

# Testimony to Joint Subcommittee to Study Charitable Gaming

September 20, 2021

Submitted by Mary B. Magnuson  
Vice President of Government Affairs  
Arrow International, Inc.

Delegate Krizek and members of the Subcommittee. Thank you for the invitation to provide testimony to the Joint Subcommittee. I apologize for not being available to meet with you in person, but please be assured that we take the work of the Subcommittee very seriously and sincerely appreciate the opportunity to provide input on these important issues.

I have been involved with charitable gaming for over 30 years, and in fact, testified before the Virginia General Assembly about 25 years ago in support of a bill to create a state regulatory structure for charitable gaming. I began my involvement with gaming as the Managing Attorney for the Gaming Division in the Minnesota Attorney General's Office. Once I moved to private practice, I served as the Executive Director and General Counsel for the National Association of Fundraising Ticket Manufacturers (NAFTM), a trade association for manufacturers of charitable gaming supplies. While working with NAFTM, I was directly involved in the development of charitable gaming legislation, rules and policies in over 25 states, including all of the states that currently permit electronic pull tabs for charitable fundraising. Over the years, I have worked closely with the North American Gaming Regulators Association (NAGRA) in the development of model standards for bingo and pull tabs, and I assisted the National Council of Legislators from Gaming States in the development of model charity gaming legislation.

Arrow International, Inc. (Arrow) is the world's largest manufacturer of charitable gaming solutions. Arrow has been in business for nearly 55 years under the steady ownership and management of the Gallagher family.<sup>1</sup> Arrow manufactures everything a charitable organization needs to conduct charitable games, including electronic pull tab systems, bingo paper, daubers, instant bingo tickets, bingo consoles and flashboards, and electronic bingo aids. Arrow has manufacturing facilities in the United States, Canada and the United Kingdom, and employs over 1100 team members worldwide. We currently hold over 120 gaming licenses and sell our

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<sup>1</sup> In late 2020, Arrow took on an equity partner, Platinum Equity, to support our growth initiatives, particularly in the area of electronic pull tab systems. Information on Platinum Equity can be found at: <https://www.platinumequity.com/company>

products in over 80 countries around the world. Our world headquarters and largest manufacturing facility is located in Cleveland, Ohio.<sup>2</sup>

As you undoubtedly know, charitable gaming is legal in some form in every state except Utah and Hawaii and typically consists of bingo, instant bingo/pull tabs, raffles and to a lesser extent, casino or Monte Carlo nights. Pull tabs, also known as instant bingo, are legal in 38 states. Every year since 1987, NAFTM issued a statistical report on Charity Gaming in the United States.<sup>3</sup> Charity gaming, while a small slice of the overall gambling pie, generates approximately \$1-\$1.5 billion each year in direct revenue to non-profit organizations. While no small amount, to put this into perspective, the American Gaming Association recently reported that U.S. commercial casinos generated a record-setting \$13.6B in revenue *in the second quarter of 2021*.<sup>4</sup>

In the last several years, a number of states have embraced the technology provided by electronic pull tabs. Currently, electronic pull tabs are legal in 8 states for charitable gaming, and legislation is pending in 2 others.<sup>5</sup> Electronic pull tabs have become an important tool for charitable fundraising, allowing non-profit organizations to utilize 21<sup>st</sup> century technology during a time when revenues from the more traditional forms of charitable gambling are declining. Charities relegated to paper-based games cannot begin to compete with the glitz and glamour of casinos, sports betting, internet gaming or the myriad of other gaming forms that have emerged into the marketplace in recent years. For many organizations, electronic pull-tabs are what keeps the doors open and provides the resources needed to fund a multitude of charitable programs and missions.

Electronic pull tabs are a natural extension of the popular paper game. They are, in fact, the paper game played in a modern, electronic format. An electronic pull tab ticket is a digital representation of a paper pull tab ticket. Arrow, as a paper pull tab manufacturer, has games that exist in both the paper and digital format. Each electronic pull tab game, like the paper counterpart, is distinct and carries a unique serial number. Each game contains a finite number of tickets. The winners are predetermined by the manufacturer, not randomly generated on the device. There is a fixed and definite payout that is known to the player and reflected on the flare.<sup>6</sup> These characteristics distinguish electronic pull tab devices from slot machines.<sup>7</sup>

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<sup>2</sup> Our other manufacturing facilities are located in Seattle, Washington, Port Robinson, Ontario, and London, UK.

<sup>3</sup> Reports from 2001-2019 can be found at [www.naftm.org](http://www.naftm.org).

<sup>4</sup> [Americangaming.org](http://Americangaming.org)

<sup>5</sup> Electronic pull tab devices are also permitted in limited capacities in Missouri, Maryland, Michigan and Idaho under programs administered by their respective state lotteries.

<sup>6</sup> A flare is a paper or digital representation of all of the winning combinations in a game, as well as the game serial number, ticket count and prizes. A paper flare is usually posted near the point of sale for paper games. For electronic pull tabs, the flare is available to the player on the device prior to the initiation of any game play.

<sup>7</sup> All of the states that permit electronic pull tab devices prohibit in some way the devices from mimicking a slot machine, typically by prohibiting the use of graphics that depict spinning reels or symbols that spin and then align in

Arrow currently holds licenses and has electronic pull tab systems in New Hampshire, Maryland, North Dakota, and to a much lesser extent, Virginia. As a company, we were late to the electronic pull tab space, largely for two reasons. First, Arrow operates only in regulated markets where electronic gaming is expressly permitted and where participants are licensed. Arrow has no history in the sweepstakes business nor do we manufacture or distribute skill machines. Second, our development of electronic pull tab systems has been entirely in-house: we design and assemble every electronic pull tab device to ensure each meets the exacting standards required by the various state regulatory agencies.

In your invitation you asked for our views on the status of charitable gambling laws in Virginia. In our view, and based on years of experience from other jurisdictions, there are two things that we hope you will consider for effective charitable gaming regulation.

1. Strict Eligibility Criteria. The primary goal with any charitable gaming regulation is to ensure that the money raised from the gaming activity is exclusively devoted to charitable purposes. We support legislation or policies that enhance the existing regulatory framework by strengthening the eligibility criteria for manufacturers and suppliers of charitable gaming supplies, particularly those who produce and supply electronic pull tab systems. Applicants should be required to submit to comprehensive background investigations and demonstrate not only a lack of past criminal convictions, but also a history of law abidance in Virginia and in every other jurisdiction in which they, or their officers, directors or owners, do business. If funding is not currently available for an extensive background investigation, the subcommittee might consider legislation that assesses the costs of the investigation on the manufacturer and supplier. These types of fees are common in several other states.<sup>8</sup>
2. Fair and Effective Enforcement. Based on our experience, the law should ensure that the State has the resources and authority to effectively monitor gaming operators, distributors and manufacturers for law and rule compliance, as well as the resources and authority needed to take appropriate action for violations of legal gaming laws *and* illegal gambling. This includes the ability to investigate and if necessary, initiate action to suspend, revoke, limit or condition any license or impose civil or criminal penalties against any licensee, or any person or business engaged in illegal gaming operations. While VDACS has the ability to take licensing action, the subcommittee might consider the creation of a separate division within the Virginia State Police devoted to the investigation of criminal gambling activity as well as the prosecution of illegal gambling operations.

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winning combinations. See e.g. North Dakota (ND Century Code §53-06.1-08.2), Kentucky (KRS §238.505(27)), Minnesota (Minn. Stat. §349.12, Subd. 12b), New Hampshire (RSA §287E:21, Ohio (ORC §2915.01 (CCC))).

<sup>8</sup> See e.g. Minn. Stat. §349.151, subd. 8;

Again, thank you for the opportunity to testify today. We look forward to working with the Subcommittee as it develops and considers legislation for charitable gaming. Please feel free to contact me if you have any questions or if we can provide additional information.

**From:** Dnashmp01 Nash <[dnashmp01@gmail.com](mailto:dnashmp01@gmail.com)>  
**Date:** September 6, 2021 at 8:54:09 PM EDT  
**To:** "Paul E. Krizek" <[DelPKrizek@house.virginia.gov](mailto:DelPKrizek@house.virginia.gov)>  
**Subject:** SB1127

[DelPKrizek@house.virginia.gov](mailto:DelPKrizek@house.virginia.gov)  
[DelDReid@house.virginia.gov](mailto:DelDReid@house.virginia.gov)  
[DelTAustin@house.virginia.gov](mailto:DelTAustin@house.virginia.gov)  
[DelLAird@house.virginia.gov](mailto:DelLAird@house.virginia.gov)  
[district13@senate.virginia.gov](mailto:district13@senate.virginia.gov)  
[district30@senate.virginia.gov](mailto:district30@senate.virginia.gov)  
[district24@senate.virginia.gov](mailto:district24@senate.virginia.gov)

Dear Sir:

My name is Donna Nash and I am a member of Moose Lodge 975 in Appomattox. I have volunteered over 23 years donating both time and money, assisting this Lodge to reputation that served our community.

As your subcommittee studies charitable gaming, as a result of SB1127; I urge you to consider all of the activities in to support.

Our organization, established over 100 years ago, provides for the health, welfare, and education of over 200 children at our child city of Mooseheart. Additionally, we provide shelter healthcare, and active living for our senior members at Moosehaven. Support of our twin cities is the cornerstone of benefit our community. The Safe Surfin Foundation, Special Olympics, Massey Cancer Center at VCU, and several other state national charities benefit from the charitable gaming, our lodge operates.

I urge you and the subcommittee to oppose any further regulation of gaming in the private social quarters of our lod involving the public. Most of the proceeds from this gaming benefits our communities at large as outlined above as well as our fraternal foundation of Mooseheart and Moosehaven. We help veterans in need, sick children and their families with expenses, and most recently our local football coach quarters gaming would significantly diminish our ability to continue supporting these worthwhile endeavors.

Thank you for your time and consideration of this matter.  
Respectfully,

Donna Nash

**From:** wotm2447 appomattox <[wotm2447@gmail.com](mailto:wotm2447@gmail.com)>  
**Date:** September 6, 2021 at 8:49:15 PM EDT  
**To:** "Paul E. Krizek" <[DelPKrizek@house.virginia.gov](mailto:DelPKrizek@house.virginia.gov)>  
**Subject:** SB 1127

Dear Delegate Krizok:

I am a member of Moose Lodge 975 in Appomattox. As your subcommittee studies charitable gaming, as a result of SB 1127; I urge you to consider all of the activities in our lodge and community that proceeds from charitable gaming allows us to support. Our organization, established over 100 years ago, provides for the health, welfare, and education of over 200 children at our child city of Mooseheart. Additionally, we provide shelter healthcare, and active living for our senior members at Moosehaven. Support of our twin cities is the cornerstone of our organization, but we also support many other at large charities that benefit our community. The Safe Surfin Foundation, Special Olympics, Massey Cancer Center at VCU, and several other state national charities benefit from the charitable gaming, our lodge operates.

I urge you and the subcommittee to oppose any further regulation of gaming in the private social quarters of our lodges and freeze the threshold for use of proceeds of permitted sessions involving the public. Most of the proceeds from this gaming benefits our communities at large as outlined above as well as our fraternal foundation of Mooseheart and Moosehaven. We help veterans in need, sick children and their families with expenses, and most recently our local football coach, who is battling cancer. Mandating use of proceeds from private social quarters gaming would significantly diminish our ability to continue supporting these worthwhile endeavors.

Thank you for your time and consideration of this matter.

Respectfully,  
Jane Vaughan  
Senior Regent  
Appomattox VA  
Lodge 975

**From:** [sandston1937@aol.com](mailto:sandston1937@aol.com)

**Date:** September 3, 2021 at 12:40:16 PM EDT

**To:** "Paul E. Krizek" <[DelPKrizek@house.virginia.gov](mailto:DelPKrizek@house.virginia.gov)>

**Subject:** SB 1127

**Reply-To:** [sandston1937@aol.com](mailto:sandston1937@aol.com)

Dear Delegate Paul E. Krizek:

My name is Deborah A Moore and I am a member of Sandston Moose Lodge/f charitable gaming as a result of SB 1127, I urge you to consider all of the activ charitable gaming allows us to support.

Our organization, established over 100 years ago, provides for the health, welfare, Mooseheart. Additionally, we provide shelter, healthcare, and active living for our sei is the cornerstone of our organization, but we also support many other at large Foundation, Special Olympics, Massey Cancer Center at VCU, and several other gaming our lodge operates. We host and donate each year to the "Shop with a Children's Hospital of VCU and Donate for Life to just name a few. We also host mor

I urge you and the subcommittee to oppose any further regulation of gaming in th threshold for use of proceeds of permitted sessions involving the public. Most of the large as outlined above as well as our fraternal foundation of Mooseheart and Moos quarters gaming would significantly diminish our ability to continue supporting these v

Thank you for your time and consideration of this matter.

Respectfully yours,

Deborah A Moore

804.339.1725 (Cell)

Email: [Sandston1937@aol.com](mailto:Sandston1937@aol.com)

**From:** [kasey1213@verizon.net](mailto:kasey1213@verizon.net)  
**Date:** September 1, 2021 at 4:53:49 PM EDT  
**To:** "Paul E. Krizek" <[DelPKrizek@house.virginia.gov](mailto:DelPKrizek@house.virginia.gov)>  
**Subject:** Senate Bill 1127  
**Reply-To:** [kasey1213@verizon.net](mailto:kasey1213@verizon.net)

Dear Delegate Krizek

My name is Kasey Binion and I am a resident of Chesterfield County and member of Manchester Richmond Moose Far charitable gaming as a result of SB 1127, I urge you to consider all of the activities in our Lodge and community that pr

Our organization, established over 100 years ago, primarily provides for the health, welfare, and education of over 20 healthcare, and active living for our senior members at Moosehaven. Support of our twin cities is the cornerstone of our community. As a member of the Chesterfield Chamber of Commerce, we support the following charities:

Mooseheart/Moosehaven MAC Program Camp Baker Special Olympics Area 6 American Heart Association VCU Children's Hospital Alzheimer's Association of GR VCU Massey Cancer Center Richmond Hornets 11u Team DSAGR Cub Scout Pack #1892 NWTF Old Dominion Cott. Moosehaven	Fisher House @ McGuire Hospital Sitter/Barfoot Rehab Center Lonesome Dove Equestrian Center Disabled American Veterans Chesterfield Food Bank Youth Awareness Program Forest View Rescue Squad Homeless Vets @McGuire Hosp. RVA Humble Beginnings Chesterfield Christmas Mother Boys & Girls Club Safe Surfin' Foundation Chesterfield Professional Firefighters Charitable Foundation	Chesterfield Fire Station #4 Manchester HS Choral Boosters Chesterfield Fire Station #20 Richmond Animal League Service Dogs of Virginia Vetshouse Inc. Salvation Army Susan G. Komen Research Senior Games Manchester Rescue Squad Virginia House at Mooseheart Chesterfield County Police Fdn.
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and several other state and national charities benefit from the charitable gaming our lodge operates.

I urge you and the subcommittee to oppose any further regulation of gaming in the private social quarters of our involving the public. Most of the proceeds from this gaming benefits our communities at large as outlined above as well of proceeds from private social quarters gaming would significantly diminish our ability to continue supporting these wo

Thank you for your time and consideration of this matter.

Respectfully yours,  
Kasey Binion  
3102 Able Place  
Chesterfield, VA 23832  
(804) 543-6740



**From:** William Baker <[bandb00@verizon.net](mailto:bandb00@verizon.net)>

**Date:** September 1, 2021 at 1:42:10 PM EDT

**Subject:** Charitable Gaming - SB1127

Dear Delegate:

My name is Bill Baker and I am a member of Dale City Moose Lodge/Family Center 2165. As your subcommittee studies c in our lodge and community that proceeds from charitable gaming allows us to support.

Our organization, established over 100 years ago, provides for the health, welfare, and education of over 200 children at o active living for our senior members at Moosehaven. Support of our twin cities is the cornerstone of our organization, but w Safe Surfin Foundation, Special Olympics, Massey Cancer Center at VCU, and several other state and national charities b subcommittee to oppose any further regulation of gaming in the private social quarters of our lodges and freeze the thresh proceeds from this gaming benefits our communities at large as outlined above as well as our fraternal foundation of Mooseheart and Moosehaven. Mandating use of proceeds from private social quarters gaming would significantly diminish your time and consideration of this matter.

Respectfully yours,

Bill Baker

15401 Chickadee Court

Woodbridge, VA 22193

Phone: 703-680-6527

**From:** Terry Treadwell <[terry@potholerepair.com](mailto:terry@potholerepair.com)>

**Date:** August 30, 2021 at 1:02:32 PM EDT

**To:** "Paul E. Krizek" <[DelPKrizek@house.virginia.gov](mailto:DelPKrizek@house.virginia.gov)>

**Subject:** JOINT SUBCOMMITTEE TO STUDY CHARITABLE GAMING – SB 1127

Dear Delegate Krizek:

My name is Terry Treadwell and I am a member of Woodbridge MooseFamily Center 583. As your subcommittee considers all of the activities in our lodge and community that proceeds from charitable gaming allows us to support

Our organization, established over 100 years ago, provides for the health, welfare, and education of our members, shelter, healthcare, and active living for our senior members at Moosehaven. Support of our twin cities is the core of our charities that benefit our community. The Safe Surfin Foundation, Special Olympics, Massey Cancer Center at VCU, and charitable gaming our lodge operates. (ENTER YOUR LODGE SPECIFIC INFORMATION HERE FOR COMMUNITY SUPPORT)

I urge you and the subcommittee to oppose any further regulation of gaming in the private social quarters permitted sessions involving the public. Most of the proceeds from this gaming benefits our communities at large and Moosehaven. Mandating use of proceeds from private social quarters gaming would significantly diminish the support of our charities.

Thank you for your time and consideration of this matter.

Respectfully yours,

Terry Treadwell, President  
Virginia Moose Association  
703-943-7460