

Proposed Rule Change:

Amendatory Section: WAC 230-15-685 Restrictions on progressive jackpots.



September 2015 – Further Discussion
August 2015 – Up for Discussion and Possible Filing
July 2015 – Study Session

ITEM 4(a): September 2015 Commission Meeting Agenda.
Statutory Authority: RCW 9.46.070 and 9.46.0282

Who proposed the rule change?

Bally Gaming, a licensed manufacturer.

Proposed Change

The petitioner is requesting that a house-banked card room be allowed to connect progressive jackpots from multiple tables within their own card room. The jackpots could be from different card games. The games must have the same probability of winning the jackpot prize and have the same winning hands. Currently, progressive jackpots can only be connected for the same card game.

The petitioner uses the example of poker based games such as Let it Ride, Mississippi Stud, and Ultimate Texas Hold'em. All are poker based games with progressive jackpots. Even though the underlying game is played differently the odds of obtaining a 5-card royal flush to win the progressive jackpot is the same since they are all played with a single 52 card deck.

Bold = Addition made after the August 2015 Commission Meeting:

Attachments:

- Letter, petition and supporting documents from Bally dated May 19, 2015.
- Two comments from stakeholders.
- **Second e-mail from stakeholder, Stacy Friedman, Olympian Gaming (green color paper).**

History of Rule

In 2013, the Commissioner did not approve a petition for rule change to WAC 230-15-685 that would have authorized the house banked card game licensees to:

- Connect progressive jackpots on multiple tables of different types of card games, such as a poker based card game and a blackjack based card game, within the same licensed location; and
- Award a progressive jackpot based on a different winning hand on the card games connected, such as a royal flush on the poker based card game and pair of queen of hearts on the blackjack based game.

There were concerns about connecting different types of games where the probability of winning the progressive jackpot was not the same on all the card games and that there would be differing rates of play for the different types of card games; such as poker and blackjack. Instead, the Commissioners opted to approve only allowing house-banked card game licensees to connect progressive jackpots offered on the same card game on multiple tables within the same licensed location.

These concerns have been addressed in this petition as it:

- Only authorizes connecting card games with same base card game to a progressive jackpot, such as a poker based card game to other poker based card games or a blackjack based card game to other blackjack based card games; and
- Requires the probability of getting a qualifying hand to win the progressive jackpot to be the same on all the connected card games, such as a royal flush on each of the card games.

Impact of the Proposed Change

According to the petitioner, this rule amendment will allow operators to link card games to a common progressive jackpot prize. It will provide operators with more choice, flexibility, and excitement when offering progressive jackpots to players.

Only one progressive jackpot may be operated on a card game at a time and the card games must:

- All be from the same licensed manufacturer; and
- Have the same probability of winning the jackpot prize; and
- Have the same winning hand; and
- Have a progressive meter on each table that increases incrementally each time a wager is made.

Other Jurisdictions:

The petitioner stated to staff that linked progressive jackpots are allowed in eleven other states and two providences. We contacted three of the jurisdictions about linking progressive jackpots.

Nevada:

Allows linked progressive jackpots for different card games. There have not been any problems. Video surveillance is available if further information is needed to determine when a win occurred. They were not aware of any problems in this area.

Kansas:

Allows linked progressive jackpots for different card games. No issues have been reported and they have not received any player complaints.

Iowa:

Allows linked progressive jackpots for different card games. They haven't experienced any problems and do not have any concerns with using them.

Tribal Gaming:

If the Commissioners allow progressive jackpots from different card games on multiple tables within a card room to be connected, the Tribes may be authorized to offer the same depending on terms in their Compact.

A Small Business Economic Impact Statement was not prepared because the rule change would not impose additional costs on any licensees.

Regulatory Concerns

Staff does not anticipate additional regulatory concerns.

Resource Impacts

Staff will review both the card game and equipment used to operate the game. Staff time for reviews is paid for by the manufacturer.

- Card game rules will take approximately 2-3 hours to review and approve.

- Equipment used to link games will need to be tested. The amount of time to review and approve the equipment will vary depending on the submission.
- The games will be regulated the same as existing progressive jackpot games and current records will be used.

Policy Consideration

None.

Statement Supporting the Proposed Rule Change

Victor Mena, Chief Operating Officer, Vice President Washington Operations for Nevada Gold.

Statement Regarding the Proposed Rule Change

Stacy Friedman, Olympian Gaming, licensed distributor.

Second e-mail from Stacy Friedman, Olympian Gaming, licensed distributor.

Licenses/Stakeholders Directly Impacted By the Change

House-banked card game licensees and card game manufacturers.

Staff Recommendation

Further discussion.

Proposed Effective Date for Rule Change

31 days from filing the adopted rule.

Amendatory Section:

WAC 230-15-685 Restrictions on progressive jackpots.

House-banked card game licensees operating progressive jackpots must follow these restrictions and procedures:

- (1) Progressive jackpot funds must accrue according to the rules of the game; and
- (2) At each gambling table, licensees must prominently post the amount of the progressive jackpot that players can win; and
- (3) Licensees must record the beginning amount of each progressive jackpot offered, including explanations for any increases or decreases in the prize amount offered. Licensees must keep this documentation with the progressive jackpot records; and
- (4) Licensees may establish a maximum limit on a progressive jackpot prize. If licensees establish a limit, they must make the amount equal to, or greater than, the amount of the jackpot when they imposed the limit. They must prominently post a notice of the limit at or near the game; and
- (5) Licensees may connect progressive jackpots offered on the same card game on multiple tables within the same licensed location.
- (6) Licensees may connect progressive jackpots on different card games on multiple tables within the same licensed location when the following requirements are met. Only one progressive jackpot may be operated on a card game at a time and the card games must:

- (a) All be from the same licensed manufacturer; and
- (b) Have the same probability of winning the jackpot prize; and
- (c) Have the same winning hand; and
- (d) Have a progressive meter on each table that increases incrementally each time a wager is made.



May 19, 2015

Via Email and UPS

Ms. Susan Newar
Rules Coordinator & Public Information Officer
Communications and Legal Division
Washington State Gambling Commission
4565 7th Avenue SE
Lacey, WA 98503

Received

MAY 20 2015

Gambling Commission
Comm. & Legal Division

RE: Rule Amendment Petition for WAC 230-15-685

Dear Ms. Newar:

Bally Gaming is requesting your review and approval of our Rule Amendment Petition regarding Progressive Jackpots, WAC 230-15-685. Currently, Item #5 within this WAC, states that progressive jackpots can only be offered on the same card game. We would like this statement changed to allow progressive jackpots be offered on games with the same odds.

For example, all single-deck poker variation games have the same odds of hitting a 5-card royal flush because while the underlying game may be played differently, the player is still trying to get a 5-card royal flush from a 52-card deck for the progressive payable. All Baccarat games, regardless of whatever bonus wagers they offer, still use the same number of cards and the same number of decks, from game to game. So whatever the progressive payout is for, it always has the same odds of obtaining that hand no matter which base game you are on. Same again for Pai Gow games.

Allowing this rule amendment will allow operators to link Let It Ride to Mississippi Stud to Ultimate Texas Hold'em, etc. for one common progressive jackpot prize. This will provide operators with more choice, flexibility and excitement when offering progressive jackpots to players. The same can be done with linking Pai Gow games to one progressive jackpot and Baccarat games to one progressive jackpot.

Enclosed for your consideration of this request are following:

- Washington Petition Form
- Bally / SHFL Overview of linking games to a common progressive jackpot for poker variations
- PAR sheets of sample Multi-Game Link paytables for various games (poker, baccarat, pai gow)
- Sample Generic Rules of Play for Multi-Game Link

It is my understanding that we will have casino support letters for this amendment petition coming to WSGC under separate cover.

We welcome the opportunity meet with WSGC directly on this matter. If you have questions regarding this request, please contact me at 702-532-5857 or Kerrie.Kimball@ScientificGames.com.

Sincerely,

Kerrie Kimball, Compliance Analyst II

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PETITION FOR ADOPTION, AMENDMENT, OR REPEAL OF A STATE ADMINISTRATIVE RULE

Print Form

In accordance with [RCW 34.05.330](#), the Office of Financial Management (OFM) created this form for individuals or groups who wish to petition a state agency or institution of higher education to adopt, amend, or repeal an administrative rule. You may use this form to submit your request. You also may contact agencies using other formats, such as a letter or email.

The agency or institution will give full consideration to your petition and will respond to you within 60 days of receiving your petition. For more information on the rule petition process, see Chapter 82-05 of the Washington Administrative Code (WAC) at <http://apps.leg.wa.gov/wac/default.aspx?cite=82-05>.

CONTACT INFORMATION *(please type or print)*

Petitioner's Name Kerrie Kimball
Name of Organization Bally Gaming
Mailing Address 6601 S. Bermuda Road
City Las Vegas State NV Zip Code 89119
Telephone 702-532-5857 Email Kerrie.Kimball@ScientificGames.com

COMPLETING AND SENDING PETITION FORM

- Check all of the boxes that apply.
- Provide relevant examples.
- Include suggested language for a rule, if possible.
- Attach additional pages, if needed.
- Send your petition to the agency with authority to adopt or administer the rule. Here is a list of agencies and their rules coordinators: <http://www.leg.wa.gov/CodeReviser/Documents/RClist.htm>.

INFORMATION ON RULE PETITION

Agency responsible for adopting or administering the rule: Washington State Gaming Commission

1. NEW RULE - I am requesting the agency to adopt a new rule.

The subject (or purpose) of this rule is: _____

The rule is needed because: _____

The new rule would affect the following people or groups: _____

2. AMEND RULE - I am requesting the agency to change an existing rule.

List rule number (WAC), if known: 230-15-685, Item (5) Restrictions on Progressive Jackpots

I am requesting the following change: Licenses may connect a progressive jackpot on card games with same odds on multiple table games within the same licensed locations.

This change is needed because: Current rule states "same card game" which limits progressive to link Let it Ride to Let it Ride games only. Changing to link "games with the same odds" to a progressive jackpot; The odds of hitting a Royal Flush are the same on any 52-card deck game, etc.

The effect of this rule change will be: This will allow casinos to link a progressive jackpot on Let it Ride with Mississippi Stud with Caribbean Stud or with any other proprietary game that have the same odds to get a Royal Flush, etc.

The rule is not clearly or simply stated: _____

3. REPEAL RULE - I am requesting the agency to eliminate an existing rule.

List rule number (WAC), if known: _____

(Check one or more boxes)

It does not do what it was intended to do.

It is no longer needed because: _____

It imposes unreasonable costs: _____

The agency has no authority to make this rule: _____

It is applied differently to public and private parties: _____

It conflicts with another federal, state, or local law or rule. List conflicting law or rule, if known: _____

It duplicates another federal, state or local law or rule. List duplicate law or rule, if known: _____

Other (please explain): _____

Scope

SHFL has developed a progressive payable, and rules, for a variety of games that allow those games to be linked together offering a common jackpot. The philosophy for how this can be accomplished is explained.

Multi-Game Link

Determining the probability of a winning event in a table game is based upon a certain number of cards, from out of a certain sized deck. For example, in three card poker the probability for a mini-royal (suited Ace-King-Queen) is: $4 / C(52,3) = 4 / 22,100 = 0.0180995\%$.

Traditionally, games of varying types offering progressive prizes have been segregated by game type, since each game's unique rules preclude a top prize with the exact same probability.

SHFL has changed that tradition by allowing different games to be connected together on the same progressive link. Current games that are able to be connected together are Big Raise Stud, Caribbean Stud, Let It Ride, Mississippi Stud, Crazy 4 Poker, Four Card Poker, Texas Hold 'Em Bonus, Ultimate Texas Hold 'Em, and (with certain modifications) Three Card Poker.

How will we do it? We will offer a payable based upon a unique 5 card combination from a 52 card deck, thus setting the exact same probability for all events that have a payout.

For Big Raise Stud, Caribbean Stud, Let It Ride, and Mississippi Stud this is straight forward, as all of these games create a 5-card hand for the player. Albeit, some of these games may have community cards affecting the regular game's outcome, but the probability of a Royal Flush is the same, so long as the 5-card combination does not include a bigger pool of cards from which to form the best 5-card hand. In other words, the player is making their best 5-card hand from exactly 5 cards, not their best 5-card hand from 7 cards.

For Crazy 4 Poker and Four Card Poker, the concept is still straight forward, with a slight rules change. As both of these games (for the base game) have the player make their best 4-card hand from a possible 5-cards dealt to them. For resolution of the progressive wager, we simply include all 5-cards dealt to them, even though only 4 cards are used to resolve all other bets.

For hold 'em games, such as Texas Hold 'Em Bonus and Ultimate Texas Hold' Em, it is easy to copy the model used in Let It Ride. Each player gets two cards, and the game progresses by revealing a total of 5 community cards. For regular play, the players then make their best 5-card hand from a possible 7 cards in play. For resolving a 5-card progressive wager using exactly 5 cards, we will base the winning combinations on the player's two cards, and the first 3 community cards revealed, which is commonly called the flop. In both games, the flop is revealed all at once, meaning all 3 cards are turned up simultaneously.

For Three Card Poker, we can accomplish making a 5-card hand by drawing two additional community cards, with the sole purpose of making a hand for the progressive wager. These two community cards are combined with the player's three cards to form a five card hand.

By using this methodology, of slightly changing the rules of play for each of these games, we can "normalize" the progressive determination method to all use exactly 5 cards out of a 52 card deck. This results in the same probability of a winning combination for a given hand across multiple game types. And from this, we can offer a common progressive prize across these games.

In the end, this all adds up to more tables contributing to a jackpot prize, increasing the speed of prize growth, and ultimately resulting in top progressive wins more frequently.

Nexus Multi-Game Link Progressive

RULES OF PLAY:

There are several possible progressive game titles that can be linked together for one common progressive jackpot. All progressive pays are based on a 5 card poker hand. The 5 card hand is determined depending on the base game. For example, Let It Ride and Mississippi Stud use community cards as well as the player's hole cards to make the 5 card hand. Whereas, Crazy 4 Poker utilizes all 5 cards in the player's hand (even though the base game utilizes only four out of five of player's cards). The Rules of Play do not change from the previously approved games.

The games that can be linked to a Nexus Multi-Link Progressive payable are:

- Caribbean Stud
- Let It Ride
- Mississippi Stud
- Crazy 4 Poker
- Four Card Poker
- Texas Hold'em Bonus
- Ultimate Texas Hold'em

1. The paytables shown have been designed to work on a link with different games all linked together. These paytables all define a 5 card winning hand from a standard 52 card deck. Sample payable below:

Hand	PMG	
	Pays*	Envy
Royal Flush	100%	\$1,000
Straight Flush	10%	\$300
4 of a Kind	300 for 1	
Full House	50 for 1	
Flush	40 for 1	
Straight	30 for 1	
Three of a Kind	9 for 1	
*Original Wager is NOT Returned		
Wager amount	\$1	

2. The meter will be reseeded when the 100% award hits. The cost of the reseed has been factored in to the casino's mathematical advantage.
3. To begin each round, players must make their regular game's wager. They may optionally place any bonus wagers and the progressive wager. Players must place the progressive wagers on the sensor in front of their betting position. The sensor will light up.

4. Once all players place their bets, the dealer will press "START GAME" on the keypad. The sensors will then light up, indicating a progressive wager. The dealer will then remove all progressive bets from the table.
5. The dealer then follows house procedures for dealing the regular game.
6. The dealer reconciles the standard wager, any bonus wagers and progressive pays based on the procedures for the regular game. All hands are resolved at the same time. Folded hands do NOT qualify for payouts on the progressive wager. Follow the procedure in the next section for reconciling percentage pays from the progressive meter.
7. Progressive winners:
 - a. The percentage pays are paid from the progressive jackpot shown on the progressive meter.
 - b. Other hands are paid from the tray; they do not come off the meter.
 - c. In the event more than one progressive meter pay hits during the same round, see Appendix A attached for resolution of the progressive hands.
 - d. When a player has a progressive winner, the dealer will select the player spot corresponding to the player with the winning progressive hand. The dealer will then press the appropriate hand button on the display. (If the hand button is pressed by accident, pressing it again will turn it off.)
 - e. The dealer shall then contact a supervisor.
 - f. Once the casino verifies the progressive win, the supervisor will press the confirm button. To complete the action, a Supervisor or Executive card (depending on jackpot level) swipe is required. This records the win onto the Game Manager computer and adjusts the meter appropriately for the prize won. House procedures are then followed for paying the prize. (Reviewing the monitor connected to the Game Manager will show the prize amount to be paid, and pressing the "money bag" icon will print a win page, which can be used to help record the payout for accounting.)
 - g. When the dealer reconciles all action, he presses "END GAME." This resets the system to begin the next hand.
 - h. Once the Supervisor or Executive card (depending on jackpot level) is swiped the prize is logged into Game Manager. If the progressive pay needs to be backed out at this point, the award will need to be manually backed out using the Game Manager manual adjustment feature.

8. Envy Bonus:

- a. A player making the progressive wager also qualifies to win an envy payout. If another player at the table hits a hand associated with an envy pay, all other players who made the progressive bet win the envy pay. The player hitting the hand receives the normal prize pay only, but does NOT receive the envy pay. **Rule of thumb: You can't win an envy bonus pay from yourself, or the dealer. Envy Bonuses should only be paid to player's at the table where the qualifying hand occurred.**
- b. If a player's hand triggers an envy payout, the dealer will leave the hand face-up on the layout; otherwise, the dealer will lock up the cards. The dealer will then move on to the next player.
- c. The dealer pays any Envy Bonuses at the end of the round. In the event that more than one player is involved in a qualifying envy pay, then all players win multiple envy payouts.

All progressive games will use the approved Bally Gaming owned progressive system containing the following components and their compatible software versions: Nexus Command Game Manager v1.3.0 or higher, Nexus Command Table Controller Software v2.0.0 and a Progressive display. The progressive display can either be provided by Bally or the operator.

Operators cannot allow wagering limits to exceed the authorized limits set out in WAC 230-15-040 and WAC 230-15-140.

Players are limited to wagering on a maximum of four games. Card Room operators are required to post on the layout or on a placard at the table that the players are limited to wagering on a maximum of four games.



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5-18-2015

Ms. Tina Griffin
Assistant Director
Washington State Gambling Commission
4565 7th Avenue S.E.
Lacey, WA 98503

RE: Progressive Jackpots for Multi-Games

Dear Ms. Griffin:

Washington Gold Casinos is very interested in placing a Bally Gaming progressive system that can link multiple game titles together for one large jackpot. It is our understanding that the Bally Gaming owned progressive system has the capability to link their progressive games together but currently cannot implement this and still be compliant with WSGC regulations.

Therefore, we would like this letter to serve in support of the Bally Gaming rule petition to allow multi-game progressive jackpots and respectfully request your review and approval of this petition.

Please let us know if we can be of any assistance.

Sincerely,

Victor Mena
Chief Operating Officer
V.P. Washington Operations for Nevada Gold

From: Stacy Friedman [<mailto:stacy@olympiangaming.com>]
Sent: Monday, August 03, 2015 4:37 PM
To: Harris, Mark (GMB)
Subject: Comments on proposed rule amendment

Dear Mr. Harris,

I'm writing to provide comments on the proposed petition from Bally to amend WAC 230-15-685. By way of introduction, I operate Olympian Gaming, WSGC-licensed distributor number 21-00258.

I believe the intent of the amendment is sound, and I generally support technologies that enhance player excitement such as linked progressive jackpots. However, I believe proposed section (6)(a) would be anti-competitive. Mathematically, section (6)(b) ensures that each player at each different table has the same probability of winning the jackpot – and therefore each player has the same mathematical expectation. However, restricting the linked card games to a single licensed manufacturer would preclude a cardroom operator from building a larger jackpot pool by linking games with equally-likely jackpot hands if those games are from different manufacturers. Under the proposed rules, for example, a casino operator would not be able to create a linked royal flush jackpot from Bally's Let It Ride, Galaxy's Heads Up Hold 'Em (using the first 5 cards), and AGS's Criss Cross Poker, even though all three of those games mathematically have identical chances of yielding a royal flush in five cards – as does any other game dealt with five cards from a single deck with no wildcards. I believe that such regulation would be anti-competitive because, all other things considered, an operator with an existing linked progressive jackpot between three tables from a single manufacturer would be less likely to consider a new game from a new manufacturer as compared to a new game from the existing manufacturer. I believe that such disincentives to competition should be avoided.

I also believe that section (6)(c) is unnecessary. Mathematically, section (6)(b) covers the important requirement that the triggering condition for different games have the same probability, whatever it is. As such, it is redundant and, in my opinion, overly narrow to require that not only is the probability identical, but so are the cards in the hand. For example, a poker-based jackpot using a royal flush in spades has the same probability as an ace-through-five straight flush in hearts, but those are not the same hand. Similarly, a pair of kings of spades in the first two cards in blackjack has the same probability as a pair of queens of hearts in blackjack, but those are not the same hand. This second example is specifically directed to Bally's King's Bounty side bet and Galaxy Gaming's Lucky Ladies side bet. For a given number of decks, the probability of a jackpot triggering hand of "player queen of hearts pair with dealer blackjack" is equal to the probability of "player king of spades pair with dealer blackjack." I submit that a cardroom operator that wants to operate both Lucky Ladies and King's Bounty should be able to link a progressive jackpot meter across both games. I recognize that there may be technical interoperability limitations in the systems that manage those progressive jackpots, but I don't believe that such technology considerations should be precluded by regulation. Indeed, I believe more flexibility in the regulations would encourage progressive systems vendors to provide superior products, which would be good for both operators and the gambling public.

In summary, it is my opinion that proposed sections (6)(a) and (6)(c) be rejected. I support the addition of sections (6), (6)(b), and (6)(d).

Thank you for your consideration,

Stacy Friedman
Olympian Gaming, LLC – The Advantage Is Yours
Casino Game Design, Mathematical Analysis, Expert Witness Testimony
<http://www.olympiangaming.com>

From: Stacy Friedman [mailto:stacy@olympiagaming.com]
Sent: Wednesday, September 02, 2015 1:55 PM
To: Newer, Susan (GMB) <susan.newer@wsgc.wa.gov>
Cc: Harris, Mark (GMB) <mark.harris@wsgc.wa.gov>
Subject: RE: Bally Petition

Hi Susan,

Thank you for sending me that information. I have reviewed the originally-filed petition that requests jackpots linked on "games with the same odds" (on the cover letter and on p. 2), and that enforces my opinion that the language in proposed sections 6, 6(b) and 6(d) are sufficient to fully satisfy Bally's original request.

In fact, in the document entitled "Different Games – Common Progressive", SHFL describes that they "will offer a payable based upon a unique 5 card combination from a 52 card deck, thus setting the exact same probability for all events that have a payout." But that does not imply that the unique combination will be the same across all games, merely that it has the same probability. For example, SHFL (or another manufacturer) may develop a lowball poker game where the most valuable hand is suited-7,5,4,3,2 and that hand should be the linked progressive triggering hand. Proposed section 6(c) would preclude that game design even though the probability of that hand is the same as a royal flush. Proposed section 6(a) would further preclude that link if the game were developed by anyone other than SHFL, even if the game would use Bally's progressive management system.

Therefore I reiterate my recommendation that sections 6(a) and 6(c) be rejected but sections 6, 6(b) and 6(d) be adopted.

Thank you sincerely,
Stacy Friedman
Olympian Gaming, LLC – The Advantage Is Yours
Casino Game Design, Mathematical Analysis, Expert Witness Testimony
<http://www.olympiagaming.com>

From: Newer, Susan (GMB) [mailto:susan.newer@wsgc.wa.gov]
Sent: Wednesday, September 2, 2015 11:43 AM
To: stacy@olympiagaming.com
Cc: Harris, Mark (GMB) <mark.harris@wsgc.wa.gov>
Subject: Bally Petition

Hi Stacy,

You has submitted comments on the Bally petition that was filed at the August Commission meeting, so I wanted to let you know that the petition is up for further discussion at next week's Commission meeting in Spokane. It will be discussed Friday, September 11. [Click here for the September Commission meeting information.](#)

If you have any questions, please let me know.

Sincerely,
Susan Newer
Rules Coordinator & Public Information Officer
Washington State Gambling Commission
(360) 486-3466