

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

JUNE 8, 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

Will Martin

Tommy Duncan

Melodye Green

Emile Bourgoyne

Veronica Uriegas

## COMMISSION STAFF:

Cindy Fields, Commissioner

LaDonna Castañuela, Director of Charitable Bingo Operations

Tyler Vance, Assistant General Counsel

Vivian Cohn, Deputy Director of Charitable Bingo Operations

## PUBLIC:

Michael Anastasio

Stephen Fenoglio, Esq.

Kim Kiplin, Esq.

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

TUESDAY, JUNE 8, 2022 (10:00 a.m.)

AGENDA ITEM 1

CHAIRMAN SMITH: So we'll go ahead and get started. I'm going to call the meeting to order. It's about 10:15.

AGENDA ITEMS 2 AND 3

CHAIRMAN SMITH: And we're going to go ahead and start out with the American Pledge and the Texas Pledge. Mr. Martin, would lead us in that, please?

(Pledges recited)

AGENDA ITEM 4

CHAIRMAN SMITH: All right. Thank you, Mr. Martin. We're going to go for roll call. William T. Smith is here. That would be me. Veronica.

MS. URIEGAS: Here.

CHAIRMAN SMITH: Is here. Glad to have you back with us. Mr. Will Martin?

MR. MARTIN: Yes, sir.

CHAIRMAN SMITH: Is here. Melody Green is here. Tommy Duncan?

MR. DUNCAN: Here.

CHAIRMAN SMITH: Here. Emile Bourgoyne.

MR. BOURGOYNE: Here.

CHAIRMAN SMITH: Jason Pohl is not here today.

1 He is under the weather. And Corey Harris, are you on the  
2 phone by any chance? Okay. All right. Corey is not with us  
3 today.

4 AGENDA ITEM 5

5 CHAIRMAN SMITH: We'll skip on down to Item  
6 Number 5, meeting minutes from April the 5th, 2022 meeting.

7 Has anybody got any comment about that or  
8 anyone have any comment about those minute meetings?

9 MR. BOURGOYNE: I move we approve.

10 CHAIRMAN SMITH: If not, I'll ask the public  
11 for any comment on the minute meetings. If not, I'll move  
12 that we accept the meeting minutes as printed.

13 MR. MARTIN: I'll second that.

14 CHAIRMAN SMITH: Will, you're going to second?  
15 All right. All in favor say aye.

16 (Chorus of "ayes")

17 CHAIRMAN SMITH: Any opposed? All right.  
18 Meeting minutes are approved.

19 AGENDA ITEM 6

20 CHAIRMAN SMITH: Okay. Fun time. Item Number  
21 6, the BAC nominations for the vacant seat. The vacancy is  
22 for a charity operator lessor which Kim Rogers filled her  
23 seat very well.

24 We had five nominations for this seat and I  
25 actually did the phone calls and the research on these five

1 applicants. We had Michael T. Anastasio, Kris Keller, Hector  
2 Villarreal, Jamal Tawil, Margaret Baldwin, were the five  
3 applicants that we had. I think that what we're looking for  
4 in a applicant for the BAC is someone that fills the role of  
5 a charity lessor. They don't have to actually be a charity  
6 lessor, but I think if we have a charity lessor, somebody  
7 that does that, I think they would better represent that  
8 position on the BAC versus someone who is not a charity  
9 lessor.

10 Tyler, if you like to comment on this?

11 MR. VANCE: Yeah, sorry to interrupt. I just  
12 want to ask, everybody who's called in, if you could please  
13 mute your phones. We're getting a lot of noise over the  
14 speaker phone.

15 CHAIRMAN SMITH: All right. Thank you. So, I  
16 made the calls. I think Jamal and Kris Keller are very good  
17 applicants. I think they're very knowledgeable about the  
18 industry. I just -- I don't feel like they fit the bill for  
19 charity lessor. Keep in mind that this is not my total job  
20 to make the recommendation; we get to vote on this as a  
21 committee and come up with one final applicant to present to  
22 the Commissioners for approval.

23 However, I think Jamal and Kris are both not  
24 fitting the bill as a charity lessor, although, they are  
25 probably some of the most knowledgeable people in the

1 industry today. I called Hector Villarreal. He's been in  
2 the bingo industry for about 12 years. I did not get a call  
3 back from him. He is currently at the VFW Post 8621. So he  
4 is definitely qualified for that as a charity lessor.

5 The other applicant was Michael T. Anastasio,  
6 who is also a VFW operator. He's been in the bingo business  
7 about 15 years. And he is at VFW Post 8577.

8 And then Margaret Baldwin is -- she has been  
9 in the bingo industry for about 18 years, mostly as a  
10 bookkeeper in a charity unit and association, and association  
11 director.

12 So we have three applicants that in my mind  
13 are not direct charity lessors, although they are all  
14 involved in charity lessors in some way or another, and  
15 probably Margaret more so than anyone.

16 I know that Michael is a charity lessor in the  
17 license forum and I believe Hector is also as well, but I did  
18 not get to speak with him.

19 So what I'd like to do if -- to avoid any  
20 awkwardness, if you could write down on a piece of paper who  
21 your vote is for and pass that forward, I will do that.  
22 And in the event of a tie vote today, typically, in  
23 committees and city councils, government meetings, if there  
24 is a tie vote, the chairman has a weighted vote.

25 (Pause)

1                   CHAIRMAN SMITH: All right. I'm going to  
2 shuffle these up a little bit. All right. Melodye, will you  
3 take the vote, please?

4                   MS. GREEN: Absolutely, uh-huh.

5                   CHAIRMAN SMITH: And just for the record, any  
6 of the committee members would like to go over these after  
7 we've counted them, please feel free to come look at those.  
8 I'll pass those around to people. I don't want any issues on  
9 this.

10                   First vote is Michael Anastasio.

11                   Next vote Michael Anastasio.

12                   Next vote Michael Anastasio.

13                   Next vote Margaret Baldwin.

14                   Next vote Michael Anastasio.

15                   Next vote Michael Anastasio.

16                   Melodye, count, please. Five for Michael, one  
17 for Margaret.

18                   CHAIRMAN SMITH: Five for Michael, one for  
19 Margaret. I'll pass those down if everybody wants to look at  
20 those. Is Michael Anastasio here today?

21                   MR. ANASTASIO: Yes, sir, I am.

22                   CHAIRMAN SMITH: Michael, if you'd like to  
23 come up. First of all, congratulations. And we welcome you  
24 as the nominee to the Commissioners; we will submit your name  
25 tomorrow for the Commissioners to give the final approval on



1 and good luck and God's speed, sir.

2 MR. ANASTASIO: Thank you. Am I supposed to  
3 sit here now or?

4 CHAIRMAN SMITH: No, we have -- the  
5 Commissioners have to approve you first. Yes, sir. I just  
6 wanted to welcome you and say congratulations on the  
7 nomination.

8 MR. MARTIN: Put me in.

9 CHAIRMAN SMITH: Yeah, if you're on the phone,  
10 please -- if you're on the phone call, please mute your  
11 phone. We're getting a lot of background noise. It's a  
12 little disconcerting.

13 AGENDA ITEM 7

14 CHAIRMAN SMITH: All right. Moving on to Item  
15 Number 7, filing quarterly reports electronically. I know  
16 this has been a big issue for staff and I think I would like  
17 to invite -- well, first of all, I'd like to thank  
18 Commissioner Fields for being in attendance today. Thank you  
19 very much. We greatly appreciate your attention to us.  
20 Makes us feel important and we appreciate that.

21 COMMISSIONER FIELDS: You are.

22 CHAIRMAN SMITH: And then of course also, we  
23 have LaDonna Castañuela, the Director of Charitable Bingo  
24 Operations Division. LaDonna, how are you?

25 MS. CASTAÑUELA: Good. Good.

1 CHAIRMAN SMITH: Wonderful.

2 MS. CASTAÑUELA: Thank you. Good to see  
3 everybody.

4 CHAIRMAN SMITH: I know we've been reaching  
5 out through our community efforts, trying to get more people  
6 to file electronically. Did you have any success in that  
7 this past time?

8 MS. CASTAÑUELA: So I've been looking at  
9 numbers and they're improving a tiny bit. The biggest change  
10 improvement is with the units, so I'm very excited about  
11 that. That's a lot of -- it's a lot of work. I really  
12 appreciate it.

13 We are getting closer and closer to finalizing  
14 some user manuals to help people, trying to get them just  
15 right and user friendly. I've told people if I know how to -  
16 - if I can use it, then it'll be useable.

17 CHAIRMAN SMITH: There we go, right. Yes.

18 MS. CASTAÑUELA: Because I've never done it  
19 before. So, so we're working on that and hope to get it,  
20 hopefully this month, late, before the end of the month, I'll  
21 be sending a director's message with some links. They'll be  
22 posted on the website.

23 CHAIRMAN SMITH: Awesome.

24 MS. CASTAÑUELA: Okay?

25 CHAIRMAN SMITH: Awesome. Melodye?

1 MS. GREEN: Yeah, I just have one comment. I  
2 saw you looking at the units. I did file everything online.

3 MS. CASTAÑUELA: Yay. Thank you very much.

4 MS. GREEN: But when I do the charitable  
5 distribution and --

6 MS. CASTAÑUELA: Yes.

7 MS. GREEN: -- file theirs, it says save the  
8 report; they're not saving.

9 MS. CASTAÑUELA: Okay.

10 MS. GREEN: So none of --

11 MS. CASTAÑUELA: That's good feedback.

12 MS. GREEN: They're saving -- the quarterly  
13 report is saving, but when I do the charitable, it did not  
14 save.

15 MS. CASTAÑUELA: Okay.

16 MS. GREEN: So if you have any question about  
17 that, I can't go back and look at it.

18 MS. CASTAÑUELA: Have you --

19 MS. GREEN: Because it's not there.

20 MS. CASTAÑUELA: -- mentioned that to Alice or  
21 anybody? I mean, I'll take a note, of course.

22 MS. GREEN: Yeah, yeah.

23 MS. CASTAÑUELA: I just want to know if  
24 anybody else is --

25 MS. GREEN: Yeah.

1 MS. CASTAÑUELA: -- working on it yet.

2 MS. GREEN: Not yet.

3 MS. CASTAÑUELA: Okay.

4 MS. GREEN: But I will.

5 MS. CASTAÑUELA: Okay.

6 MS. URIEGAS: This is Veronica. And so, if  
7 you go out -- go ahead and file the first quarterly report  
8 and then go back into it and file it the other way, then  
9 they'll save. And you can just print it. So you -- there's  
10 a way it does it, it just takes -- it took a lot of trial and  
11 error for it to get through.

12 So file your quarterly report, everything  
13 else, and then go back. And there's another line that you  
14 can do your charitable distributions.

15 MS. GREEN: But I'm talking about each  
16 charity's --

17 MS. URIEGAS: Yes.

18 MS. GREEN: It does save that?

19 MS. URIEGAS: Uh-huh.

20 MS. CASTAÑUELA: Uh-huh.

21 MS. URIEGAS: You just have to get out of it  
22 and go back into it. So it's a little glitch --

23 MS. GREEN: Oh goodie.

24 MS. URIEGAS: -- but I just -- but I figured  
25 it out by trial and error, yeah.

1 MS. GREEN: Well, it -- it does say save and  
2 submit. So when you push save and submit, it would be nice  
3 if it did save it.

4 MS. CASTAÑUELA: I'll make sure it's in the  
5 user manual. That's good feedback. Thank you.

6 MS. GREEN: Thank you.

7 CHAIRMAN SMITH: All right. Okay. And so we  
8 would, once again, like to encourage everyone to file  
9 electronically once again if you possibly can. All right.  
10 Any other discussion on that?

11 AGENDA ITEM 8

12 CHAIRMAN SMITH: Okay. All right. We'll move  
13 on to the next item on -- okay. If you're on the telephone,  
14 could you please mute your phone? I'm getting a lot of  
15 background noise. Is it feedback from the microphones do you  
16 think?

17 All right. Number eight, legislative update.  
18 Mr. Bresnen could not be here today due to a scheduling  
19 conflict. Mr. Fenoglio, would you like to give us an update  
20 on legislation?

21 MR. FENOGLIO: For the record, my name is  
22 Stephen Fenoglio, I'm an attorney in Austin. The good news  
23 is the Legislature's not in session. There was a house --

24 CHAIRMAN SMITH: Yet. Yet.

25 MR. FENOGLIO: January 8, I think, of 2023.

1 There was a House Licensing and Administrative Procedures  
2 Committee hearing yesterday on the scourge of illegal eight  
3 liners and game rooms. Most of the members were there and  
4 seemed to be engaged.

5                   Unfortunately, Representative Dan Huberty,  
6 who's a really good guy, is retiring and asks the most  
7 questions about how you -- how we fix this problem of cash  
8 paying game rooms. Who knows what the committee will do.  
9 They'll meet probably one more time.

10                   If people are interested in legislation for  
11 2023, now's the time to get it drafted. Don't wait until  
12 January. Leg counsel, you can pre-file beginning, I believe,  
13 it's November 15 or thereabouts. You have to get a  
14 legislator to pre-file. So be happy to answer any questions.  
15 Otherwise, I'm going to shut up. Thank you very much.

16                   CHAIRMAN SMITH: All right.

17                   MR. MARTIN: Y'all want to ask me about that?

18                   CHAIRMAN SMITH: I would love to hear from  
19 you, Will.

20                   MR. MARTIN: Well, Representative Kuempel's  
21 Chief of Staff Brittney Madden, came down to Victoria last  
22 Friday and brought the people from Sam's Casino with her.  
23 And by the way, I found out from them, I thought they were  
24 talking about having four casinos in the state of Texas, like  
25 Houston, Fort Worth -- Dallas-Fort Worth, Austin and San

1 Antonio. And they said, no, but we're going to have some  
2 smaller casinos, like in Corpus, Brownsville. So they're  
3 going to have a total of about 11 casinos they're wanting to  
4 bring into the state of Texas.

5 And we spoke to them about some of the things  
6 that we think bingo needs so that we don't all go broke when  
7 the casinos move in. While Brittney, the Chief of Staff, was  
8 there, she also informed me, Will, the testimony that took  
9 place yesterday was only by invite, but she said, I want you  
10 to do the electronic testimony about these game rooms,  
11 because you probably know more about them in the state of  
12 Texas than anyone.

13 And by the way, we finally did get an  
14 ordinance passed in Nueces County against illegal game rooms  
15 there. And we'll see how well that can be enforced.

16 In speaking with the Lieutenant Governor's  
17 Office, I spoke with Ms. Morris there, and she said Mr.  
18 Martin, if you could write a bill, get some people to write a  
19 bill against these illegal game rooms, my boss would be  
20 overjoyed. So I think the state is finally looking at this  
21 and saying, it's not only affecting Bingo and the Lottery  
22 Commission, but it's affecting a lot of other businesses in  
23 the state and they bring a lot of other crime with them;  
24 that's kind of where we're leaning this coming session, is to  
25 get rid of game rooms.

1                   CHAIRMAN SMITH: And maybe you can talk a  
2 little bit more about what you thought. You said they asked  
3 you what bingo wanted. What were some of the things, if you  
4 can talk about it, what were some of the things that --

5                   MR. MARTIN: Well, I had 18 of them on there  
6 and the ones that I can remember off the top of my head was  
7 we wanted progressive bingo pots. We want progressive event  
8 tabs. We want to have electronic event tabs with playback.  
9 And then of course some of the bingo halls are wanting slot  
10 machines. And I think that's going to be a point that we  
11 really have to kick around a lot because I don't think the  
12 legislative people are ready to let every bingo hall in the  
13 state of Texas have slot machines.

14                   And I think a lot of these people are not  
15 thinking it through. Anybody -- if I say something that  
16 maybe is wrong and correct me, but these slot machines are  
17 not cheap. You're looking at anywhere from \$22,000 to  
18 \$50,000 apiece. And I can't see a distributor leasing them  
19 from a -- IGT or someone, and putting them in a dirty,  
20 filthy, dinky hall.

21                   So not everybody's going to be able to get  
22 them and the ones that do get them are they thinking ahead?  
23 And once you put slots in, you're looking at 24/7; you're  
24 going to have to have more security, you're going to have to  
25 have a mixed drink license, you're going to have to have more



1 employees, you're going to have to have more air conditioning  
2 to -- your overhead is --

3 CHAIRMAN SMITH: What I think I hear you  
4 saying is it takes money to make money?

5 MR. MARTIN: Amen, brother.

6 CHAIRMAN SMITH: Oh, okay.

7 MR. MARTIN: So, that's -- the only other  
8 thing I asked from them was I wanted preferential treatment  
9 or preferential hiring for veterans if, and when casinos do  
10 come to Texas.

11 CHAIRMAN SMITH: Gotcha. Okay. Well, I  
12 appreciate that Will; thank you very much. Anybody else have  
13 any comments on that subject? No? Okay.

14 AGENDA ITEM 9

15 CHAIRMAN SMITH: Let's move on to Item Number  
16 9, discussion on penalties involving units and payments and  
17 fines. Melodye dear.

18 MS. GREEN: Well, I have a problem with a \$100  
19 fine that is a actual \$100 fine turning into a \$700 fine.  
20 You know, the units -- I've been talking to Steve Fenoglio  
21 about this, because I'm -- the way the laws were written, the  
22 units, I feel like should be treated as one entity because  
23 that's what they are. They file one quarterly report, and  
24 they answer to one -- one check, one action. Things like,  
25 you know, we keep perpetual inventory is on one, it's not

1 individually.

2                   Now, I told Trace, it is like if you're  
3 driving down the street and you have four people in the car  
4 and you get a ticket for going 33 miles an hour in a 30, they  
5 give you one ticket. They don't give everybody in the car a  
6 ticket. Now, everybody in the car, plus the people in the  
7 trunk, are all getting tickets.

8                   So you have, you -- and the money is being  
9 taken out of the charities' pockets five times or six times  
10 or seven times rate. And I have an email going back a couple  
11 years ago that says this fine has to be paid out of the  
12 charity; it cannot be paid out of the unit trust, because  
13 it's not a acceptable expense. And I have a next email that  
14 says, this must be paid out of the unit trust because you  
15 cannot use 501(c) charity money to pay fines to the lottery  
16 occasion because they're not.

17                   So anyway, this is a big problem, because if  
18 you -- I mean, they are assessing quite a -- okay, here comes  
19 Steve. They are assessing fines, but you take the \$100 and  
20 turn it into \$700, and it's a big money grab for nothing.  
21 It's hurting the charities.

22                   CHAIRMAN SMITH: I think the car analogy and  
23 the speeding kind of really turned the light on for me a  
24 little bit.

25                   MS. GREEN: Uh-huh.

1 CHAIRMAN SMITH: That's -- I see where you're  
2 going with that.

3 MS. GREEN: Uh-huh.

4 CHAIRMAN SMITH: I'm not familiar enough with  
5 the unit stuff, but I think Mr. Fenoglio might be.

6 MS. GREEN: Steve is.

7 CHAIRMAN SMITH: Steve, would you like to  
8 comment on this?

9 MR. FENOGLIO: Yes, please.

10 For the record, my name is Stephen Fenoglio.  
11 First, the easiest one for me is the who pays the penalty.  
12 Jim Cox, when he was one of the commissioners and Tom Clowe  
13 was the chairman. This direct issue came up and I know,  
14 LaDonna, that's long before your time. Kim is nodding in  
15 agreement. The staff wanted to prohibit the bingo account  
16 from paying a penalty.

17 I can't read lips, Kim, you may have to come  
18 up. I believe it was Mr. White at the time, and he got a  
19 butt chewing by Jim Cox who was a big time CPA at one point  
20 before going to -- what? Say again?

21 MS. KIPLIN: Bingo Director.

22 MR. FENOGLIO: Okay. The bingo director at  
23 the time wanted to. And Cox then went to work for the Hughes  
24 Estate casinos and developed a high degree of knowledge about  
25 gaming.

1                   And so he's listening to this, and if you read  
2 body language, I could tell he was agitated. And when he  
3 finished, he said, what difference does it make? It's the  
4 charity's money one way or the other. And that was to -- I  
5 thought had resolved the issue. And if necessary, I can go  
6 back and find that record, but that was the marker that the  
7 Commissioners laid down, that it -- if the charity wants to  
8 pay it out of the bingo account, the charity can pay it out  
9 of the bingo account. If the charity wants to pay it out of  
10 the general fund, the charity can pay it out of the general  
11 fund. It's the charity's money. It's not anyone else's.

12                   So I think -- and again, if this continues to  
13 be an issue, I'll be happy to engage on that. The units are  
14 an entity, they have a separate taxpayer number and I've  
15 always been puzzled as to why, if it -- the unit has  
16 violated, we all know, I do certainly, that it's the unit  
17 that's now doing the activity. Yes, every charity has to  
18 have a bingo license, but in practical effect, it's the unit  
19 that's doing the things.

20                   There's one inventory, there's -- if there are  
21 written contracts with distributors, it's with the unit. The  
22 unit makes arrangements for the utility bill, et cetera,  
23 janitorial. And so it seems to me that it should be  
24 considered the unit is the violator and it's the unit, one  
25 entity, that should pay. And, technically, I guess the staff

1     could look at it, well, we'll get eight checks; the unit,  
2     plus if there were seven charities.

3                     And I guess it could be if there was evidence  
4     that each of the charities was actively engaged in the  
5     illegal conduct, I could see where that might -- you might  
6     want to elevate the penalty, but what I've seen is usually a  
7     bookkeeping error and/or some sloppiness on someone's part;  
8     there's no money missing, and you know, this -- the charity  
9     reps, the unit rep, promptly solves the problem to the  
10    satisfaction of the staff.

11                    And by the way, in a prior life, a lot of the  
12    auditors were reluctant to give any advice. They just would  
13    say, this is the error and well, how do we fix it, I can't  
14    help you on that. My experience has been that the staff,  
15    your staff, LaDonna, do a great job of saying, well, this is  
16    how it should be done. And kudos to you and your staff for,  
17    you know, saying, okay. Yeah. Well, this is -- and what  
18    I've heard -- seen when I've been involved, too, is there's a  
19    give and take, no one's got a personal grudge, and they hear  
20    what the charity rep is saying and okay, well, maybe we can  
21    do it this -- maybe we can do it your way. I hadn't thought  
22    of that way.

23                    So, I hope I answered your questions and I'll  
24    shut up.

25                    MS. GREEN: Well, no, my question is, are you

1 going to stop making a \$100 fine a \$700 fine? It's -- or,  
2 you know, Steve, is that something they can legally do? Or  
3 Kim? I believe I had spoken to you about that before.

4 So I mean, it's just money that's coming out  
5 of the charity's account, so you're taking a \$100 fine,  
6 excuse me, and making it 700, which is not right.

7 MR. FENOGLIO: Yeah. And it's -- it is, I  
8 would say it's discretionary. But from a business  
9 standpoint, it -- from my look at it, it's the unit that's  
10 doing the activity --

11 MS. GREEN: Correct.

12 MR. FENOGLIO: -- and it ought to be one  
13 entity, not several.

14 MS. GREEN: So how do we fix this? What do I  
15 have to do?

16 MR. FENOGLIO: I think you're asking the wrong  
17 person for that.

18 MS. GREEN: Well, no.

19 CHAIRMAN SMITH: Tyler --

20 MR. VANCE: I can comment on this.

21 CHAIRMAN SMITH: -- or LaDonna maybe, would  
22 y'all like to comment on this? And this may be something  
23 that we need to --

24 MR. MARTIN: A \$700 fine on a --

25 CHAIRMAN SMITH: -- give the staff some time -

1 -

2 MR. MARTIN: -- (indiscernible) --

3 MS. GREEN: Yes.

4 CHAIRMAN SMITH: -- to look into this and  
5 maybe --

6 MR. VANCE: Sure. So, number of things --  
7 this is Tyler Vance, Assistant General Counsel. This comes  
8 from the statute, it's 2001.438(f) is that if organizations  
9 voluntarily enter into an accounting unit, then all the  
10 organizations are jointly and severally liable for all  
11 actions of each other. And specifically, for the payment of  
12 any penalties imposed for a violation.

13 So I think what we're doing is perfectly  
14 legal. I think the way to accomplish what it is that -- that  
15 you want to do is to treat units differently. So the thing  
16 is units don't have a license. So a unit is a collection of  
17 say, five licensees. So in order to hold everybody in that  
18 unit jointly and severally liable for the actions of one of  
19 them, we have to discipline each one of those licenses.

20 The way to do what it is you're saying is  
21 instead of fining each of them a \$100, is to fine them a \$100  
22 divided by seven, right? Fine each one, you know, and that's  
23 -- that's a policy matter for the Commissioners if they  
24 wanted to adopt a rule. The problem with that is it treats -  
25 - treats organizations and units differently than standalone

1 organizations.

2                   There -- to use your car analogy, the --  
3 arguably, the policy reason behind doing this is so that the  
4 other three people in the car tell the driver to slow down.  
5 If you have four people and four organizations in a unit that  
6 are all jointly and severally liable for the actions of one  
7 of them, then they should all have a higher reason for paying  
8 attention to what's going on at all times.

9                   But that is policy decision. I agree with  
10 Steve, it's kind of discretionary.

11                   The other issue here, there's 2001.459  
12 specifies all of the things that must be paid from a bingo  
13 account and penalties are not in there. So, I don't really  
14 see any legal requirement that penalties be paid from the  
15 bingo account.

16                   MS. GREEN: Well, the last email I got says  
17 that penalty must be paid from the bingo account.

18                   MR. VANCE: Well, yeah.

19                   CHAIRMAN SMITH: If I may?

20                   MS. GREEN: Not with me, but.

21                   CHAIRMAN SMITH: If I may, Tyler. So you say  
22 that it's -- that's not listed as an allowable expense?

23                   MR. VANCE: No, there's -- so there's two  
24 different things. There's one statute that lists all the  
25 things that may be paid from the bingo account, and then



1 there's another statute that says all the things that must be  
2 paid, that can only be paid from a bingo account.

3 Advertising must be paid from a bingo account, security,  
4 purchase and repair of supplies, prizes, rental expenses,  
5 accounting services and employment fees. And so I -- I would  
6 interpret that, because it doesn't say penalties in there  
7 must be paid, then the agency has the discretion to allow  
8 them to be paid from another source.

9 CHAIRMAN SMITH: So if they -- if there's --  
10 let's say a charity -- or a unit is using a accountant and  
11 they have an issue with UBIT, and the IRS says you owe this  
12 money, would that fall under accounting?

13 MR. VANCE: Fees for accounting services must  
14 be paid from the bingo account.

15 CHAIRMAN SMITH: Okay. So then the UBIT tax  
16 or fine from the IRS would be paid out of that account,  
17 correct?

18 MR. VANCE: I --

19 MS. COHN: It's different.

20 MR. VANCE: I would kind of argue -- yeah, the  
21 fine and the accounting service are two different things.

22 MS. COHN: It's totally different.

23 CHAIRMAN SMITH: Okay.

24 MS. COHN: IRS, that's the federal law.

25 There's a specific rule under the IRS, so it's different.

1 You cannot treat it under the bingo account.

2 CHAIRMAN SMITH: Okay.

3 MS. COHN: So --

4 CHAIRMAN SMITH: All right.

5 MS. COHN: -- I can forward you the reference.

6 CHAIRMAN SMITH: No, I'm just asking  
7 questions.

8 MR. SMITH: I don't -- thank goodness I don't  
9 have a problem with that. I was just curious.

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

12 CHAIRMAN SMITH: Yes, absolutely.

13 MS. URIEGAS: So, you said that a unit does  
14 not have a license?

15 MR. VANCE: Correct. Units are not licensed,  
16 units are a collection of individual licensees.

17 MS. URIEGAS: So when they record their taxes,  
18 they don't have a certain --

19 MR. VANCE: That's what --

20 MS. URIEGAS: -- number, taxpayer number?

21 MR. VANCE: That's with the IRS, that's not  
22 with us.

23 MS. URIEGAS: Okay.

24 MR. VANCE: Or with the Secretary of State.  
25 But units don't have a bingo license issued by the Lottery

1 Commission, so we don't have any jurisdiction over a --

2 MS. URIEGAS: Okay.

3 MR. VANCE: -- unit per se. We have  
4 jurisdiction over the members of the unit.

5 CHAIRMAN SMITH: That makes more sense.

6 MS. URIEGAS: Yeah.

7 CHAIRMAN SMITH: Okay. All right.

8 MS. URIEGAS: Thank you.

9 MR. VANCE: Sure.

10 MR. FENOGLIO: And I don't -- this is Fenoglio  
11 again. I don't want to get into a tête-à-tête with Tyler,  
12 but the statute says, 458, an item of expense may not be  
13 incurred or paid in connection with the conduct of bingo,  
14 except an expense that is reasonable or necessary to conduct  
15 bingo, including, and then there is the itemized list of 11.  
16 This is what Cox focused on, and focusing in the Internal  
17 Revenue Code on ordinary and necessary, I believe, is the  
18 actual language.

19 CHAIRMAN SMITH: So is this something that we  
20 would need to clean up? Is this administrative rules or is  
21 this Enabling Act?

22 MR. FENOGLIO: Now that if -- if that's the  
23 position of the staff, then yes, I think you need to change  
24 it statutorily to resolve it forever. But, you know, Cox was  
25 not an idiot.

1 CHAIRMAN SMITH: No.

2 MR. FENOGLIO: And I remember the meeting and  
3 it's -- the question is, is it reasonable or necessary to  
4 conduct bingo. If you don't pay the fine, what happens? You  
5 lose your license. That was his rationale. I spoke with him  
6 at length after that. But if that's the position of staff,  
7 then the simplest way is to change it in the 2023 session.

8 I can't imagine a legislator looking at that  
9 and saying, you mean to tell me that if I'm a truck driver  
10 and I get pulled over for speeding, and I've got a commercial  
11 business, I can't use my operating account to pay for that,  
12 I've got to use a savings account or something? And I mean,  
13 that's -- the rationale is -- and it's different, by the way,  
14 of Cox raised this issue, if you try to deduct that expense,  
15 a penalty, generally on your taxes, it may not be deductible,  
16 it usually isn't, a fine or a penalty, but that's not what  
17 this is about.

18 So anyway, I just think it's an exercise in  
19 how many angels can dance on the head of a pin that --  
20 because it says it's reasonable or necessary to conduct  
21 bingo. Again, if you don't pay the license, you don't -- or  
22 if you don't pay the fine, you don't get to conduct bingo.  
23 That's my --

24 UNIDENTIFIED VOICE: That's a --

25 MR. VANCE: I just want to make it clear that

1 my position reading this was that it legally isn't required  
2 to be paid out of either one, which means it -- it should be  
3 allowed to be paid out of either one. There's no requirement  
4 that it must be paid out of bingo. Which to me implies that  
5 it may be paid from a non-bingo account. MS.

6 URIEGAS: This is Veronica. I have one more question. So,  
7 I'm not familiar with units because I'm one of the surviving  
8 that don't. So if they get a bill for something, don't they  
9 split all the costs; is that how it works?

10 MS. GREEN: They do, but they're multiplying  
11 the cost.

12 MS. URIEGAS: Okay. Well, so I --

13 MS. GREEN: Instead of dividing it.

14 MS. URIEGAS: -- my questions would be is can  
15 you do it and split the cost like you would do any other  
16 bill? Is that --

17 MR. VANCE: So a penalty is assessed against  
18 each licensee. So -- so a unit may have a bill from a  
19 distributor in which they can all share, but when an  
20 administrative penalty is assessed, it's against an  
21 individual licensee, because again, the unit doesn't have a  
22 license. So each licensee is individually responsible for  
23 their penalty.

24 MS. GREEN: They're multiplying and  
25 multiplying and multiplying. If the distributor did that,

1 you take the -- pay your bill seven times. So we're paying  
2 our bill seven or eight times for a fine that becomes  
3 completely ridiculous and excessive.

4 So how do I fix that?

5 MR. VANCE: Like I said, I think it's -- it  
6 would be a policy decision. You could have a rule that would  
7 say in the disciplinary guidelines that a fine against the  
8 members of a unit shall be no greater than the fine against  
9 one of them or something, that so that if one of them had  
10 \$100 penalty, it would be -- it would be split evenly  
11 amongst, rather than each of them get \$100 penalty, it would  
12 be \$100 penalty, and they each pay their share of that \$100.

13 MS. GREEN: So would you want a check --

14 MR. VANCE: For what is that --

15 MS. GREEN: -- divided --

16 MR. VANCE: -- 14-some dollars or --

17 MS. GREEN: -- 25/25/25/25 --

18 MR. VANCE: -- something?

19 CHAIRMAN SMITH: Well, you should be able to  
20 pay it out of the unit, just \$100.

21 MS. GREEN: I'm just saying -- so --

22 UNIDENTIFIED VOICE: Yeah.

23 MR. VANCE: Yeah.

24 MS. GREEN: -- it would be divided like that?

25 MR. VANCE: It's -- yeah, unfortunately, it's

1 not super practical, but the law requires that the members of  
2 a unit are jointly and severally liable for all  
3 administrative penalties. So the only thing we have control  
4 over is the penalty that's issued.

5 CHAIRMAN SMITH: I'm surprised this hasn't  
6 come up sooner.

7 MR. VANCE: But no matter what, they have to  
8 be jointly responsible for the penalties. The thing we have  
9 control over is what the penalty looks like.

10 MR. FENOGLIO: And I don't think anyone's ever  
11 argued that because that language was -- I remember, I  
12 believe it was Phil Sanderson who wanted that language of the  
13 joint and several liability. So if you pay a \$100 fine -- or  
14 the unit pays a \$100 fine, total, all members are jointly and  
15 severally liable, just as they're jointly and severally  
16 liable when they pay the outrageous fees to the distributors.  
17 I didn't say that I, you know, they're all liable for all  
18 expenses, you know, utility expense, et cetera. Sorry about  
19 that, Glenn.

20 CHAIRMAN SMITH: Well, I think -- I think  
21 we've kind of got our direction on that, is maybe do  
22 something through a rulemaking process or through like Steve  
23 said, through the legislative process. We do have a  
24 legislative session coming up, so that may be the right way  
25 to tackle that and make that a lot easier for -- sounds like

1 to me, it would be a lot easier for the staff to have it  
2 clarified and for the operators as well, so, put that on our  
3 agenda for this next legislative session, get that handled.

4 Any other comments on that?

5 AGENDA ITEM 10

6 CHAIRMAN SMITH: Item Number 10, we have  
7 elected to skip that one. There were some communication  
8 breakdowns between the staff and people that wanted to talk  
9 about that, so we're going to skip number 10. We'll put that  
10 back on the agenda for the next BAC meeting. So we'll get  
11 through with that.

12 One of the things that we did not get on the  
13 the agenda this time, and I'd like to apologize to staff for  
14 this, my internet was knocked down, we have -- typically have  
15 bad storms come through the town where I live in and I was --  
16 I did not have internet service for about four days, so I was  
17 not able to get the regular agenda in and Mary was kind  
18 enough to do this last minute for me. So thank you, Mary. I  
19 appreciate it. She was very helpful with this.

20 AGENDA ITEM 11

21 CHAIRMAN SMITH: So we're going to go to new  
22 business now. There's several things; there's three small  
23 things under new business. I do want to keep the new  
24 business item short and sweet, and if it's something that we  
25 want to put on the next BAC agenda, that would be the time to



1 really get into it and hash out the details of the new  
2 business.

3 So first up, Kim Kiplin has a product she  
4 wants to talk about real quick. Kim, the floor is yours  
5 next.

6 MS. KIPLIN: So for the record, my name's  
7 Kimberly Kiplin, I'm an attorney here in Austin, Texas. I  
8 appreciate you giving me a time, brief amount of time today -  
9 -

10 CHAIRMAN SMITH: Roll with it.

11 MS. KIPLIN: -- before your committee. I'm  
12 here to talk about a potentially new product being introduced  
13 in Texas, and that's called Fast Track Bingo. I represent SB  
14 Gaming, who does business as the Second Bite. They are a  
15 licensed bingo manufacturer -- license issued by the Texas  
16 Lottery Commission. They're the manufacturer of Fast Track  
17 Bingo.

18 Fast Track, just a little bit of discussion,  
19 Fast Track Bingo, I hope y'all have had an opportunity to  
20 take a look at the YouTube video on the explanation on how  
21 Fast Track Bingo works. If not, we'll get you that link.  
22 Anybody in the audience that wants that link, we'll get you  
23 that link. We want to make sure that people have a clear  
24 understanding and a good explanation of Fast Track Bingo.

25 And what it does is it uses shutter cards, these

1 old time shutter cards, for bingo play and the players do  
2 slide the shutters over the numbers called by the caller.  
3 There is a caller, it's not electronic; there is a caller.  
4 The shutter cards, they're not electronic. There's no video  
5 graphics. This is it, right here, these shutter cards.

6           The players prepay for the use of the shutter  
7 cards for the subsequent games that they play during that  
8 same occasion. The Fast Track uses an accounting system to  
9 account for all of the transactions. That part is  
10 electronic. So there will be an opportunity for a player to  
11 play three of these that are actually attached to just a  
12 display and the customer account part is right next to it.  
13 And there is an ID, a little chip, that's for each one of  
14 these, so that each one of these faces or shutter cards, we  
15 know what the numbers are on there.

16           Other than the electronic accounting, like I  
17 said, there are no electronics. Please know, wins will not  
18 be credited by the player to the account for the player to  
19 use in subsequent games. So it's no different, that  
20 particular part is no different than a card-minding customer  
21 account, where you'll have to call your usher over and say  
22 you bingoed and then get paid.

23           Every time -- all sells are tracked in real  
24 time. Every time a player buys a shutter card, the sale is  
25 recorded and the available prize is updated. This Fast Track

1 Bingo is designed to be played pari-mutuel style bingo games.  
2 And that's really, to me, I saw it in Florida after I had  
3 retired from the lottery and was working with a firm, and I  
4 happened to be at a North American Association of State and  
5 Provincial Lotteries meeting in Florida. And so, that -- it  
6 was set up and it was being played in a real hall. So I saw  
7 it and I saw just the, you know, the dynamics. The players,  
8 they just love sliding these shutters, these shutter cards.

9 But it's designed to be a pari-mutuel, because  
10 it's low risk. So for those that are playing fixed prizes,  
11 you're offering a fixed prize, and you may not have the sales  
12 that can support that prize, then this solves that problem.  
13 It's not intended to replace regular bingo games, it really  
14 is intended to supplement, such as an early bird game.

15 CHAIRMAN SMITH: If I may interrupt you for  
16 just one moment. If you're listening on the phone, if you  
17 could please mute your phone; we're getting a lot of feedback  
18 and interference from background noise.

19 MS. KIPLIN: The purpose for us coming here  
20 today is to present this new product. These shutter cards,  
21 by the way, that The Second Bite has, they've already been  
22 approved by the Lottery, by the Lottery Commission.

23 MS. GREEN: What has?

24 MS. KIPLIN: The shutter cards. This has  
25 been, you know, just like bingo paper has to be approved --

1 MS. GREEN: Well, that was one -- my -- one of  
2 my questions.

3 MS. KIPLIN: Yeah.

4 MS. GREEN: Is that why can I not use this  
5 right now?

6 MS. KIPLIN: Well, because I think the -- it -  
7 - the staff would prefer undertaking a rulemaking, because of  
8 the customer account component. That's why. And you know,  
9 there are customer accounts, obviously in the card-minding  
10 device rules. I've had that question before.

11 I've reviewed the statutes and I've reviewed  
12 the rules, and I don't see any prohibition, but I think the  
13 idea is let's be transparent about our business. Let's give  
14 people an opportunity to comment and weigh in. That's --

15 CHAIRMAN SMITH: So basically, Melodye, what  
16 she's saying is, the shutter cards themselves are already  
17 approved.

18 MS. GREEN: Uh-huh.

19 CHAIRMAN SMITH: The back end of the system is  
20 --

21 MS. KIPLIN: Yeah, the customer.

22 CHAIRMAN SMITH: -- not yet approved and there  
23 would have to be a petition for rulemaking to get that back  
24 end system approved. And in order to do that, they would

25

1 have to go through that process. Am I speaking out of line  
2 here?

3 MS. KIPLIN: No, I think -- I think you're  
4 spot on.

5 CHAIRMAN SMITH: If I am, stop me.

6 MS. KIPLIN: I think you -- yeah, I think  
7 you're spot on.

8 CHAIRMAN SMITH: Okay.

9 MS. KIPLIN: The --

10 CHAIRMAN SMITH: So basically, yeah, they  
11 would have to petition for rulemaking. And I think most of  
12 the people that have seen it, I know there's a lot of  
13 distributors that are in favor of this, there's a lot of -- a  
14 lot of buzz about this game, if you will. Obviously, I think  
15 it could be a tool in the toolbox, not necessarily for all  
16 halls, but for some halls.

17 The -- I would be interested to see the  
18 petition for rulemaking language before the BAC actually  
19 formally approved --

20 MS. KIPLIN: And we've committed to that.

21 CHAIRMAN SMITH: Yes.

22 MS. KIPLIN: You know, at least the  
23 conversations that I've had with --

24 CHAIRMAN SMITH: Yes.

25

1 MS. KIPLIN: -- we're committed to doing that.

2 CHAIRMAN SMITH: Yes.

3 MS. KIPLIN: The idea was to come and present  
4 the concept. I plan on submitting the draft rulemaking  
5 petition and the draft rule, because I want to solicit  
6 feedback --

7 CHAIRMAN SMITH: Sure.

8 MS. KIPLIN: -- from the staff. And so I plan  
9 on doing that.

10 CHAIRMAN SMITH: Okay.

11 MS. KIPLIN: Very, very soon.

12 CHAIRMAN SMITH: Excellent.

13 MS. KIPLIN: And the idea for us, obviously,  
14 you know, we are requesting your support and your action to  
15 recommend the Commission initiate the rulemaking process at  
16 the August meeting. But I understand, you know, you want to  
17 see the draft and we're going to do that.

18 We'll -- once I work through just getting  
19 feedback, because I think it's really important. I don't  
20 want to be the only drafter. You know, I --

21 CHAIRMAN SMITH: Right.

22 MS. KIPLIN: -- may be pretty good, but I'm  
23 not great. So it's --

24 CHAIRMAN SMITH: Well, don't --

25

1 MS. KIPLIN: -- important to me to get --

2 CHAIRMAN SMITH: -- sell yourself short.

3 MS. KIPLIN: Huh?

4 CHAIRMAN SMITH: Don't sell yourself short.

5 UNIDENTIFIED VOICE: Yeah.

6 MS. KIPLIN: Well, it's important to me to get  
7 the feedback.

8 CHAIRMAN SMITH: We appreciate that. As  
9 people in the industry, we love transparency, and we really  
10 do --

11 MS. KIPLIN: Right.

12 CHAIRMAN SMITH: -- appreciate that.

13 MS. KIPLIN: And we've committed to doing  
14 that. To -- I'm sorry --

15 MR. MARTIN: When you get through, I've got --

16 MS. KIPLIN: Perfect.

17 MR. MARTIN: -- another question for you.

18 MS. KIPLIN: Okay. I'm almost done and I'm  
19 not trying to belabor the deal, but so Rob Dow, he is the  
20 principal behind The Second Bite, and he and I had a Zoom  
21 meeting. LaDonna Castañuela was nice enough, good enough,  
22 receptive enough, to have a Zoom meeting, and we kind of laid  
23 this out. She had an opportunity to look at it and so did  
24 Tyler Vance, they were both on the meeting, and their  
25

1 preference is that we go through a rulemaking. And we're not  
2 about doing something that's at odds with the staff  
3 preference, may be a bias of mine, but I'm just not about  
4 that.

5                   So -- so we're going to do that, and I think  
6 it's a good -- it's a good process, and it will give the  
7 transparency and people can weigh in and provide comment.

8                   I'm planning on trying to get the petition for  
9 rulemaking filed with the Commission, with the General  
10 Counsel's office, no later than the end of June. They're  
11 going to need time, I don't want to jam them up. It  
12 irritated me when people did that when I was the General  
13 Counsel, so I'm not trying to jam anybody up. We do have a  
14 60 day clock regrettably, that's by statute. The Commission  
15 has to act, either deny the rulemaking petition or initiate  
16 rulemaking, within 60 days of the date of the filing.

17                   So knowing that we're going to be having an  
18 August -- I think it's August 10th, I may be wrong,  
19 Commission meeting.

20                   CHAIRMAN SMITH: Yeah, it is.

21                   MS. KIPLIN: I'm not trying to, you know, jam  
22 up the staff, but at the same time, we have to walk a balance  
23 on timelines and make sure that they have enough time to get  
24 it on the agenda, having reviewed it, you know, put it in the  
25



1 Commissioners' notebooks and so forth. So we're trying to  
2 manage both ends of that clock.

3 CHAIRMAN SMITH: So if I may, Tyler and  
4 LaDonna, let me make sure I understand this process  
5 correctly. When they petition for rulemaking, which they  
6 obviously are, it will come through the BAC and we would vote  
7 to support or not support it; is that correct?

8 MR. VANCE: Yeah. So the petition will come  
9 in to the staff and it will -- we'll have to present it at  
10 the next Commission meeting, which will be the day after  
11 y'all's BAC. So ideally, we'll get it to you guys before  
12 your committee meeting the day before, and you can vote on it  
13 at that point to kind of preliminarily approve of it. It's  
14 going to come back to you anyway, because, so it -- if the  
15 next day the Commissioners say, okay, we're going to take up  
16 this petition for rulemaking and start the process, then  
17 we're going to propose the rule, in which case it's going to  
18 come back to you guys anyway for definitive approval or  
19 rejection of it.

20 CHAIRMAN SMITH: Okay.

21 MR. VANCE: But I think at this stage, what  
22 she's asking for and what we would appreciate, too, is kind  
23 of a preliminarily when this petition gets presented to the  
24 Commissioners the next day, you know, they would like to know  
25

1 what the BAC thinks in general of it. And of course, it can  
2 change between that point and the final adoption point. It's  
3 going to come back to you again.

4 But yeah, I think they would like your  
5 perspective on the basic idea of it.

6 CHAIRMAN SMITH: Absolutely.

7 MS. KIPLIN: So my -- my intent is to once we  
8 go through and I impose as much as Tyler will want me -- will  
9 let me impose on him, but once we do that and I get some  
10 other folks that are in the industry to take a look at it,  
11 and we're good to go, then I'm going to want to get in your  
12 hands, that -- that rule and the rulemaking petition. And  
13 I'm not planning on waiting and springing on you the day  
14 before your meeting. I'd like to get it done if I can, just  
15 shooting a timeline, no later than maybe the first couple of  
16 weeks of July. And then you are free to distribute among  
17 your members.

18 And you know, if any one individual has a  
19 question, I'm happy to answer it, the petitioners are happy  
20 to answer it, and then my client Second Bite is happy to  
21 answer it.

22 CHAIRMAN SMITH: Awesome.

23 MS. KIPLIN: But we're going to make sure that  
24 everybody's got as much information as we can provide, maybe  
25

1 more than you want, but we're not trying to pull the wool  
2 over anybody's eyes or play fast one on this.

3 CHAIRMAN SMITH: Well --

4 MS. KIPLIN: Okay.

5 CHAIRMAN SMITH: -- your integrity is above  
6 reproach. It always has been with me. So I -- I definitely  
7 believe you when you say that.

8 MS. KIPLIN: Oh, yeah. Yeah.

9 CHAIRMAN SMITH: I don't think that crossed --

10 MS. KIPLIN: Okay.

11 CHAIRMAN SMITH: -- crossed our minds, so.

12 MS. KIPLIN: So just a little nuance. I need  
13 to let you know, because I don't want any surprises. My  
14 client is a company that is, like I said, it's licensed by a  
15 Texas state agency, licensed by this agency. It's Canadian.  
16 It does not have a location in the state of Texas.

17 The Administrative Procedures Act section that  
18 outlines rulemaking petitions was changed I think a couple of  
19 sessions ago, so that he is no longer an interested person  
20 for purposes of filing the rulemaking petition because he is  
21 not a resident of Texas. He does not have a location in  
22 Texas. He's not a business in Texas. So he has no standing.

23  
24 My personal view is that's unconstitutional,  
25

1 but nobody wants to go filing lawsuits, you know, against the  
2 AG on constitutionality. We just want to -- we want to get  
3 on down the road. So we've reached out to some folks that  
4 are licensed distributors that are located in Texas, and  
5 they've agreed to be petitioners. Two of them are here  
6 today; Goodtime Action, Glenn Goulet, is here, and then Roy  
7 Bingo Supplies of Texas, Van Myers, is here. The other  
8 petitioner is Moore Bingo Supplies, and he could not be here,  
9 his schedule just was not going to be able to allow for that.

10  
11 So I just want you to know, you know, when you  
12 get it, who's petitioners, why my client cannot be. And I  
13 think that's about it for me in terms of a presentation. And  
14 if anybody has any questions, I'm happy to try to answer any  
15 questions. Yes, sir.

16 MR. MARTIN: I know, I just heard you say you  
17 don't want to really get into the prizes, but when I watched  
18 that video, it talked about \$50 games, then they talked about  
19 pari-mutuel. And so I think it would enhance a lot of  
20 people's knowledge and, you know, I'm for anything brand new.  
21 But I would like to know if you can enlighten me on pari-  
22 mutuel. Is that going to go against your cap, the \$50 games?  
23 I'm trying to figure out --

24 MS. KIPLIN: Sure.

1 MR. MARTIN: -- whether that would be  
2 profitable in our hall or some other hall.

3 MS. KIPLIN: Sure. Happy to answer that. And  
4 Rob, I don't know if you're on the phone. I know I've asked  
5 you to mute your phone, so it may take you a bit to get off,  
6 and then the distributors are here, but it's pari-mutuel  
7 because it's realtime tracking the wagers. So at some point  
8 they call it and that's it. That's all the money that's  
9 going for that particular game's prize.

10 If you want to, you know, obviously, you can't  
11 go over the cap of a per game, but it -- so that's the pari-  
12 mutuel part, if you want to do that, but you're going to have  
13 to manage that in your own hall. This game is really  
14 intended really more for the \$50 caps. We think it's low  
15 risk, you know, in terms of that; you'll probably have more  
16 sales than that. If you don't, well then, you're -- it's  
17 going to go pari-mutuel below \$50. But the prize -- but  
18 that's -- that's determined, in my view, you guys step on me  
19 if you think I'm wrong, but I think that's determined by the  
20 charity themselves on how they want to actually play this  
21 game.

22 Does that answer your question?

23 CHAIRMAN SMITH: I think what she's saying is,  
24 is you can set it up any way you want to. Isn't that pretty

25

1 much right?

2 MS. KIPLIN: That's it. That's it. But --

3 CHAIRMAN SMITH: You can set it up how you --  
4 if you want it to be \$50 games, it'll be \$50 games.

5 MR. BOURGOYNE: But over and above that, those  
6 --

7 CHAIRMAN SMITH: If you want it to be pari-  
8 mutuel --

9 MR. BOURGOYNE: -- go against your prize pool.

10 MS. KIPLIN: That's --

11 CHAIRMAN SMITH: Yes.

12 UNIDENTIFIED VOICE: Anything over 50 goes  
13 against the prize pool.

14 MS. KIPLIN: And these games play fast. I --  
15 I've -- man, I was surprised with these players and how fast  
16 they can move those shutters for these inter -- you know,  
17 intermission games or, you know, the early bird, but they go  
18 pretty fast. And that's -- I guess that's the excitement, at  
19 least the people that I saw in the halls seemed pretty  
20 excited about.

21 So, but that, does that answer your question?

22 MR. MARTIN: Yeah.

23 MS. KIPLIN: Okay.

24 MR. MARTIN: So you can set the prize on, you  
25

1 know, I've seen there's three cards you can buy.

2 MS. KIPLIN: Yes, sir.

3 MR. MARTIN: Three cards. So you can set the  
4 prize, whatever, \$5, \$10, whatever you want to.

5 MS. KIPLIN: Well, the charity is setting the  
6 prize money.

7 MR. MARTIN: Yes.

8 MS. KIPLIN: Yeah, that's correct. Yeah.  
9 Yeah.

10 MR. MARTIN: I think that'd be great. Like  
11 some of the smaller American Legion halls.

12 MS. KIPLIN: Uh-huh.

13 MR. MARTIN: Probably VFW halls as well.

14 MS. KIPLIN: Yes, sir. Yes, sir.

15 CHAIRMAN SMITH: All right. So, I guess what  
16 we need to do is formally put this on the agenda for the next  
17 meeting if everybody's in agreeance on that.

18 MR. MARTIN: So moved.

19 CHAIRMAN SMITH: Okay. All right. Good deal.

20 MS. KIPLIN: And so, just to close out, we  
21 will be seeking Bingo Advisory Committee action in the August  
22 meeting, but we will get you the drafts. I'll just, you  
23 know, just say it.

24 CHAIRMAN SMITH: I think that's anything -- I  
25

1 think that's all anybody can ask for --

2 MS. KIPLIN: Okay.

3 CHAIRMAN SMITH: -- really.

4 MS. KIPLIN: All right. Thank you very much.  
5 I appreciate your time.

6 CHAIRMAN SMITH: Thank you, Kim.

7 MR. DUNCAN: Thanks, Kim.

8 CHAIRMAN SMITH: Okay. All right. Any other  
9 new business from anyone else?

10 MR. MARTIN: Do we need vote on that, putting  
11 it on the agenda or?

12 CHAIRMAN SMITH: No, sir.

13 MR. DUNCAN: No.

14 CHAIRMAN SMITH: We can just put it on there.

15 MR. MARTIN: All right.

16 CHAIRMAN SMITH: The other thing -- the only  
17 other thing that I have on my list is on the website. And I  
18 don't know if staff is aware of this or not, but on the  
19 website the other day, I tried to print out the  
20 administrative rules in a booklet form. And I couldn't do  
21 that. I could only print out each individual rule. Has  
22 anybody else had that issue?

23 MS. GREEN: I haven't tried.

24 MS. URIEGAS: I haven't either.

25



1 MR. BOURGOYNE: I've never tried.

2 CHAIRMAN SMITH: Yeah, we -- I needed an  
3 updated copy of it and I wasn't able to do that. Is there a  
4 way that maybe we could change that on the website to where  
5 we could just print out the whole new administrative rule?  
6 Anybody?

7 MR. BOURGOYNE: I think there's two places you  
8 can click on the rules. One takes you to the individual  
9 sections and one is the whole rule package, if I'm not  
10 mistaken, on the website.

11 MR. DUNCAN: I think you're right.

12 CHAIRMAN SMITH: Maybe I just missed it.

13 MR. BOURGOYNE: There's two places you can  
14 click on to access administrative rules. One of them will  
15 give you the entire rules, one of them will give you the  
16 sections that you have to click on, and then you would be  
17 printing those sections out. I think there's two places.

18 CHAIRMAN SMITH: Okay. We'll check that, but  
19 we couldn't find the the whole book, but we'll look at it and  
20 make sure.

21 MR. BOURGOYNE: I'm pretty sure.

22 CHAIRMAN SMITH: The only other thing that  
23 I've got on new business is I've been receiving a lot of  
24 flyers from bingo halls doing some pretty outrageous --  
25

1 outrageous things. And not that I think they're wrong or  
2 bad, but I'm sure everybody's seen stackable game --  
3 stackable \$50 deals. I don't really quite understand it very  
4 much, but --

5 MS. URIEGAS: Cards?

6 CHAIRMAN SMITH: Yes.

7 MS. URIEGAS: One-offs?

8 CHAIRMAN SMITH: Yes. And they're -- you  
9 know, when you add them up, it's a thousand or \$2,500 or in a  
10 particular game. I know that I've had several people call me  
11 about that asking me, hey, is this legal? Is this legal?  
12 And I have no idea. But just to let the staff know that  
13 there's -- those -- they're -- we're getting calls on that.  
14 Maybe they could look into that or something.

15 MR. MARTIN: Well, I thought we crossed that  
16 bridge here several years ago, so maybe Tyler knows about  
17 that.

18 CHAIRMAN SMITH: About what specifically?

19 MR. MARTIN: Whether stacking them \$50 games,  
20 the -- where you've got 20 sheets and you're playing for a  
21 thousand bucks.

22 CHAIRMAN SMITH: Uh-huh.

23 MR. MARTIN: I thought they had already had a  
24 ruling on that at one time, whether that was illegal or

25

1 something.

2 CHAIRMAN SMITH: I don't know.

3 MR. VANCE: Yes. I'm pretty sure there's been  
4 a ruling on this that -- what they're trying to do is like  
5 one guy wins like 20 \$50 prizes all at one time, right? And  
6 that's the -- it -- they have to be distinct prizes.

7 You know, I don't really have more details on  
8 that, but I know this has come up in enforcement before and  
9 that we've determined that it's -- yeah, it's improper. It's  
10 a violation.

11 MR. FENOGLIO: Is there a complaint now?

12 MR. VANCE: If there was, I couldn't tell you,  
13 but I'm not sure, honestly.

14 MS. URIEGAS: Improper meaning illegal?

15 MR. VANCE: No, it just means that it's not  
16 it's -- it wouldn't -- it -- no -- not necessarily.

17 MS. GREEN: Asking for a friend.

18 MR. VANCE: Yeah. I --

19 MS. URIEGAS: I want to follow --

20 MR. VANCE: Not necessarily, just depends how  
21 it's accounted for. If they're accounting for it, like it's  
22 a bunch of \$50 prizes and it's in fact, one giant \$1,500  
23 prize, then their accounting is where -- probably where the  
24 violation has occurred.

25

1 CHAIRMAN SMITH: Exactly. Okay.

2 MS. GREEN: Why are you saying that if you  
3 have -- if the cards are set -- I'm not doing this, so.

4 MR. BOURGOYNE: Are you asking for a friend?

5 MS. GREEN: I'm not doing this -- yeah. No, I  
6 -- but if you're stacking those and they are all different  
7 serial numbers and different -- why are you saying they're  
8 illegal?

9 MR. VANCE: I --

10 CHAIRMAN SMITH: I don't think that's what  
11 he's -- I don't think that's what he's saying.

12 MS. GREEN: Well, it's improper.

13 MR. DUNCAN: He's not saying --

14 MR. VANCE: No, from what --

15 CHAIRMAN SMITH: Yeah.

16 MR. VANCE: -- and you know, I'd really need a  
17 specific example. From what I remember of this, it was some  
18 kind of arrangement where they would divert a bunch of \$50  
19 prizes to one person. It wasn't like an actual game in which  
20 everybody had a chance to win each one of those \$50 prizes.  
21 It was structured in a way so that one person was guaranteed  
22 to win all of them. And so we determined that that was in  
23 fact one single prize. It was -- it wasn't 10 or 20 distinct  
24 games or 10 or 20 distinct prizes, that the way the hall was  
25

1 running it, it was one prize, and so it needed to be  
2 accounted for as one prize, which was way over 50 bucks and  
3 counts against their daily limit.

4 CHAIRMAN SMITH: Well, I just -- I really  
5 didn't want to cause a big circus here. I just wanted to  
6 bring that up to staff and let them know that that's what  
7 people in the BAC are starting to hear and see in the  
8 industry, so.

9 MR. VANCE: Yeah. And I know that we've heard  
10 of it before and we -- in the past, we've treated it as I  
11 just described, that if, you know, you can't -- you can't  
12 trick your way around the \$50 prize limit.

13 CHAIRMAN SMITH: Maybe if staff could come out  
14 with some sort of maybe, I don't know what you'd call it, a  
15 directive maybe, and kind of guide people a little bit on  
16 that, because I think that's -- I think there's some halls  
17 that are doing it that are --

18 MS. URIEGAS: There's a lot of them.

19 CHAIRMAN SMITH: -- adversely affecting other  
20 halls that are trying to do it the right way. And it's  
21 difficult for them to stay in business. So maybe if we could  
22 have some help from staff to clarify that stuff, it would be  
23 greatly appreciated.

24 MS. URIEGAS: Can I have a little bit of  
25

1 clarification? I'm seeing -- well, because I'm seeing this  
2 and there's like the one on 10 up that are all the same cars,  
3 but there's also different ways that have different card. So  
4 does that matter if the cards are all different or -- I'm  
5 just trying to make sure I understand.

6 MR. VANCE: It -- no, I think it's -- it's  
7 really -- it's kind of the like the intent of the process and  
8 the design of the process. If it's designed so that one  
9 person wins all these different games all at once, then we're  
10 not going to treat them like they're really different games.  
11 You know, like I said, you can't trick your way around this.

12 MS. URIEGAS: Gotcha.

13 MR. VANCE: By like, oh, here's 20 cards that  
14 are all winners, right? And -- or however you try to do it.  
15 If it's clearly trying to skirt the limits or, you know, the  
16 requirement that a game, a single game and a single prize to  
17 a single person be \$50 or less, then we're going to treat it  
18 like -- like it's not.

19 MS. URIEGAS: So I have a question, because I  
20 know some electronics are already doing that. And so, how is  
21 that different?

22 MR. VANCE: I'd have to see that one  
23 specifically.

24 MS. URIEGAS: It's something that's been  
25

1 approved by the Lottery Commission so -- and people have it  
2 in their halls. So that's -- I'm just trying to understand,  
3 because I went to a hall outside of Austin that was doing  
4 something similar. And it -- the intention was to win an  
5 extra \$750, not against their 2,500.

6 MR. VANCE: Yeah. I'd have to see it again.  
7 There's nothing illegal about giving somebody 20 \$50 prizes.  
8 The violation occurs when you don't account for it the right  
9 way. So the -- there's nothing wrong with these games per  
10 se, it's how they treat them in their quarterly reports.

11 MR. MARTIN: In other words, if it walks like  
12 a duck and quacks like a duck.

13 MS. URIEGAS: Well, and I get that, but my  
14 question is, this is something that the product has already  
15 been approved by the Lottery for that intended purpose.

16 CHAIRMAN SMITH: Sure.

17 MS. URIEGAS: So that's what my question is,  
18 because --

19 CHAIRMAN SMITH: Well, I think that would have  
20 to be --

21 MS. URIEGAS: -- if something --

22 CHAIRMAN SMITH: -- a specific case that they  
23 would have to take a look at. I don't know that Tyler could  
24 --

1 MR. VANCE: It -- yeah, that --

2 MS. URIEGAS: So I mean, I'm just -- my  
3 concern is now that if somebody's trying to sell this product  
4 to me and they said, well, it's approved by the Lottery, I'm  
5 going to say, oh, well, I'm going to do it, but that's not  
6 what you're saying.

7 CHAIRMAN SMITH: I think there is a disconnect  
8 there. I've --

9 MR. VANCE: And it -- again, it may be a  
10 perfectly legal game.

11 MS. URIEGAS: I understand that part.

12 MR. VANCE: It's just a matter of how it's  
13 accounted for, right.

14 MS. GREEN: But I'm concerned about --

15 CHAIRMAN SMITH: Are you saying that it --

16 MS. GREEN: -- intent.

17 CHAIRMAN SMITH: Are you saying the  
18 distributor told you --

19 MS. GREEN: The word intent.

20 CHAIRMAN SMITH: -- that it was legal to do  
21 this?

22 MS. URIEGAS: I'm just saying that I've seen  
23 it done and they said -- and I'm not gonna --

24 CHAIRMAN SMITH: No, I gotcha. I gotcha.  
25



1 MS. URIEGAS: But it -- but I've seen it in  
2 another city, not in Austin, that they were saying that,  
3 well, this has been approved and this is how we're doing it,  
4 and it's going to pay --

5 CHAIRMAN SMITH: So you're saying somebody --

6 MS. URIEGAS: -- seven --

7 CHAIRMAN SMITH: -- may unknowingly do this?

8 MS. URIEGAS: Right. Somebody might  
9 unknowingly not know that they're playing these games for  
10 750. I mean, however many games that is.

11 CHAIRMAN SMITH: Gotcha.

12 MS. URIEGAS: But they're recording it on the  
13 right end, but the intent was to do it for 750. So that's my  
14 concern is like --

15 MR. VANCE: Right.

16 MS. URIEGAS: -- how do I know as a consumer?

17 CHAIRMAN SMITH: Then that probably goes to  
18 maybe if y'all could sometime soon maybe give out a directive  
19 or something or?

20 MR. VANCE: Sure.

21 CHAIRMAN SMITH: Just something to throw on  
22 your radar.

23 MR. DUNCAN: This is Tommy Duncan. I got one  
24 question. Now we know for a fact there's been a formal  
25

1 complaint filed because an investigator went to one of the  
2 halls. So do we have to wait till that finishes before you  
3 can comment on that or?

4 MR. VANCE: Yeah.

5 MR. DUNCAN: Yeah. Okay.

6 MS. URIEGAS: Oh.

7 MR. VANCE: Unless you're a party to it, but.

8 MR. DUNCAN: No.

9 CHAIRMAN SMITH: No? Okay. All right.

10 Is there any other new business? Okay. All right.

11 AGENDA ITEM 12

12 CHAIRMAN SMITH: All right. Let's look at  
13 Item Number 11, and set the date for the next meeting.

14 MR. DUNCAN: Somebody said the 10th. Is that  
15 what it is or ours the 9th?

16 CHAIRMAN SMITH: Yeah, 10th of August.

17 MR. MARTIN: When's the next Commissioners --

18 MR. DUNCAN: That would be the 10th, the --  
19 Wednesday's the 10th.

20 CHAIRMAN SMITH: Commissioners meeting is on  
21 the 10th.

22 MR. DUNCAN: Oh, so --

23 MR. MARTIN: 10th of August?

24 CHAIRMAN SMITH: Yes, sir.

25

1 MR. DUNCAN: So we need to go on the 9th,  
2 Tuesday the 9th?

3 CHAIRMAN SMITH: Yes, sir.

4 MR. VANCE: We're saying Commission's on the  
5 11th.

6 CHAIRMAN SMITH: Oh, it's on the 11th?

7 MR. DUNCAN: Yeah, we're on the 10th on  
8 Wednesday. Yes.

9 CHAIRMAN SMITH: Okay. Okay. That's fine by  
10 me.

11 MR. DUNCAN: Well, that would be the day  
12 before, isn't that what you're --

13 CHAIRMAN SMITH: Yeah, absolutely. Yeah, it  
14 certainly saves a lot of hotel bills.

15 MR. DUNCAN: Yeah.

16 MS. GREEN: Yes.

17 MR. DUNCAN: You need to move further.

18 UNIDENTIFIED VOICE: Where is it going to be?

19 CHAIRMAN SMITH: That --

20 MR. DUNCAN: Good point.

21 CHAIRMAN SMITH: -- is a good question.

22 MR. DUNCAN: Good question.

23 CHAIRMAN SMITH: We're staying here?

24 MS. CASTAÑUELA: On August 10 it'll be here.

25

1                   CHAIRMAN SMITH: And then the 11th will be at  
2 the new building?

3                   MS. CASTAÑUELA: Nope. That'll be here, too.

4                   CHAIRMAN SMITH: That'll be here, too? Oh,  
5 okay. Alright. Well, just -- I'm good with those dates.  
6 Just for the record, if anybody's been having issues with  
7 timing from the staff, please note that they have been in the  
8 process of moving for way longer than they anticipated. And  
9 LaDonna was kind enough to show me around a little bit this  
10 morning about how far they've made it. And God bless y'all  
11 is all I can say. I know LaDonna's been struggling to move,  
12 so y'all please be patient with them. They're doing what  
13 they can.

14                  MR. MARTIN: So we'll be here?

15                  MR. DUNCAN: Yeah.

16                  UNIDENTIFIED VOICE: We'll be here.

17                  CHAIRMAN SMITH: Yes, sir.

18                  (Meeting adjourned)

19

20

21

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23

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## C E R T I F I C A T E

STATE OF TEXAS       )  
                              )  
COUNTY OF HARRIS     )

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and  
seal this 17th day of June, 2022.

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

Verbatim Reporting & Transcription, LLC  
17049 El Camino Real, Suite 200  
Houston, Texas 77058  
281.724.8600