

# Message From The Secretary

Fiscal year 2004 proved to be a stellar year in terms of sales and revenue for the West Virginia Lottery and its retailers. Thanks to your efforts, the Lottery topped a record \$1.3 billion in sales – an increase of more than 20 percent over the previous year.

Of the total fiscal year sales, our Limited Video Lottery program generated nearly \$242 million in income for the State. That's money to fund Promise Scholarships, the Homestead Exemption for senior citizens, and a variety of economic development endeavors throughout West Virginia.

Limited Video Lottery Operators and Retailers received a total of \$137,388,505 in net income in fiscal year 2004, while West Virginia counties and incorporated municipalities received a total of \$4,737,535.

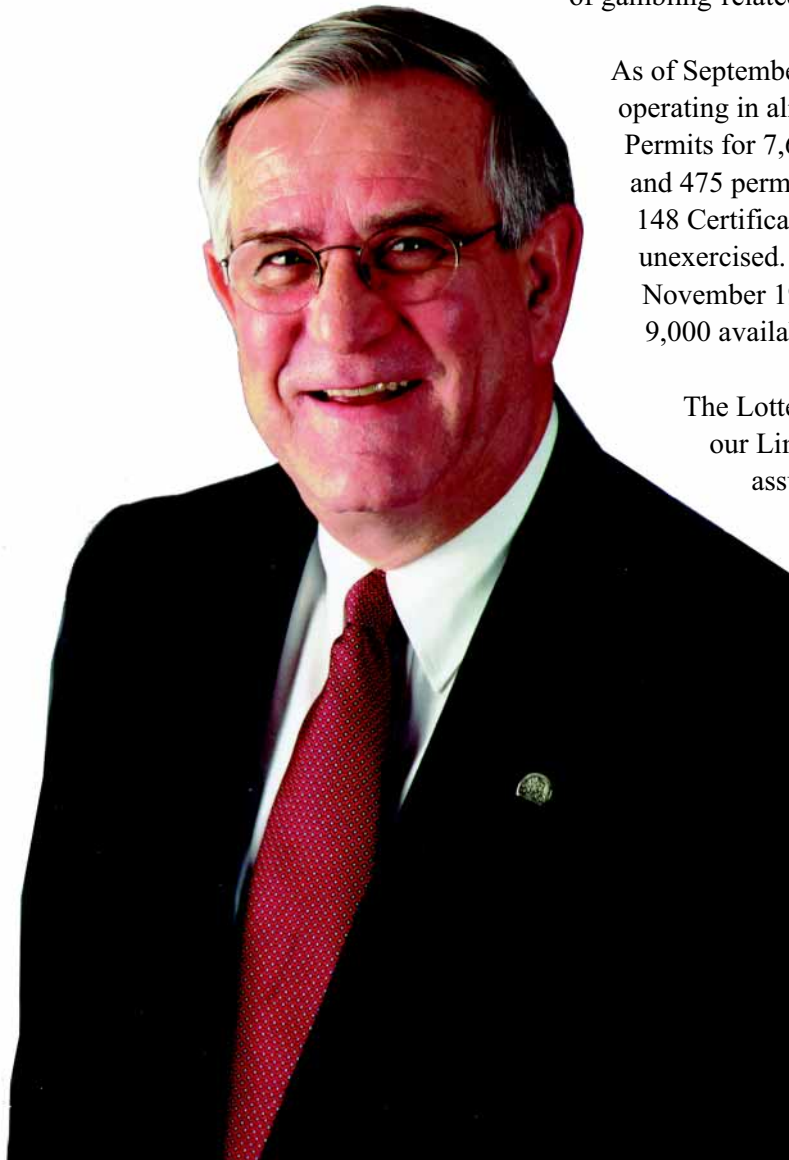
Considering the vast challenges the Limited Video Lottery Program encountered this past fiscal year, your sales and income prove that teamwork and cooperation between State Government and small businesses can have spectacular results for all. The popularity of Limited Video Lottery continues to grow, and public acceptance is increasing thanks to the cooperation shown by all in the removal of gambling-related signage.

As of September 13, over 7,000 terminals were operating in almost 1,600 licensed locations. Permits for 7,647 terminals had been issued, and 475 permits were pending issuance. Only 148 Certificates of Reservation remained unexercised. By the next Bid Opening on November 19, 2004, I expect most of the 9,000 available permits will be taken.

The Lottery continues to work with you, our Limited Video Lottery partners, to assure the continuation of this successful and profitable program that benefits all West Virginians in one way, or another.

Your hard work, your exceptional cooperation, and your dedication to success are greatly appreciated by me and by all of the staff of the West Virginia Lottery.

**John C. Musgrave**  
Secretary of Department  
of Revenue



West Virginia  
Limited Adult  
Video Lottery

## West Virginia Limited Adult Video Lottery Newsletter

October, November,  
December - 2004

Bob Wise  
Governor

John C. Musgrave  
Secretary of  
Department of Revenue



## “Grandfathering” And The 150-foot Rule

All licensed operators and many licensed retailers as well are aware of a phenomenon we call “grandfathering” under the Limited Video Lottery Act. The general law says that two limited video lottery retail locations may not be within 150 feet of one another or under the same roof.

The Legislature provided an early exception to this general prohibition, and this exception has come to be called “grandfathering.”

If a retailer applied for a limited video lottery license for a specific premises by July 1, 2002, and if the premises for which he/she was applying had either a private club license or tavern license from ABCA on or prior to January 1, 2001, the statutory 150-foot limitation did not apply to that location. In this way the Legislature recognized that many cities in the state had night spots and restaurants concentrated in the same areas, and that first-come-first serve for license applications in the first year wouldn't be fair in this kind of situation.

The grandfathering exception is site-specific, meaning that if a licensee moves to another location, he/she can often take the license to the new location, but cannot take the grandfathering privilege. That stays with the premises.



The regulation provides that if a licensee vacates a grandfathered location, a new occupant can enjoy the same grandfathering privilege if the new occupant begins limited video lottery gaming within 180 days following the ending of gaming by the previous occupant.

Changes to the original legislative rule for limited video lottery games, effective June 10, 2004, include a modification to the grandfathering exception that is designed to close a loop-hole in the rule. Under the change, no license will be granted to an applicant that proposes to locate closer than 150 feet to a grandfathered location until 180 days have past since limited video lottery gaming ceased at the location. This 180-day period is similar to the six-month

provision found in municipal zoning where a nonconforming use is grandfathered until the use has ceased for at least six months. Under zoning, as in limited video lottery, the passage of six months extinguishes the grandfathering privilege.

For more information, see W.Va. Code §29-22B-1202 and 179 CSR 5; §20.

### WVA & LVOA Celebrates Golden Anniversary with Annual Convention & Expo this October

The West Virginia Amusement & Limited Video Lottery Operators Association will celebrate its Golden Anniversary with their 50<sup>th</sup> Annual Convention & Expo October 14, 15, and 16 at the Ramada Plaza Hotel in South Charleston, West Virginia. Limited Video Lottery operators, manufacturers, vendors, technicians, some retailers and others associated with the industry will take part in three days of education, technical training and social events on an agenda created to enhance and move forward the Limited Video Lottery industry.

Persons running for election to public offices have been invited to attend, so that they may gain greater understanding of industry processes and standards. In addition, representatives from the Lottery-funded Problem Gamblers Help Network of West Virginia will be on hand to provide information concerning their services.

Registration packages are being sent to members and other invitees. For additional information, or to reserve exhibit or program advertising space, please contact WVA&LVLOA Executive Director Patricia Pope at 304.342.1737 or Convention & Expo Chairperson Barbara Fittro at 800.834.9390.

# Notice Regarding Certificates of Reservation



On March 13, 2004 the West Virginia Legislature approved the amendments to the limited video lottery Legislative Rule 179 CSR 5. These rule changes became effective June 10, 2004. One of the rule changes concerns a privilege you now have under the Limited Video Lottery Act: The Certificate of Reservation for a limited video lottery permit to own up to two video lottery terminals from a licensed manufacturer (or up to seven if you are licensed as a fraternal club or veterans organization) will now expire at the close of business on December 31, 2004. See 179 CSR 5; §16.13 that says, **“A Certificate of Reservation issued by the Commission that is not converted to a permit by December 31, 2004 is void.”**

If you qualified for a Certificate of Reservation it is because you met the following two criteria: 1) Your business or club had a beer or private club liquor license on or before January 1, 2001; and 2) your business or club applied for a limited video lottery retailer license on or before August 1, 2001.

If you do not desire to obtain a permit to own video lottery terminals before December 31, 2004, you are not required to take any action.

If you desire to exercise your Certificate of Reservation on or before December 31, 2004, you must surrender the Certificate to the Lottery and submit a payment equal to the number of video lottery terminals you wish to purchase (up to the number listed on your Certificate) times \$1,000.00. Once the Lottery issues a permit to you, state law requires that the video lottery terminals you will buy will be installed in your business within 90 days or else your permit will be invalid **WITHOUT REFUND**.

If you have planned to purchase your own video lottery terminals, using the Certificate of Reservation will save you \$2,500 per terminal permit when compared with the new minimum per-terminal permit bid of \$3,500.00 for the November 19, 2004 bid event.

If you have questions, you may call the Lottery at 800-982-2274 or email your question using the connection found in the Limited Video Information page of the Lottery's web site: <http://www.wvlottery.com>.

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## Remaining LVL Permits to be Bid November 19

The Lottery's August 13 Limited Video Lottery Permit Bid Opening produced 84 bids for 546 terminal permits for a total of over \$1.6 million.

With slightly over 700 permits remaining, the Lottery's next Permit Bid Opening is scheduled for Friday, November 19, 2004. The minimum bid per terminal permit is set at \$3,500.

Information about the November 19 Bid Opening has been published in daily newspapers and a complete copy of requirements may be found at the Lottery's web site at [www.wvlottery.com](http://www.wvlottery.com).

# Top Retailers

April 2004

Regular Limited Video Lottery Retailers

Mimi's, Nitro  
Mimi's, Dunbar  
Suburban Lanes, Morgantown  
Hot Spot Lounge, Clarksburg  
Mimi's, St. Albans

Fraternal/Veterans' Video Lottery Retailers

VFW Post # 6450, Chester  
River City Perk, Williamstown  
VFW Post # 6452, Ridgeley  
Owls Nest # 1230, Parkersburg  
Legion of Guardsmen, Parkersburg

Limited Video Lottery Retailers' Top Traditional Sales

Harts Corner Backdoor, Huntington  
M& B Market, Weirton  
Tolone's Pizza, Harpers Ferry  
LA Liquor & Lottery, Logan  
The Red Caboose, Clarksburg

May 2004

Regular Limited Video Lottery Retailers

Mimi's, Nitro  
Mimi's, Dunbar  
Mimi's, Winfield  
Paula's, Morgantown  
Patty's, Oak Hill

Veterans'/Fraternal Limited Video Lottery Retailers

Improved Order of Redmen, Williamstown  
River City Perk, Williamstown  
VFW Post 6450, Chester  
Owls Nest # 3030, Parkersburg  
American Legion Post 136, Ridgeley

Limited Video Lottery Retailers' Top Traditional Sales

Harts Corner Backdoor, Huntington  
Tolone's Pizza, Harpers Ferry  
M& B Market, Weirton  
Co Mac, Beckley  
LA Liquor & Lottery, Logan

June 2004

Regular Limited Video Lottery Retailers

Mimi's, Winfield  
Mimi's, St. Albans  
High Life Lounge, Clarksburg  
Mimi's, Dunbar  
Mimi's, South Charleston

Veterans'/Fraternal Limited Video Lottery Retailers

Improved Order of Redmen, Williamstown  
River City Perk, Williamstown  
VFW Post 6452, Ridgeley  
Owls Nest # 1230, Parkersburg  
American Legion, Post 136, Ridgeley

Limited Video Lottery Retailers' Top Traditional Sales

Harts Corner Backdoor, Huntington  
M& B Market, Weirton  
Curt's, Peterstown  
LA Liquor & Lottery, Logan  
Tolone's Pizza, Harpers Ferry

July 2004

Regular Limited Video Lottery Retailers

Mimi's, Winfield  
Mimi's, St. Albans  
Mimi's, Dunbar  
High Life Lounge, Clarksburg  
Mimi's, Nitro

Veterans'/Fraternal Limited Video Lottery Retailers

VFW Post #6450, Chester  
Legion of Guardsmen, Parkersburg  
Improved Order of Redmen, Williamstown  
Owls Nest #3030, Parkersburg  
River City Perk, Williamstown

Limited Video Lottery Retailers' Top Traditional Sales

Harts Corner Backdoor, Huntington  
M& B Market, Weirton  
Tolone's Pizza, Harpers Ferry  
LA Liquor & Lottery, Logan  
Co Mac, Beckley

August 2004

Regular Limited Video Lottery Retailers

Mimi's, St. Albans  
Mimi's, Dunbar  
Mimi's, South Charleston  
Gumby's, Chester  
Mimi's, Southridge

Veterans'/Fraternal Limited Video Lottery Retailers

Improved Order of Redmen, Williamstown  
VFW Post 6452, Ridgeley  
VFW Post 6450, Chester  
River City Perk, Williamstown  
Owls Nest 1230, Parkersburg

Limited Video Lottery Retailers' Top Traditional Sales

Harts Corner Backdoor, Huntington  
M&B Market, Weirton  
Tolone's Pizza, Harpers Ferry  
Co Mac, Beckley  
LA Liquor & Lottery, Logan

## CIVIL PENALTIES and WARNINGS 2004

### Video Lottery Advertising / Promotional Activity:

Athey Development Corporation, Inc., DBA *Wirt County Casino*, Elizabeth – first offense \$100 penalty (5-04)  
 D and B Casino and Lounge, LLC, DBA *The Hot Spot*, Bridgeport – first offense \$100 penalty (5-04)  
 Cheaper Cigs, Inc., DBA *Lucky Dawg Game Room*, Huntington – first offense \$100 penalty (6-04)  
 Cheaper Cigs, Inc., DBA *Bailey's*, Huntington – second offense \$1,000 penalty (6-04)  
 The Dawg House Sports Bar & Grill, LLC, Charleston – first offense \$100 penalty (7-04)  
 Foundation Corporation d/b/a *Tropicana Club*, Wheeling – first offense \$100 penalty (7-04)  
 Just Jack's, LLC, d/b/a *The Midas Touch #2*, Huntington – first offense \$100 penalty (7-04)  
 Cheaper Cigs, Inc., d/b/a *Cheaper Cigs #1*, Huntington – first offense \$100 penalty (7-04)  
 Novichenk's, LLC, d/b/a *Tailgator's Pub II*, Morgantown – second offense \$1,000 penalty (7-04)  
 Just Jack's, LLC, d/b/a *The Midas Touch*, Barboursville – first offense \$100 penalty (8-04)  
 Greenbrier Valley Liquors, Inc., d/b/a *The Lottery Lounge #3* LR002991, Fairlea – first offense \$100 penalty (8-04)  
 Joli, Inc., d/b/a *Joli's* LR002851, Nitro – first offense \$100 penalty (8-04)  
 Legion of Guardsmen Post #6, d/b/a *Larry D's* LR002775, Parkersburg – first offense \$100 penalty (8-04)  
 JTJ Enterprises, d/b/a *Sam's Hot Dog Stand* LR002930, Ona – first offense \$100 penalty (8-04)

### Warnings:

The Showdown, Inc., Athens (6-04)

### Underage Person(s) in Limited Video Lottery Area:

### Warnings:

Action Gaming, Inc., Wheeling (i.e., under-aged working w/ lv machines) (5-04)

### Non-Compliance with Surveillance Equipment:

M & A Enterprises, LLC, DBA *Pines Restaurant*, Keyser – first offense \$100 penalty (5-04)  
 Mutt's Place, Inc., DBA *Mutt's*, Morgantown – first offense \$100 penalty (6-04)  
 Cottrell's Pizzeria LR001147, Morgantown – first offense \$100 penalty (8-04)

### Warnings:

CC's Bar & Grill, Inc., DBA *CC's Bar & Grill of Ripley*, Ripley (5-04)  
 Main Street Bar, St. Marys (5-04)  
 Lucky Retreat, LLC, Bunker Hill (5-04)  
 Close Out Warehouse, LLC, DBA *Casino Café*, Daniels (5-04)  
 Wagner Links, LLC, DBA *Stonebridge Golf Club*, Martinsburg (5-04)  
 Full Moon Development Co., DBA *The Jabberwock*, Elkins (6-04)  
 Berkeley Co. Order of the Oriole DBA *Ladder House Bar & Grill*, Kearneysville (6-04)  
 4 & R, Inc., DBA *Journeez*, Elkins (6-04)  
 American Legion Post #136, Ridgeley (6-04)  
 RM Staubs Enterprises, Inc., DBA *Stonewall's*, Shepherdstown (6-04)  
 Four Seas, LLC, DBA *Short Street Underpass*, South Charleston (6-04)  
 RC Enterprises, Inc., d/b/a *Coffee Talk, Etc.*, Moundsville (7-04)  
 Crab Orchard Night Moves, Inc., Crab Orchard (7-04)  
 Princeton Elks Lodge #1459, Princeton (7-04)  
 Twin Tavern's Inc., d/b/a *Frank's Place*, Westover (7-04)  
 Green's Donut Inc., Wheeling (7-04)  
 Mall Dawg, Inc., d/b/a *Der Dog Haus*, Parkersburg (8-04)

### Incomplete Maintenance Logbooks:

Fraternal Order of Eagles #2344, Elkins – first offense \$100 penalty (5-04)  
 DDT Recreation, Inc., Grafton – first offense \$100 penalty (5-04)  
 Berkeley Springs Bowlerama, Inc., d/b/a *11<sup>th</sup> Frame Lounge*, Berkeley Springs – first offense \$100 penalty (7-04)  
 Action Gaming, Inc., Wheeling – first offense \$100 penalty (7-04)

## CIVIL PENALTIES and WARNINGS (Continued)

### Warnings: (none)

#### LVL Terminals Visible:

J & C Gaming, LLC, DBA *Texas Joe #3*, Huntington – first offense \$100 penalty (5-04)

D.C. Carryout, Inc., DBA *D.C.'s Lucky Roll #3*, Huntington – second offense \$300 penalty (5-04)

Loyal Order of Moose Buckhannon Lodge #598, Buckhannon – first offense \$100 penalty (6-04)

Café Unlimited, LLC, d/b/a *River's Edge Café II*, Scott Depot – first offense \$100 penalty (7-04)

#### Warnings:

Bond's, Robson (5-04)

Elk View Capital, LLC DBA *Patty's*, Oak Hill (5-04)

Liquors & More, Inc. d/b/a *It's Five O'clock Somewhere*, Marlinton (7-04)

ATA, Inc., d/b/a *Accu Lanes LR001454*, Crab Orchard (8-04)

Mt. Nebo Bar & Tractor, Inc., d/b/a *The Tractor Bar LR002511*, Caldwell (8-04)

#### Miscellaneous Infractions:

Random World, Ltd., Bluefield – Unapproved ticket paper used in Random World VL terminals @ Elkhorn St. Café and Lounge – first offense \$100 penalty (7-04)

Random World, Ltd., Bluefield – Unapproved ticket paper used in

Random World VL terminals @ Big Daddy's Bar & Grill – first offense \$100 penalty (7-04)

Random World, Ltd., Bluefield – Unapproved ticket paper used in Random World VL terminals @ Cadillac Jacks Bar & Casino – first offense \$100 penalty (7-04)

Winner's World, LLC, Poca – NSF – second offense \$1,000 penalty (7-04)

#### Warnings:

Colonial Motel & Restaurant, Inc., DBA *Colonial Room Supper Club*, Man – Not paying all credits won upon presentment of valid winning lvl tickets (6-04)

Mrs. D.L. Ellis DBA *Shipwrecked on Central*, Charleston – Not paying all credits won upon presentment of valid winning lvl tickets (6-04)

Old Windmill Pub, Inc., Wheeling - Not paying all credits won upon presentment of valid winning lvl tickets (7-04)

Tate's Service Station, Shinnston – Uncovered gas pumps (pumps are not connected) (7-04)

Susie's Place, Inc., Wheeling - Not paying all credits won upon presentment of valid winning lvl tickets (8-04)

Sparachane Enterprises, Inc., d/b/a *Undo's Stag & Doe*, Wheeling - Not paying all credits won upon presentment of valid winning lvl tickets (8-04)

Market House Bar & Grill, LLC, Wheeling – Not paying all credits won upon presentment of valid winning lvl tickets (8-04)

Press Club Association, Moundsville - Not paying all credits won upon presentment of valid winning lvl tickets (8-04)

WEST VIRGINIA LOTTERY  
P. O. BOX 2067  
CHARLESTON, WV 25327

<p>PRE-SORT STANDARD U.S. POSTAGE PAID PERMIT NO. 1141 CHARLESTON, WV 25301</p>
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