

Quarterly Newsletter

FY 2024 Quarter 1



Division Announcements

Scheduled Closings

- Friday, November 10, 2023 - Veteran's Day
- Thursday, November 23, 2023 - Thanksgiving Day
- Friday, November 24, 2023 - Day after Thanksgiving
- Monday, December 25, 2023 - Christmas Day
- Monday, January 1, 2024 - New Years Day
- Monday, January 15, 2024 - Civil Rights Day

Legislation to Watch

Following the passing of [RSA 284:6](#) a study committee has been established to study the effect of recent changes made to charitable gaming laws, including the newly authorized historical horse races. The Study Committee's mission includes the examination of the following:

- How charities are selected and whether a uniform process should exist;
- Whether the state should limit the number of charitable gaming locations;
- Whether charging rent to the charities is necessary with historic horse racing (HHR);
- Whether more HHR licenses would increase/reduce revenues to charities, and;
- Whether host communities should share in charitable gaming proceeds.

The Committee consists of thirteen members including two members of the senate (Senators Tim Lang & Lou D'Allesandro), five members of the house of representatives (Representatives Fred Doucette, John Janigian, Richard Ames, Ben Baroody, & Joe Sweeney), New Hampshire Lottery Commission's executive director (Ex. Director Charlie McIntyre), one Representative of the facility owners (Aaron Gomes of P2E), two representatives of charitable gaming charities (Norman Roberge of Concord Lions Club & Gia Bonilla of NH Lodging & Restaurant Association and Manchester Animal Shelter), the Attorney General (Attorney General John Formella), and one member of the public (former Representative Pat Abrami).

Former Representative Pat Abrami is known for spearheading the HHR legislation and serves as the Chair of the Study Committee.

SPORTS BETTING REVENUE
 JUL '23 - SEPT '23
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BINGO & LUCKY 7 REVENUE
 JUL '23 - SEPT '23
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GOC GAME ROOM REVENUE
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Sports Betting Revenue - July through September 2023

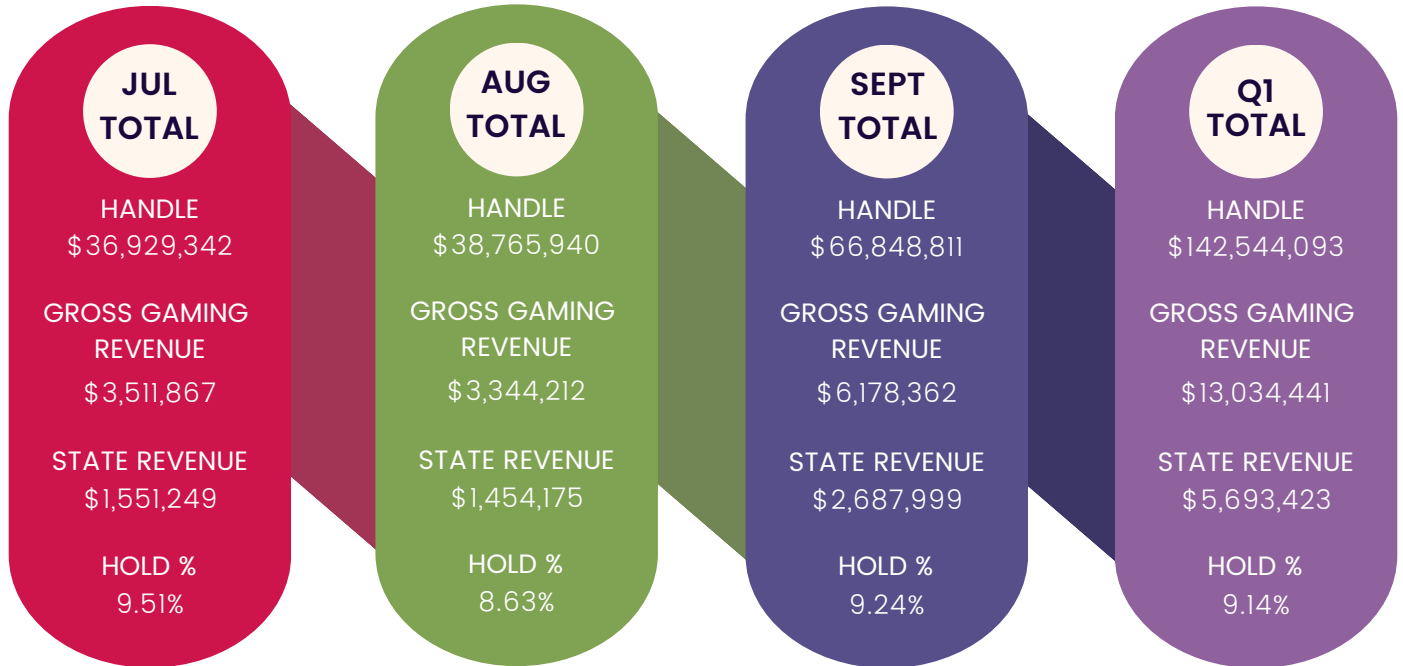
Key Definitions

Handle = Total amount of money bet by players

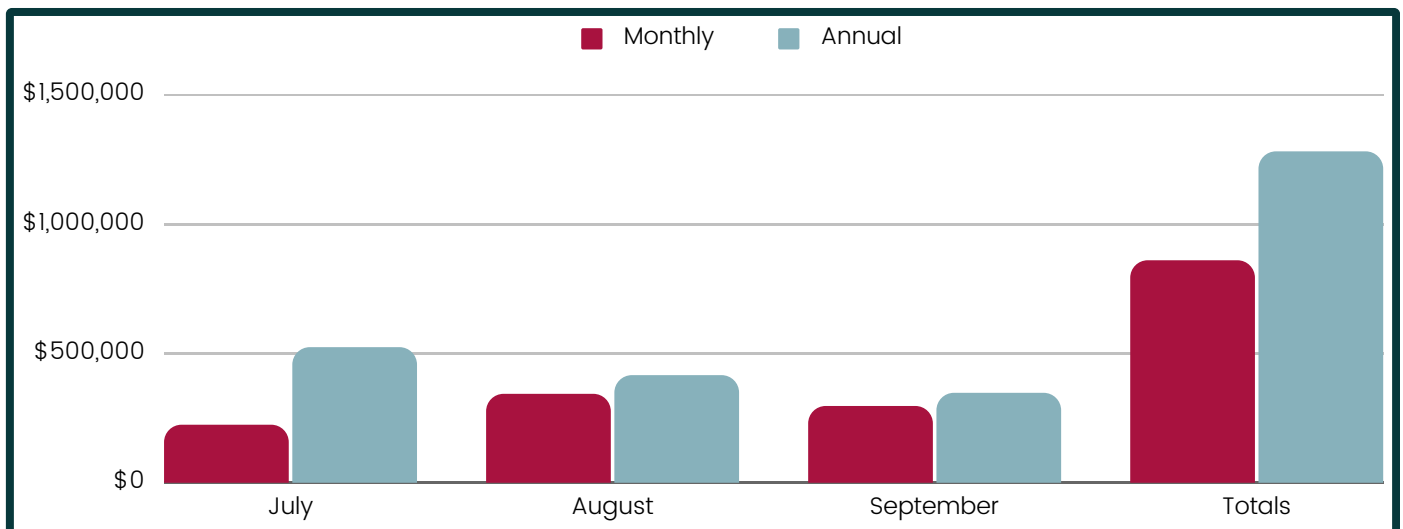
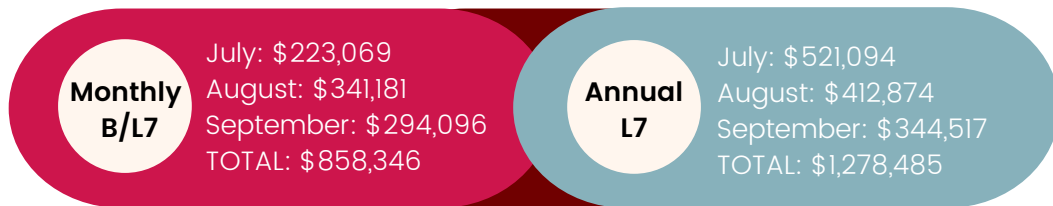
Gross Gaming Revenue "GGR" = Net gambling profit or loss (Handle minus winnings paid out to players)

State Revenue = New Hampshire share of GGR

Hold or Hold % = Percent of handle won or lost by sportsbook (GGR divided by Handle)



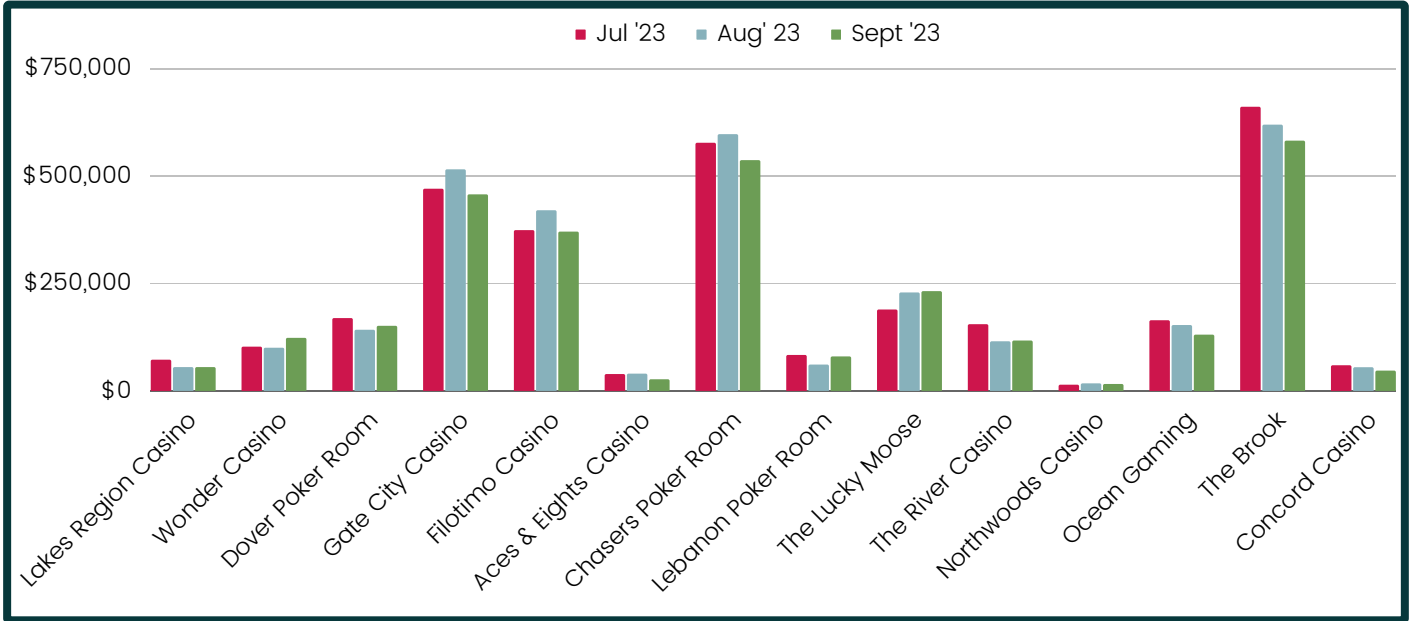
Bingo/Lucky 7 Charity Revenue - July through September 2023



*Charity Revenue by license types



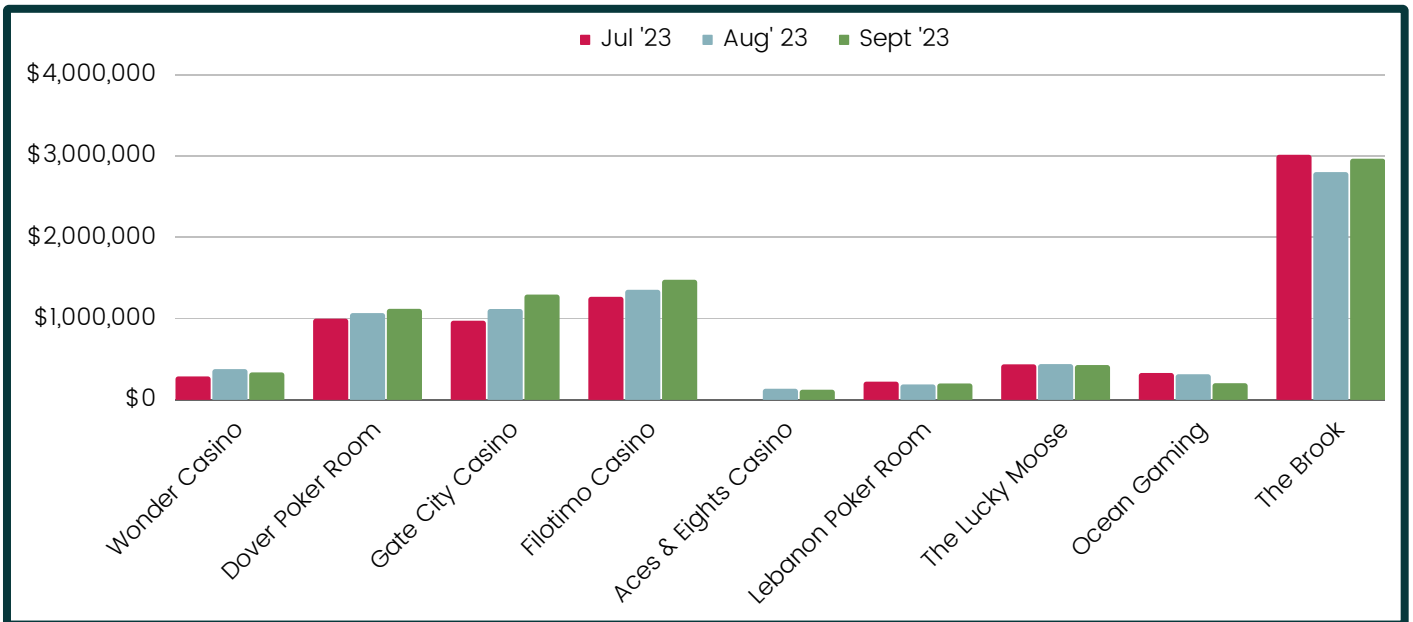
GOC Game Room Revenue - July through September 2023



*Total revenue is after taxes and charity allocation.



HHR Game Room Revenue - July through September 2023



*Total revenue is after taxes and charity allocation.



Auditing Update

Promotional rakes, or player-funds collected during poker play are prevalent in New Hampshire. Many game rooms incentivize players by offering high hand prizes as well as other cash promotions.

Player funds are just that, funds collected from the players, held in escrow by the game room, and returned to the players in the form of promotional cash prizes. The NHLC not only regulates the handling of these funds but also reviews each game room's accounts monthly.



Key Points for Offering Player-funded Promotions:

- Any funds collected from players, and/or contributions made to player funds must be deposited into separate bank accounts. At no time can any funds or contributions be commingled with any other operator funds or gaming revenue.
- The bank where the deposits will be made must have at least one branch in New Hampshire. No fees, including bank fees, may be deducted from the balance.
- Promo rakes must not be placed in or near the rake circle or placed in the drop box with the regular rake.
- The amount collected for the regular rake per hand is required to be at least one dollar more than the amount contributed per hand toward a player-funded promotion.
- All payouts shall be in cash, not cash equivalents.
- All money collected from players shall be awarded in accordance with approved procedures prior to the termination of any promotion.
- The game operator employer shall be liable for the promotional pool. Should the monies be lost or stolen, the game operator employer shall be responsible for replacing it.
- GOEs that offer player-funded promotions must submit monthly reports to the NHLC.

Reporting Requirements:

- Bank statements for each player-funded account.
- Report tracking player-funded promotional activity by date which includes:
 - Beginning escrow balance
 - Daily additions (promo raked)
 - Prize disbursements
 - Ending escrow balance
 - Amount of player-funded cash on hand at close of business to coincide with the date of the bank statement (typically the last day of the month).
- Documentation of all prizes awarded to include full name of winner, date prize awarded, amount of prize, and type of promotion won.

*Prior to implementation of any promotion, procedures must be submitted for approval to NHLC's Investigation & Compliance Division.





Investigation Update

As a reminder, guidelines for Historical Horse Racing (HHR) game conversions, installations and movements recently went out.

While not required, following the guidelines will speed up the review process and allow quicker turnaround for the "go-live" of all such requests. This process consists of 4 steps which are all listed on the document. All guidance documents are available on our website at www.compliance.lottery.nh.gov.



Steps for HHR Conversions, Installations, & Movements

1. EMAIL REQUEST

Requests for approval of game conversions, installations, & movements should be submitted in writing at least 30 days prior to the proposed implementation date.

The written request should include:

1. Introductory information describing what is being done which includes:
 - a. Whether the request is for conversions, installations, or game movements (due to performance, etc.);
 - b. What is being converted, installed, or moved;
 - c. The date the conversion, installation, or game movement will be conducted with the anticipated start and completion dates.
2. The game theme, lab report ID (if a new game), area, bank, terminal serial number, and asset number of each terminal involved. Ideally, this should be submitted as an updated terminal list with the effected terminals highlighted.

Requests should be emailed to the Lottery Commission at compliance@lottery.nh.gov with the email labeled as an "HHR Request".

2. GAME TESTING

Once the conversion, installation, or movement has been completed, test each of the effected terminals to ensure they are operating properly. Testing must be documented to demonstrate that a minimum of the following has been tested and/or verified:

1. The name of the game theme, asset, serial number, location;
2. Coin test - what denomination of bills were placed in the terminal;
3. Ticket In and Ticket Out for verification that the game matches the vouchers information, and;
4. Maximum bet to check progressives, player cards (if applicable), jackpots, pool seeds, payouts and takeouts.

**When installing a new bank of terminals, the testing must be submitted for review by the Auditing Unit prior to the terminals being activated for play ("go-live"). Testing documentation should be sent to compliance@lottery.nh.gov with the email labeled as "HHR Testing Documentation".

All testing documentation must be maintained by the game room for at least 2 years and provided to the Lottery Commission upon request.

3. TOTE AND BACK OFFICE RECONCILIATION

Once testing has been completed, reconcile the tote to the back-office system to ensure game terminal information matches between the tote and the back-office reporting.

**When installing a new bank of terminals, the testing must be submitted for review by the Auditing Unit prior to the terminals being activated for play ("go-live"). Testing documentation should be sent to compliance@lottery.nh.gov with the email labeled as "HHR testing documentation".

4. NOTIFICATION OF COMPLETION

Notify the Lottery Commission at compliance@lottery.nh.gov with the email labeled "HHR Completion" to confirm that the conversion, installation, or game movement has been completed. When applicable, include an updated terminal list and floor plan.

**When installing a new bank of terminals, an inspection by the Lottery Commission will be required. The Enforcement Unit will reach out to the game room to coordinate an agreed upon date and time for the inspection. Assuming there are not issues, the Lottery Commission will send back a confirmation email with approval for the terminals to be activated ("go-live").

Any questions regarding this guidance, may be sent to compliance@lottery.nh.gov.



Licensing Update

New documents for all license types have been distributed over the course of the past few months. To help ease the transition into new documentation, the licensing unit has created some educational PowerPoints which can be found at www.compliance.lottery.nh.gov.

Additionally, new Monthly Financial Reports (MFRs) have been posted on the division website for use. Test trials of this form have produced valuable feedback thus far.

Educational PowerPoints

Current educational presentations include the most common license types. Which include the following:

- Annual Lucky 7
- Monthly Lucky 7
- Monthly Bingo
- Games of Chance Charities
- Game Operators (Primary & Secondary)

More presentations will be added moving forward to include all license types and reporting walk-throughs. Any feedback regarding the presentations should be submitted via email to licensing@lottery.nh.gov.

New Monthly Financial Reports

New versions of the Bingo & Lucky 7 Monthly Financial Reports (MFRs) have been added to the website under Applications & Forms. These MFRs and instructions are currently in draft form. While organizations are not yet required to use the new MFRs, testing them now, will help charities efficiently transition once the reports officially go live.

The old version of the MFR is available upon request.

Please email any requests or new MFR feedback to licensing@lottery.nh.gov.

Reminders



Charity Renewals

All charities are required to submit a Charitable Organization Eligibility Determination Application once a year. This typically is done at the very beginning of the year, and/or when a charity first applies for charitable gaming.

Eligibility Determination

Charities are eligible if they meet the following requirements:

1. Registered and in good standing with Secretary of State (SOS) as a 'Domestic Non-Profit' for a minimum of one year.
2. Registered with Internal Revenue Service (IRS) as tax-exempt under either a 501(c) 3, 4, 7, 8, 10, or 19.
 - a. Must remain in good-standing (not on the Auto-Revocation list).
3. If a 501(c) (3), registered with Department of Justice - Charitable Trust Unit (CTU).

Instructions on how to fill out the Eligibility Determination are available in each relevant PowerPoint presentation on the division website at www.compliance.lottery.nh.gov.

GOE and Facility Renewals

All Game Operator Employer and Facility Licenses are required to renew once a year as all licenses expire December 31. In order to avoid a lapse in licensure, applications should be submitted at least 60 days in advance.

PLEASE NOTE:

For all license types, submittals that are not fully filled out, are not signed, and/or are missing payment are considered incomplete. Incomplete applications will be returned to either the address on the check, or (if no check is included) the address provided on the application. Applications should be submitted with enough time to rectify any issues before the organization's first game date.

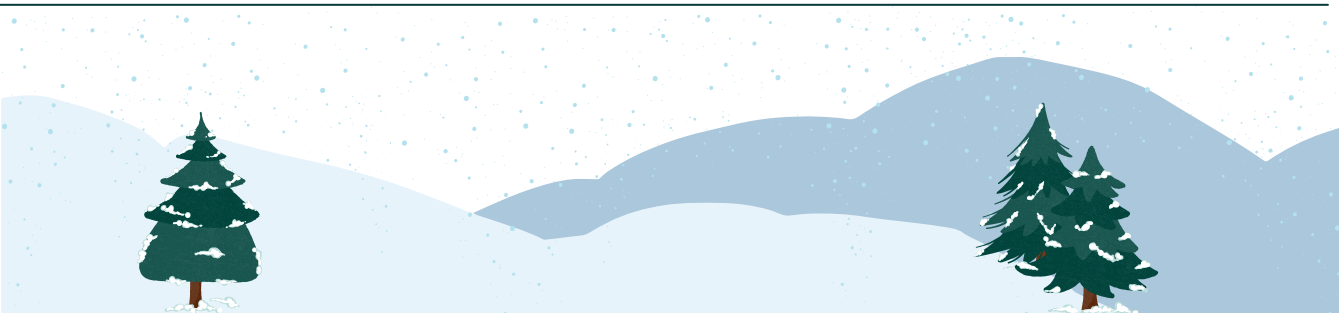
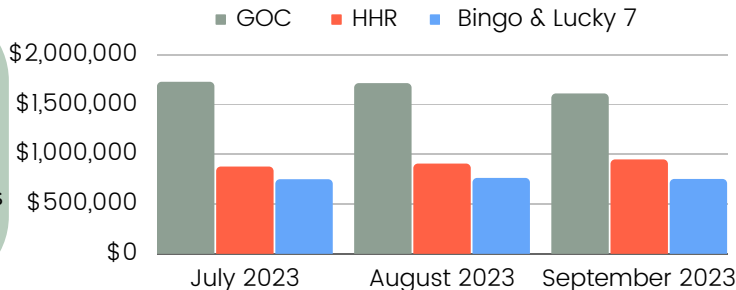
Licensees are responsible for license renewals. Expiration dates are listed on all licenses and badges. Applications should be submitted following statute and lottery rule guidelines which can be found under Rules & Regulations at www.compliance.lottery.nh.gov.





Supporting New Hampshire Communities

All funds raised through charitable gaming in New Hampshire are required to be used to fund charitable endeavors within the New Hampshire community. During Quarter 1 of fiscal year 2024 charitable gaming was able to support **433** charities. Of those charities, **168** received funds from Games of Chance and Historic Horse Racing events, and **265** charities received funds from Bingo and Lucky 7 events. Quarter 1 charities have earned approximately **\$10,820,300.00**.



Inclement Weather & Holiday Closures Reminder

The winter and holiday season is almost here, and we want to remind all charitable gaming establishments that if you are closing due to any weather-related matters or for any holidays, please send an email to the licensing department at licensing@lottery.nh.gov. Not all establishments are closed on specific holidays so it is very important that the commission is given advanced notice if a room will be closed.

If a charitable gaming establishment will not be opening due to a weather-related matter, the commission must be notified within 24-hours of the closing. If a notice is received within the 24-hour time frame and the reason is legitimate, the appropriate parties could receive a credit for the closed game date.

Any credits that are not used before the end of the calendar year (for Games of Chance charities), or within 3 months (for monthly Bingo & Lucky 7 charities) will be automatically refunded. Please contact the licensing department at [603-271-7613](tel:603-271-7613) in regard to information about credits or refunds.

New Hampshire Lottery Commission wishes all of our licensees a happy, healthy, and charitable holiday season.

