

Washington State Gambling Commission
Study Session Agenda
Red Lion Hotel - Olympia
2300 Evergreen Park Drive SW, Olympia, WA 98502
Thursday, January 8, 2015
10:00 a.m. – 11:00 a.m.



I. January 2015 Commission Meeting: Up for Final Action

Petition from the Public:

Distributor representative for Magic Distributing, Inc.

Original and Revised Versions:

- New Section: WAC 230-16-003 Bingo and pull-tab manufacturers must make related products and equipment available to all distributors.

II. January 2015 Commission Meeting: Up for Discussion and Possible Filing

Staff Proposed Rule-Making:

• **Refunds and non-sufficient funds payments.**

- Amended Sections:
 - WAC 230-05-001 Prorating or refunding of fees.
 - WAC 230-05-010 Returned checks.
 - WAC 230-06-140 Partial refund of license fees if gambling receipts limit not met.

• **Online processes for licensees.**

- Amended Section: WAC 230-06-125 Renew your license in a timely manner.
- New Section: WAC 230-06-124 Online filing and payments required with waivers available upon request for good cause.

III. February 2015 Commission Meeting: Up for Discussion and Possible Filing

Staff Proposed Rule-Making:

• **Electronic raffle systems.**

- New Section: WAC 230-11-999 Pilot project allowing the use of electronic raffle systems to conduct 50/50 raffles.

• **Card game rules streamlining.**

- Amended Sections:
 - WAC 230-15-460 Supervision requirements for house-banked card rooms.
 - WAC 230-15-475 Tips from players and patrons to card room employees.
 - WAC 230-15-630 (~~Restricting access and~~) Controlling keys and restricting access.
 - WAC 230-06-030 Restrictions and conditions for gambling promotions.
 - WAC 230-06-031 Using wheels in promotional contests of chance, fund-raising events, or gambling activities.

○ Repealed Sections:

- WAC 230-15-453 Using match play or similar coupons in gambling promotions.
- WAC 230-15-635 Electronic key control systems.
- WAC 230-15-640 Keeping individual key control boxes for departments.
- WAC 230-15-645 Keeping a key control log.
- WAC 230-15-650 Keys for the gambling operations department.
- WAC 230-15-655 Keys for the security department.
- WAC 230-15-660 Keys for the accounting department.
- WAC 230-15-665 Keys for the surveillance department.
- WAC 230-15-670 Keeping a master key control box.
- WAC 230-15-675 Key control box for the emergency key.

IV. Responses to Questions from Previous Study Session.

V. Open Discussion.

Original version filed for discussion at the May 2014 Commission meeting.

New Section:

WAC 230-16-003 Bingo and pull-tab manufacturers must make related products and equipment available to all distributors.

- (1) Manufacturers must make all bingo and pull-tab products and equipment available to all distributors for the same price and terms. Credit terms are between the manufacturer and distributor and are not to be monitored by us.
- (2) In the absence of an established line of credit with terms, all bingo and pull-tab products and equipment must be made available on a cash basis.
- (3) Manufacturers must not dictate purchasing requirements to distributors, such as the quantity of items and product mix to be purchased.
- (4) Any denial by a manufacturer to sell to a distributor must be detailed and provided in writing to the distributor with a copy provided to us.

Revised version submitted by the petitioner for the July 2014 Commission meeting.

New Section:

WAC 230-16-003 Bingo and pull-tab manufacturers must make related products and equipment available to all distributors.

- (1) Manufacturers must make all bingo and pull-tab products and equipment available to all distributors ((for the same price and terms)). Credit terms are between the manufacturer and distributor and are not to be monitored by us.
- (2) In the absence of an established line of credit with terms, all bingo and pull-tab products and equipment must be made available on a cash basis.
- (3) Manufacturers must not dictate purchasing requirements to distributors, such as the quantity of items and product mix to be purchased.
- (3) Any denial by a manufacturer to sell to a distributor must be detailed and provided in writing to the distributor with a copy provided to us.

New Section:

WAC 230-06-124 Online filing and payments required with waivers available upon request for good cause.

- (1) All licensees must submit the following online:
 - (a) Renewal application and fees, as referenced in this Title 230 WAC; and
 - (b) Activity reports, as referenced in Title 230 WAC.
- (2) We may waive these requirements if a licensed organization can show good cause. The reasons for good cause include:
 - (a) You do not have access to the internet using your own computer or similar equipment; or
 - (b) You do not have a bank account; or
 - (c) Your bank is unable to send electronic fund transactions; or
 - (d) Some other circumstance or condition exists that, in our judgment, prevents you from submitting online.
- (3) We may waive these requirements if a licensed individual can show good cause. The reasons for good cause include:
 - (a) You do not have access to the internet using your own computer or similar equipment; or
 - (b) You do not have a bank account or credit card; or
 - (c) Your bank is unable to send electronic fund transactions; or
 - (d) Some other circumstance or condition exists that, in our judgment, prevents you from submitting online.
- (4) You must request a waiver, in writing, no later than 60 days before your activity report due date or license expiration date. A waiver will cover both subsections (1)(a) and (b) above.

Amendatory Section:

WAC 230-06-125 Renew your license in a timely manner.

(1) You must renew online, unless you have received a waiver, as outlined in WAC 230-125 and allow for enough time to:

a) Print the license prior to midnight before the license expires; or

b) Have us print the license and mail it to you so you receive it before your license expires.

(2) If you have a waiver and are not renewing your license online, you ((Licensees)) must ensure a properly completed renewal application and all applicable fees are received at our administrative office in Lacey at least fifteen days before the expiration date on ((their)) the license.

~~((2))~~ (3) If licensees do not submit a properly completed application and all fees and their license expires, they must immediately stop the gambling activity covered by their license.

~~((3))~~ (4) If your license expires, you must submit an application and you must not operate any gambling activity until a new license is issued.

Amended Sections:

WAC 230-05-001 Prorating or refunding of fees.

- (1) We may prorate organization license fees when we adjust expiration dates to schedule our workload.
- (2) We may adjust expiration dates to end on the same day for organizations licensed for more than one activity. Whenever we adjust license expiration dates under this provision, we may prorate the required fees.
- (3) We will not prorate or refund fees when:
 - (a) You discontinue your gambling activities; or
 - (b) You voluntarily surrender your license or permit; or
 - (c) We suspend or revoke your license.
- (4) We keep a portion of your application or license fees ~~((whether we))~~ for processing costs when:
 - a) We deny or administratively close your application; or
 - b) You withdraw ((it)) your application; or
 - c) You overpaid us; or
 - d) We received duplicate license fees.
- (5) If you are a commercial stimulant or a charitable or nonprofit licensee, you have one year from your license expiration to apply for a partial refund of your license fee if your annual gross gambling receipts are less than the minimum for your license class. After our approval, we refund you the difference between the fees you paid and the fees for the license class level you actually met less our processing costs.

WAC 230-05-010 ~~((Returned checks))~~ Nonsufficient fund payments.

- (1) If your bank returns your ~~((check))~~ payment for license fees to us for any reason, you must:
 - (a) Pay us in full, by certified check, money order, or cash, within five days of notification; and
 - (b) ~~((Pay an additional))~~ Reimburse our processing ~~((charge of thirty dollars))~~ costs, which would include but not be limited to, time spent notifying you and seeking payment.
- (2) If you fail to pay within five days of notification:
 - (a) We will administratively close your application; or
 - (b) Your license expires and all gambling activity must stop.
- (3) If we administratively close your application or your license expires, you must give us a new application with fees paid by certified check, money order, or cash in order to be considered for a license.

WAC 230-06-140 Partial refund of license fees if gambling receipts limit not met.

- (1) Licensees may apply for a partial refund of their license fee when their annual gross gambling receipts are less than the minimum for the class of license we issued to them.
- (2) Licensees may receive a refund for the difference between the fees actually paid and the fees that would normally apply to the level of gross gambling receipts actually received during the period less our processing costs.
- (3) Licensees may make their request for refund after the end of any annual license period and before the end of the next annual license period.

New Section:

WAC 230-11-999 Pilot project allowing the use of electronic raffle systems to conduct 50/50 raffles.

The commission finds it to be in the public's interest to conduct a pilot project to test the regulatory and economic impact of charitable and nonprofit licensees using electronic raffle systems to conduct "50/50" raffles (raffles as defined in RCW 9.46.0277).

- 1) In a "50/50" raffle, fifty percent of the proceeds from ticket sales are awarded to the winner as a cash prize and the remaining fifty percent are kept by the charitable/nonprofit organization operating the raffle.
- 2) Electronic raffle licensees and licensed manufacturers who wish to be in the pilot project must submit a written request to participate to the director or his designee.
- 3) Fees to participate in this pilot program are as follows:
 - a. Licensed manufacturers of the electronic raffle equipment: \$16,500.
 - b. Raffle licensees using electronic raffle equipment: \$7,000.
- 4) The pilot project will begin once the first manufacturer is licensed and their equipment is approved and will continue for eighteen months.
- 5) If a licensee fails to comply with the requirements of the pilot project, the director may remove the licensee from the pilot project.
- 6) Staff will provide a report to the commission with their recommendations after twelve months of activity.
- 7) Licensees in the pilot project may continue to use electronic raffle systems to conduct 50/50 raffles unless the commission finally disapproves its use or until new rules are approved.

AMENDATORY SECTION

WAC 230-15-460 Supervision requirements for house-banked card rooms.

(1) House-banked card game licensees must have at least one floor supervisor for each gambling area. ~~((Each supervisor may supervise up to seven tables. We must approve the arrangement of tables in the internal controls.~~

~~(2) Licensees must have two levels of supervision present on the business premises if more than ten tables are open. Poker tables operated in a separate gambling area are not included in the calculation of levels of supervision)).~~

(2) Gambling area is defined as a self contained group of card tables, including poker tables, physically separated from other tables. The separation may be due to the layout of the tables or physical barriers.

(3) A card room employee may act as a dealer and a supervisor during the same shift as long as he or she does not sign forms as both the dealer and the supervisor.

AMENDATORY SECTION

WAC 230-15-475 Tips from players and patrons to card room employees. (1) House-banked card game licensees ~~((may allow selected employees to accept tips from players or patrons.~~

~~(2) If licensees allow house-banked card game dealers to accept tips, licensees must ensure that tips are controlled so that only authorized employees receive tips, that tips are properly accounted for, and that tips are maintained separately from all other gambling funds.~~

~~(3)) must ensure that tips are:~~

~~(a) Controlled so that only authorized employees receive them; and~~

~~(b) Properly accounted for; and~~

~~(c) Accurately reported; and~~

~~(d) Maintained separately from all other gambling funds.~~

~~(2) Dealers, cage cashiers, and poker floor supervisors may accept tips. ~~((They))~~~~

~~(3) Cage cashiers must locate their tip containers outside the cage enclosure. Dealers, players, or patrons must deposit the tips directly into the container. A shift or floor supervisor, security, or an accounting manager who does not work as a cashier must verify the tips cage cashiers receive.~~

(4) Employees directly concerned with management, supervision, accounting, security, or surveillance must not ask for, accept, or share any tip originating from players or patrons; however, this restriction does not apply to:

(a) Poker "floor supervisors((-)"; and

(b) "Floor supervisors" at house-banked card rooms if all tips are pooled.

(5) House-banked card game licensees must:

(a) Establish and implement procedures for the accurate accounting and reporting of tips received by authorized card room employees.

(b) Fully document the procedures in their internal controls and describe in detail ~~((any))~~ the method(s) used to allocate tips.

(c) Establish procedures necessary to ensure that the floor supervisor and surveillance observe card room employees accepting tips. Procedures must include an overt display of received tips, for example tapping the table with the tip before placing it in the tip container.

(d) Ensure that all tips received by employees are redeemed under surveillance cameras at the cashier's cage.

(e) Keep a tip log in the format we require.

(f) Forward the tip log to accounting at the conclusion of each gaming day.

(g) Correct any errors in the tip log that they become aware of.

(6) Employees must:

(a) Drop all tips into a locked tip container which prevents the removal of tips except by unlocking the container. Tips may be accumulated on the table, exchanged into higher denomination chips, and then deposited into the tip container. Tip containers must remain under camera coverage of the closed circuit television system at all times; and

(b) Keep all tips received or pool them with tips of all card room employees according to the licensee's internal controls; and

(c) Redeem all tips received under surveillance at the cashier's cage(~~;~~ and

~~(d) Accurately report all tips to their employer as described in the licensee's internal controls).~~

(7) The cage cashier must enter the information on the tip log for each employee receiving tips and both employees must sign their name where indicated.

(8) The card room employee verifying the cage cashier's tips must enter the cashier's tip information on the tip log and both employees must sign their name where indicated.

(9) Licensees may determine whether employees must retain or pool tips among employees. Employees must redeem all pooled tips under surveillance at the cashier's cage, count room, or a gaming table.

AMENDATORY SECTION

WAC 230-15-630 ((Restricting access and)) Controlling keys and restricting access. House-banked card game licensees must:

(1) Use keys or electronic key control systems to control access to restricted areas of the business premises((:

(1) Licensees must install and keep key control boxes that, at least:

(a) ~~Are constructed of metal with a minimum of one keylock mechanism. We permit coded key boxes or combination key boxes; and~~

(b) ~~Are attached to a permanent structure without the hardware used to attach the key box being visible; and~~

(c) ~~Are tamper proof; and~~

(d) ~~Store keys so that they are identifiable, have identification labels, and are displayed in numeric or alphabetic order; and~~

(2) ~~Licensees may decide the location of key control boxes, but the location must not allow an individual to gain access to a restricted area that he or she would not otherwise be authorized to enter.~~

(3) ~~If licensees locate key boxes in restricted areas, persons who are not authorized to enter those areas must give their key to the key box to an authorized person. The authorized person must then only open the key box in the presence of the unauthorized person or while under camera coverage)); and~~

(2) Control keys to ensure adequate segregation of duties between card room employees and their functions; and

(3) Keep a key control log in the format we require.

AMENDATORY SECTION

WAC 230-06-030 Restrictions and conditions for gambling promotions. Licensees may conduct gambling promotions to encourage players to participate in a gambling activity, but you must follow these restrictions and conditions:

(1) ~~((You must give all players an equal opportunity to participate; and~~

~~(2))) You must establish standards to determine how you will give promotional prizes and items to players. ~~((You must not give the items based on an element of chance, such as a drawing or spinning wheel, unless you are doing so as part of a bingo game))~~ All restrictions and conditions must be clearly posted in the area of the gambling activity, including any promotional materials or advertisements. For promotions on card games you must post the restrictions and conditions near the card game where the promotion will be offered; and~~

~~((3)))~~ (2) The promotional prize in a gambling promotion cannot be pull-tabs, bingo paper, raffle tickets, or entry into another licensed gambling activity except for members-only progressive raffles conducted as authorized in WAC 230-11-091~~((, you must not give another chance to participate in a gambling activity as a promotional item))~~; and

~~((4) You must display all rules or restrictions clearly in the gambling area and include them on promotional materials or advertisements))~~ (3) You may add additional merchandise or cash prizes to licensed gambling activities as part of a gambling promotion; and

~~((5)))~~ (4) You must not combine gambling activities and related gambling promotions in any way with a promotional contest of chance as defined in RCW 9.46.0356; and

(5) You must not give the promotional prizes based on a second element of chance, such as a drawing or spinning wheel, unless you are doing so as part of a bingo game or awarding an additional promotional prize on card games; and

(6) Promotional coupons (such as match play, lucky bucks, free aces, and similar types of coupons) may be offered as gambling promotions with the following restrictions:

(a) The promotional coupons have no value and are not considered part of the player's wager in determining the amount wagered.

(b) Restrictions on the use of promotional coupons must be disclosed on the coupon and any expiration dates must be included on the coupon.

(c) A promotional coupon by itself is not a gambling activity.

AMENDATORY SECTION

WAC 230-06-031 Using wheels in promotional contests of chance, fund-raising events, or gambling activities.

Promotional contests of chance (PCOCs)

(1) Operators may use wheels specifically manufactured for a promotional contest of chance (PCOC), whether commercially made or home made.

(2) Operators must not use professionally manufactured wheels made specifically for gambling activities (for example, Big 6 Wheels) in PCOCs unless they receive permission ahead of time from us.

Fund-raising events

(3) Operators may use commercially made wheels in gambling activities for fund-raising events.

Separation of PCOCs from gambling activities and promotions

(4) No wheel may be used in conjunction with their gambling activities by((:

~~(a) Card room licensees; or~~

~~(b)) pull-tab licensees.~~

Card rooms, pull-tabs, bingo, raffles

(5) Licensees and operators must not use professionally manufactured wheels made specifically for gambling activities (for example, Big 6 Wheels) in:

(a) Bingo; or

(b) Card games; or

(c) Pull-tabs.

(6) Operators may use commercially made or home made wheels as part of drawings for prizes, good neighbor prizes, or second element of chance prizes as part of bingo games, as set out in WAC 230-10-280 or to award additional promotional prizes on card games as set out in WAC 230-06-030.

(7) Raffle licensees and operators may use:

(a) Other types of wheels, such as paddle wheels, in raffles; and

(b) Commercially made or home made wheels in an alternative drawing format for determining the winner of a raffle. Alternative drawing formats are set out in WAC 230-11-055 and 230-11-060.

REPEALERS

WAC 230-15-453	Using match play or similar coupons in gambling promotions.
WAC 230-15-635	Electronic key control systems.
WAC 230-15-640	Keeping individual key control boxes for departments.
WAC 230-15-645	Keeping a key control log.
WAC 230-15-650	Keys for the gambling operations department.
WAC 230-15-655	Keys for the security department.
WAC 230-15-660	Keys for the accounting department.
WAC 230-15-665	Keys for the surveillance department.
WAC 230-15-670	Keeping a master key control box.
WAC 230-15-675	Key control box for the emergency key.