WASHINGTON STATE GAMBLING COMMISSION

Our Mission:

Protect the Public by Ensuring That Gambling is Legal and Honest

Comfort Inn & Conference Center
1620 - 74th Avenue SW
Tumwater, Washington 98501
(360) 352-0691

COMMISSION MEETING HANDOUT PACKET

THURSDAY, November 14, 2013
(*One-Day Meeting*)

COMMISSION MEMBERS

Mike Amos – Chair

Margarita Prentice – Vice Chair

Kelsey Gray

Christopher Stearns

Geoffrey Simpson

EX OFFICIO MEMBERS

Senator Steve Conway

Senator Mike Hewitt

Representative Gary Alexander

Representative Christopher Hurst

DIRECTOR

David Trujillo

STATE OF WASHINGTON
GAMBLING COMMISSION
"Protect the Public by Ensuring that Gambling is Legal and Honest"

Commission Meeting Agenda

Commission Meetings are Open to the Public

Visit our web site at www.wsgc.wa.gov

Location of Meeting:
Comfort Inn Conference Center
1620 - 74th Avenue SW
Tumwater, WA 98501
360-352-0691

Date and Time of Meeting
Thursday, November 14, 2013
1:30 p.m.

Informal Study Group Session

10:30 a.m. – 11:30 a.m. – Charitable/Nonprofit and Commercial Operators Study Session

- PUBLIC MEETING -

Please note, agenda items may be taken out of sequence at the discretion of the Chair.

Staff Accomplishment: Cathee Gottfryd, Recognition for 30 Years of State and Gambling Commission Service

1. **Agenda Review / Director's Report** *David Trujillo, Director*
   a) Correspondence
   b) House Banked Card Room Multiple Ownerships
   c) Business Licensing Services
   d) Monthly Update Reports
   e) News Articles
   f) Problem Gambling PSA's - Maureen Greeley, Executive Director of the Evergreen Council on Problem Gambling

2. **Electronic Gambling Lab Report** *(PowerPoint Presentation)* *Paul Dasaro, Administrator*

3. **Approval of Minutes – October 8 and 9 Commission Meeting**

- ADMINISTRATIVE PROCEDURE ACT PROCEEDINGS -

4. **New Licenses and Class III Employees** *Tina Griffin, Assistant Director*

5. **Garfield High School Parent Teacher Student Association – Raffle Plan Approval** *Tina Griffin, Assistant Director*

Please turn cell phones off during meeting sessions

6. **Special Olympics of Washington – Enhanced Raffle Plan Approval**
Tina Griffin, Assistant Director

7. **Default** *Amy Hunter, Administrator*

   a) Mario I. Gastelum, Card Room Employee, Revocation

Rules Up For Discussion and Possible Filing

8. **Staff Proposed Rule Change** *Mark Harris, Assistant Director*
   - **Clarifying requirements for authorized card games.**

   Filed 7/22/2013 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #13-15-120.

   a) Amendatory Section: **WAC 230-15-040** Requirements for authorized card games.

9. **Staff Proposed Rule Change** *Amy Hunter, Administrator*
   Allowing pull-tab prizes of $20 or less to be added to cash cards used in electronic video pull-tab dispensers.

   Filed 9/17/2013 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #13-19-073.

   a) Amendatory Section: **WAC 230-14-047** Standards for electronic video pull-tab dispensers.

- PUBLIC MEETING -

10. **Other Business/General Discussion/Comments from the Public**

- ADMINISTRATIVE PROCEDURE ACT PROCEEDINGS -

HEARINGS ARE SCHEDULED TO BEGIN ABOUT 3:00 P.M.

11. **Petitions for Review:** *Greg Rosen, Assistant Attorney General*

    a) M&R Euroimports, d/b/a Classic Island Casino, Card Room, Revocation

    b) Terri M. Mullins, Card Room Employee, Revocation

12. **Executive Session to Discuss Pending Investigations, Tribal Negotiations, and Litigation**

13. **Adjourn**

Upon advance request, the Commission will pursue reasonable accommodations to enable persons with disabilities to attend Commission meetings. Questions or comments pertaining to the agenda and requests for special accommodations should be directed to Gail Grate, Executive Assistant at (360) 486-3453 or TDD (360) 486-3637. Questions or comments pertaining to rule changes should be directed to the Rules Coordinator and Public Information Officer at (360) 486-3466.

JAY INSLEE
Governor

STATE OF WASHINGTON
Office of the Governor

RECEIVED
OCT 11 2013
GAMBLING COMMISSION
DIRECTOR'S OFFICE

October 9, 2013

Mr. David Trujillo, Executive Director
Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98505

Dear Mr. Trujillo:

The Governor's Office is in receipt of a request from the Lummi Nation to negotiate a compact amendment; a copy is enclosed for your reference. Pursuant to Chapter 9.46.360 RCW, I am referring this matter to the Gambling Commission for further action.

Very truly yours,

Jay Inslee
Governor

Enclosure

cc: The Honorable Timothy Ballew, II, Chairman, Lummi Indian Business Council

STATE OF WASHINGTON

GAMBLING COMMISSION

"Protect the Public by Ensuring that Gambling is Legal and Honest"

October 31, 2013

TO:

COMMISSIONERS
Mike Amos, Chair
Margarita Prentice, Vice Chair
Kelsey Gray, Ph.D.
Chris Stearns
Geoff Simpson

EX OFFICIO MEMBERS
Senator Steve Conway
Representative Gary Alexander
Senator Mike Hewitt
Representative Christopher Hurst

FROM: Tina Griffin, Assistant Director of the Licensing Operations Division

SUBJECT: Update on Using Business Licensing Services

History:

The 2009 Legislature tasked the Office of Financial Management (OFM) with conducting a study on alternatives for consolidating or transferring activities and responsibilities of the Gambling Commission, Horse Racing Commission, Liquor Control Board, and Lottery Commission. The report concluded that because the four agencies have few licensees or activities in common, consolidation would not likely provide time or cost savings for most licensees or clients. However, OFM found that it may be beneficial for the Gambling Commission to explore the use of the Business License Service program (BLS), formerly known as the Master License Service program.

BLS handles the intake of money and applications for business licenses only, not individual licenses such as card room employees. BLS issues one license to an organization which lists all the different state and local endorsements or licenses with a common expiration date.

Exploring the Use of BLS:

Since 2010, staff has met several times with representatives of the Department of Licensing (DOL) and Department of Revenue (DOR) to explore using BLS for initial processing of our organizational licensees. (In mid-2011, BLS moved from DOL's oversight to DOR.) One of the

main things that have precluded us from moving forward has been our license fee structure because we have many different license types and several classes within license types. It would be challenging for BLS to fit into their existing system.

In 2013, DOR began efforts to replace their computer system in which BLS resides. They anticipate the replacement will not be completed until approximately 2017. During this time, they are limited in what projects they take on.

In the mean time, we have been making available to our licensees and stakeholders, application and licensing processes online through our My Account.

2013 Legislation:

In the 2013, the Legislature passed Engrossed Substitute House Bill 1403, which requires us to fully participate in the implementation of BLS. Full participation means that we must provide to DOR by November 1st of each year beginning November 1, 2013, the following information:

- Name of the agency's coordinator for purposes of implementing the legislation,
- List of each business license we issue,
- A description of the activities that require licensure,
- Time period for which the license is issued and any renewal requirements,
- Cost of each business license,
- Links to our website for licensing information and each business application, and
- A certification that all information has been submitted, is complete and up-to-date.

DOR will then compile the information submitted into an aggregate report to the Governor and the economic development committees of the legislature by January 1st of each year, beginning January 1, 2014.

Conclusion:

I submitted all requested documentation and the certification to DOR on October 16, 2013. Given that DOR is in the midst of replacing their BLS computer system, which limits new projects, I anticipate that further discussions for possibly incorporating our organizational licenses into BLS will be on hold until approximately 2017.

STATE OF WASHINGTON
GAMBLING COMMISSION
"Protect the Public by Ensuring that Gambling is Legal and Honest"

October 30, 2013

To: David Trujillo, Executive Director

From: Susan Newer, Rules Coordinator and Public Information Officer

SUBJECT: Executive Summary for Two Public Service Announcements in 2013 Underage Gambling and Dog Fighting Teamed with Problem Gambling

The intent of this memo is to provide you an executive summary of two Public Service Announcements (PSAs) we launched earlier this year and concluded June 2013.

Each year, KOMO/Fisher Communications (KOMO) chooses one or two "good causes" to spotlight and for 2013 they chose problem gambling.

KOMO approached the Evergreen Council on Problem Gambling (Evergreen), a nonprofit organization, asking if they would be interested in collaborating on some problem gambling PSAs in 2013; Evergreen said yes!

Historically, the Commission has supported problem gambling programs, whenever possible. Evergreen asked if we wanted to partner on these PSAs. We said we would, if a gambling enforcement message could be included. It was agreed that enforcement messages regarding underage gambling and illegal dog fighting would be distributed with information about problem gambling. We entered into a $50,000 sole source contract with Evergreen in November 2012 for the production and distribution of two educational and awareness PSAs in 2013.

We collaborated with Evergreen and KOMO to produce the PSAs. The television PSAs were aired on KOMO TV, ThisTV, and Mondo TV (Mondo is a Spanish station; however, the PSA's were aired in English which is standard practice, because 87% of viewers are bilingual). The radio PSAs were aired on KOMO AM and KVI. Although the PSAs are no longer being aired, the television and radio PSAs are posted on our website. Below is a summary of the PSAs:

Underage Gambling: Public Service Announcement #1

This PSA included the following messages:

- Underage gambling is illegal. Minors caught gambling could pay a fine and lose winnings.
- Underage gambling can lead to problem gambling.
- Problem gambling helpline.

The PSA was broadcast February 1, 2013, through March 30, 2013.

- Aired 68 times on KOMO TV.
- Aired 120 times on ThisTV.
- Aired 90 times on Mondo Fox television station.
- Aired 206 times on the KOMO AM radio.
- Aired 189 times on KVI radio.
- Distributed via Evergreen's social media accounts (Facebook, Twitter, YouTube).
- Distributed via WSGC Twitter account.
- A new page was posted on the Gambling Commission's website and the PSAs are linked here.

Response:

- Evergreen YouTube channel: 20 views
- Evergreen Facebook: 3 likes; and a comment of "Nice work!"
- WSGC PSA webpage: 303 views

Kent Phillips, a popular radio and television personality for KOMO, was featured in both the television and radio PSAs. Below is the text of each PSA:

- **Television PSA featuring Kent Phillips:** I'm Kent Phillips with a message for you parents on teenage gambling. Almost three quarters of teens admit to gambling in the last year. That's a big deal because teen gambling is illegal and can result in costly fines. And any winnings will be forfeited. The younger gambling begins, the bigger the problem can become. And for some, it can lead to addiction. If you think your child has a gambling problem, there's something you can do. Call the gambling helpline. You're not alone. There's help.
  Sponsored by the Evergreen Council on Problem Gambling and the Washington State Gambling Commission.

- **Radio PSA featuring Kent Phillips voiceover:** Underage gambling's illegal, and yet almost three-fourths of teens admit to gambling in the last year. Hi, I'm Kent Phillips with a message to parents. Underage gambling can lead to costly fines, forfeited winnings, and the younger the gambling begins, the bigger the problem can become. For some, it leads to an addiction. There is help. Call the problem gambling helpline at 800-547-6133 or visit evergreencpg.org. There's hope. You're not alone.
  Sponsored by the Evergreen Council on Problem Gambling and the Washington State Gambling Commission.

<u>Dog Fighting: If you Suspect it, Report it!: Public Service Announcement #2</u>

This PSA included the following messages:

- Dog fighting and betting on dog fights is illegal.
- Dog fighting is more than animal cruelty; it goes hand in hand with illegal gambling and other criminal activities.
- If you suspect it, report it.
- $5,000 reward.
- Problem Gambling Helpline.

The PSA was broadcast March 28, 2013, through May 31, 2013.

- Aired 70 times on KOMO TV.
- Aired 100 times on ThisTV.
- Aired 90 times on Mondo Fox television station.
- Aired 148 times on the KOMO AM radio.
- Aired 196 times on KVI radio.
- Distributed via Evergreen's social media accounts (Facebook, Twitter, YouTube).
- Distributed via WSGC Twitter account.
- A new webpage was posted on the Gambling Commission's website and the PSAs are linked here.

Response:

- Evergreen YouTube: 157 views.
- Evergreen YouTube: liked once and shared twice.
- Evergreen Twitter: Favorited once.
- WSGC PSA webpage: 224 views.
- Five reporters contacted us after hearing/seeing the PSA (reporters from KING5, KOMO, KXL Portland radio news, Channel 13, and 710 ESPN).
  - I taped a radio interview with KXL Portland radio news; and
  - Three of the reporters requested to collaborate with us on a dog fighting case. Agents in our Eastern regional field office coordinated a ride along with KOMO when arrests were made at a cock fighting bust on August 15, 2013.
- We received a formal complaint of suspected dog fighting. A field agent determined more information was needed to pursue.
- Evergreen received a voicemail commending us for raising awareness about dog fighting.

Text of the PSAs:

- **Television PSA featuring a woman's voiceover**: Dog fighting. It's disturbing to look at. There's nothing cool or glamorous about it. Dog fighting is cruel and inhumane. It's tied to illegal gambling and other crimes. If you suspect animal fighting, report it to the Gambling Commission, which ensures gambling is legal and honest. You may be eligible for a $5,000 reward. If you need help for problem gambling, it's here. Call 1-800-547-6133.
  Sponsored by the Evergreen Council on Problem Gambling and the Washington State Gambling Commission.

- **Radio PSA featuring Kent Phillips voiceover**: Dog fighting. There's nothing cool or glamorous about it. It's cruel and inhumane, and it's tied to illegal gambling and other crimes. Hi, I'm Kent Phillips. Dogs may not have a choice, but you do. So make it a good one. If you suspect dog fighting, report it to the Washington State Gambling Commission. Those are the ones who ensure all gambling is honest and legal. And help for problem gambling's available, too. Call the Problem Gambling Helpline today at 800-547-6133. That's 800-547-6133.
  Sponsored by the Evergreen Council on Problem Gambling and the Washington State Gambling Commission.

Electronic Gambling Lab

PRESENTATION TO THE WASHINGTON STATE GAMBLING COMMISSION

"PROTECT THE PUBLIC BY ENSURING THAT GAMBLING IS LEGAL AND HONEST"

Outline

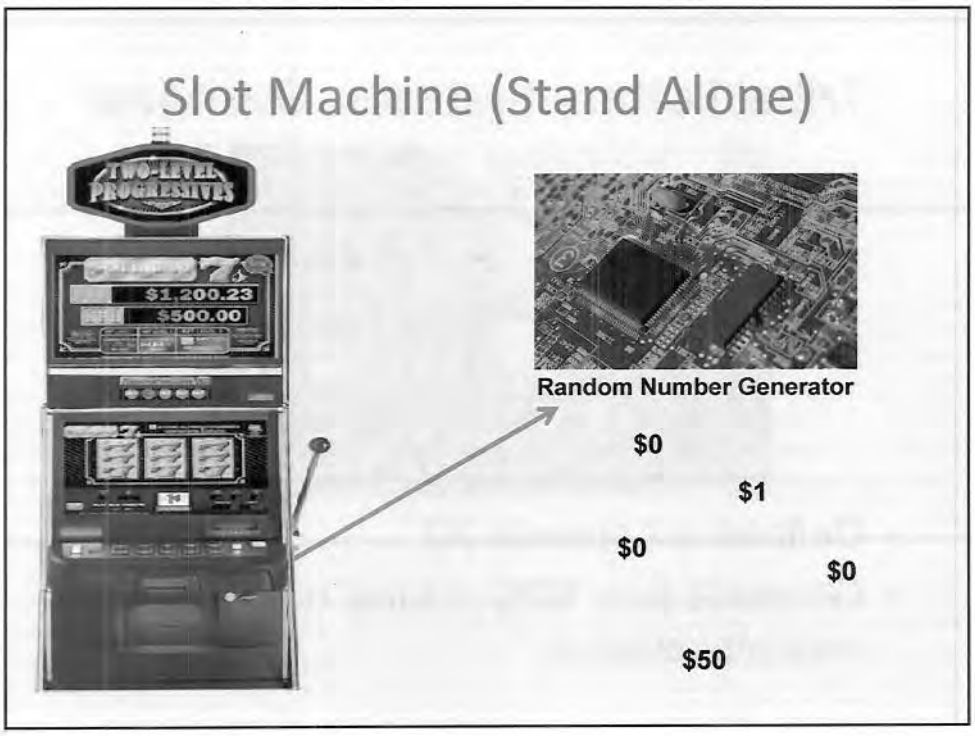
- Electronic Gambling Lab
- Tribal Lottery Systems
  - Structure
  - Overview
  - Approval
- EGL Roles
- Process Improvements
- Successes

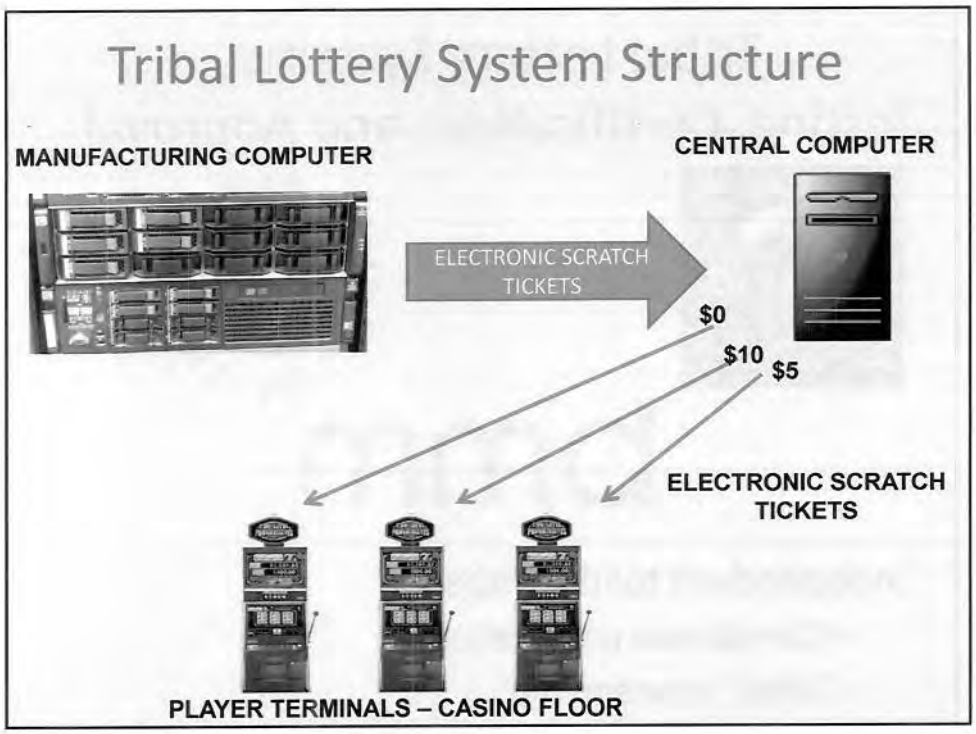
Electronic Gambling Lab Mission

To provide expert technical services and knowledge on electronic gambling equipment to regulators, Tribes, and the public

Tribal Lottery Systems Basic Structure

- Manufacturing computer
- Central computer
- Player terminal
- Cashless accounting system


Slot Machine (Stand Alone)
TWO-LEVEL PROGRESSIVES
$1,200.23
$500.00
Random Number Generator
$0
$1
$0
$0
$50


Tribal Lottery System Structure
MANUFACTURING COMPUTER
CENTRAL COMPUTER
ELECTRONIC SCRATCH TICKETS
$0
$10
$5
ELECTRONIC SCRATCH TICKETS
PLAYER TERMINALS – CASINO FLOOR

Tribal Lottery Systems -Overview

- Defined in Appendix X2
- Generate over 90% of tribal net receipts/revenue

Tribal Lottery Systems Testing, Certification, and Approval

eclipse

GAMING LABORATORIES INTERNATIONAL®

bmm

Independent testing labs

- Compliance certification
- Tribal "sponsorship"

What EGL Does
X2 Approval / Disapproval

- Verify Independent Testing Lab results
- Testing
- Strict time limits

What EGL Does
Regulatory Support

- New technology evaluation
- Investigations
- Risk analysis
- Training
- Inspections
- Internal controls
- Security standards and practices

What EGL Does NOT Do

- Replicate Independent Lab testing
- Review non-gaming or Class II systems
- Perform quality assurance testing

Stakeholder Suggestions and Process Improvements

- Required Action Notice (RAN)
- Documentation Only Reviews (DOR)
- Peer review
- Project management
- Cross training
- Submission processing

Successes

- Strong effective regulation
- Non-compliance findings prior to deployment
- Improved system reliability
- Faster processing times
- Greater efficiency
- Adapt to new technology

Questions?

WASHINGTON STATE
GAMBLING COMMISSION MEETING
TUESDAY, OCTOBER 8, 2013
DRAFT MINUTES

- PUBLIC MEETING -

Chairman Mike Amos called the Gambling Commission meeting to order at 10:55 a.m. at the Spokane Davenport Hotel and introduced the members present.

MEMBERS PRESENT:
Commissioner Mike Amos, Selah
Commissioner Margarita Prentice, Renton
Commissioner Kelsey Gray, Seattle
Commissioner Chris Stearns, Auburn
Representative Steve Conway, Tacoma

STAFF:
David Trujillo, Director
Mark Harris, Assistant Director – Field Operations
Tina Griffin, Assistant Director – Licensing Operations
Julie Lies, Assistant Director – Tribal & Technical Gambling
Amy Hunter, Administrator – Communications & Legal
Callie Castillo, Assistant Attorney General
Gail Grate, Executive Assistant
Michelle Rancour, Administrative Assistant

Director Trujillo asked Chair Amos to join him at the podium. He recognized Executive Assistant Gail Grate, a long-time staff member, who would soon be retiring. Ms. Grate has been integral to the Gambling Commission for many years. She is kind and very helpful and Director Trujillo wished her well. He said it has really been nice knowing and working with her. Director Trujillo thanked her for everything she has done for staff and for the citizens of Washington.

Acting Program Manager Jim Dibble, based out of the Spokane Region Office, said he has been with the Gambling Commission for close to 20 years and has seen a lot of ebb and flow with good times, lean times, times that were very trying, and times that have been wonderful. He said it has been amazing for him to be able to find Ms. Grate on the other end of the phone when he has had to call the Director. She has always been very personable, engaging, and knowledgeable, and always put him at ease. Her smile is contagious and she carries it with her. She has been a wonderful face for the Washington State Gambling Commission over all these years. SA Dibble said he has always considered Ms. Grate as a friend who has always been a great help for him. He wished her the best in the future, adding she has a family at the Gambling

Commission. Staff appreciated Ms. Grate and would always keep those fond memories in their hearts.

Ms. Dolores Chiechi, Recreational Gaming Association (RGA), said Ms. Grate had big shoes to fill when prior Executive Assistant Shirley Corbett left the Commission. Ms. Chiechi explained she was there when Ms. Corbett was the executive assistant and thought that was going to be a tough one for Ms. Grate to do. But though her shoes may be smaller, Ms. Grate has done a great job of filling them. She has been tremendously helpful in getting information and sharing information. Ms. Chiechi said they work together real well, and she was going to miss Ms. Grate a lot. Ms. Chiechi congratulated Ms. Grate and wished her the best in her future.

Chair Amos said he met Ms. Grate five years ago when Governor Gregoire appointed him to the Gambling Commission. When he attended his first Commission meeting, Ms. Grate said not to worry about anything, that she would help him with anything he needed. She also said the meetings were usually short. The first meeting he attended was at Southcenter and it went until 8:00 that night. There were five or six executive sessions and the last time the Commissioners got up to do another executive session, he walked by Ms. Grate's table and asked her to type a letter of resignation for him before he came out of the executive session. She said it was not that bad, that this was just an exception to most meetings, and that he would be okay. Chair Amos said Ms. Grate has helped him tremendously to get his feet wet and he has enjoyed every minute of it. He wished Ms. Grate well.

Ms. Grate thanked everyone for their comments.

Agenda Review/Director's Report

Director Trujillo briefly reviewed the agenda, noting that staff was not requesting any changes to the agenda. He indicated that an executive session would be needed to discuss pending investigations, tribal negotiations, and litigation. He explained that Wednesday's meeting would be a Commissioners' Strategic session and would be from 9:30 a.m. to 12:30 p.m.

Director Trujillo pointed out a letter that was received on August 23, 2013, from Governor Jay Inslee directing the Commission to start discussions with the Cowlitz Tribe. He noted that the news articles demonstrated that throughout the country gambling was still making news. One of the articles was about King County filing charges against a former director of a political campaign committee in Washington State for allegedly embezzling, which the director blamed on drinking and gambling. New York appears to be working to expand casino gambling. The number two officer of the U.S. Strategic Command was suspended for allegedly using counterfeit chips at a casino in Iowa. While Nevada was the first state to legalize online poker, New Jersey plans to offer a whole series of online table games. Delaware is also moving forward with online games.

House-Banked Card Room Summary of Activity

Director Trujillo reported that the annual report compares 2012 with 2011 activity. In 2012 there were 54 house-banked card rooms; in 2011 there were 59. In both years, there were 4

investigations that were initiated based on those reviews. The supporting data shows 2012 was fairly consistent with prior years in that about 50 percent of the house-banked card rooms were in the black and about 50 percent were in the red. Of those card rooms that were in the red, two have closed or are no longer licensed: Maverick's Casino and Saloon in Cle Elum and the Drift On Inn Casino in Shoreline. The Palace in Mountlake Terrace is no longer operating.

Senator Conway asked whether some of the casinos were all owned by the same company or corporation. **Director Trujillo** affirmed that was correct. **Senator Conway** asked if there was a way to tell that besides the title. **Director Trujillo** responded there was no way to tell based on the spreadsheet. Staff has tied all of the common ownership facilities together in the past and could do it for this report. If Senator Conway was interested in that information, it could be prepared and presented in that format at the November meeting. **Senator Conway** replied he would like to see it in that format. He thought it had something to do with the positive and the negative lines in the report and would like to see that. **Director Trujillo** affirmed that in some cases that would be correct.

Chair Amos asked if there were any other questions; there were none.

Tax Lien Report

Director Trujillo reported on a program that was initiated several years ago. The impetus behind the program was that if an owner or an operator was behind in taxes at any level, it may be indicative of other operational problems. This report demonstrates that the program was working. Of the 24 investigations, 45 percent of those licensees either entered into a payment plan to pay off their tax liens or they paid the tax liens in full. And that happened simply by including a question in the renewal application about taxes owed, which was simply a check of a box. There were four "liens self-reported by mistake" which meant that somebody checked the box but did not have any outstanding liens. Of the licensees that had liens outstanding, 16 percent had closed their business or surrendered their license. A question that might be asked is why somebody would not pay their taxes. There could be a variety of reasons like being behind in all their bills or there are some who just do not like to pay taxes and the government is the last in line when it comes to paying bills. This program has worked very well, with minimal work by staff and it is program worth continuing.

Tribal Contributions Report *(PowerPoint Presentation)*

Assistant Director Lies, Assistant Director of the Tribal and Technical Gambling Division, reported she has worked for the Gambling Commission since November 1989, was one of the original members of the Tribal Gaming Unit, and worked her way up to Assistant Director. She explained that she has provided this report for about eight years and it covers tribal contributions that are required in the Tribal-State Compacts.

Senator Conway asked if they were the mandated contributions, not the total contributions of the tribes to the community. **Assistant Director Lies** affirmed that was correct. **Senator Conway** asked whether staff monitored some of that too. **Assistant Director Lies** asked if he meant the contributions that are non-mandated. **Senator Conway** affirmed. He knew the tribe

in his community put together and gave Community Impact Statements usually, and was curious if staff monitored that in any way. **Assistant Director Lies** explained that in Appendix X2 there was a requirement for a Community Investment Contribution Report that listed the contributions the tribes make to their local communities for various regions. The Gambling Commission gets a copy of that report, but agents do not go out and verify the information. The report is passed on to the Governor's Office.

Assistant Director Lies reported that, along with Program Manager Cathy Harvey, she participates in the community impact committee meetings when there are committee meetings. The agents in the Tribal Gaming Unit go out and verify accrual and disbursements for the charitable, smoking cessation, and problem gambling to make sure the accrual is appropriate. The agents just verify the payments that are made for the 2 percent community impact. The community impact and charitable contributions were made for funds that were accrued in 2011. The Tribes accrue in the year, then they have 2012 to make the distributions, and then agents verify those disbursements in 2013. There were 22 tribes operating 28 casinos during that period. The calculations are based on net receipts, which is the amount wagered less prizes paid. The total net receipts of $2.1 billion for the year 2011 are estimated receipts. About 91 to 92 percent of the net receipts come from the tribal lottery system (TLS). The rest of the net receipts come from table games, keno, and class III poker.

Most of the Tribal-State Compacts state that the Tribes will contribute up to 2 percent of net gaming receipts to governmental agencies that are impacted by the casino. Each Compact has slightly different language on this: some say provable impact, some say actual impact, and some say future impact. Agents work with each of those Tribes to make sure they are meeting their Compact requirements. The types of organizations that receive funding are general government organizations like city, county, and tribal governments; fire and emergency services; ambulance and Medic One; local law enforcement; occasionally State Patrol or tribal police departments if they are the first responders; hospitals; Chambers of Commerce; and county economic development offices.

Assistant Director Lies showed a comparison of what was contributed for community impact in 2009, 2010, and 2011. She explained that all but one Tribe was included in the numbers. That one Tribe had accrued the funding, but was holding those for payment because they have some disputes with local jurisdictions. Staff is working with them to try and resolve the matter. There was a drop in disbursements from 2010 to 2011. Many of the Tribes pay for impacts outside of this committee and will pay for them ahead of time, so they do not pay them through this committee as well. Also, if it is paid from the tribal level, it is not included in these numbers. The payments that are made outside of the committee are included in their Community Investment Contribution Report.

Charitable distributions are one-half of 1 percent of tribal lottery system (TLS) net receipts and are paid to charitable or nonprofit organizations in Washington. The TLS revenue is about 91/92 percent of the total net receipts or net win, which is the amount wagered less prizes paid. There are also some allowable deductions that came through in Appendix X, which include the cost of

developing, licensing, or obtaining the use of TLS. A brand new facility gets to reduce their payments for the first two years because they are just starting up and it was to give them a break for the first two years. The types of organizations that receive funding include: social and community services, such as March of Dimes, Muscular Dystrophy, Red Cross, food banks, and housing authorities; Educational programs for schools, academies, PTAs, scholarships, and libraries; youth programs like Boys and Girls Clubs, Boy Scouts, Girl Scouts, YMCA, as well as camps for youth; church organizations, such as churches, academies, and ministries; and sports organizations. To receive this contribution, the organization or group just needs to be a charitable/nonprofit in Washington State, the higher 501(c)(3) federal recognition is not required. The organizations just have to be on record as a charity with the Secretary of State's Office. For the past three years, there was an anomaly in 2010, which made that number artificially high. Agents determined that the Tribes make a lot of additional charitable donations, so some of those donations were included in that number. Assistant Director Lies did not want to change the number, since it was reported last year, so the number for 2011 was really the amount the Tribes were required to contribute under the Compact.

Contributions for the smoking cessation and problem gambling prevention are for Fiscal Year 2012. Appendix X2 requires Tribes to make these payments 15 days after the end of their fiscal year. These calculations are based on net receipts and deductions are allowed similar to those for charitable. The total net receipts were $2.2 million for 2012. Smoking cessation is 0.13 percent of TLS net receipts and paid to governmental, charitable, or nonprofit organizations in Washington State. The same standard applies where the 501(c)(3) with the federal government is not required, they just need to be registered with the Secretary of State's Office. A Tribe that operates a casino that is completely smoke free does not need to make this payment. Casinos that operate with no alcohol service would also be excluded from this payment. Many Washington Tribes operate non-smoking areas, but because they are not a fully non-smoking facility, they do not get to pro-rate under this provision. Currently, Muckleshoot Casino 2 is the only non-smoking casino in Washington State. Because the Yakama Tribe does not serve alcohol, they are exempted.

Senator Conway asked if this was ever broke down by how much actually goes to the Washington State General Fund. **Assistant Director Lies** replied that most, if not all, of the donations to the smoking cessation and problem gambling go to either charitable/nonprofit organizations or back to the Tribes for their own smoking cessation programs. Some funding did go to the State for problem gambling treatment. All but one Tribe was in compliance for the past three years. The funds were accrued, but staff was waiting for the tribal council to take action on the distribution of the funds. The increase was primarily due to TLS becoming a larger portion of net receipts.

Assistant Director Lies reported the problem gambling contribution is 0.13 percent of class III net receipts, which includes not just the TLS, but also table games, keno, and class III poker. It does not include anything that is class II gaming or non-gaming. The net receipts are calculated on the amount wagered less prizes paid and they also have similar deductions for the cost of developing, licensing, or otherwise obtaining the tribal lottery system. The Tribe that is not in

compliance that staff is waiting for the tribal council to make a decision on the distribution of the smoking cessation funds is the same here.

Commissioner Stearns asked what the rationale was behind the distributions going to the State nonprofits as opposed to the 501(c)s. **Assistant Director Lies** replied she was not part of that negotiation, but she understood it was to keep the money within Washington State. There was a feeling that it would impact some of the charitable organizations that were operating gambling within the State. **Commissioner Stearns** asked why that would make a difference on 501(c). **Assistant Director Lies** replied she was not sure, but would find out and let him know. **Commissioner Stearns** thanked her.

Director Trujillo explained that the definition for charitable and nonprofit organizations within Washington State was if they had 501(c)(3) status that was prima facie evidence that they were a charitable or nonprofit organization. However, in order for a charitable or nonprofit organization to operate gambling activities, they could meet several types of organizations, so it was not specific to the 501(c)(3) because there were more options in Washington State. **Commissioner Stearns** said he meant not 501(c)(3) but any nonprofit; 501(c)(4), or (c)(7), or whatever. **Director Trujillo** replied it would be the same thing. He thought there was a rule that said that status was prima facie evidence that an organization is charitable or nonprofit. Otherwise staff can make a determination based upon certain criteria that the organization is a charitable or nonprofit. He thought the ability to qualify as a charitable or nonprofit organization to operate gambling activities originated out of the application, but he did not know if that same rationale carried through to the Compacts, but it seemed likely.

Senator Conway asked if the community impact contribution was only on table games. **Assistant Director Lies** affirmed. There is a provision, which is up to 2 percent of table games, but in situations where there may be more requests for funding than the 2 percent of table games would allow, there is the one-half of 1 percent of TLS (machines) that also applies. **Senator Conway** asked if, when looking at the net receipts, AD Lies said that 90 percent of it was coming out of the TLS side. So when looking at the community impact contributions, it was really only on the table games with one-half of 1 percent of TLS. He said those statistics were a little bit confusing, and thought it would be interesting to see what the true value of the net receipt was on the community impact. In other words instead of taking all of the tribal net receipts, staff should be looking at what percentage of those net receipts were being used to come up with the community impact and charitable contribution number. **Assistant Director Lies** replied there was no easy math for the community impact numbers. People used to say that if this contribution is 2 percent of table games, if the math was done backwards they would be able to figure out what the net receipts are in the State. But, it is not that simple because there are some Tribes that do not have any contributions that they pay out through the committee, so their numbers would not be reflected because they do it as a separate donation or contribution to those local law enforcement. When the TLS, Appendix X, and Appendix X2 came on board, that one-half of 1 percent was added. But that only applies if the request for funding exceeds the 2 percent of table games. So trying to do the math is not possible. **Senator Conway** said his concern was when the net receipts show over $2.1 billion, but the contributions seem to be out of

whack. He thought it would be better for that net receipt figure to reflect the exact percentage of the net receipts that are part of the community impact contribution. **Assistant Director Lies** replied she would look at that.

Chair Amos said if the 0.13 percent for smoking cessation was taken out of the $2 billion it would be $158 million, but the smoking cessation was not $2 billion worth of --. **Assistant Director Lies** said she was going to back up a little bit. She explained the $2.1 billion in net receipts for 2011 was the total class III net receipts, which includes the TLS as well as table games, keno, and class III poker. The percentage for smoking cessation was only based on the TLS net receipts, which is the 0.13 percent of that $2 billion. Assistant Director Lies said she was an accountant and this math was sometimes hard for her.

Chair Amos asked if there were any other questions; there were none.

Approval of Minutes - September 12, 2013, Regular Commission Meeting

Chair Amos asked if there were any changes that needed to be made to the minutes.

Director Trujillo replied he had a correction to the minutes on page one where the minutes say the meeting was in Wenatchee. The meeting was actually at the Great Wolf Lodge in Grand Mound.

Commissioner Gray made a motion seconded by **Commissioner Prentice** to approve the minutes from the September 12, 2013, Commission meeting as corrected. The *vote was taken; the motion passed with four aye votes.*

- ADMINISTRATIVE PROCEDURE ACT PROCEEDINGS -

New Licenses and Class III Employees

Assistant Director Tina Griffin reported there were currently 53 licensed and operating house-banked cards. There were two new house-banked card rooms licensed this month and one that closed. Lucky 21 in Woodland was licensed on September 9 for 15 tables and a class B punchboard/pull-tab license. The facility started with 117 card room employees: 80 were new licensees and 37 were transfers. The Lucky Dragonz was licensed on September 20 for 15 tables and a class A commercial amusement game license. They opened with 94 card room employees: 24 were new licensees and 70 were transfers. The Palace of Mountlake Terrace, which was formerly known as the Chips of Bremerton closed on October 1. The closure impacted 91 card room employees. Staff did not notice any unusual items and recommends approval of all licenses and class III gaming employees listed on pages 1 through 24.

Commissioner Stearns made a motion seconded by **Commissioner Prentice** to approve the new licenses and Class III employees listed on pages 1 through 24 The *vote was taken; the motion passed with four aye votes.*

Rule Up For Discussion

Petition for Rule Change from the Public: Ashford Gaming, LLC - Allowing a new type of wager for the card game mini-baccarat

a) Amendatory Section: **WAC 230-15-040** - Requirements for authorized card games

Assistant Director Mark Harris reported the petitioner, Ashford Gaming LLC, is not currently a licensee. They are requesting that, for the game of mini-baccarat, a player be allowed to make an optional wager on either the player hand or the banker hand winning the next three consecutive games. Under the current rule, a player's win or loss must be determined during a single card game. Mini-baccarat uses community cards where two shared hands are dealt called the banker and the player. Unlike other card games, the players are not dealt their own individual hands. Players bet on one of the two shared hands dealt, rather than on their own cards. The petitioner has not yet submitted this new card game for formal staff review. The game would not currently be authorized because the win or loss must be determined during a single card game. Because of that, they submitted the petition for rule change.

Mini-baccarat was authorized in Washington in 2008 in response to a petition for a rule change from the card room industry. In 2012, the Commission amended the rule to allow for carryover pots, which is an optional pot that accumulates as the dealer and participating players contribute to the pot. The winner is not necessarily determined after one card game and the pot may be carried over for more than one game. Staff is not aware of any complaints related to the 2012 rule change. Based on their experience with that rule change, staff does not anticipate significant regulatory concerns with the petitioner's proposal. The game is currently authorized in Nevada. Nevada Gaming Control Board told staff that they do not track the games after they approve them, so they do not know how popular the game is or how many places offer the card game in Nevada. They also said they were not aware of any complaints related to the card game. The petitioner is present.

Chair Amos asked if there were any questions; there were none. He asked if Mr. Ashford would like to step forward and speak.

Mr. Ashford Kneitel, manager of Ashford Gaming, LLC, planned to show a short video, but it did not work. He apologized for the video not working and held up his game layout for the Commission to look at. He explained the players would wager that the next three hands in a row would be either a player or the banker. If the players thought the banker would win the next three hands in a row, they would place their bet right there. If the banker wins the first hand, the dealer moves the chip to the first circle. If the next hand is also a banker win, the dealer moves it up to the second circle. And if the third and final hand is a banker win, then that bet gets paid 10 for 1. It is very simple and straightforward. They could also do the same with the player side – one, two, and the third one – 10 for 1.

Commissioner Stearns asked what the "tie" was. **Mr. Kneitel** replied that was a bet on all Baccarat games and was completely unrelated. **Commissioner Stearns** asked if it was not part of World. **Mr. Kneitel** affirmed it was unrelated to that.

Senator Conway asked for an explanation on how it applies to ten games. **Mr. Kneitel** replied that was the carryover pot he thought for ShuffleMaster, which was the previous game and not related to his proposal. It was a different bet that was previously approved. **Senator Conway** asked why it was called World. **Mr. Kneitel** responded that he felt Baccarat was a very international game and he just picked it because he thought it would be appealing for the design of the bet, something that just jumps out. It is a very international game. **Senator Conway** ask whether it was related to internet waging. **Mr. Kneitel** replied it was not part of internet wagering.

Commissioner Stearns asked how many games there are in Nevada. **Mr. Kneitel** replied there were none yet. It was approved, but has not been placed yet. **Commissioner Stearns** asked if there was an interest in it. **Mr. Kneitel** replied he has had interest, but since he is new to the industry, a lot of casino managers have told him they do not want to be the first one out of the gate; they would rather see other casinos try it before they were willing to risk that investment with Mr. Kneitel. **Commissioner Stearns** asked how he came up with this game proposal. **Mr. Kneitel** replied he was a dealer for many years in Las Vegas. Baccarat was one of the games he dealt all the time, and he saw that when playing this game, players would keep track of streaks, how many player or banker wins in a row. He said he never saw a bet where the players could actually wager on how many consecutive wins they could do, but they were always keeping track of it. **Commissioner Stearns** asked why he used three consecutive wins, rather than two or four. **Mr. Kneitel** replied he wanted the layout to be as simple and clean as possible. He did not want it to get convoluted because, as a dealer, he knew that players did not like really busy layouts. He did not like it either, so he wanted to keep it nice and simple and he felt his lucky number was three.

Commissioner Stearns asked if Mr. Kneitel was applying for a license or rule change in any other states. **Mr. Kneitel** replied just in Washington and Nevada. There was no rule that prevented this game from being approved in Nevada, but he had not marketed this game in any other state. **Commissioner Stearns** asked why he chose to market it in Washington. **Mr. Kneitel** responded that he knew there was a solid Baccarat market and thought it would be a good place to start out. He said he did not want to jump the gun to Atlantic City, for example, because he did not feel they would give him the time of day. He thought Washington casinos were a little bit smaller and a little bit more approachable, so he decided to start here. He said he has been to Washington in the past, and knew some of the history of it. But other than that, there was no real reason. Washington was just more approachable and friendly.

Chair Amos asked if Mr. Kneitel had an idea of how many house-banked card rooms on the west side of Washington have Baccarat. **Mr. Kneitel** replied he did not know. **Mr. Victor Mena** replied he thought it was about 60 percent. **Chair Amos** asked about how many were in Eastern Washington. **Assistant Director Harris** replied there were no baccarat games in Eastern Washington. **Chair Amos** asked why that would be. **Assistant Director Harris** replied it was a different clientele.

Chair Amos asked if there were any other questions.

Commissioner Prentice said Mr. Kneitel had made the observation as a dealer that this would be a game that most people could grasp and understand. **Mr. Kneitel** affirmed. He said that at a Baccarat game, players would have a scoreboard or a piece of paper where they keep track of the wins, whether the hand was a banker or a player. They were looking for streaks. They wanted to see whether, when four in a row has been the player, the next one would be a banker or whatever arbitrary system every player has devised. Mr. Kneitel figured that if they wanted to bet on streaks, there should be an actual way to bet on the streak itself. He thought it would be beneficial to the game of Baccarat because there was currently no way to bet on a streak.

Senator Conway said he noticed the rule was to carry up to ten games, but Mr. Kneitel was talking only three and he wondered why he saw two different things here. **Assistant Director Harris** replied the original petition, which he thought was in 2012, was to allow for carryover jackpots, which are not on a Mini-Baccarat game, but are on a different type of game. It would allow the players to contribute to a pot that could carry up to ten games. If it goes over that, then it would be divided among the players. That game was approved, but this proposal would be another exception to that subsection of the rule, which would allow for the game of Mini-Baccarat to have a streak of three games, not determined on the outcome of a single game. **Senator Conway** asked if the idea was that when players enter into the game they could only enter into one type of Baccarat game. They would check a box saying they are only into the Mini-Baccarat game, not the other Baccarat game for up to ten carryovers. **Assistant Director Harris** replied the carryover jackpot was more for poker-based card games. This proposal would be an exception for Mini-Baccarat, so the carryover jackpot really would not play on a Mini-Baccarat game because it was specifically designed for a poker-based house-banked card game as opposed to a blackjack-based or Mini-Baccarat.

Director Trujillo asked if AD Harris recalled when the carryover jackpot game language was approved. **Assistant Director Harris** replied it was not that long ago, he thought it was 2012. **Director Trujillo** said he just wanted to share with Senator Conway that the language was in the existing rule; that the only language the petitioner is looking to modify is subsection 5(b) under that rule.

Mr. Kneitel thanked the Commission for their time.

Mr. Martin Durkan, representing the Muckleshoot Tribe, explained this was kind of a learning moment here. In July 2012, when the Commission voted to change the carryover pot rule, he raised some concerns, not necessarily what was being voted on at the time, but what happens in the future, because gaming is always expanding. It is just the nature of the game. Mr. Durkan said his concern was where it goes next. Is it a player is going to win four in a row on a blackjack table or something else? What is the next step in this progression? The tribal gaming authority at the Muckleshoot Tribe took a hard look at this and determined that it was not a good game for the Muckleshoot Tribe. Even if the Commission would approve it, the Muckleshoot Tribe would be very unlikely to do it. Prior to July 2012, a card game was concluded at the end

of the game on a win or a loss. Winners were either paid the wager they won or they lost the wager they bet. When this rule change was made July 2012, Mr. Durkan said the game was not over at the end of a game and this was precisely why the Commission was looking at something like this today. Mr. Durkan said he was more concerned about the next rendition. Baccarat is a fairly complicated game and the Muckleshoot Tribal Gaming Commission is concerned about cheating that could go on. There are now many more slots on the table, there are chips moving up and down, there is a card game that has ended but it has not ended. Mr. Durkan testified that the Muckleshoot Tribe has taken the position that it does not support this rule change. If the Commission did change it, it was something that the Muckleshoot Tribe would not do because of the concern of possible cheating.

Chair Amos thanked Mr. Durkan and asked if there were any other comments.

Mr. Kneitel said he understood that the biggest concern for Muckleshoot was cheating. He wanted to show the Commission that it was actually the least likely bet of any table game to be cheated in a casino. He did not think it should be a concern at all for any casino. When looking at the placement of the bet, he purposely placed it towards the top, closest to the dealer. That way it was the farthest bet away from the player, which by definition makes it the least likely bet to ever be cheated, especially compared to the traditional baccarat bet, which is a lot closer to the player. Mr. Kneitel explained he did that in order to protect the game because his biggest concern as a dealer had always been game protection. As a dealer, if a game that he was dealing was ever cheated, he would likely be fired. Mr. Kneitel dealt at the Palazzo in Las Vegas, which is connected to the Venetian. They are very, very, very strict about cheating and the dealers were told time and time again to protect their games. So his biggest concern has always been game protection. Mr. Kneitel said he could say without a shadow of a doubt that this was the least likely bet to ever be cheated in any table game.

Mr. George Teeny testified that, with all due respect to Mr. Durkan, Baccarat is the simplest game on the market. Players make a bet, then sit back, and make no decisions. The cards are dealt, players win or they lose, which is unlike blackjack where a decision is made almost every time players get two cards. Again with all due respect to Mr. Durkan, in Mr. Teeny's opinion it is a very simple game. Mr. Teeny said he did not know Mr. Kneitel at all; he had just met him this morning. His bet sequence is very simple; it is not confusing. On the cheating aspect, there will be cheating aspects in every single game known to man from croquet to ping pong. But this game is so simple that the dealer would have to be deaf, dumb, and blind not to catch somebody cheating.

Chair Amos thanked Mr. Teeny. He asked if there were any other comments; there were none. He explained this rule was just up for discussion at this meeting.

Assistant Director Harris asked if the Commission had any more questions of him.

Commissioner Prentice said she was hearing two very opposite things and would like to hear from Assistant Director Harris. She asked what came after. If the Commission approved the

rule change, would they be filing it now? **Assistant Director Harris** explained this was just up for discussion this month; it would be up for final action at the November Commission meeting.

Chair Amos said a motion was not needed on the petition at this meeting.

Commissioner Prentice said she wanted to be cautious, if the Commission was to approve the petition, about getting in a position where there was going to be more cheating. She admitted that she liked the idea about a working guy having an idea that maybe he could do this and it would improve and simplify the game. She said she was really torn; she did not want to open up things that the Commission may wish they had not done, but there was something about this. She said she would like to keep talking about it. **Chair Amos** affirmed the Commission would continue talking about it. He asked if Mr. Kneitel would have to license himself as a corporation for the state of Washington if the Commission did approve the petition. Would the card room owners have to contact him to buy the table or could they rent the table

Assistant Director Harris affirmed that Mr. Kneitel would have to get licensed as either a manufacturer or a service supplier. Then he would submit the game to the Commission for approval to make sure it met all the standards. At that point, Mr. Kneitel would go out to market it. Assistant Director Harris assumed Mr. Kneitel would just be marketing the layouts that would go on a normal table. The card rooms would take the old layout off the table and put the new layout on for this game. So it is not even a matter of getting a new table, just replacing an existing layout.

Chair Amos asked if doing this three in a row bet would give a bigger percentage to the house. **Assistant Director Harris** replied he did not know the math specifically on the game because he had not yet seen it, but he assumed that it was always in the house's favor.

Commissioner Prentice said it occurred to her that because the Commission was not going to be making a decision at this meeting, staff would certainly hear from people out there who are a lot more knowledgeable than she is about how the game actually works and whether there was a market for it. But there is no expensive equipment; it just looks like that beautiful cloth that Mr. George Teeny held up for Mr. Kneitel; it was not a huge outlay. She thought the Commission would know more after they hear from everybody. **Assistant Director Harris** affirmed that, basically, it would just be the purchase of a new layout.

Senator Conway asked where the game was currently being played, aside from the United States that Mr. Kneitel had mentioned. Where else in the world is the game currently being played? **Assistant Director Harris** replied he thought it was pretty much everywhere. It is the game that James Bond is always playing in his movies. **Senator Conway** said in Europe and Asia. **Assistant Director Harris** agreed. **Senator Conway** assumed the reason the game was concentrated on the west side had something to do with the population on the west side. **Assistant Director Harris** responded it was also demographics and who the players were for the various types of games. Certain players like certain types of games. The customer base pretty

much determines what games will be played in what location, whether it is heavy on blackjack, or heavy on poker, or heavy on Pai Gow.

Chair Amos asked if there were any other questions; there were none.

- PUBLIC MEETING -

Other Business/General Discussion/Comments From the Public

Chair **Amos** opened the meeting for other business, general discussion, or comments from the public. No one stepped forward.

Executive Session to Discuss Pending Investigations, Tribal Negotiations, and Litigation

Chair Amos called for a break at 2:50 p.m. He announced that the Executive Session was expected to last approximately 30 minutes and at the end of the executive session the public meeting would be resumed solely for the purposes of adjourning. At 3:10 p.m. the Commission went into an Executive Session to discuss pending investigations, tribal negotiations, and litigation.

Adjourn

Chair Amos adjourned the meeting at 3:35 p.m.

Minutes were submitted to the Commission for approval by:
Gail Grate, Executive Assistant

The Minutes
From the
Strategic Session
October 9, 2013
Commission Meeting

were not available at the time of printing

They will be emailed to you and copies will be provided at the November meeting.

The meeting minutes will also be available on the agency website (www.wsgc.wa.gov)

NEW LICENSES AND

HOUSE-BANKED CARD ROOM REPORTS

PORTION OF THE

COMMISSION MEETING PACKET

CAN BE FOUND

ON OUR WEBSITE

AT THE PUBLIC MEETINGS PAGE

AT

http://www.wsgc.wa.gov/agendas/november.asp

STATE OF WASHINGTON
GAMBLING COMMISSION
"Protect the Public by Ensuring that Gambling is Legal and Honest"

October 24, 2013

TO:

COMMISSIONERS
Mike Amos, Chair
Margarita Prentice, Vice Chair
Kelsey Gray, Ph.D.
Chris Stearns
Geoff Simpson

EX OFFICIO MEMBERS
Senator Steve Conway
Representative Gary Alexander
Senator Mike Hewitt
Representative Christopher Hurst

FROM: Tina Griffin, Assistant Director of the Licensing Operations Division

SUBJECT: Garfield High School Parent Teacher Student Association Raffle Request to Exceed Prize Limits

The Garfield High School Parent Teacher Student Association (PTSA) is requesting your permission to conduct a raffle for a new Tesla S Sedan valued at approximately $90,000 or $50,000 cash. The PTSA holds a raffle license through October 14, 2014.

The Washington Administrative Code (WAC) 230-11-065 limits the value of a single prize to $40,000 unless a licensee can show good cause and receive approval from the Commissioners, WAC 230-11-067.

Mission:
The PTSA is committed to helping assure the best possible education and educational experience for the students.

Goal for Conducting the Raffle:
The PTSA tries to raise $300,000 a year to support school programs at Garfield High School. The raffle proceeds will supplement donations and monies raised from their annual auction. The PTSA raises funds to support supplemental educational programs at the school, provide volunteer tutors, and serve as managers of student activities and chaperones.

Raffle Details:

Drawing:	February 28, 2014	
Tickets Cost:	$100	
Prizes:	First Prize	2014 Tesla S Sedan or $50,000 Cash*
	Second Prize	$1,500 Cash
	Third Prize	$1,000 Cash
	Fourth Prize	$500 Cash

*If less than 900 tickets are sold, the First prize will be $40,000.

Security and Purchase of Prizes:

The PTSA will put a deposit on the car and sign a contract, thereby fixing the purchase price. The car is not obtained until after the drawing. If the winner takes the cash, the PTSA is under no obligation to purchase the car. All cash prizes will be paid from raffle proceeds.

Protection of the integrity of the raffle:

The President is responsible for the overall raffle operation. The Treasurer and a Board Member are responsible for reconciling all receipts to sales, recordkeeping, and securing the ticket stubs before the drawing.

Use of Proceeds:

The proceeds will be available for such things as classroom equipment and supplies, special programs to help students who are academically behind their peers, student clubs, and athletic teams.

Projected Budget:

The PTSA will offer a maximum of 1,800 tickets. They anticipate 980 tickets will need to be sold to break even. If all tickets are sold, they anticipate net proceeds will be approximately $80,000.

Attachments

STATE OF WASHINGTON

GAMBLING COMMISSION

"Protect the Public by Ensuring that Gambling is Legal and Honest"

October 31, 2013

TO:

COMMISSIONERS
Mike Amos, Chair
Margarita Prentice, Vice Chair
Kelsey Gray, Ph.D.
Chris Stearns
Geoff Simpson

EX OFFICIO MEMBERS
Senator Steve Conway
Representative Gary Alexander
Senator Mike Hewitt
Representative Christopher Hurst

FROM: Tina Griffin, Assistant Director of the Licensing Operations Division

SUBJECT: Special Olympics of Washington - Western Washington Enhanced Raffle Plan Request

Special Olympics of Washington (SOWA) is requesting your permission to conduct an enhanced raffle in Western Washington.

In the 2013 Legislative session, the Legislature passed Engrossed Substitute Senate Bill 5723 authorizing enhanced raffles. The Washington Administrative Code (WAC) 230-03-152 allows the commissioners to vote to approve a bona fide charitable or nonprofit organization whose primary purpose is serving individuals with intellectual disabilities, to conduct enhanced raffles when they meet the requirements of the law and submit a plan as set out in the rule.

Mission:
SOWA's mission is to provide year-around sports training and athletic competition in a variety of Olympic type sports for children and adults with intellectual disabilities, giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy and participate in the sharing of gifts, skills and friendship with their families, other Special Olympics athletes and the community.

P.O. Box 42400 Olympia, Washington 98504-2400 (360) 486-3440 1-800-345-2529 FAX (360) 486-3631

Programs and Clients Served:
SOWA currently serves more than 10,000 athletes and has a support system of nearly 8,000 volunteers. There are 138,000 special education students in the Washington state school system that do not currently have access to Special Olympics. The funds from this raffle will allow SOWA to begin working with more school districts to reach these students.

Goal for Conducting the Raffle:
SOWA is launching "Unified Sports" state-wide, a program that creates competitive teams including athletes with and without intellectual disabilities playing on the same team. Unified Sports is currently operated in Seattle public schools.

Enhanced Raffle Details:
Ticket costs: $150 each or 3 tickets for $400 or 5 tickets for $550

Drawing	Date	Location	Prizes Available
Early Bird 1	March 13, 2014	Western Washington – King County *	Winner's choice: Mini Cooper, Toyota Prius, Ford Mustang, or $25,000 cash
Early Bird 2	April 10, 2014	Western Washington – King County *	Winner's choice: trip to Prague, Czech Republic, Vienna or $5,000 cash
Early Bird 2	May 8, 2014	Western Washington – King County *	Winner's choice: trip to Maui or Jamaica, or $5,000 cash
Grand Prize	May 31, 2014	Western Washington – King County *	1,400 prizes to be awarded. Grand prize house valued up to $5 million or annuity or cash. Other prizes include trips, cars, cash, jewelry, electronics, and other consumer products.
Multi-Ticket	May 31, 2014	Western Washington – King County *	Winner's choice: Mercedes-Benz SLK 350 Roadster or $50,000 cash
Refer-A-Friend	May 31, 2013	Western Washington – King County *	Winner's choice: Fiat 500 or $15,000 cash

*Address within King County to be provided by January 15, 2014.

Security and Purchase of Prizes:

The house will be secured with a recorded option agreement between SOWA and the current homeowners to be exercised in the event that the raffle sells a pre-determined number of tickets and the grand prize winner chooses the house in lieu of cash. Promotional documents will show the house to be awarded but will not disclose the address of the house. All other prizes will be purchased and awarded after each applicable drawing with the raffle revenue.

Protection of the integrity of the raffle:

All proceeds received from ticket sales processed by the call center will be deposited directly into a SOWA bank account. A third party raffle auditor will be engaged to audit the raffle ticket stubs to ensure that they accurately reflect tickets purchased, and conduct the drawing so that no employee of SOWA will have a hand in the raffle drawing. SOWA will print the raffle tickets.

Use of Proceeds:

The proceeds will be used to further the "Unified Sports" program to more public schools in Washington.

Protection in the Event of Low Ticket Sales:

The law requires that in the event SOWA determines the ticket sales are insufficient to qualify for a complete enhanced raffle to move forward, the enhanced raffle winner must receive fifty percent of the net proceeds in excess of expenses as the grand prize. Should the raffle ticket sales fall below the breakeven amount of ticket sales and there are no net proceeds, SOWA will consider refunding all purchases and cancelling the raffle due to insufficient sales of tickets.

Projected Budget:

SOWA estimates the breakeven number of ticket sales to be about 10,000. The net proceeds will depend upon the value of the grand prize house to be awarded. SOWA estimates net proceeds to be between $3.8 million to $5.3 million if a $2.5 million dollar house is the grand prize and between $2.9 million and $5.1 million in net proceeds for $5 million dollar house.

Dedicated Employee Responsible for Oversight of the Enhanced Raffle Operation:

Lori Friedt, SOWA Vice President of Finance and Administration, will be overseeing the enhanced raffle operation.

Licensed Service Supplier Managing the Enhanced Raffle:

Raffle Administration, Inc., which is owned 100% by Neal Zeavy from San Francisco, California, is managing the enhanced raffle for SOWA.

Licensed Call Center Contracted to Receive Enhanced Raffle Ticket Sales:
Cornerstone Administrative Services, LLC, which is owned 100% by Melissa Melcher-Hosni, is the licensed call center contracted to receive enhanced raffle tickets sales for SOWA. Cornerstone Administrative Services, LLC., is located in Portland, Oregon.

Attachments

STATE OF WASHINGTON
GAMBLING COMMISSION
"Protect the Public by Ensuring that Gambling is Legal and Honest"

October 31, 2013

TO: COMMISSIONERS
Mike Amos, Chair
Margarita Prentice, Vice Chair
Kelsey Gray, Ph.D.
Christopher Stearns
Geoff Simpson

FROM: Jennifer N. Stretch, Paralegal
Communications and Legal Division

SUBJECT: DEFAULT HEARING – MARIO I. GASTELUM; CR 2013-00527

BEFORE THE COMMISSION – NOVEMBER 2013

I. Summary of Case

Mario Gastelum admitted falsifying poker tournament records and taking approximately $600 of prize money from tournaments at RC's Casino during the last year.

II. Recommendation for Default Proceedings

On September 27, 2013, Director David Trujillo issued a Notice of Administrative Charges to Mr. Gastelum by certified and regular mail. The certified mail came back signed by Mr. Gastelum. The administrative charges notified Mr. Gastelum that failure to respond would result in the entry of a default order revoking his license.

Commission staff attempted to make a reminder call but the phone number provided was no longer in service. Mr. Gastelum did not respond to the charges. By not responding, Mr. Gastelum waived his right to a hearing, and the Commission may enter a final order in default pursuant to RCW 34.05.440. Therefore, this case is before you for entry of a default order.

Staff recommends that the Commission revoke Mario I. Gastelum's card room employee license.

P.O. Box 42400 Olympia, Washington 98504-2400 (360) 486-3440 1-800-345-2529 FAX (360) 486-3625

PROPOSED RULE CHANGES

PORTION OF THE

COMMISSION MEETING PACKET

CAN BE FOUND

ON OUR WEBSITE

AT THE PUBLIC MEETINGS PAGE

AT

http://www.wsgc.wa.gov/agendas/november.asp

WASHINGTON STATE GAMBLING COMMISSION
2014 Commission Meetings (All Locations Tentative)

January 9 & 10	**Comfort Inn Conference Center** 1620 74th Avenue SW Tumwater, WA 98501 – (360) 352-0691
February 13 & 14	**Comfort Inn Conference Center** 1620 74th Avenue SW Tumwater, WA 98501 – (360) 352-0691
March 13 & 14	**Comfort Inn Conference Center** 1620 74th Avenue SW Tumwater, WA 98501 – (360) 352-0691
April 10 & 11	**Comfort Inn Conference Center** 1620 74th Avenue SW Tumwater, WA 98501 – (360) 352-0691
May 8 & 9	**Vancouver Heathman Lodge (Tentative)** 7801 NE Greenwood Drive Vancouver, WA 98662 – (360) 254-3100
June	**NO MEETING**
July 10 & 11	**Grand Mound Great Wolf Lodge (Tentative)** 20500 Old Highway 99 SW Grand Mound, WA 98531 – (360) 273-7718
August 14 & 15	**Comfort Inn Conference Center** 1620 74th Avenue SW Tumwater, WA 98501 – (360) 352-0691
September 11 & 12	**Comfort Inn Conference Center** 1620 74th Avenue SW Tumwater, WA 98501 – (360) 352-0691
October 9 & 10	**Spokane Area – Location TBD**
November 13 & 14	**Comfort Inn Conference Center (Tentative)** 1620 74th Avenue SW Tumwater, WA 98501 – (360) 352-0691
December	**NO MEETING**

No Meetings in June or December
Revised 9-26-13

CONTACT Michelle Rancour (360) 486-3447
michelle.rancour@wsgc.wa.gov

The next meeting of the

Washington State Gambling Commission will be held

Thursday, January 9, at 1:30 p.m.
Friday, January 10, at 9:30 a.m.

Comfort Inn Conference Center

1620 74th Avenue SW
Tumwater, WA 98501
(360) 352-0691

For Reservations:

The Comfort Inn Conference Center
www.choicehotels.com/hotel/wa126
360-352-0691
OR
The GuestHouse Inn & Suites
www.guesthouseintl.com/hotels/tumwater
360-943-5040

The Public is encouraged to attend.
Please feel free to post this notice at your business.