

**E-Bingo Internal Control
Internal Control Procedures and Policy
American Legion Post _____
_____, OH**

Dated January 15, 2022

Purpose: To comply with Section 2915 of the Ohio Revised Code pertaining to "Instant Bingo", "Electronic Instant Bingo" and the rules that were passed by Ohio JCARR and recommended by the Ohio Attorney General on December 13, 2021.

As used in Ohio Administrative Code 109:1-3 through 109:1-7, the following definitions will be used:

(A) "Affiliate" means any entity or organization that is affiliated with another entity or organization by direct or indirect common ownership, officers or control, including any parent companies and subsidiaries.

(B) "Central Server" means a manufacturer's computer equipment that houses the operating system, supporting hardware, electronic gaming application software, communications network system, and databases required for electronic instant bingo operations, and stores and manages electronic instant bingo data between electronic gaming locations. The central server must be located in Ohio in a secure location accessible to the attorney general

(C) "Director" or "Trustee" means a member of the governing body of a Licensed Organization, Licensed Distributor, or Licensed Manufacturer, but only if the member has any voting rights. Members of advisory boards that do not exercise any governance authority are not considered directors or trustees.

(D) "Electronic Instant Bingo Device" means a device approved by the attorney general that electronically displays instant bingo. An Electronic Instant Bingo Device may be a cabinet-style device or a handheld and portable tablet.

(E) "Electronic Instant Bingo Operator" means the primary person(s) with access to electronic bingo game machines and anyone handling cash, or with key access or bank account access for electronic instant bingo.

(F) "Key Employee" means a person that has the ability to control, or exercise significant influence over, the management, assets, or operating policies of a charitable organization or any manufacturer or distributor. Key Employee includes, but is not limited to, Officers, Directors, Trustees, Electronic Instant Bingo Operators, Primary Bingo Game Operators, and Principal Persons of charitable organizations, manufacturers, and distributors.

(G) "Licensed Distributor" means a person licensed by the attorney general under Revised Code Chapter 2915 as a Distributor.

(H) "Licensed E-Bingo Organization" means a Veteran's Organization or Fraternal Organization licensed to conduct electronic instant bingo.

(I) "Licensed Manufacturer" means a person licensed by the attorney general under Revised Code Chapter 2915 as a Manufacturer.

(J) "Licensed Organization" means an organization licensed by the attorney general under Revised Code Chapter 2915 to conduct Type I, Type II, and/or Type III bingo.

(K) "Officer" means a person elected or appointed to manage the daily operations of a Licensed Organization, Licensed Distributor, or Licensed Manufacturer, such as a president, vice president, secretary, or treasurer. The officers of an organization may be determined by reference to its organizing documents, bylaws, or resolutions of its governing body, but in all cases include those officers required by applicable state law.

(L) "Primary Bingo Game Operator" means the person(s) who has overall supervision and management authority of bingo conducted at each and every location and will be responsible for holding, operating, and conducting these bingo activities in accordance with the license and the provisions of ORC Section 2015.01 et seq. and these rules. At least one person must assume these responsibilities for each location.

(M) "Principal Person of Charitable Organization" means the person who has overall responsibility of the charitable organization's activities.

(N) "Bingo Game Operator" as defined in ORC Chapter 2915 (01) Q means any person, except security personnel, who performs work or labor at the site of bingo, including, but not limited to, collecting money from participants, handing out bingo cards or sheets or objects to cover spaces on bingo cards or sheets, selecting from a receptacle the objects that contain the combination of letters and numbers that appear on bingo cards or sheets, calling out the combinations of letters and numbers, distributing prizes, selling or redeeming instant bingo tickets or cards, selling or redeeming electronic instant bingo tickets, credits, or vouchers, accessing an electronic instant bingo system other than as a participant, supervising the operation of a punch board, selling raffle tickets, selecting raffle tickets from a receptacle and announcing the winning numbers in a raffle, and preparing, selling, and serving food or beverages. "Bingo game operator" does not include a person who is installing, maintaining, updating, or repairing an electronic instant bingo system.

(O) "Bingo" as used in this Policy means: Instant bingo, electronic instant bingo, and raffles as defined in ORC Chapter 2915.01(O)(2)

Licensing Generally

We further acknowledge that:

(A) An application for a license or endorsement under Chapter 2915 of the Revised Code and these rules is a request by the applicant seeking a revocable privilege. A license or endorsement may be granted by the attorney general if the applicant meets the requirements of Chapter 2915 of the Revised Code and these rules.

(B) An applicant for a license or endorsement under Chapter 2915 of the Revised Code and these rules shall, at all times, have the burden of demonstrating to the attorney general, by clear and convincing evidence, that the applicant is eligible, qualified, and suitable to be granted and retain the license or endorsement for which application is made under the applicable standards and requirements of Chapter 2915 of the Revised Code and these rules.

(C) A license or endorsement issued by the attorney general under Chapter 2915 of the Revised Code or these rules is a revocable privilege granted by the attorney general. A person who holds a license or endorsement does not acquire, and shall not be deemed to acquire, a vested property right or other right, in the license or endorsement.

(D) An applicant or licensee shall accept any risk of adverse publicity, public notice, notoriety, embarrassment, criticism, financial loss, or other unfavorable or harmful consequences that may occur in connection with, or as a result of, the application and licensing or endorsement process or the public disclosure of information submitted to the attorney general with a license application or at the attorney general's request under Chapter 2915 of the Revised Code and these rules.

(E) Licensees have a continuing obligation to demonstrate suitability to hold a license or endorsement by complying with Chapter 2915 of the Revised Code, these regulations, and all federal, state, and local laws relating to the suitability of the licensee. The attorney general may reopen the investigation of a licensee at any time.

(F) No Key Employee of any charitable organization applying for or holding a bingo license may serve as an employee or representative of, be compensated in any way by, or serve as a volunteer for, a distributor or manufacturer.

(G) No Key Employee of any manufacturer, distributor, or testing laboratory applying for or holding a bingo license may serve as an employee or representative of, be compensated in any way by, or serve as a volunteer for an organization licensed under Chapter 2915 of the Revised Code.

(H) An applicant and licensee shall have a continuing duty to do all of the following:

(1) Notify the attorney general of a material change in the information submitted in the license or endorsement application submitted by the applicant or licensee or a change in circumstance, that may render the applicant or licensee ineligible, unqualified, or

unsuitable to hold the license under the licensing or endorsement standards and requirements of the act and these rules.

(2) Provide any information requested by the attorney general relating to licensing, endorsement or regulation; cooperate with the attorney general in investigations, hearings, and enforcement and disciplinary actions; and comply with all conditions, restrictions, requirements, orders, and rulings of the attorney general in accordance with the Ohio Revised Code and these rules

It is the duty of anyone in our organization that is listed on our Charitable Instant Bingo Application as a Key Employee, Primary Bingo Game Operator, Director, Trustee, or the Principal Person and/or Officer of the Corporation and anyone else handling cash or with key access or listed on the bank account for electronic instant bingo to follow these rules:

(A) American Legion Post _____, a Charitable Instant Bingo Organization shall establish, maintain and update as needed, this Internal Control Policy, the purposes and the procedures of which shall be designed to reasonably insure that:

(1) Critical assets associated with the operation of the electronic instant bingo system are safeguarded;

(a) We shall maintain custody of all keys to an electronic instant bingo device. The keys for the lock for a device's outer door must be keyed differently than the inner compartment that houses the computer logic and currency validator stacker area.

(b) No electronic instant bingo device may not be reserved. A device may be held for an active player for no more than fifteen minutes.

(c) Our organization or employees may not modify the assembly or operational functions of an electronic instant bingo device.

(2) We shall insure that Financial records are accurate and reliable;

(3) We shall insure all transactions are performed only in accordance with the specific or general authorization of the Electronic Instant Bingo Operator(s);

(a) We shall maintain a separate cash register for all monies associated with electronic instant bingo. All monies shall be locked and secured in a safe devoted exclusively to electronic instant bingo.

(b) Access to the cash register, safe and electronic instant bingo operations shall be limited to the Electronic Instant Bingo Operator(s) listed on the organization's license application or amendment submitted to the attorney general. The Post Commander, Post Adjutant, Post Trustees and members of the Bingo Committee by virtue of their office and/or committee shall also access and be listed on application as Bingo Operators.

(c) After the close of business on the last day of every month, we shall separate the starting cash bank amount from the total cash contained in the cash register and to deposit the excess cash into its designated electronic instant bingo account within four days.

(d) If at any time during the month the proceeds of electronic instant bingo exceeds \$2,000 over the starting cash bank, the excess shall be deposited into the designated bank account within four days.

(4) We shall insure that Electronic Instant Bingo Transactions are recorded adequately to permit proper reporting of Gross and Net Revenue, to determine charitable distributions, prize payments, allowable expenses and to maintain accountability for assets. Pursuant to division (GG) of section 2915.01 of the Revised Code, "expenses" includes using, giving, donating or otherwise transferring part or all of the gross receipts from instant bingo, as defined in division (AA) of section 2915.01 of the Revised Code by a licensee, for a charitable purpose listed in its license application and in accordance with section 2915.101 of the Revised Code.

(5) Access to Electronic Instant Bingo system assets is permitted only by authorized personnel;

(a) We shall maintain an access log prescribed by the attorney general for each electronic instant bingo device. A person who accesses a device shall record the reason for access and date and initial the log. An organization shall retain the log in the device.

(6) Recorded accountability for Electronic Instant Bingo assets must be compared with actual assets at reasonable intervals, no less than once weekly and appropriate action taken with respect to any discrepancies;

(7) A ticket voucher is only valid and must be presented for redemption within twenty four hours of the end of the bingo session in which it was won, as listed on the Licensed Organization's license;

(8) We shall immediately shall shut down an electronic instant bingo system and notify the attorney general if it detects or discovers any defect, malfunction, or problem with an electronic instant bingo operating system, electronic instant bingo device, or electronic instant bingo game that affects the security or the integrity of the game. The organization shall also immediately notify the distributor or manufacturer of the defect, malfunction, or problem.

(9) No one in our organization shall:

(a) Knowingly redeem a ticket voucher that has been defaced, tampered with, or counterfeited. If a player attempts to redeem a voucher that has been defaced, tampered with, or counterfeited, we shall, if possible, shall retain and void the credit ticket voucher;

(b) Knowingly redeem a ticket voucher that was issued at another site or a voucher that was issued prior to the bingo session at which it is presented for redemption. If a player attempts to redeem a voucher that was issued prior to the bingo session in which it was presented for redemption, we shall, if possible, shall retain and void the credit ticket voucher;

(c) Modify the assembly or operational functions of an electronic instant bingo device.

(d) Knowing permit a bingo game operator to play: "Electronic Instant Bingo" as defined in ORC Chapter 2915.14(B)(11).

(10) We must always insure that Electronic Instant Bingo is conducted with integrity; and Chapter 2915 of the Ohio Revised Code and rules of the attorney general are followed.

(B) We further acknowledge that these internal control procedures must be in writing and available to the attorney general upon request. The attorney general may, in writing, approve, deny, or require a revision to any provision or proposed amendment to the Internal Control Systems. If we are notified of a required revision, we shall work with the attorney general to address the revision;

(C) If the attorney general requests additional information, clarification, or revision of any proposed amendment to an internal control and we fail to satisfy the request within thirty (30) days after the attorney general's request, the attorney general shall consider the amendment denied and it cannot be implemented. If the Licensed E-Bingo Organization subsequently wants to pursue the amendment, it must resubmit the request along with the additional information previously requested by the attorney general.

(D) In the event of an emergency, we understand that we may temporarily amend an internal control procedure. We understand, the attorney general must be notified that an emergency exists before temporarily amending an internal control procedure.

(E) We acknowledge that we must submit the temporary emergency amendment of the Internal Control System to the attorney general within twenty-four (24) hours of the amendment.

(F) We acknowledge that it must include the detailed emergency procedures that will be implemented and the time period the emergency procedures will be temporarily in place. Any concerns the attorney general has with the submission must be addressed with the Licensed E-Bingo Organization.

(G) We understand, that If the attorney general determines that the administrative or accounting procedures or Internal Control Systems of our Licensed E-Bingo Organization do not comply with the requirements of these rules or requires improvement, the attorney general shall notify our Organization in writing within fifteen (15) days after receiving the notification, our Organization must amend our procedures

accordingly and must submit, for attorney general approval, a copy of the Internal Control System, as amended, and a description of any other remedial measure taken.

Background Check-Electronic Instant Bingo

We acknowledge that: the attorney general may conduct a background investigation of any organization that conducts electronic instant bingo and request information on each Key Employee. The organization shall provide all documentation, assurances, consents, waivers, or other information requested by the attorney general on a form or forms prescribed by the attorney general.

General Rules

- (A) The number of electronic instant bingo devices at a time shall not exceed ten at the single licensed location per organization.
- (B) The organization shall limit the sale of electronic instant bingo to its own premises and to its own members and invited guests.
- (C) No organization may conduct electronic instant bingo on any day of the week or during any time period not specified on its license.
- (D) No organization may sell electronic instant bingo tickets before ten a.m. or after two a.m. and the sale of electronic instant bingo tickets must be limited to no more than twelve hours during any day.

Signage Requirements

- (A) The following must be prominently posted, adequately lighted, legible, and visible at every location at which electronic instant bingo is conducted:
 - (1) Organization name and license;
 - (2) Ohio problem gambling helpline number;
 - (3) Statement that illegal gambling is prohibited;
 - (4) Statement that a player may play only one electronic instant bingo device at a time;
 - (5) Statement that a player must be eighteen or older to play electronic instant bingo;
 - (6) Any materials or information directed to be posted by the attorney general.

Quarterly Reports-Separate Accounts

In addition to the other records required to be kept by Chapter 2915 and any rules promulgated thereunder, we as a Licensed E-Bingo Organization, shall file a quarterly

report with the attorney general upon a form prescribed by the attorney general. The report will require electronic instant bingo records to be kept and reported separately.

(A) Licensed E-Bingo Organization shall keep all proceeds from the sale of electronic instant bingo in a checking account devoted exclusively to the organization's electronic instant bingo activities. The checking account shall be with a financial institution with a physical presence and licensed to do business in Ohio.

(B) The Licensed E-Bingo Organization shall make all required charitable distributions directly from the checking account devoted exclusively to electronic instant bingo into an account at an Ohio bank which shall be in the name of the charitable organization with which the organization conducting electronic instant bingo has contracted. The contracted charity's bank account shall be with a financial institution with a physical presence and licensed to do business in Ohio.

(C) The Licensed E-Bingo Organization shall have sole and exclusive control of all withdrawals from the checking account referenced in subsection

(D). No distributor, manufacturer, contracted charity, or any other third party shall be given the authority to initiate withdrawal of any deposited funds from the account.

Summary Suspension of License-Sanctions

We acknowledge that:

(A) The attorney general may issue a summary suspension of any license issued under Ohio Revised Code Chapter 2915 without a prior hearing if the attorney general has good cause to believe that the person, Licensed Organization, Licensed Distributor, or Licensed Manufacturer, or any of the employees, officers, directors, agents, representatives, or partners, has violated Chapter 2915 or a rule adopted under thereunder.

(B) In such cases, notice of the attorney general's order may be sent to the Licensed Organization, Licensed Manufacturer, or Licensed Distributor by registered mail, return receipt requested, not later than the business day next succeeding such order. The notice shall state the reasons for the attorney general's action, cite the law or rule directly involved, and state that the Licensed Organization, Licensed Manufacturer, or Licensed Distributor will be afforded a hearing if the Licensed Organization, Licensed Manufacturer, or Licensed Distributor requests it within thirty days of the time of mailing the notice. A copy of the notice shall be mailed to attorneys or other representatives of record representing the Licensed Organization.

(C) Whenever a Licensed Organization, Licensed Manufacturer, or Licensed Distributor requests a hearing in accordance with this section and section 119.06 of the Revised Code, the attorney general shall immediately set the date, time, and place for the hearing and notify the Licensed Organization, Licensed Manufacturer, or Licensed Distributor. The date set for the hearing shall be within fifteen days, but not earlier than

seven days, after the party has requested a hearing, unless otherwise agreed to by both the attorney general and the Licensed Organization, Licensed Manufacturer, or Licensed Distributor.

(D) Notice under this section will be provided as outlined in Revised Code 119.07. (E) The attorney general shall send notice of such summary suspension in writing to the prosecuting attorney and sheriff of the county in which the licensee is located or where the violation occurred and to any other law enforcement agency that so requests.

(A) We further acknowledge that the Attorney General shall have the authority to impose any sanction set forth in Chapter 2915. of the Revised Code and any rules adopted thereunder, including any of the following:

- (1) Denial, non-renewal, revocation, suspension, conditioning, or restriction of a license or endorsement;
- (2) Revocation, suspension, or restriction of the conduct or participation in the conduct of bingo in this state;
- (3) A monetary fine;
- (4) The forfeiture of an electronic instant bingo device;
- (5) Limits on the number of electronic instant bingo devices permitted;
- (6) Limits on the people conducting bingo, instant bingo, and electronic instant bingo;
- (7) Restrictions on future licenses or endorsements issued under Revised Code 2915;
- (8) Any other sanction imposed upon or agreed to by a manufacturer, distributor, licensee, charitable organization, or other person.

(B) The attorney general shall not be precluded from finding multiple violations within a day, if each violation is the result of separate and distinct acts.

Civil Fines

We acknowledge that:

(A), After notice and opportunity for hearing pursuant to Chapter 119. of the Revised Code, a fine may be assessed on a Licensed Organization, Licensed Distributor, or Licensed Manufacturer and shall be paid by the Licensed Organization, Licensed Distributor, or Licensed Manufacturer within thirty days of receipt of notice of the fine from the attorney general.

(B) Without in any manner limiting the authority of the attorney general to impose the type and level of sanction it may consider appropriate; the attorney general may take into consideration:

- (1) The risk to the public and to the integrity of charitable bingo in this state by the conduct of the Licensed Organization, Licensed Distributor, or Licensed Manufacturer;
- (2) Any criteria or factor listed in Chapter 2915. of the Revised Code and any rules adopted thereunder;
- (3) Whether the Licensed Organization, Licensed Distributor, or Licensed Manufacturer engaged in any misrepresentation or material omission;
- (4) Whether the Licensed Organization, Licensed Distributor, or Licensed Manufacturer engaged in any fraudulent act;
- (5) Whether the Licensed Organization, Licensed Distributor, or Licensed Manufacturer failed to cooperate with the attorney general;
- (6) Whether the Licensed Organization, Licensed Distributor, or Licensed Manufacturer failed to comply with all terms and conditions of a settlement agreement or agreed order with the attorney general, and any subsequent amendments or modifications thereto;
- (7) Whether the Licensed Organization, Licensed Distributor, or Licensed Manufacturer or any person involved with the Licensed Organization, Licensed Distributor, or Licensed Manufacturer has had a license related to gambling revoked or suspended under the laws of this state, another state, or the United States; or
- (8) Any other factors the attorney general may consider relevant. (C) The attorney general may consider the Licensed Organization's, Licensed Distributor's, or Licensed Manufacturer's finances in determining the amount of the fine. If the alleged violation is the result of or results in the unlawful obtainment or retention of any money or property, the attorney general may, in addition to any other penalty or fine levied under Chapter 2915. of the Revised Code or any rules adopted thereunder, impose a fine in an amount equal to the money or value of the property that was unlawfully obtained or retained.

Restriction on Gifts

We acknowledge that:

- (A) Other than a charitable donation to a Licensed Organization, a manufacturer or distributor may not give a gift, trip, prize, or other gratuity valued singly or in the aggregate of one hundred dollars (\$100) or more per calendar year to a Licensed Organization.
- (B) A manufacturer or distributor, its agents and employees, members of a manufacturer's or distributor's immediate family, persons residing in a manufacturer's or distributor's household may not make any loan or provide any gift directly or indirectly to any Key Employee of a Licensed Organization in Ohio.
- (C) A manufacturer, manufacturer's agent or employee may not directly or indirectly provide a rebate, discount or refund to any person other than a Licensed E-Bingo

Organization or Licensed Distributor that purchases or leases electronic instant bingo devices from the manufacturer and any such transaction must be recorded on an invoice and retained by the manufacturer in its records.

End of article.

Signed: _____ Dated: _____

Title: Post Commander - "Principal Person of Charitable Organization"

Signed: _____ Dated: _____

Title: Post Adjutant - "Primary Bingo Game Operator"

Signed: _____ Dated: _____

Title: Post Canteen Manager - "Primary Bingo Game Operator"