

1 TRANSCRIPT OF PROCEEDINGS

2 BEFORE THE

3 TEXAS LOTTERY COMMISSION

4 AUSTIN, TEXAS

5 BINGO ADVISORY COMMITTEE MEETING
6
7
8
9

10 AUGUST 16, 2023

11 10:00 a.m.

12 AT

13 STEPHEN F. AUSTIN STATE OFFICE BUILDING
14 1700 N. Congress Avenue, Room 170
15 Austin, Texas 78701
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24 Proceedings reported by electronic sound recording;
25 transcript prepared by Verbatim Reporting & Transcription
LLC.

APPEARANCES

COMMITTEE MEMBERS:

William T. Smith III (Trace), Chairman

Tommy Duncan, Jr.

Emile Bourgoyne

Corey Harris

Jason Pohl

Michael Anastasio

Veronica Uriegas

Melodye Green

Stacie Johnston

COMMISSION STAFF:

LaDonna Castañuela, Director of Charitable Bingo Operations

Tyler Vance, Assistant General Counsel

PUBLIC:

Steve Bresnen, Bingo Interest Group

Ronnie Baker, Roy Bingo Supplies

Larry Segebath, Game Print Solutions

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P R O C E E D I N G S

WEDNESDAY, AUGUST 16, 2023 (10:00 a.m.)

CHAIRMAN SMITH: All right. Good morning and welcome to the August 16th meeting of the Bingo Advisory Committee at Texas Lottery Commission. Before we get to the agenda this morning, I wanted to remind everybody that the court reporter is not in person. They are online. So if you could please do not talk over anyone. Let everybody finish their sentence, and there will be plenty of time for everyone to get their piece heard. So please don't talk over anyone.

AGENDA ITEM 1

CHAIRMAN SMITH: So we'll move on to first item of business. We'll call the order -- meeting to order at 10:01, and we'll start off by the American Pledge and the Texas Pledge. Mr. Anastasio, would you lead us, please, sir?

AGENDA ITEM 2

MR. ANASTASIO: Please join me in the Pledge of Allegiance.

(Pledge recited)

AGENDA ITEM 3

MR. ANASTASIO: Now the Texas flag.

(Please recited)

AGENDA ITEM 4

CHAIRMAN SMITH: Okay. All right. Next item of business; roll call. We have our brand new BAC member

1 Stacie Johnston with us today. Stacie, welcome. We'll start
2 the roll call with you. Stacie Johnston.

3 MS. JOHNSTON: Here.

4 CHAIRMAN SMITH: Melodye Green.

5 MS. GREEN: Here.

6 CHAIRMAN SMITH: Veronica Uriegas.

7 MS. URIEGAS: Here.

8 CHAIRMAN SMITH: Emile Bourgoyne.

9 MR. BOURGOYNE: Here.

10 CHAIRMAN SMITH: Michael Anastasio.

11 MR. ANASTASIO: Here.

12 CHAIRMAN SMITH: Tommy Duncan.

13 MR. DUNCAN: Here.

14 CHAIRMAN SMITH: Jason Pohl.

15 MR. POHL: Here.

16 CHAIRMAN SMITH: And Corey, are you there with
17 us today online?

18 MR. HARRIS: I sure am.

19 CHAIRMAN SMITH: Awesome, Corey. And I am
20 here. We have a full BAC panel today, so thank y'all very
21 much for showing up.

22 AGENDA ITEM 5

23 CHAIRMAN SMITH: All right. Next item, item
24 5. Approval of the meeting minutes from June 20th. Any
25 public comment from those minute meetings -- meeting minutes?

1 All right. If none, do we have a motion to approve the
2 minutes as read?

3 MR. BOURGOYNE: I so move.

4 CHAIRMAN SMITH: Emile makes the motion to
5 approve.

6 MS. URIEGAS: I second.

7 CHAIRMAN SMITH: Do we have a second?

8 MS. URIEGAS: I second.

9 CHAIRMAN SMITH: Veronica seconds. All in
10 favor?

11 (Chorus of "Ayes")

12 CHAIRMAN SMITH: Any opposed? Meeting minutes
13 from June 20th are approved.

14 AGENDA ITEM 6

15 CHAIRMAN SMITH: Okay. Moving on to item six,
16 the annual report. This is the Bingo Advisory Committee,
17 2022-2023 Annual Report that you all should have in front of
18 you. I will read this report into the record so that we have
19 it I do want to commend a couple people very quickly. First,
20 Tom Stewart, who helped on this since -- don't think Tom's
21 here yet, but Tom really did the heavy lifting on this. I
22 know he got the figures from the staff.

23 They were very helpful in this. And Steve Bresnen as well
24 helped on this. So thank y'all very, very much for making --
25 I guess many hands makes light work, so thank you very much.

1 Section 2001.060 of the Government Code
2 requires an annual charitable bingo report by the Texas
3 Lottery Commission to the lieutenant governor, governor,
4 speaker of the house and the legislature. 16 TAC 402.106(n)
5 requires an annual report by the Bingo Advisory Committee to
6 the commission. Although the statute and the rule contain
7 slightly different elements, this report provides the
8 commission with the information required by both the statute
9 and the rule, and additional information so that it is
10 comprehensive.

11 This report uses data provided by the
12 Charitable Bingo Division. The data may have not been
13 audited. The statute uses the term "net proceeds" while the
14 rule uses the term "net receipts". For the purposes of this
15 report, the terms are synonymous.

16 Gross receipts. Gross receipts fell slightly
17 in 2022 after a significant bounceback in 2021. Calendar year
18 2022 saw \$894-million in gross receipts versus \$938.4-million
19 in gross receipts in 2011 -- 2021, excuse me. This 5 percent
20 drop year over year was expected after the 2020 pandemic low
21 of \$696.8-million.

22 The 2022 calendar year gross receipts are in
23 line or slightly above gross receipts for years prior to the
24 pandemic. Pull-tab sales continue to drive sales overall,
25 supply chain issues are largely disappearing, but the

1 diversity of pull-tab products has declined as manufacturers
2 seek to consolidate product lines and cut costs.

3 Adjusted gross receipts. The term "adjusted
4 gross receipts" is defined as the amount remaining after
5 prizes are paid. At \$197-million, AGR also dropped slightly
6 in 2022. That is an 8 percent drop from the \$214.2-million
7 reported in 2021 and a 29 percent increase over \$152.5 in
8 2020. Yet again, it is in line with the years prior to the
9 pandemic.

10 Net proceeds or net receipts. Overall, net
11 proceeds to charities -- the total amount of money retained
12 by the charity conductors of bingo after payment of all
13 expenses -- saw a decline in 2022. At \$28.5-million, that's
14 nearly 37 percent lower than the historical high of
15 \$45.4-million in 2021. However, a three-year average using
16 2020 to 2022 data is almost \$32-million. This includes the
17 historical pandemic low in 2020 of \$21.9-million, and 2021's
18 historical bounceback of \$45.4-million and the 2022's near
19 return to "normal" is \$28.5-million. The three-year average
20 is comparable to pre-pandemic annual net proceeds.

21 Net proceeds were 14.5 percent of adjusted gross
22 receipts in 2022 compared to 14.3 percent in 2020 and 21.2
23 percent in 2021.

24 Charitable distributions. The Bingo Enabling
25 Act requires charity conductors to distribute for charitable

1 purposes all net proceeds that exceed the maximum capital
2 reserve allowed by the Act. Some organizations chose to
3 maintain capital reserves lower than allowed and distribute
4 net proceeds beyond what may be statutorily required.
5 Maintaining a capital reserve is fundamental to a business.
6 This explains the difference in net proceeds to charitable
7 distributions to the charities.

8 Charitable distributions for 2022 were
9 \$27.9-million compared to 20.8-million in 2020 and 40-million
10 in 2021.

11 Expenses. Aggregate expenses held the line in
12 2022 at 168.5-million compared to 168.8-million in 2021.

13 Attendance. At \$10.1-million or 10.1-million
14 attendance declined nearly 10 percent compared to
15 11.1-million in the 2021 calendar year. This is a 44 percent
16 decline since 2007 at 17.9-million. This steady decline
17 remains the biggest threat to charitable bingo.

18 We are hopeful that recent legislative
19 changes: new prize structure and more temporary sessions,
20 will provide charity conductors with additional tools to stem
21 the attendance decline. As we've noted in the past, research
22 indicates a general lack of awareness is a key challenge for
23 charitable bingo. Bingo is not top-of-mind compared to other
24 entertainment options.

25 Private sector digital advertising conducted

1 last year showed promising returns on investment. However,
2 those initiatives have not achieved a scale needed to slow or
3 reverse attendance declines.

4 Providing feedback. The Bingo Advisory
5 Committee has successfully provided feedback and comments to
6 the Charitable Bingo Operations Division staff and
7 commissioners on all administrative rules and amendments.

8 Website review. The Bingo Advisory Committee
9 is still currently reviewing and collecting data to report
10 its recommendations to the staff and the commissioners.

11 Reporting. Bingo Advisory Committee successfully
12 reported to the commission updates on the BAC's activities,
13 industry accomplishment, challenges, and concerns.

14 Annual report. The BAC has submitted the
15 required annual report to the commission and to the
16 Charitable Bingo Operations Director.

17 Concluding comment. By most all metrics,
18 charitable bingo returned to near normal historical norms in
19 2022. A dip in AGR for charities is always something to keep
20 an eye -- a close eye on. After all, charitable benefits are
21 the reason for being. Yet, charitable bingo remains a niche
22 entertainment and gaming option. We will closely monitor
23 implementation of SB 643 changes, with hopes that the tools
24 and flexibility it provides will help charity conductors
25 retain existing customers and attract new ones.

1 The Bingo Advisory Committee remains committed to working
2 with the commissioners and Charitable Bingo Division staff to
3 advise and respond to the issues that arise this year and
4 those to come.

5 We particularly want to thank the Lottery and
6 Bingo Division staff for their work during this past
7 legislative session. We appreciate the commission providing
8 this important forum, and we are prepared to respond to any
9 requests you have of us. We respectfully request that the
10 commissioners vote to reinstate the Bingo Advisory Committee
11 for a one year period --

12 MR. BOURGOYNE: Two year. I think it's two
13 years.

14 CHAIRMAN SMITH: Sir?

15 MR. BOURGOYNE: Two year. You said one year?

16 CHAIRMAN SMITH: Yes. Do y'all -- did y'all
17 say one year?

18 MR. BOURGOYNE: You said one. I said two.

19 CHAIRMAN SMITH: I think we have -- okay.
20 It's supposed to say one year.

21 MS. CASTAÑUELA: Got the wrong deadline.
22 Yeah, and I'm sorry about that.

23 CHAIRMAN SMITH: That might be a -- that might
24 be a previous version.

25 MS. URIEGAS: Yeah.

1 CHAIRMAN SMITH: But it is supposed to say one
2 year. Y'all's say one or two?

3 MR. ANASTASIO: The one I printed back home was
4 two.

5 MR. DUNCAN: The one I printed at home is two.

6 CHAIRMAN SMITH: Okay.

7 MR. DUNCAN: The one they gave this morning is
8 one.

9 MS. CASTAÑUELA: It's been updated.

10 CHAIRMAN SMITH: Any questions, comments, on
11 the report? Any public question or comment on the report?
12 Any questions on the report? This is the annual report that
13 we're required to present to the commissioners tomorrow. If
14 no one has any objections, can we -- y'all want somebody want
15 to make a motion to --

16 MR. DUNCAN: Motion to accept.

17 MR. ANASTASIO: I Second.

18 CHAIRMAN SMITH: We have a motion and a second
19 to accept as the report is written and to present to the
20 commissioners tomorrow. All in favor?

21 (Chorus of "ayes")

22 CHAIRMAN SMITH: Any opposed? We have our
23 annual report.

24 AGENDA ITEM 7

25 CHAIRMAN SMITH: All right. Next item, item

1 number 7, 2024 Work Plan. So each year we have to not only
2 provide a year-end report, an annual report, excuse me, but
3 we also have to provide a 2024 Work Plan or a work plan for
4 the commissioners. This will be submitted to the
5 commissioners tomorrow and they will have to vote on whether
6 or not it is accepted. So we'll go through this real quick.

7 This is the Bingo Advisory Committee Fiscal
8 Year 2024 Annual Work Plan.

9 Number one, encourage industry licensees and
10 stakeholders to provide feedback and comments during the
11 legislative Sunset review of the Texas Lottery Commission and
12 Charitable Bingo Operations Division, and provide comments to
13 the commission regarding the agency's Sunset review.

14 Number two, provide feedback and comments on
15 rulemaking related to the implementation of SB 643.

16 Number three, identify other potential rule or
17 procedural changes that help organizations address challenges
18 related to conducting charitable bingo. Any potential
19 recommendations on changes to how bingo games are played
20 shall be clearly authorized by Texas law and will not include
21 electronic bingo (including electronic pull-tabs) or any
22 other activities not authorized by law, or video confirmation
23 of pull-tabs.

24 Number four, provide feedback and comments to
25 the CBOD staff and commissioners on changes to administrative

1 rules in Chapter 402 and any other new amendments.

2 Number five, work with CBOD staff to identify
3 ways to increase filing of quarterly reports and other forms,
4 making payments of prize fees using the online filing system.

5 Number six, review components of the agency's
6 charitable bingo website, including the listing of BAC
7 members, and recommend elements and information to be
8 included in future website updates.

9 Number seven, provide reports at each
10 commission meeting that include status updates of the BACs
11 activities, industry accomplishments, challenges or concerns.

12 Number eight, develop the required BAC annual
13 report to the commission on the state of the charitable bingo
14 industry and submit to this commission and to the Charitable
15 Bingo Director by July 12th, 2024.

16 Anybody have any questions on the work plan?

17 MR. BOURGOYNE: Sounds good to me.

18 CHAIRMAN SMITH: Any public questions? Yes,
19 sir. Steve Bresnen?

20 MR. BRESNEN: For the record, I'm Steve
21 Bresnen on behalf of the Bingo Interest Group. First thing I
22 would like to do is say hello to the court reporter. Amy and
23 I represent the Texas Court Reporters Association, and I
24 appreciate what they do to make an accurate record of these
25 meetings and court proceedings.

1 I want to -- I should know the answer to this,
2 but does the commission's agenda for tomorrow include
3 approving the extension of the Bingo Advisory Committee?

4 MS. CASTAÑUELA: Yes.

5 MR. BRESNEN: Okay. We'll be there speaking
6 in favor of the extension of the Bingo Advisory Committee.
7 We very much appreciate these meetings and in particular the
8 way the staff and the BAC are working together. I think it's
9 been a really good thing for the industry and for everybody.

10 With regard to the first item on Sunset, I
11 want to thank Ms. Castañuela for -- did I say it right?

12 MS. CASTAÑUELA: Yes. You did; very nice.

13 MR. BRESNEN: -- for conveying to the Sunset
14 Commission staff, the Bingo Interest Group -- another
15 stakeholders, Texas Charity Advocates -- another
16 stakeholders, and my friend Anne Mazuca is here for Texans
17 for Charitable Bingo. Anne, if you're not in that list, you
18 ought to be. So make sure that LaDonna knows, please.

19 We will look forward to participating in that.
20 As I understand right now we know of no major issues. I
21 think things are percolating along pretty well. And so,
22 we'll be supportive of the agency in that regard and I would
23 encourage everybody else to do so, too.

24 With regard to other items, particularly
25 implementation of 643, we'll of course participate in that

1 with y'all as time goes on. Appreciate your service.

2 Congratulations on being the new guy, the new person, excuse
3 me. And thanks. Appreciate it.

4 CHAIRMAN SMITH: Thank you, Steve. All right.
5 Any other questions, comments on the proposed 2024 Annual
6 Work Plan? Any other questions?

7 Anybody want to make a motion that we accept
8 this or --

9 MR. BOURGOYNE: I will.

10 CHAIRMAN SMITH: Emile, thank you. I
11 appreciate that. All right.

12 MS. URIEGAS: Second.

13 CHAIRMAN SMITH: We have a motion and we have
14 a second from Veronica. All right. All in favor?

15 (Chorus of "ayes")

16 CHAIRMAN SMITH: Any opposed? All right. We
17 have a work plan to submit. Motion carries. Okay.

18 AGENDA ITEM 8

19 CHAIRMAN SMITH: All right. Next item, item
20 number eight, old business. Any old business from the
21 public? Anyone have any comments on old business? Anyone
22 appear, any old business want to go over? No. Okay. All
23 right. Since there's no old business, we'll go on to the
24 next item.

25 //

1 AGENDA ITEM 9

2 CHAIRMAN SMITH: Item number nine, new
3 business. Got a couple of things that we need to address a
4 little bit. One of the things that I'd like to ask LaDonna,
5 if I may, is could we talk about the Sunset review process
6 and the -- maybe the anticipated rules coming up on 643 that
7 y'all got working in? I know y'all have been working hard on
8 both of those things. You know, I would like first to offer
9 any assistance if we can help in any way with the Sunset
10 process, we would be glad to step forward to help y'all with
11 that. But if you could just tell us a little bit about it,
12 what the process is, if there's anything we need to do and
13 how we can help.

14 MS. CASTAÑUELA: Thank you. So first of all,
15 from Mr. Bresnen's presentation, each one of you is listed on
16 the interest group, interested persons as a BAC member with
17 your affiliation. So you can probably expect to hear from
18 the Sunset Commission staff at some point whenever they get
19 to looking at our agency.

20 The agency right now is preparing a
21 self-evaluation report. We refer to it as the SER. And it
22 is due before September 1st. So, yes, any minute now,
23 tomorrow, guess, you know, in five minutes is what it feels
24 like. We're also, of course, busily working with IR to get
25 implementation of Senate Bill 643 and especially all the

1 magic extra new temporaries that are going to magically
2 appear on September 1.

3 Please be patient. We're having meetings
4 every single morning at 8:30 to, you know, try and make sure
5 we've got it all right and talking about all the
6 contingencies, possible contingencies. On Sunset, I think
7 what I can tell you is basically what was in the work plan.
8 You know, the best you can do for us is please be responsive
9 when they contact you.

10 I think it's going to be, I mean, I've
11 provided phone numbers and emails. They were specific to ask
12 for updated emails, so maybe that's a tip that they'll
13 contact you by email first, but I don't know, you -- they've
14 got all the contact information I have.

15 I don't know when the next step is for us.
16 They haven't told us when they're going to start holding
17 meetings with us. And of course they wouldn't have -- they
18 wouldn't be telling me when they're going to be reaching out
19 to you. But eventually there'll be hearings with the Sunset
20 Commission members and a bill, and then next session, yay.
21 So we'll see.

22 CHAIRMAN SMITH: Do you have anything that
23 you're anticipating major change-wise? No?

24 MS. CASTAÑUELA: I don't.

25 CHAIRMAN SMITH: I didn't think so.

1 MS. CASTAÑUELA: I don't. I think we did a
2 really good job with Senate Bill 643 with all the little
3 cleanup.

4 Oh, on the rules. So Tyler is working on
5 rules, I've got them in super drafty form right now, and I
6 haven't looked at them in a week, so -- because I'm kind of
7 busy, but we expect to have them at the commission meeting in
8 October for publication. So you all will see them hopefully
9 sometime before that and before the October meeting, the
10 October BAC meeting, and of course the commission meeting.

11 CHAIRMAN SMITH: Right. And if I remember
12 correctly, once they're submitted at the commission meeting,
13 they'll be published, we'll have 30-day comment period --

14 MS. CASTAÑUELA: Yes.

15 CHAIRMAN SMITH: -- then it'll come up again
16 and they'll vote on them.

17 MS. CASTAÑUELA: For adoption. Yes.
18 Hopefully adoption in December.

19 CHAIRMAN SMITH: Okay. Awesome.

20 MS. CASTAÑUELA: That's the plan.

21 CHAIRMAN SMITH: Sounds good.

22 MS. CASTAÑUELA: Thank you.

23 CHAIRMAN SMITH: Any other questions about
24 Sunset or rule processes or anything?

25 MS. URIEGAS: I had a question. I -- forgive

1 me, because I don't know a lot about procedures and
2 everything. So, what you guys are going through, is that --
3 include that \$1,000 payout that every -- or \$5,000 payout
4 that everybody's talking about?

5 MR. VANCE: So there's -- in my opinion
6 there's no rulemaking necessary on that. On September 1st,
7 the law says five grand. We actually don't have a rule that
8 says anything about prize limits with the exception we have a
9 penalty chart that says, you know, if you give away in excess
10 of \$2,500 per day per occasion, that's a violation, so this
11 rule package we've got going on October changes that to
12 \$5,000.

13 But other than that, we don't have any
14 regulations as opposed to the law. We don't have any rules
15 on prize limits. So when that law changes on September 1,
16 that's -- it's effective.

17 CHAIRMAN SMITH: Any other questions? Yes
18 ma'am.

19 MS. GREEN: I have a question. It's not
20 really about Sunset, but since you went back to the new rule,
21 I've had several lessors call and ask -- can -- is it -- in
22 your opinion, is it legal and fine to sell tickets, pre-sell
23 tickets for bingo occasion?

24 MR. VANCE: So we have a rule that prohibits
25 the reserving of bingo cards, bingo paper. So it's very

1 complicated in how it's phrased, right? You can't pre-sell
2 bingo products. You can have an admission fee or a seat fee,
3 but then that's -- the issue with that is it's -- that's not
4 a proceed from the conduct of bingo.

5 So what happens to that money? How does that
6 money, like a lessor charges a hundred dollars to reserve a
7 seat or to sell a door ticket to an event, that's -- there's
8 no guarantee that person's going to show up. There's no
9 guarantee if they show up that they're going to play bingo.
10 So I don't see any way that you can consider that a bingo
11 proceed. So how does that money go from the lessor and it's
12 fine if the lessor wants to charge a hundred dollars to enter
13 their hall, they can do that.

14 But it seems to me the whole purpose of this
15 is to guarantee that you have some sort of amount of income
16 before you give away 15 grand on a Friday night. And I just
17 don't -- I don't see how you get that admission charge door
18 fee that you collect in August in to bingo proceeds. Unless
19 there's some way you can give them their hundred dollars back
20 when they walk in the door and then they go up and use it to
21 buy bingo products. But it's, you know, and we've kicked it
22 around. It's not covered by anything. But it's -- I think
23 it's pretty clearly it's not revenue from the conduct of
24 bingo because you're collecting it on a Tuesday afternoon
25 over the phone or over the internet, nobody's playing bingo

1 with it. And again, there's no guarantee that they will play
2 bingo with it. They're just putting a deposit to enter your
3 bingo hall. Maybe they just want to come in and smoke
4 cigarettes and have a hot dog with their friends, you know,
5 so it's kind of tricky.

6 And like I said, there's a rule where you
7 can't reserve bingo cards. You can't reserve bingo cards.
8 So these two things are at odds with each other. Yes, sir.
9 Tommy?

10 MR. DUNCAN: Well, a previous director, now
11 she said, he said that could be done with a merchandise
12 voucher. Now -- because it's all merchandise. So it falls
13 under the merchandise rule as a voucher for a special event,
14 not saying Friday night, but that's how this is being done
15 with a merchandise voucher.

16 MR. VANCE: Yeah, I guess you could -- you
17 could sell it as a gift certificate that's only redeemable on
18 Friday, September 1st or whatever for a hundred dollars in
19 bingo products. And that would cover the issue because then
20 it's bingo revenue. And it's, you know, and so when you take
21 that reservation, when that person buys that gift
22 certificate, you have to deposit that money within -- or no,
23 I'm sorry. That's when it gets used actually. Right, right.

24
25 UNIDENTIFIED VOICE: Right.

1 MR. VANCE: Okay. Yeah, I think that would
2 work if it's sold as a gift certificate. And then you guys
3 would want it restricted to only the night of this big event.
4 Right?

5 MS. GREEN: I have a question. If it's sold
6 as a gift certificate, there's no -- we used to sell gift
7 certificates. They'd come in and buy them for Christmas and
8 I would say 25 percent of them are never redeemed. Now you
9 had -- your question was where does that money go?

10 MS. URIEGAS: Right.

11 MS. GREEN: Asking me the same question, where
12 does the money go and is there a difference between the
13 voucher and a gift certificate? Do you see the legal
14 difference? Like purse bingo, these purse bingos that are
15 all over Texas where they -- they're playing their one
16 temporary. They pre-sell all their tickets. They have
17 \$80,000 worth of tickets pre-sold before they open the door.
18 Now, that could be a (indiscernible) there, too, but that's
19 how they pre-sell their bingo.

20 And then you said you had a problem with that
21 or?

22 MR. VANCE: Well, so generally the non-annual
23 temporary organizations are not liable for a lot of the same
24 regulations that other ones are because they're just
25 impracticalities of an organization that host one event per

1 year. You know, they don't have a bingo bank account. They
2 don't have to have registered workers. And I guess this is
3 something I wasn't aware of this situation, but it sounds
4 like something that somebody's let them slide on.

5 MS. GREEN: I want to go backwards real quick.
6 They do not have to have registered bingo workers because
7 some -- Goodtime Bingo gave my number out and all of a sudden
8 I got on the, I'm having a one-off bingo thing, will you
9 provide all my workers for me because you got -- they got
10 popped by you guys years ago. So now they do not have to
11 have reg -- they can have anybody work it?

12 MR. VANCE: They've never had to as far as I'm
13 aware.

14 MS. URIEGAS: No.

15 MS. GREEN: No, that's not --

16 MS. URIEGAS: I'm on the same page as her.
17 We had some at the church and we got a phone call saying,
18 hey, you know --

19 MR. VANCE: They're free to if they want to.
20 Maybe they want people who actually know what they're doing.
21 But they don't -- they're not required.

22 MS. URIEGAS: And I mean it was by -- this was
23 years ago, but it was by the Bingo Division that said, hey,
24 you've got to list your workers.

25 CHAIRMAN SMITH: Well, that may be something

1 that we need to do a little research on, yeah.

2 MR. VANCE: Yeah. Not to get sidetracked.

3 CHAIRMAN SMITH: Yeah, not to --

4 MR. VANCE: The temporary temporaries are
5 responsible for the law to the extent that it's practical. I
6 guess somebody decided a long time ago it's not really
7 practical for somebody to go out and get a crew of registered
8 workers for a one event per year type situation, so we let it
9 go.

10 CHAIRMAN SMITH: Well, typically the one-off -
11 - the one-off bingo deals where they do get a -- even though
12 they do get a one-off temporary deal, like the purse bingos,
13 they don't follow any of the rules at all, period.

14 MR. VANCE: Not at all. There's -- they still have to
15 submit reports. They're -- they still have to make, you
16 know, proceeds in accordance like -- like everybody else, but
17 yeah, there's a lot of things that they're not subject to.

18 CHAIRMAN SMITH: Yeah. But they're still
19 subject to the the statute payouts --

20 MR. VANCE: Yes.

21 CHAIRMAN SMITH: -- in the program. And they
22 don't follow that at -- at all. I mean, they're giving away
23 \$80,000 worth of merchandise prizes. That's a problem. And
24 it's rampant. I mean, when you have the president of the
25 Texas Sheriff's Association testifying in the House Licensing

1 and Administrative Procedures Committee hearing, saying, how
2 do I handle this, that's -- it's prevalent. But yeah.

3 So yeah, I sympathize with Melody and
4 Veronica, there's some ambiguity there that maybe we need to
5 look at further down the road and not put anybody on the spot
6 here, so yeah. If y'all want, we can put that on the agenda
7 for next go round, if that's all right with you, Tyler and
8 LaDonna, so maybe we can talk more in detail about it. Give
9 everybody a chance to do some research.

10 MR. VANCE: Yeah, but back -- back to the
11 issue at hand is unfortunately with the -- this door fee/seat
12 fee situation, it's in kind of a no man's land of income of,
13 you know, how does that turn into revenue for the conduct of
14 bingo that goes into a bingo account. You know, a lessor is
15 free to charge it, it's your business and you can charge
16 people to come in all day long. But the issue is how does
17 that then become bingo revenue without reserving bingo cards?
18 Because you can't do that.

19 MR. HARRIS: That's instead --

20 (Video feed frozen)

21 UNIDENTIFIED VOICE: I think the video might
22 be frozen.

23 UNIDENTIFIED VOICE: Yeah, we're running into
24 that right now, so.

25 CHAIRMAN SMITH: Hey Ronnie, come to the front

1 of the room and you can hear a little better.

2 MS. GREEN: Yeah.

3 MR. DUNCAN: Yeah, you're 75.

4 MS. GREEN: I'm confused. Let's go back to
5 the --

6 CHAIRMAN SMITH: Y'all use your microphone.

7 MR. VANCE: Yeah. So let's imagine this,
8 let's say you -- let's say you sell a hundred dollars seat
9 fee --

10 MS. CASTAÑUELA: Today.

11 MR. VANCE: -- today. You -- first of all, if
12 you -- I -- to me that's pretty clearly not revenue from the
13 conduct of bingo. You might not even have a licensed
14 occasion today. So now you've sold a bingo product on a day
15 in which you don't even have a license to sell a bingo
16 product. But I don't think it's a bingo product. I think
17 you're selling a reservation for a seat or an admission to
18 your hall on September 1st, and I don't think that's bingo
19 revenue. So what happens to that hundred dollars?

20 MS. CASTAÑUELA: Until September 1st.

21 MR. VANCE: The organization can keep it, they
22 can spend it freely, but there's no way to get that a hundred
23 dollars into the bingo account for the sale of bingo
24 products.

25 MS. GREEN: Okay. Veronica and I, we're

1 selling gift certificates.

2 MR. VANCE: Okay. Certificate's a different
3 thing.

4 MS. GREEN: Well, I sell you a hundred dollar
5 gift certificate, you give me a hundred dollars.

6 MR. VANCE: Right.

7 MS. GREEN: That does not go into any --

8 MR. VANCE: No.

9 MS. GREEN: -- bingo account.

10 MR. VANCE: No. It doesn't go anywhere until
11 they redeem it.

12 MS. GREEN: Until it's used. The same thing
13 with the --

14 MR. VANCE: Right.

15 MS. GREEN: -- seat voucher you're saying.
16 There's no difference between a seat voucher and a gift
17 certificate.

18 MR. VANCE: Yeah, except that -- except the
19 gift certificate is eventually redeemed for bingo products.

20 MS. GREEN: Maybe not. I have some that never
21 were redeemed.

22 MS. URIEGAS: Or it's just --

23 MR. VANCE: Sure. Yeah. And I think there's
24 a provision after it expires you can put that in -- into your
25 bingo account. The difference is the gift card money will

1 surely, eventually end up in the bingo account, one way or
2 other. Either because it expires or because it gets claimed.
3 The admission fee to your hall never gets there because it's
4 not money for the purpose of bingo. It's money for the
5 purpose of entering your hall.

6 MS. GREEN: But I wouldn't say never. It does
7 get there. I mean, people -- I don't know who these people
8 are just buying admission tickets, but the people that get --
9 when Tommy's talking about vouchers or certificates to come
10 play a special game, especially if we can offer \$5,000, they
11 come. That money does -- has the same amount of chance of
12 going in the account as the gift certificate does. I'm
13 sorry, Veronica --

14 MS. URIEGAS: No, no, absolutely.

15 MR. DUNCAN: Well, I think under the gift
16 certificate rule, it has to have an expiration date on it
17 when you sell it. So --

18 MS. GREEN: Voucher would, too.

19 MR. DUNCAN: The voucher does, too, but the
20 voucher is for an event. If it's not used by this certain
21 date, it's no good. Then I don't know what you do with the
22 money, but the money you have to keep and pay as they redeem.
23 That's what I'm saying, the merchandise voucher is for an
24 event. So those people are going to show up. So as they
25 show up, you're paying the gate for the redemption of the

1 merchandise voucher that was given away with bingo product.

2 Same thing with a gift certificate. You sell
3 a thousand gift certificates for a hundred dollars a piece.
4 You're responsible for that \$10,000 when it comes in and the
5 voucher is -- or the gift certificate's redeemed. But I
6 believe -- all these things have to have an expiration date
7 on it. Now, after that day, I don't know what you do with
8 the money.

9 MR. VANCE: I think I'm -- well, I'm pretty --
10 I don't have the rule in front of me right now, but it -- I'm
11 pretty sure what it -- when a gift certificate expires by its
12 stated terms, then it's considered revenue, it's deposited.
13 That amount of money gets deposited in the account.

14 MR. DUNCAN: Okay. There you go.

15 MS. URIEGAS: As overage instead of revenue.
16 Because it's not --

17 MR. VANCE: It's -- it's bingo, it's bingo
18 proceeds. It's proceeds from the conduct of bingo.

19 MS. URIEGAS: You can't put it in as sales
20 because it's not sales.

21 MS. GREEN: How do you report it?

22 MS. URIEGAS: They didn't buy -- yeah, how --
23 I'm sorry. That's -- I guess that's --

24 MR. VANCE: It would go on for sales because
25 you sold the gift certificate. A gift certificate's --

1 MS. URIEGAS: But --

2 MR. VANCE: -- it's a bingo product.

3 MS. URIEGAS: But did they buy a computer?
4 Did they buy a paper? Did they buy floors? So that's what
5 I'm saying; how do we know where to enter that I guess is my
6 question.

7 MR. VANCE: I don't know. Is there a
8 miscellaneous on --

9 MS. URIEGAS: No.

10 MR. VANCE: -- when you --

11 MS. URIEGAS: We're not allowed to show
12 miscellaneous --

13 MS. GREEN: Expenses, but not --

14 MS. URIEGAS: Yeah, right.

15 CHAIRMAN SMITH: And let's -- we might need to
16 circle back to this on the next BAC meeting. I don't want to
17 put Tyler on the spot too long, because there is a lot of
18 scenarios that are out there in the industry right now that
19 may or may not be the correct way to do things. And I doubt
20 very seriously we could all come up with the variations there
21 that are going on out there, but maybe nail down some common
22 ways that it's being done and then maybe submit it to the
23 staff and let them do some research on it and get back to
24 That way we're not, you know, holding their feet to the fire
25 in an open meeting here. I don't want to trap anybody or get

1 anybody in a jack box, so to speak. If that's all right with
2 everyone.

3 MS. URIEGAS: Sure. Absolutely.

4 MS. GREEN: No, and I do appreciate the answer
5 on this. It just, you, like you said, you didn't want to get
6 into a trap where you get audited and they're going, well,
7 this is just so wrong. So if it's like this.

8 CHAIRMAN SMITH: Definitely. Definitely a
9 good spirited conversation.

10 MS. GREEN: Yes.

11 CHAIRMAN SMITH: I get --

12 MS. GREEN: Appreciate it.

13 CHAIRMAN SMITH: -- where you're coming from.

14 MS. GREEN: We're just trying to do the right
15 thing. We just want to make sure we do it correctly.

16 MR. VANCE: Yeah. So the rule says that funds
17 from the sale of certificates shall be maintained separately
18 from bingo funds. They're not considered bingo funds until
19 gift certificate is redeemed for a bingo card, paper or card
20 mining device. Funds remaining from an expired or unredeemed
21 certificate shall be disbursed equally among their
22 participating organizations and deposited into each of their
23 respective general fund accounts.

24 MS. GREEN: Well --

25 MS. URIEGAS: Just as overage?

1 MS. GREEN: No, the general fund.

2 MR. BOURGOYNE: In the general.

3 MS. URIEGAS: Oh, in the general fund.

4 MS. GREEN: Yeah.

5 MR. URIEGAS: Okay.

6 MR. BOURGOYNE: It wouldn't go on your --

7 MS. GREEN: Donation.

8 MS. URIEGAS: Oh, gotcha. Okay.

9 MS. GREEN: Do you report then --

10 MR. BOURGOYNE: Why couldn't we just do a rule
11 for the same thing for the advanced seating?

12 MS. GREEN: Yeah.

13 MR. VANCE: I -- it just seems to me that it's
14 not -- I, you know -- it's not proceeds from the conduct of
15 bingo. It's -- because again, there's no guarantee that --

16 MR. BOURGOYNE: But why couldn't we do a rule
17 to -- to deposit in the general fund, just like you just said
18 to do with gift certificate?

19 MS. GREEN: Uh-huh.

20 MR. URIEGAS: I mean, I -- I feel like I'm on
21 Trace's page, but is there some way we can talk about how to
22 do this? Because I know that's going to be a big seller. If
23 you're going to be giving away a \$5,000 prize, say --
24 somebody's going to do three sessions and put \$5,000, I think
25 we need to come up with a way, because we don't want to -- we

1 want to guarantee that we at least get that money and we
2 don't want to have these people or the charities lose the
3 money. So maybe we can try to figure out some answer to hone
4 the situation.

5 MS. GREEN: We have to pre-sale.

6 MS. URIEGAS: Right. For pre-sale, I guess
7 that would --

8 CHAIRMAN SMITH: We'll definitely put that on
9 the agenda for next time around to come back and talk about
10 that. So in the meantime, I guess we would need to come up
11 with certain scenarios that we think could possibly work and
12 then talk with Tyler and LaDonna about it in the interim, so
13 that way we can come up with a solution by the next BAC
14 meeting. That sound good to y'all?

15 MS. CASTAÑUELA: Very helpful.

16 CHAIRMAN SMITH: Very well.

17 MS. URIEGAS: Steve?

18 CHAIRMAN SMITH: Steve Bresnen?

19 MR. BRESNEN: I hate to prolong -- Steve
20 Bresnen on behalf of the Bingo Interest Group. I hate to
21 prolong the conversation; I know you want to move along, but
22 I'm concerned about the \$80,000 pre-sold for the non annual
23 holder that uses a temporary license. When you say
24 something's been pre-sold, \$80,000 worth has been pre-sold, I
25 don't know what that means. Do you mean that, I'm assuming,

1 is it pull-tabs?

2 MR. DUNCAN: No. Basically what it includes
3 is beer, wine, dinner, bingo. It's an all-inclusive, if
4 you're talking about a purse bingo. So what they're
5 pre-selling is a ticket to the charitable event. And it just
6 in -- that's just one of the line items included is the
7 ability to play bingo for this merchandise.

8 MR. BRESNEN: Okay. And they have a certain
9 amount of money available to them to play that, or that's
10 when they go into their pocket to buy --

11 MR. DUNCAN: It's usually donations.

12 MR. BRESNEN: -- bingo cards or pull-tabs?

13 MR. DUNCAN: No, well, with the license they
14 can buy from a distributor the bingo cards they need. But
15 you know, most of their stuff is donations, to my knowledge.

16 MR. BRESNEN: Okay. I'm concerned about what
17 happens with pull-tabs and bingo cards before an occasion
18 because we have a -- the law clearly prohibits you from
19 setting aside dedicating those. What's the -- I'm --

20 MR. VANCE: Reserving.

21 MS. CASTAÑUELA: Reserving.

22 MR. BRESNEN: Reserving.

23 MS. CASTAÑUELA: Reserving.

24 MR. BRESNEN: Those. All right? So I want to
25 make sure nobody's telling me that we -- look, in the

1 interest of full disclosure, we didn't say a thing during the
2 legislative session when the ability to do that was expanded,
3 the non annual license people were able to do something,
4 because we didn't want to go pick around the little guys and
5 people that are intermittent competition. Right? But if
6 somebody's selling \$80,000 worth of bingo product an occasion
7 that they're participating in, then I want to know what's
8 going on. If -- are those being reserved or are you just
9 saying -- when you say you have the right to play bingo,
10 assume you got the right to play bingo anytime you want to
11 play bingo.

12 MR. DUNCAN: Well, they -- like I said, they
13 do it for the event. They don't give away cash. All right?
14 It's all --

15 MR. BRESNEN: Are they using -- are they using
16 --

17 MR. DUNCAN: They're not using pull-tabs. To
18 my knowledge, the ones I deal with on these one-offs, they
19 don't really use pull-tabs.

20 MR. BRESNEN: So it's just bingo cards being
21 approved by the Texas Lottery Commission?

22 MR. DUNCAN: Yes. They also buy online. See,
23 that's another thing we need to address. A lot of these
24 one-offs that do this, they buy their product online. They
25 don't buy it from a licensed distributor.

1 MR. BRESNEN: You get what I'm driving at?

2 CHAIRMAN SMITH: I get exactly what you're
3 driving at.

4 MR. BRESNEN: We've had discussions about this
5 in the legislative process. And I've made commitments and
6 statements to legislators that I want to make sure that I'm
7 being accurate about. So --

8 CHAIRMAN SMITH: So basically when those
9 tickets are sold for those one-off events, they may include
10 wine, they may include dinner, but let's be very clear, the
11 purpose for them being there is to play bingo and win prizes
12 in excess of --

13 MR. BRESNEN: Something of value.

14 CHAIRMAN SMITH: -- in excess of the current
15 statute.

16 MR. BRESNEN: The question is, is there a
17 stack of cards that's reserved for that person or do they
18 just show up and somebody walks around and, you know, passes
19 out bingo cards randomly or --

20 CHAIRMAN SMITH: Both. I've seen both.

21 MR. BRESNEN: All right. So -- I'm sorry.

22 MS. GREEN: Well, no, I -- because we've been
23 asked to service so many of these, because like I said, they
24 just got pegged really hard last time with not even
25 registered workers, but we have had to send her -- and -- and

1 the third time we sent our registered workers out there it
2 was a mess. I mean, they had a huge mess and we just kind of
3 put it back in order. But they do pay, they pay to come in.
4 They have tables, usually tables of eight, beer, wine, food.
5 They do buy. And we bought -- they bought everything from
6 Goodtime that time, and they even wanted a board. So, but
7 they do have paper. They don't -- I've never seen anybody
8 sell pull-tabs, Steve. I've never seen any of them sell
9 pull-tabs.

10 MR. BRESNEN: Okay.

11 MS. GREEN: But they do have paper and they
12 just kind of -- ours walked around, gave everybody one. If
13 you wanted another one, it cost a dollar. At first, they
14 never sold any extra paper. We finally said, you've got 400
15 people here, get another, you know, so we started selling
16 paper to just, but it was a dollar a strip. There's nothing
17 sitting there reserved. It was all legal.

18 I'm not saying the other ones aren't, and the
19 purses are donated and they're pretty nice.

20 MR. BRESNEN: So here's what I'm driving at
21 ultimately. You -- several people have asked me this
22 question about pre-sales, and I've said uniformly that I
23 don't want to give you legal advice because A, I'm not --
24 you're not my law client and B, I don't know who's going to,
25 you know, I've been told so and so wants to know this and now

1 I'm giving legal advice to people I don't even know, much
2 less they're not my law client, that's why I've avoided that.
3 But every time I ask, what does it mean to pre-sell
4 something, I have no idea what they're talking about. I
5 think you have to change your terminology and be more
6 specific. It's unfair to this man and this woman to be
7 opining ad hoc in a -- in this public meeting and Trace, I
8 think this is where you were headed, because it's not exactly
9 clear what you're talking about.

10 I think it -- I -- with regard to the seat fee
11 versus a gift certificate. The question is what are you
12 intending to sell? At least with the gift certificate, you
13 know you're intending to sell bingo product. And we have a
14 rule that says what to do with that money. If the agency's
15 position is that the seat fee is not bingo money, then the,
16 you know, I would want to know, is it the lessor that's
17 charging it? Which I suppose the lessor can do. Is it the
18 conductor who's charging it since they -- they have the lease
19 of the premises during that time period. And then to
20 question that is, you know, where do they put the money and
21 it does -- it pretty -- seems pretty clear. It doesn't go in
22 the bingo account.

23 It's this pre-sale thing that I think is
24 unclear. So I like the idea of you -- y'all, somebody,
25 writing down some scenarios that then they have a chance to

1 think about in advance with a look at the rules. If a rule
2 would be helpful on the attendance fee or something, then I
3 think, you know, Tyler and LaDonna will have to figure out
4 whether they have authority under the Bingo Enabling Act or
5 the Lottery Commission Act to adopt a rule that tells you
6 what to do with that money. They can tell you don't put it
7 in the bingo account, I think pretty clearly. But anyway, I
8 won't prolong the conversation. I'm just saying, I -- I keep
9 getting asked about this pre-sale business and I don't have
10 the slightest idea. And apparently, there are multiple
11 scenarios, so the word pre-sale may not be applicable in
12 every scenario.

13 CHAIRMAN SMITH: I think whether you call it a
14 gift certificate or a pre-sale or a seat fee, I think it's
15 pretty safe to say the intention is for them to play bingo,
16 so --

17 MR. BRESNEN: Right. I --

18 CHAIRMAN SMITH: But I think we need to
19 clarify some --

20 MR. BRESNEN: Sure.

21 CHAIRMAN SMITH: -- (indiscernible), but I
22 agree a hundred percent.

23 MR. BRESNEN: I understand that. I also
24 understand that what's driving it is now a magnet that we've
25 got in the statute now that can draw more people in. And the

1 desire to market that ahead of time and start, you know, hit
2 the ground running September 1st and all of that. That
3 leaves me joyous because that's what we were trying to
4 achieve was that magnet. I just ask people to slow down just
5 a little bit and be careful what you do. And I don't think
6 pre-selling if you mean by pre-selling, they're going to give
7 me \$10 and I'm going to take this stack of bingo cards and
8 set them aside and put Steve Bresnen's name on it, I think
9 you're going --

10 MS. URIEGAS: I think --

11 MR. DUNCAN: I may be mistaken; isn't there a
12 rule that says you can't sell pull-tabs before your license
13 time starts?

14 MS. URIEGAS: You can.

15 MR. DUNCAN: You can sell paper and computers
16 as long as they're not used --

17 MS. URIEGAS: And that --

18 MR. DUNCAN: -- before the license time.

19 MS. URIEGAS: Well, you can't redeem them
20 until license period starts. But also, I just kind of want
21 to touch on that just a real quick.

22 So one of the things that we also need to just
23 determine, and this is just for us, is the word reserve, you
24 know? It's not like we're -- I'm selling this ticket and I'm
25 going to put your name, Steve Bresnen, on this bingo card.

1 You know, it's luck of the draw, just like when you come in.
2 And so I think that's one thing we just need to touch on when
3 we do finally have this conversation.

4 MR. BRESNEN: Okay. Thanks. I didn't mean to
5 prolong your --

6 CHAIRMAN SMITH: That's fine. Thank you, sir.
7 Okay.

8 MR. DUNCAN: You have questions on that?

9 MR. BAKER: No, you clarified it for me and I
10 just, the -- because I'm covered up with pre-selling right
11 now. There's a lot of stuff that's fixing to happen on
12 September 1st that is not -- and you're aware of it. And
13 I've done a new -- a number of new --

14 CHAIRMAN SMITH: Would you please --

15 MR. DUNCAN: Make it official.

16 CHAIRMAN SMITH: The court reporter is online,
17 if you would come up and state your name and --

18 MR. BAKER: Not a problem.

19 CHAIRMAN SMITH: No problem. We're glad to
20 hear from you.

21 MR. BAKER: Ronnie Baker with Roy Bingo, a few
22 other companies. The pre-selling, I'm asked all the time do
23 we pre-sell or not? There's a number of large events that
24 are fixing to take place on September the 1st, going up to
25 around \$25,000. I've done a number of purse bingos. I do

1 them all the time. I've actually had them sell tickets,
2 pull-tabs, and, but you're right, it's drinks, food, the
3 ambiance, they're all donating gifts, but the pull-tab issue
4 is something that needs to be reckoned with. But the
5 pre-selling, which you have people out there in multiple
6 locations right now, pre-selling tickets for a number of
7 location -- for one location. And there's no gift
8 certificate, it's just buy it or you can be awarded, whatever
9 you want to call it, a pre-sale ticket, a VIP ticket. You
10 can be awarded that and that'll get you in the door to go
11 play for \$25,000.

12 It's kind of like the goose that laid the
13 golden egg. I think -- and what Steve is saying, some
14 prudence in what you say, sir, needs to be observed and a
15 little bit cautious because I think if it blows up, there's
16 this flag or whatever you want to say, much like the one on
17 20 apps, you know, some time ago, you know, the State of
18 Texas is going to frown on that. A lot of the small bingos,
19 you know, they're calling me, they want to pre-sell, and I'm
20 saying, hang on, you know, there's a lot to be considered
21 because my concern is negative net proceeds. September 1st
22 through the 4th's going to be great, after that watch out. So
23 --

24 MR. DUNCAN: The State's coming.

25 MR. BAKER: Thank you, sir. And you're right.

1 That's my concern. But yeah, the purse bingos and fluffy
2 animals and all that stuff, you know, we raise a lot of money
3 with that. So thank you, sir.

4 CHAIRMAN SMITH: Thank you, Ronnie.
5 All right. So we'll come back to that item on the next BAC
6 meeting.

7 MR. DUNCAN: I think there may be one more
8 thing we need to add to that agenda, and that's going to be
9 the auditors, investigators, things are fixing to change. We
10 know park games are legal. We play some park games now based
11 on the \$50 rule, but these park games are going to be \$500
12 leading into \$500. This -- all this needs to be clarified
13 and -- because you got auditors that go into one hall now,
14 same auditor tells them, hey, you're not doing this right.
15 Go to the next hall, they're doing the same thing, they don't
16 get told. I think we need some consistency in how we're
17 going to regulate these bingo halls.

18 CHAIRMAN SMITH: Okay. Because I'm completely
19 --

20 MR. DUNCAN: Well, what's going to happen is -
21 -

22 CHAIRMAN SMITH: I feel like I don't know
23 anything --

24 MR. DUNCAN: Well, this is an add-on and this
25 is for them, because now we have \$5,000. There's going to be

1 progressives, there's going to be park games. These auditors
2 or investigators are going to need to know, because there's
3 going to be halls complaining on everybody. We're going to
4 have to know how we're going to handle all this influx of he
5 said, she said; she's doing it that way, I don't think it's
6 right. He's doing it that way, I don't think that's right.
7 I mean, they're going to bear the burden of that. So I
8 think, you know, we need to look at that for them, for the
9 TLC, for the CBOD. Because they're the ones that have to go
10 out.

11 CHAIRMAN SMITH: Right.

12 MR. DUNCAN: You know, on the pre-sale. All
13 of it's going to come together. Is -- there's a whole myriad
14 of stuff we need to really be looking at.

15 MS. URIEGAS: Well, and to throw into that, I
16 know that we've looked into that. So if you pay \$1,200 or
17 less, minus your entry fee, you don't have to do a WG. So
18 it's the 1201 after that. And I know a lot of people that
19 I've spoken to, customers that told me, well, I don't want,
20 you know, you're not going to get mine. So I know that
21 that's probably going to be a cap. So that's another thing,
22 another thing to throw in there is that the \$1,200 minus --
23 so that's -- so I -- the question would be, if you have to
24 pay a hundred dollars to buy in and it's \$1,200 to pay out
25 for one game, say there's multiple \$1,200 games, do you back

1 out the \$100 for that 1200 or do you back out -- I think this
2 is just --

3 MR. BOURGOYNE: It's per prize.

4 MS. URIEGAS: Per prize? So but do you divide
5 that by, say you have five and so it's like \$20, you only
6 back out \$20? So I think there's some things that we just
7 need to kind of help the whole industry.

8 MR. DUNCAN: Are you talking about for IRS
9 rules?

10 MS. URIEGAS: Well, it's going to be IRS, but
11 customers are already complaining like --

12 MR. DUNCAN: Well, I don't know if the wager
13 works like that on bingo. Now, on a pull-tab, it can be 600
14 times the bet to keep you from doing. So for example, if you
15 have a \$2 pull-tab, you can play up to \$1,200 before it --
16 and you don't have to do a W-2G.

17 MS. URIEGAS: But in bingo part of it --

18 MR. DUNCAN: Bingo's 799. I don't know if the
19 wager even counts.

20 MS. URIEGAS: It -- well, what I read it did,
21 or that's what came up. So that's why I think this is
22 another thing that we need to discuss just to help everybody
23 who's doing it across the board to make sure everybody's
24 doing it right. I don't want somebody to get in trouble next
25 year, you know, with all the stops.

1 CHAIRMAN SMITH: If I may real quick, and I
2 agree with you that we need to discuss all of this. What I
3 do want to remind everyone is that we can't give legal
4 advice. We would have to rely on the staff for that. But I
5 think definitely that we do need to address the -- and that's
6 one of the purposes of the Bingo Advisory Committee, is to
7 address all the different games, like Tommy said, the park
8 games, the progressive games. We need to talk about those in
9 our meetings to try to explain them from different areas of
10 the state so that not only can we gain knowledge, but we can
11 dispense it as well. And we may come across something that
12 the staff says, wait a minute, you know, you shouldn't be
13 doing that. And that's one of the things that we would love
14 to hear from staff.

15 So yeah, Tommy, definitely we would like to
16 talk about that, so that -- we'll get that on the agenda for
17 next time.

18 MR. BRESNEN: Trace, can I say one more thing?

19 CHAIRMAN SMITH: Sure.

20 MR. BRESNEN: I'm sorry. I'll go back to
21 sleep after this. I promise.

22 I would implore the distributors and your
23 colleagues who are not represented here today, if y'all would
24 communicate with them, to put out some kind of message to
25 your customers that says if you're going to give away a

1 \$1,200 prize, talk to your CPA, talk to your bookkeeper, talk
2 to your lawyer, talk to somebody before you do it. I don't
3 think that the agency, I'm going to speak for you which I
4 rarely do, but I don't think this agency's going to give you
5 IRS federal tax advice. And the -- as we've had discussions
6 about these, the elevation of the prize caps, or in some
7 cases the non-existence of a prize cap, I've always said
8 there are practical aspects of this that are going to be
9 self-policing.

10 The \$1,200, the IRS implications, that's one
11 of them. The net proceeds implication; who brought up the
12 net proceeds earlier, whoever did that. You've still gotta
13 have net proceeds, y'all. And the -- if you're selling
14 something like a seat that's not bingo product, you're not
15 going to be able to use that in the net proceeds calculation
16 I would imagine. So people, I hope we didn't do our job too
17 well.

18 People need to think about what they're doing.
19 Don't get greedy, and put your toe in the water here and talk
20 to the folks that can give you tax advice and think about
21 what you're doing all I would say. I implore the
22 distributors, this is the reason we had a call one day about
23 this very subject. I would implore y'all, come up with some
24 neutral way where you're not giving legal advice to your
25 customer that says be careful, don't let this bite you in the

1 behind.

2 MR. DUNCAN: And we have, and we're telling
3 everybody to dip their toe, but I think as --

4 MR. BRESNEN: Appreciate it.

5 MR. DUNCAN: -- Mr. Baker mentioned, we can --
6 we can tell them to dip their toe all they want, but at the
7 end of the day, they're going to come out firing if they
8 want.

9 MR. BRESNEN: Being that I deal with
10 candidates and politicians all the time, that works same way
11 there. Anyway, thanks. I --

12 CHAIRMAN SMITH: Thank you, Steve.

13 MR. BRESNEN: -- I'll shut up now.

14 CHAIRMAN SMITH: No, you're fine, Steve.
15 Thank you. Any other new business? All right. Any other
16 public comment on new business?

17 MR. SEGEBARTH: Hello, everybody. Good
18 afternoon. My name's Larry Segebath. I'm President of Game
19 Print Solutions. We're a manufacturer based here in Dallas.
20 Quick question, with the change in the legislation going from
21 \$750 cap to \$5,000 historically (indiscernible) \$750 is the
22 cap. So with the change to \$5,000, is it reasonable to
23 assume that would also be the dollar amount for the pull-
24 tabs?

25 MR. VANCE: Actually, our reading of the law

1 is that there is no longer any limit on the amount of prizes
2 that can be awarded with the pull-tab.

3 MR. SEGEBARTH: Thank you very much.

4 MR. VANCE: Yeah, because the occasion limit
5 of \$5,000 as the next line says except for pull-tabs.

6 MR. SEGEBARTH: Right.

7 MR. VANCE: So pull-tabs don't fall within the
8 \$5,000.

9 MR. SEGEBARTH: Okay. Appreciate it. Thank
10 you.

11 CHAIRMAN SMITH: All right. No other public
12 comment?

13 AGENDA ITEM 10

14 CHAIRMAN SMITH: All right. Item number 10,
15 set the date for the next meeting. I was told this morning
16 that October the 11th is the next available time for the
17 room. So we will meet here October the 11th and hopefully,
18 it will be much cooler. We've asked the staff to turn down
19 the heat outside for October the 11th, so they said they'd
20 work on that.

21 MR. DUNCAN: (Indiscernible) vacation.

22 CHAIRMAN SMITH: We'll have Teams available
23 for that, right? If there's not any --

24 MS. CASTAÑUELA: Oh, yes.

25 CHAIRMAN SMITH: If you can't make it?

1 MS. CASTAÑUELA: Yes.

2 MR. DUNCAN: Yeah, I'll be at a convention so
3 I'll have to be virtual. You going?

4 CHAIRMAN SMITH: Maybe.

5 MR. DUNCAN: We can't push the meeting back?

6 MS. GREEN: Sixty thousand dollars.

7 MR. DUNCAN: Okay.

8 CHAIRMAN SMITH: All right. October 11th,
9 next meeting 10:00 a.m.

10 AGENDA ITEM 11

11 CHAIRMAN SMITH: And the next item is
12 adjournment. So thank you very much for coming to this
13 meeting. We will see y'all next time.

14 (Meeting adjourned)

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C E R T I F I C A T E

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)
COUNTY OF HARRIS)

I, Kimberly C. McCright, Certified Vendor 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
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IN WITNESS WHEREOF, I have hereunto set my hand and
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/s/ Kimberly C. McCright
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