

1 HOUSE BILL NO. 763
 2 AMENDMENT IN THE NATURE OF A SUBSTITUTE
 3 (Proposed by the House Committee on General Laws
 4 on _____)
 5 (Patron Prior to Substitute--Delegate Krizek)

6 A BILL to amend and reenact §§ 18.2-340.16, 18.2-340.19, 18.2-340.20, 18.2-340.23, 18.2-340.26:1,
 7 18.2-340.27, 18.2-340.28, 18.2-340.28:1, and 18.2-340.30 of the Code of Virginia and to amend
 8 the Code of Virginia by adding sections numbered 18.2-340.26:3 and 18.2-340.36:1, relating to
 9 charitable gaming; penalty; civil penalty.

10 **Be it enacted by the General Assembly of Virginia:**

11 **1. That §§ 18.2-340.16, 18.2-340.19, 18.2-340.20, 18.2-340.23, 18.2-340.26:1, 18.2-340.27, 18.2-340.28,**
 12 **18.2-340.28:1, and 18.2-340.30 of the Code of Virginia are amended and reenacted and that the Code**
 13 **of Virginia is amended by adding sections numbered 18.2-340.26:3 and 18.2-340.36:1 as follows:**

14 **§ 18.2-340.16. Definitions.**

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

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

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

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

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

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

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

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

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

38 "Electronic gaming" means any instant bingo, pull tabs, or seal card gaming that is conducted
39 primarily by use of an electronic device. "Electronic gaming" does not include (i) the game of chance
40 identified in clause (ii) of the definition of "bingo," (ii) network bingo, or (iii) any raffle conducted through
41 electronic means.

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

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

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

50 "Instant bingo," "pull tabs," or "seal cards" means specific games of chance played by the random
51 selection of one or more individually prepacked cards, ~~including Department-approved electronic versions~~
52 ~~thereof~~, with winners being determined by the preprinted or predetermined appearance of concealed

53 letters, numbers or symbols that must be exposed by the player to determine wins and losses and may
54 include the use of a seal card which conceals one or more numbers or symbols that have been designated
55 in advance as prize winners. Such cards may be dispensed by ~~electronic or~~ mechanical equipment.

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

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

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

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

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

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

72 "Organization" means any one of the following:

73 1. A volunteer fire department or volunteer emergency medical services agency or auxiliary unit
74 thereof that has been recognized in accordance with § 15.2-955 by an ordinance or resolution of the
75 political subdivision where the volunteer fire department or volunteer emergency medical services agency
76 is located as being a part of the safety program of such political subdivision;

77 2. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
78 Code, is operated, and has always been operated, exclusively for educational purposes, and awards

79 scholarships to accredited public institutions of higher education or other postsecondary schools licensed
80 or certified by the Board of Education or the State Council of Higher Education for Virginia;

81 3. An athletic association or booster club or a band booster club established solely to raise funds
82 for school-sponsored athletic or band activities for a public school or private school accredited pursuant
83 to § 22.1-19 or to provide scholarships to students attending such school;

84 4. An association of war veterans or auxiliary units thereof organized in the United States;

85 5. A fraternal association or corporation operating under the lodge system;

86 6. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
87 Code and is operated, and has always been operated, exclusively to provide services and other resources
88 to older Virginians, as defined in § 51.5-116;

89 7. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
90 Code and is operated, and has always been operated, exclusively to foster youth amateur sports;

91 8. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
92 Code and is operated, and has always been operated, exclusively to provide health care services or conduct
93 medical research;

94 9. An accredited public institution of higher education or other postsecondary school licensed or
95 certified by the Board of Education or the State Council of Higher Education for Virginia that is exempt
96 from income tax pursuant to § 501(c)(3) of the Internal Revenue Code;

97 10. A church or religious organization that is exempt from income tax pursuant to § 501(c)(3) of
98 the Internal Revenue Code;

99 11. An organization that is exempt from income tax pursuant to § 501(c)(3) or 501(c)(4) of the
100 Internal Revenue Code and is operated, and has always been operated, exclusively to (i) create and foster
101 a spirit of understanding among the people of the world; (ii) promote the principles of good government
102 and citizenship; (iii) take an active interest in the civic, cultural, social, and moral welfare of the
103 community; (iv) provide a forum for the open discussion of matters of public interest; (v) encourage
104 individuals to serve the community without personal financial reward; and (vi) encourage efficiency and
105 promote high ethical standards in commerce, industries, professions, public works, and private endeavors;

106 12. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
107 Code and is operated, and has always been operated, exclusively to (i) raise awareness of law-enforcement
108 officers who died in the line of duty; (ii) raise funds for the National Law Enforcement Officers Memorial
109 and Museum; and (iii) raise funds for the charitable causes of other organizations that are exempt from
110 income tax pursuant to § 501(c)(3) of the Internal Revenue Code;

111 13. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
112 Code and is operated, and has always been operated, exclusively to (i) promote the conservation of the
113 environment, caves, or other natural resources; (ii) promote or develop opportunities for the use of science
114 and technology to advance the conservation of the environment, caves, or other natural resources; and (iii)
115 raise funds for the conservation of the environment, caves, or other natural resources or provide grant
116 opportunities to other nonprofit organizations that are devoted to such conservation efforts;

117 14. A local chamber of commerce; or

118 15. Any other nonprofit organization that is exempt from income tax pursuant to § 501(c) of the
119 Internal Revenue Code and that raises funds by conducting raffles, bingo, instant bingo, pull tabs, or seal
120 cards that generate annual gross receipts of \$40,000 or less, provided that such gross receipts, less
121 expenses and prizes, are used exclusively for charitable, educational, religious or community purposes.
122 Notwithstanding § 18.2-340.26:1, proceeds from instant bingo, pull tabs, and seal cards shall be included
123 when calculating an organization's annual gross receipts for the purposes of this subdivision.

124 "Pari-mutuel play" means an integrated network operated by a licensee of the Department
125 comprised of participating charitable organizations for the conduct of network bingo games in which the
126 purchase of a network bingo card by a player automatically includes the player in a pool with all other
127 players in the network, and where the prize to the winning player is awarded based on a percentage of the
128 total amount of network bingo cards sold in a particular network.

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

131 "Raffle" means a lottery in which the prize is won by (i) a random drawing of the name or
132 prearranged number of one or more persons purchasing chances or (ii) a random contest in which the

133 winning name or preassigned number of one or more persons purchasing chances is determined by a race
134 involving inanimate objects floating on a body of water, commonly referred to as a "duck race."

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

144 "Social organization" means any qualified organization that provides certification to the
145 Department that it is:

146 1. A club organized for pleasure, recreation, and other nonprofitable purposes qualified under §
147 501(c)(7) of the Internal Revenue Code;

148 2. A fraternal beneficiary society, order, or association qualified under § 501(c)(8) of the Internal
149 Revenue Code;

150 3. A domestic fraternal society, order, or association qualified under § 501(c)(10) of the Internal
151 Revenue Code; or

152 4. A post or organization of past or present members of the Armed Forces of the United States, or
153 an auxiliary unit or society of, or a trust or foundation for, any such post or organization qualified under
154 § 501(c)(19) of the Internal Revenue Code.

155 "Social quarters" means an area at a social organization's primary location that (i) such
156 organization designates to be used predominantly by its members for social and recreational activities, (ii)
157 is accessible exclusively to members of the social organization and their guests, and (iii) is not advertised
158 or open to the general public. It shall not disqualify the area from being considered social quarters if guests
159 occasionally accompany members into the area, so long as such guests do not spend their own funds to

160 participate in charitable gaming activities conducted in the area. In determining if an area is social quarters
161 for purposes of § 18.2-340.26:3, the Department may rely on publications of the Internal Revenue Service
162 regarding the allowable participation of guests in an organization's social and recreational activities for
163 purposes of § 501 of the Internal Revenue Code.

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

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

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

178 **§ 18.2-340.19. Regulations of the Board.**

179 A. The Board shall adopt regulations that:

180 1. Require, as a condition of receiving a permit, that the applicant use a predetermined percentage
181 of its gross receipts for (i) those lawful religious, charitable, community, or educational purposes for which
182 the organization is specifically chartered or organized or (ii) those expenses relating to the acquisition,
183 construction, maintenance, or repair of any interest in real property involved in the operation of the
184 organization and used for lawful religious, charitable, community, or educational purposes.

185 2. Specify the conditions under which a complete list of the organization's members who
186 participate in the management, operation, or conduct of charitable gaming may be required in order for

187 the Board to ascertain the percentage of Virginia residents in accordance with subdivision A 3 of § 18.2-
188 340.24.

189 Membership lists furnished to the Board or Department in accordance with this subdivision shall
190 not be a matter of public record and shall be exempt from disclosure under the provisions of the Freedom
191 of Information Act (§ 2.2-3700 et seq.).

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

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

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

207 6. Prescribe the conditions under which a qualified organization may (i) provide food and
208 nonalcoholic beverages to its members who participate in the management, operation or conduct of bingo;
209 (ii) permit members who participate in the management, operation or conduct of bingo to play bingo; and
210 (iii) subject to the provisions of subdivision 12 of § 18.2-340.33, permit nonmembers to participate in the
211 conduct of bingo so long as the nonmembers are under the direct supervision of a bona fide member of
212 the organization during the bingo game.

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

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

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

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

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

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

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

235 **§ 18.2-340.20. Denial, suspension, or revocation of permit; hearings and appeals.**

236 A. The Department may deny, suspend, or revoke the permit of any organization found not to be
237 in strict compliance with the provisions of this article and the regulations of the Board only after the
238 proposed action by the Department has been reviewed and approved by the Board. The action of the

239 Department in denying, suspending, or revoking any permit shall be subject to the Administrative Process
240 Act (§ 2.2-4000 et seq.).

241 B. Except as provided in §§ 18.2-340.25, 18.2-340.30 and 18.2-340.36, no permit to conduct
242 charitable gaming or electronic gaming shall be denied, suspended, or revoked except upon notice stating
243 the proposed basis for such action and the time and place for the hearing. At the discretion of the
244 Department, hearings may be conducted by hearing officers who shall be selected from the list prepared
245 by the Executive Secretary of the Supreme Court. After a hearing on the issues, the Department may refuse
246 to issue or may suspend or revoke any such permit if it determines that the organization has not complied
247 with the provisions of this article or the regulations of the Board.

248 C. Any person aggrieved by a refusal of the Department to issue any permit, the suspension or
249 revocation of a permit, or any other action of the Department may seek review of such action in accordance
250 with Article 4 (§ 2.2-4025 et seq.) of the Administrative Process Act.

251 **§ 18.2-340.23. Organizations exempt from certain fees and reports.**

252 A. No organization that reasonably expects, based on prior charitable gaming annual results or any
253 other quantifiable method, to realize gross receipts of \$40,000 or less in any 12-month period from raffles
254 conducted in accordance with the provisions of this article shall be required to (i) notify the Department
255 of its intention to conduct raffles or (ii) comply with Board regulations governing raffles. If any
256 organization's actual gross receipts from raffles for the 12-month period exceed \$40,000, the Department
257 shall require the organization to file by a specified date the report required by § 18.2-340.30.

258 B. Any (i) organization described in subdivision 15 of the definition of "organization" in § 18.2-
259 340.16 or (ii) volunteer fire department or volunteer emergency medical services agency or auxiliary unit
260 thereof that has been recognized in accordance with § 15.2-955 by an ordinance or resolution of the
261 political subdivision where the volunteer fire department or volunteer emergency medical services agency
262 is located as being part of the safety program of such political subdivision shall be exempt from the
263 payment of application fees required by § 18.2-340.25 and the payment of audit fees required by § 18.2-
264 340.31. However, any such organization, department, agency, or unit that conducts electronic gaming
265 shall be subject to such application and audit fees for its electronic gaming activities. Nothing in this

266 subsection shall be construed as exempting any organizations described in subdivision 15 of the definition
267 of "organization" in § 18.2-340.16, volunteer fire departments, or volunteer emergency medical services
268 agencies from any other provisions of this article or other Board regulations.

269 C. Nothing in this section shall prevent the Department from conducting any investigation or audit
270 it deems appropriate to ensure an organization's compliance with the provisions of this article and, to the
271 extent applicable, Board regulations.

272 **§ 18.2-340.26:1. Sale of instant bingo, pull tabs, or seal cards.**

273 A. Instant bingo, pull tabs, or seal cards may be sold only (i) by a qualified organization, as defined
274 in § 18.2-340.16, (ii) upon premises that are owned or exclusively and entirely leased by the qualified
275 organization, and (iii) at such times that the premises in which the instant bingo, pull tabs, or seal cards
276 are sold is open only to members and their guests via controlled access. No organization, ~~except for an~~
277 ~~association of war veterans or auxiliary units thereof organized in the United States or a fraternal~~
278 ~~association or corporation operating under the lodge system,~~ may sell instant bingo, pull tabs, or seal cards
279 (a) at a location outside of the county, city, or town in which the organization's principal office, as
280 registered with the State Corporation Commission, is located or in an adjoining county, city, or town or
281 (b) at an establishment that has been granted a license pursuant to Chapter 2 (§ 4.1-200 et seq.) of Title
282 4.1 unless such license is held by the organization. Nothing in this article shall be construed to prohibit
283 the conduct of games of chance involving the sale of pull tabs, or seal cards, commonly known as last sale
284 games, conducted in accordance with this section or, if such games are electronic games, in accordance
285 with § 18.2-340.26:3.

286 ~~B. Except as otherwise provided in subdivision 15 of the definition of "organization" in § 18.2-~~
287 ~~340.16, the proceeds from instant bingo, pull tabs, or seal cards shall not be included in determining the~~
288 ~~gross receipts for a qualified organization provided the gaming (i) is limited exclusively to members of~~
289 ~~the organization and their guests, (ii) is not open to the general public, and (iii) there is no public~~
290 ~~solicitation or advertisement made regarding such gaming~~ It is prohibited to use an electronic device to
291 conduct instant bingo, pull tabs, or seal cards except as permitted under § 18.2-340.26:3.

292 ~~C. No more than 18 devices that facilitate the play of electronic versions of instant bingo, pull tabs,~~
293 ~~or seal cards, commonly referred to as electronic pull tabs, may be used upon the premises owned or~~
294 ~~exclusively leased by the organization and at such times as the portion of the premises in which the instant~~
295 ~~bingo, pull tabs, or seal cards are sold is open only to members and their guests.~~

296 **§ 18.2-340.26:3. Electronic gaming; penalty.**

297 A. The Department may issue a permit to a social organization to conduct electronic gaming within
298 social quarters at the organization's primary location where it regularly conducts business. No other
299 electronic gaming shall be allowed under this article. Any person who conducts or participates in
300 electronic gaming that is not permitted under this section is guilty of a Class 1 misdemeanor pursuant to
301 subsection A of § 18.2-340.37.

302 B. A social organization may apply to the Department for a permit under this section in accordance
303 with the procedures established under §§ 18.2-340.20 and 18.2-340.25. Any fee charged by the
304 Department for an electronic gaming permit shall be in addition to any fee charged for a charitable gaming
305 permit. The Department may issue only one electronic gaming permit to each social organization. Any
306 issued permit shall identify its expiration date and the number of electronic gaming devices authorized at
307 the location.

308 C. A social organization is prohibited from advertising electronic gaming to the general public.

309 D. The Department may authorize a maximum of 18 electronic gaming devices at a location. Each
310 such device shall bear a mark indicating it has been authorized by the Department.

311 E. All receipts from electronic gaming shall be reported pursuant to the provisions of § 18.2-340.30
312 and shall be included in gross receipts for the purpose of calculating audit and administration fees under
313 § 18.2-340.31.

314 F. The use of electronic pull tab devices utilizing multiple video monitors or touchscreens shall be
315 limited to one player at a time.

316 G. No social organization shall allow any individual younger than 21 years of age to participate in
317 electronic gaming. No individual younger than 21 years of age shall participate in electronic gaming or
318 otherwise use an electronic device to play or redeem any instant bingo, pull tabs, or seal cards.

319 **§ 18.2-340.27. Conduct of bingo games.**

320 A. A qualified organization shall accept only cash or, at its option, checks or debit cards in payment
321 of any charges or assessments for players to participate in bingo games. However, no such organization
322 shall accept postdated checks in payment of any charges or assessments for players to participate in bingo
323 games.

324 B. No qualified organization or any person on the premises shall extend lines of credit or accept
325 any credit or other electronic fund transfer other than debit cards in payment of any charges or assessments
326 for players to participate in bingo games.

327 C. Bingo games may be held by qualified organizations on any calendar day.

328 D. Qualified organizations may hold an unlimited number of bingo sessions on any calendar day.

329 E. Any organization may conduct bingo games only in the county, city, or town in which its
330 principal office, as registered with the State Corporation Commission, is located or in an adjoining county,
331 city, or town. An organization shall have only one principal office. An organization may not conduct bingo
332 games at an establishment that has been granted a license pursuant to Chapter 2 (§ 4.1-200 et seq.) of Title
333 4.1 unless such license is held by the organization. ~~This subsection shall not apply to any association of
334 war veterans or auxiliary units thereof organized in the United States or any fraternal association or
335 corporation operating under the lodge system.~~

336 **§ 18.2-340.28. Conduct of instant bingo, network bingo, pull tabs, and seal cards.**

337 A. Any organization qualified to conduct bingo games pursuant to the provisions of this article
338 may also play instant bingo, network bingo, pull tabs, or seal cards; however, such games shall be played
339 only at such times designated in the permit for regular bingo games and only at locations at which the
340 organization is authorized to conduct regular bingo games pursuant to subsection E of § 18.2-340.27. It is
341 prohibited to use an electronic device to conduct instant bingo, pull tabs, or seal cards except as permitted
342 under § 18.2-340.26:3.

343 B. Any organization conducting instant bingo, network bingo, pull tabs, or seal cards shall
344 maintain a record of the date, quantity and card value of instant bingo supplies purchased as well as the
345 name and address of the supplier of such supplies. The organization shall also maintain a written invoice

346 or receipt from a nonmember of the organization verifying any information required by this subsection.
347 Such supplies shall be paid for only by check drawn on the gaming account of the organization. A
348 complete inventory of all such gaming supplies shall be maintained by the organization on the premises
349 where the gaming is being conducted.

350 C. No qualified organization shall sell any instant bingo, network bingo, pull tabs, or seal cards to
351 any individual younger than 18 years of age. No individual younger than 18 years of age shall play or
352 redeem any instant bingo, network bingo, pull tabs, or seal cards.

353 ~~D. The use of electronic pull tab devices utilizing multiple video monitors or touchscreens shall~~
354 ~~be limited to one player at a time.~~

355 **§ 18.2-340.28:1. Conduct of network bingo.**

356 A. Any organization qualified to conduct bingo games pursuant to the provisions of this article
357 may also sell network bingo cards; however, network bingo shall be sold only at such times designated in
358 the permit for regular bingo games and only at locations at which the organization is authorized to conduct
359 regular bingo games pursuant to subsection E of § 18.2-340.27.

360 B. Any organization selling network bingo cards shall maintain a record of the date and quantity
361 of network bingo cards purchased from a licensed network bingo provider. The organization shall also
362 maintain a written invoice or receipt from a licensed supplier verifying any information required by this
363 subsection. Such supplies shall be paid for only by check drawn on the gaming account of the organization
364 or by electronic fund transfer. A complete inventory of all such gaming supplies shall be maintained by
365 the organization on the premises where network bingo cards are sold.

366 C. No qualified organization shall sell any network bingo cards to any individual younger than 18
367 years of age. No individual younger than 18 years of age shall play or redeem any network bingo cards.

368 D. A qualified organization shall accept only cash or, at its option, checks or debit cards in payment
369 of any charges or assessments for players to participate in any network bingo game. However, no such
370 organization shall accept postdated checks in payment of any charges or assessments for players to
371 participate in network bingo games.

372 E. No qualified organization or any person on the premises shall extend lines of credit or accept
373 any credit or other electronic fund transfer other than debit cards in payment of any charges or assessments
374 for players to participate in network bingo games.

375 F. No qualified organization shall conduct network bingo more frequently than one day in any
376 calendar week, which shall not be the same day of each week.

377 G. No network bingo games shall be permitted in the social quarters of an organization ~~that are~~
378 ~~open only to the organization's members and their guests.~~

379 H. No qualified organization shall sell network bingo cards on the Internet or other online service
380 or allow the play of network bingo on the Internet or other online service. However, the location where
381 network bingo games are conducted shall be equipped with a video monitor, television, or video screen,
382 or any other similar means of visually displaying a broadcast or signal, that relays live, real-time video of
383 the numbers as they are called by a live caller. The Internet or other online service may be used to relay
384 information about winning players.

385 I. Qualified organizations may award network bingo prizes on a graduated scale; however, no
386 single network bingo prize shall exceed \$25,000.

387 J. Nothing in this section shall be construed to prohibit an organization from participating in more
388 than one network bingo network.

389 **§ 18.2-340.30. Reports of gross receipts and disbursements required; form of reports; failure**
390 **to file.**

391 A. 1. Each qualified organization shall keep a complete record of ~~all~~:

392 a. All inventory of charitable gaming supplies purchased, ~~all~~.

393 b. All receipts from its charitable gaming operation, ~~and all~~ including a breakdown of receipts
394 attributable to each type of game offered.

395 c. All receipts attributable to electronic gaming.

396 d. All disbursements related to ~~such~~ its charitable gaming operation, including a breakdown of
397 disbursements for each purpose specified in subsection 1 of § 18.2-340.33.

398 2. Except as provided in § 18.2-340.23, each qualified organization shall file at least annually, on
399 a form prescribed by the Department, a report of all—~~such~~ receipts and disbursements specified in
400 subdivision 1, the amount of money on hand attributable to charitable gaming as of the end of the period
401 covered by the report, and any other information related to its charitable gaming operation that the
402 Department may require. In addition, the Board, by regulation, may require any qualified organization
403 whose net receipts exceed a specified amount during any three-month period to file a report of its receipts
404 and disbursements for such period. All reports filed pursuant to this section shall be a matter of public
405 record.

406 B. All reports required by this section shall be filed on or before the date prescribed by the
407 Department. The Board, by regulation, shall establish a schedule of late fees to be assessed for any
408 organization that fails to submit required reports by the due date.

409 C. Except as provided in § 18.2-340.23, each qualified organization shall designate or compensate
410 an outside individual or group who shall be responsible for filing an annual, and, if required, quarterly,
411 financial report if the organization goes out of business or otherwise ceases to conduct charitable gaming
412 activities. The Department shall require such reports as it deems necessary until all proceeds of any
413 charitable gaming have been used for the purposes specified in § 18.2-340.19 or have been disbursed in a
414 manner approved by the Department.

415 D. Each qualified organization shall maintain for three years a complete written record of (i) all
416 charitable gaming sessions using Department prescribed forms or reasonable facsimiles thereof approved
417 by the Department; (ii) the name and address of each individual to whom is awarded any charitable gaming
418 prize or jackpot that meets or exceeds the requirements of Internal Revenue Service Publication 3079, as
419 well as the amount of the award; and (iii) an itemized record of all receipts and disbursements, including
420 operating costs and use of proceeds incurred in operating bingo games.

421 E. The failure to file reports within 30 days of the time such reports are due shall cause the
422 automatic revocation of the permit, and no organization shall conduct any bingo game or raffle thereafter
423 until the report is properly filed and a new permit is obtained. However, the Department may grant an
424 extension of time for filing such reports for a period not to exceed 45 days if requested by an organization,

425 provided the organization requests an extension within 15 days of the time such reports are due and all
426 projected fees are paid. For the term of any such extension, the organization's permit shall not be
427 automatically revoked, such organization may continue to conduct charitable gaming, and no new permit
428 shall be required.

429 **§ 18.2-340.36:1. Civil penalty.**

430 Any person or organization, whether permitted or qualified pursuant to this article or not, that (i)
431 conducts charitable gaming without first obtaining a permit to do so, (ii) continues to conduct such games
432 after revocation or suspension of such permit, or (iii) otherwise violates any provisions of this article shall,
433 in addition to any other penalties provided, be subject to a civil penalty of not less than \$25,000 and not
434 more than \$50,000 per incident. Any civil penalties collected pursuant to this section shall be payable to
435 the State Treasurer for remittance to the Department.

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