

Quarterly Newsletter

FY 2024 Quarter 2



Division Announcements

Scheduled Closings

Monday, February 19, 2023 - President's Day

Legislation to Watch

There are a number of bills under consideration this legislative session. House Ways and Means Committee has recently heard testimony on the following bills:

- HB1203 - This bill is relative to prohibiting the charging of rent to charities by game operator employers.
- HB1549 - This bill caps the rake on poker tournaments to 20% of buy-in up to \$250.
- HB1255 - This bill will extend the historic horse racing moratorium from 2024 to 2026.
- HB1525 - This bill extends eligibility for historic horse racing licensing to facilities licensed as of October 18, 2023.

For more information on these and other bills visit <https://www.gencourt.state.nh.us/>.



SPORTS BETTING REVENUE
OCT '23 - DEC '23
PAGE 2

BINGO & LUCKY 7 REVENUE
OCT '23 - DEC '23
PAGE 2

GOC GAME ROOM REVENUE
OCT '23 - DEC '23
PAGE 3

HHR GAME ROOM REVENUE
OCT '23 - DEC '23
PAGE 3

AUDITING UPDATES
PAGE 4

INVESTIGATION UPDATES
PAGE 5

LICENSING UPDATES
PAGE 6

MISCILLANIOUS
REMINDERS
PAGE 8



Sports Betting Revenue - October through December 2023

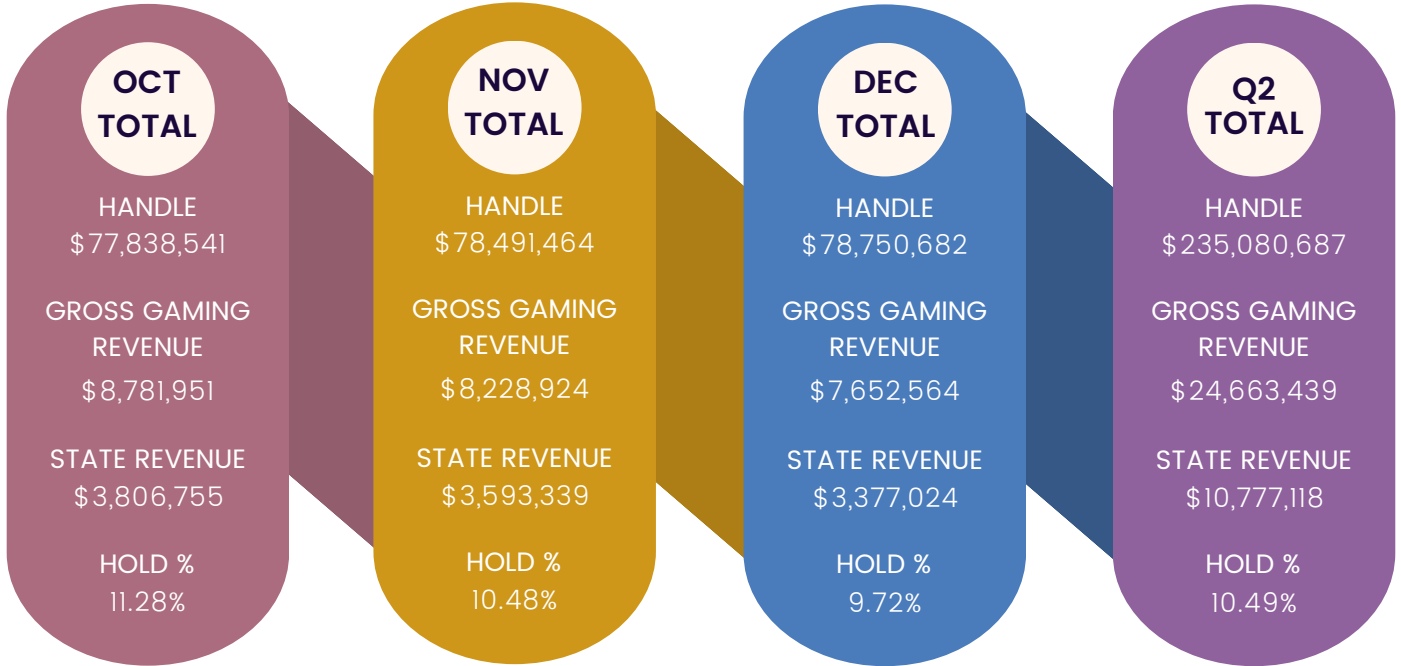
Key Definitions

Handle = Total amount of money bet by players

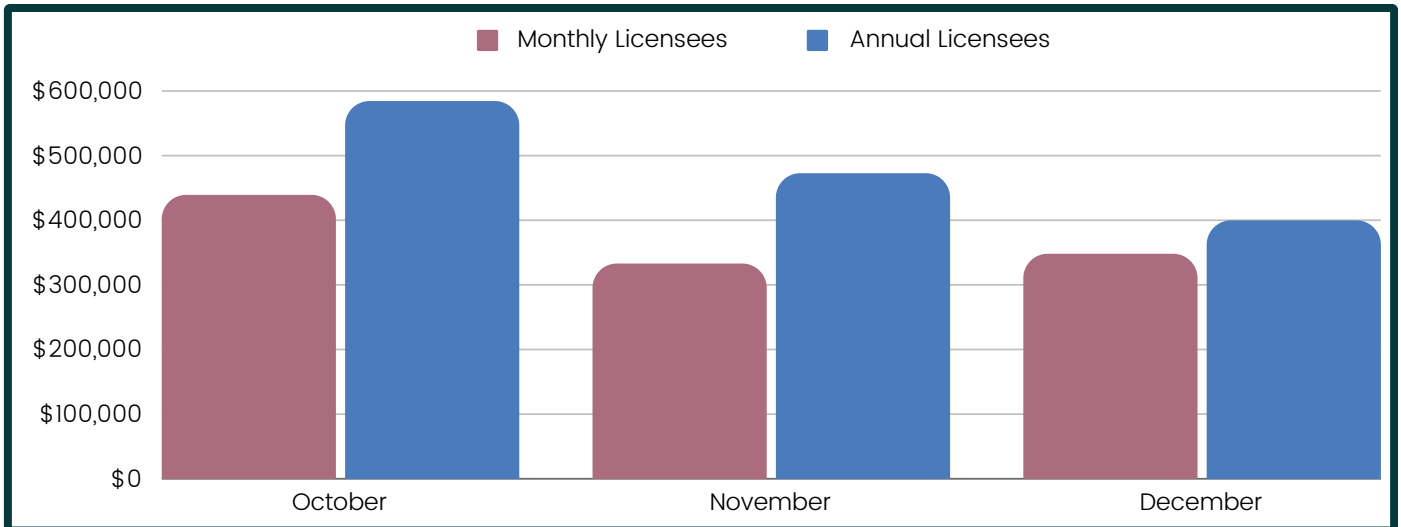
Gross Gaming Revenue "GGR" = Net gambling profit or loss (Handle minus winnings paid out to players)

State Revenue = New Hampshire share of GGR

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



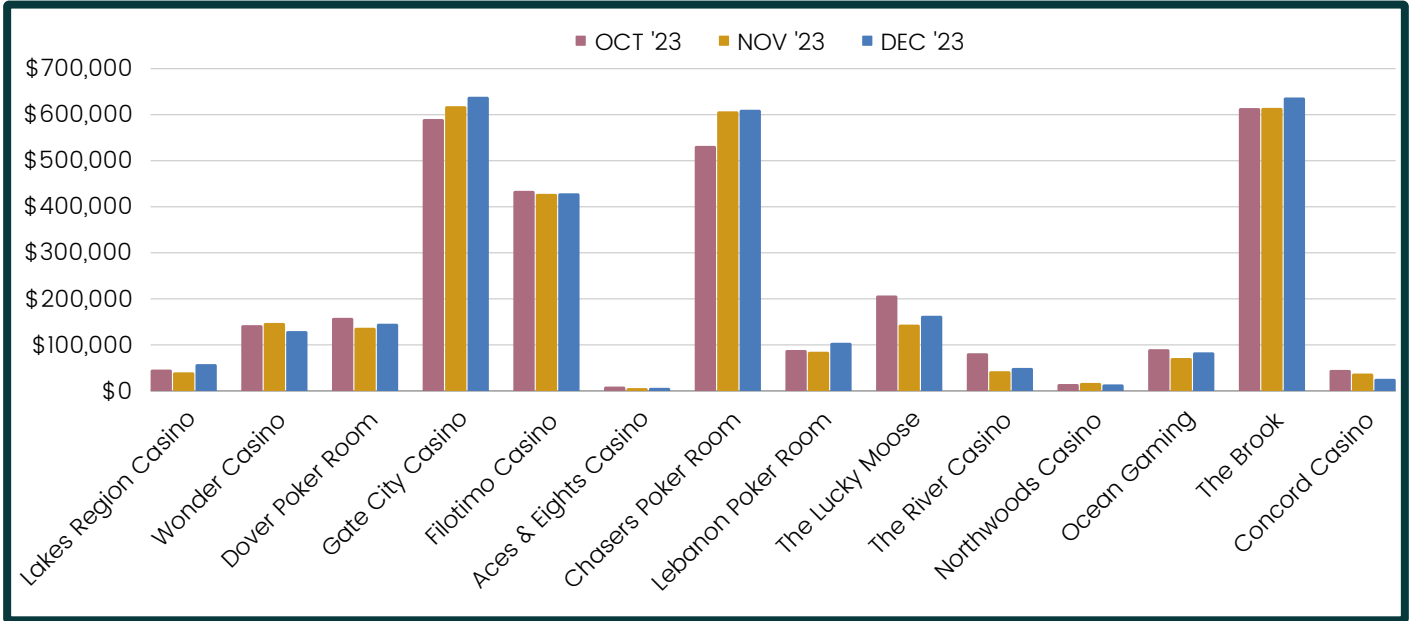
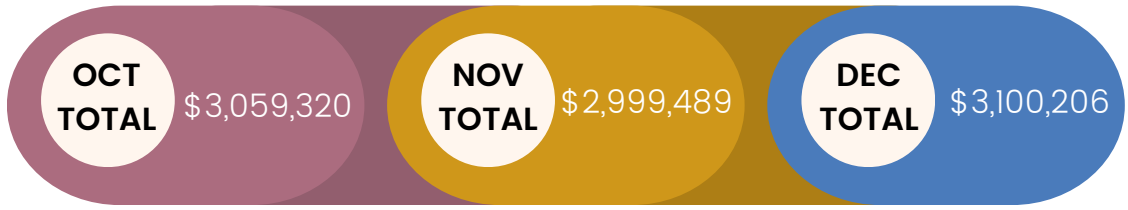
Bingo/Lucky 7 Charity Revenue - October through December 2023



*Charity Revenue by license types



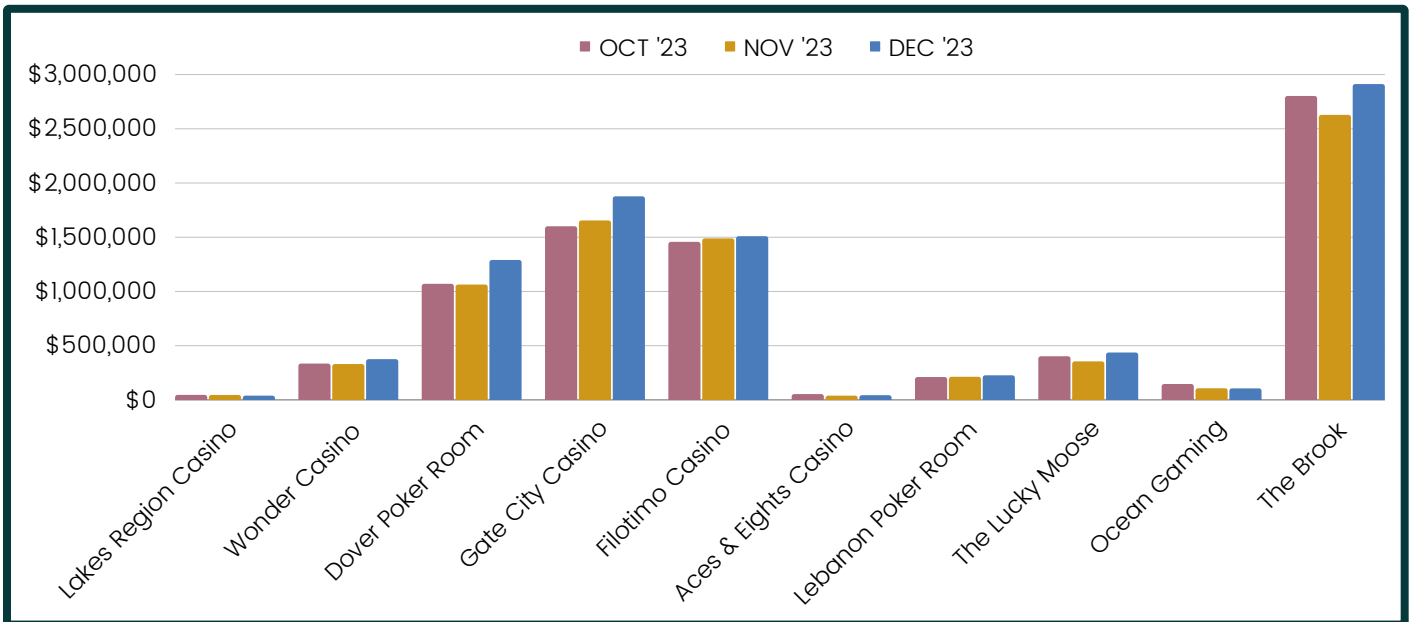
GOC Game Room Revenue - October through December 2023



*Total revenue is after taxes and charity allocation.



HHR Game Room Revenue - October through December 2023



*Total revenue is after taxes and charity allocation.



Auditing Update

Regular testing and maintenance are important components of an effective electronic key system. By testing various components and scenarios, potential issues can be identified and addressed before they compromise the security and functionality of the system.

Testing electronic key system is crucial to ensure its reliability and effectiveness. Here are some steps that can be taken to test whether electronic key system is working properly:



1. Verify Access Levels

Test access permissions to ensure that individuals have the appropriate level of access. Try using individuals with different access levels to verify that the system correctly restricts, or grants access as intended.

2. Test Dual Access Components

If the system involves dual access (e.g., card + PIN, card + biometric scan, PIN + biometric scan), test each component separately and then in combination. Ensure that the system requires both elements for successful access to sensitive keys that are supposed to be accessed by dual control.

3. Check Communication Between Components

Ensure that there is proper communication between the keys and the access control system. This includes testing the connectivity of card readers, biometric scanners, and any other components that facilitate access.

4. Review Audit Trails

Regularly review the system's audit trails to check for any anomalies or suspicious access attempts. This can help identify potential security issues and ensure that the system is logging events accurately.

5. Emergency Override Testing

If the system has emergency override capabilities, test them to ensure that authorized personnel can quickly gain access in case of system malfunctions or emergencies.

6. Coordinate with Security Personnel

Work closely with security personnel during testing to simulate different scenarios and ensure that they are familiar with troubleshooting procedures in case of system failures.

7. Conduct Periodic Drills

Organize periodic drills or training sessions to familiarize staff with the electronic key system and its features. This can help identify any issues in the system and ensure that staff knows how to respond to different situations.





Investigation Update

The enforcement unit has been collecting internal controls from bingo and lucky 7 licensees.

Any organizations that participate in bingo and lucky 7 events, should ensure that their internal controls have been written and are available for inspection.



Internal Controls

Internal controls are the methods and measures that an organization uses to safeguard its assets, check the accuracy and integrity of its financial and accounting information, comply with laws and regulations, and prevent and detect fraud.

To mitigate operational risk organizations participating in bingo and lucky 7 events should create and maintain internal controls. These controls should establish processes and procedures for employees to follow while operating events.

The goal is to improve overall process performance, operational efficiency, and help keep duties separated. Controls should aid with the organization of information and production of timely financial reports and reduce the number of errors made.

Bingo & Lucky 7 Internal Control Requirements

Lot 7004.04 (i) & Lot 7104.04 (l)

Responsibilities of the Licensed Charitable Organization Licensed charitable organizations shall:

Develop, implement, and adhere to written internal control policies and procedures designed to ensure effective control over the gaming operation by discouraging and protecting against illicit behavior and safeguarding the integrity of the games, which ensure that:

- (1) Assets are safeguarded;
- (2) Financial records are accurate, reliable and permit proper reporting of gaming revenue, fees and taxes;
- (3) Functions, duties, and responsibilities are appropriately segregated and performed in accordance with sound business practice by competent, qualified personnel, with no individual in a position that would allow them to perpetuate and conceal errors or irregularities in the normal course of duties;
- (4) Integrity of the game is preserved by preventing unauthorized access, misappropriation, forgery, theft, or fraud;
- (5) Controls that have been put in place are effective, and that any abnormalities are investigated and addressed;
- (6) Transactions are performed only in accordance with management's general or specific authorization;
- (7) Transactions are recorded adequately to permit proper reporting of gaming revenue and of fees and taxes, and to maintain accountability for assets;
- (8) Recorded accountability for assets is compared with actual assets at reasonable intervals, and appropriate action is taken with respect to any discrepancies; and
- (9) Accountability for assets is maintained in accordance with generally accepted accounting principles





Licensing Update



Games of Chance Update

The licensing unit has recently started receiving incorrect game operator applications and overpayment of subsequent fees. To determine if an operator should submit an application or renewal, please be sure to follow the guidelines below.

All applications and forms can be found on our website.
<https://www.compliance.lottery.nh.gov/>

Checks should be made payable to "NH Lottery"

PGO and SGO Application and Renewal Process

If the operator's badge has an expiration year of 2024 they will need to:

1. Complete a Game Operator Application.
2. Complete a Badge Request Form for EACH room where they are employed.
3. Submit a photograph that meets passport requirements.
4. Submit a \$30.00 application fee for secondary game operators or a \$100.00 for primary game operators.
5. Submit a \$10.00 badge fee for each room where they are applying to work.
6. Obtain a new criminal background check and submit any applicable documents.

**BADGE IS EXPIRED
 BADGE REQUEST IS NEEDED**



If the operator's badge has an expiration year of 2025, 2026, or 2027 they are required to renew annually. They will need to:

1. Complete Game Operator Renewal Form
2. Submit a \$30.00 application fee for secondary game operators or a \$100.00 for primary game operators.

**BADGE IS NOT EXPIRED
 NO BADGE REQUEST NEEDED**



If the operator is unsure of their status, the licensee lookup is available on website.

Reminders

Status Updates

If at any time a charity loses its status of good standing with NH Charitable Trust Unit (CTU) or NH Secretary of State (SOS), or the charity is added to the IRS auto-revocation list, they are required to inform the NH Lottery Commission within 15 days per Lot 7003.02(g) (bingo), Lot 7103.02(g) (lucky 7), and Lot 7205.03 (Games of Chance).

The licensing unit will be performing random status checks throughout the year to confirm eligibility. Charities who did not notify the division and are subsequently found ineligible may be subject to administrative penalties.

MFR Deadlines - For Bingo with or without Lucky 7 (Monthly)

Monthly Financial Reports (MFRs) for monthly bingo and/or lucky 7 license types are due 15 days following the expiration date of the license per Lot 7007.03 (c) which states pursuant to RSA 287-E:9, I, the charitable organization shall submit the monthly report required by (a) above: (1) Within 15 days after the expiration of each license when the license is issued on a monthly basis in accordance with RSA 287-E:6, II(a).

Fines for late submittals are being enforced on a monthly basis. Charities that hold a monthly bingo and/or lucky 7 license, have a mandatory requirement to ensure that ALL paperwork and any applicable payments are received in our office no later than the 15th of every month.



Licensing Update - Continued



MFR Deadlines - Lucky 7 sold at Fraternal Halls & Social Clubs (Annual)

Monthly Financial Reports (MFRs) for annual lucky 7 license types are due 90 days following the end of the calendar month per Lot 7107.03(b) which states: "In accordance with RSA 287-E:24, I, the charitable organization shall submit a complete financial report for each license issued under RSA 287-E:20 to the commission within 105 days from the date of issue and every 90 days thereafter."

Fines for late submittals are being enforced on a monthly basis. Charities that hold an annual lucky 7 license, have a mandatory requirement to ensure that ALL paperwork is received in our office by its due date. To avoid any disciplinary action please email all reports to licensing@lottery.nh.gov. Please see the chart below for monthly due dates.

MONTHLY BINGO & LUCKY 7

MONTH LICENSED	DUE DATE
January	February 15
February	March 15
March	April 15
April	May 15
May	June 15
June	July 15
July	August 15
August	September 15
September	October 15
October	November 15
November	December 15
December	January 15

ANNUAL LUCKY 7

MONTH LICENSED	DUE DATE
January	APRIL 30
February	MAY 31
March	JUNE 30
April	JULY 31
May	AUGUST 31
June	SEPTEMBER 30
July	OCTOBER 31
August	NOVEMBER 30
September	DECEMBER 31
October	JANUARY 31
November	FEBRUARY 28
December	MARCH 31

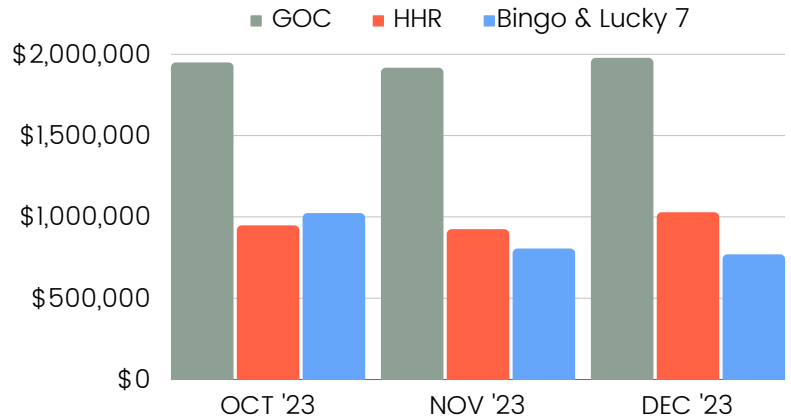


Supporting New Hampshire Communities

A portion of 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 2 of fiscal year 2024 charitable gaming was able to support **518** charities. Of those charities, **214** received funds from Games of Chance and Historic Horse Racing events, and **304** charities received funds from Bingo and Lucky 7 events.

Quarter 2 charities have earned approximately **\$11,324,438**.



Inclement Weather Closure Reminder

The winter season is here, and we want to remind all charitable gaming establishments that if they are closing due to any weather-related matters, they must send an email to the licensing department at licensing@lottery.nh.gov.

If a charitable gaming establishment will not be opening due to a weather-related matter, the commission must be notified in writing 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 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.



Reporting Incidents

Per Lot 7207.04(q), game rooms are required to report any incidents that during a game event that involve theft, cheating, or similar acts of deception by a player or staff member and cooperate with any subsequent investigations conducted by the commission or local law enforcement. This refers to anywhere on the premises of the facility.