefully, we'll all be
22 well. So, it should be in March; is that correct? February
23 is the next Commission meeting, correct?

24 MS. CASTAÑUELA: February 10th.

25 CHAIRMAN SMITH: Okay. All right. All right.

1 So then the one after that, do we know that one yet?

2 MS. CASTAÑUELA: Let's see.

3 MS. BIENKOWSKA: April 14th.

4 CHAIRMAN SMITH: April 14th?

5 MS. BIENKOWSKA: Yes.

6 CHAIRMAN SMITH: Okay. Excellent. Would
7 anybody be wanting to do that maybe on the 13th or the 12th
8 maybe of April? Tuesday or Wednesday?

9 MS. GREEN: Sure.

10 CHAIRMAN SMITH: The 13th would actually be
11 better.

12 MR. MARTIN: April 13 works for me.

13 MS. GREEN: Uh-huh.

14 MR. BOURGOYNE: Okay here.

15 CHAIRMAN SMITH: All right. Wonderful. All
16 right. We'll set the meeting pending room use, LaDonna, as
17 always, Wednesday the 13th at 10:00 a.m.

18 MS. CASTAÑUELA: Got it.

19 CHAIRMAN SMITH: Alrighty. Wonderful.

20 AGENDA ITEM 9

21 CHAIRMAN SMITH: Thank you, everyone. We'll
22 adjourn the --

23 MR. BOURGOYNE: Motion made.

24 CHAIRMAN SMITH: All right. Good job, you
25 guys. Thank y'all.

(Meeting adjourned at 10:49 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 2nd day of February, 2022.

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

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