

Public Comment

May 4, 2016 to June 16, 2016

## Griffin, Tina (GMB)

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**From:** Monty Harmon <mharmon@evergreengaming.com>  
**Sent:** Thursday, May 26, 2016 11:06 PM  
**To:** Griffin, Tina (GMB)  
**Cc:** kcrum@absbusinessdata.com; Considine, Brian (GMB)  
**Subject:** RE: Amusement Games attachment that is readable  
**Attachments:** Tina Griffin ltr on WAC wording may 26, 2016.pdf

Kevin,

Thank you for making me aware the previous attachment was unreadable. Hopefully this document will open.

I am sending this directly to Brian as Tina is out.

Monty Harmon  
Evergreen Gaming, President

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**From:** Monty Harmon [mailto:mharmon@evergreengaming.com]  
**Sent:** Thursday, May 26, 2016 7:40 PM  
**To:** 'Griffin, Tina (GMB)'  
**Cc:** 'kcrum@absbusinessdata.com'  
**Subject:** Amusement Games

Tina,

If you have time, I would like to know if there was any additional information that came from your staff meeting this week regarding the accounting systems for amusement game winnings.

I have talked with Kevin Krum regarding the RCW 19.240 issues and how WAC 230-133-005 might be reworded.

Please find attached our suggestions and bear in mind that we still need to ask Brian a few Questions.

Could you please forward this email and its attachment to Brian and request him to contact me so that Kevin and I might set up a call with him sometime next week to discuss the following questions:

1. How does the WAC definition of Electronic Token Card (ETC) keep RCW 19.240 or 19.230 from applying to the WSGC ETC in that the points are held to be redeemed?
2. Does a WSGC defined ETC have to allow for both the accumulation of purchased credits for play and coupons, tickets, or tokens awarded as prizes?
3. Can a WSGC defined ETC just provide the accumulation of coupons, tickets, or tokens awarded as prizes?
4. Can a WSGC defined ETC have customer ID information attached to the card or does the card have to be a bearer instrument?
5. We would like to discuss the proposed wordings of WAC 230-13-005 In the attached document.
6. Why does the accumulation of coupons, tickets, or tokens awarded as prizes have to be regulated? Why not simplify the issue of cash with a WAC that makes it a violation. It might be worded:

“No licensee shall employ a redemption method or system where cash or cash equivalents are provided by the licensee or its vendors for any of the licensee’s winners of coupons, tickets, or tokens awarded or redeemed as prizes from any amusement machine.”

Thank you,

Monty Harmon  
Evergreen Gaming, President

Tina Griffin, Assistant Director  
Washington State Gambling Commission  
PO Box 42400  
Olympia, WA 98504-2400

May 26, 2016

Dear Tina:

Thank you for meeting with Kevin Krum and myself in Lakewood last week. During our time together, you requested Kevin and I to send any alternative wording to WAC 230-13-005 that we would like to be considered in the rule as it is up for final action in July 2016.

**Suggestion 1:**

Under Section (4)(b)(i) should include “.....activate the machine by inserting coins, cash, or tokens on an electronic token card; and”. Alternatively, the term “bill acceptor” might work. Please be advised that I have spoken to some amusement game operators that said some locations might use or want to use a form of script or coupon as a token or method of payment. I am not sure your agency would want script or paper tokens being used but wanted to communicate the possibility for your consideration.

**Suggestion 2:**

Under Section (4)(b)(iii) could be changed as follows:

(iii) For group 12 amusement games, coupons, tickets, tokens or tokens on an electronic token card (no “s” needed) are nontransferable and may not directly or indirectly be converted into cash or cash equivalents.

**Suggestion 3:**

Under Section (6)

(6) Electronic Token card means a card issued by the operator that stores purchased credits available to play the amusement game and/or the coupons, tickets, or tokens awarded or dispensed as prizes from the play of the amusement game. If it stores both then, the coupons, tickets, or tokens awarded or dispensed as prizes must be stored separately and cannot be used to play amusement games and must only be redeemed for merchandise prizes.

Please call me if you have any questions.

Sincerely,

Monty Harmon

## Griffin, Tina (GMB)

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**From:** rjbta@nventure.com  
**Sent:** Wednesday, May 25, 2016 11:51 AM  
**To:** Griffin, Tina (GMB)  
**Subject:** Group 12 July 15th Deadline

Good Morning.

I am currently discussing an idea that I have with Banilla games via my distributor Specialty Coin. It has to do with the point tracking and redemption process. My focus is on the 21 and over small non chain Restaurant and Lounge Industry. The feedback I received was they may be open to it and willing to pursue my request providing they feel the Gambling Commission would find it an expectable solution.

While none of this is being put into action and I do realize that there could be no commitment on behalf of the Gambling Commission. I would appreciate it if I could have a phone conversation with you regarding my idea to get an initial thought and maybe what might be the best way to proceed from there.

I realize you probably have a large amount of other things to deal with so at your convenience would be great.

Gary Rouse  
RJB Amusement Services Inc  
(206) 730-4864 Cell

STATE REPRESENTATIVE  
31<sup>ST</sup> LEGISLATIVE DISTRICT  
CHRISTOPHER HURST

State of  
Washington  
House of  
Representatives



COMMERCE & GAMING  
CHAIR  
AGRICULTURE & NATURAL  
RESOURCES  
BUSINESS & FINANCIAL SERVICES

May 13, 2016

Chair Christopher Sterns  
Vice Chair Bud Sizemore  
Commissioner Kelsey Gray  
Commissioner Julia Patterson  
Commissioner Ed Troyer

Director David Trujillo

Washington State Gambling Commission  
4565 7th Avenue S.E.  
Lacey, WA 98503

Dear Chairman Sterns,

I am in receipt of the letter dated May 10, 2016, that was delivered to the Washington State Gambling Commission on the 12<sup>th</sup> of May at the meeting in Pasco from the Amusement Distributors of Washington on behalf of operators of Group 12 Games in Washington State.

The letter states that beginning on June 1, 2016, this organization and its members are planning for the implementation of a plan to introduce an unlimited number of slot machines in Washington State. These slot machines will be available in "family fun centers, coffee shops, malls, taverns, or other places where video games are played through different mobile applications." Additionally, the letter indicates that there will be no element of skill in these machines, which are virtually indistinguishable from slot machines, and that users of these slot machines will be able to win cash. These slot machines will include a replay function and there is no distinction between children and adults from being allowed to play them. It is clear that this organization and its members have no intention of abiding by any Washington State gambling laws, or rules enacted by the Gambling Commission.

The letter also goes on to state that the liability for preventing the Amusement Distributors of Washington from this action falls upon the Gambling Commission, and that if the Gambling Commission fails to respond by this date, that the failure to respond to this threat somehow constitutes permission by the State of Washington to implement their plan.

Purveyors of these Group 12 Games have now admitted, in writing, that they intend to engage in a violation of RCW 9.46.220, Professional Gambling in the first degree, a class B felony, and RCW 9.46.215, Ownership or Interest in a Gambling Device, a class C felony.

Each machine and each transaction will constitute felony violations of our state laws. However, the letter from this organization and its members changes the nature of these operation from simply being substantive felony violations of criminal gambling statues, into RCW 9A.82.010 Criminal Profiteering, RCW 9A.83.020 Money Laundering and RCW 9A.82.060 Leading Organized Crime. The letter delivered to the Gambling Commission on the 12<sup>th</sup> of May also represents an overt act in a criminal conspiracy involving three or more persons, which now extends back many months. RCW 9A.82.060, Leading Organized Crime, states that if a person organizes, manages, directs, supervises, or finances any three or more person with the intent to engage in a pattern of criminal profiteering, then that person is guilty of a class A felony. Professional Gambling in the First Degree, RCW 9.46.220, and Ownership or Interest in a Gambling Device, RCW 9.46.215, are predicate crimes under the Criminal Profiteering statute.

The letter from the Group 12 operators goes on to say that because potential prizes are revealed prior to a person playing these slot machines, that they are somehow exempt from state law, yet all slot machines are required to tell the player what prizes are available. There was a narrow exemption for Group 12 Games, based upon a requirement of skill. The Gambling Commission has gone on to clarify, at their meeting last month, that these games of skill were never intended to operate like slot machines. It is a clear violation of state gambling laws for Group 12 Games to have replay, or any cash prizes or payouts.

Last month, the purveyors of these new slot machines filed notice of a \$15 million lawsuit against the State of Washington unless the Gambling Commission relented, and allowed tens of thousands of these new slot machines into Washington State. This threat against a state regulatory agency amounted to little more than an act of extortion. In the last several months, I have sent letters to the Gambling Commission, Governor, Attorney General, and Speaker of the House urgently suggesting that these attempts to force the State of Washington into accepting this massive expansion of gambling without legislative approval would be a serious error. As a result, the limitations and clarifications by the Gambling Commission at its April meeting were entirely appropriate. This latest action by Group 12 Operators and the Amusement Distributors of Washington proves that my earlier warnings about these individuals and this industry were correct. It is now time for further action.

It is imperative that this newest threat to the peace and safety of Washington citizens be addressed in a definitive way. Washington State citizens, in no uncertain terms, have declared at the ballot box that they do not want a massive expansion of slot machines in our state. The Gambling Commission needs to immediately enact a full repeal of all Group 12 Games. The legislature can then, if necessary, pass a legislative change to permanently reinforce this action when they meet during the new session in January. It would be unfortunate to see 20,000-30,000 new slot machines in Washington State before the beginning of the next legislative session. Second, the Gambling Commission, the Attorney General,

and the Governor need to dedicate resources to stop this organization from further expanding their criminal profiteering and organized crime syndicate in Washington State. Indeed, the conspiracy and overt act necessary to begin a criminal prosecution now exists.

Sincerely,

A handwritten signature in black ink, appearing to read "Christopher Hurst". The signature is stylized with a large, sweeping initial "C" and "H".

Christopher Hurst, State Representative  
Commerce and Gaming Committee Chairman

cc: Governor Inslee, Attorney General Ferguson, Speaker of the House Chopp

AMUSEMENT DISTRIBUTORS OF WASHINGTON  
("ADOW")

May 10, 2016

Chair Chris Stearns  
Vice Chair Bud Sizemore  
Commissioner Kelsey Gray  
Commissioner Julia Patterson  
Commissioner Ed Troyer

Director David Trujillo

Washington State Gambling Commission  
4565 7th Avenue S.E.  
Lacey, WA 98503

RE: Request under RCW 34.05.230 for Interpretive or Policy Statement on "No  
Chance" Equipment

Dear Washington State Gambling Commission:

Over the past year, ADOW through its members worked cooperatively with the agency to modify its equipment to comply with the Gambling Commission's request for regulatory control under the Gambling Act's amusement game authority. While the early adopted rules worked initially, the recent amendments and enforcement activities imposed after noticeable lobbying efforts by tribes destroys the equipment's marketability and ameliorates any possible regulatory advantages to continuing to operate with the Commission's approval. Based upon the absence of good faith, and the undue political influence over the Gambling Commission, ADOW and its members are investing in equipment programmed as originally planned. All concessionary changes, particularly the skill element, will be eliminated. Owners and operators intend to make the games publicly available no later than June 1, 2016 throughout Washington State. As previously reported to the agency, this equipment operates just like other video games that award prize points. The requisite element of chance necessary for Gambling Commission regulatory control as a slot machine or other gambling activity does not exist. A player knows before purchasing a play whether the play is a winner. A player knows whether a purchased play is a winner without risking any consideration. Some of the equipment will reveal the prize one play at a time. Some of the equipment will reveal all prizes for every play prior to any purchase. Either method eliminates any element of "chance". Without chance, the Gambling Commission lacks any regulatory powers delegated to it under the Gambling Act and the fact that the player can continue to play and cash in all points for money does not matter. The player is enjoying an electronic video game purchasing a prize at a price known to the player prior to purchase. The Gambling Commission has no regulatory control over electronic video games sold for entertainment.

The Administrative Procedure Act (“APA”) encourages agencies to advise the public of its “current opinions, approaches, and likely courses of action by means of interpretive or policy statements.” ADOW requests a formal response pursuant to the APA that articulates the Gambling Commission’s likely course of action when ADOW manufacturers and operators offer the equipment as originally contemplated for the public’s entertainment at various locations to include family fun centers, coffee shops, malls, taverns, or other places where video games are played through different mobile applications. The equipment will be the same type equipment you have seen in your lab or examined to date except the equipment will no longer include any skill element. The equipment will include replay. Gift certificates may be awarded and exchanged for cash at the option of the location consistent with the laws regulating gift certificates. Some of the equipment may include a more comprehensive reveal feature, although most will likely continue to reveal the prize for each play. This means the reveal shows the prize before the player inserts the amount of money required to buy each play.

ADOW will consider the Gambling Commission’s likely course of action before putting the equipment into play June 1, 2015. An interpretive statement to include all authority to support the Commission’s likely course of action will assist ADOW in evaluating whether any proposed regulation presents actual legal barriers or risks that would impact use of the equipment. In the event the Gambling Commission chooses not to respond, ADOW intends to move forward and will assume that the Gambling Commission has no regulatory authority over this equipment, and that the only reason it considered regulation as an amusement game was to bring the technology within the regulatory control of the Gambling Commission.

AMUSEMENT DISTRIBUTORS OF WASHINGTON (“ADOW”)

May 12, 2016

Chair Chris Stearns  
Vice Chair Bud Sizemore  
Commissioner Kelsey Gray  
Commissioner Julia Patterson  
Commissioner Ed Troyer

Director David Trujillo

Washington State Gambling Commission  
4565 7th Avenue S.E. Lacey, WA 98503

RE: Option A - Amusement Games

Dear Gambling Commissioners, Director Trujillo, and Staff:

ADOW has considered Option A as adopted at the May meeting that takes effect at the end of July. Importantly Option A applies universally to all amusement games, not just Group 12 amusement games. Thus the amendment affects the operational standards for equipment in family and adult venues as written. The rule introduces and approves electronic token cards to purchase plays and to store points or to award prizes like tokens. Electronic token cards according to the definition adopted in rule matches the meaning of gift certificate under the state consumer protection laws that define and restrict the manner in which businesses account for stored value for the customer to use at the business. While the Gambling Commission prohibited the awarding of gift certificates as the prize; the Gambling Commission expressly permits the use of gift certificates to operate the equipment. This means under Option A operators and manufacturers may continue the operational features advantageous to the continuing success of Group 12 amusement games, and now with other games targeted at children and families. Following the express provisions of this recent amendment, all of our equipment will now use electronic token cards. Customers will receive any stored value returned to them in cash as requested in amounts over \$5.00 at the election of the location consistent with the consumer protection laws that may be used to purchase electronic token cards.