

TRANSCRIPT OF PROCEEDINGS  
BEFORE THE  
TEXAS LOTTERY COMMISSION  
AUSTIN, TEXAS  
COMMISSION MEETING

FEBRUARY 6, 2025

10:00 a.m.

AT

GEORGE H. W. BUSH BUILDING  
1801 Congress Avenue  
Austin, Texas 78701

Transcript prepared by Rev.com and Commission staff from an audiovisual recording.

## APPEARANCES

CHAIRMAN:	Robert G. Rivera
COMMISSIONERS:	Cindy Lyons Fields Mark A. Franz Clark E. Smith James H. C. Steen
GENERAL COUNSEL:	Robert F. Biard
EXECUTIVE DIRECTOR:	Ryan Mindell
CHARITABLE BINGO OPERATIONS DIRECTOR:	LaDonna Castañuela
CHIEF FINANCIAL OFFICER:	Sergio Rey
PRODUCTS MANAGER:	William Russ
MCCONNELL & JONES LLP:	Liz Meyers
BINGO ADVISORY COMMITTEE CHAIRMAN:	William "Trace" Smith III
ADMINISTRATION DIRECTOR:	Angela Zgabay-Zgarba
GOVERNMENTAL AFFAIRS DIRECTOR:	Nelda Treviño
INFORMATION TECHNOLOGY DIRECTOR:	Jason Cannaday
ASSISTANT GENERAL COUNSEL:	Tyler Vance
ASSISTANT GENERAL COUNSEL:	Kyle Wolfe
WEAVER AND TIDWELL, LLP:	Kevin Sanford
BINGO INTEREST GROUP AND TEXAS CHARITY ADVOCATES:	Stephen Fenoglio

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  - B. To deliberate the duties of the General Counsel pursuant to §551.074 of the Texas Government Code.
  - C. To receive legal advice regarding pending or contemplated litigation or settlement offers, or other legal advice, pursuant to §551.071(1) and (2) of the Texas Government Code, including but not limited to legal advice regarding the following items:
    - Pending litigation regarding Fun 5's Scratch Ticket Game #1592, including Travis County District Court Docket No. D-1-GN-14-005114 (Steele, et al. v. GTECH Corp.)
    - Legal advice regarding Texas Government Code Chapters 466 (State Lottery Act) and 467 (Texas Lottery Commission), the Bingo Enabling Act, the Open Meetings Act, the Public Information Act, the Administrative Procedure Act, employment and personnel law, procurement and contract law, evidentiary and procedural law, ethics laws, and general government law.
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PROCEEDINGS

THURSDAY, FEBRUARY 6, 2025 (10:00 a.m.)

AGENDA ITEM I.

CHAIRMAN RIVERA: Good morning. I'd like to call this Texas Lottery Commission meeting to order. Today is February the 6th. It is 10:00 a.m. We have all Commissioners here. We'll start with the Pledge of Allegiance to the United States and Texas flags.

(Pledges recited)

AGENDA ITEM II.

CHAIRMAN RIVERA: Okay, the first item is the 2024 independent audit. Sergio Rey, this is your item.

MR. REY: Good morning.

CHAIRMAN RIVERA: Good morning.

MR. REY: For the record, my name is Sergio Rey, Chief Financial Officer. And with me this morning is Mr. Kevin Sanford, the Engagement Partner with Weaver and Tidwell. Weaver and Tidwell performed the independent audit of our annual financial statements. And at this moment I'd like to turn it over to Kevin so he can provide you with a briefing of financial statements.

MR. SANFORD: Thank you, Sergio. And good morning, Mr. Chairman. Members of the Commission. As Sergio mentioned, my name is Kevin Sanford. I'm a partner with the firm of Weaver and Tidwell. It was our pleasure to perform the audit of the financial statements for the Texas Lottery Commission, for the year ended August 31, 2024, and to present the results of that audit to you today. So just some high-level comments on the outcome of the audit. If you have our financial

1 statements, or our opinion, in the Lottery's financial statements, that  
2 is on page 4, 5 and 6 of the document. Our opinion, once again this year  
3 is an unmodified opinion, which is the highest level of assurance that  
4 independent auditors can give to a set of financial statements. And it  
5 states that in all material respects, the Lottery's financials are  
6 accurately presented.

7           And then the other opinion that we have in the document is on  
8 pages 87 and 88. The Lottery, as an agency of the State of Texas, it is  
9 required that we perform our audit in accordance with government auditing  
10 standards, in addition to the AICPA standards. And in accordance with  
11 government auditing standards, we are required to perform certain tests  
12 on the Lottery's internal controls over financial reporting, as well as  
13 on compliance with certain items of the Lottery's operations. And happy  
14 to report that if we did have any findings under either one of those,  
15 they would be reported in this document, again, on pages 87 and 88. And  
16 you'll see there were no instances of non-compliance with either internal  
17 controls, or any findings under internal controls, or non-compliance.  
18 So really in all aspects, it was a clean engagement for the Lottery's  
19 financial statements. And happy to go through any other details or  
20 questions if there are any.

21           CHAIRMAN RIVERA: Commissioners, any discussion? Okay. Again,  
22 Kevin, how long has your firm been doing this work for the Commission?

23           MR. SANFORD: It was approximately 10 or 11 years. We were  
24 thinking about that earlier. I believe that we're in our 10th or 11th  
25 year.

1 CHAIRMAN RIVERA: Okay. Well, we appreciate the good work that  
2 you do, your organization, and your attention to detail. And Sergio,  
3 thank you for helping to get us to where we are. So, thank you both.

4 MR. SANFORD: My pleasure. Thank you.

5 MR. REY: Okay, and if I may, I'd like to share those comments  
6 with the financial reporting team, who did all the work with our manager,  
7 Marlene Blazi, and every member of the financial reporting team.

8 CHAIRMAN RIVERA: Okay, Sergio, thank you very much.

9 AGENDA ITEM III.

10 CHAIRMAN RIVERA: Okay, we are going to move on then to the  
11 Bingo Advisory Committee report. Trace, your item.

12 MR. SMITH: Morning, Chairman, Bingo Commissioner Fields, and  
13 Commissioners. Yesterday, the Bingo Advisory Committee met and discussed  
14 several items. The first item we discussed was the rule review and the  
15 staff's recommendations. The bingo industry is, in large part, supportive  
16 of most of these rule changes. However, there are a few that we are not.  
17 The rule concerning the destruction of paper bingo products, the rule  
18 concerning the penalty matrix, starting at over \$200 for charities, who  
19 could possibly be fined for clerical errors. And the rule not allowing  
20 the BAC to discuss new and inviting games of bingo, or other  
21 jurisdictions' laws, rules, or other games of bingo. The industry would  
22 ask you to please consider giving these rules a second look. Steve  
23 Fenoglio will be speaking on these rules in detail later.

24 Next, we reviewed the Bingo Service Portal Input Subcommittee  
25 Report by Dr. Pennie and Victor Kuykendoll. This was a very comprehensive  
26 report and is included in your notebook. It outlines most of the issues



1 with the system and gives recommendations on how to make it more user-  
2 friendly. Our next meeting is scheduled for the 9th of April, at 3:00  
3 p.m. Yesterday we also wished our Bingo Commissioner, Ms. Cindy Fields,  
4 a very happy birthday, and we continue to do so today. This concludes  
5 my report. I'd be happy to answer any questions.

6 CHAIRMAN RIVERA: Okay, thank you, Trace, for the report.  
7 Cindy, any comments?

8 COMMISSIONER FIELDS: Yes, excellent job. [inaudible  
9 00:05:57]. Thank you all.

10 MR. SMITH: Yes, ma'am. Thank you. They did do a wonderful job  
11 on that.

12 CHAIRMAN RIVERA: Commissioners, any other comments? Okay,  
13 thank you very much.

14 AGENDA ITEM IV.

15 CHAIRMAN RIVERA: Next item is an adoption of bingo rule  
16 changes. Tyler, your item.

17 MR. VANCE: Morning Chairman, Commissioners. My name's Tyler  
18 Vance. I'm with the Legal Services Division. I have for your  
19 consideration today, an adoption package involving 44 rules in the bingo  
20 chapter 402. Some of these are new, some of these are repeals. The vast  
21 majority are amendments. This package comes to you after about a year  
22 of work, pursuant to the quadrennial rule review process. We've met with  
23 BAC, I don't know, four or five times, during their regular scheduled  
24 meetings. We had meetings with their subcommittee on rules. And then,  
25 of course, about halfway through the year we got the report from the  
26 Sunset Commission that identified several gaps in our rules. We've

1 incorporated those observations, we filled those gaps, and everything's  
2 been presented to you. And it was presented in October, and where you  
3 proposed it. There are some changes to the adoption package that were  
4 not included in the October proposal, and so I'd like to highlight those  
5 for you.

6           One of them is regarding bingo advisory opinions. The statute,  
7 the Bingo Enabling Act, enables y'all to delegate the issuance of those  
8 advisory opinions to the bingo director. Sunset Commission identified  
9 that as a kind of a problem. They're going to recommend legislative  
10 change on that in the future, that they think that the Commissioners  
11 themselves should be issuing it. As soon as that recommendation came  
12 out, we got a bingo advisory request about a week later, and y'all  
13 decided to proactively go ahead and issue that. Then we got another one  
14 in October, and the problem with that is, is that the statute requires  
15 that it be issued within 60 days. And we got caught in a situation where  
16 it couldn't be issued during a regularly scheduled meeting. So, because  
17 the law still allows you to delegate it, you delegated that one to  
18 LaDonna, so that we didn't have to have a special meeting so the  
19 Commissioners could issue it.

20           So, we decided to amend this rule, even though it wasn't  
21 noticed in the proposal. This is 402.101(a)(3), which currently says  
22 that the Commission will delegate, or has delegated the authority to  
23 issue to the bingo director. We're going to change that to "may," and  
24 with the idea that generally y'all will issue the BAOs, but you may  
25 delegate it in a situation like we had last time, where there's just no  
26 way to do it without calling a special meeting. And of course, Sunset's

1 going to recommend changes to the legislation, and we'll see what happens  
2 then, and we can come back and modify it. There are also two changes  
3 pursuant to public comments. Steve Fenoglio commented on behalf of the  
4 Texas Charity Advocates and the Bingo Interest Group, and he has a number  
5 of comments. He's here and he'll present them, but I'll highlight the  
6 two that we changed.

7           The two rules we changed, based on his comments, one is to  
8 402.109. This is the definition of "premises." He correctly pointed out  
9 that there is an exception in the statute for certain grandfathered  
10 licensees that had a license before 1997, that they can have more than  
11 one premises under a common roof or a foundation. So, we've added that  
12 language in there.

13           And then he also requested on rule 402.105, this is our new  
14 rule that talks about how the agency receives documents. We copied it  
15 from the Comptroller's, and currently the draft provides that you can  
16 use a common carrier, which is like UPS, FedEx, things like that. And  
17 Steve requested that we also allow for contract carriers. Which is  
18 anybody. It could be a bike messenger or anything like that. So, we've  
19 added that. Of course, like I said, Steve has a number of comments. I'm  
20 not going to try to preempt him on this, but I'll be available to respond.  
21 I'm available if you have any questions for any specific issues in these  
22 rules. Again, there's 44 of them, quite a few, but staff recommends that  
23 you adopt the package, as written.

24           CHAIRMAN RIVERA: Okay, thank you very much. Commissioners,  
25 any questions? Okay, thank you. So, we do have Mr. Steve Fenoglio, who

1 is here, and will speak on behalf of Bingo Interest Group and Texas  
2 Charity Advocates.

3 MR. FENOGLIO: Morning, Mr. Chairman, Commission. There we go.  
4 Good morning, Mr. Chairman, Commissioners. Thank you for allowing me to  
5 speak, and I'll be brief. Industry supports, I guess, 98% of what's in  
6 this lengthy package. We worked diligently with staff. There are two  
7 things, though, that ruffle our feathers, and I've made this clear in  
8 my comments to the staff, and as well as the BAC yesterday. The first  
9 has to do with the work plan for the Bingo Advisory Committee. Tyler  
10 just said that they've incorporated the Sunset changes. Well, not  
11 exactly, because the Sunset staff looked at the BAC, the Bingo Advisory  
12 Committee, and said it makes no sense that the BAC can't comment and  
13 advise the Commission on other states' laws that may impact charitable  
14 bingo, to the good or the bad. Historically, the Commission has said  
15 "no" in that, and we think it should change. My suggested language was,  
16 and this is found in 402.102(n)(3), dealing with the Bingo Advisory  
17 Committee. The work plan shall allow the BAC to review and comment on  
18 other state's laws.

19 You regularly get advice and comment on multi-state lottery  
20 provisions, and occasionally y'all have had to change your rule because  
21 the multi-state lottery has changed its rules. No problem with that, but  
22 we should have the same right, or the BAC should, to do that. The second  
23 issue is the penalties, and that's found in 16 TAC 402.706(c). There are  
24 two categories of penalties, and the first, well, there's several, but  
25 the first two are considered more, are worse. And so, Sunset said, "Well,  
26 instead of a 0 to 1000 range, it should start with a monetary penalty."

1 And so, in your penalty, or the staff's penalty matrix, and it's page  
2 127 of the actual rule comments, or the rule provision, violation 1 is,  
3 that person knowingly participating in the award of a prize to a bingo  
4 player in a manner that disregarded the random selection of numbers or  
5 symbols. No problem with that. They knowingly did something. The next  
6 one is, a person made a false statement in an application for a license.  
7 And the third category of this category 1 is, a person falsified or made  
8 false entries in books and records. There's no knowingly standard. Our  
9 dictionary tells us false means incorrect.

10 In a previous life, when I was in college, I thought I was  
11 going to be a CPA, until I got to cost accounting, which is where they  
12 separate the men from the boys, and I learned that I am dyslexic with  
13 numbers. Not a good thing for a CPA. It is not uncommon, and I've seen  
14 it in audits, where they have transposed a number. That would be a false  
15 entry. And so, what we are suggesting is put a "knowingly" standard in  
16 there. You already have it in your first category. Just add it on those  
17 categories, so that staff can look at it and say, "This was a one-off.  
18 They didn't intend to do anything. They shouldn't be written up for it."  
19 Or, monetary penalty automatically. If it's the first time, never  
20 happened. Many charities have been licensed for 30 or 35 years and have  
21 gone through multiple audits or desk reviews without a problem. I'll be  
22 happy to answer any questions. Thank you, Commissioners.

23 CHAIRMAN RIVERA: Okay, we appreciate your candor, and coming  
24 to speak with us. Commissioners, any comments?

25 COMMISSIONER FIELDS: Did you want Tyler to comment?

26 CHAIRMAN RIVERA: Yes.

1 MR. FENOGLIO: I didn't?

2 CHAIRMAN RIVERA: Tyler is going to respond to your comments.

3 MR. VANCE: Thank you, Commissioners. Again, for the record,  
4 Tyler Vance. So, regarding Steve's first comment, this is on the Bingo  
5 Advisory Committee and the work plan. He's right, Sunset did recommend  
6 that there be no restrictions on what the BAC is allowed to discuss.  
7 Sunset recommended this to be a legislative change. They didn't identify  
8 it as a rulemaking gap, or anything like that. Although it is, within  
9 our discretion, under the current law, it just provides that the  
10 Commission shall develop a work plan every year. For the last several  
11 years, that work plan has included a provision that says that the BAC  
12 is only allowed to discuss things that are clearly authorized by statute.  
13 And the reason this came about is because we've had a couple instances  
14 where the BAC has tried to discuss things that are not clearly authorized  
15 by the statute, and we've gotten involvement and feedback from the  
16 Attorney General's Office and certain legislators.

17 So, the agency's kind of been told in the past to avoid this  
18 area, and so that's why we're making the recommendation, staff's making  
19 the recommendation that we wait and see what the legislature decides to  
20 do. And of course, if the legislature tells us that they should be  
21 allowed to discuss whatever they want, then that's what's going to  
22 happen. But in the meantime, we think we should wait for the higher  
23 powers to decide this issue, would be the best bet.

24 Regarding the penalty chart. Again, so Sunset recommended  
25 that serious offenses, first-time violations of serious offenses should  
26 not come with a warning, that they provided that, no other agency allows

1 that. I think Steve's issue here is more with this specific violation,  
2 providing false information on a quarterly report or on a license  
3 application. The Bingo division looked into this. They found that in the  
4 last, I believe six years it is, that this violation has never been used.

5 We have a different category that's providing incomplete  
6 information on a report, and that one's not actually listed in any of  
7 the categories, so it doesn't come with a minimum penalty. I think it's  
8 typically issued with a warning if it's a first-time violation. If  
9 there's multiple instances, they have discretion to do something else,  
10 to escalate a little bit. I think Steve's response to this would be, and  
11 correctly, so, "Well, just because you're not using it now doesn't mean  
12 some future director's not going to use it against us." And that's a  
13 fair argument. I think the response to that is, we can resolve this  
14 situation at a later rulemaking. We can modify the language in category  
15 1 to, "Knowingly false, providing knowingly false information." And then  
16 maybe bump, "Providing false information," as a strict liability  
17 violation down in category 3 or 4. That would give us the discretion to  
18 determine whether or not it was intentional, which gets difficult. That's  
19 why, in general, staff would argue against adding a knowing standard to  
20 anything like this, because it makes it almost impossible to prove.

21 If the person says, "I didn't know I did it," that's the end  
22 of the case. And again, unless I can make some argument. If there were  
23 multiple instances of it, maybe I can make an argument that they knew  
24 about it or should have known about it.

25 But I don't think we should make those changes now. They  
26 weren't announced in the proposal. They're kind of substantial. They

1 haven't been ran by the Governor's Office. But of course, we're going  
2 to have plenty of opportunities to make more rules, going forward. And  
3 so, I think we can address Steve's concerns about the penalty matrix at  
4 that point.

5 COMMISSIONER STEEN: Tyler, just to be clear, you're open to  
6 reviewing the knowledge qualifier down the road, and you're not opposed  
7 to it?

8 MR. VANCE: Absolutely. Yeah, I don't think it's a good, it  
9 wasn't discussed during the rule review process, or any of that. And  
10 there are some changes you can make to an adoption packet that weren't  
11 noticed in the rules, but again, I think this one's a little bit more  
12 substantial. And again, it hasn't been ran by the Governor's Office, so  
13 I think they would want to see that. And there's going to be, I don't  
14 think we're going to be back in April, maybe not quite, but probably  
15 May. As soon as we get the bills and we know what's happening, we're  
16 going to open up another rule package, and we can look at it then.

17 CHAIRMAN RIVERA: Okay. Tyler, thank you. Any other comments?

18 COMMISSIONER FRANZ: Yeah, Tyler, the Chairman and I were the  
19 two who were here when the observation you made about legislature, and  
20 the Attorney General being very clear about not going outside the current  
21 legislative strictures. So, I appreciate that response and that is our  
22 understanding. That's exactly what they meant, and we think it's the  
23 right thing to hold to that, too. So, until they, if they change the  
24 legislation, like you said, then we'll be right there with them.

25 CHAIRMAN RIVERA: Correct. Clark, any comments from the Legal  
26 Subcommittee?



1           COMMISSIONER SMITH: Well, to echo everything that y'all have  
2 said, but just to make the hopefully obvious observation, this is an  
3 absolute beast of a product, project that you guys have undertaken. It's  
4 been a very deliberate process. And the Administrative Procedures Act  
5 is strict for a reason, and I think that it's important that we tread  
6 very, very carefully on making changes at the last minute, while still  
7 being open to important policy changes in the future. But I think it's  
8 fantastic work that you guys have done. I support it wholly.

9           MR. VANCE: Thank you much.

10          CHAIRMAN RIVERA: Okay, Cindy, any other comments?

11          COMMISSIONER FIELDS: No, I mean we tried, you all tried very  
12 hard to address all the concerns that the Sunset Commission had in their  
13 report, absent those that require legislative action. And you worked  
14 very hard to do that, and I appreciate your efforts. And I think you did  
15 a very good job.

16          MR. VANCE: Thank you.

17          CHAIRMAN RIVERA: Okay. Okay. Thank you very much, Steve, for  
18 your comments. Tyler, thank you also for helping to shepherd us along.  
19 Thank you. Alrighty, so with that, is there any other discussion from  
20 Commissioners? And if not, is there a motion to adopt the rule changes?

21          COMMISSIONER FIELDS: I'll move to adopt.

22          CHAIRMAN RIVERA: Okay.

23          COMMISSIONER STEEN: Second.

24          CHAIRMAN RIVERA: All right, we have a motion and a second.  
25 All in favor say, "Aye."

26                   (Chorus of "Ayes")

1 CHAIRMAN RIVERA: Okay. Motion passes.

2 AGENDA ITEM V.

3 CHAIRMAN RIVERA: Next item is adoption of Lottery rule  
4 changes. Kyle Wolfe, your item.

5 MR. WOLFE: Good morning. Thank you, Mr. Chairman and  
6 Commissioners. For the record, I am Kyle Wolfe, Assistant General  
7 Counsel. Item five in your notebooks contains a proposal to adopt the  
8 12 Lottery rules listed on the agenda for this item. The amendments up  
9 for adoption are the result of the Commission's recent rule review  
10 conducted in accordance with Texas Government Code, as well as the  
11 agency's recent review by the Texas Sunset Advisory Commission. Among  
12 the more significant changes, this proposal addresses issues identified  
13 as rulemaking gaps in the September 2024 Sunset Advisory Commission staff  
14 report. The Sunset report specifically noted that there was no  
15 clarification as to whether internet sales of lottery products are  
16 prohibited. So, prohibited internet sales are addressed in the proposed  
17 amendments to rules 401.153(b)(12), 401.158(b)(27), 401.160(h), and  
18 401.355(a). The Sunset report also noted there was no explanation of  
19 what it means for a person to engage in a business exclusively as a  
20 lottery sales agent, for purposes of licensure. So that explanation is  
21 addressed in the proposed amendment to rule 401.153(b)(13).

22 The amendments also clarify procurement procedures, and the  
23 time period a bidder or proposer has to respond to an appeal of certain  
24 protest decisions issued by the agency in procurements. It updates  
25 several definitions. It updates a provision in the scratch ticket game  
26 rule to make it more consistent with the draw game rule. Updates scratch

1 and draw ticket prize claim processes. And update the language regarding  
2 lottery security, to state that several divisions of the Commission are  
3 responsible for developing and maintaining security plans and procedures  
4 and confirming that these plans and procedures are protected under the  
5 Texas Public Information Act. These proposed amendments were published  
6 in the Texas Register and a public comment hearing was held in this  
7 boardroom on January 15th. We received no public comments. This is an  
8 action item and staff is recommending that the Commission adopt the  
9 proposed amendments. If you have any questions, I'll be happy to answer  
10 them. Thank you.

11 CHAIRMAN RIVERA: Okay. Kyle, thank you, sir. Commissioners,  
12 any discussion? Clark, any comments from the Legal Subcommittee?

13 COMMISSIONER SMITH: Good work.

14 CHAIRMAN RIVEA: Okay. Nothing. Okay. Is there a motion to  
15 adopt the rule changes?

16 COMMISSIONER SMITH: So, moved.

17 CHAIRMAN RIVERA: Do I have a second?

18 COMMISSIONER FRANZ: Second.

19 CHAIRMAN RIVERA: All in favor say, "Aye."

20 (Chorus of "Ayes")

21 CHAIRMAN RIVERA: Okay. Motion passes. Thank you so much.

22 MR. WOLFE: Thank you, Commissioners.

23 AGENDA ITEM VI.

24 CHAIRMAN RIVERA: All righty. Next item, report on lottery  
25 operations procurement. Angela, your item.

1 MS. ZGABAY-ZGARBA: Good morning, Chairman, Commissioners. For  
2 the record, my name is Angela Zgabay-Zgarba, the Director of  
3 Administration. Item six in your notebooks is a briefing item. This is  
4 an interim status update to let you know that the lottery operations and  
5 services RFP is continuing to progress as planned. In accordance with  
6 the schedule of events, in January, the Texas Lottery held separate oral  
7 presentations with each proposer in this room, and site visits were made  
8 to each proposer's selected location to receive information regarding  
9 vendor proposals. Both of these activities are useful, and they help  
10 bring a written proposal to life. These were two important milestones,  
11 but there's still work to do, and the evaluation committee will continue  
12 its review for the next few weeks. During this time, if there's any  
13 changes to the final milestone listed in the schedule of events, vendors  
14 will be notified.

15 And this brings me to the final milestone, which is listed in  
16 the schedule of events. The announcement of the apparent successful  
17 proposer, also called the ASP by some. This is a milestone that's been  
18 used by the Texas Lottery for more than 25 years in its procurements to  
19 announce the highest scoring proposer, and is a courtesy notice provided  
20 to vendors that participate in each procurement. This is not the Notice  
21 of Contract Award, which will happen later in the process. Once the  
22 evaluation committee completes its review and scores the proposals, the  
23 committee will issue a report and recommendation, with its findings, to  
24 the Executive Director, Mr. Mindell, for review and approval. After the  
25 Executive Director approves this report, the Texas Lottery will announce  
26 the apparent successful proposer. This is a notice that is provided to

1 all vendors who submitted a proposal, announcing the highest scoring  
2 proposer, or the ASP.

3 The intent of the notice is to let all proposers know that  
4 the Texas Lottery has completed its evaluation and will enter into  
5 contract negotiations with the apparent successful proposer. Once a  
6 contract is negotiated, it will then be brought before the Commission  
7 for approval, and that approval is then the Contract Award, and a Notice  
8 of Contract Award will be sent to all vendors that participated in the  
9 process. If you have any questions, I'll be happy to answer them.

10 CHAIRMAN RIVERA: Okay, Angela, thank you. Any discussion,  
11 Commissioners? Okay. Great job.

12 MS. ZGABAY-ZGARBA: Thank you.

13 CHAIRMAN RIVERA: Angela, thank you so much.

14 AGENDA ITEM VII.

15 CHAIRMAN RIVERA: All righty. We're on to item seven, lottery  
16 sales and revenue. Sergio and Will.

17 MR. REY: Good morning. Again, for the record, Sergio Rey,  
18 Chief Financial Officer. With me, Will Russ, Products Manager. He and I  
19 will provide the following update on sales through the week ending  
20 January 25, 2025.

21 At the 21-week mark of fiscal year 2025, we have reached a  
22 total sales of \$3.32-billion. This is a decrease of roughly 60-million,  
23 or 1.77% of last year's \$3.38-billion for the same period. As the chart  
24 reflects, draw sales have a decrease of 9.4%, or approximately \$70-  
25 million. This year's sales total \$670.8-million versus the \$700.5-  
26 million from last year. The scratch sales, noted here in the orange bars,

1 encompass almost 80% of the sales through week 21. The \$2.6-billion total  
2 is about \$10-million more than last year. This is the revenue, the sales  
3 perspective, through week 21. In the next slide, Will provides more  
4 details in the sales and game performance perspective.

5 MR. RUSS: Good morning, Mr. Chairman. Good morning,  
6 Commissioners. For the record, I'm Will Russ, the Products Manager, and  
7 will be giving a more detailed view of the sales, like Sergio just said.

8 So, if we look at this slide, at the bottom right corner you  
9 can see the year-over-year decline of about 59.6-million, or 1.77%. The  
10 main contributor to this decline is the national draw game, Powerball.  
11 We still have not had a jackpot run over 500-million this fiscal and are  
12 therefore seeing a decline of approximately 160-million. The other  
13 national draw game, Mega Millions, is faring better. The jackpot that  
14 was rolling at our last meeting continued until December 27th, when it  
15 hit 1.22-billion. That run is the reason we are up over 70-million year-  
16 over-year. As a reminder, Mega Millions is scheduled to go through its  
17 game change on April 5th. Staff across the agency, and IGT, have been  
18 preparing for months. And we are on track to launch, as scheduled. Sales  
19 for Lotto Texas and Texas Two Step are also up. In the middle of the  
20 slide, in blue, are the daily games, and there's neutral news to report  
21 here.

22 Pick 3, Daily 4, Cash 5, and All or Nothing, are all  
23 relatively flat. In conclusion, for the draw games portion of the  
24 portfolio, sales are currently down about 69.7-million, or 9.42%. You  
25 can see that number, outlined in blue, towards the bottom of the slide.  
26 As Sergio mentioned, scratch sales are up about 10.1-million, or 0.38%.

1 We have had very exciting launches since we last met, including our  
2 January family of five scratch ticket games. With that, I'll wrap up.  
3 And unless there are any questions, I'm going to pass it off to Ryan,  
4 who has some comments about the sales presentation.

5 CHAIRMAN RIVERA: Okay. Any comments or questions for Will?  
6 Okay, Ryan?

7 MR. MINDELL: Thank you, Chairman. And good morning,  
8 Commissioners. For the record, my name is Ryan Mindell. I'm the Executive  
9 Director. Just want to let you know that, starting with the April  
10 Commission meeting, staff will present a more efficient and streamlined  
11 sales presentation. The Board Subcommittee structure has been in place  
12 for a while now, is working very well. Staff will begin presenting sales  
13 data to the Planning Subcommittee. In addition, after the end of the  
14 fiscal year, staff will present the full Board the detailed presentation  
15 of results. This does not change anything about the data presented on  
16 our website, or on the Texas Open Data Portal. In summary, we aren't  
17 removing any data available to the Board or the public, instead focusing  
18 on presenting it more efficiently, going forward. Thank you. Happy to  
19 answer any questions you have.

20 CHAIRMAN RIVERA: Okay. Any comments? Okay, so again, all of  
21 the information is still very public, we're not reducing any level of  
22 transparency? This is just more for an efficiency for the meeting, and  
23 then also for the subcommittee to delve a little more into the numbers,  
24 as so the subcommittee may choose?

25 MR. MINDELL: That's absolutely right, Chairman.

1 CHAIRMAN RIVERA: Okay, great. Will, thank you very much for  
2 your hard work.

3 MR. RUSS: Thank you so much.

4 CHAIRMAN RIVERA: As always. Thank you, Will. Thank you.

5 AGENDA ITEM VIII.

6 CHAIRMAN RIVERA: Sergio, you're still there?

7 MR. REY: I remain on board, Chairman.

8 CHAIRMAN RIVERA: Yes, all righty. Well, next item is yours.  
9 So, good you're there. We're going to talk about transfers to the State  
10 and the agency's budget.

11 MR. REY: All right, for this item, in the first part of this  
12 agenda item, I'll provide a high-level summary of the accrued revenues  
13 in transfers through December 31, 2024. Our accrued revenue transfers  
14 to the State totaled \$558-million for the first four months of fiscal  
15 year 2025. Of this amount, \$530.7-million were transferred to the  
16 Foundation School Fund, \$9.69-million transferred to the Texas Veterans  
17 Commission, and with the remaining \$18.4-million available from  
18 unclaimed prizes. Although this is less than the transfers at the same  
19 time last year, in the next slide, it'll show our cumulative accrued  
20 transfers for Texas education, through December, is \$34.3-billion, and  
21 \$259.9-million for Texas Veterans.

22 The second part of this item is a budget summary of the first  
23 quarter of fiscal year 2025, that ended on November 30th. At the  
24 beginning of the fall, we presented the fiscal year 2025 budget. Of the  
25 \$338.4-billion appropriated by the Legislature to the Commission, 336-  
26 million is for the Lottery account budget. Through the first quarter,



1 72.3% of this budget had either been expended or encumbered. In the next  
2 slide, the Bingo Administration budget, funded by general revenue funds,  
3 totaled \$2.47-million, and 90.8% has either been expended or encumbered  
4 through the first quarter. These percentages are consistent with prior  
5 years and represent our continued commitment to be good stewards of State  
6 funds.

7           On a final financial update, every fall, the Office of the  
8 Controller is focused on year-end reporting. Earlier in this meeting,  
9 we discussed the audited annual financial report. In addition to the  
10 audited financials, we also provided the annual report of non-financial  
11 data. This is a statutorily required report, per the Texas Government  
12 Code 2101. This report is submitted to our oversight agencies, like the  
13 Comptroller, Legislative Budget Board, State Auditor's Office, and of  
14 course, the Office of the Governor. The non-financial report is a  
15 collection of schedules focused on leases, professional service  
16 contracts, itemized sole source purchases, historically underutilized  
17 business, HUB progress, budget transfers and fleet vehicles. These  
18 reports have been provided to you and are also available on the Texas  
19 Lottery website for public view. Again, I would like to recognize the  
20 financial reporting team for their excellent work with all of our year-  
21 end reporting. Commissioners, this now concludes my presentation. I'd  
22 be happy to answer any questions.

23           CHAIRMAN RIVERA: Okay. Commissioners, any comments?  
24 Questions?

1           COMMISSIONER STEEN: Sergio, we appreciate your fiscal  
2 responsibility, and again, at the beginning of the meeting, a clean  
3 audit. So, great job all around. I really appreciate you.

4           MR. REY: Thank you, sir.

5           CHAIRMAN RIVERA: Okay, Sergio, good job. And good job,  
6 obviously tell those that participated with staff. And this is incredibly  
7 important, so good job.

8                           AGENDA ITEM IX.

9           CHAIRMAN RIVERA: All righty. Next item, still Sergio, the  
10 agency's Sunset review process.

11           MR. REY: This agenda item is an update of the last meeting of  
12 the Sunset Advisory Commission, which also correlates with my last  
13 presentation on Sunset advisory. In the September meeting, as you recall,  
14 the Sunset Advisory Commission tasked the Sunset staff to complete an  
15 evaluation of the effectiveness of the agency's executive leadership,  
16 and to study the potential regulation of lottery ticket courier companies  
17 in Texas.

18           This report was issued on January 6, 2025. The report was  
19 also provided to the Senate Committee on State Affairs, and the House  
20 Committee on Licensing and Administrative Procedures. This report did  
21 not include any recommendations. At the January 15, 2025, meeting of the  
22 Sunset Commission, the Chair presented this report publicly. No comments  
23 or additional discussions occurred at the meeting. And with that, the  
24 next step is the agency's Sunset bill, which its progress will be  
25 discussed further with you in future legislative updates by Nelda Treviño

1 and the Governmental Affairs staff. This concludes this update. I'm  
2 available for any questions.

3 CHAIRMAN RIVERA: Okay. Commissioners, any questions,  
4 comments? Wow. Okay. You must have done a really good job. So, thank you  
5 very much for spending part of your morning with us, Sergio. So, good  
6 job.

7 AGENDA ITEM X.

8 CHAIRMAN RIVERA: All righty. Next, we're onto item number  
9 ten, Sunset management. This is an action item to approve a plan,  
10 prioritizing IT updates, and eliminating paper-based processes in the  
11 Bingo Division. LaDonna and Jason, your item.

12 MS. CASTAÑUELA: Good morning, Commissioners. For the record,  
13 I'm LaDonna Castañuela, Director of Charitable Bingo Operations. With  
14 me, and at the table to present this item, is Jason Cannaday, Director  
15 of Information Technology Division.

16 Management Action 2.5 of the Sunset Commission staff's report  
17 requires the agency to establish a plan, in consultation with the  
18 Department of Information Resources, prioritizing IT updates for the  
19 Bingo Operating Service System, otherwise known as BOSS, and the Bingo  
20 Service Portal, which is the BSP, and eliminating paper-based processes  
21 in CBOD. The management action directed the agency to develop a timeline  
22 with discrete tasks to achieve improvements and included the following  
23 five plan requirements.

24 Consult with the Bingo Advisory Committee to seek input  
25 related to licensee's experience, and suggestions for the Bingo Service  
26 Portal.

1 Identify policies, training manuals, external guidance, and  
2 other documents that need to be updated to reflect any system changes.

3 Identify any statutory barriers to improvements, and whether  
4 the agency will need additional resources.

5 Evaluate the implications and potential cost savings of  
6 eliminating mailing of forms, and instead requiring electronic filing  
7 for licenses, renewals, and other information.

8 And finally, evaluate options for ensuring BOSS and CAMP are  
9 integrated to the agency, so that the agency can check compliance history  
10 and risk assessments.

11 Also, per the management action, staff is required to submit  
12 this plan to the Commission for approval, no later than March 15, 2025.  
13 The draft plan was presented to the Commission's Planning Committee at  
14 its January 28th meeting, and it is included in your notebooks. Staff  
15 has been working on plan requirements since the recommended management  
16 action was adopted in September. The plan addresses each requirement,  
17 including some details about work already in progress. For instance, in  
18 October of last year, the BAC established the Bingo Service Portal Input  
19 Subcommittee to provide the division with recommendations for  
20 improvements for the BSP. The subcommittee provided a report to me on  
21 January 3rd. The report identifies 21 recommendations for improvements.

22 Also in December, and with the help of Jason and IT staff,  
23 CBOD sent a BSP user survey to BSP users in our database. We received  
24 178 responses, including more recommendations and contact information  
25 for responders willing to participate in follow-up. Requirements  
26 regarding elimination of required USPS mailing and instead allowing

1 electronic notification to license holders, are addressed in some of the  
2 bingo rules adopted under item four, earlier in this meeting. There will  
3 be more paper elimination rules proposed when the BSP and BOSS are  
4 upgraded, and more forms and applications are available electronically.  
5 Regarding the cost of the plan and the need for additional resources,  
6 as presented to you at previous meetings by Sergio Rey, the agency's  
7 controller, the agency has two bingo-related exceptional items in its  
8 FY 26/27 LAR.

9           The plan timeline proposes a schedule ending on August 31,  
10 2027, and assumes the exceptional items will be funded. If the  
11 exceptional items are not funded, the timeline may be impacted.

12           The final requirement of Management Action 2.5 is that the  
13 staff must provide a copy of the plan to the Sunset Commission and to  
14 the agency's legislative oversight committees. Jason and I are working  
15 with the Governmental Affairs Division to meet this requirement. Now  
16 I'll hand it over to Jason for more information about the plan, including  
17 our consultations with DIR.

18           MR. CANNADAY: Good morning, Commissioners. For the record, my  
19 name is Jason Cannaday. I am the Director of the Information Technology  
20 Division. As LaDonna mentioned in her comments, the IT division and CBOD  
21 have been working on a plan to prioritize IT updates for CBOD  
22 applications, primarily the BOSS and BSP applications. We've titled this  
23 plan, the Information Technology Update and Elimination of Paper-based  
24 Processes Plan for the Charitable Bingo Operations Division, and it is  
25 included in your notebooks.

1           While the plan has been in development, the IT division has  
2 been working steadily on modernizing the BOSS application, with our  
3 currently available resources. To date, we have completed about 40% of  
4 the tasks for converting that application to our modern application  
5 platform, from the legacy platform. However, there's still much work to  
6 do on BOSS and BSP. So, with that in mind, in October we began consulting  
7 with the Texas Department of Information Resources, otherwise known as  
8 DIR, on options for this management action.

9           After considering the services DIR offers to assist in our  
10 plan, we concluded the best path forward is through exceptional item  
11 request number one in our FY 26 and 27 LAR. The exceptional item request  
12 will fund two contract software developers using DIR's IT Staff  
13 Augmentation Services contracts, and also fund an additional FTE, a full-  
14 time equivalent, software developer.

15           This is what we are recommending in the plan. The additional  
16 developer resources will speed up the current process of modernizing and  
17 improving functionality in BOSS and BSP and allow us to better support  
18 those applications for the long term. We believe this is the simplest  
19 and most direct path forward to deliver improvements to the systems for  
20 CBOD and their customers in a timely manner. The plan also provides  
21 considerable flexibility to gather additional feedback from CBOD  
22 customers and the Bingo Advisory Committee as the plan is executed, which  
23 we can then use to further improve BOSS and BSP.

24           This concludes my remarks. We're requesting approval of the  
25 Information Technology Update and Elimination of Paper-based Processes  
26 Plan for the Charitable Bingo Operations Division, as presented, and

1 included in your notebooks. This is an action item. And we're available  
2 to answer any questions you may have.

3 CHAIRMAN RIVERA: Okay. Commissioners, any questions,  
4 comments?

5 COMMISSIONER FIELDS: I have a quick comment. This was almost  
6 an impossible timeline given to you guys by Sunset Commission, and you  
7 met it, and you did a great job, I think. So, thank you to LaDonna and  
8 her team, and Jason and his team, for putting your head down and getting  
9 through this.

10 MR. CANNADAY: Appreciate it. Thank you.

11 CHAIRMAN RIVERA: Okay, thank you. Any comments from the  
12 Planning Subcommittee? Mark and Jamey?

13 COMMISSIONER FRANZ: Yeah, again, echo what Cindy said. But I  
14 know you guys have been working on this, and this is long before it came  
15 up in Sunset. And so, appreciate. And I think this is a great example  
16 of how we've leveraged the recommendations, that were nothing new to us,  
17 from Sunset, and have used that to now kind of push this forward, and  
18 have queued up the LAR, I think, because that was in their  
19 recommendations. So, I think it's really a good example of how working  
20 well with Sunset can be a benefit to the agency. And so, thank you guys  
21 for leaning into that. The tie-in with DIR was great.

22 Just a quick question, and maybe you can answer Jason. If we  
23 didn't get the funds in the LAR, what's the impact of that? I think it's  
24 a timeline of how quickly we could, because we're going to continue doing  
25 this obviously, but it's just how fast we'll be able to get the new  
26 systems integrated and up and running. When do you think that would be?

1 MR. CANNADAY: Correct. Right, so we've been working on BOSS  
2 since about 2023, and we've hit about 40% of the conversion. And that  
3 doesn't include a lot of new functionality, but our estimate was that,  
4 without the funding, it would be closer to five years for us to get new  
5 functionality and a modernization effort through for BOSS and BSP.

6 COMMISSIONER FRANZ: Okay, great. Anything, Jamey?

7 COMMISSIONER STEEN: No, I mean just a global comment about  
8 the entire agency, and with these management actions, there's been a lot  
9 of work done. And this is just one of them. But it's a lot of work, and  
10 as a Commission we appreciate everything that goes into that. That shows  
11 up in a four-sentence line item here, but it's in place with all the  
12 work that's been done, all the management actions, including this one.  
13 So, thank you.

14 CHARIMAN FRANZ: I'll move to adopt the proposed changes.

15 CHAIRMAN RIVERA: Do we have a second?

16 COMMISSIONER STEEN: Second.

17 CHAIRMAN RIVERA: Okay, there's a motion. Second. All in favor  
18 say, "Aye."

19 (Chorus of "Ayes")

20 CHAIRMAN RIVERA: Okay. Motion passes. Jason, thank you so  
21 much. LaDonna, thank you very much as well.

22 AGENDA ITEM XI.

23 CHAIRMAN RIVERA: Alrighty, next item, legislative report.  
24 Nelda, your item.

25 MS. TREVIÑO: Good morning, Commissioners. For the record, I'm  
26 Nelda Treviño, the Director of Governmental Affairs.



1           As you are aware, the 89th Legislature convened its regular  
2 session on January the 14th. We've provided you with updated bill  
3 tracking reports, and today I want to highlight a few bills that have  
4 been filed, and to add to the list of bills that I mentioned at the  
5 Commission's December 5th meeting.

6           These include Senate Bill 1, by Senator Joan Huffman, and  
7 House Bill 1, by Representative Greg Bonnen. These are the Senate and  
8 House versions of the General Appropriations Bill and outlines the state  
9 budget for the 26/27 biennium. The proposed bill pattern and budget for  
10 the Lottery Commission is included in both versions of the bill, under  
11 Article 7, the Business and Economic Development Article.

12           Additionally, Senate Bill 738 by Senator José Menéndez. This  
13 bill would redirect a portion of lottery unclaimed prizes to the  
14 Childcare Services Program administered by the Texas Workforce  
15 Commission.

16           Senate Bill 961, by Senator Lois Kolkhorst. This bill relates  
17 to verifying eligibility for Medicaid benefits. One of the provisions  
18 in the bill requires the Health and Human Services Commission to conduct  
19 data matches with the Lottery Commission for lottery winners who have  
20 won prizes of 3000 or greater.

21           Additionally, it is still anticipated that the agency sunset  
22 bill, incorporating the Sunset Advisory Commission's recommendations,  
23 will be filed in the near future.

24           Lastly, the Senate Finance Committee has been conducting its  
25 budget hearings and having state agencies appear before the committee.  
26 The Lottery Commission is scheduled to appear before the committee on

1 February the 12th. The hearing will provide the agency the opportunity  
2 to present its budget requests for the 26/27 biennium, and to also  
3 present its exceptional item and rider request. Once the Speaker of the  
4 House announces committee assignments for house members, it is  
5 anticipated that the House Appropriations Committee and its  
6 subcommittees will begin their budget hearings.

7           This concludes my report and I'll be glad to answer any  
8 questions.

9           CHAIRMAN RIVERA: Okay, thank you, Nelda. Commissioners, any  
10 comments? Questions? Nelda, we know that you've been incredibly busy,  
11 really year-round, although, y'know, more so right now during session.  
12 But we're grateful, collectively, for all of your expertise, your years  
13 of engagement, involvement, and just we appreciate the work that you do  
14 on behalf of the agency.

15           MS. TREVIÑO: Thank you very much. There is a really good  
16 strong governmental affairs team, and we have been busy. But I appreciate  
17 the comments. Thank you very much.

18           CHAIRMAN RIVERA: Thank you.

19                           AGENDA ITEM XII.

20           CHAIRMAN RIVERA: Okay, next item is the internal auditor's  
21 report. Liz Meyers.

22           MS. MEYERS: Good morning, Commissioners.

23           CHAIRMAN RIVERA: Good morning.

24           MS. MEYERS: For this period, we've completed the Charitable  
25 Bingo Operations Division Licensing Advisory, which I'll discuss in more  
26 detail shortly. And we have started the advertising program audit as

1 well. And for this next period, we anticipate completing the advertising  
2 program audit, starting the claims prize management audit, as well as  
3 start the budget audit.

4 With regards to the Bingo Licensing Advisory Engagement, we  
5 found no control issues at this time, or gaps. And we believe that the  
6 control environment is generally effective. We did note two opportunities  
7 for improvement, which means, basically, the controls are working  
8 effectively; these are just opportunities to become more efficient,  
9 effective, best practices.

10 And then we also had some notable observations. We saw  
11 significant improvement in the key measures, or KPIs, from 2021 to 2024;  
12 specifically with the number of licenses issued, the number of  
13 applications processed, the average bingo licensing processing time for  
14 new and renewals. And we believe this was achieved by them addressing  
15 obstacles through organizational changes, improved communications.  
16 They've really done a great job.

17 With regards to our FY 25 internal audit budget status. We  
18 have expended 23% of the hours and 21% of the fees, and we have no  
19 concerns at this time that we'd be able to complete on time, and on  
20 budget, as far as the plan is concerned.

21 And then lastly, as far as the internal audit plan status, we  
22 have started the advertising. We have started the claims prize management  
23 just recently, and in March we will kick off the budget audit. So, with  
24 that, I'm happy to answer any questions you may have.

25 CHAIRMAN RIVERA: Okay, thank you, Liz. Commissioners, any  
26 comments? Any comments from the Audit Subcommittee? Cindy and Jamey?

1 COMMISSIONER FIELDS: Good job to the Division on making the  
2 operational changes that they've made in the last three and a half years.  
3 You don't normally, in my experience as a CPA, get compliments from your  
4 auditor, but I appreciate you're making those compliments, and I  
5 appreciate the progress that you guys have made.

6 CHAIRMAN RIVERA: Okay, any other comments? Liz, thank you so  
7 much. Thank you.

8 AGENDA ITEM XIII.

9 CHAIRMAN RIVERA: Alrighty, next item is the bingo report.  
10 LaDonna, your item.

11 MS. CASTAÑUELA: Thank you. Again, for the record, I'm LaDonna  
12 Castañuela, Director of Charitable Bingo Operations. In your notebooks,  
13 you have the Division's output metrics for December and January, through  
14 January 25th. That's all I have for you regarding this item. And I'm  
15 available to answer questions.

16 CHAIRMAN RIVERA: Okay, thank you, LaDonna. Cindy, any  
17 comments? Okay, any other Commissioners? Good job.

18 AGENDA ITEM XIV.

19 CHAIRMAN RIVERA: Next item, our esteemed Executive Director's  
20 report. Ryan?

21 MR. MINDELL: Thank you, Chairman and Commissioners. Again,  
22 for the record, my name is Ryan Mindell, I'm the Executive Director. My  
23 only update today is related to the bulk purchasing issue that I briefed  
24 you on at our August 2024 meeting. It was an update on the current Lotto  
25 Texas jackpot.

1           After our current Lotto Texas jackpot rolled last night, it  
2 sits at \$78.25-million. That is higher than the Lotto Texas jackpot was  
3 in the last draw before the bulk purchase that occurred in April 2023.  
4 That jackpot ended up totaling 95-million, but it started that Thursday  
5 morning at \$74-million.

6           As I updated you in August, I've been closely reviewing what  
7 happened in April 2023 and evaluating guardrails on this activity, going  
8 forward. I shared then that we identified two changes, an internal  
9 process change and a software change. Both of those changes have now  
10 been put into place. We're continuing to monitor the Lotto Texas jackpot.  
11 So far, the safeguards seem to have worked.

12           We know these bulk purchasing groups are still active in many  
13 states, and recently they were active in a European jackpot, and  
14 successfully obtained the jackpot in that country. As reported in August,  
15 the guardrails we've implemented do not make this legal activity  
16 impossible. These measures were appropriate to make sure that the agency  
17 is not actively working or encouraging this activity, and to limit the  
18 impact of the perception of our games. I'm going to continue to monitor  
19 the current Lotto Texas jackpot and I'll keep you informed of any  
20 developments. Thank you. That's all I had today.

21           CHAIRMAN RIVERA: Okay. Commissioners, any comments? Okay.  
22 Ryan, always, thank you for your commitment and getting us through. So,  
23 good job.

24                           AGENDA ITEM XV.

25           CHAIRMAN RIVERA: Next item is the enforcement cases. Bob?

1 MR. BIARD: Morning, Commissioners. I'm Bob Biard, General  
2 Counsel. Item fifteen contains eighteen lottery cases, tabs A through  
3 R. These are cases where a licensee violated a statute or rule. And in  
4 most cases, either the respondent failed to appear at the hearing, and  
5 it proceeded by default, or the staff and the respondent reached a  
6 settlement in the form of an agreed order. We have both of these types  
7 of cases today.

8 Tabs A through K are the non-sufficient fund lottery retailer  
9 license revocations, handled in a single order. Each case was presented  
10 at the State Office of Administrative Hearings for revocation of the  
11 retailer license because the licensee failed to have sufficient funds  
12 in their bank account to cover electronic fund transfers to the  
13 Commission's account. In each case, the licensee failed to appear at the  
14 hearing and the judge remanded the case to the Commission to handle as  
15 a default matter.

16 Tabs L through R are lottery agreed orders. There's a mix of  
17 cases today, some where a retailer charged extra for purchasing tickets  
18 with a debit card. A couple of cases where a retailer claimed a winning  
19 ticket purchased from a customer, and where a retailer accepted credit  
20 cards as payment for lottery purchases. These are all cases similar to  
21 what you've seen before. The materials are all in your notebook. I'm  
22 happy to answer any questions. And you're welcome to take all these up  
23 in a single order if you'd like.

24 CHAIRMAN RIVERA: Okay.

25 MR. BIARD: Or single vote.

1 CHAIRMAN RIVERA: Commissioners, any questions? Comments? Is  
2 there a motion for approval?

3 COMMISSIONER STEEN: So, moved.

4 CHAIRMAN RIVERA: Second?

5 COMMISSIONER FIELDS: I'll second.

6 CHAIRMAN RIVERA: We have a second. All in favor say, "Aye."

7 (Chorus of "Ayes")

8 CHAIRMAN RIVERA: Bob, thank you very much.

9 MR. BIARD: Thank you, Commissioners.

10 CHAIRMAN RIVERA: Good job.

11 AGENDA ITEM XVI.

12 CHAIRMAN RIVERA: Next, we have public comment.

13 MR. BIARD: I have no requests for public comment.

14 AGENDA ITEMS XVII. AND XVIII.

15 (The Commission did not meet in Executive Session)

16 AGENDA ITEM XIX.

17 CHAIRMAN RIVERA: Okay. Commissioners, I believe this conducts  
18 the business here before us. I would like to say, on behalf of all of  
19 our fellow Commissioners, to all of the presenters and all of our staff  
20 that support all of the detailed information presented, not only today,  
21 but in all of our meetings, that we're very grateful. We know that time  
22 before us, you have a lot of information, and just your knowledge is  
23 incredible, and we're very thankful that you are all prepared to answer  
24 our questions. And we know that we also have those opportunities to have  
25 that additional dialogue through our subcommittees, and individually

1 with staff, and through our esteemed executive director as well. So,  
2 with that, do we have a motion to adjourn?

3 COMMISSIONER FRANZ: So, moved.

4 CHAIRMAN RIVERA: Is there a second?

5 COMMISSIONER SMITH: Second.

6 CHAIRMAN RIVERA: Okay. All in favor say, "Aye."

7 (Chorus of "Ayes")

8 CHAIRMAN RIVERA: Okay, we are adjourned. Thank y'all again  
9 very much.

10 (Meeting concluded)