

Charlene Dindo

From: Tom Loyer <tloyer@ecivt.com>
Sent: Monday, March 27, 2023 3:08 PM
To: Charlene Dindo
Cc: Trevor Squirrel
Subject: [External] Written Testimony
Attachments: CMLF Liquor control concern.docx; RE: break open ticket language ; SKM_C250i23032713550.pdf; SKM_C250i23032713551.pdf

Importance: High

[External]

Hi Charlene,

I met with Representative Trevor Squirrel this morning regarding the Department of Liquor and Lottery/ Administrative Rule Update.

He recommended I reach out to you to provide written testimony for this Thursday's (3/30/23) meeting as I will be out of town and not be able to attend. It is listed on the LCAR agenda as 22-P37 - Department of Liquor and Lottery/ Administrative Rule Update.

I would like to submit the following as my written testimony.

Thank you for the opportunity to provide the following testimony at such a late date. I am writing with concern over the proposed rules update and the impact I believe it will have on our Foundation as well as other non-profit organizations within the state.

I understand and applaud the Department's intent to address individuals and entities that are leaving victims of embezzlement and fraud within their wake however as written I believe this rule update will punish those doing things correctly.

I would propose to generally maintain the status quo but with more firm discipline in place for those acting outside of the law and rules as currently written.

Specifically on Rule 47 (found on pages 20 and 21):

- Section 47 (a) I agree as written.
- Section 47 (b) I am unsure of the intent here, but if it is to address an employee, manager or owner of an establishment somehow taking advantage by playing than this should be a decision that is not specific to licensees only but should also include clubs.
Basically, same rule should apply to both. Further I have no concern here and believe that these individuals should be allowed to play during normal operating hours of the specific licensee.
- Section 47 (c) I agree as written.
- Section 47 (d) This is my biggest area of concern. I initially interpreted section 47 (d) to force 100% of all tickets to be sold before a box can be closed and reconciled. In reply from Charles Martin, Director of Communications & Legislative Affairs Vermont Department of Liquor and Lottery, I now understand the that the licensed establishment would provide 100% of the proceeds prior to selling any break open tickets on the non-profit's behalf; this is increasingly more of concern than my own interpretation. With this rule in force, I believe in our

case we would see a minimum 50% reduction in revenues, or potentially up to 100% if the licensee chooses to end this game altogether to mitigate the damage to their business.

For licensee's who are violating the law and rules I would propose suspending their liquor license for 2 days for the 1st violation, 7 days for the 2nd violation, 30 days for a 3rd violation and revoked on a 4th violation. Embezzlement and fraud are serious crimes and should be treated as such.

I have also attached relative information/documentation of recent communications to address this concern.

I will be happy to continue to meet and to work towards the best resolution for all involved if provided the opportunity.

Pease let me know if any questions or additional needs at this time.

Sincerely,

Tom Loyer
Chairman
The Classic Mike Loyer Foundation
PO Box 1060
Shelburne, VT 05482
Cell 802-598-5791
Email: tom@ecivt.com

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THE CLASSIC
MIKE LOYER
FOUNDATION

Charles Martin
Director of Communications & Legislative Affairs
Vermont Department of Liquor and Lottery
1311 Route 302, Suite 100
Barre, VT 05641

February 20, 2023

Dear Charles,

I am reaching out to you in regard to the 2022 Regulation Rewrite Workgroup Proposal, with specific concern to section 47 (d) on pages 20 and 21.

On July 18, 2011, we lost a father, son, brother, and friend to a tragic construction accident. His name was Mike Loyer, and he was an inspiration to us all. That became clearer than ever after his passing, even with the broken hearts we were left to assess.

When we were dealt with the terrible news of Mike's accident, we knew something good had to come from all of this and with great passion and support from our community we founded The Classic Mike Loyer Foundation. We have a full board of directors guiding us.

We have a two-part mission with the primary mission being to support Vermont families who are dealing with the accidental worksite death of a loved one. It is a mission we take very seriously as we work to assist in the worst possible times for the families involved. Although we hope to never have to support this mission, we unfortunately have had to do so far too many times.

The second part of our mission is to support unique causes within the community.

To date we have provided financial assistance to our Vermont Communities in excess of \$500,000.00.

Our primary benefactor is The Old Post Bar & Grill located in South Burlington, VT. They are the licensee that we purchase and provide break-open tickets to for the purpose of fundraising so that we may continue to deliver on our mission. In 2022 alone The Old Post raised \$163,533.00 on our behalf.

The relationship we have developed with The Old Post is unique in that our foundation provides the break open tickets as required, the licensee gives 100% of the proceeds to the foundation (they retain zero accounting fees), and complete reconciliation and reporting is done as required by law.

The positive part of this scenario in addition to the foundation receiving substantial funding is that The Old Post has developed a consistent and good business with many regular customers, many of who participate in these games, in a time when many such like entities are struggling or have had to close all together. Further the boxes of tickets that we purchase for resale are the boxes that provide the highest percentage of winning for the players whenever available. This is by design.

The management of the boxes is how we as a non-profit organization maximize our potential income. Boxes are typically played by the players until most of or all the larger tickets are sold. As they are sold it is noted on the box game card in full view of all players so that they understand the status of any given box. When a box is deemed "dead" or no longer going to attract any further sales it is closed out and reconciled as previously stated.

I interpret section 47 (d) to force 100% of all tickets to be sold before a box can be closed and reconciled. If I am correct in this interpretation, it will have a severe negative effect on the volume of sales and the proceeds that these sales generate for all participating non-profit charities such as ours Statewide. I believe in our case we would see a minimum 30% reduction or potentially 100% if the licensee chooses to end this game altogether to mitigate the damage to their business.

I believe the business model we have been using maximizes the potential benefits for all involved and that this change would substantially reverse that result. As the purchaser/owner of the boxes of tickets we would view this mandate similar to telling an auto dealer to sell a car at a 5% margin when they, without a mandate, may perhaps generate a 25% margin (values shown are for example purposes only). It doesn't seem to make sense.

Please let me know if my interpretation of 47 (d) is correct for the intention of this potential change. If I am correct, I would like the opportunity to attend a meeting to address my concerns with either the department, board, or appropriate legislative committee(s). If I am incorrect, perhaps clearer language could be introduced into section 47 (d).

Lastly I would like to also understand the intent of 47 (b), specifically the language reading; *"No licensee, employee of a licensee, or their volunteers may engage in any game of chance at their respective licensed establishment(s)"*.

I look forward to your reply.

Sincerely,
Tom Loyer
Tom Loyer
Chairman

The primary mission of THE CLASSIC MIKE LOYER FOUNDATION is to assist Vermont families who are dealing with an accidental construction worksite death of a loved one. And, in keeping with MIKE'S spirit of giving, the foundation will also financially support unique causes within the community.

THE CLASSIC MIKE LOYER FOUNDATION
PO Box 1060
Shelburne, VT 05482
The Classic Mike Loyer Foundation Section 501 (c) (3),
Public Charity Status 170 (b) (1) (A) (vi) EIN 46-3734743

Charlene Dindo

From: Martin, Charles <Charles.Martin@vermont.gov>
Sent: Monday, March 13, 2023 12:06 PM
To: Tom Loyer
Cc: Matt Musgrave
Subject: RE: break open ticket language

[EXTERNAL EMAIL]

Hi Tom

What the proposed section states is that the licensed establishment would provide 100% of the proceeds prior to selling any break open tickets on the non-profits behalf.

The licensed establishment can choose not to sell all of the tickets from a box, but this would simply mean that in doing so they will not recoup all of the proceeds that they previously provided to the non-profit. They still retain the benefit of being able to offer gaming in their establishment, and the non-profit receives better protection from embezzlement and fraud by getting their required proceeds upfront.

We're thankful to hear that you enjoy a trustworthy relationship with The Old Post, and that even though not all tickets are sold, your non-profit is getting all the proceeds its due. This is sadly not the case for every non-profit's relationship with licensed establishments. Many are victims of embezzlement and fraud but are reluctant victims because they don't want to risk losing passive income, even if it's a small percentage of what they are due.

The Board heard this discussion when the proposed rule was voted upon and agreed that this rule for play will provide needed protections for these vulnerable non-profits.

Does this help clarify things?

Charles Martin | Director of Communications & Legislative Affairs
Vermont Department of Liquor and Lottery
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From: Tom Loyer <tloyer@ecivt.com>
Sent: Thursday, March 9, 2023 9:13 AM
To: Martin, Charles <Charles.Martin@vermont.gov>
Cc: matt <matt@agcvt.org>
Subject: RE: break open ticket language

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Hi Charles,
Quick follow up to see where things sit regarding my questions/concerns.

Please let me know when you can and as mentioned I will be more than happy to meet to discuss in more detail if that is helpful.



March 6, 2023

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Executive Director

Sally Borden

The Classic Mike Loyer Foundation
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South Burlington, VT 05403

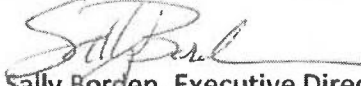
Dear Steve and The Classic Mike Loyer Foundation,

I am writing to thank you again for the generous, amazing contribution you made this past holiday season to help children and youth in state custody who would otherwise not have had gifts or much to celebrate. I am attaching a letter I received from the social worker who initially contacted me with this request, and who personally purchased and delivered the gifts – it is so heartwarming to read!

I am also tremendously grateful for the additional funds you provided to KidSafe Collaborative to meet the emergency needs that come up for families. While we didn't – amazingly – have any requests for this during the holidays, we have recently had a request to help a family with four children and a recently divorced single mother; DCF-Family Services became involved because the family's boiler went out so no heat or hot water, and then their water was turned off so they had no running water at all. As they work to resolve this, we plan to use some of these funds to support the children and family in whatever way they need.

I again want to thank you for all you do in memory of Mike, carrying forth his spirit of giving and spreading it throughout our community.

With warmest regards,


Sally Borden, Executive Director
sallyb@kidsafevt.org



United Way of
Northwest Vermont
FUNDED AGENCY

KidSafe Collaborative, Inc. is a 501(c)(3) nonprofit organization, federal tax ID number: 030303867. No goods or services of material value were received in consideration for this donation of \$2,400. Please retain this document for your tax records.