

**Senate Chairitable Gaming
sub-committee**

**Report on
Texas Hold'em Tournament
Rules and Regulations**

8/5/2021

Prepared by Tad Berman

VIRGINIANS FOR INTEGRITY IN HORSE RACING AND CASINO GAMBLING
3600 West Broad St. Suite 416
Richmond, Va. 23230
(804) 908-3414

8/5/2021

Dear Chairman Krizek,

The following report describes my assessment of the Charitable Gaming Board (the "board") as a member of the general public, in regard to the playing of Texas Hold'em Tournaments as allowed in SB936, patroned by Senator Peterson, and passed during the 2020 session of the General Assembly. This report is a result of an effort by certain members of the board who have attempted to reinterpret the language in 936 for their own personal gain, and in direct conflict of what is allowed in the bill in regard to tournament play vs. cash games. As you read this report, please keep in mind that I have not accepted any special interest money nor do I work for anyone, and I have written this report on my own volition.

I have attended all board meetings since June of last year, and also participated in the 3 day work session on July 28th, 29th, and 30th, 2020 to promulgate the rules and regulations governing the play of Texas Hold'em Tournaments. In this report you will see how the CGB, led by chairman Lessin, has attempted to manipulate 936 to allow cash games instead of tournaments, in an attempt to open commercial card rooms operating 16 hours a day, 7 days a week. This is in direct conflict to what is allowed in SB936. You will also hear evidence of numerous conflicts of interest and failures by members of the board and others to disclose their true involvement. I will support these claims with documentation and video evidence. Let me take a moment and briefly explain the crux of what this is all about.

Tournament play and cash games are two distinctly different ways of playing Texas Hold'em poker. In a tournament you pay an entry fee, usually \$100 or less, and in return receive a set amount of tournament chips, usually between \$5,000 to \$10,000. These chips are non-negotiable and are only used for tournament play. You then play until one player wins all the chips and he/she is declared the winner. These games are usually friendly and the amount of money you can lose is limited. The house makes its money from a cut of the entry fee. Usually \$15-20.

Cash games are different. Just like it sounds when you buy chips to play in a cash game they represent real money. You can buy in for as much as you choose. You also have the option of buying more chips at any time. In cash games the house makes their money collecting a "rake" (call it a tax) on every hand, usually at least \$3-5. These games are not as friendly as tournaments as the stress level is much higher, and there is the potential of losing hundreds and sometimes thousands of dollars in a single hand. SB936 specifies charities can play Texas Hold'em Tournaments 14 times and never once mentions cash games, not one time (Exhibit 1).

I think a good place to begin is with a letter I drafted and sent to Senator Peterson dated September 13th:

9/13/2020

Dear Senator Petersen

It is with much regret that I feel compelled to inform you of a deliberate attempt by the Charitable Gaming Board (CGB) to misinterpret SB936 in a way contrary to how the bill was originally intended. SB936 specifically allows charitable gaming licensees to conduct Texas Hold'em Tournaments but the Charitable Gaming Board has decided they would rather offer cash games instead, and are attempting to write rules and regulations that would allow them to do so.

I was in attendance during the 2020 legislative session and had the opportunity to hear discussion by you and others as SB936 worked its way through the legislature, and was eventually signed by the governor. In early July I attended my first meeting of the CGB where they began their discussions preparing to write the rules and regulations that would allow their licensees to conduct these tournaments. I attended the July 8th and July 14th meetings of the board and then attended and participated in a three day workgroup on July 28th, 29th, and 30th when the regs were actually written. So I've witnessed everything first hand.

It was at that first meeting of the work session on July 28th that I realized the CGB wasn't interested in running Texas Hold'em tournaments but wanted to run cash games instead. The board had decided to use the regs governing Texas Hold'em tournament play in New Hampshire as a template to develop our own regs. During the course of the next month I saw all references to tournaments removed and replaced with language that would create a gray area in an attempt to enable them to run cash games instead. This is not what SB936 specifically allows. Anyone with any experience playing hold'em knows that tournament play and cash games are two completely different styles of playing Texas Hold'em that are not interchangeable. How did they do this? To start with the chairman announced that he had asked an outside party to review SB936. On the few occasions I spoke up and attempted to remind the board that this was not what was allowed in the bill, the chairman responded by saying that the specific reference to Texas Hold'em tournaments was not what you had intended when you patroned SB936. Furthermore, he intimated that you and others in the legislature had given the board the green light to reinterpret 936 as the board saw fit, and allow cash games in direct conflict to what was specifically allowed.

My position that this was wrong was supported last week when the Virginia Department of Agriculture and Consumer Affairs (VDAC) responded to the board's submission of their proposed regulations by agreeing that SB936 only allows tournament play and NOT cash games. VDAC then made numerous suggestions and advised the CGB to change language so as to clarify this, including the following:

"The term "poker" should be defined specifically as "Texas Hold'em poker tournament" in order to prevent confusion and ensure charitable organizations only play the type of poker allowed by the Law. The term should apply to all references of "poker games" and "poker events" throughout the draft regulations." (see Exhibit 2)

As if this situation wasn't bad enough, in testimony in front of the board at the last CGB meeting on August 11th a member of the lobbying group the Virginia Charitable Gaming Council accused one of the board members, who is licensed to conduct charitable gaming, of conducting illegal cash games at her facility. **This followed a letter that had been submitted by VCGC lobbyist Matt Benka at the previous CGB meeting on July 28th (Exhibit 2).**

These were the comments following that letter at the August 11th meeting as follows:

"Mr. Marty Williams, Chair of the Virginia Charitable Gaming Council asked Mr. Lessin what he intends to do as Chair with a possible conflict of interest with one of the board members, who is allegedly conducting an illegal poker game mentioned earlier. In response, Mr. Lessin stated he would speak with Mr. Williams after the conclusion of this meeting." (also Exhibit 2)

This raises a number of questions including most importantly how long has the chairman been aware of these illegal games, and how long has this been allowed to go on? **Even more disturbing was Chairman Lessin's response to Mr. Williams that he would discuss the issue with him after the meeting, and outside the purview of the general public.**

As a member of the public who has had the experience of running over 500 Texas Hold'em Tournaments, I took a particular interest in and also fully supported SB936 and its intent to allow Texas Hold'em Tournaments. I do not support the board's attempt to reinterpret 936 to allow cash games. This would be a major deviation from what was approved by the legislature, and also understood by the public when SB936 was introduced and eventually passed into law by the General Assembly. I have also heard Chairman Lessin repeatedly attempt to justify the board's actions by claiming to have your blessing to change the intent of SB936 but I find it hard to believe that you would condone such a thing.

The CGB meets this Wednesday September 16th and will vote on whether or not to approve the rules and regulations as they have written to allow cash games. I am hoping that you will intervene and put a stop to this foolishness before it becomes a much bigger issue and reflects poorly not only on the CGB, but also yourself as the patron of the original bill. I urge you to intervene and contact the chairman and explain to him this should not be allowed and that they should delay their submission of their proposed rules and regulations until they reflect what is permitted by SB936.

Thank you for your time and I look forward to your response.

Yours Truly,
Tad Berman

Although I never received a response from Senator Peterson, 4 days after sending the letter, CGB chairman Lessin's first order of business at the next CGB meeting on September 16th was to offer the following disclosure that he had a personal financial interest in drafting these regs as follows (see Exhibit 3):

**Charitable Gaming Board Final Minutes
September 16, 2020**

MESSAGE FROM THE CHAIR

Mr. Lessin asked for the following statement to be recorded in the Board's minutes: Disclosure Pursuant to Va. Code Sections 2.2-3112.B.1 and 2.2-3114.F This disclosure is made with regard to the Virginia Charitable Gaming Board's discussion, drafting and promulgation of regulation with respect to Texas Hold'em poker (the "transaction"). I have a potential personal interest in the transaction as a principal in an entity intended to conduct charitable poker operations. I participated in the efforts to pass legislation to benefit charities in the Commonwealth. I am a member of a business, profession, occupation, or group the members of which are affected by the transaction. I believe Virginia charities, as well as suppliers, manufacturers and game operators, will reap tremendous benefit from these new Texas Hold'em poker games. Most recently I have decided to consider entering into the Texas Hold'em poker operators market. I anticipate that I will be one of many potential Texas Hold'em poker operators throughout the state. This company owned by myself and my son may service a charity with which I am involved as well as other charities. I am able to participate in the transaction fairly, objectively, and in the public interest.

Charles Lessin September 16, 2020

Mr. Lessin's charity Jerusalem Connection owns Pop's Bingo Hall located in southside Richmond. His intention all along was not to run tournaments but to change the intent of SB936 so as to allow cash games instead, in hopes of opening a commercial card room that would operate 7 days a week, 16 hours a day, 365 days a year, in direct conflict to what is allowed in SB936. I have video evidence that I will present later that confirms this.

Although I had been the first to voice objections to the chairman's attempt to reinterpret 936 it was not long after that the CGB's regulatory body, The Virginia Department of Agriculture and Consumer Services (VDACS) also expressed their concerns that this attempt to deviate from what was allowed in SB936 was unacceptable. Larry Nichols, VDACS Director of the Division of Consumer Protection, made VDACS' position clear at the CGB's October 13th meeting stating on the record that ***"based on commonly accepted standards for playing the "cash games" style of poker , VDACS was advised from it's legal counsel that such a style is not legal under the charitable gaming statutes"***. (Exhibit 4)

Thus began a back and forth battle between the CGB and VDACS to approve regs that met the intent of SB936 that still continues today. To their credit, VDACS has stood its ground and refused to go along with any of this foolishness.

One thing important to note is that throughout this whole process Chairman Lessin has repeatedly mentioned that SB936 was exempt from the Administrative Process Act, which he believes allows the CGB to write these regulations any way they see fit. I don't believe this to be true.

During this time other issues have surfaced. In a letter presented to the CGB dated July 22nd, 2020, Matt Benka representing the Virginia Charitable Gaming Council, discussed concerns to the board of illegal poker activity in Va. Beach and Portsmouth (Exhibit 5). Chairman Lessin responded that he intended to write and hand deliver a letter to the Attorney General asking him to look into these allegations. This never happened. Later, as described earlier in my letter to Senator Peterson and at the August 11th meeting of the CGB, Mr. Marty Williams, chairman of the VCGC accused one of the board members of a conflict of interest stating:

“Mr. Marty Williams, Chair of the Virginia Charitable Gaming Council asked Mr. Lessin what he intends to do as Chair with a possible conflict of interest with one of the board members, who is allegedly conducting an illegal poker game mentioned earlier. In response, Mr. Lessin stated he would speak with Mr. Williams after the conclusion of this meeting.” (again see Exhibit 2)

The chairman refused to discuss the issue publicly and instead suggested they talk about it after the meeting in private. The board member in question is Amy Solares. Ms. Solares is a landlord and conducts charitable gaming at her location at 444 South Lynnhaven Road in Va. Beach. In addition to running bingo, she also has been running illegal cash poker games at the same location for at least a couple years, even going so far as to advertise these games openly under the guise they are for charity.

Ms. Solares' blatant disregard for the law and her willingness to conduct illegal poker games at the same location she runs charitable bingo, the Bingo Palace, should prohibit her from being allowed to conduct charitable gaming in the Commonwealth. What is really disturbing is that she is now vice chairman. I am including screen shots from her own facebook page openly advertising these games confirming that they continue to go on as we speak. In my opinion, and because of her willingness to openly violate Virginia law, Ms. Solares should be removed from the board post haste. (see Exhibit 5)

Throughout this process a tug of war ensued between VDACS and the CGB that went on for months. At subsequent meetings through the end of the year the CGB repeatedly submitted regs that did not comport with what was allowed in SB936, and VDACS and the Attorney General's office would review them and send them back as unacceptable, and with suggested revisions. At almost every meeting, Chairman Lessin would continue to remind everyone that the proposed rules and regulations were exempt from the Administrative Process Act. Finally, on December 31st 2020, the CGB gave VDACS what they considered it's final draft of the regulations and asked that they be published and VDACS reluctantly agreed.

It was then that I discovered the proverbial “smoking gun”. It was an hour and a half interview with Rich Lehman titled “How To Open a Poker Room From Scratch”, and posted on YouTube. Mr. Lehman was the only other individual besides me that had identified himself as a member of the public, and also attended all 13 meetings. At the first day of the 3 day work session, Chairman Lessin introduced him as an acquaintance who was familiar with Texas Hold'em, and said he had asked him to come to the meeting to “help” the board review and understand the New Hampshire regs the CGB was going to use as a model for our own. Before he was finished his presentation on that first day, it was clear he was attempting to reinterpret what a poker

tournament was in order to create a gray area so that they could play cash games and still call them tournaments. Over the next few months he continued to speak during the public comment periods almost every meeting, suggesting technical changes that the chairman would immediately follow up on and recommend the board adopt. It soon became clear that Mr. Lehman was acting as a schill for the chairman, but we couldn't exactly figure out what their relationship was.

Then came the video. It confirmed all our suspicions. In it Mr. Lehman revealed that he had been hired by Chairman Lessin as his "Poker Operations Manager" in May of 2020, two full months before the board had begun promulgating the Texas Hold'em Tournament regulations. This was never disclosed and Mr. Lehman continued to represent himself as a member of the public when commenting during the meetings as recently as the May 11th meeting of this year. During the video he also discussed Chairman Lessin's plans to start with 10 cash tables at his hgvPop's Bingo location and be open 16 hours a day, 7 days a week, and that they eventually hoped to expand to as many as 30 tables. He also talks about designing and ordering chips for tournament play and also separate chips for cash games.

This video confirms everything we had suspected and more. The interviewer, whose blog this video was posted on runs an online dealer school and Mr. Lehman explains how he had reached out to him looking for dealers. At some point in time he asked Mr. Lehman if he could interview him on his blog. Why he would agree to this is beyond me. It was foolish in the fact that it is proof positive that he and the chairman had been colluding for months, and how they had been misleading other members of the board, most of who were not familiar with Texas Hold'em, so they could reinterpret SB936 and play a different kind of hold'em that was not allowed in the bill.

To this day I'm not even sure that Chairman Lessin or Mr. Lehman, are aware that I know about and are in possession of this video. If they had any sense they would have taken it down and deleted all copies of it. (Exhibit 6) provides the link to that video and also the specific times of these comments so you can hear them for yourself.

Since the final draft of the board's rules and regulations the CGB has met 3 times. The meetings have become more and more acrimonious each time. The regs were offered for publication at the same time that the 2021 General Assembly session started. The Legislative Information System was swamped reviewing and writing legislation at this time and before the proposed regs could be published, the budget bill was enacted and section 105 prohibited the CGB from enacting any new rules or regulations until July of 2022, and until investigations by both the Senate subcommittee and the Inspector General's office were completed. This acrimony was never more evident than at the May 11th 2021 CGB meeting when the chairman was visibly angry and accused VDACS and the Attorney General's office of conspiring against him with members of the General Assembly and other "governmental leaders". Later in the meeting, in an exchange between Lessin and the CGB's legal counsel Justin Bell, Lessin tells him that he has had his legal counsel make FOIA requests to the Attorney General's office when Mr. Bell responds by saying incredulously "What are you talking about Chuck? I AM your legal counsel". Assistant Senior Attorney General Heather Lockerman then chimes in and asks who the legal counsel is that he is referring to, and he responds by saying it is Peterson and Associates. (Exhibit 7)

A short time later Lessin says the FOIAs were filed in the name of his "other " charity, Cheers. This is not completely accurate because Lessin's son is the one who holds the charitable license for Cheers. The chairman is listed as vice-president/treasurer. This is where things begin to get confusing. The chairman has his own charity called Jerusalem Connection. His wife also has a charity called Camp Binyan Torah. These charities all do business with each other. Lastly the chairman also has his own lobbying organization called the Virginia Charitable Bingo Association. Lessin receives a salary from both the Jerusalem Connection and Cheers and has also received compensation from his Charitable Bingo Association. One thing that is interesting to note is that in 2019, the last year I have been able to obtain financial records for Cheers, Lessin's son who is the president of that charity received \$28,560 in compensation,, while vice-president chairman Lessin received \$38,149. That would appear to be an indication as to who is calling the shots in regard to Cheers. In addition, I saw where Cheers had contributed \$2000 to Lessin's Virginia Charitable Bingo Association for lobbying expenses, and Camp Binyan contributed \$15,040 to the Jerusalem Connection for "building improvements" at chairman Lessin's Pop's Bingo Hall. The one thing all 4 of these organizations have in common is that they all use the same address, 210 Giant Dr. in Richmond. I would suggest contacting VDACS for more clarification, but at the very least these incestuous relationships appear to present a number of conflicts in my mind. I think I'm just scratching the surface and I would encourage the committee to look further into all 4 of these non-profits and their relationships to each other (see Exhibit 8). Especially in light of the fact that against VDACS advice, one of the last things the chairman did before submitting their final Texas Hold'em Tournament regulations on December 31, was to remove all restrictions prohibiting these groups (and family members) from doing business with each other.

I am also including a copy of a letter sent by chairman Lessin the day after the committee meeting on July 19th, and also my rebuttal (Exhibit 9).

In addition, Mr. Lessin's "other charity" Cheers has filed suit in Richmond Circuit Court against VDACS for not issuing it a permit to conduct Texas Hold'em tournaments as a result of section 105 in the budget bill that states "All regulations promulgated by the Charitable Gaming Board and in effect on March 1, 2021 shall remain in force and no additional regulations shall be promulgated....prior to June 31, 2022." This case is currently pending, with a decision on a motion made to dismiss made by the Attorney General's office on behalf of VDACS expected to be announced this week. I am providing the cover sheet and signature pages and can provide a full copy of the lawsuit if requested. (Exhibit 10)

I just want to take a moment and say that after 22 years of being described as a "citizen watchdog" of the gaming industry by the media, I have never seen a piece of legislation so corrupted by an appointed board that is responsible for doing the work of the people. There is no doubt that Chairman Lessin planned this all along since before SB936 had even been signed by the Governor. He has even commented publicly, and on more than one occasion, that if cash games had been included in the bill it would never have passed. After the bill was approved, he spent the next 4 months before the regs began to be written, working with his "Poker Operations

Manager”, as to how they could reinterpret SB936 and create a gray area that would allow them to play cash games contrary to the original intent of the bill. It was all a set up from the get-go.

The integrity of the Charitable Gaming Board is now in question. In my opinion Chairman Lessin and Ms. Solares should be relieved of their positions on the board immediately. I also think their ability to conduct charitable gaming should be revoked. In addition, I would suggest starting over and allowing VDACS to promulgate the regs for Texas Hold'em Tournaments the way they should have been written in the first place, and in compliance with SB936. As they are written now they are not acceptable and lack clarity in adequate accounting procedures, licensing, and security, just to name a few of the things that need to be corrected. Another thing that needs to be reviewed is SB1309, approved during the 2015 session that limits the chairmanship of the CGB only to those on the board that have a license to conduct charitable gaming. At present only 4 of the 11 individuals on the board are eligible and this restriction needs to be lifted (Exhibit 11).

To close I just want to say that as a member of the general public, I expect SB936, and all bills for that matter, to be interpreted honestly, ethically, and lawfully, and comport with what is permitted. What I have witnessed over the past year is a rouge board, led by certain individuals, that believes it can usurp the intent of our legislature for their own personal gain. It is to that end that I am submitting this report so that the members of this committee are aware of what I have witnessed, and can take the necessary steps to prevent an already bad situation from getting further out of hand.

Respectfully,
Tad Berman
804-908-3414
samberman1960@gmail.com

EXHIBITS

EXHIBIT 1

2020 SESSION

CHAPTER 982

An Act to amend and reenact §§ 18.2-334.2, 18.2-340.16, 18.2-340.19, 18.2-340.22, and 18.2-340.31 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 18.2-340.28:2; Texas Hold'em poker tournaments.

[S 936]

Approved April 9, 2020

Be it enacted by the General Assembly of Virginia:

1. That §§ 18.2-334.2, 18.2-340.16, 18.2-340.19, 18.2-340.22, and 18.2-340.31 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 18.2-340.28:2 as follows:

§ 18.2-334.2. Same; bingo games, raffles, duck races, and Texas Hold'em poker tournaments conducted by certain organizations.

Nothing in this article shall apply to any bingo game, instant bingo, network bingo, raffle, or duck race, or Texas Hold'em poker tournament conducted solely by organizations as defined in § 18.2-340.16 which have received a permit as set forth in § 18.2-340.25, or which are exempt from the permit requirement under § 18.2-340.23.

§ 18.2-340.16. Definitions.

As used in this article, unless the context requires a different meaning:

"Bingo" means a specific game of chance played with (i) individual cards having randomly numbered squares ranging from one to 75, (ii) Department-approved electronic devices that display facsimiles of bingo cards and are used for the purpose of marking and monitoring players' cards as numbers are called, or (iii) Department-approved cards, in which prizes are awarded on the basis of designated numbers on such cards conforming to a predetermined pattern of numbers selected at random.

"Board" means the Charitable Gaming Board created pursuant to § 2.2-2455.

"Bona fide member" means an individual who participates in activities of a qualified organization other than such organization's charitable gaming activities.

"Charitable gaming" or "charitable games" means those raffles, Texas Hold'em poker tournaments, and games of chance explicitly authorized by this article.

"Charitable gaming supplies" includes bingo cards or sheets, devices for selecting bingo numbers, instant bingo cards, pull-tab cards and seal cards, playing cards for Texas Hold'em poker, poker chips, and any other equipment or product manufactured for or intended to be used in the conduct of charitable games. However, for the purposes of this article, charitable gaming supplies shall not include items incidental to the conduct of charitable gaming such as markers, wands, or tape.

"Commissioner" means the Commissioner of the Department of Agriculture and Consumer Services.

"Conduct" means the actions associated with the provision of a gaming operation during and immediately before or after the permitted activity, which may include, but not be limited to, (i) selling bingo cards or packs, electronic devices, instant bingo or pull-tab cards, or raffle tickets, (ii) calling bingo games, (iii) distributing prizes, and (iv) any other services provided by volunteer workers.

"Department" means the Department of Agriculture and Consumer Services.

"Fair market rental value" means the rent that a rental property will bring when offered for lease by a lessor who desires to lease the property but is not obligated to do so and leased by a lessee under no necessity of leasing.

"Gaming expenses" means prizes, supplies, costs of publicizing gaming activities, audit and administration or permit fees, and a portion of the rent, utilities, accounting and legal fees and such other reasonable and proper expenses as are directly incurred for the conduct of charitable gaming.

"Gross receipts" means the total amount of money generated by an organization from charitable gaming before the deduction of expenses, including prizes.

"Instant bingo," "pull tabs," or "seal cards" means specific games of chance played by the random selection of one or more individually prepacked cards, including Department-approved electronic versions thereof, with winners being determined by the preprinted or predetermined appearance of concealed letters, numbers or symbols that must be exposed by the player to determine wins and losses and may include the use of a seal card which conceals one or more numbers or symbols that have been designated in advance as prize winners. Such cards may be dispensed by electronic or mechanical equipment.

"Jackpot" means a bingo game that the organization has designated on its game program as a jackpot game in which the prize amount is greater than \$100.

"Landlord" means any person or his agent, firm, association, organization, partnership, or corporation, employee, or immediate family member thereof, which owns and leases, or leases any premises devoted in whole or in part to the conduct of bingo games, and any person residing in the same household as a landlord.

"Management" means the provision of oversight of a gaming operation, which may include, but is not limited to, the responsibilities of applying for and maintaining a permit or authorization, compiling, submitting and maintaining required records and financial reports, and ensuring that all aspects of the operation are in compliance with all applicable statutes and regulations.

"Network bingo" means a specific bingo game in which pari-mutuel play is permitted.

"Network bingo provider" means a person licensed by the Department to operate network bingo.

"Operation" means the activities associated with production of a charitable gaming activity, which may include, but not be limited to (i) the direct on-site supervision of the conduct of charitable gaming; (ii) coordination of volunteers; and (iii) all responsibilities of charitable gaming designated by the organization's management.

"Organization" means any one of the following:

1. A volunteer fire department or volunteer emergency medical services agency or auxiliary unit thereof that has been recognized in accordance with § 15.2-955 by an ordinance or resolution of the political subdivision where the volunteer fire department or volunteer emergency medical services agency is located as being a part of the safety program of such political subdivision;
2. An organization operated exclusively for religious, charitable, community or educational purposes;
3. An athletic association or booster club or a band booster club established solely to raise funds for school-sponsored athletic or band activities for a public school or private school accredited pursuant to § 22.1-19 or to provide scholarships to students attending such school;
4. An association of war veterans or auxiliary units thereof organized in the United States;
5. A fraternal association or corporation operating under the lodge system;
6. A local chamber of commerce; or
7. Any other nonprofit organization that raises funds by conducting raffles that generate annual gross receipts of \$40,000 or less, provided such gross receipts from the raffle, less expenses and prizes, are used exclusively for charitable, educational, religious or community purposes.

"Pari-mutuel play" means an integrated network operated by a licensee of the Department comprised of participating charitable organizations for the conduct of network bingo games in which the purchase of a network bingo card by a player automatically

includes the player in a pool with all other players in the network, and where the prize to the winning player is awarded based on a percentage of the total amount of network bingo cards sold in a particular network.

"Qualified organization" means any organization to which a valid permit has been issued by the Department to conduct charitable gaming or any organization that is exempt pursuant to § 18.2-340.23.

"Raffle" means a lottery in which the prize is won by (i) a random drawing of the name or prearranged number of one or more persons purchasing chances or (ii) a random contest in which the winning name or preassigned number of one or more persons purchasing chances is determined by a race involving inanimate objects floating on a body of water, commonly referred to as a "duck race."

"Reasonable and proper business expenses" means business expenses actually incurred by a qualified organization in the conduct of charitable gaming and not otherwise allowed under this article or under Board regulations on real estate and personal property tax payments, travel expenses, payments of utilities and trash collection services, legal and accounting fees, costs of business furniture, fixtures and office equipment and costs of acquisition, maintenance, repair or construction of an organization's real property. For the purpose of this definition, salaries and wages of employees whose primary responsibility is to provide services for the principal benefit of an organization's members shall not qualify as a business expense. However, payments made pursuant to § 51.1-1204 to the Volunteer Firefighters' and Rescue Squad Workers' Service Award Fund shall be deemed a reasonable and proper business expense.

"Supplier" means any person who offers to sell, sells or otherwise provides charitable gaming supplies to any qualified organization.

"Texas Hold'em poker game" means a variation of poker in which (i) players receive two cards facedown that may be used individually, (ii) five cards shown faceup are shared among all players in the game, (iii) players combine any number of their individual cards with the shared cards to make the highest five-card hand to win the value wagered during the game, and (iv) the ranking of hands and the rules of the game are governed by the official rules of the Poker Tournament Directors Association.

"Texas Hold'em poker tournament" or "tournament" means an organized competition of players (i) who pay a fixed fee for entry into the competition and for a certain amount of poker chips for use in the competition; (ii) who may be allowed to pay an additional fee, during set preannounced times of the competition, to receive additional poker chips for use in the competition; (iii) who may be seated at one or more tables simultaneously playing Texas Hold'em poker games; (iv) who upon running out of poker chips are eliminated from the competition; and (v) a pre-set number of whom are awarded prizes of value according to how long such players remain in the competition.

§ 18.2-340.19. Regulations of the Board.

A. The Board shall adopt regulations that:

1. Require, as a condition of receiving a permit, that the applicant use a predetermined percentage of its gross receipts for (i) those lawful religious, charitable, community or educational purposes for which the organization is specifically chartered or organized or (ii) those expenses relating to the acquisition, construction, maintenance or repair of any interest in real property involved in the operation of the organization and used for lawful religious, charitable, community or educational purposes. *In the case of the conduct of Texas Hold'em poker tournaments, the regulations shall provide that the predetermined percentage of gross receipts may be used for expenses related to compensating operators contracted by the qualified organization to administer such events.* The regulation may provide for a graduated scale of percentages of gross receipts to be used in the foregoing manner based upon factors the Board finds appropriate to and consistent with the purpose of charitable gaming.

2. Specify the conditions under which a complete list of the organization's members who participate in the management, operation or conduct of charitable gaming may be required in order for the Board to ascertain the percentage of Virginia residents in accordance with subdivision A 3 of § 18.2-340.24.

Membership lists furnished to the Board or Department in accordance with this subdivision shall not be a matter of public record and shall be exempt from disclosure under the provisions of the Freedom of Information Act (§ 2.2-3760 et seq.).

3. Prescribe fees for processing applications for charitable gaming permits. Such fees may reflect the nature and extent of the charitable gaming activity proposed to be conducted.

4. Establish requirements for the audit of all reports required in accordance with § 18.2-340.30.

5. Define electronic and mechanical equipment used in the conduct of charitable gaming. Board regulations shall include capacity for such equipment to provide full automatic daubing as numbers are called. For the purposes of this subdivision, electronic or mechanical equipment for instant bingo, pull tabs, or seal cards shall include such equipment that displays facsimiles of instant bingo, pull tabs, or seal cards and are used solely for the purpose of dispensing or opening such paper or electronic cards, or both; but shall not include (i) devices operated by dropping one or more coins or tokens into a slot and pulling a handle or pushing a button or touchpoint on a touchscreen to activate one to three or more reels marked into horizontal segments by varying symbols, where the predetermined prize amount depends on how and how many of the symbols line up when the rotating reels come to rest, or (ii) other similar devices that display flashing lights or illuminations, or bells, whistles, or other sounds, solely intended to entice players to play.

6. Prescribe the conditions under which a qualified organization may (i) provide food and nonalcoholic beverages to its members who participate in the management, operation or conduct of bingo; (ii) permit members who participate in the management, operation or conduct of bingo to play bingo; and (iii) subject to the provisions of subdivision 13 of § 18.2-340.33, permit nonmembers to participate in the conduct of bingo so long as the nonmembers are under the direct supervision of a bona fide member of the organization during the bingo game.

7. Prescribe the conditions under which a qualified organization may sell raffle tickets for a raffle drawing that will be held outside the Commonwealth pursuant to subsection B of § 18.2-340.26.

8. Prescribe the conditions under which persons who are bona fide members of a qualified organization or a child, above the age of 13 years, of a bona fide member of such organization may participate in the conduct or operation of bingo games.

9. Prescribe the conditions under which a person below the age of 18 years may play bingo, provided such person is accompanied by his parent or legal guardian.

10. Require all qualified organizations that are subject to Board regulations to post in a conspicuous place in every place where charitable gaming is conducted a sign which bears a toll-free telephone number for "Gamblers Anonymous" or other organization which provides assistance to compulsive gamblers.

11. Prescribe the conditions under which a qualified organization may sell network bingo cards in accordance with § 18.2-340.28:1 and establish a percentage of proceeds derived from network bingo sales to be allocated to (i) prize pools, (ii) the organization conducting the network bingo, and (iii) the network bingo provider. The regulations shall also establish procedures for the retainage and ultimate distribution of any unclaimed prize.

12. Prescribe the conditions under which a qualified organization may manage, operate or contract with operators of, or conduct Texas Hold'em poker tournaments.

B. In addition to the powers and duties granted pursuant to § 2.2-2456 and this article, the Board may, by regulation, approve variations to the card formats for bingo games provided such variations result in bingo games that are conducted in a manner consistent with the provisions of this article. Board-approved variations may include, but are not limited to, bingo games commonly referred to as player selection games and 90-number bingo.

§ 18.2-340.22. Only raffles, bingo, network bingo, instant bingo games, and Texas Hold'em poker tournaments permitted; prizes not gaming contracts.

A. This article permits qualified organizations to conduct raffles, bingo, network bingo, ~~and~~ instant bingo games, *and Texas Hold'em poker tournaments*. All games not explicitly authorized by this article or Board regulations adopted in accordance with § 18.2-340.18 are prohibited. *Nothing herein shall be construed to authorize the Board to approve the conduct of any other form of poker in the Commonwealth.*

B. The award of any prize money for any charitable game shall not be deemed to be part of any gaming contract within the purview of § 11-10.

C. Nothing in this article shall prohibit an organization from using the Virginia Lottery's Pick-3 number or any number or other designation selected by the Virginia Lottery in connection with any lottery, as the basis for determining the winner of a raffle.

§ 18.2-340.28:2. Conduct of Texas Hold'em poker tournaments by qualified organizations; limitation of operator fee; conditions.

A. Any organization qualified to conduct bingo games on or after July 1, 2019, may conduct Texas Hold'em poker tournaments. The Board shall promulgate regulations establishing circumstances under which organizations qualified to conduct bingo games prior to July 1, 2019, may conduct Texas Hold'em poker tournaments.

B. A qualified organization may contract with an operator to administer Texas Hold'em poker tournaments. Limitations on operator fees shall be established by Board regulations.

C. A qualified organization shall accept only cash or, at its option, checks in payment of any charges or assessments for players to participate in Texas Hold'em poker tournaments. However, no such organization shall accept postdated checks in payment of any charges or assessments for players to participate in Texas Hold'em poker tournaments.

D. No qualified organization or any person on the premises shall extend lines of credit or accept any credit or debit card or other electronic fund transfer in payment of any charges or assessments for players to participate in Texas Hold'em poker tournaments.

E. No qualified organization shall allow any individual younger than 18 years of age to participate in Texas Hold'em poker tournaments.

§ 18.2-340.31. Audit of reports; exemption; audit and administration fee; additional gross receipts assessment.

A. All reports filed pursuant to § 18.2-340.30 shall be subject to audit by the Department in accordance with Board regulations. The Department may engage the services of independent certified public accountants to perform any audits deemed necessary to fulfill the Department's responsibilities under this article.

B. The Department shall prescribe a reasonable audit and administration fee to be paid by any organization conducting charitable gaming under a permit issued by the Department unless the organization is exempt from such fee pursuant to § 18.2-340.23. Such fee shall not exceed one and one-quarter percent of the gross receipts which an organization reports pursuant to § 18.2-340.30. The audit and administration fee shall accompany each report for each calendar quarter.

C. The audit and administration fee shall be payable to the Treasurer of Virginia. All such fees received by the Treasurer of Virginia shall be separately accounted for and shall be used only by the Department for the purposes of auditing and regulating charitable gaming.

D. In addition to the fee imposed under subsection B, an additional fee of one-quarter of one percent of the gross receipts that an organization reports pursuant to § 18.2-340.30 shall be paid by the organization to the Treasurer of Virginia. All such amounts shall be collected and deposited in the same manner as prescribed in subsections B and C and shall be used for the same purposes.

2. That the Charitable Gaming Board's initial adoption of regulations necessary to implement the provisions of this act shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq. of the Code of Virginia), except that the Charitable Gaming Board shall provide an opportunity for public comment on the regulations prior to adoption.

EXHIBIT 2



MDB STRATEGIES

LEGISLATIVE & GOVERNMENT AFFAIRS

July 22, 2020

Mr. Mike Meneffo
Program Manager, Division of Consumer Protection
102 Governor Street
Richmond, Virginia 23219

Re: **Illegal Poker Gaming Activity**

On behalf of the Virginia Charitable Poker Association we are writing to inform you that potential illegal poker activity that is taking place at the following locations and almost assuredly others.

- 1) 444 South Lynnhaven Road, Virginia Beach, Virginia 23462
- 2) 2880 Airline Boulevard, Portsmouth, Virginia 23701
- 3) 6217 Portsmouth Boulevard, Portsmouth, Virginia 23701
- 4) 4040 McLean Street, Portsmouth, Virginia 23701

In numerous discussions with you and members of the Virginia Charitable Gaming Board my association expressed a strong desire to have a letter circulated to the industry distributed before July 1, 2020 written by your office or the Office of Attorney General which would have explained that no one could play poker until regulations are established. Our request was not implemented and as a result confusion reigns across the industry and Commonwealth's Attorney offices will not take action until clarification is given from appropriate oversight bodies.

- 1) We desire immediate action by your office to shut down any illegal unregulated activity.
- 2) We request an immediate letter be circulated widely by your office and or the office of the Attorney General stating clearly that poker cannot be played legally in Virginia until regulations are established.

Our industry deserves clarification of the law and supportive oversight to protect our charities and the public. We do not want illegal games to proliferate as they did under Games of Skill.

Thank you for your attention to this extremely important matter and we look forward to hearing what action will be taken and when. If you have any questions please feel free to contact me at any time.

Sincerely,

Matt Banka

CC: The Honorable Mark Herring
The Honorable Bettine King
The Honorable Chap Petersen
The Honorable Ken Plam
The Honorable David Bulova
The Honorable George Barker
The Honorable Dr. J. J. Brown
The Honorable Members of the Virginia Charitable Gaming Board
Mr. Patrick Wilson, Richmond Times Dispatch

FINAL MINUTES
Charitable Gaming Board
Department of Agriculture and Consumer Services (VDACS)
Pop's Bingo World
210 Giant Drive
Richmond, Virginia
Tuesday, August 11, 2020

CALL TO ORDER

Mr. Charles Lessin called the meeting to order at 12:09 p.m. Mr. Lessin reminded the Board and the public to maintain social distancing and wear their facial mask during the meeting.

Mr. Lessin led members and the public in the pledge of allegiance.

Mr. Lessin asked Mr. Michael Menefee to call the roll.

MEMBERS PRESENT:

Mr. Charles Lessin, Chair
Ms. Tanya Conrad, Vice-Chair
The Honorable William Feasenmyer
Mr. Samuel Kaufman
Mr. James Lewis
Ms. Amy Solares
The Honorable Ryant Washington

MEMBERS ABSENT:

Ms. Lasonja Black
Mr. Clay Dawson
Ms. Lea Roberts

VDACS STAFF PRESENT:

Mr. Larry Nichols, Director, Division of Consumer Protection
Mr. Joel Maddux, Deputy Director, Division of Consumer Protection
Mr. Michael Menefee, Program Manager, Office of Charitable and Regulatory Programs

Mr. Menefee informed Mr. Lessin that a quorum was present.

MESSAGE FROM THE CHAIR

Mr. Lessin stated he did not have a message for the Board.

APPROVAL OF MINUTES

Mr. Lessin asked for a motion to approve the draft minutes of the July 8, 2020, and July 14, 2020 Board meetings. Mr. James Lewis motioned approval of the draft minutes as presented. Ms. Amy Solares seconded the motion and it passed by a unanimous vote. Mr. Lessin moved onto the next item on the agenda.

REPORT FROM BOARD MEMBERS

Mr. Lessin asked members whether they had any reports for the Board. Hon. William Feasenmyer spoke about the impact of the spread of private social quarters in the Commonwealth and he intends to speak out more on this issue during Board meetings. With no further remarks from members, Mr. Lessin moved on the Program Manager's Report.

PROGRAM MANAGER'S REPORT

Mr. Lessin asked Mr. Menefee whether he had a report for the Board. Mr. Menefee informed members that the Office of Charitable and Regulatory Programs (OCRCP) continues to work closely with VDACS's Information System and Virginia Interactive, an information system contractor to modify the Online Financial Reporting System, which tracks financial reports and maintains the report's data to change the audit and administration fee rate from 1.125% to 1.375% pursuant to Chapter 982 of the 2020 Acts of Assembly (SB936). Also, Mr. Menefee stated new guidance from the Governor's Office on social distancing was issued for the Hampton Road region, which caused some confusion among charitable gaming organizations whether they could continue to conduct their indoor bingo sessions. The issue was resolved after further guidance was obtained from the local health department. Lastly, OCRCP continues to process renewal application and permit amendments as charitable gaming organization adjust to the COVID-19 pandemic. Mr. Lessin asked members whether they had any questions for Mr. Menefee. With no questions, Mr. Lessin moved onto the next agenda item.

REPORT FROM WORKGROUPS

Mr. Lessin asked the Chairs of the workgroups whether they had any reports for the Board. Mr. Lewis informed members that the Game Variance Workgroup received two applications requesting approval for a game variance, one application dealt with remote play of electronic pull-tab tickets and the other application dealt with an automatic play and multiple ticket purchase features for electronic pull-tab devices. For the application pertaining to remote play of electronic pull-tab tickets, Mr. Lewis stated the workgroup reported the application to the Board with a recommendation to deny it on the reasoning that remote play is not a game variance. Mr. Lewis further stated that if the Board wants to allow remote play of electronic pull-tabs, then it may wish to consider amending the 11VAC15-40, Charitable Gaming Regulations to allow it. As for the other application, which dealt with an automatic play and multiple ticket purchase features for electronic pull-tab devices. Mr. Lewis stated the workgroup received guidance from the Office of the Attorney General that such a feature is not a game variance and if the Board wished to allow this feature for use on the electronic pull-tab devices, then it needed to consider amending 11VAC15-40, Charitable Gaming Regulations in lieu of fast tracking the approval as a game variance. Mr. Lewis further stated that workgroup reported the application

to the Board without a recommendation. Hon. Feasenmyer had a question whether paper instant bingo/seal card/pull-tab dispensed by a mechanical device was governed by a different section within 11VAC15-40, Charitable Gaming Regulations. Mr. Samuel Kaufman had questions related to the reasoning of the initial rules and he understood the need to change them with the approval of this game variance application. Mr. Lessin asked members whether they wish to make a motion on this game variance application. Mr. Lewis motioned to request VDACS to develop rules to govern the automatic play and multiple ticket purchase features for electronic pull-tab devices. Hon. Ryant Washington seconded the motion and it passed by a unanimous vote. Lastly, Mr. Lewis explained a recent game variance application on a game called "Crazy Kite" and he further stated the workgroup will evaluate it.

Mr. Kaufman, Chair of the Use of Proceeds Workgroup stated the workgroup recommends granting the Board the authority to review the use of proceeds every two years and at its discretion; and if appropriate, to change the use of proceeds. Mr. Kaufman stated he supported the concept as it provides flexibility to the Board. Mr. Lewis stated the Board will still have to make a decision on the percentage of gross receipts that must be used for charitable, religious, community, and educational purposes. Ms. Solares provided comments in support of this concept. Mr. James Lewis motioned approval of the workgroup's recommendation as presented. Hon. Feasenmyer seconded the motion and it passed by a unanimous vote. Without further remarks, Mr. Lessin asked Mr. Menefee to report back to the Board on filing a Notice of Intended Regulatory Action (NOIRA) and he moved onto old business.

OLD BUSINESS

Mr. Lessin informed members that the Texas Hold'em Poker Tournament Workgroup met for three days, July 28, July 29, and July 30, 2020, to develop draft regulations for Texas Hold'em poker tournament. Mr. Lessin further stated workgroup received many comments and it moved quickly to develop the text of the draft regulations. Mr. Lessin stated he used Mr. Steven Skaist with Hirschler Fleischer, who wrote the draft regulations for the Board. Mr. Lessin stated it is his intention to cancel the Board meeting on September 8, 2020, and to schedule another Board meeting on September 15, 2020. Lastly, Mr. Lessin stated will have public comment for 30 days once the draft regulations were published in the Registrar of Regulations.

Mr. Lessin asked whether any members of the public had any comments, Mr. Benka stated that four locations within the Hampton Roads area were conducting illegal poker games and asked the Board to respond to it. Mr. Lessin stated he considered the illegal poker games were a threat to charitable gaming and he stated he was open to consider a motion from a member to address this particular issue immediately. Ms. Solares stated that she believes enforcement needs to be equal across the board and fair as several of these locations mentioned earlier were conducting poker prior to July 1, 2020, when Texas Hold'em poker tournament became an authorized activity under the charitable gaming statutes. Mr. Lewis motioned to direct the Board's Chair to speak with the Office of the Attorney General for the purpose of obtaining a letter from them, which the letter will advise the Commonwealth's Attorney that there is no mechanism right now for

any entity to conduct poker in the Commonwealth. Hon. Feasenmyer seconded the motion, which was passed by a unanimous vote.

Mr. Lessin stated that as Chair of the Texas Hold'em Poker Tournament Workgroup, he is presenting to the Board a set of draft regulations, which were developed with input from stakeholders. He further stated that the regulations are ready to be posted within the next two days in order to initiate the public comment period. At the conclusion of the public comment period, Mr. Lessin stated he wished for the Board to meet again on September 15, 2020, to render a final decision on the draft regulations. Mr. Lessin began reviewing the draft regulations.

At 1:45 p.m., Mr. Lessin called the Board into recess for a break.

At 1:59 p.m., Mr. Lessin called the Board back to order.

Mr. Lessin stated he spoke with members and they are in agreement to move forward with a motion to approve the draft regulations and post them to the Virginia Townhall website immediately in order to initiate the public comment period. As such, Mr. Lessin motioned to approve the recommendation of the Texas Hold'em Poker Tournament Workgroup to accept the draft regulations, as presented, and to post them to the Virginia Townhall website as soon as possible in order to begin the public comment period. Hon. Feasenmyer seconded the motion, which was passed by a unanimous vote.

With no further old business before the Board, Mr. Lessin moved onto new business.

NEW BUSINESS

Mr. Lessin asked members whether they had any new business for the Board to consider. With no new business before the Board, Mr. Lessin moved onto public comment.

PUBLIC COMMENT

Mr. Lessin reminded members of the upcoming Board meeting on September 15, 2020, in Richmond. Mr. Marty Williams, Chair of the Virginia Charitable Gaming Council asked Mr. Lessin what he intends to do as Chair with a possible conflict of interest that one of the Board members, who is allegedly conducting an illegal poker game mentioned earlier. In respond, Mr. Lessin stated he would speak with Mr. Williams after the conclusion of this meeting.

With no further comments from the public and there being no further business, the Board adjourned at 2:06 p.m.

Respectfully submitted,

Michael Menefee
Program Manager
Office of Charitable and Regulatory Programs

EXHIBIT 3

FINAL MINUTES
Charitable Gaming Board
Department of Agriculture and Consumer Services (VDACS)
Pop's Bingo World
210 Giant Drive
Richmond, Virginia
Tuesday, September 16, 2020

CALL TO ORDER

Mr. Charles Lessin called the meeting to order at 12:37 p.m.

Mr. Lessin asked Mr. Michael Menefee to call the roll.

MEMBERS PRESENT:

Mr. Charles Lessin, Chair
Ms. Tanya Conrad, Vice-Chair
Ms. Lasonja Black
Mr. Clay Dawson [via Conference Call]
Mr. Samuel Kaufman [via Conference Call]
Mr. James Lewis [via Conference Call]
Ms. Lea Roberts
Ms. Amy Solares
The Honorable Ryant Washington [via Conference Call]

MEMBERS ABSENT:

The Honorable William Feasenmyer

VDACS STAFF PRESENT:

Mr. Larry Nichols, Director, Division of Consumer Protection
Mr. Joel Maddux, Deputy Director, Division of Consumer Protection
Mr. Michael Menefee, Program Manager, Office of Charitable and Regulatory Programs

OFFICE OF THE ATTORNEY GENERAL STAFF PRESENT:

Ms. Heather Lockerman, Senior Assistant Attorney General/Section Chief, Office of the Attorney General [via Conference Call]
Mr. Justin Bell, Assistant Attorney General, Office of the Attorney General [via Conference Call]

Mr. Menefee informed Mr. Lessin that a quorum was present.

MESSAGE FROM THE CHAIR

Mr. Lessin asked for the following statement to be recorded in the Board's minutes:

Disclosure Pursuant to Va. Code Sections 2.2-3112.B.1 and 2.2-3114.F

This disclosure is made with regard to the Virginia Charitable Gaming Board's discussion, drafting and promulgation of regulation with respect to Texas Hold'em poker (the "transaction").

I have a potential personal interest in the transaction as a principal in an entity intended to conduct charitable poker operations. I participated in the efforts to pass legislation to benefit charities in the Commonwealth.

I am a member of a business, profession, occupation, or group the members of which are affected by the transaction.

I believe Virginia charities, as well as suppliers, manufacturers and game operators, will reap tremendous benefit from these new Texas Hold'em poker games. Most recently I have decided to consider entering into the Texas Hold'em poker operators market. I anticipate that I will be one of many potential Texas Hold'em poker operators throughout the state. This company owned by myself and my son may service a charity with which I am involved as well as other charities.

I am able to participate in the transaction fairly, objectively, and in the public interest.

Charles Lessin
September 16, 2020

Mr. Lessin moved onto the next item on the agenda.

APPROVAL OF MINUTES

Mr. Lessin asked for a motion to approve the draft minutes of the September 4, 2020 Board meeting. Ms. Tanya Conrad motioned approval of the draft minutes as presented. Ms. Amy Solares seconded the motion and it passed by a unanimous vote. Mr. Lessin moved onto the next item on the agenda.

NEW BUSINESS

Mr. Lessin stated that the new business before the Board is to review VDACS's comments on the Board's draft regulations to govern Texas Hold'em Poker Tournaments. As such, Mr. Lessin asked Mr. Justin Bell to advise the Board on VDACS's comments. Mr. Bell stated he will categorize VDACS's comments in three ways: 1) formatting and wording; 2) assisting VDACS in how it will administer the new program; and 3) legal issues that require the draft regulations to be changed by the Board. Mr. Bell provided advice on each comment offered by VDACS. At the conclusion

of Mr. Bell's advice, Mr. Lessin stated that he and Ms. Conrad will work with VDACS directly to address their comments before the next Board meeting. Mr. Lessin stated he will keep the Board informed on his discussion with VDACS. Mr. Lessin moved onto public comment.

PUBLIC COMMENT

With no comments from the public and there being no further business, the Board adjourned at approximately 3:30 p.m.

Respectfully submitted,

Michael Menefee

Program Manager

Office of Charitable and Regulatory Programs

EXHIBIT 4

DRAFT MINUTES

Charitable Gaming Board
Department of Agriculture and Consumer Services (VDACS)
Pop's Bingo World
210 Giant Drive
Richmond, Virginia
Tuesday, October 13, 2020

CALL TO ORDER

Mr. Charles Lessin called the meeting to order at 11:05 a.m.

Mr. Lessin asked Mr. Michael Menefee to call the roll.

MEMBERS PRESENT:

Mr. Charles Lessin, Chair
Ms. Tanya Conrad, Vice-Chair
Ms. Lasonja Black
The Honorable William Feasenmyer
Mr. Samuel Kaufman
Ms. Lea Roberts
Ms. Amy Solares

MEMBERS ABSENT:

Mr. Clay Dawson
Mr. James Lewis
The Honorable Ryant Washington

VDACS STAFF PRESENT:

Mr. Larry Nichols, Director, Division of Consumer Protection
Mr. Joel Maddux, Deputy Director, Division of Consumer Protection
Mr. Michael Menefee, Program Manager, Office of Charitable and Regulatory Programs

OFFICE OF THE ATTORNEY GENERAL STAFF PRESENT:

Mr. Justin Bell, Assistant Attorney General, Office of the Attorney General [via Conference Call]

Mr. Menefee informed Mr. Lessin that a quorum was present.

APPROVAL OF MINUTES

Mr. Lessin asked for a motion to approve the draft minutes of the September 16, 2020 Board meeting. Ms. Amy Solares motioned approval of the draft minutes as presented. Ms. Tanya Conrad seconded the motion and it passed by a unanimous vote. Mr. Lessin moved onto the next item on the agenda.

MESSAGE FROM THE CHAIR

Mr. Lessin thanked VDACS for their efforts in redrafting the Board's regulations for Texas Hold'em poker tournaments. Mr. Lessin stated that it is important for the fees that are paid by charities for the privilege of conducting charitable gaming to be used to oversee the charitable gaming industry. Mr. Lessin concluded his comments by expressing that it is important for charities to compete with other forms of gaming in the Commonwealth on a level playing field. Mr. Lessin moved onto new business.

NEW BUSINESS

Mr. Lessin stated that the new business before the Board is to review the redraft of the Board's regulations for Texas Hold'em poker tournaments. As such, Mr. Lessin asked Mr. Menefee to present the redrafted regulations to the Board, which Mr. Menefee did so.

During the presentation, Mr. Lessin asked the Board to lower the amount of compensation to an operator of a Texas Hold'em poker tournament, which may be counted towards the minimum use of proceeds, from 1% to 0.25% of the gross receipts generated from the poker tournament and to allow the Board to adjust this particular figure at its discretion on an annual basis. With no objections from any Board members, Mr. Lessin informed Mr. Menefee to make this change to the redrafted regulations.

Mr. Samuel Kaufman asked for rationale as to why the redrafted regulations contained language restricting the charity from contracting with itself or any person affiliated with charity to administer the charity's Texas Hold'em poker tournament. In response, Mr. Menefee informed Mr. Kaufman that VDACS is concerned about the conflict of interest when a charity is allowed to negotiate with itself or any person affiliated with the charity to administer the charity's Texas Hold'em poker tournament. If the Board eliminated the restrictive language, then a charity, who has effectuated control over the charity could create an operator and negotiate a contract between himself. Mr. Menefee also expressed concern that if the Board eliminated the restrictive language, then individuals affiliated with the charity could be personally compensated by the operator for finalizing the contract between the charity and operator by allowing the operator to hire these individuals to administer the Texas Hold'em poker tournament. Mr. Lessin stated that there are ways to address the conflict of interest as it happens all of the time in business and he agreed with Mr. Kaufman that the language in question was not in keeping with the Board's desire not to place this type of a restriction on the charity. Mr. Solares also agreed that this restrictive language be eliminated.

With no further comments, Mr. Lessin asked for approval to eliminate the restrictive language on page 6, items L and P. As such, the following members voted in favor of this elimination:

Member	Vote on the Elimination
Lessin	Aye
Conrad	Aye
Black	Aye
Feasenmyer	Abstention
Kaufman	Aye
Roberts	Aye
Solares	Aye

Ms. Lea Roberts informed members it may wish to review the requirement in the redrafted regulations requiring operators to purchase their charitable gaming supplies for a Texas Hold'em poker tournament from a licensed charitable gaming supplier. Mr. Lessin asked Mr. Menefee for a rationale on why this particular requirement as placed in the redrafted regulations. In response, Mr. Menefee informed Mr. Lessin that under the existing charitable gaming statutes, charities wishing to conduct its own Texas Hold'em poker tournament must purchase their charitable gaming supplies from a licensed charitable gaming suppliers. As such, the rationale for placing this same requirement on the operator was to create a "level playing" field between an operator and a charity. With no objections from any of the Board members, Mr. Lessin informed Mr. Menefee to allow an operator to purchase only poker chips and playing cards from a non-licensed charitable gaming supplier while requiring the purchasing of a mechanical card shuffler or other mechanical equipment, must be purchased from a licensed charitable gaming supplier.

At conclusion of the presentation and with no further comments, Mr. Lessin moved onto public comment.

PUBLIC COMMENT

Mr. Lessin asked whether anyone from the public had any comments for the Board. Mr. Charlie Daniels asked Mr. Lessin whether the "cash games" style of poker is legal in the Commonwealth. Mr. Lessin expressed that the advice he received from Mr. Justin Bell is that "cash games" style of poker is legal under the charitable gaming statutes so long as it meets the legal definition of "Texas Hold'em poker game" and "Texas Hold'em poker tournament" as defined by § 18.2-340.16 of the *Code of Virginia*. In response, Mr. Nichols informed the Board that based on commonly accepted standards for playing the "cash games" style of poker, VDACS was advised from its legal counsel that such a style is not legal under the charitable gaming statutes.

Charitable Gaming Board Draft Minutes

October 13, 2020

Page 4

With no further comments from the public and there being no further business, the Board adjourned at approximately 2:45 p.m.

Respectfully submitted,

**Michael Menefee
Program Manager
Office of Charitable and Regulatory Programs**

EXHIBIT 5



Bingo Palace

Bingo Hall



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Hi! Please let us know how we can help.

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← **beach poker room**

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Charity Organization · Virginia B...



Open Now

Located inside Bingo Palace Doors open daily at Noon for live Texas Hold'em! Tournaments ever...

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\$100 buy in Poker Tournament Beach Poker Room Tonight 7...

94.9 The Point
Apr 19 · 841 Views



Oh Beach Poker Room you should have! It's so so beauti...

Mike Powers
Jun 7 · 104 Views



Beach Poker Room



20h · 🌐



1



Like

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1d · 🌐

Send Message





Beach Poker Room

Jul 9 · 🌐

List started for the 7th cash table!



👍❤️😮 10



👍 Like

💬 Comment

➦ Share

Send Message



EXHIBIT 6

Here are links to Chairman Lessin's "Poker Operations Director" Rich Lehman's interview. It can be accessed by pasting the following link in your browser, or you can go to YouTube and type in "What it Takes to Open a Poker Room".

<https://www.youtube.com/watch?v=DmMro3YzvpA>

5:05 Lehman says he works for Chairman Lessin

22:10 Talks about buying tournament chips AND cash chips.

27:50 Lehman again says he works for Chairman Lessin and has since May 2020..

36:20 Wants to start with 10 tables 16 hours a day 7 days a week.

37:45 Says Pop's hopes to expand to 30 tables.

1:00:20 Discusses rakes, cut of each pot that goes to the house, only applicable to cash games.

1:03:05 Again talks about buying tournament chips AND cash chips.

EXHIBIT 7

Exhibit 7 is a video of the May 11th Charitable Gaming Board meeting. The entire meeting is full of inflammatory statements made by Chairman Lessin and Ms. Solares, regarding item 105 in the Budget Bill that prohibits any additional regulations being promulgated before June 31, 2022. The Chairman questions VDACS and the A.G.'s office as to whether they were engaged in a conspiracy with governmental leaders to delay the Texas Hold'em regulations from taking effect. I am including the link to that meeting and the specific times of certain statements made to that effect if you care to see them yourself.

https://www.vdacs.virginia.gov/mp3/Virginia_Charitable_Gaming_Board_Meeting-May_11_2021.mp4

20:50 - Lessin questions A.G. representative Justin Bell whether they were working with anyone "in government" to delay promulgation of the regs.

38:40 - Lessin accuses VDACS of working to undermine the proposed regulations.

42:40 - Exchange between Lessin and Justin Bell where Lessin says he had his "legal counsel" FOIA the Attorney General's office, Bell responds that he IS the board's legal council. He also responds that he never received a FOIA.

44:35 - Senior Assistant Attorney Heather Lockerman speaks up and asks Lessin who his "amorphous" legal council is and he says it is Peterson & Associates. Lessin then goes on to comment that he supposedly sent the FOIAs on behalf of "his charity" Cheers. Actually that charity is licensed in his son's name, and not Chairman Lessin's.

EXHIBIT 8

[Directory \(/directory/\)](#) / [Virginia \(/directory/virginia-state/\)](#) / [Richmond \(/directory/richmond-va-metro/\)](#)
/ The Jerusalem Connection

EIN 52-1400732

The Jerusalem Connection

[Programs](#) | [Form 990s](#) | [Funding](#) | [Grantmaking](#) | [Financials](#) | [Personnel](#) | [Peers](#)

IRS 501(c) type	Num. employees	City	State
501(c)(3)	8	Richmond (/directory/richmond-va-metro/)	Virginia (/directory/virginia-state/)
Year formed	Most recent tax filings	NTEE code, primary	
1984	2019-12	100: Crime, Legal: General (/directory/crime-...	

Revenues

\$553.5k ↓ -\$144k
-20.6%

\$521k: Rental, net

\$33k: Grants & donations

Assets

\$1.9m ↓ -\$47k
-2.5%

\$2m: Bldg & equip

\$69k: Loans receiv

\$11k: Intang. assets

Expenses

\$522.2k ↓ -\$241k
-31.6%

\$159k: Salaries, non-officers

\$129k: Expense, other

\$86k: Insur

\$149k: Misc other expenses

Liabilities

\$1.4m ↓ -\$79k
-5.5%

\$1m: Notes & mortg pay

\$68k: Accts pay

\$48k: Unsecured notes

Financials as of 2019-12

Description

Religious education outreach. To promote interest in public policy conversation and other activities for The morale and welfare of The community. To promote interest in public policy conversation.

Program areas at The Jerusalem Connection

The organization provided The venue to host weekly dj's and/or live bands for members of The community to "bring The neighborhood together and to foster fellowship and create a safe recreational environment. The organization is

involved in hosting events to facilitate conversation and "time together" to heal racial division and promote dialog with local law enforcement.

Contributions made to individuals and religious and other educational organizations for jewish learning and outreach. Contributions are also made to indigent families in The richmnd, va metropolitan area, The focus of which is to provide housing for single parent households.

Form 990s for The Jerusalem Connection

Fiscal year ending	Date received by IRS	Form	PDF link
2019-12	2021-01-12	990	View PDF (/organizations/view_990/521400732/4cd5b5817aaeae6f542e096f5f517d95)
2018-12	2020-01-10	990	View PDF (/organizations/view_990/521400732/18342a586a64e759a90c057590d57519)
2017-12	2018-11-15	990	View PDF (/organizations/view_990/521400732/a351627df0e8e988fb4b00314e03cb69)
2016-12	2017-10-13	990	View PDF (/organizations/view_990/521400732/08add790bb3deec0907f67d60a0b2287)
2015-12	2016-11-01	990	View PDF (/organizations/view_990/521400732/b63413954766da4e66cb0add958267f8)

...and 6 more Form 990s

Who funds The Jerusalem Connection

Grants from foundations and other nonprofits

Grantmaker	Description	Amount
Camp Binyan Torah (/organizations/camp-binyan-torah,264668228/)	To Provide Assistance With Building Improvements To Accomodate Community Events	\$15,040

Grants made by The Jerusalem Connection

Grantee	Grant description	Amount
Benjamin and Lillian Rochkind Yeshiva of Virginia (/organizations/benjamin-and-lillian-rochkind-yeshiva-of-virginia,900942338/)	Educational Outreach	\$6,000

Financials for The Jerusalem Connection

Revenues Expenses Assets Liabilities

Revenues	FYE 12/2019
Total grants, contributions, etc.	\$32,925
Program services	\$0
Investment income and dividends	\$0
Tax-exempt bond proceeds	\$0
Royalty revenue	\$0
Net rental income	\$520,594
Net gain from sale of non-inventory assets	\$0
Net income from fundraising events	\$0
Net income from gaming activities	\$0
Net income from sales of inventory	\$0
Miscellaneous revenues	\$0
Total revenues	\$553,519

Personnel at The Jerusalem Connection

Name	Title	Compensation
------	-------	--------------

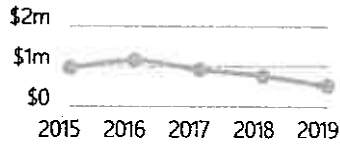
Name	Title	Compensation
Charles Lessin	President	\$12,100
Gideon Margalit	Vice President	\$0

Organizations like The Jerusalem Connection

Organization	Location	Revenue
Code 3 Association (/organizations/code-3-association,475088455/)	Vienna, VA (/directory/washington-arlington-alexandria-dc-va-md-wv-metro/)	\$681,819
PoliceivesMatterUSA (/organizations/policeivesmatterusa,812614196/)	Brownwood, TX	\$1,193,017
Pennsylvanians for Modern Courts (/organizations/pennsylvanians-for-modern-courts,232434262/)	Philadelphia, PA (/directory/philadelphia-camden-wilmington-pa-nj-de-md-metro/)	\$417,174
Initiatives of Change (IOFC) (/organizations/initiatives-of-change,381606320/)	Richmond, VA (/directory/richmond-va-metro/)	\$942,572
Sacred Spaces (/organizations/sacred-spaces,813167473/)	Pittsburgh, PA (/directory/pittsburgh-pa-metro/)	\$887,833
Narcotics Enforcement Officers Association of Connecticut (/organizations/narcotics-enforcement-officers-association-of-connecticut,060948057/)	Wallingford, CT (/directory/new-haven-milford-ct-metro/)	\$189,120
Polis Institute (/organizations/polis-institute,270226465/)	Orlando, FL (/directory/orlando-kissimmee-sanford-fl-metro/)	\$428,724
Northwest Intertribal Court System (NICS) (/organizations/northwest-intertribal-court-system,911112286/)	Lynnwood, WA (/directory/seattle-tacoma-bellevue-wa-metro/)	\$1,913,105
Center for Alternative Dispute Resolution (/organizations/center-for-alternative-dispute-resolution,522286056/)	Crofton, MD (/directory/baltimore-columbia-towson-md-metro/)	\$226,571

n/a

-31.6%



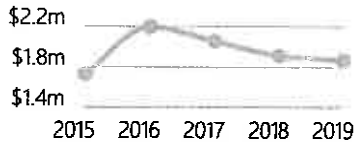
Total assets

\$1,866,484

2019

% of assets
n/a

Yearly growth
-2.5%



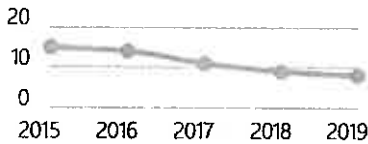
Num. employees

8

2019

% of total
n/a

Yearly growth
-11.1%



General information

Address

210 Giant Drive
Richmond, VA 23224

Metro area

Richmond, VA

Phone

(804) 232-2589 (tel:8042322589)

IRS details

Fiscal year end

December

Taxreturn type

Form 990

Year formed

1984

Eligible to receive tax-deductible contributions (Pub 78)

Yes

[Directory \(/directory/\)](#) / [Virginia \(/directory/virginia-state/\)](#) / [Richmond \(/directory/richmond-va-metro/\)](#)
/ Cheers

EIN 81-0692335

Cheers

[Programs](#) | [Form 990s](#) | [Grantmaking](#) | [Financials](#) | [Personnel](#) | [Peers](#)

IRS 501(c) type	Num. employees	City	State
501(c)(4)	11	Richmond (/directory/richmond-va-metro/)	Virginia (/directory/virginia-state/)
Year formed	Most recent tax filings	NTEE code, primary	
2015	2019-12	N50: Recreational, Pleasure, or Social Club (...)	

Revenues

\$652.5k ↑ +\$313k
92.4%

\$652k: Gaming, gross

Assets

\$217.6k ↑ +\$61k
38.6%

\$85k: Loans receiv

\$67k: Cash

\$62k: Bldg & equip

\$2k: Misc other assets

Expenses

\$590.9k ↑ +\$375k
174.2%

\$255k: Expense, other

\$98k: Occup

\$65k: Comp, officers

\$173k: Misc other expenses

Liabilities

\$1.4k ↓ -\$938
-40.3%

\$1k: Accts pay

Financials as of 2019-12

Description

To promote and stimulate interest in public policy conversation, and other activities for the morale, welfare and benefit of its members and the community. Promoted interest in public policy discussions among its members for the benefit of the community.

Program areas at Cheers

The organization hosted weekly dj's and/or live bands for members and guests in the community to "bring the neighborhood together and to foster fellowship and create a safe recreational environment. The organization is involved in developing and hosting events to facilitate conversation and "time together" to heal racial division and promote dialog with local law enforcement

Form 990s for Cheers

Fiscal year ending	Date received by IRS	Form	PDF link
2019-12	2020-10-22	990	View PDF (/organizations/view_990/810692335/90cfec4781c2f7e6d678c44c1d62c334)
2018-12	2019-09-23	990O	View PDF (/organizations/view_990/810692335/44e65f52888006ec70eaa2861260ab99)
2016-12	2017-10-17	990EO	View PDF (/organizations/view_990/810692335/79ce7cf3fe48bbfeb82265e12f4fa8c8)

Grants made by Cheers

Grantee	Grant description	Amount
Virginia Charitable Bingo Association (/organizations/virginia-charitable-bingo-association,264580812/)	To Pay for Legal Fees Associated With New Legislation in the Virginia General Assembly That Will Benefit Charitable Gaming	\$2,000

Financials for Cheers

Revenues Expenses Assets Liabilities

Revenues

FYE 12/2019

Total grants, contributions, etc.

\$0

Revenues**FYE 12/2019**

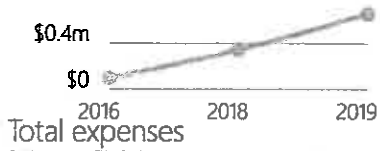
Program services	\$0
Investment income and dividends	\$0
Tax-exempt bond proceeds	\$0
Royalty revenue	\$0
Net rental income	\$0
Net gain from sale of non-inventory assets	\$0
Net income from fundraising events	\$0
Net income from gaming activities	\$652,455
Net income from sales of inventory	\$0
Miscellaneous revenues	\$0
Total revenues	\$652,455

Personnel at Cheers

Name	Title	Compensation
Andrew Lessin	President , Secretary	\$28,560
Charles Lessin	Vice - President , Treasurer	\$38,149

Organizations like Cheers

Organization	Location	Revenue
Yokosuka Officers Wives Club (/organizations/yokosuka-officers-wives-club,980044045/)	Japan,	\$179,668
Fox Peale Home Association of Carrolltown (/organizations/fox-peale-home-association-of-carrolltown,250487205/)	Carrolltown, PA (/directory/johnstown-pa-metro/)	\$188,600

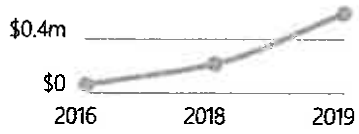


\$590,859

2019

% of expenses
n/a

Yearly growth
174.2%



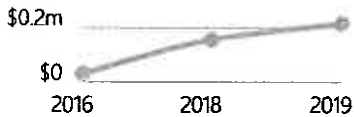
Total assets

\$217,621

2019

% of assets
n/a

Yearly growth
38.6%



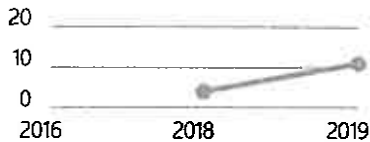
Num. employees

11

2019

% of total
n/a

Yearly growth
175%



General information

Address

210 Giant Drive
Richmond, VA 23224

Metro area

Richmond, VA

Phone

(804) 232-2589 (tel:8042322589)

IRS details

Fiscal year end

December

Taxreturn type

Form 990

Year formed

2015

Eligible to receive tax-deductible contributions (Pub 78)

No

Categorization**NTEE code, primary**

N50: Recreational, Pleasure, or Social Club

NAICS code, primary

813410: Civic and Social Organizations

Parent/child status

Independent

Want more details?

You're in good company. Cause IQ users include leading professional services, technology, and nonprofit professionals who use Cause IQ to [prospect for foundations or clients \(/prospecting/\)](#), [research nonprofits \(/qualifying/\)](#), [benchmark clients \(/benchmarking/\)](#), and [enrich their existing information \(/enriching/\)](#).

[Create free account \(/accounts/signup/?next=/organizations/cheers,810692335/\)](/accounts/signup/?next=/organizations/cheers,810692335/)

Need bulk exports, historical benchmarking, or CRM integration? Check out our [plans and pricing \(/pricing/\)](#).

Cause IQ is a website that helps companies grow, maintain, and serve their nonprofit clients, and helps nonprofits find additional foundation funding. Our data and tools help professionals prospect for nonprofits, research opportunities, benchmark their clients, and enrich existing information.

NONPROFITS

[Nonprofits by category \(/directory/categories-ntees/\)](/directory/categories-ntees/)

[Nonprofits by location \(/directory/locations/\)](/directory/locations/)

PRODUCT

[Prospect for nonprofits \(/prospecting/\)](#)

[Research opportunities \(/researching/\)](#)

[Benchmark clients \(/benchmarking/\)](#)

[Enrich information \(/enriching/\)](#)

Camp Binyan Torah Inc

Richmond, VA | WWW.CAMPBINYANTORAH.COM

Is this your nonprofit?

Claim your profile for free

[Learn about benefits](#)

Mission

TO PROVIDE SOCIAL SERVICES AND PSYCHOLOGICAL ASSISTANCE TO AMERICANS WHO ARE LIVING AND STUDYING IN ISRAEL TO BECOME RABBIS AND TEACHERS OF JEWISH LEARNING.

Ruling year info

2009

Principal Officer

JUDITH LESSIN

Main address

210 Giant Dr
Richmond, VA 23224

EIN

26-4668228

Subject area info

Judaism

NTEE code info

Jewish (X30)

Virginia Charitable Bingo Association

Richmond, VA

Is this your nonprofit?

Claim your profile for free

[Learn about benefits](#)

Mission

TO PROMOTE HIGHER BUSINESS STANDARDS AND BETTER BUSINESS METHODS, TO ENCOURAGE UNIFORMITY AND COOPERATION AMONG CHARITABLE BINGO OPERATORS, AND TO EDUCATE REGARDING ISSUES RELATED TO CHARITABLE BINGO.

Ruling year info

2010

Principal Officer

Charles Lessin

Main address

210 Giant Dr
Richmond, VA 23224

EIN

26-4580812

Subject area info

Business promotion

990-EZ

Short Form Return of Organization Exempt From Income Tax

OMB No 1545-1150

2016

Open to Public Inspection

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

- Do not enter social security numbers on this form as it may be made public.
Information about Form 990-EZ and its instructions is at www.irs.gov/form990.

Department of the Treasury Internal Revenue Service

For the 2016 calendar year, or tax year beginning 01-01-2016, and ending 12-31-2016

- Check if applicable: address change, name change, initial return, final return/terminated, amended return, application pending

C Name of organization: VIRGINIA CHARITABLE BINGO ASSOCIATION
Number and street (or P O box, if mail is not delivered to street address) Room/suite: 210 GIANT DRIVE
City or town, state or province, country, and ZIP or foreign postal code: RICHMOND, VA 23224

D Employer identification number: 26-4580812
E Telephone number: (804) 232-2589
F Group Exemption Number

Accounting Method: [X] Cash [] Accrual Other (specify)

H Check [] if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF)

Website: VCIBINGO.ORG

Exempt status (check only one): [] 501(c)(3) [X] 501(c)(6) (insert no) [] 4947(a)(1) or [] 527

Form of organization: [X] Corporation [] Trust [] Association [] Other

Use lines 5b, 6c, and 7b to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ. Total: \$ 57,942

Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I)

Check if the organization used Schedule O to respond to any question in this Part I [X]

Table with 21 rows and 3 columns: Line number, Description, Amount. Includes rows for Contributions (56,192), Total revenue (57,942), Total expenses (57,348), and Net assets at end of year (586).

<p>Describe the organization's program service accomplishments for each of its three largest programs, as measured by expenses. In a clear and concise manner, describe the services provided, the number of persons benefited, and other relevant information for each program title.</p> <p>EDUCATE MEMBERS OF THE VIRGINIA GENERAL ASSEMBLY REGARDING THE OPINIONS AND ISSUES RELATED TO THE CHARITABLE ORGANIZATION'S CHARITABLE GAMING ACTIVITIES</p> <p>If this amount includes foreign grants, check here <input type="checkbox"/></p>	<p>Expenses (Required for section 501(c)(3) and 501(c)(4) organizations; optional for others.)</p> <p>29a</p> <p>26,772</p>
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EXHIBIT 9

July 20, 2021

Delegate Paul Krizek
Chairman, Charitable Gaming Subcommittee
Senator John Bell
Vice-Chairman, Charitable Gaming Subcommittee

Gentlemen,

Thank you for the opportunity to testify before the charitable gaming subcommittee yesterday. In many ways I have been looking forward to this comprehensive review for a long time, and I very much appreciate the holistic approach you are taking. This is a wonderful and meaningful industry, and deserves the attention you are devoting to it. I am available to meet with any member of the subcommittee to help in any way that I can.

Of course, there are many nuanced issues I am sure we will get into, but I wanted to provide you with responses to two items that came up yesterday. The first regards the method of play Mr. Tad Berman discussed. Please note that the members of the Texas Hold'em work group and the entire Charitable Gaming Board were fully aware of Mr. Tad Berman's concerns. Mr. Berman spoke at every meeting and reiterated his points at each meeting. Both the work group and the Board discussed his concerns, along with members of the public also in attendance. We were mindful of the issues he raised and collectively arrived at a solution.

Throughout the entire process and development of the poker regulations, we sought the advice and counsel of Mr. Justin Bell, of the Office of the Attorney General. Mr. Bell was either present at our meetings, or called in via phone, or attended via Webex. Specifically, the Board developed a method of play regarding Texas Hold'em in conformity with SB 936 and received input from Mr. Bell all through this process. The regulations regarding method of play comport with SB 936 in every way, and, on March 19, 2021, Mr. Bell, on behalf of the Office of Attorney General, issued a final approval of the regulations as promulgated by the Board confirming their compliance applicable law.

Should it be the will of your committee to recommend new legislation that clarifies this issue, allowing either games or tournaments it would be welcomed by all of the stakeholders. The driving force behind SB 936 was to allow the charities that are gaming to replace lost bingo revenue with new Texas Hold'em revenue. That new revenue will be realized through the play of Texas Hold'em games. I may remind you both that SB 936 passed with a vote of 140 to 0 in the 2020 session. No member of the General Assembly that I spoke to, then or now, understood that only classic tournament play would be allowed.

VIRGINIANS FOR INTEGRITY IN HORSE RACING AND CASINO GAMBLING

3600 West Broad St. Suite 416

Richmond, Va. 23230

(804) 908-3414

7/28/2021

Dear Senator Reeves,

Thank you for sharing Chairman Lessin's letter in response to public comments I had made the previous day during the committee's first meeting. Chairman Lessin makes both false and misleading statements in his letter and I wanted to set the record straight.

In the second paragraph chairman Lessin says "Mr. Berman spoke at every meeting and reiterated his points at each meeting." The discussions regarding Texas Hold'em Tournaments began in June 2020. There have been 13 meetings in the interim. Although I have attended all 13 meetings, I've only spoken at 3. To say that I had spoken up at "every meeting" is simply not true.

And since chairman Lessin brought the subject up, let me tell you about the last time I spoke. It was late July, over a year ago, on the last day of the three day work session to write the rules and regulations for Texas Hold'em Tournaments. Near the end of the day I expressed my feelings about how he was attempting to reinterpret SB936 and that I thought it was contrary to what was in the bill. In response the chairman got angry and raised his voice and yelled at me for challenging him for close to a minute. Everyone in the room witnessed it.

That was the last meeting I spoke up at. That hardly qualifies me as speaking at "every meeting". That's an outright lie and he knows it.

In paragraph 3 Chairman Lessin talks about Justin Bell, the attorney general assigned to the Charitable Gaming Board. His comments would lead you to believe that Mr. Bell was supportive of his efforts to reinterpret SB936. Nothing could be farther from the truth. An adversarial relationship is a more accurate description. Mr. Bell repeatedly balked at what Mr. Lessin was trying to do, and even publicly stated during one of CGB meetings that cash games would not be allowed under any circumstances, and that Texas Hold'em Tournaments would be the only form of poker allowed. Chairman Lessin's characterization that Mr. Bell approved of Lessin's

attempt to reinterpret SB936 is at the very least misleading, and doesn't tell the whole truth. I'll speak more to this in my upcoming report to the committee.

In paragraph 4 Mr. Lessin makes the statement "I may remind you both that SB936 passed with a vote of 140-0 in the 2020 session.". He goes on further to say "No member of the General Assembly that I spoke to, then or now, understood that only classic tournament play would be allowed.". As I mentioned before the committee last week, Chairman Lessin had stated publicly at board meetings on more than one occasion, that if cash games had been included in the bill it would have never passed. His assertion that none of our legislators were smart enough to understand the specifics of what was included in 936 is disrespectful to everyone involved, and of course not to be believed..

Paragraph 5 addresses my claims of conflicts of interest. Much of what he says about people serving on other boards and commissions involved in their respective industries is true. But in this particular case Chairman Lessin's actions regarding SB936 are just one example of the kinds of conflicts that concern me.. It became clear early on that he had a direct personal financial interest in writing the rules and regulations he was in charge of promulgating. Chairman Lessin only disclosed this after I had written a letter to Senator Peterson in early September expressing my concerns about SB936. I never received a response from the Senator but 5 days after sending my letter, at the next CGB meeting, Chairman Lessin's first order of business was to offer a public disclosure stating that he indeed did have a personal financial interest in how the regs were being written. The chairman should have disclosed this from the very beginning. That is just one example of the conflicts I am speaking of. I will be sharing others in my upcoming report to the subcommittee.

Thank you for the opportunity to respond to Chairman Lessin's letter.

Respectfully,
Tad Berman

VIRGINIA:

RICHMOND CIRCUIT COURT

RECEIVED AND FILED
CIRCUIT COURT
11/2
JUN 02 2021
EDWARD F. JEWETT, CLERK
BY _____ DC

CHEERS

Plaintiff,

v.

**DEPARTMENT OF AGRICULTURAL &
CONSUMER SERVICES**

Serve: Bettina Ring, Secretary of Virginia
Department of Agricultural and Commercial
Services – 102 Governor Street
Richmond, Virginia 23219

**MICHAEL MENEFEE, in his capacity as
Program Manager, Charitable and
Regulatory Programs**

Serve: 102 Governor Street
Richmond, Virginia 23219

**JOEL MADDUX, in his capacity as Deputy
Director, Division of Consumer Protection**

Serve: 102 Governor Street
Richmond, Virginia 23219

**LARRY NICHOLS, in his capacity as the
Division Director, Division of Consumer
Protection**

Serve: 102 Governor Street
Richmond, Virginia 23219

Defendants.

Case No.:

CL21-2563-4

COMPLAINT AND PETITION FOR APPEAL

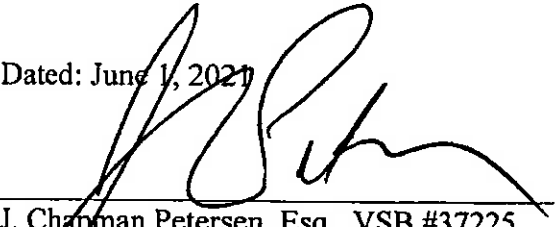
COMES NOW the Plaintiff, Cheers (“Cheers”), by counsel, and hereby states the following in support of their Complaint against the Defendants Virginia Department of Agricultural and Consumer Services (the “Department”), Michael Menefee (“Menefee”), in his capacity as the Department’s Program Manager for the Charitable and Regulatory Programs, Joel Maddux

fully effectuate qualified organizations' ability to manage, operate, or conduct Texas Hold'em poker tournaments.

- Count II-III: Order that the Denial amounted to a deprivation of Cheers' procedural and substantive due process rights, award Cheers a refund of the additional one-quarter of one percent fee that it paid from July 1, 2021, to date, and award Cheers its reasonable attorneys' fees;
- Count IV: Order that the Department applied an unlawful de facto regulation, that the case decision was unlawful, and award Cheers its reasonable attorneys' fees pursuant to § 2.2-4030 and applicable law; and
- For any other relief the Court deems as necessary, appropriate, or just including, but not limited to, attorneys' fees.

Dated: June 1, 2021

CHEERS
By Counsel,

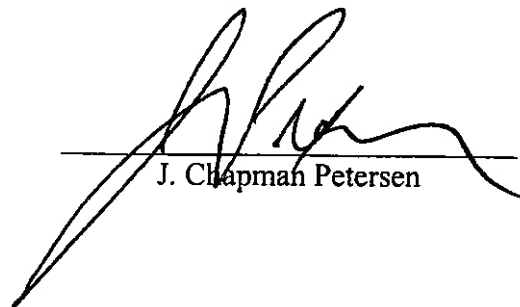


J. Chapman Petersen, Esq., VSB #37225
Ibnul A. Khan, Esq., NY & MD (*pro hac vice forthcoming*)
CHAP PETERSEN & ASSOCIATES, PLC
3970 Chain Bridge Road
Fairfax, Virginia 22030
(571) 459-2510 – Direct Dial
(571) 459-2307 – Facsimile
jcp@petersenfirm.com
ik@petersenfirm.com
Counsel for Plaintiff

CERTIFICATE OF SERVICE ON COMMONWEALTH

I hereby certify, pursuant to § 8.01-195.6 of the Code of Virginia, contemporaneous to the filing of this Complaint, a copy of the foregoing Complaint was sent via express mail, return receipt requested, to the Commonwealth's Division of Risk Management, on this date as stated herein as follows:

Division of Risk Management
Department of the Treasury
James Monroe Building, 3rd Floor
101 North 14th Street
Richmond, VA 23219



J. Chapman Petersen

EXHIBIT 11

CHAPTER 755

An Act to amend and reenact § 2.2-2455 of the Code of Virginia, relating to the Charitable Gaming Board; membership.

[S 1309]

Approved April 15, 2015

Be it enacted by the General Assembly of Virginia:

1. That § 2.2-2455 of the Code of Virginia is amended and reenacted as follows:

§ 2.2-2455. Charitable Gaming Board; membership; terms; quorum; compensation; staff.

A. The Charitable Gaming Board (the Board) is hereby established as a policy board within the meaning of § 2.2-2100 in the executive branch of state government. The purpose of the Board shall be to advise the Department of Agriculture and Consumer Services on all aspects of the conduct of charitable gaming in Virginia.

B. The Board shall consist of ~~nine~~ *eleven* members who shall be appointed by the Governor subject to confirmation by the General Assembly as follows in the following manner:

~~one member who is a member~~ *1. Six nonlegislative citizen members appointed by the Governor subject to confirmation by the General Assembly as follows: one member who is a member of a charitable organization subject to Article 1.1:1 (§ 18.2-340.15 et seq.) of Chapter 8 of Title 18.2 in good standing with the Department; one member who is a charitable gaming supplier registered and in good standing with the Department; one member who is an owner, lessor, or lessee of premises where charitable gaming is conducted; at least one member who is or has been a law-enforcement officer in Virginia but who is not (i) is not a charitable gaming supplier registered with the Department, (ii) is not a lessor of premises where charitable gaming is conducted, or (iii) is not a member of a charitable organization, or who has (iv) does not have an interest in or is not affiliated with such supplier or charitable organization or owner, lessor, or lessee of premises where charitable gaming is conducted; and five citizens* *two members who are do not have an interest in or are not affiliated with a charitable organization, charitable gaming supplier, or owner, lessor, or lessee of premises where charitable gaming is conducted;*

2. Three nonlegislative citizen members appointed by the Speaker of the House of Delegates as follows: two members who are members of a charitable organization subject to Article 1.1:1 (§ 18.2-340.15 et seq.) of Chapter 8 of Title 18.2 in good standing with the Department and one member who does not have an interest in or is not affiliated with a charitable organization, charitable gaming supplier, or owner, lessor, or lessee of premises where charitable gaming is conducted; and

3. Two nonlegislative citizen members appointed by the Senate Committee on Rules as follows: one member who is a member of a charitable organization subject to Article 1.1:1 (§ 18.2-340.15 et seq.) of Chapter 8 of Title 18.2 in good standing with the Department and one member who does not have an interest in or is not affiliated with a charitable organization, charitable gaming supplier, or owner, lessor, or lessee of premises where charitable gaming is conducted.

To the extent practicable, the Board shall consist of individuals from different geographic regions of the Commonwealth. Each member of the Board shall have been a resident of the Commonwealth for a period of at least three years next preceding his appointment, and his continued residency shall be a condition of his tenure in office. ~~Upon initial appointment, three members shall be appointed for four-year terms, three for three-year terms, and three for two-year terms. The entire, all members~~ *Members* shall be appointed for four-year terms. Vacancies shall be filled by the ~~Governor~~ *appointing authority* in the same manner as the original appointment for the unexpired portion of the term. Each Board member shall be eligible for reappointment for a second consecutive term at the discretion of the ~~Governor~~ *appointing authority*. Persons who are first appointed to initial terms of less than four years shall thereafter be eligible for reappointment to two consecutive terms of four years each. No sitting member of the General Assembly shall be eligible for appointment to the Board. The members of the Board shall serve at the pleasure of the ~~Governor~~ *appointing authority*.

C. The Board shall elect *from among its members* a chairman ~~from among its members~~ *who is a member of a charitable organization subject to Article 1.1:1 (§ 18.2-340.15 et seq.) of Chapter 8 of Title 18.2. The Board shall elect a vice-chairman from among its members.*

D. A quorum shall consist of five members. The decision of a majority of those members present and voting shall constitute a decision of the Board.

E. For each day or part thereof spent in the performance of his duties, each member of the Board shall receive such compensation and reimbursement for his reasonable expenses as provided in § 2.2-2104.

F. The Board shall adopt rules and procedures for the conduct of its business, including a provision that Board members shall abstain or otherwise recuse themselves from voting on any matter in which they or a member of their immediate family have a personal interest in a transaction as defined in § 2.2-3101. The Board shall meet at least four times a year, and other meetings may be held at any time or place determined by the Board or upon call of the chairman or upon a written request to the chairman by any two members. Except for emergency meetings and meetings governed by § 2.2-3708 requiring a longer notice, all members shall be duly notified of the time and place of any regular or other meeting at least 10 days in advance of such meeting.

G. Staff to the Board shall be provided by the Department of Agriculture and Consumer Services.

2. That this act shall not be construed to affect existing appointments to the Charitable Gaming Board for the terms that have not expired. However, any new appointments shall be made in accordance with this act as follows: (i) the first vacancy created by the expiration of a term shall be filled by appointment by the Speaker of the House of Delegates of a nonlegislative citizen member who is a member of a charitable organization subject to Article 1.1:1 (§ 18.2-340.15 et seq.) of Chapter 8 of Title 18.2 of the Code of Virginia in good standing with the Department of Agriculture and Consumer Services; (ii) the second vacancy created by the expiration of a term shall be filled by appointment by the Senate Committee on Rules of a nonlegislative citizen member who is a member of a charitable organization subject to Article 1.1:1 (§ 18.2-340.15 et seq.) of Chapter 8 of Title 18.2 of the Code of Virginia in good standing with the Department of Agriculture and Consumer Services; (iii) the third vacancy created by the expiration of a term shall be filled by appointment by the Speaker of the House of Delegates of a one nonlegislative citizen member who does not have an interest in or is not affiliated with a charitable organization, charitable gaming supplier, or owner, lessor, or lessee of premises where charitable gaming is conducted; (iv) the fourth vacancy created by the expiration of a term shall be filled by appointment by the Senate Committee on Rules of a nonlegislative citizen member who does not have an interest in or is not affiliated with a charitable organization, charitable gaming supplier, or owner, lessor, or lessee of premises where charitable gaming is conducted; and (v) the fifth vacancy created by the expiration of a term shall be filled by appointment by the Speaker of the House of Delegates of a nonlegislative citizen member who is a member of a charitable organization subject to Article 1.1:1 (§ 18.2-340.15 et seq.) of Chapter 8 of Title 18.2 of the Code of Virginia in good standing with the Department of Agriculture and Consumer Services.

3. That the provisions of the second enactment shall not apply to appointments to the Charitable Gaming Board by the Governor on or after July 1, 2015.