

# Texas Lottery Commission

February 4, 2016

10:00 a.m.

I.	The Texas Lottery Commission will call the meeting to order. Pledge of Allegiance to the U.S. and Texas flags. Texas Pledge: "Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible."	J. Winston Krause, Chairman
II.	Report, possible discussion and/or action on lottery sales and revenue, game performance, new game opportunities, advertising, promotional activities, market research, trends, and game contracts, agreements, and procedures.	Katheryn J. Pyka, Controller
III.	Report, possible discussion and/or action on transfers to the State and the agency's budget status.	Katheryn J. Pyka, Controller
IV.	Consideration of and possible discussion and/or action, including readoption, on the review of the Commission's rules set forth in 16 TAC Chapter 402, relating to Charitable Bingo Operations Division.	Robert F. Biard, General Counsel
V.	Consideration of and possible discussion and/or action, including readoption, on the review of the Commission's rules set forth in 16 TAC Chapter 401, relating to Administration of State Lottery Act.	Robert F. Biard, General Counsel
VI.	Consideration of and possible discussion and/or action on illegal gambling activities at Commission-licensed lottery ticket sales locations and/or by Commission-licensed bingo operators.	Doug Lowe, Commissioner
VII.	Report, possible discussion and/or action on agency major contracts, including the renewal or procurement for the contract on internal audit services.	Michael R. Fernandez, Administration Division Director
VIII.	Report, possible discussion and/or action on agency major contracts, including amendment, renewal or extension on the contract for advertising services.	Michael R. Fernandez, Administration Division Director
IX.	Report, possible discussion and/or action on external and internal audits and/or reviews relating to the Texas Lottery Commission, and/or on Internal Audit activities.	Darlene Brown, McConnell Jones Lanier & Murphy LLP
X.	Report by the Charitable Bingo Operations Director and possible discussion and/or action on the Charitable Bingo Operations Division's activities, including licensing, accounting and audit activities, pull-tab review, and special projects.	Alfonso D. Royal III, Charitable Bingo Operations Division Director
XI.	Report by the Executive Director and possible discussion and/or action on the agency's operational status, major contracts, agency procedures, awards, and FTE status.	Gary N. Grief, Executive Director
XII.	Consideration of the status and possible approval of	Robert F. Biard, General Counsel

orders in enforcement cases:

Lottery NSF License Revocation Cases (Default Unless Otherwise Noted)

- A. Docket No. 362-16-0605 – Novedades Aryle
- B. Docket No. 362-16-0606 – Fast Stop Grocery

Lottery Agreed Orders

- C. Case No. 2016-46 – Star Stop Food Mart # 14
- D. Case No. 2016-67 – Messina’s Liquor #3

Bingo Revocation Cases

- E. Docket No. 362-15-5367.B – Houston Spring Branch Lions Club
- F. Docket No. 362-15-3088.B – American Legion Post 271 (Motion for Rehearing)
- G. Docket No. 362-15-4136.B – VFW Post 4146 Victoria, Conductor (Motion for Rehearing)

Bingo Agreed Orders

- H. Case No. 2015-1175 – Joshua R. Aguilar, Jr. (Bingo Worker)

Tab I.-K. Agreed Orders Regarding East Plano Bingo Hall:

- I. Docket No. 362-15-1667.B – Jerry Stobaugh (Bingo Worker)
- J. Docket No. 362-15-1668.B – Willie Jenkins (Bingo Worker)
- K. Docket Nos. 362-15-1666.B, 362-15-3696.B – East Plano Bingo, Inc. (Commercial Lessor)

XIII. Public comment.

XIV. Commission may meet in Executive Session:

- A. To deliberate personnel matters, including the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director and/or the Charitable Bingo Operations Director pursuant to Section 551.074 of the Texas Government Code.
- B. To deliberate the duties of the General Counsel and/or the Human Resources Director pursuant to Section 551.074 of the Texas Government Code.
- C. To receive legal advice regarding pending or contemplated litigation or settlement offers, or other legal advice, pursuant to Sections 551.071(1) and (2) of the Texas Government Code, including but not limited to legal advice regarding the following items:

Pending and potential litigation regarding Fun 5’s Scratch Ticket Game #1592, including but not limited to Travis Co. District Court Cause No. D-1-

J. Winston Krause, Chairman

J. Winston Krause, Chairman

GN-14-005114 (Steele, et al. v. GTECH Corp.); Dallas Co. District Court Cause No. DC-14-14838 (Nettles v. GTECH Corp. and Texas Lottery Commission); and El Paso County Court Cause No. 2014-DCV-4113 (McDonald v. GTECH Corp.). Rasche, et al. v. Lane, et al. (U.S. District Court for the Northern District of Illinois). State of Texas v. Equal Employment Opportunity Commission et al.

Legal advice regarding the State Lottery Act, Texas Government Code Chapter 467, the Bingo Enabling Act, the Open Meetings Act, the Administrative Procedure Act, employment law, personnel law, procurement and contract law, evidentiary and procedural law, and general government law.

Legal advice regarding any item on this open meeting agenda.

XV. Return to open session for further deliberation and possible action on any matter posted for discussion in Executive Session. Any matter posted for Executive Session also may be the subject of discussion and/or action in open session prior to Executive Session.

J. Winston Krause, Chairman

XVI. Adjournment.

J. Winston Krause, Chairman

Notice of Assistance at Public Meetings. Persons with disabilities who plan to attend this meeting and who need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, should contact Eric Williams at (512) 344-5241 at least four (4) work days prior to the meeting so that appropriate arrangements can be made.

## Simpson, MaryBeth

---

**From:** Carson, Dorota  
**Sent:** Wednesday, January 27, 2016 12:22 PM  
**To:** Simpson, MaryBeth; Sanchez, Sheila  
**Subject:** FW: S.O.S. Acknowledgment of Receipt  
**Attachments:** 02042016 FINAL.doc

The attached agenda has been filed with the Texas Register. Please let us know if you have any questions. Thanks!

-----Original Message-----

From: Texas Register [<mailto:TexReg@sos.texas.gov>]  
Sent: Wednesday, January 27, 2016 12:20 PM  
To: Carson, Dorota  
Subject: S.O.S. Acknowledgment of Receipt

Acknowledgment of Receipt

Agency: Texas Lottery Commission

Liaison: Dorota Carson

The Office of the Secretary of State has posted

notice of the following meeting:

Board: Texas Lottery Commission

Committee: Texas Lottery Commission

Date: 02/04/2016 10:00 AM "TRD# 2016000653"

Notice posted: 01/27/16 12:20 PM

Proofread your current open meeting notice at:

[http://texreg.sos.state.tx.us/public/pub\\_om\\_lookup\\$.startup?Z TRD=2016000653](http://texreg.sos.state.tx.us/public/pub_om_lookup$.startup?Z TRD=2016000653)

- I. The Texas Lottery Commission will call the meeting to order.  
Pledge of Allegiance to the U.S. and Texas flags.  
  
Texas Pledge: "Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible."
- II. Report, possible discussion and/or action on lottery sales and revenue, game performance, new game opportunities, advertising, promotional activities, market research, trends, and game contracts, agreements, and procedures.
- III. Report, possible discussion and/or action on transfers to the State and the agency's budget status.
- IV. Consideration of and possible discussion and/or action, including readoption, on the review of the Commission's rules set forth in 16 TAC Chapter 402, relating to Charitable Bingo Operations Division.
- V. Consideration of and possible discussion and/or action, including readoption, on the review of the Commission's rules set forth in 16 TAC Chapter 401, relating to Administration of State Lottery Act.
- VI. Consideration of and possible discussion and/or action on illegal gambling activities at Commission-licensed lottery ticket sales locations and/or by Commission-licensed bingo operators.
- VII. Report, possible discussion and/or action on agency major contracts, including the renewal or procurement for the contract on internal audit services.
- VIII. Report, possible discussion and/or action on agency major contracts, including amendment, renewal or extension on the contract for advertising services.
- IX. Report, possible discussion and/or action on external and internal audits and/or reviews relating to the Texas Lottery Commission, and/or on Internal Audit activities.
- X. Report by the Charitable Bingo Operations Director and possible discussion and/or action on the Charitable Bingo Operations Division's activities, including licensing, accounting and audit activities, pull-tab review, and special projects.
- XI. Report by the Executive Director and possible discussion and/or action on the agency's operational status, major contracts, agency procedures, awards, and FTE status.
- XII. Consideration of the status and possible approval of orders in enforcement cases:

Lottery NSF License Revocation Cases (Default Unless Otherwise Noted)

- A. Docket No. 362-16-0605 – Novedades Aryle
- B. Docket No. 362-16-0606 – Fast Stop Grocery

Lottery Agreed Orders

- C. Case No. 2016-46 – Star Stop Food Mart # 14
- D. Case No. 2016-67 – Messina's Liquor #3

Bingo Revocation Cases

- E. Docket No. 362-15-5367.B – Houston Spring Branch Lions Club
- F. Docket No. 362-15-3088.B – American Legion Post 271 (Motion for Rehearing)
- G. Docket No. 362-15-4136.B – VFW Post 4146 Victoria, Conductor (Motion for Rehearing)

Bingo Agreed Orders

- H. Case No. 2015-1175 – Joshua R. Aguilar, Jr. (Bingo Worker)

Tab I-K. Agreed Orders Regarding East Plano Bingo Hall:

- I. Docket No. 362-15-1667.B – Jerry Stobaugh (Bingo Worker)
- J. Docket No. 362-15-1668.B – Willie Jenkins (Bingo Worker)
- K. Docket Nos. 362-15-1666.B, 362-15-3696.B – East Plano Bingo, Inc. (Commercial Lessor)

XIII. Public comment.

XIV. Commission may meet in Executive Session:

- A. To deliberate personnel matters, including the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director and/or the Charitable Bingo Operations Director pursuant to Section 551.074 of the Texas Government Code.
- B. To deliberate the duties of the General Counsel and/or the Human Resources Director pursuant to Section 551.074 of the Texas Government Code.
- C. To receive legal advice regarding pending or contemplated litigation or settlement offers, or other legal advice, pursuant to Sections 551.071(1) and (2) of the Texas Government Code, including but not limited to legal advice regarding the following items:

Pending and potential litigation regarding Fun 5's Scratch Ticket Game #1592, including but not limited to Travis Co. District Court Cause No. D-1-GN-14-005114 (Steele, et al. v. GTECH Corp.); Dallas Co. District Court Cause No. DC-14-14838 (Nettles v. GTECH Corp. and Texas Lottery Commission); and El Paso County Court Cause No. 2014-DCV-4113 (McDonald v. GTECH Corp.).  
Rasche, et al. v. Lane, et al. (U.S. District Court for the Northern District of Illinois).

State of Texas v. Equal Employment Opportunity Commission et al.

Legal advice regarding the State Lottery Act, Texas Government Code Chapter 467, the Bingo Enabling Act, the Open Meetings Act, the Administrative Procedure Act, employment law, personnel law, procurement and contract law, evidentiary and procedural law, and general government law.

Legal advice regarding any item on this open meeting agenda.

XV. Return to open session for further deliberation and possible action on any matter posted for discussion in Executive Session. Any matter posted for Executive Session also may be the subject of discussion and/or action in open session prior to Executive Session.

XVI. Adjournment.

Notice of Assistance at Public Meetings. Persons with disabilities who plan to attend this meeting and who need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, should contact Eric Williams at (512) 344-5241 at least four (4) work days prior to the meeting so that appropriate arrangements can be made.