

WASHINGTON STATE GAMBLING COMMISSION

Our Mission:

Protect the Public by Ensuring That Gambling is Legal and Honest

The HUB at Lacey
676 Woodland Square Loop SE
Lacey, WA 98503



COMMISSION MEETING AGENDA PACKET

THURSDAY, November 10, 2016

**Washington State Gambling Commission
November 2016 Study Session**



Date: November 10, 2016
Time: 10:00 a.m. – 11:00 a.m.
Location: The Hub
676 Woodland Square Loop SE
Lacey, Wa 98503

Study Session Agenda

I. Up for Final Action at the November 2016 Commission Meeting

Petition for Rule Change from Teresa Malphrus – Poker Wagering & Rake Increase

- WAC 230-15-080 Authorized fees and authorized methods of collection.
- WAC 230-15-135 Wagering Limits for nonhouse-banked card games.

II. Up for Further Discussion at the November 2016 Commission Meeting

Petition for Rule Change from the Recreational Gaming Association: Promotions

- 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 – Promotional Contests of Chance (PCOC)

Petition for Rule Change from Warren Montney - Restrictions and Conditions for Gambling Promotions

- WAC 230-15-353 Using match play coupons in nonhouse-banked card games.
- WAC 230-15-453 Using match play or similar coupons in gambling promotions.

III. Fee Restructure Workgroup Update

IV. My Account Update for Class F and House-Banked Card Rooms, Manufacturers, Distributors and Service Suppliers DEMO

V. Open Discussion

VI. Study Session Format Change



STATE OF WASHINGTON
GAMBLING COMMISSION

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

The Hub at Lacey
676 Woodland Square Loop SE
Lacey, WA 98503 (360) 413-9995

November 10, 2016

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

Public Meeting	
Informal Study Group Session 10:00-11:00	
11:00	Welcome <i>Bud Sizemore, Chair</i> Executive Session – Working Lunch Discuss Pending Investigations, Tribal Negotiations and Litigation
The Public Meeting will Reconvene at 1:00 pm	
Tab 1	Director's Report <i>David Trujillo, Director</i> <ul style="list-style-type: none">October 13 & 14, 2016 MinutesNew Licenses and Class III EmployeesClass III Employees/Snoqualmie Default <i>Brian Considine, Managing Attorney, Legislative Liaison</i> <ul style="list-style-type: none">Fraternal Order of Eagles Auxiliary 03338, CR 2015-00949 Fee Restructure Update <i>Amy Hunter, Deputy Director</i> <ul style="list-style-type: none">Public Comment
Tab 2	Economic Market Study On Gaming Spectrum Gaming Group <i>Joseph Weinert, Executive Vice President Spectrum Gaming Group</i> <i>Adam Steinberg, Senior Vice President, Spectrum Gaming Capital</i>
Tab 3	G2E 2016 Update <i>Tom Means, Chief Information Officer</i>
Tab 4	Daily Fantasy Sports Update Changes Since November 2015 <i>Tyson Wilson, Special Agent</i> <i>Dan Frey, Special Agent</i>
10 min	BREAK
Tab 5	AMVETS Program Review Post #1 <i>Keith Wittmers, Special Agent</i>
Tab 6	Special Olympics of Washington <i>Donna Khanhasa, Special Agent</i> <ul style="list-style-type: none">2016 Western Washington Enhanced Raffle ResultsEnhanced Raffle Results – Report to the Legislature2017 Western Washington Enhanced Raffle Plan Request
Tab 7	Rule Making Process Overview <i>Brian Considine, Managing Attorney, Legislative Liaison</i>

- ADMINISTRATIVE PROCEDURE ACT PROCEEDINGS -**Rule up for Final Action**

Tab 8	Petition from Teresa Malphrus Poker Wagering and Rake Increase <i>Tina Griffin, Assistant Director</i> <ul style="list-style-type: none"> • WAC 230-15-080 Authorized fees and authorized methods of collection. • WAC 230-15-135 Wagering Limits for nonhouse-banked card games.
Rules Up for Further Discussion	
Tab 9	Petition from Recreational Gaming Association Promotions <i>Tina Griffin, Assistant Director</i> <ul style="list-style-type: none"> • 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 – Promotional Contests of Chance (PCOC)
Tab 10	Petition from Warren Montney Restrictions and Conditions for Gambling Promotions <i>Tina Griffin, Assistant Director</i> <ul style="list-style-type: none"> • WAC 230-15-353 Using match play coupons in nonhouse-banked card games. • WAC 230-15-453 Using match play or similar coupons in gambling promotions.
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 Julie Anderson, 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) 486-3447.



STATE OF WASHINGTON
GAMBLING COMMISSION

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

October Commission Meeting Minutes

Doubletree by Hilton
322 North Spokane Falls Court
Spokane, WA 99201
October 13 & 14, 2016

Commissioners Present:

Bud Sizemore, Chair
Julia Patterson, Vice-Chair
Chris Stearns
Ed Troyer
Kelsey Gray, PhD.

Staff Present:

David Trujillo, Director, Amy Hunter, Deputy Director, Tina Griffin, Assistant Director
Brian Considine, Staff Attorney, Legal Liaison, Julie Lies, Tribal Liaison,
John Meader, Assistant Attorney General, Julie Anderson, Executive Assistant

-Public Meeting-

Chair Sizemore welcomed everyone to the Doubletree Hilton in Spokane. He called the two-day meeting of the Washington State Gambling Commission to order at noon on October 13, 2016 and immediately went into Executive Session where the Commissioners discussed Pending Investigations, Tribal Negotiations and Litigations.

The public meeting reconvened at 2pm. There were about 30 people that attended the meeting.

Director's Report:

Director Trujillo presented the materials for Tab 1.

Tab 1a

Consent Agenda

September Minutes/New Licensees

Commissioner Troyer moved to adopt the Consent Agenda items as presented.

Commissioner Patterson seconded the motion.

The motion passed 5:0 except for New Licenses and Class III Certifications for the Snoqualmie Tribe where Commissioner Stearns abstained from voting which passed 4:0.

Tab 1b

Default

Larry Upthegrove, Case No. 2016-01253, Class III Certification Revocation

Brian Considine presented a Default to the Commissioners.

Commissioner Troyer moved to revoke Larry Upthegrove's Card Room Employee License.

Commissioner Stearns seconded the motion.

The motion passed. 5:0

Tab 2

Fee Restructure

Deputy Director Hunter presented the materials for Tab 2. DD Hunter presented a power point presentation. To date, DD Hunter has met with 33 House-banked & Class "F" Card Rooms, 3 Pull-tab Distributers, 7 Large Charitable/Nonprofit Organizations, 4 Large Manufactures and 2 Service Suppliers. The focus of the outreach to date has been to those licensees whose fees would increase the most. Chair Sizemore said he felt a workgroup would be helpful. WSGC is planning 5 workgroup meetings across the state before the end of the year. Chair Sizemore will be attending all 5 meetings. The purpose of these meetings is a result from licensees at the September meeting wanting to have a "sit down" to discuss their options of the Fee Restructure plan. Commissioner Patterson asked if there could be a debrief of the meetings that have occurred either right after the meetings or just before the next meeting. The response was yes. Public comment came from: Monty Harmon, Rick Newgard, Phil Eland and Wayne Wertz.

Tab 3

House-Banked Card Room Summary of Activity

Assistant Director Griffin presented the materials for Tab 3. Overall, the financial statements show an improvement for house-banked card rooms.

Tab 4

Criminal Case Update

Acting Special Agent Supervisor, Bryce Mack presented the material on 2016 Regulatory Unit Criminal Investigations.

Acting Special Agent Mack presented several cases that showcased the level of investigations that the Agents do. Chair Sizemore asked about the number of criminal cases workload that reflected man hours versus cases. Commissioner Patterson asked about the individuals that were arrested, if any of them were employees of the establishments. Commissioner Stearns asked if any of the charges were against professional gamblers.

Agent-in-Charge, Gary Drumheller presented the materials for Criminal Enforcement Unit.

Agent in Charge Drumheller explained one of the goals for the Gambling Commission is to work with other law enforcement agencies, which are local, State, tribal and federal. He also mentioned the Gambling Commission has one individual on a State task force and one on a federal task force. Commissioner Stearns asked if there were any money laundering cases. Commissioner Gray asked if there were any internet gambling cases. And, how much time is spend on each case.

Day 1 adjourned at 3:37 pm

October Commission Meeting Minutes

October 14, 2016 Day 2 reconvened at 9:06 AM

Commissioners Present:

Bud Sizemore, Chair
Julia Patterson, Vice-Chair
Chris Stearns
Ed Troyer
Kelsey Gray, PhD.

Staff Present:

David Trujillo, Director, Amy Hunter, Deputy Director, Tina Griffin, Assistant Director
Brian Considine, Staff Attorney, Legal Liaison, Julie Lies, Tribal Liaison,
John Meader, Assistant Attorney General, Julie Anderson, Executive Assistant

Tab 5

Group 12 Amusement Games

Reporting, Recordkeeping and Storage of Tokens

- **WAC 230-13-075** Assigning and reporting group numbers of authorized amusement games.
- **WAC 230-13-170** Recordkeeping for commercial amusement games.
- **WAC 230-07-125** Recordkeeping requirements for lower volume charitable or nonprofit organizations.
- **WAC 230-13-005** Amusement games authorized.

Assistant Director Tina Griffin presented the materials for this tab.

Commissioner Patterson moved to approve the original version of WAC 230-13-075 and version 2 for WAC 230-13-170 and WAC 230-07-125, effective 31 days from filing.

Commissioner Gray seconded the motion.

The motion passed. 5:0

Tab 6

Petition from Teresa Malphrus

Poker Wagering and Rake Increase

- **WAC 230-15-080** Authorized fees and authorized methods of collection
- **WAC 230-15-135** Wagering limits for nonhouse-banked card games

Assistant Director Griffin presented the materials for this tab. This petition is up for final action at the November meeting.

Tab 7

Petition from the Recreational Gaming Association

Promotions

- **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- Promotional Contests of Chance (PCOC)

Director Trujillo presented the materials for this tab. Commissioner Stearns will work with staff to craft language for a more active voice.

Commissioner Patterson moved to approve Version 3 of WAC 230-06-030 for further discussion.

Commissioners unanimously approved this motion.

The motion passed. 5:0

Tab 8

Petition from Recreational Gaming Association

Wagering Limits for House-Banked Card Games

- **WAC 230-15-140** Wagering limits for house-banked card games

Director Trujillo presented the materials for this tab. Petitioner wishes to withdraw their petition.

Commissioner Troyer moved to withdraw this petition. Commissioner Stearns seconded the motion.

The motion passed. 5:0

Tab 8

Petition from Warren Montney

Restrictions and Conditions for Gambling Promotions

WAC 230-15-453 Using match play or similar coupons in gambling promotions.

Special Agent Bill McGregor performed a promotion demonstration for the commissioners using “match play” coupons.

Assistant Director, Griffin presented the materials for this tab. Commissioner Troyer asked about enforcement of the coupons. He also asked about where does one get the coupons and how do they chose who gets the coupons. Commissioner Stearns asked about how the coupons are being tracked. Victor Mena from RGA spoke in favor of the petition.

Commissioner Troyer moved to file this petition for further discussion. Commissioner Gray seconded the motion.

The motion passed. 5:0

Commissioner Patterson expressed her concerns with Problem Gambling. Commissioner Stearns offered UNLV as a resource for staff to gather Problem Gambling Statistics. Commissioner Gray asked for accurate data that includes outpatient treatment and in state residential options. Chair Sizemore requested an update on the data as early as the November meeting. Dolores Chiechi offered to get information to staff to present at the next meeting. Staff will work with Ms. Chiechi to schedule a presentation.

Chair Sizemore announced that the first Fee Restructure Workgroup would be October 24, 2016 at the SeaTac Community Center from 1-4pm. Commissioner Patterson asked permission to attend the 1st meeting as it will be in her home community.

Meeting adjourned at 10:42 AM.



COMMISSION APPROVAL LIST
(New Licenses & Class III Gaming Employees)

November 2016

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Based upon the licensing investigations, staff recommends approving all new Licenses and Class III employees listed on pages 1 to 17.

72

ORGANIZATION NAME

FILE NUMBER

PREMISES LOCATION

NEW APPLICATIONS**BINGO**

VFW 03386 00-07134 01-02731	A	1307 S LOFFLER AIRWAY HEIGHTS WA 99001-0001
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RAFFLE

COMBAT VETERANS INTERNATIONAL CHPT 1 00-19311 02-08364	A	610 G ST BLAINE WA 98230
COYOTE CENTRAL 00-23799 02-20672	C	2300 E. CHERRY ST. SEATTLE WA 98122
DOMESTIC ABUSE WOMEN'S NETWORK (DAWN) 00-23791 02-20669	C	403 21ST AVE SEATTLE WA 98122
FOE 04197 00-12115 02-20671	A	676 OCEAN SHORES BLVD NW OCEAN SHORES WA 98569
FOUNDATION FOR PRIVATE ENTERPRISE EDUCATION DBA 00-23531 02-09602	B	923 POWELL AVENUE SW RENTON WA 98057
MOUNT BAKER FFA BOOSTERS 00-23748 02-09703	A	3295 CEDARVILLE RD BELLINGHAM WA 98226
OLYMPIC PENINSULA ROWING ASSOCIATION 00-23789 02-20667	A	163 OLD BLACK DIAMOND RD PORT ANGELES WA 98363
SEATTLE AUDUBON SOCIETY 00-23809 02-20676	A	8050 35TH AVE NE SEATTLE WA 98115
SOUTHRIDGE HS BOOSTER CLUB 00-19932 02-08500	D	3520 SOUTHRIDGE BLVD KENNEWICK WA 99338
ST JOHN MARY VIANNEY CATHOLIC CHURCH 00-23792 02-20670	D	12600 84TH AVE NE KIRKLAND WA 98034
VFW 04760 00-00277 02-08258	C	1532 TAYLOR CUTOFF RD SEQUIM WA 98382
WACAP 00-22557 02-09132	C	7408 BETTER WAY LOOP SNOQUALMIE WA 98065

AMUSEMENT GAMES NONPROFIT

OLYMPIC VIEW ELEMENTARY PTA 00-23797 03-20733	A	504 NE 95TH ST SEATTLE WA 98115
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ORGANIZATION NAME

FILE NUMBER

PREMISES LOCATION

NEW APPLICATIONS**PUNCHBOARD/PULL-TAB COMMERCIAL STIMULANT**

HORSESHOE TAVERN 00-23746 05-21432	A	106 W 3RD ELLENSBURG WA 98926
LANDMARK TAVERN 00-23778 05-21443	A	313 SUSSEX AVE W TENINO WA 98589
PIED PIPER PUB 00-19596 05-19769	B	311 W MEEKER ST KENT WA 98032

COMBINATION LICENSE

ALANO CLUB/LYNNWOOD 00-22091 08-00290	A	4001 198TH ST SW STE 6 LYNNWOOD WA 98036
FOE WA STATE AUX/ELMA 00-23800 08-00291	A	962 COAL CREEK RD CHEHALIS WA 98532

FRE EQUIP DISTRIBUTOR - PROFIT

A CASINO EVENT OF SEATTLE 00-23766 28-00041	B	35319 25TH PL S FEDERAL WAY WA 98003
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COMMERCIAL AMUSEMENT GAMES

AMC THEATRES ALDERWOOD 16 00-23784 53-21483	A1	18733 33RD AVE W LYNNWOOD WA 98037
AMC THEATRES CASCADE MALL 14 00-23779 53-21478	A1	200 CASCADE MALL DR BURLINGTON WA 98233
AMC THEATRES KENT STATION 14 00-23782 53-21481	A1	426 RAMSEY WY KENT WA 98032
AMC THEATRES LAKEWOOD MALL 12 00-23783 53-21482	A1	5721 MAIN ST SW LAKEWOOD WA 98499
AMC THEATRES OAK TREE 6 00-23781 53-21480	A1	10006 AURORA AVE SEATTLE WA 98133
AMC THEATRES PACIFIC PLACE 11 00-23794 53-21484	A1	600 PINE ST STE 400 SEATTLE WA 98101

ORGANIZATION NAME

FILE NUMBER

PREMISES LOCATION

NEW APPLICATIONS

COMMERCIAL AMUSEMENT GAMES

AMC THEATRES SOUTHCENTER 16

00-23780 53-21479

A1

3600 SOUTHCENTER MALL

TUKWILA WA 98188

SOCIAL CARD ROOM

40 & 8 00135

00-04546 60-00227

D

113 W COTA ST

SHELTON WA 98584

PUBLIC CARD ROOM (65)

KINGS BAR AND GRILL

00-23570 65-07466

D

3015 E MISSION AVE

SPOKANE WA 99202

PERSON'S NAME
 LICENSE ISSUE NUMBER

EMPLOYER'S NAME
 PREMISES LOCATION

NEW APPLICATIONS

MANUFACTURER REPRESENTATIVE

ANDREWS, DALE M
 23-02312

BALLY TECHNOLOGIES
 LAS VEGAS NV 89118

BOWERS, ROBIN L
 23-01848

EVERI PAYMENTS INC
 LAS VEGAS NV 89113-2175

COLLINS, KIRK P
 23-02311

BALLY TECHNOLOGIES
 LAS VEGAS NV 89118

DREW, ROBERT A
 23-02307

EVERI PAYMENTS INC
 LAS VEGAS NV 89113-2175

FALZONE, CHARLENE D
 23-02309

EVERI PAYMENTS INC
 LAS VEGAS NV 89113-2175

FEHR, GORDON D
 23-02304

BALLY TECHNOLOGIES
 LAS VEGAS NV 89118

FORD, JOHN E
 23-02323

BALLY TECHNOLOGIES
 LAS VEGAS NV 89118

GAWALIS, KRISTEN A
 23-02324

IGT
 LAS VEGAS NV 89113

HARTWELL, WILLIAM E
 23-02308

EVERI PAYMENTS INC
 LAS VEGAS NV 89113-2175

KOLLABATHULA, VIJAYA K
 23-01449

BALLY TECHNOLOGIES
 LAS VEGAS NV 89118

LOGAN, CHARLES E
 23-02310

EVERI PAYMENTS INC
 LAS VEGAS NV 89113-2175

PONNUSAMY, SENTHILKUMAR
 23-02322

BALLY TECHNOLOGIES
 LAS VEGAS NV 89118

PRATHI, RAJGOPAL
 23-02314

BALLY TECHNOLOGIES
 LAS VEGAS NV 89118

ROUNTREE, KENT M
 23-02318

ROCKET GAMING SYSTEMS LLC
 GROVE OK 74344-6251

RUIZ, JOSE R
 23-02316

BALLY TECHNOLOGIES
 LAS VEGAS NV 89118

RUSSKY, SERGUEI
 23-02313

BALLY TECHNOLOGIES
 LAS VEGAS NV 89118

PERSON'S NAME
LICENSE ISSUE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

MANUFACTURER REPRESENTATIVE

SAMPSON, THOMAS W
23-02321

ROCKET GAMING SYSTEMS LLC
GROVE OK 74344-6251

SNEHA SURESH KULKARNI, FNU
23-02315

BALLY TECHNOLOGIES
LAS VEGAS NV 89118

SOLORIO ARMENTA, CAMILO J
23-01921

BALLY TECHNOLOGIES
LAS VEGAS NV 89118

NON-PROFIT GAMBLING MANAGER

FOSTER, SHANNON L
61-04552

AMERICAN LEGION 00034
PASCO WA 99301

JONASON, DAVID C
61-04615

LOOM 02362
OCEAN PARK WA 98640

LITTLE, KIMBERLY R
61-04490

FOE 02298
AUBURN WA 98002

MESSER, CHRISTINE L
61-04614

ALANO CLUB/LYNNWOOD
LYNNWOOD WA 98036

ROMINGER, TERRI L
61-04407

BPOE 01181
BREMERTON WA 98310

SCOTT, JORDAN A
61-04611

FOE 02622
MOSES LAKE WA 98837

SERLES, JEANIE L
61-04613

FOE 03004
OKANOGAN WA 98841

STOTKO, NICHOLAS L
61-04610

FOE 02218
CHELAN WA 98816

YAGER, LOUANN S
61-04357

F. & A. M. 00069 / PORT ANGELES
PORT ANGELES WA 98362

SERVICES SUPPLIER REPRESENTATIVE

HALLIBURTON, JOSHUA D
63-00590

NORTH AMERICAN VIDEO
BRICK NJ 08723

MARTIN, GABRIEL R
63-00607

RELIABLE SECURITY SOUND & DATA
EVERETT WA 98206-1295

PERSON'S NAME
LICENSE ISSUE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

SERVICES SUPPLIER REPRESENTATIVE

NIELSEN, DAVID A
63-00632

NORTH AMERICAN VIDEO
BRICK NJ 08723

POWERS, JOHN M
63-00633

PELCO
CLOVIS CA 93612

PUBLIC CARD ROOM EMPLOYEE

ACKERMAN, AARON D
68-33770

B

CASINO CARIBBEAN
YAKIMA WA 98901

ALANIZ, JASON L
68-33768

B

ROYAL CASINO
EVERETT WA 98204

ANDERSON, JULIAN M
68-32514

B

LUCKY 21 CASINO
WOODLAND WA 98674

CABO, KIMBERLEI A
68-03421

B

LILAC LANES & CASINO
SPOKANE WA 99208-7393

CAMILON, NIA-MERCEDES D
68-33765

B

ROXY'S BAR & GRILL
SEATTLE WA 98126

CHANN, SOJEANA
68-29315

B

RIVERSIDE CASINO
TUKWILA WA 98168

CHOT, BORY
68-25567

B

RIVERSIDE CASINO
TUKWILA WA 98168

CHUAB, KAYCEE K
68-33780

B

FORTUNE CASINO
TUKWILA WA 98168

CHUM, CHANTHY
68-33778

B

ROMAN CASINO
SEATTLE WA 98178

CRUZ, JEREMY R
68-32301

B

GREAT AMERICAN CASINO/LAKEWOC
LAKEWOOD WA 98499

DALY, JONATHAN W
68-26515

B

LANCER LANES/REST AND CASINO
CLARKSTON WA 99403-2219

DOAN, VINSON T
68-33785

B

RIVERSIDE CASINO
TUKWILA WA 98168

DUFVENBERG, DAVID A
68-24047

B

LANCER LANES/REST AND CASINO
CLARKSTON WA 99403-2219

PERSON'S NAME
LICENSE ISSUE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

PUBLIC CARD ROOM EMPLOYEE

DUTTON, ALEXANDER I 68-33821	B	LAST FRONTIER LA CENTER WA 98629-0000
FADER, JOEL B 68-33800	B	CRAZY MOOSE CASINO II/MOUNTLAK MOUNTLAKE TERRACE WA 9804
FOILES, MICHAEL P 68-06277	B	SILVER DOLLAR CASINO/SEATAC SEATAC WA 98188
FORD, DE'JONIQUE C 68-33818	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
GASPER, WAYNE K 68-32347	B	WIZARDS CASINO BURIEN WA 98166-2524
GLOVER, DEBRA D 68-33804	B	LUCKY BRIDGE CASINO KENNEWICK WA 99336
GORUM, DEREK F 68-33774	B	SLO PITCH PUB & EATERY BELLINGHAM WA 98225
GUSTAFSON, ALICIA A 68-33771	B	LANCER LANES/REST AND CASINO CLARKSTON WA 99403-2219
HERAH, ADRIAN F 68-33815	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
HO, MELINH T 68-33823	B	PALACE TUKWILA TUKWILA WA 98168
HODGES, AUSTIN S 68-33820	B	BLACK PEARL RESTAURANT & CARD SPOKANE VALLEY WA 99206-471
HOLT, NICOLE M 68-33807	B	RED DRAGON CASINO MOUNTLAKE TERRACE WA 9804
HUNTSMAN, MICHAEL T 68-26969	B	CRAZY MOOSE CASINO/PASCO PASCO WA 99301
INMAN, RICHARD E 68-17840	B	LILAC LANES & CASINO SPOKANE WA 99208-7393
JENSEN, NATHAN M 68-33816	B	SILVER DOLLAR CASINO/MILL CREEK BOTHHELL WA 98012
JOHNS, LELA J 68-33758	B	UBET CASINO LONGVIEW WA 98632-3024

PERSON'S NAME
 LICENSE ISSUE NUMBER

EMPLOYER'S NAME
 PREMISES LOCATION

NEW APPLICATIONS

PUBLIC CARD ROOM EMPLOYEE

JULIAN, FRANCES E 68-33773	B	WIZARDS CASINO BURIEN WA 98166-2524
KAUFMAN, PHILLIP M 68-33766	B	LANCER LANES/REST AND CASINO CLARKSTON WA 99403-2219
KOVACS, LASZLO A 68-33799	B	FORTUNE CASINO TUKWILA WA 98168
LAY, SERENA 68-33802	B	CHIPS CASINO/LAKEWOOD LAKEWOOD WA 98499
LEE, THOMAS J 68-30969	B	BLACK PEARL RESTAURANT & CARD SPOKANE VALLEY WA 99206-471
LERMAN, JASON R 68-33790	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
LORTIE, DOUGLAS L II 68-33806	B	WILD GOOSE CASINO ELLENSBURG WA 98926
MAM, PONNA K 68-33764	B	PALACE TUKWILA TUKWILA WA 98168
MARCOTTE, ANDREW M 68-33777	B	IRON HORSE CASINO AUBURN WA 98002
MARTINEZ, JOSHUA T 68-33762	B	COYOTE BOB'S CASINO KENNEWICK WA 99336
MEIER, CODY L 68-33805	B	WILD GOOSE CASINO ELLENSBURG WA 98926
MILLER, J'ANTE L 68-33783	B	ROXY'S BAR & GRILL SEATTLE WA 98126
MILLER, JOSEPH F 68-33789	B	SLO PITCH PUB & EATERY BELLINGHAM WA 98225
MOBERLY, CHELSEA A 68-33793	B	CASINO CARIBBEAN YAKIMA WA 98901
MOLINA HERNANDEZ, ADA A 68-33812	B	CASINO CARIBBEAN YAKIMA WA 98901
NEWBY, MARK S 68-32490	B	LAST FRONTIER LA CENTER WA 98629-0000

PERSON'S NAME
LICENSE ISSUE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

PUBLIC CARD ROOM EMPLOYEE

NGUYEN, ANH T 68-33786	B	FREDDIE'S CLUB RENTON WA 98055
NGUYEN, NGAN N 68-33775	B	ROXY'S BAR & GRILL SEATTLE WA 98126
NORDMEYER, JACOB L 68-33763	B	BLACK PEARL RESTAURANT & CARD SPOKANE VALLEY WA 99206-471
NY, SOKLY D 68-33819	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
OROZCO, JESSICA L 68-33060	B	CLEARWATER SALOON & CASINO EAST WENATCHEE WA 98802
POWERS, MARK A 68-33813	B	LAST FRONTIER LA CENTER WA 98629-0000
REEDER, CHRISTIANA K 68-04668	B	CRAZY MOOSE CASINO II/MOUNTLAK MOUNTLAKE TERRACE WA 9804
RIVERA, EMMANUEL 68-33776	B	GREAT AMERICAN CASINO/EVERETT EVERETT WA 98204
RUSHING, KEITH A 68-05470	B	GREAT AMERICAN CASINO/TUKWILA TUKWILA WA 98168
RYAN, JOSHUA M 68-32406	B	RED DRAGON CASINO MOUNTLAKE TERRACE WA 9804
SABLAN, ARMAND L 68-33767	B	UBET CASINO LONGVIEW WA 98632-3024
SALCIDO, KARLA E 68-33798	B	CRAZY MOOSE CASINO/PASCO PASCO WA 99301
SALMI, SEPO J 68-18192	B	IRON HORSE CASINO AUBURN WA 98002
SALSTROM, ANGELA C 68-26984	B	MACAU CASINO LAKEWOOD WA 98499
SANCHEZ, LILIA 68-33772	B	LUCKY BRIDGE CASINO KENNEWICK WA 99336
SANCHEZ, MICHAEL R 68-33811	B	Z'S RESTAURANT AT ZEPPOZ PULLMAN WA 99163

PERSON'S NAME
LICENSE ISSUE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

PUBLIC CARD ROOM EMPLOYEE

SANOY, JORDAN I 68-33779	B	COYOTE BOB'S CASINO KENNEWICK WA 99336
SEUMAALA, RONALD T JR 68-33814	B	ROXY'S BAR & GRILL SEATTLE WA 98126
SLONE, MICHAEL G 68-33801	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
SOTELO, MALISSA M 68-18067	B	CLUB HOLLYWOOD CASINO SHORELINE WA 98133
STEMHAGEN, DEREK M 68-25596	B	CRAZY MOOSE CASINO/PASCO PASCO WA 99301
SULLIVAN, KAYLA R 68-33784	B	LAST FRONTIER LA CENTER WA 98629-0000
TAYLOR, JONATHAN M 68-33795	B	SLO PITCH PUB & EATERY BELLINGHAM WA 98225
TRAN, HOANG-ANH T 68-33782	B	ROXY'S BAR & GRILL SEATTLE WA 98126
TRUJILLO, JULIANA E 68-33781	B	MACAU CASINO LAKEWOOD WA 98499
TRUONG, ALEX B 68-05902	B	GREAT AMERICAN CASINO/LAKEWOC LAKEWOOD WA 98499
VILLAGOMEZ, MONICA 68-32958	B	CHIPS CASINO/LAKEWOOD LAKEWOOD WA 98499
VLAOVICH, MITCHELL 68-33759	B	GREAT AMERICAN CASINO/TUKWILA TUKWILA WA 98168
VOSBERG, ANDREA R 68-33803	B	CASINO CARIBBEAN YAKIMA WA 98901
WALES, BRANDY M 68-33817	B	LUCKY 21 CASINO WOODLAND WA 98674
WILSON, SARA Y 68-33791	B	CLEARWATER SALOON & CASINO EAST WENATCHEE WA 98802

PERSON'S NAME

LICENSE ISSUE NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

CHEHALIS CONFEDERATED TRIBES

BECKMAN, JAMIE M
69-40448

BROWN, RONALD D
69-40449

CARTER, ALLISON J
69-02756

CONKLIN, SARAH L
69-27436

COUSINEAU, ALEXANDRIA R
69-40531

CRUZ-BONDURANT, LEE S III
69-40410

FARLEY, BONNIE E
69-40493

HOXIE, MICHAEL R
69-40419

JERNIGAN, JOYCE M
69-40483

LA COUR, MICHAEL C
69-40447

STEDHAM, DAWN M
69-40530

VANSCHOUWEN, BECKY L
69-02356

COLVILLE CONFEDERATED TRIBES

BIGSMOKE, RACHAEL A
69-40534

EDWARDS, LISA M
69-33273

JOHNS, SHAWN D
69-40420

PHILLIPS, WHITNEY E
69-40533

JAMESTOWN S'KLALLAM TRIBE

STALLMAN, CASEY L
69-40523

KALISPEL TRIBE

ALLEN, LEANNE C
69-40412

BAKER, CODY A
69-40451

BECKER, JAMES R
69-12312

BICKNELL, JACOB A
69-40506

PERSON'S NAME

LICENSE ISSUE NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

KALISPEL TRIBE

BROCK-HOESLY, BONNIE E
69-18567

CAMPOS, MIRTHA L
69-29619

CARPENTER, JENELYN E
69-40450

CASTILLO, CARLOS
69-40508

FERRAGINO, SALVATORE J JR
69-40480

FRANK, JESSICA L
69-40476

GUYMAN, SHAUNA M
69-40479

HERNANDEZ, SAMANTHA A
69-40477

JOE, LILLIAN C
69-40507

KRUEGER, NANCY A
69-16495

LANDRUM, JENNIFER M
69-40481

MATSON, DANNY L
69-16833

MCNICKLE, ALYSSA C
69-40416

VANVELSON, ZACHARY N
69-40482

WARREN, SADIE A
69-40516

ZARZYNSKI, MARIE E
69-40505

LUMMI NATION

ARREOLA, DAISY M
69-40510

GALT, CHELSEA L
69-40445

HOGLUND, LINDSEY D
69-22804

JAMES, JUSTIN G
69-24523

KLINE, LORETTA R
69-14763

LACLAIR, VANESSA M
69-40514

MARTIN, DEAN B
69-40411

MARTIN, JANINE D
69-03776

PERSON'S NAME

LICENSE ISSUE NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

LUMMI NATION

MILLER, ERIC D
69-01102

WESTHOFF, DUSTIN L
69-40513

WILLIAMS, JOSHUA D
69-40453

WRIGHT, KAYLEEN A
69-40511

MUCKLESHOOT INDIAN TRIBE

ADAMS, REGINE N
69-40517

JONES, MARK F
69-40423

LAATSCH, JARON D
69-40462

LIE-AREVALO, FRANKIE
69-40485

SPENCER, MICHAEL J
69-40461

WILSON, RUPERT S
69-40405

NISQUALLY INDIAN TRIBE

BIEHL, GARY M JR
69-40497

BOUCHER, REBECCA K
69-29941

CHIECHI, DEVON R
69-40472

COOK, BRUCE A JR
69-27482

DISHER, BOBBY R
69-40473

HERINGTON, MARK A
69-40475

HOUK, LEE F
69-40474

LONG, MEDLEY J JR
69-40494

MADRIGAL, RICARDO A
69-40496

MCDONALD, CORBIN J
69-40499

NABORS, KRISTINE E
69-33852

SPARKS, LIZBETH A
69-40498

PERSON'S NAME

LICENSE ISSUE NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

NISQUALLY INDIAN TRIBE

TOTZ, ALICIA
69-40495

ZITTEL, MICHAEL D
69-27484

PORT GAMBLE S'KLALLAM TRIBE

DIOQUINO, DOMINGO A
69-40437

DUNBAR, ALENA L
69-40439

HARRIS, SHASTA L
69-40438

LOFTON, JULIE A
69-15338

PURSER, DAWN M
69-16103

PUYALLUP TRIBE OF INDIANS

BELFORD, JAY A
69-40491

FIFITA, TUPOU F
69-40463

GUARDIPEE, ASHLEY R
69-40392

HISBADHORSE, JAMES K JR
69-40454

HORVATH, JOSHUA D
69-40466

JIMMY, SKYLA D
69-40490

KAVANAUGH, MELISSA N
69-40455

LESTER, SHARON L
69-23044

MOSES, BERNICE PATRICIA A
69-40518

MULLINS, JEFFREY T
69-40471

ORM, SOVANPICH
69-40522

PERRENOUD, TAMAR J
69-40509

RIVERA, AUTUMN R
69-40428

RIVERA-HOLLAND, KATHY S
69-40440

PERSON'S NAME

LICENSE ISSUE NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

PUYALLUP TRIBE OF INDIANS

SILVERSMITH, SHELBY E
69-40457

SMITH, CHANCE T
69-40470

SHOALWATER BAY TRIBE

O'SHAUGHNESSY, NICOLE A
69-40459

STALCUP, STACY J
69-38051

SKOKOMISH TRIBE

PAGEL, AMY M
69-18266

SQUAXIN ISLAND TRIBE

BLUEBACK, THOMAS III
69-40442

HALLAM, JERRALD T
69-40503

HAWKS, DEANNA M
69-40464

JOHNSON, ERIK J
69-40444

RUN, MIRIAM
69-40443

WOLF-CUZICK, ELIZABETH L
69-40504

WOOD, TAYLOR R
69-34610

STILLAGUAMISH TRIBE

HUOR, LAURENT N
69-40441

SOLIDAY, ALBERT J
69-40492

YABUT, RONNIE M
69-40536

SUQUAMISH TRIBE

CASUYON, WEENA KARLYN D
69-40458

CLARK, JOCELYN D
69-40532

PERSON'S NAME

LICENSE ISSUE NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

SUQUAMISH TRIBE

WATSON, JACOB R
69-31719

SWINOMISH INDIAN TRIBAL COMMUNITY

COOPER, ALEXANDER H
69-01355

DAY, CHRISTINE K
69-40489

GOODPASTER, BRET M
69-40406

HAYMAKER, RONALD E
69-30502

MCCOWN, JENNY L
69-34857

NUZUM, SHANIA A
69-40515

SOLOMON, BRIAN N
69-11605

SUNDHEIM, TAMARA A
69-19929

TRIVERS, JOHN O III
69-40460

THE TULALIP TRIBES

GADDIS, SUSAN S
69-40469

ROUSSELLE, JAMES JR
69-40380

ST ONGE, MONICA M
69-40403

STRAND, ROBIN S
69-40456

STRUTHERS, KASEY L
69-40452

UPPER SKAGIT INDIAN TRIBE

BREWSTER, REBECCA M
69-40426

KUA, JOEL P JR
69-40427

MORIYA, SHIROH
69-40446

ULSH, BRETT T
69-23142

PERSON'S NAME

LICENSE ISSUE NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

YAKAMA NATION

BILL, SHAYLA E
69-40415

CARLSEN, JOHANNA M
69-40484

FRANK, RYAN J
69-40521

HONANIE, ANTONE A
69-31016

LLOYD, DESMOND K
69-40487

MARCEAU, VICTORIA G
69-17765



HOUSE-BANKED PUBLIC CARD ROOM REPORT

Current House- Banked Locations Operating				50		
Licensee	City	Commission Approval Date	License Expiration Date	Tables	Org #	License #
ACES CASINO ENTERTAINMENT	SPOKANE	Mar 13, 2014	Dec 31, 2016	7	00-23112	67-00325
ALL STAR CASINO	SILVERDALE	Jan 14, 1999	Jun 30, 2017	15	00-18357	67-00058
BLACK PEARL RESTAURANT & CARD ROOM	SPOKANE VALLEY	Jan 10, 2013	Sep 30, 2017	15	00-22440	67-00321
BUZZ INN STEAKHOUSE/EAST WENATCHEE	EAST WENATCHEE	Oct 10, 2002	Dec 31, 2016	10	00-11170	67-00183
CARIBBEAN CARDROOM	KIRKLAND	Aug 13, 2009	Mar 31, 2017	7	00-21882	67-00285
CASINO CARIBBEAN	YAKIMA	Mar 14, 2002	Dec 31, 2016	15	00-17603	67-00093
CASINO CARIBBEAN	KIRKLAND	Nov 15, 2005	Sep 30, 2017	15	00-20427	67-00238
CHIPS CASINO/LAKEWOOD	LAKEWOOD	Apr 8, 1999	Dec 31, 2016	12	00-17414	67-00020
CLEARWATER SALOON & CASINO	EAST WENATCHEE	Apr 9, 2015	Dec 31, 2016	11	00-23386	67-00328
CLUB HOLLYWOOD CASINO	SHORELINE	Sep 9, 2010	Jun 30, 2017	15	00-22132	67-00303
COYOTE BOB'S CASINO	KENNEWICK	Jul 10, 2009	Mar 31, 2017	12	00-21848	67-00282
CRAZY MOOSE CASINO II/MOUNTLAKE TERRACE	MOUNTLAKE TERRACE	Jul 10, 2009	Mar 31, 2017	15	00-21849	67-00283
CRAZY MOOSE CASINO/PASCO	PASCO	Jul 10, 2009	Mar 31, 2017	15	00-21847	67-00281
FORTUNE CASINO	TUKWILA	Oct 8, 2015	Aug 31, 2017	12	00-23465	67-00329
FREDDIE'S CLUB	RENTON	Jan 8, 2015	Sep 30, 2017	15	00-23339	67-00327
GOLDIE'S SHORELINE CASINO	SHORELINE	May 13, 1999	Dec 31, 2016	15	00-17610	67-00016
GREAT AMERICAN CASINO/EVERETT	EVERETT	Nov 12, 1998	Dec 31, 2016	15	00-19513	67-00194
GREAT AMERICAN CASINO/LAKEWOOD	LAKEWOOD	Aug 14, 2003	Jun 30, 2017	15	00-19258	67-00184
GREAT AMERICAN CASINO/TUKWILA	TUKWILA	Jan 15, 1998	Sep 30, 2017	15	00-12554	67-00012
HAWKS PRAIRIE CASINO	LACEY	Jul 12, 2001	Jun 30, 2017	15	00-17579	67-00091
IRON HORSE CASINO	AUBURN	Jan 9, 2003	Dec 31, 2016	15	00-19477	67-00192
JOKER'S CASINO SPORTS BAR & FIESTA CD RM	RICHLAND	Nov 12, 1998	Dec 31, 2016	11	00-15224	67-00006

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Current House- Banked Locations Operating

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Licensee	City	Commission Approval Date	License Expiration Date	Tables	Org #	License #
LANCER LANES/REST AND CASINO	CLARKSTON	Nov 13, 2008	Sep 30, 2017	9	00-21681	67-00276
LAST FRONTIER	LA CENTER	Feb 11, 1999	Sep 30, 2017	15	00-11339	67-00055
LILAC LANES & CASINO	SPOKANE	Jul 12, 2007	Jun 30, 2017	12	00-21305	67-00267
LUCKY 21 CASINO	WOODLAND	Oct 8, 2013	Jun 30, 2017	15	00-22918	67-00322
LUCKY BRIDGE CASINO	KENNEWICK	Feb 13, 2014	Dec 31, 2016	15	00-23082	67-00324
MACAU CASINO	TUKWILA	Jan 12, 2012	Sep 30, 2017	15	00-22573	67-00319
MACAU CASINO	LAKEWOOD	Jul 12, 2007	Mar 31, 2017	15	00-20428	67-00239
NEW PHOENIX	LA CENTER	Mar 12, 1998	Mar 31, 2017	14	00-12650	67-00005
NOB HILL CASINO	YAKIMA	Sep 12, 2001	Dec 31, 2016	7	00-13069	67-00173
PALACE CASINO LAKEWOOD	LAKEWOOD	Jan 14, 1999	Dec 31, 2016	15	00-16542	67-00028
PALACE TUKWILA	TUKWILA	Jul 14, 2016	Sep 30, 2017	8	00-23304	67-00333
PAPAS CASINO RESTAURANT & LOUNGE	MOSES LAKE	Aug 13, 1998	Jun 30, 2017	12	00-02788	67-00004
RC'S	SUNNYSIDE	Nov 18, 2004	Sep 30, 2017	9	00-20298	67-00232
RED DRAGON CASINO	MOUNTLAKE TERRACE	Aug 11, 2011	Jun 30, 2017	10	00-22459	67-00315
RIVERSIDE CASINO	TUKWILA	Aug 14, 2003	Jun 30, 2017	15	00-19369	67-00187
ROMAN CASINO	SEATTLE	Feb 10, 2000	Mar 31, 2017	15	00-17613	67-00057
ROXY'S BAR & GRILL	SEATTLE	Nov 18, 2004	Jun 30, 2017	12	00-20113	67-00231
ROYAL CASINO	EVERETT	Sep 9, 2010	Jun 30, 2017	15	00-22130	67-00301
SILVER DOLLAR CASINO/MILL CREEK	BOTHELL	Sep 9, 2010	Jun 30, 2017	15	00-22131	67-00302
SILVER DOLLAR CASINO/RENTON	RENTON	Sep 9, 2010	Jun 30, 2017	15	00-22134	67-00305
SILVER DOLLAR CASINO/SEATAC	SEATAC	Sep 9, 2010	Jun 30, 2017	15	00-22128	67-00299
SLO PITCH PUB & EATERY	BELLINGHAM	Aug 12, 1999	Jun 30, 2017	9	00-16759	67-00038
THE GETAWAY CASINO	WALLA WALLA	Mar 11, 2016	Jun 30, 2017	8	00-23485	67-00332
THE PALACE	LA CENTER	Apr 9, 1998	Jun 30, 2017	15	00-16903	67-00010
UBET CASINO	LONGVIEW	Oct 8, 1998	Jun 30, 2017	11	00-17449	67-00039
WILD GOOSE CASINO	ELLENSBURG	Apr 8, 2004	Dec 31, 2016	7	00-20009	67-00212

Current House- Banked Locations Operating						50
Licensee	City	Commission Approval Date	License Expiration Date	Tables	Org #	License #
WIZARDS CASINO	BURIEN	Feb 11, 2010	Dec 31, 2016	15	00-21998	67-00287
Z'S RESTAURANT AT ZEPOZ	PULLMAN	Nov 13, 2008	Mar 31, 2017	6	00-18777	67-00209

Applications Pending						2
Licensee	City	Commission Approval Date	License Expiration Date	Tables	Org #	License #
EMERALD DOWNS	AUBURN			15	00-23814	67-00335
GREAT AMERICAN CASINO/DES MOINES	DES MOINES			15	00-23795	67-00334

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COMMISSION APPROVAL LIST
(Class III Gaming Employees)

November 2016

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SNOQUALMIE CLASS III GAMING EMPLOYEE	1

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Based upon the licensing investigations, staff recommends approving all new Class III employees listed on pages 1.

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DATE: 10/19/2016

Page 1 of 1

PERSON'S NAME

LICENSE ISSUE NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

SNOQUALMIE TRIBE

AGAPOVA, DARYA
69-40501

CAUDILL, HYEKYONG L
69-06430

CHAE, BENJAMIN I
69-40526

CHEN, OITONG
69-40467

GAIN, RUSSELL E
69-11808

LEM, CHANRASMAI M
69-40431

LIM, SOVICHETH
69-40432

READSHAW, THITIPONG C
69-40435

RICHEY, JONATHAN M
69-40436

RITCHIE, KATIE A
69-40502

SHIPMAN, RICHARD D
69-40429

TANG, KHANH L
69-40433

WELLE, RYAN F
69-40430

WORTHEY, KRISTOPHER L
69-40468



STATE OF WASHINGTON
GAMBLING COMMISSION

“Protect the Public by Ensuring that Gambling is Legal and Honest”

October 31, 2016

TO: COMMISSIONERS:
Bud Sizemore, Chair
Julia Patterson, Vice Chair
Kelsey Gray, Ph.D.
Christopher Stearns
Ed Troyer

FROM: Brian J. Considine, Managing Attorney / Legislative Liaison
Legal and Records Division

SUBJECT: Fraternal Order of Eagles Auxiliary 03338, CR 2015-00949
Final Order – November 10, 2016 Commission Meeting

Fraternal Order of Eagles Auxiliary 03338 (FOE Aux 0338) in Ephrata, Washington has a Class “A” Raffle license, Number 02-01440 and a Class “D” Bingo license, Number 01-01661. Its Raffle license expires on May 27, 2017 and its Bingo license expired on May 27, 2016.

FOE Aux. 0338 has a documented history of bingo violations since at least 2010. Its history relates to its inability to implement an independent management control system that ensured that all bingo assets and revenues would be protected from misuse or theft as required under Commission rules.

In 2011, a series of investigations by the Commission staff showed that the Licensee failed to have proper oversight of its bingo operations resulting in a \$608.00 misplaced bingo fund over a one month period containing seven separate bingo activities. Commission staff could not determine the person or persons responsible for the lost funds due to inaccurate and/or missing record keeping documents and conflicting statements by several bingo staff. This case led to administrative charges.

In April 2012, Commission staff entered into a five-year settlement agreement with the Licensee to resolve the administrative charges. The Licensee accepted a four-day suspension of its license, agreed to remove certain people from its bingo operations and institute a series of internal controls Commission staff believed would prevent mismanagement and the loss of bingo funds in the future.

In January 2014, Commission staff met with Licensee’s Board of Trustees and explained staff’s concerns about the Licensee’s lack of internal controls for its gambling activities. Staff also informed the Board of Trustees about the requirements of the April 2012 settlement agreement.

Staff learned that bingo employees were not reporting information to the Board of Trustees as required by the settlement agreement.

In December 2014, Commission staff reviewed bingo records after learning the Licensee hired a new but inexperienced bingo manager. Staff determined that the new bingo manager was incorrectly recording bingo sales. Staff spoke with the new bingo manager along with the Licensee's Board President and Secretary about the record keeping mistakes. Staff issued a written warning documenting the problems and required the Licensee to correct the problems and fulfill its obligations under law and the settlement agreement.

In January 2015, Commission staff reviewed the Licensee's bingo records and found continuing violations for its failure to properly record bingo sales causing unexplained shortages. The Licensee was again warned and told to follow its record keeping and reporting requirements and to meet its obligations under the settlement agreement.

In May 2015, Commission staff met with the Licensee and learned that it was not meeting its management, record keeping, and/or reporting obligations. Commission staff reviewed the Licensee's records and found a \$554.88 shortage of bingo funds between February and May 2015. These shortages were eventually attributed to theft by the new bingo manager for a total estimated loss of \$770.00. This theft that could have been prevented if the Licensee had instituted proper internal controls consistent with gambling laws and the April 2012 settlement agreement.

In November 2015, Director Trujillo issued administrative charges against the Licensee for its consistent failure to abide by the state's bingo laws. The licensee never requested a hearing.

Subsequently, the Licensee stopped holding bingo activities but held two raffles in July 2016. The Licensee failed to complete and/or maintain the proper records needed for raffles. The Licensee also failed to submit its 2016 Raffle Report to the Gambling Commission.

Commission staff determined that amended administrative charges needed to be issued before the case could be brought to the Commissioners. Director Trujillo issued amended administrative charges on September 9, 2016 and revoked both of the Licensee's gambling licenses.

The Licensee had until October 3, 2016 to timely request an administrative hearing. The Licensee never responded to the amended administrative charges or requested a hearing. The Commission is authorized to take final action against the Licensee's gambling licenses under RCW 9.46.075, RCW 34.05.440, WAC 230-03-085(1), and WAC 230-17-010. Revocation is proper under Therefore, staff recommends that the Commissioners sign the proposed final order revoking the Licensee's Class "A" Raffle license, Number 02-01440 and Class "D" Bingo license, Number 01-01661 pursuant to RCW 9.46.075(1), (8) and WAC 230-03-085(1), (3), (8).



STATE OF WASHINGTON
GAMBLING COMMISSION

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

October 28, 2016

TO: **COMMISSIONERS**
 Bud Sizemore, Chair
 Julia Patterson, Vice-Chair
 Chris Stearns
 Kelsey Gray, PhD.
 Ed Troyer

EX OFFICIO MEMBERS
Senator Steve Conway
Senator Mike Hewitt
Representative Bruce Chandler
Representative Christopher Hurst

FROM: Amy B. Hunter, Deputy Director *AH*

SUBJECT: Fee Restructure Workgroup – Report back after 1st meeting

At the October Commission meeting, the Commissioners asked staff to schedule five workgroup meetings with stakeholders to further discuss creating a new fee structure. The first meeting was held on October 24 in SeaTac. Chair Bud Sizemore chaired the meeting. Commissioner Patterson also attended most of the meeting.

There were about 35 people in the audience and about 12 participants on the phone; although the call-in feature only worked during introductions, we plan to try the feature again at our next meeting.

After a hearty roundtable discussion, attendees were asked to choose a representative for each stakeholder group.

Representatives:

1. Charitable/Nonprofit – Ric Newgard, Seattle Junior Hockey Association
2. Paper Manufacturers – Mary Magnuson, NAFTM (North American Fundraising Ticket Manufacturers)
3. Table and Game Manufacturers – TBD
4. Distributors – Wendy Winsor, WOW Distributing
5. Tribal Representatives
 - a. WIGA – Kevin Zenishek, Northern Quest Casino & Resort (Kalispel)
 - b. Others – TBD
6. Amusement Game Licensees – TBD – Steve Manning is our point of contact for who is named.
7. Card Rooms
 - a. Victor Mena, Recreational Gaming Association
 - b. Teresa Malphrus, Class F card rooms
 - c. Non-RGA Member – TBD

8. Small Pull-tab Operators – Janice Carter, Charlie’s Restaurant, Puyallup
9. Gambling Service Suppliers – Monty Harmon, Evergreen Gaming

The attendees were asked to come up with a list of questions and data that would be helpful as we work towards a new fee structure. Below is that list:

- Provide information about cutbacks, FTE cuts etc.
- Discuss lab charges.
- Look at identification stamps.
- Cost/hours to regulate each area (staff noted this would be harder to gather than it may seem)
- How much time does it take to audit pull-tabs?
- How often does the agency do full audits?
- Costs to regulate criminal activities.
- Mary Magnuson to provide information from other states about fees. Tom Doyle to provide information that he found about fees and taxes in other states.
- Provide statutory cite for how fees are to be set.
- Provide a link to statistics on website - <http://www.wsgc.wa.gov/docs/statistics/statistics.aspx>
- Show how agency’s budget has changed over time and how that has correlated with changes in the industry.
- Have data by categories. Whose fees are being reduced in this proposal? Consider whether there should be a higher rate for higher volume businesses.
- Cost to regulate criminal versus regulated and pull-tabs versus card rooms.

Near the end of the meeting, one attendee said that he heard support for simplification overall, but no one wants to be “clobbered” in the process.

Stakeholders were also asked to send any additional request for data or feedback to our email address at feeworkgroup@wsgc.wa.gov.

Our next work group meeting will take place on Wednesday, November 16, 1:00 – 4:00 p.m. in Spokane. The location will be posted on our website.



STATE OF WASHINGTON
GAMBLING COMMISSION

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

October 28, 2016

TO: **COMMISSIONERS**
 Bud Sizemore, Chair
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 Chris Stearns
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 Ed Troyer

EX OFFICIO MEMBERS
 Senator Steve Conway
 Senator Mike Hewitt
 Representative Bruce Chandler
 Representative Christopher Hurst

FROM: David Trujillo, Director

SUBJECT: Economic Market Study on Gaming

In late April of this year, we contracted with Spectrum Gaming Group to conduct an economic market study on gambling in Washington State. Spectrum has completed the study and will be presenting its findings to you at our November Commission meeting. I will be sending the full Economic Market Study under separate cover via US mail as it is 159 pages.

While we have participated in gambling prevalence studies in past years, we have never been part of conducting a gambling economic market study. The purpose of this study is to help answer gambling policy and operational questions we (Commission and staff) receive from Washington policy and law makers, Tribal representatives, members of Industry, stakeholders, and the public. The study will also help us answer questions from the Legislature as other states are in the midst of revising their own gambling laws. We chose to expend the funds because data collected would come from an unbiased third party and could be used in planning and preparing for the future. This study is specific to Washington, so data does not have to be extrapolated from other state studies.

The following is a short list of takeaways from the Spectrum nine-page Executive Summary:

1. WA has more casino-type locations than all states but for Nevada, California and Oklahoma
2. The cardroom industry has facility limitations due to the legislative cap on gaming tables
3. Out of WA's 39 counties, 26 have at least one casino or cardroom, while 8 have at least one of each
4. 42.1% of gaming facilities are concentrated within the Seattle-Tacoma-Bellevue area where just over half the state population lives
5. Spectrum projects Class III Revenues to increase to \$3.3B and cardrooms to decrease to \$189M by 2020
6. The participation rate by Washington adults is significantly higher than the national average
7. Pull-tabs and Bingo are in serious decline; they are antiquated, paper-based games
8. Gaming employment is estimated at 16.5K FTEs with a payroll of \$524.5M. Expansions may add another 1.5K jobs and \$34.1M in wages. By 2020, employment and earned income is expected to significantly increase (totals are in the study)

9. 83.5% of WA adults live within a one-hour drive to a Class III facility. This number will increase to 90% with two additional planned openings
10. Gaming is clearly woven into the state's overall tourism fabric with an estimated 11.1% of gross gaming revenue from out-of-state residents
11. WA Indian gaming revenues continue to outpace Western regions as well as total Native American revenues
12. Operations are now coping with generational changes and how to bring in new patrons without alienating the 50 plus age group
13. The gaming industry is sharply focused on attracting Millennials (interactive gamers) who outnumber Baby Boomers (slot type gamers) in WA state by 24% to 23%
14. New and emerging forms of gaming will be taking hold in brick and mortar casinos, online or both all across the country
15. Technology is emerging as a tool to help with problem gambling

This report is the culmination of a long term project originally discussed at a public meeting in October 2013 as a way of finding answers to questions being raised. In a July 2014 public meeting, you requested staff seek general monies as a way of funding a gambling economic study. In January 2015, staff shared with you that we were not successful in obtaining funds for this purpose and shelved the study for a future date. In October 2015, you discussed the issue in public again, and in January 2016 we began soliciting bids.



SPECTRUM GAMING GROUP

Independent Research and Professional Services

Economic Market Study:

Casinos, Cardrooms and Other Forms
of Gambling in Washington State

Prepared for Washington State Gambling Commission

November 10, 2016

Presenters

- **Joseph Weinert**
Executive Vice President,
Spectrum Gaming Group



- **Adam Steinberg**
Senior Vice President,
Spectrum Gaming Capital



Project Scope

1. Assess gaming facilities/scope of industry
2. Analyze/project gross gaming revenue
3. Estimate jobs, wages
4. Estimate economic impacts
5. Analyze population trends
6. Examine relationship of gaming, tourism
7. Examine key gaming trends
8. Evaluate new/emerging forms of gaming

Project Methodology

- Analyze public data
 - WSGC through FY 2014
 - State, federal, industry
- 50+ interviews
- Site visits June 5-21
 - All 26 Class III casinos
 - 16 cardrooms
- Analytical tools
- Our experience
 - 12 staff, associates on project team

Facilities / Scope of Industry

- 80 WA ‘casinos’ - more than all but three states: NV, CA, OK
- Wide range of sizes, styles, quality
- On balance, casinos compare well vs. competing states
- **Class III casinos:** (Spectrum classifications)
 - 5 major destination resorts
 - 7 regional destination resorts
 - 9 regional casinos
 - 5 locals casinos
- 50 cardrooms, well distributed

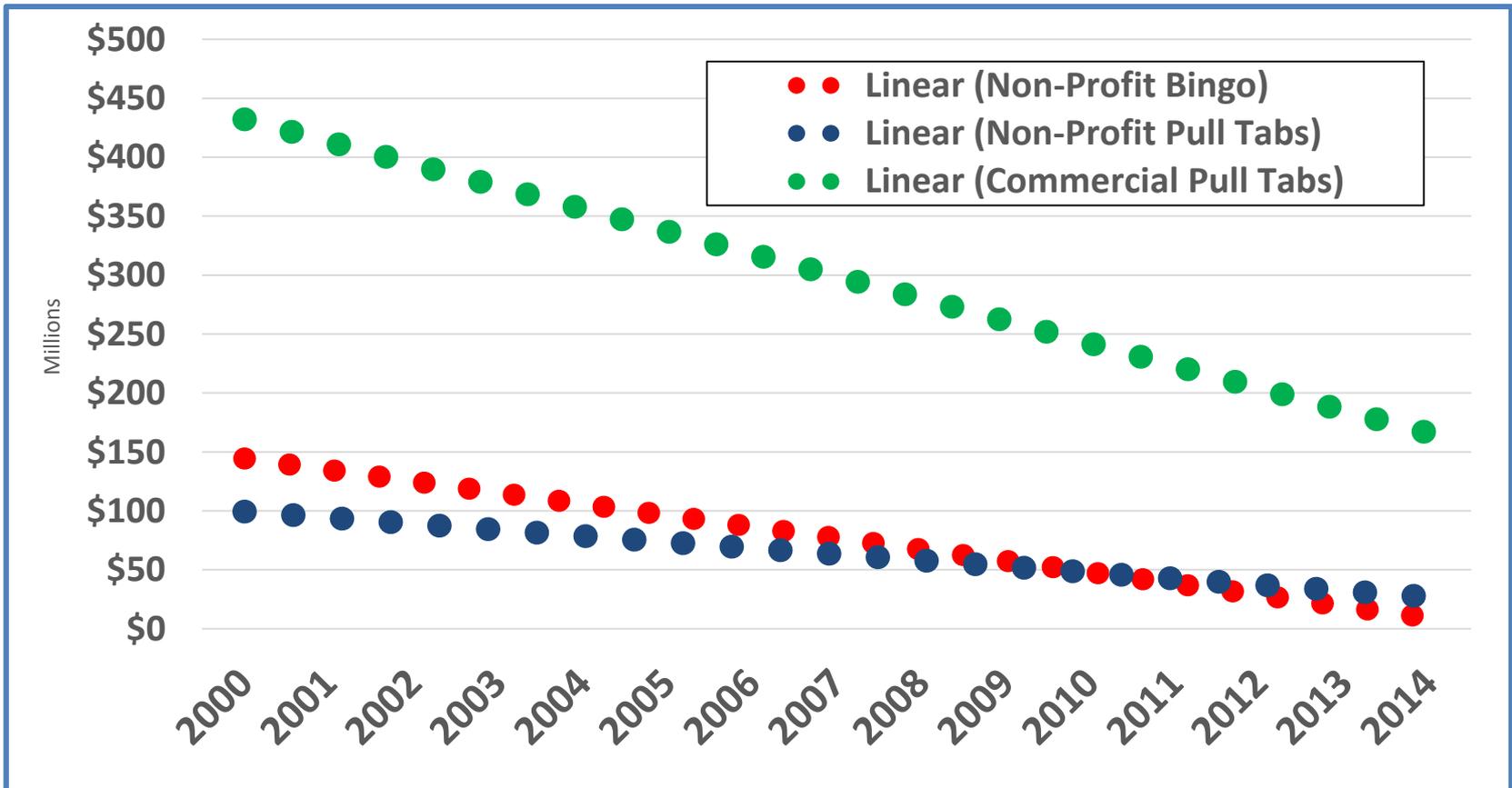
Revenues

- Casinos, cardrooms combined
 - Estimated and projected

(in M)	2015	2016	2017	2018	2019	2020
Class III Casinos	\$2,322.0	\$2,390.7	\$2,749.1	\$3,124.6	\$3,213.4	\$3,305.1
Class II Casinos	\$60.8	\$62.7	\$64.9	\$67.2	\$69.7	\$72.2
Card-rooms	\$225.9	\$216.8	\$216.2	\$212.7	\$201.4	\$189.3
Total Gaming	\$2,608.7	\$2,670.2	\$3,030.2	\$3,404.5	\$3,484.5	\$3,566.6

Revenues

- Trends in bingo, pull tabs



Employment, Wages

- Casinos: 17,098 jobs
- Cardrooms: 6,231 jobs
- Combined payroll: \$514.5M
 - Average FTE wage: \$31,150
- Other forms of gambling
 - Est. 300-500 gambling-specific jobs for bingo, pull-tabs

Economic Impacts

- Casinos, cardrooms combined
 - Average annual contributions, 2015-2020

(\$ in 2016 M)	Direct Effect	Indirect Effect	Induced Effect	Total Effect
Employment	25,431	8,009	5,328	38,768
Income	\$616	\$452	\$264	\$1,332
Output	\$4,143	\$1,349	\$828	\$6,320
Value Added	\$2,209	\$732	\$484	\$3,424

Population Trends

- WA population of 7.06M in 2015 ... 78% age 18+
 - Expected to grow 5.5% by 2020
- WA casinos are well distributed, unlike in many states:
 - 83.5% of WA adults live w/in one-hour drive of a WA Class III casino; increase to 90% with Cowlitz opening
 - 99% live w/in two-hour drive of a WA Class III casino
- Some areas may be underserved by Class III casinos - i.e., more than one-hour drive
 - Cardrooms may fill some of void
- Casinos and cardrooms combined - only 42.1% of facilities, 48.2% of gaming positions are in Seattle MSA

Gaming and Tourism

- Gaming not major part of WA tourism, but ...
- Very much part of tourism fabric
 - Casinos part of messaging for Visit Seattle, Visit Spokane, WA Tourism Alliance
 - Casino operators are active in tourism organizations
- Most casino tourism in-state
- If no WA casinos, \$790M in GGR exported to out-of-state casinos

Gaming and Tourism

- WTA's Experience WA.com lists Gaming as one of 10 'Things to Do'

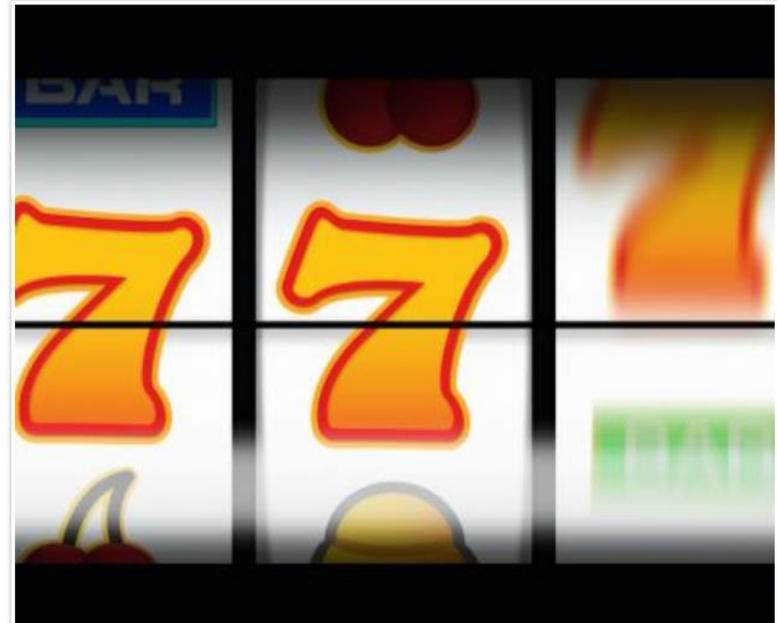
Gaming in Washington State

Hit the jackpot with gaming in Washington State.

Want to roll the dice, spin the wheel, double down, play the ponies, sink one in the corner pocket or try to hit the jackpot? You'll find what you're looking for here. Washington State offers thoroughbred horseracing, bingo parlors, pool halls, billiard rooms, card rooms and a wide range of Washington State casino resorts, from the laidback to the luxurious.

The state's larger casinos not only offer gaming, but a chance to win big on entertainment and dining options. Stay the night for the full experience and enjoy the hotels, spas and attractions centered around Washington State's gaming opportunities.

Live music and comedy shows, premier restaurants and nightclubs, fights, game days, special events and more are all available to enhance your Washington State gaming experience.



Close

Gambling Key Trends

- 42 states have casinos of some sort
 - About 1,000 casinos in US
 - 2015 GGR: \$70.1B
- WA Indian GGR growth outpaced other regions:

CAGR	Washing -ton	Portland Region (AK, ID, OR, WA)	Sacramen -to Region (CA, No. NV)	US West	Total US
2010-15	5.9%	2.6%	2.0%	2.7%	2.4%
2005-15	8.5%	5.1%	1.1%	1.9%	2.8%

CAGR = compound annual growth rate

Gambling Key Trends

- Non-gaming
 - Point of differentiation as gaming becomes widespread
 - Las Vegas Strip: 73% revenues non-gaming
- Saturation
 - Key issue in any expansion of gaming
- Millennials
 - How to convert them to casino patrons
 - Baby Boomers still key

New/Emerging Forms of Gambling

- Estimate: real-money Internet gaming can generate \$74M - \$130M of incremental revenue for WA
- This would equate to 4% of statewide gaming revenue, compared with 6% for NJ

	New Jersey		Washington		
	2015	Conservative	Base	Aggressive	
Med. household income	\$71,629	\$59,478	\$59,478	\$59,478	
Population 21+	7	5	5	5	
iGaming/Adult	25	17	22	28	
iGaming GGR	\$167	87	116	145	
		Net GGR			
10% cannibal.		\$78M	\$104M	\$130M	
13% cannibal.		\$76M	\$101M	\$126M	
15% cannibal.		\$74M	\$98M	\$123M	

New/Emerging Forms of Gambling

- Daily fantasy sports not big revenue generator, but attractive to casinos because serves very different demographic group

Attribute	Fantasy sports	Casino Patron	
Gender (male)	66%	49%	
Average age	37	45	
Attained college degree or higher	57%	48%	
Household income >\$75,000	47%	32%	
Full-time employment	66%	64%	
	Conservative	Base	Aggressive
18+ Population of Washington	5,458,809	5,458,809	5,458,809
Participation rate	9%	11%	13%
Daily fantasy participants	495,626	604,803	713,979
Entry fees @ \$180/participant	\$89,212,764	\$108,864,476	\$128,516,189
Revenue @ 10% rake	\$8,921,276	\$10,886,448	\$12,851,619

New/Emerging Forms of Gambling

- Skill-based 'slots' more active form of game play than slot machines
- WA residents likely receptive to skill-based games: residents are young, tech-savvy
- Gaming companies based in WA include Bungie (Halo franchise), Unikrn
- Gamblit and GameCo skill-based games available to play in NJ, NV, CA

New/Emerging Forms of Gambling

- Legal sports betting would add at least 2% increase in GGR at casinos and cardrooms
 - At current levels, this would equate to incremental \$50M - \$55M
- The 2% increase in revenue based on results in NV, where sports betting is 2% of GGR
 - Does not reflect increase in slots and table revenue from increased visitation to casinos from sports bettors

New/Emerging Forms of Gambling

- eSports will bring Millennials to casinos, cardrooms
- More than 50% of eSports enthusiasts are between 21 and 35
- Opportunities to get involved in eSports include:
 - Betting on eSports
 - Hosting an event
 - Provide residency for team/streamer

New/Emerging Forms of Gambling

- eSports is becoming big



New/Emerging Forms of Gambling

- Online live dealer gaming just beginning in US



Thank You

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Washington State Gambling Commission



2016

Global Gaming Expo (G2E)

Summary Report

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Preface

The Global Gaming Expo (G2E) sponsored by the American Gaming Association (AGA) is considered the preeminent show for the global casino entertainment industry. The 2016 G2E was held at the Sands Expo in Las Vegas, NV from September 26 to September 29, 2016 and had more than 450 exhibitors and nearly 26,000 attendees. Some of the common themes at this year's G2E were innovation, legalizing sports betting, and iGaming.

In order to stay abreast of current and future trends in the gambling industry, the Washington State Gambling Commission sends staff to G2E. Attendance also allows staff to network with regulators from various jurisdictions, manufacturers, current licensees and potential licensees.

Commission Chair Bud Sizemore and Commissioner Ed Troyer attended the 2016 G2E. As well, five staff members from the agency attended the 2016 G2E. The staff members who attended were Chief Information Officer Tom Means, Electronic Gambling Lab Senior Testing Engineer Jamie Aldridge, Electronic Gambling Lab Lead Testing Engineer Melissa Valencia, Tribal Gaming Unit Special Agent Julie Kerkof, and Regulation Special Agent Dan Frey. This report consists of observations from these staff members.

Chief Information Officer Summary

Tom Means' focus this year was on attending various educational sessions to gain a better perspective on the trends and issues facing gambling regulators. Tom was also privileged to be invited to attend the first ever Executive Regulator Roundtable hosted by the University of Nevada Las Vegas (UNLV) International Center for Gaming Regulation.

UNLV Executive Regulator Roundtable

There were 30 jurisdictions represented and was a cross section of state regulatory agencies, Tribal regulatory agencies, and international regulatory bodies. Following is a list of jurisdictions represented:

Alderney Gambling Control Commission	Nevada Gaming Control Board
British Columbia Certification & Gambling Integrity Dept.	Oneida Nation Gaming Commission
Cherokee Nation Gaming Commission	Ontario Alcohol & Gaming Commission
Chickasaw Nation Gaming Commission	Oregon State Police
Colorado Division of Gaming	Pechanga Gaming Commission
Isle of Man Dept. of Economic Development	Pennsylvania Gaming Control Board
Jicarilla Apache Gaming Commission	Pokagon Gaming Commission
Louisiana Gaming Commission	Rincon Gaming Commission
Manitoba Liquor & Gaming Authority	San Manuel Gaming Commission
Maryland Lottery & Gaming	Singapore Casino Regulatory Authority
Massachusetts Gaming Commission	Snoqualmie Gaming Commission
Michigan Gaming Control Board	Soboba Nation Gaming Commission
Missouri Gaming Commission	Washington State Gambling Commission
Montana Gaming Control Division	Virgin Islands Department of Justice
Morongo Gaming Agency	Yavapai-Apache Regulatory Office

The roundtable was kicked off with welcome remarks by Dan Hamilton, Dean of the UNLV Boyd School of Law. This was followed by two sessions, both of which were moderated by Andre Wilsenach, the Executive Director of the International Center for Gaming Regulation.

The first session was a panel discussion on *"Does Gaming Regulation Stifle Innovation?"* Panel members were Mark Frissora, CEO of Caesars Entertainment; Tom Jingoli, Chief Administration Officer/Senior Vice President of Konami Gaming; Travis Foley, Executive Vice President of Operations for BMM Testlabs; and Stephen Crosby, Chair of the Massachusetts Gaming Commission.

The general consensus from the panelists was that gaming regulation does stifle innovation to some degree. Some felt that regulators over-regulate the gaming industry. A comment was made that there should be reciprocity between jurisdictions. In other words, if one jurisdiction has authorized a gaming system, then this should be sufficient for other jurisdictions to allow the gaming system without requiring manufacturers to go through another lengthy and costly approval process. Since the gaming

industry is tied to technical standards and regulations, this would expedite the deployment of gaming systems in multiple jurisdictions. It was mentioned that Nevada is working on a beta program to allow machines on the gaming floor without testing if they had already been approved in other jurisdictions. Of interest, one panelist (a regulator) stated that regulators tend to over regulate.

There was talk about creating innovation teams. These teams would be responsible for evaluating new technology to determine whether the technology was viable and, if so, create processes to expeditiously get them on the gaming floor as quickly as possible. These innovation teams could learn from other jurisdictions where the technology has already been deployed.

As part of the first session, the attendees had roundtable discussions based on exercises related to regulatory efficiencies, innovations or partnerships.

Sara Rayme, SVP Public Affairs, American Gaming Association presented a brief lunch session on *“Next Generation Policy and Regulation.”*

The second session was a panel discussion on *“Cybersecurity Within the Gaming Industry.”* Panel members were Jared Hosid, Senior Counsel Department of Justice Criminal Division; Daniel Cowhig, Assistant US District Attorney, District of Nevada; Adam Pranter, Supervisory Special Agent FBI; and Anthony Pearl, General Counsel, Corporate Secretary and Chief Compliance Officer for The Cosmopolitan.

This panel discussion focused primarily on the cybersecurity threat to the gaming industry and the various methods to mitigate the threat. This is extremely important due to the billions of dollars that are generated in the gaming industry. It was mentioned that the Nevada Gaming Control Board participates in the Joint Terrorism Task Force due to the amount of money that casinos move.

Sessions Attended on September 27

Opening General Session

Tom Means attended the Opening General Session. Geoff Freeman, President and CEO of the American Gaming Association (AGA) talked about how commercial gaming revenue last year was about \$38.5 billion and that Tribal gaming revenue stood at about \$30 billion with Tribal gaming occurring in 40 states. He also stated that sports betting policy needs to change. He brought up that the law enforcement community is looking to try and get the Professional and Amateur Sports Protection Act (PASPA) repealed.

Next a panel discussion was led by Victor Rocha, Conference Chair of the National Indian Gaming Association (NIGA), along with Geoff Freeman and Ernie Stevens, President of NIGA. Some of the discussion revolved around sports betting, daily fantasy sports, and iGaming. They believe that innovation is taking place in the gray market and needs to come to the forefront. Also, there was consensus that perception drives policy and that the gaming industry needs to change this perception by doing a better job of telling their story.

Inside Intelligence: Regulators Evaluation of Technology

Panelist for this session were Stephen Crosby, Chair of the Massachusetts Gaming Commission and David Rebeck, Director of the New Jersey Gaming Commission.

David Rebeck stated that new regulations need to be adopted and that in New Jersey they conduct an annual review of regulations with the gaming industry and adopt changes based on these reviews. He also talked about eSports and iGaming and how they should be authorized and regulated because of the robust technology involved.

Steven Crosby echoed what David Rebeck talked about regarding regulations and how they should be rethought. He mentioned that public perception is important to policy makers.

Sessions Attended on September 28

Keynote – Digital Transformation and Gaming Taking the Lead

This session was presented by Scott Klososky, Principal of Future Point of View. Scott talked about the Internet of Things and how the transformation now is from mobile to wearable and finally implantable. He equated mobile devices to outboard brains. He also touched upon Humalogy, which he calls the integration of humans and technology to get things done.

Scott also talked about how we are shifting from the Information Age to the Age of Entanglement. In essence, as technology and humanity continue to converge, the repercussions on our future are staggering. He talked about being a transformational leader and the preemptive knowledge of

technology where you basically have two types of leadership. One being “Low Beam Leadership” that has a 12 month view which is focused on monthly results, is execution focused, is ignorant of trends, avoids change, and has no future investments. The other is “High Beam Leadership” that has a 5 to 10 year view which has high VQ (Vision Intelligence), trend analysis, is willing to experiment, and uses predictive analysis.

Innovation Growth: Gaming’s Future Products and Locations

Panelists for this session were Alan Feldman, Executive Vice President at MGM Resorts International; Michael Soli, Founding member of The Innovation Group; and Walter Bugno, CEO International of International Game Technology (IGT). Discussions focused on the future outlook and growth opportunities for gaming.

E-sports and Casinos: The Coming Collision

Panelists for this session were A.G. Burnett, Chairman of the Nevada State Gaming Control Board; Blaine Graboyes, CEO of GameCo; Chris Grove, Owner of GroveIG; Rabal Saad, CEO of Unikrn; and Seth Schorr, Chairman of the Downtown Grand.

The eSports audience is about 41.7 million with 70% being over 21 years old. 60% use fantasy or sports betting sites. They stated that over \$3 billion was wagered on eSports and expect that to grow to over \$12 billion by 2020. In talking about video game gambling, they stated that there are 172 million gamers in the United States.

Regulatory Rundown: Next Gen Gaming

This panel was facilitated by Knute Knudson, VP of Business Development and Tribal Government Relations for IGT. Panelists were Ronnie Jones, Chairman of the Louisiana Gaming Control Board, Kevin Mullally, VP of Government Relations and General Counsel for Gaming Laboratories International (GLI), and Kenneth George, Commissioner of the Forest County Potawatomi Gaming Commission. A brief talk was given by Dr. Russell A. Sanna, Executive Director of the National Center for Responsible Gaming.

The panelists discussed various topics such as policy issues, skill games, and new technology. Regarding policy, Ronnie Jones said that industry needs to engage legislators more. Kevin Mullally stated that new technology is not an expansion of gambling and that industry needs to better explain that this is not a new category of gaming. Kenneth George said that we need to educate ourselves on what we regulate. Regarding innovation, Kevin Mullally said that quality should come first and velocity second.

In talking about skill games, Ronnie Jones said that they probably require a change to the law. He asked “what’s the issue?” we already allow blackjack which requires some degree of skill.

Regarding new technology, Ronnie Jones stated the more technology that there is in gaming, the easier it is to regulate. Kevin Mullally opined that it is a myth that Internet gaming can’t be regulated.

Sessions Attended on September 29

Super Session – C-Suite Perspective

This closing session explored the future of gaming by understanding the trends executives are watching, the impediments and opportunities to the gaming industry's growth, and the impact of branding, technology and innovation on gaming. Panelists included Renato Ascoli, CEO North American Gaming/Interactive, IGT; Mark Macarro, Tribal Chairman of the Pechanga Band of Luiseno; and Timothy Wilmott, President and CEO Penn National Gaming; and moderator Bo Bernhard, Executive Director International Gaming Institute and Professor UNLV.

NBA Commissioner Emeritus David J. Stern and AGA President and CEO Geoff Freeman discussed the future of sports betting and how the NBA's expansion parallels the casino gaming industry.

Staff Summary

Tom Means, Melissa Valencia, Jamie Aldridge, Julie Kerkof and Dan Frey attended G2E representing the Electronic Gambling Lab and the Gambling Equipment Team from September 26, 2016 through September 29, 2016. They met with manufacturing representatives, Recreational Gaming Association (RGA) representatives, attended a regulator's roundtable discussion, toured Gaming Laboratories International's (GLI) lab, and attended the trade show. The trade show was an excellent opportunity to see the new technologies that manufacturers are bringing to the gaming market in the coming years. Dan Frey and Tom Means also attended numerous education sessions.

Meetings Attended

Gaming Regulators Roundtable

Staff attended the annual Gaming Regulators Roundtable hosted by the Nevada Gaming Control Board. Represented states and jurisdictions included Ontario (Canada), New Jersey, Ohio, Michigan, Pennsylvania, Massachusetts, Montana, Nevada, and Washington. Each State's representatives were given the opportunity to share any pending issues taking place in their jurisdiction as well as discuss new technologies and ask questions regarding how other states were moving forward with new gaming concepts and technology.

The major subjects brought up were skill based games, fantasy sports, internet gaming, prepaid credit cards and cardless connect (the use of mobile devices as player cards). Most jurisdictions represented at the meeting were seeing some or all of these gaming concepts/technologies being introduced and were in the process of creating technical standards or were waiting on a decision from their legislature on whether or not some would be allowed or not, or if they were considered gambling at all.

The Missouri Gaming Commission gave a presentation on a cheating scheme they discovered in their jurisdiction. This was a Russian cheating team called the Aristocrat Mark 6. The cheating scheme included the use of mobile devices to record play on older games at the casino that used weaker Random Number Generator (RNG) seeds. The game play recorded was then sent to a server in Russia where it was analyzed and broken down to find the RNG seed value for that particular game. The individuals at the casino were then sent text messages telling them when to place higher bets on the games in order to win larger payouts. The cheating scheme lasted from June of 2014 to December of 2014. In one week, the individuals won over \$100,000 at a casino. The cheating scheme was discovered by casino staff at a Missouri casino that found large negative win amounts on certain game themes.

Gaming Laboratories International (GLI) Lab Tour

Several staff members also were given a tour of GLI's Las Vegas lab. They were able to see some of the testing tools that GLI uses. One tool shown during the tour was a Slot Accounting System (SAS) capturing tool which allows GLI to look at how a device is communicating with another device and can help troubleshoot and/or determine communication issue(s) between the two components.

They also were shown a tool that allows GLI testers to control and review different reel stops or payouts on the player terminals to verify the pay tables for that specific game theme. Both tools are instrumental in verifying the compliance, accuracy and secure communications of Tribal Lottery System components.

GLI has expanded their testing lab to include interoperability testing. They have rooms that manufacturers can utilize to setup and test their new products with other vendor's gaming and accounting systems to ensure they work and report properly. Although GLI does have full gaming and accounting system setups in their lab, they still use SAS simulators to perform much of their testing.

GLI also shared that they have a patent pending for a new technology they created called GLI Link. GLI Link allows GLI staff to perform testing on games in one testing facility with a gaming/accounting system located at another GLI testing facility.

Manufacturer Meetings

Staff also had the opportunity to meet with a number of manufacturers at G2E. Specific manufacturers they met with were AGS, Everi, Scientific Games, Ditronics, NRT, M3, Ainsworth, IGT, Rocket Gaming, and DEQ. These meetings gave the manufacturers the opportunity to showcase new products that they hope to deploy to various jurisdictions, including Washington. It also allowed them to discuss with staff what specific requirements that Washington has regarding testing and subsequent introduction to the state.

Education Sessions Attended

Dan Frey and Tom Means attended several workshop/education sessions while attending the Global Gaming Expo. The sessions were far ranging and included the following:

Scams, Cheats and Black Lists: Current Fraud and Casino Crimes

Deputy Chief James Taylor with the Nevada Gaming Control Board discussed ongoing fraud schemes and current trends in casino crimes. Highlights include:

- 602 criminal investigations in Nevada in 2015. 230 were for Theft and 124 were for fraud. Of those, 25% are employees of the casino. Of the employees, 27% were from table games, 18% from the cage, 3% from security, and 23% from management.
- 70 cases of counterfeit currency in last few years.
- Current scheme involves a paperclip and a bill (\$5, \$20, etc.). When fed into the machine, the paperclip will prevent the bill from entering the internal bill housing, allowing the bill to be retrievable while registering as a credit.
- Craps table schemes include collusion by dealer and a player. Player will place chips out for a wager. Dealer will hold wager in hand as dice are thrown. When outcome is known the dealer pushes the chips to the winning wager. No motion prior to dice thrown by the dealer to indicate what the wager should be.
- Black Book Lists – good because when individual sets foot on property they can be detained until Nevada Gaming Control Board responds and arrests for trespass and burglary. Burglary charge allowed because of the proven intent of the individual is to cheat or steal in the casino based upon past activities.
- Nevada has a Cheating statute as well as a Fraud Acts statute. The cheating definition is broad and general which could be applied to a wide range of activities. Similar to RCW definition for cheating. Nevada's Fraud Acts defines activities more specifically such as bet capping, bet pinching, past posting, etc. In addition, cheating acts in Nevada are a class B felony and does not differentiate between card room employees and players. All are class B felonies.

Anti-Money Laundering Update

Jon Duffy with Genting Casinos in the UK and Donna More, former Assistant US Attorney for the Northern District of Illinois, along with other industry representatives discussed anti-money laundering compliance concerns, legislation, and violations. Highlights include:

- Compliance Officers of financial institutions and casinos are being held liable for non-compliance issues. Industry faces difficulty finding qualified candidates to take these positions when many of them are held liable for the issues and concerns found by auditors. Yet compliance officers are reluctant to bring any issues to the CEO for fear of being terminated.
- Should Compliance Officers have to choose between being employed vs. following Financial Crimes Enforcement Network (FinCEN) and all of the reporting requirements?

- A representative from the MGM who was on the panel advised they did not believe structuring was a big deal.
- Industry perspective: FinCEN gathers a large amount of data on people, but then what? It is a lot of work to the industry to comply with all of the requirements and they get little to no result or outcome from it. The industry is trying to weigh the cost vs. benefit of compliance and should be focusing on their bigger customers.
- Side note: the panel briefly discussed www.propswap.com where people can buy and sell sports betting tickets. For example, if someone placed a bet with a sportsbook that the Mariners would win the World Series at the beginning of the season, yet no longer felt comfortable with that wager, they could try to sell their ticket to someone else who was interested and get something out of their initial wager rather than nothing if the Mariners failed to win. A cursory review of the website appears to show a 10% fee charged by the website for the sale of a wager. The IP address for the website appears to be based out of Canada.

Covert Surveillance Camera: Technology, Ethics, and Liability in 2016

Robert Prady, CPP, PSP, CSP with Axis Communications discussed the current state of covert surveillance technology concerning casino protection and how criminals are using the technology to steal from the house. Highlights include:

- Ethical considerations on when to use and when not to use covert surveillance.
- Using covert cameras can create organization and personal liability if misused.
- Do not record video where a person has a reasonable expectation of privacy.
- Employees do not have an expectation of privacy when performing their normal work within their work station/area.
- Discussed one party states vs. two party states.

Investigating corruption Schemes in the Gaming Enterprise

Craig L. Greene, founding partner of McGovern & Greene LLP (Forensics accounting and litigation services consulting firm throughout the US) discussed corruptions schemes within an organization and how to investigate and prove a corruption scheme. Highlights include:

- Typical organization loses 5% of revenue in a given year due to fraud.
- Red flags of a corruption scheme by an employee include unexplained wealth, refusal to take promotions, refusal to take leave, unusual working hours, doing jobs below their position or taking on other's responsibilities, and addictive behaviors.
- Corruptions schemes include kickbacks, illegal gratuities, conflicts of interest, and economic extortion.
- Common way to determine whether an employee would participate in a corruption scheme within an organization is for perpetrator to drop a \$100 bill on the ground when leaving near a potential target. If the employee keeps the bill and does not say anything or try to return it to the owner, they are determined to be a likely candidate to facilitate a scheme.

- To help combat corruption schemes, organizations should set up a hotline for employees to identify issues while maintaining privacy and protection for themselves.

Inviting Vulnerability: Promotional Advantage Play

Darrin Hoke, Vice President of Operational Protection at L'Auberge Lake Charles Casino Resort discussed vulnerabilities associated with rewards programs and how groups are able to profit from them.

Highlights include:

- Discussions were held regarding the abuse of rewards programs and reducing casino profitability.
- How do casinos resolve the problem while protecting their legitimate players?
- Video Poker is prone to rewards manipulation.

Stronger Together: Gaming Ties That Bind

American Gaming Association President Geoff Freeman and Chairman of the National Indian Gaming Association Ernie Stevens had an open discussion concerning the working relationship between the two organizations to achieve mutual goals in the industry. Highlights include:

- Tribal gaming and the right to have tribal gaming has not changed. It is the people's awareness that has changed.
- NIGA is monitoring Daily Fantasy Sports and Sports Betting issues. NIGA has an interest and ultimately wants to be treated fairly.
- AGA thankful of Daily Fantasy Sports for bringing sports betting back into the limelight. Believes regulation of sports betting is important and it is better to regulate it than to have it driven underground.
- NIGA and AGA are working together to move forward with sports betting and internet gambling. Both are concerned for their respective party's well-being but acknowledge it is better to work together than against each other.

Inside Intelligence: Regulators Evaluation of Technology

David Rebeck, Director of New Jersey Division of Gaming Enforcement, and Stephen Crosby, Massachusetts Gaming Commission Chair, discussed regulators role and thinking on new and emerging technologies. Highlights include:

- Stephen Crosby believes we should not prohibit people from doing what they want to do. The nature of regulation must change with the changing industry.
- Stephen Crosby also believes the definition of gambling must change. He acknowledged that he does not see a difference between throwing dice and throwing darts.
- Massachusetts has two things that work for them:
 - Responsible Gaming Advisor is required to be on the floor of a casino 16 hours per day, 7 days per week. The Advisor is an independent body to assist players in various ways.

- Players have the ability to set a limit on the amount they wish to be allowed to gamble in a predetermined time period. They can place notifications to let them know how close they are to their limit. This is a voluntary program available to the players.
- New Jersey required ALL data for online gambling operations to be retained for 10 years. The state has an agreement with Rutgers University to analyze this data and present conclusions based upon the data they evaluate.
- New Jersey does not believe the country should be afraid of Daily Fantasy Sports. It is simply a new type of game, such as ESports and Social Wagering.
- Technology and tools are already in place to prohibit extreme problem gambling and prevent people from losing their house, child's education, etc.
- Nevada can define ESports and Daily Fantasy Sports as sports wagering. New Jersey and elsewhere cannot because it would violate PASPA. This is why agencies "ignore" or choose to not address daily fantasy sports and ESports.
- Regulators are handcuffed when trying to move forward with the industry due to state and federal limitations.
- Stephen Crosby does not understand why it matters whether a win or loss is based upon skill or chance. Believes gambling should not be defined using skill or chance.
- Concerning privacy in online gambling, David Rebeck advised a person can be anonymous in a casino, but cannot be anonymous online.

Anti-Money Laundering Compliance

Alex Wilson, Deputy Chief of Money Laundering and Asset Forfeiture Unit with the US Attorney Office for the Southern District of New York, Rollin Badal, Acting Chief of the Enforcement Division's Money Services Businesses and Casinos Section with FinCEN's Enforcement Division, along with other industry panelists discussed the prosecutorial perspective of money laundering as well as the industry's approach to compliance. Highlights include:

- Discussions concerning how Compliance Officers can protect themselves from liability when an organization chooses to or fails to accept recommendations.
- Industry believes the requirements are too strict and asks why they are as strict as banks. Panelists advised the requirements for banks are far stricter than what is required from casinos.
- Having a culture of compliance and positive tone at the top is critical for industry compliance.

Digital Transformation and Gaming: Taking the Lead

Scott Klososky, self-described Visionary Architect, discussed the concept of Humalogy (the integration of people and technology in the workplace). Highlights include:

- We are losing context with how much technology and crime is changing.
- We are transforming from using mobile devices to what will someday become wearables and eventually implantables.

- Business who cannot transition into the digital world at their inflection point will not survive. For example: Kodak could not transition to digital photography and went bankrupt. Blockbuster Video watched as Redbox was born and became a giant. They could not transition and ultimately went out of business.

ESports and Casinos: The Coming Collisions

Chris Grove led a discussion involving Blaire Graboyes (CEO of GameCo), A.G. Burnett (Chairman of the Nevada Gaming Control Board), Raul Sood (Founder of Unikrn), and Seth Shore (Chairman of a local downtown Las Vegas Casino). Highlights include:

- ESports has generated 3 billion dollars worldwide in 2016 with 12 billion projected in 2017.
- 192 million people in U.S. identify themselves as a “Gamer”.
- 23 million of them visit casinos and they are in the top income bracket.
- Casinos trying to find a way to market to the younger generation and get them to stop and spend time in the casinos.
- Industry wanting to allow wagering on ESports and want Las Vegas to be the epicenter of ESports competitions and wagering.

Skill Based Games

Alec Massey (Risk Consultant), Eric Meyerhofer (CEO of Gamblit Gaming), and George Rover (Assistant Attorney General for the New Jersey Division of Gaming Enforcement) discussed skill based games.

Highlights include:

- Players of skill based games are different from conventional players. In the past, players advised they were not interested in slot type gaming. But only lately have they expressed interest in the alternative (skill based games).
- New Jersey initially welcomed skill based games with no regulation. Industry asked for guidance leading to New Jersey creating regulations that allow innovation.
- New Jersey disappointed in the lack of products that have come in to the state. Is proud of their regulations and sees hybrid games as the future.
- Regulators should be given enough room to be able to draft regulations, but keep them loose enough to allow for the innovation and evolution of games while maintaining fairness and integrity.
- Submitting game modifications and updates should be smoother and easier process. New games put into play often receive little action. Being able to make modifications quickly could potentially save interest in the game and allow it to thrive once updated.
- Currently, making small adjustments such as a “level pack” to a game takes too long to get approved by regulators.



November 2016

Tom Means
Chief Information Officer



global. gaming expo



Preeminent show for
gaming-entertainment
industry

September 26 – 29
Sands Expo, Las Vegas

26,000+ attendees

450+ exhibitors

Keynotes, educational
sessions, special events,
networking opportunities



Commissioners & Staff Attended



Bud Sizemore
Commission Chair



Ed Troyer
Commissioner

Tom Means, Chief Information Officer

Jamie Aldridge, Electronic Gambling Lab Senior Testing Engineer

Melissa Valencia, Electronic Gambling Lab Lead Testing Engineer

Julie Kerkof, Tribal Gaming Unit Special Agent

Dan Frey, Regulation Special Agent



UNLV

International Center *for*
**GAMING
REGULATION**

Executive Regulator Roundtable

30 jurisdictions represented

“Does Gaming Regulation Stifle Innovation?”

“Cybersecurity Within the Gaming Industry”



Opening General Session

Inside Intelligence: Regulators
Evaluation of Technology

Digital Transformation and
Gaming Taking the Lead

Innovation Growth: Gaming's
Future Products and Locations

Digital Transformation and
Gaming Taking the Lead

Innovation Growth: Gaming's
Future Products and Locations

E-sports and Casinos: The
Gaming Collision

Regulatory Rundown: Next Gen
Gaming

C-Suite Perspective





Scams, Cheats and Black Lists: Current Fraud & Casino Crimes

Anti-Money Laundering Update

Covert Surveillance Camera: Technology, Ethics & Liability in 2016

Investigating Corruption Schemes in the Gaming Enterprise

Inviting Vulnerability: Promotional Advantage Play

Stronger Together: Gaming Ties That Bind

Anti-Money Laundering Compliance

Skill Based Games



Lab Tour



Gaming Regulators Roundtable



Manufacturer Meetings





Tom Means

Chief Information Officer
tom.means@wsgc.wa.gov



DAILY FANTASY SPORTS

November 2016

Special Agents

Tyson Wilson

Dan Frey



State of Daily Fantasy Sports

2015 entry fees: \$3 billion

2015 revenues: \$280 million;
no profit

Multiple states reviewing DFS

Authorized by law in 10 states

Minnesota tribal casino offers DFS
platform

DraftKings and FanDuel each paying
\$6 million to settle false advertising
lawsuits in New York



Daily Fantasy Sports in Nevada

USFantasy: licensed to provide DFS platforms for 40+ Nevada sportsbooks

Locations: Caesars, Bally's, Harrah's, Palms, Planet Hollywood

Bets similar to horse racing:

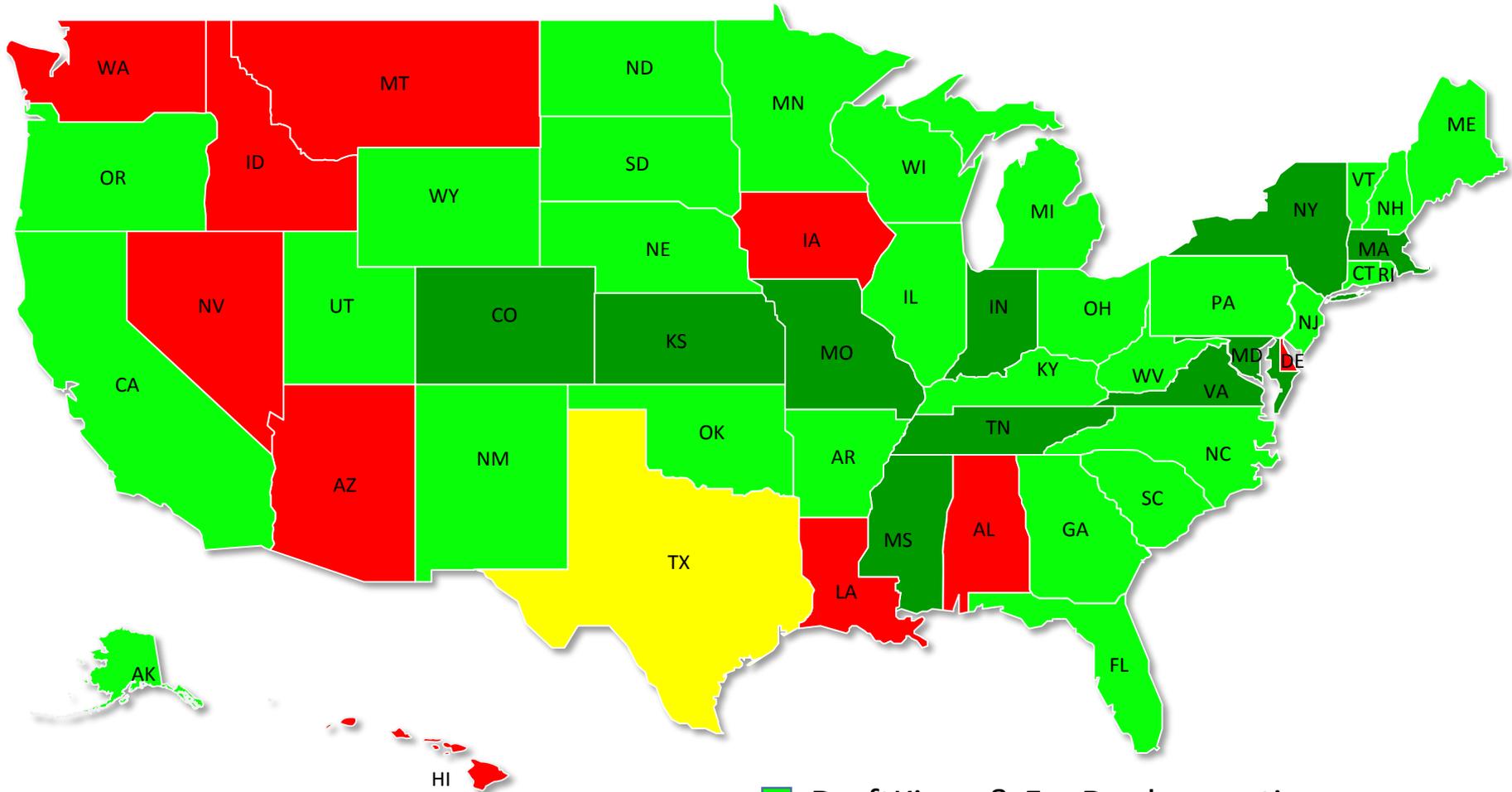
Athletes put into pools by position (ie: QB, running back)

Bet on who will score most fantasy points in pool (ie: win, place, show)

Also accepted: exactas, trifectas, daily doubles



States where DFS companies are operating



- DraftKings & FanDuel operating
- DraftKings & FanDuel NOT operating
- DK & FD operating, authorized by legislature
- DraftKings operating

How are states regulating DFS?

Missouri has most regulations

Regulatory trends:

DFS is exempt from gambling statutes

No college sports

Minimum ages: 18 or 21

Various regulatory agencies

Licensing fees: \$0 - \$50,000; up to \$5,000 renewal

Taxes: 0% - 15%

No advertising to juveniles or at high school sports

Player deposit limits (+ other player protections)

Annual 3rd party audits

DFS employees, relatives are ineligible

DFS Legislation in Washington

HB 1301 (2015 – Pettigrew, Vick)

Would have declared fantasy competitions as games of skill

No hearing or action taken during '15 or '16 sessions

SB 5284 (2015 – Roach)

Would have declared fantasy competitions as games of skill

Hearing and work session held – no vote taken during '15 or '16 sessions

HB 2370 (2016 – Hurst, Sawyer)

Identifies fantasy competitions as games of chance; therefore illegal

Hearing held – no vote taken in '16 session

SB 6333 (2016 – Ericksen, Dinsel)

Declares fantasy competitions as games of skill

Hearing held – no vote taken in '16 session

What's coming in the future?

Federal ruling on DFS?

Continuing state-by-state rulings on DFS?

How does DFS affect PASPA?

DAILY FANTASY SPORTS

Special Agent Tyson Wilson

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Special Agent Dan Frey

425.277.7018 | dan.frey@wsgc.wa.gov



Resources

Legal Sports Report; www.legalsportsreport.com

Eilers & Krejcik Gaming; www.ekgamingllc.com; Formerly Eilers Research

Fantasy Sports Trade Association; www.fsta.org

Daily Fantasy Sports 101; www.dailyfantasysports101.com

Marc Edelman, *Navigating the Legal Risks of Daily Fantasy Sports: A Detailed Primer in Federal and State Gambling Law*, 2016 U. ILL. L. Rev. 117 (2016)



Washington State Gambling Commission

Program Review

AMVETS POST #1

Part I

Licensing/Organization Information

For Fiscal Year Ended
December 31, 2015

Name/Address
AMVETS Post #1
5717 South Tyler Street
Tacoma, WA 98409

MEMBERSHIP AND MANAGEMENT

1,896 Active Voting Members
7 Board Members and 7 Officers
31 Meetings were conducted during the 2015 fiscal year
2 Employees (Full-Time); 6 Employees (Part-Time) paid to provide program services
573 Volunteers provided 6,678 donated hours of program services

ACTIVE LICENSES ISSUED BY GAMBLING COMMISSION

Description/Class	Exp. Date	License Number(s)
Bingo Class I	06/30/2017	01-01001
Raffle Class C	06/30/2017	02-00507
Punchboard/Pull Tab Class G	06/30/2017	05-00616
Amusement Games Class A	06/30/2017	03-00953
Social Card Room Class D	06/30/2017	60-00063

COMMISSION STAFF

Regulatory Unit
Keith Wittmers
Tony Hughes

Organizational Purpose and Structure

Statement of Purpose

AmVets is a fraternal organization of U. S. veterans. It was formed in 1940's and in 1947 AmVets became the first World War II organization to be chartered by congress. Membership is open to anyone who is currently serving, or who has honorably served, in the United States Armed Forces from World War II to present, to include the National Guard and Reserves.

AmVets Post #1 was established in Tacoma, Washington on June 19, 1946. Their stated purpose is to enhance and safeguard the entitlements for all American Veterans who have served honorably and to improve the quality of life for them, their families, and the communities where they live through leadership, advocacy and services.

Charitable/Nonprofit Services

The primary service of AmVets is supporting the Veteran's Service Office (VSO). In 2015, 5,393 people visited the VSO, 961 claims were filed, and \$12,118,248 was recovered with the claims.

AmVets donates funds, volunteers service hours and provides equipment to the Veteran's Hospital and Madigan Medical Center.

Other community services include donating hall space to other charitable/nonprofit organizations, ROTC programs and various social programs for disabled persons.

Part II Staff Findings

During the review of AmVets, numerous steps were taken to ensure they are a bona fide nonprofit organization functioning in accordance with their stated Bylaws, the program services exist and are being supported, significant progress is being made towards their stated purpose and are in compliance with all the applicable WACs and RCWs.

This was done in part by reviewing board meeting minutes, program services, internal controls, reviewing payroll for reasonable wages, ensuring funds and assets are not being misused, and making sure all contracts are reasonable. During our time onsite and reviewing this information it was determined that they are in compliance and suitable for licensure.

Part III Staff Recommendations

Based upon the on-site program review, staff recommends the continued licensure of AmVets.

Prepared By
Tina Griffin, Assistant Director
Licensing, Regulation, and
Enforcement Division

Signature



Date

10-17-16



STATE OF WASHINGTON
GAMBLING COMMISSION

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

October 28, 2016

TO: **COMMISSIONERS**
Bud Sizemore, Chair
Julia Patterson, Vice Chair
Kelsey Gray, Ph.D.
Chris Stearns
Ed Troyer

EX OFFICIO MEMBERS
Senator Steve Conway
Senator Mike Hewitt
Representative Christopher Hurst
Representative Brandon Vick

FROM: Donna Khanhasa, Special Agent *DK*
Licensing, Regulation, & Enforcement Division

SUBJECT: Special Olympics of Washington – 2016 Western Washington Enhanced Raffle Results

At the November 2015 commission meeting, the Commissioners approved a plan submitted by the Special Olympics of Washington (SOWA) to conduct an enhanced raffle in Western Washington. The enhanced raffle was also known as the Special Olympics Washington Dream House Raffle. The grand prize drawing was held on May 13, 2016.

In accordance with WAC 230-11-103, charitable or nonprofit licensees conducting enhanced raffles must have an independent audit conducted on each enhanced raffle and the associated smaller raffles. SOWA submitted the auditor's report in accordance with the rule.

The purpose of this memo is to report the results of the enhanced raffle and the agents' review. This is the fourth enhanced raffle that SOWA has reported on.

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.



The grand prize offered was a home located in the Puget Sound area or an annuity of \$4,000,000 paid over 20 years or a one-time \$2,800,000 cash payment based on 40,000 tickets being sold. If fewer than 37,000 tickets were sold, the grand prize winner would receive a choice between a sum equal to 50% of the net raffle proceeds paid as an annuity over 20 years, not to exceed \$4,000,000, or a one-time cash payment of 70% of the annuity value, not to exceed \$2,800,000. SOWA sold a total of 18,394 tickets.

The results of the May 13, 2016, enhanced raffle and the associated raffles are as follows:

Sales of Raffle Tickets	Prizes Awarded	Other Expenses	Net Proceeds from Enhanced Raffle
\$2,544,070	\$683,426	\$ 1,334,409	\$526,235

Drawing details and prizes:

Drawing	Date	Location	Prizes Awarded
Early Bird 1	March 11, 2016	SOWA Office	\$50,000
Early Bird 2	April 7, 2016	SOWA Office	\$10,000
Multi-Ticket	May 13, 2016	Seattle Center	\$50,000
Add-On (50/50)	May 13, 2016	Seattle Center	\$118,890
Grand Prize	May 13, 2016	Seattle Center	Grand prize: \$219,339 2 nd prize: \$50,000 3 rd prize: \$10,000 4 th to 10 th prize: \$5,000 11 th to 2500 th prize:*

*In addition to prizes noted above, there was an additional 2,490 prizes awarded, with prize values ranging from \$50 to \$1,999.

Use of Proceeds:

Net proceeds of \$526,235 from the Enhanced Raffle will benefit SOWA by supporting program activities.

Regulatory Review:

An agent from the Regulatory Unit conducted an inspection of the enhanced raffle. Prior to the inspection, he reviewed the approved enhanced raffle plan and reviewed the case reporting system for compliance history.

He compared the enhanced raffle ticket sales to the bank statements and verified the money from all ticket sales was deposited. The agent contacted the top ten Grand Prize Drawing winners, the Multi-Ticket drawing winner, the Early Bird #1 prize winner, the Early Bird #2 prize winner, and the 50/50 Add-On prize winner and verified they received the prizes.

The agent reviewed bank statements and check registers for the licensee's bank accounts and reviewed supporting documentation from a sample of items to determine there was no misuse of funds. He noted no discrepancies.

The agent noted the awarded grand prize was \$219,339.38. However per the licensee's records, the prize should have been \$219,360.38. It was discovered that the licensee made a transposition error. The agent instructed the licensee to award the grand prize winner the remaining balance owed of \$21.00. In addition, the 50/50 Add-On prize awarded was \$118,890.00. However the prize should have been \$118,860.00 per the licensee's records.

The agent reviewed the licensee's gambling records to verify accuracy and compliance with the WAC rules. They noted no discrepancies.

The agent confirmed that SOWA operated the enhanced raffle within the plan approved by the Commissioners.

Regulatory Actions:

There were no state or federal regulatory actions taken in relation to this enhanced raffle.



STATE OF WASHINGTON
GAMBLING COMMISSION

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

October 28, 2016

TO: **COMMISSIONERS** **EX OFFICIO MEMBERS**
Bud Sizemore, Chair Senator Steve Conway
Julia Patterson, Vice Chair Senator Mike Hewitt
Kelsey Gray, Ph.D. Representative Christopher Hurst
Chris Stearns Representative Brandon Vick
Ed Troyer

FROM: Donna Khanhasa, Special Agent *DK*
 Licensing, Regulation, & Enforcement Division

SUBJECT: Enhanced Raffle Results – Required Report to the Legislature

In the 2013 Legislative session, the Legislature passed Engrossed Substitute Senate Bill 5723 authorizing enhanced raffles. In the 2016 Legislative session, the Legislature passed Substitute Senate Bill 6449, which changed the expiration date from June 30, 2017, to June 30, 2022.

The purpose of this memo is to report to the appropriate members of the legislature on enhanced raffles results as outlined in RCW 9.46.0323(8) by December 2016.

When we reported SOWA's information to you previously, we let you know that we planned to use the attached report format when we did the report to the legislature. At that time, you did not have any suggested changes to the format. If that has changed, please let me know.

Special Olympics of Washington (SOWA) has been the only licensee approved to conduct enhanced raffles. 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.



Results:

SOWA has conducted four enhanced raffles. There was a total of \$9,975,370 in revenue generated. Net income from the enhanced raffles ranged from (\$3,335) to \$1,7075,121. See attached results.

Regulatory Actions:

There were no state or federal regulatory actions taken in relation to the enhanced raffles.

Recommendations:

The RCW also asks for the commission to make recommendations, if any, for policy changes to the enhanced raffle authority. When enhanced raffles were first authorized, the report to the legislature was due by December 2016 and the sunset clause was June 30, 2017. When the legislature extended the sunset clause during the 2016 session to June 30, 2022, the report date was not changed. Therefore, while we do not have any recommendations for changes now, as the new sunset date gets closer, we will work with SOWA to discuss recommendations, if any, or as any issues arise in the interim.

Attachments: Summary of Enhanced Raffles as of October 19, 2016.

RCW 9.46.0323 Enhanced Raffles—Authority of commission—Report, recommendations.

Summary of Enhanced Raffles

As of October 28, 2016

Date of Drawing Region	May 31, 2014 Western WA	May 15, 2015 Western WA	December 3, 2015 Western WA	May 13, 2016 Western WA
# of Tickets Available	85,000	60,000	45,000	40,000
Minimum # of Tickets to be Sold to Award Grand Prize	75,000	50,000	40,000	37,000
# of Tickets to Break Even	10,000	11,050	12,125	12,710
# of Tickets Sold	27,521	23,433	12,731	18,394
Grand Prize Offered if Minimum # of Tickets Sold	\$5 million house, \$4 million annuity, or \$2.8 million cash	\$2.795 million house, \$2.5 million annuity, or \$1.75 million cash	\$1 million annuity or \$700K cash	\$3.3 million house, \$4 million annuity, or \$2.8 million cash
Grand Prize Awarded	\$700,000 cash (50% of net receipts)	\$423,000 cash (50% of the net receipts)	\$110,000 cash	\$219,339 cash
Total Prizes Awarded	1,700	1,200	1,500	2,500
Total Revenue	\$3,462,700	\$2,947,200	\$1,021,400	\$2,544,070
Prize Expense	\$1,071,301	\$744,456	\$560,650	\$683,426
Taxes	\$23,304	\$128,135	\$3,814	\$75,594
Licenses and Permits	\$23,155	\$21,665	\$12,551	\$20,088
Other	\$1,269,819	\$1,259,281	\$451,534	\$1,238,727
Net Income/Loss	\$1,075,121	\$793,663	(\$3,335)	\$526,235
WSGC Regulatory Actions	2 complaints - no administrative action	None	None	None
AAG Regulatory Actions	None	None	None	None
Federal Regulatory Actions	None	None	None	None
Multi-Ticket Drawing	Yes	Yes	Yes	Yes
Refer a Friend Drawing	Yes	Yes	No	No
Early Bird Drawings	3 separate drawings	2 separate drawings	2 separate drawings	2 separate drawings
	100.00%	100.00%	100.00%	100.00%
	30.94%	25.26%	54.89%	26.86%
	0.67%	4.35%	0.37%	2.97%
	0.67%	0.74%	1.23%	0.79%
	36.67%	42.73%	44.21%	48.69%
	31.05%	26.93%	-0.33%	20.68%

RCW 9.46.0323**Enhanced raffles—Authority of commission—Report, recommendations. (Expires June 30, 2022.)**

(1) A bona fide charitable or nonprofit organization, as defined in RCW 9.46.0209, whose primary purpose is serving individuals with intellectual disabilities may conduct enhanced raffles if licensed by the commission.

(2) The commission has the authority to approve two enhanced raffles per calendar year for western Washington and two enhanced raffles per calendar year for eastern Washington. Whether the enhanced raffle occurs in western Washington or eastern Washington will be determined by the location where the grand prize winning ticket is to be drawn as stated on the organization's application to the commission. An enhanced raffle is considered approved when voted on by the commission.

(3) The commission has the authority to approve enhanced raffles under the following conditions:

(a) The value of the grand prize must not exceed five million dollars.

(b) Sales may be made in person, by mail, by fax, or by telephone only. Raffle ticket order forms may be printed from the bona fide charitable or nonprofit organization's web site. Obtaining the form in this manner does not constitute a sale.

(c) Tickets purchased as part of a multiple ticket package may be purchased at a discount.

(d) Multiple smaller prizes are authorized during the course of an enhanced raffle for a grand prize including, but not limited to, early bird, refer a friend, and multiple ticket drawings.

(e) A purchase contract is not necessary for smaller noncash prizes, but the bona fide charitable or nonprofit organization must be able to demonstrate that such a prize is available and sufficient funds are held in reserve in the event that the winner chooses a noncash prize.

(f) All enhanced raffles and associated smaller raffles must be independently audited, as defined by the commission during rule making. The audit results must be reported to the commission.

(g) Call centers, when licensed by the commission, are authorized. The bona fide charitable or nonprofit organization may contract with a call center vendor to receive enhanced raffle ticket sales. The vendor may not solicit sales. The vendor may be located outside the state, but the bona fide charitable or nonprofit organization must have a contractual relationship with the vendor stating that the vendor must comply with all applicable Washington state laws and rules.

(h) The bona fide charitable or nonprofit organization must be the primary recipient of the funds raised.

(i) Sales data may be transmitted electronically from the vendor to the bona fide charitable or nonprofit organization. Credit cards, issued by a state regulated or federally regulated financial institution, may be used for payment to participate in enhanced raffles.

(j) Receipts including ticket confirmation numbers may be sent to ticket purchasers either by mail or by email.

(k) In the event the bona fide charitable or nonprofit organization determines 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. The enhanced raffle winner will receive a choice between an annuity value equal to fifty percent of the net proceeds in excess of expenses paid by annuity over twenty years, or a one-time cash payment of seventy percent of the annuity value.

(l) A bona fide charitable or nonprofit organization is authorized to hire a consultant licensed by the commission to run an enhanced raffle; in addition, the bona fide charitable or nonprofit organization must have a dedicated employee who is responsible for oversight of enhanced raffle operations. The bona fide charitable or nonprofit organization is ultimately responsible for ensuring that an enhanced raffle is conducted in accordance with all applicable state laws and rules.

(4) The commission has the authority to set fees for bona fide charitable or nonprofit organizations, call center vendors, and consultants conducting enhanced raffles authorized under this section.

(5) The commission has the authority to adopt rules governing the licensing and operation of enhanced raffles.

(6) Except as specifically authorized in this section, enhanced raffles must be held in accordance with all other requirements of this chapter, other applicable laws, and rules of the commission.

(7) For the purposes of this section:

(a) "Enhanced raffle" means a game in which tickets bearing an individual number are sold for not more than two hundred fifty dollars each and in which a grand prize and smaller prizes are awarded on the basis of drawings from the tickets by the person or persons conducting the game. An enhanced raffle may include additional related entries and drawings, such as early bird, refer a friend, and multiple ticket drawings when the bona fide charitable or nonprofit organization establishes the eligibility standards for such entries and drawings before any enhanced raffle tickets are sold. No drawing may occur by using a random number generator or similar means.

(b) "Early bird drawing" means a separate drawing for a separate prize held prior to the grand prize drawing. All tickets entered into the early bird drawing, including all early bird winning tickets, are entered into subsequent early bird drawings, and also entered into the drawing for the grand prize.

(c) "Refer a friend drawing" means a completely separate drawing, using tickets distinct from those for the enhanced raffle, for a separate prize held at the conclusion of the enhanced raffle for all enhanced raffle ticket purchasers, known as the referring friend, who refer other persons to the enhanced raffle when the other person ultimately purchases an enhanced raffle ticket. The referring friend will receive one ticket for each friend referred specifically for the refer a friend drawing. In addition, each friend referred could also become a referring friend and receive his or her own additional ticket for the refer a friend drawing.

(d) "Multiple ticket drawing" means a completely separate drawing, using tickets distinct from those for the enhanced raffle, for a separate prize held at the conclusion of the enhanced raffle for all enhanced raffle ticket purchasers who purchase a specified number of enhanced raffle tickets. For example, a multiple ticket drawing could include persons who purchase three or more enhanced raffle tickets in the same order, using the same payment information, with tickets in the same person's name. For each eligible enhanced raffle ticket purchased, the purchaser also receives a ticket for the multiple ticket drawing prize.

(e) "Western Washington" includes those counties west of the Cascade mountains, including Clallam, Clark, Cowlitz, Grays Harbor, Island, Jefferson, King, Kitsap, Lewis, Mason, Pacific, Pierce, San Juan, Skagit, Skamania, Snohomish, Thurston, Wahkiakum, and Whatcom.

(f) "Eastern Washington" includes those counties east of the Cascade mountains that are not listed in (e) of this subsection.

*

(8) By December 2016, the commission must report back to the appropriate committees of the legislature on enhanced raffles. The report must include results of the raffles, revenue generated by the raffles, and identify any state or federal regulatory actions taken in relation to enhanced raffles in Washington. The report must also make recommendations, if any, for policy changes to the enhanced raffle authority.

(9) This section expires June 30, 2022.

[2016 c 116 § 1; 2013 c 310 § 1.]

Programs and Clients Served:

SOWA currently serves 14,500 athletes and has a support system of nearly 8,000 volunteers. However, there are nearly 180,000 individuals in Washington State with intellectual disabilities.

Goal for Conducting the Raffle:

The organization's goal is to triple the number of athletes by 2020 and in the year's ahead reach everyone with intellectual disabilities.

Enhanced Raffle Details:

Ticket costs: \$150 each, 3 for \$400, or 5 for \$550.

50/50 Add-on tickets are \$20 each, 3-pack for \$50, or 6-pack for \$75.

Drawing	Date	Location	Prizes Available
Early Bird 1	March 10, 2017	Western Washington – King County	Winner's choice: Jaguar F Type or \$50,000 cash
Early Bird 2	April 7, 2017	Western Washington – King County	Winner's choice: Vacation for 10 to Tuscany, Italy (8 days/7 nights) or \$10,000 cash
Grand Prize	May 12, 2017	Western Washington – King County	2,250 prizes to be awarded. Grand prize Dream House, \$4 million annuity, or \$2.8 million onetime cash option. Other prizes include trips, cars, cash, jewelry, electronics, and other consumer products.
Multi-Ticket	May 12, 2017	Western Washington – King County	Winner's choice: Vehicle TBD or \$50,000 cash.
50/50 Add-on Drawing	May 12, 2017	Western Washington – King County	Half of the gross proceeds of the 50/50 Add-on ticket sales.

Security and Purchase of Prizes:

All 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. SOWA will print the raffle tickets.

Use of Proceeds:

The proceeds will be used to further drive the vision of the Special Olympics 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. The enhanced raffle winner will receive a choice between an annuity value equal to fifty percent of the net proceeds in excess of expense paid by annuity over twenty years, or a one-time cash payment of seventy percent of the annuity value. In no case will the grand prize be less than \$50,000. Unless, the raffle ticket sales fall at or below the breakeven amount of 13,154 tickets sold, and net proceeds in excess of expenses produce a negative value, Special Olympics Washington will consider refunding all purchases and cancelling the raffle due to insufficient sales of tickets or issuing a flat \$5,000 to the Grand Prize winner.

Projected Budget:

SOWA estimates the breakeven number of ticket sales to be about 13,154. The net proceeds will depend upon the number of tickets sold and the grand prize awarded. SOWA estimates net proceeds to be between a net loss of \$5,000 to net income of \$2.5 million.

Dedicated Employee Responsible for Oversight of the Enhanced Raffle Operation:

Dan Wartelle, SOWA Vice President Communications, will be overseeing the enhanced raffle operation.

Licensed Service Supplier Managing the Enhanced Raffle:

NZ Consulting, Inc., which is owned 100% by Neal Zevy from Seattle, Washington, 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 (2)

Special Olympics Washington



Special Olympics Washington Enhanced Raffle Plan **“Special Olympics Washington Dream House Raffle”**

Purpose

The Special Olympics Washington Dream House Raffle is being conducted to provide the necessary resources for the organization to grow its athlete base. Currently Special Olympics Washington serves 14,500 athletes across the state. However, there are nearly 180,000 individuals in Washington State with intellectual disabilities. The organization’s goal is to triple the number of athletes by 2020 and in the years ahead reach everyone with an intellectual disabilities. There is much work to be done. With the funds earned from the “Dream House Raffle”, Special Olympics will begin the journey of reaching into every corner of the state. From Ocean Shores to Omak and Blaine to Olympia our goal will be to make sure EVERYONE has the opportunity to be tested like Champions!

About Special Olympics Washington

Special Olympics Washington was incorporated in 1975 and has the vision to help bring all persons with intellectual disabilities into the larger society under conditions whereby they are accepted, respected and given the chance to become useful and productive citizens. The mission of Special Olympics Washington is to provide year-round 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. Special Olympics Washington currently serves more than 14,500 athletes and has a support system of nearly 8,000 volunteers. The organization is part of Special Olympics International, which serves more than 4 million athletes in more than 180 countries. Special Olympics Washington is a 501(c)(3) organization in Washington State.

MISSION: Special Olympics Washington **BUILDS** communities and **LEADS** in wellness through Sports & Inclusion.

About Our Athletes

Once an athlete joins Special Olympics, he or she typically participates in three sports per year. Special Olympics becomes a year-round endeavor bringing new friends, greater self-esteem and a place for family members to connect. 50% of Special Olympics athletes are employed vs. only 2% of those who have an intellectual disability but who are not currently competing. Once an athlete joins Special Olympics, they can participate until they can no longer compete and we have seen athletes in their ‘70s.

SPECIAL OLYMPICS WASHINGTON
Enhanced Raffle Rules
2017

Special Olympics Washington (SOWA), a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code, is conducting this raffle pursuant to SB 5723, Washington Administrative Code 230-03-152, to raise funds for ongoing charitable purposes. The Rules and Regulations of the SOWA raffle are set forth below. By purchasing a raffle ticket the purchaser agrees to be bound by these rules and regulations. SOWA's interpretation and application of the rules and regulations shall be final.

The Grand Prize Drawing for Special Olympics Washington Dream House Raffle will be held on Friday, May 12, 2017 at the Seattle Center, Seattle WA. All early bird drawings will be held at 1809 7th Ave, Suite 1509, Seattle, WA 98101. Tickets will not be sold after April 28, 2017. Tickets may sell out before that time. An independent raffle auditor will supervise the drawing. The drawing for prizes may be open to the public, but the winner does not need to be present to win.

Only 65,000 tickets will be sold. The chances of winning are based on that number. If fewer tickets are sold, the chances of winning the Grand Prize and other prizes improve. The IRS has taken the position that amounts paid for chances in raffles, lotteries or similar drawings for valuable prizes are not gifts, and consequently do not qualify as deductible charitable contributions.

The Grand Prize Winner assumes all fees, local, state and federal taxes (including but not limited to income taxes based on the value of the prize). Likewise, there are federal taxes and there may be state and/or local tax consequences if the winner selects the alternate cash prize. (See Prizes section below) These consequences may apply to other prizes as well. SOWA takes no responsibility for any tax liabilities. Consult your tax advisor. This offer is void where prohibited by law, and all federal, state and local laws and regulations apply.

By entering this raffle, entrants accept and agree (1) to be bound by all the rules, limitations and restrictions set forth here and (2) that their names and/or likenesses may be disclosed to and used by the news media and may otherwise be used by SOWA for publicity purposes and in lists of prize winners to be published in area newspapers and announced on the SOWA raffle website. SOWA will provide purchasers all raffle information as required by WAC 230-11-015. Other rules and regulations may apply. Please contact SOWA if you have questions. SOWA's interpretation and application of the rules and regulations shall be final.

By entering this raffle, each participant releases SOWA, its directors, officers, employees and agents from any and all liability for injuries, losses or damages of any kind caused by participating in the raffle or winning any prize or resulting from acceptance, possession, use or misuse of any prize, and each winner agrees to indemnify and hold SOWA harmless from any and all losses, damages, rights, claims and actions of any kind rising in connection with or as a result of participating in the raffle or the winner's acceptance or use of any prize.

Tickets:

Tickets are \$150 each, 3-pack for \$400, or 5-pack for \$550. Only one method of payment, one name, and one mailing address are permitted per ticket pack. Only one eligible person may be entered in the raffle per ticket sold. If the name of more than one person is submitted with a ticket purchase, and that ticket is selected as a winning ticket, then the person named first will be deemed the holder of record of that ticket and declared the winner regardless of who paid for the ticket. Division of prize by a group purchasing a ticket in common shall be to the sole responsibility of the person named as the holder of record of that ticket, should that ticket be selected as a winner.

Early ticket purchases will be included in up to three drawings. Tickets purchased by February 24, 2017, will be eligible for the Early Bird Drawing 1 (drawing date: March 10, 2017). Tickets purchased by March 24, 2017, will be eligible for the Early Bird Drawing 2 (drawing date: April 7, 2017). All such tickets, including all winning tickets from Early Bird Drawings, will be included in applicable subsequent drawings as well as the Grand Prize Drawing. Tickets purchased by April 28, 2017, will be eligible for the Grand Prize Drawing (drawing date: May 12, 2017).

50/50 Add-On Tickets are one for \$20, 3-pack for \$50 or 6-pack for \$75.

Rules for purchasing 50/50 Add-On tickets are as follows:

Only one method of payment and only one mailing address are permitted.

Only one name can be listed per ticket.

50/50 Add-On Tickets must be ordered at the same time as your Dream House Raffle ticket order.

50/50 Add-On orders will not be accepted after your original raffle ticket order date.

SOWA reserves the right to reject any entry form that is submitted with payment that does not constitute "good funds." All defective or physically altered entry forms will be immediately disqualified by SOWA. Prior to the Grand Prize Drawing, SOWA will make a reasonable effort to notify the individual and/or entity that submits such an entry form or one which has been rejected because the credit card or check did not clear that the entry has been rejected by attempting to make contact through the information provided at the time of submitting the purchase request. All orders for tickets for the Early Bird Drawings must be received and/or purchased by the indicated deadline. Any orders received after these deadlines will be held for the subsequent drawings, if applicable and Grand Prize Drawing. SOWA assumes no responsibility for lost, late, misdirected or non-delivered mail or fax messages, or any other failure to receive orders or deliver receipts prior to the drawing deadlines.

A raffle participant's sole and exclusive remedy for SOWA's breach shall be limited to the return of the purchase price paid for his or her raffle ticket(s). In no event shall SOWA, its directors, officers, employees, agents or representatives be liable to any party for any loss or injuries to earnings, profits or goodwill, or for any incidental, special, punitive or consequential damages of any person or entity whether arising in contract, tort or otherwise, even if advised of the possibility of such damages.

How to Purchase:

To purchase tickets: use the order form provided and fax the order form to 206-400-7578, or you may mail it to SOWA Dream House Raffle, 1809 7th Ave, Suite 1509, Seattle, WA 98101 or call 1- 888-537-7518, providing your name, address, phone number along with your credit card number, credit card security code and expiration date. Tickets cannot be purchased on the raffle website or by email. Any entry form submitted by email will be rejected. All entries must include payment by cash, check, money order or

credit card in US dollars. SOWA reserves the right to reject any entry form that is submitted with payment that does not constitute "good funds." No refunds will be made except under the following circumstances: any ticket order with payment received after 65,000 tickets have been sold or after April 28, 2017, will be returned. No other refunds are available except in the exclusive discretion of SOWA. SOWA assumes no responsibility for lost, late, misdirected or non-delivered mail or fax messages, or any other failure to receive orders or deliver receipts prior to the drawing deadlines.

Selection of Winners:

The Special Olympics Washington Dream House Raffle Grand Prize Drawing will be held on May 12, 2017 from all eligible raffle tickets. Winners need not be present to win. SOWA will conduct the Early Bird drawings on March 10, 2017 (Early Bird Drawing 1) and April 7 (Early Bird Drawing 2). The Bonus Multi-Ticket Drawing and 50/50 Add-On Drawing (See Bonus Drawings) will be held on May 12, 2017. The Bonus Multi-Ticket Drawing, 50/50 Add-On Drawing, and Grand Prize Drawing will be held under the supervision of an independent raffle auditor. The Grand Prize Drawing, 50/50 Add-On Drawing, and Multi-Ticket Drawing, will be held on Friday, May 12, 2017 at the Seattle Center, Seattle WA. All early bird drawings will be held at 1809 7th Ave, Suite 1509, Seattle, WA 98101. All drawings may be open to the public or available for viewing on television. Winners will be notified according to the contact information provided to SOWA at the time of ticket purchase. If the grand prize winner cannot be located by 5:00 p.m., May 26, 2017, after attempting to make contact through the information provided at the time of purchasing the ticket, such winner will be deemed to have elected the onetime cash alternate prize and another winner will not be selected for such prize. In addition to the list of winners posted on the SOWA raffle web site, a list of winners may be obtained from SOWA or by sending a self-address, stamped envelope to Special Olympics Washington Dream House Raffle, 1809 7th Ave, Suite 1509, Seattle, WA 98101 within one week of the drawing.

In order to collect prizes valued greater than \$4,999, a ticket winner must sign and deliver to SOWA: (a) a sworn affidavit of eligibility in accordance with these Rules and applicable law, including without limitation that he or she is at least 18 years old; (b) such written information as is required by any applicable tax and/or real estate laws, including without limitation his or her Social Security Number; (c) proof of identity in forms satisfactory to the SOWA showing that the person claiming the prize is the same person who is named on the winning raffle ticket.; and (d) the winning ticket stub. Winners of prizes of \$5,000 or more may be required to submit a W-2G, Form 5754 or similar tax form (provided by SOWA) for tax withholding purposes.

Winning Odds:

The odds of winning a prize will depend on the number of tickets sold. If all 65,000 tickets are sold the odds of winning the Grand Prize is 1 in 65,000. If fewer tickets are sold, the chance of winning the Grand Prize, Early Bird Prizes and all secondary prizes improves. The odds to win a prize are no less than 1 in 20.

Eligibility:

Anyone 18 years of age or older may enter. SOWA employees, members of the Board of Directors, authorized agents and employees thereof, consultants, attorneys, independent accountant firm, and their spouses and children living in the same household are excluded from participating and are not eligible to win a prize. All federal, state, and local laws and regulations apply. The raffle is void where prohibited or restricted by law. An affidavit of eligibility may be required from prize winners.

Prizes:

The Grand Prize is the home located within the Puget Sound area of Washington, and a detailed description will be referred to in all raffle materials. Alternatively, the Grand Prize winner may elect to receive an annuity of \$4,000,000 paid over 20 years or a onetime \$2,800,000 cash payment (except as stated below) based on 65,000 tickets sold. The Grand Prize Winner must make an election in writing between the house, the annuity, or the onetime cash payment no later than 5:00 p.m. May 26, 2017. In the event of circumstances outside of the control of SOWA such as but not limited to: fire, earthquake, foreclosure and as determined by SOWA, the Grand Prize Winner will instead have no election as stated above and will instead have an election between an annuity of \$4,000,000 paid over 20 years or a onetime \$2,800,000 cash payment (except as stated below). A minimum of 60,000 tickets must be sold by April 28, 2017 for the Grand Prize Winner to have a choice of the House, the annuity of \$4,000,000 paid over 20 years, or a onetime \$2,800,000 cash payment alternate prize. If fewer than 60,000 tickets are sold by April 28, 2017, the raffle will be held as scheduled, and prizes will be awarded as advertised with the exception that the Grand Prize Winner will receive a choice between sum equal to 50% of the Net Raffle Proceeds paid as an annuity over 20 years, not to exceed \$4,000,000 or a onetime cash payment of 70% of the annuity value, not to exceed \$2,800,000. Net Raffle Proceeds will be calculated based on SOWA accounting, which shall be final and conclusive with respect to the Grand Prize Winner. For these purposes "Net Raffle Proceeds" are defined as the balance of funds left after paying all other prizes, all raffle expenses and all expenses for the House. SOWA will estimate the final prize just prior to the Grand Prize drawing so as to award the prize. No later than 120 days from the drawing date, SOWA will verify that all expenses have been accounted for and a final Net amount will be calculated. If the Net is higher, SOWA will issue a corrected W2-g and check to the Grand Prize winner.

All vehicles come base model factory equipped and winner(s) are also solely responsible for any and all state or local license, title, registration, cost differential between the value of the car and the cash alternate prize, taxes, or fees associated with the vehicle, as well as insurance (proof of which must be shown prior to delivery) and pickup or delivery costs at the dealership as well as any non-standard options chosen by the winner and negotiated with the dealership. All winners of vehicles must make an election in writing between the vehicle and the alternative cash payment no later than 5:00 p.m. on the fifth business day after the drawing. All contracted vehicles are subject to availability at the automobile dealer selected by SOWA and may be substituted with a comparable vehicle by SOWA or with the cash alternate prize.

Vacation travel prizes are for two economy round trip tickets from any continental US airport to the destination city and for one double occupancy standard hotel room in the destination city unless otherwise noted on the raffle website. Please note that some vacation travel is for land only and does not include airfare. All vacation and travel prizes are subject to space and availability. All gratuities, taxes and fees are the responsibility of the winner and each vacation prize has a maximum value of five thousand dollars in total. Winners of travel related prizes must comply with all applicable requirements and restrictions related to said prizes including without limitation applicable travel dates, age restrictions, liability waivers, travel documentation and reservation and confirmation procedures. All contracted vacations are subject to availability and may be substituted with a comparable vacation prize or with a cash alternate prize.

All unclaimed prizes will be returned to Special Olympics Washington 60 days after the Grand prize drawing date.

Early Bird Drawings:

Early Bird Drawing 1

Winner's choice between a Jaguar F Type or \$50,000*

Early Bird Drawing 2

Winner's choice between a vacation for 10 to Tuscany, Italy (8 Day/7 Night) or \$10,000 cash*

Grand Prize Drawing:

Grand Prize: The Dream House or \$4,000,000 annuity or \$2,800,000 onetime cash option*

2nd Prize: Winner's choice between a BMW 5 Series or \$50,000 cash*

3rd Prize: Vacation to Kenya, Africa (8 Day/7 Night) or \$10,000 cash*

4th Prize: Vacation to Bali, Indonesia (8 Day/7 Night) or \$5,000 cash *

5th Prize: Winner's choice between a vacation to Rome, Italy - 5 days/4 nights or \$5,000 cash*

6th Prize: Vacation to the Big Island, Hawaii (7 Day/6 Night) or \$5,000 cash *

7th Prize: Vacation to Singapore (7 Day/6 Night) or \$5,000 cash *

8th Prize: Vacation to the Virgin Islands (5 Day/4 Night) or \$5,000 cash *

9th Prize: Vacation to Pebble Beach (5 Day/4 Night) or \$5,000 cash*

10th Prize: Family Vacation for 4 to Orlando, Florida (5 Day/4 Night) or \$5,000*

Prizes 11-3250

* Except as stated above

Bonus Drawing:

Multi-Ticket Drawing

1st Prize: Vehicle TBD or \$50,000 cash

Any individual who buys three or more tickets will be entered into the Multi-Ticket Drawing, subject to the following; to be eligible entrants must purchase three or more tickets during the same purchase, using one method of payment, using the same name on each ticket, and the same mailing address for each eligible ticket. For each eligible ticket purchased, a corresponding eligible ticket will be added into the Multi-Ticket Drawing. Three tickets purchased will have three tickets entered into the Multi-Ticket Drawing. Four tickets purchased will have four tickets entered into the Multi-Ticket Drawing, etc. Multiple tickets purchased at the same time are eligible for discounts. Multiple tickets can be purchased individually or a 3-pack for \$400, or 5-pack for \$550.

50/50 Add-On Drawing:

Prize: Winner will be awarded 50% the gross proceeds of the 50/50 Add On raffle.

50/50 Add-On Tickets are one for \$20, 3-pack for \$50 or 6-pack for \$75.

Rules for purchasing 50/50 Add-On tickets are as follows:

Only one method of payment and only one mailing address are permitted.

Only one name can be listed per ticket.

50/50 Add-On Tickets must be ordered at the same time as your Dream House Raffle ticket order.

50/50 Add-On orders will not be accepted after your original raffle ticket order date.

General Terms and Conditions:

No express warranties are given and no affirmation of SOWA by words and/or actions will constitute a warranty. The House, if selected, will be transferred to the Grand Prize Winner "as is, where is, and with all faults". SOWA does not provide any guarantee or warranty, expressed or implied, in connection with

the House and accepts no liability or responsibility regarding the construction or condition of the House. SOWA does not warrant that the house is of mercantile quality or that it can be used for any particular purpose. No express warranties are given and no affirmation of SOWA by words and/or actions will constitute a warranty.

At the time of closing, all federal and state income taxes based on the value of the House will be due from the Grand Prize Winner. If the Grand Prize Winner selects the annuity or the onetime cash payment as well as winners of Early Bird Prizes, Multi-Ticket Prize, 50/50 Add-On Prize, and Secondary Prizes of \$5,000 or more, all appropriate and required federal and state taxes will be withheld by SOWA in accordance with federal and state law and SOWA will remit the balance of the cash prizes to the winners. SOWA makes no guarantee that the Grand Prize Winner will be able to sell the House for the value of \$4,580,000 nor is there any guarantee that the Internal Revenue Service (IRS) will accept that value of the house for the purpose of determining any income tax that may be due from the winner. SOWA takes no responsibility for any tax liabilities. Consult your tax advisor.

Any controversy or claim arising out of or relating to the contract, or the breach thereof, shall be settled by binding arbitration administered by the American Arbitration Association (pursuant to its expedited procedures) under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

C (i) Dates of raffle and drawing:

- January 23 – Start date
- February 24 – Early Bird 1 deadline
- March 10 – Early Bird 1 drawing
- March 24 – Early Bird 2 deadline
- April 7 – Early Bird 2 drawing
- April 28 – Grand Prize Deadline
- May 12 – Grand Prize, Multi-Ticket, and 50/50 Add-On Drawings

C(ii) Cost of raffle ticket:

Tickets are \$150 each, or 3-tickets for \$400, or 5 tickets for \$550
50/50 Add-On Tickets are one for \$20, 3-pack for \$50 or 6-pack for \$75.

C(iii) Prizes available:

- Grand Prize: The Dream House or \$4,000,000 annuity or \$2,800,000 onetime cash option*
- 2nd Prize: Winner's choice between a BMW 5 Series or \$50,000 cash*
- 3rd Prize: Vacation to Kenya, Africa (8 Day/7 Night) or \$10,000 cash*
- 4th Prize: Vacation to Bali, Indonesia (8 Day/7 Night) or \$5,000 cash *
- 5th Prize: Winner's choice between a vacation to Rome, Italy - 5 days/4 nights or \$5,000 cash*
- 6th Prize: Vacation to the Big Island, Hawaii (7 Day/6 Night) or \$5,000 cash *
- 7th Prize: Vacation to Singapore (7 Day/6 Night) or \$5,000 cash *
- 8th Prize: Vacation to the Virgin Islands (5 Day/4 Night) or \$5,000 cash *
- 9th Prize: Vacation to Pebble Beach (5 Day/4 Night) or \$5,000 cash*
- 10th Prize: Family Vacation for 4 to Orlando, Florida (5 Day/4 Night) or \$5,000*

Prizes 11-3,250:

* Except as stated above

Bonus Drawings:

Multi-Ticket Drawing

Prize: Vehicle TBD or \$50,000 cash

50/50 Add-On Drawing

Prize: 50% the gross proceeds of the 50/50 Add On raffle

C(iv) Security of prizes:

Prizes including cash, vacations, and cars, which will be purchased and awarded after each applicable drawing with raffle revenue, thus prizes don't need to be protected since they are not being purchased prior to the raffle drawing. Add-On Sales will be recorded in a separate account code based on the sales report/ticket ledger and deposited into the main Raffle bank account. 50% of the sales of Add-On tickets will be distributed to the 50/50 raffle winner.

C(v) Plans for selling raffle tickets:

Raffle tickets will be sold via phone, fax, mail, and in person.

Please refer to the Raffle Ticket Process document attachment.

C(vi) Description of how the integrity of the raffle will be protected:

A third party raffle auditor will be engaged to test the raffle ticket stubs to ensure that they accurately reflect tickets purchased and witness the drawings. An Employees and/or volunteers of Special Olympics Washington will draw all winning raffle tickets.

d) Explanation of how the proceeds from the raffle will be used:

Depending on the actual amount of revenue the raffle generates, the funds will be used to further drive the vision of Special Olympics Washington as described on page 1 of this document.

e) Plan to protect the licensee in the event of low ticket sales and other risks:

In the event the bona fide charitable or nonprofit organization determines 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. The enhanced raffle winner will receive a choice between an annuity value equal to fifty percent of the net proceeds in excess of expense paid by annuity over twenty years, or a one-time cash payment of seventy percent of the annuity value. In no case will the grand prize be less than \$50,000. Unless, the raffle ticket sales fall at or below the breakeven amount of 13,154 tickets sold, and net proceeds in excess of expenses produce a negative value, Special Olympics Washington will consider refunding all purchases and cancelling the raffle due to insufficient sales of tickets or issuing a flat \$5,000 to the Grand Prize winner.

f) Explanation of how the prize(s) will be purchased for the raffle:

Cash prizes are offered from the sale of raffle tickets. Non-cash prizes, such as vacations and cars will be purchased if the winner chooses such prize in lieu of cash.

g) Projected budget including the following – (see attached projections)

- (i) Estimated gross gambling receipts, expenses, and net income for the raffle. See attached SOWA raffle budget projections.
- (ii) Corresponding sales and prize levels with projected revenues and expenses for each level. See attached SOWA raffle budget projections.
- (iii) Minimum and maximum prizes available.

- h) Sowa's dedicated employee is Dan Wartelle.
- i) NZ Consulting Inc. will be the licensed service supplier
- j) Cornerstone Administrative Services will be our licensed Call Center
- k) Raffle Ticket Process Document
- l) Raffle Budget

SPECIAL OLYMPICS WASHINGTON

Dream House Raffle

2017

Budget Assumptions: Average ticket cost is \$125

	<u>BREAK EVEN</u>	<u>\$978k Annuity or \$685K Lump Sum Grand Prize</u>	<u>\$4M Annuity or \$2.8M Lump Sum Grand Prize</u>	<u>House Grand Prize</u>
Ticket Sales	13,154	30,000	60,000	60,000
Gross Sales	1,644,250	3,750,000	7,500,000	7,500,000
<u>Expenses:</u>				
Advertising	535,176	535,176	535,176	535,176
Professional Fees	226,832	375,000	750,000	750,000
Postage	250,000	250,000	250,000	250,000
Personnel	113,242	113,242	113,242	113,242
Sales Expense	112,000	112,000	112,000	112,000
Prize Expense	380,000	380,000	380,000	380,000
Regulatory Expense	27,000	27,000	27,000	27,000
Total Expenses	<u>1,644,250</u>	<u>1,792,418</u>	<u>2,167,418</u>	<u>2,167,418</u>
Net Income before GP	<u>(0)</u>	<u>1,957,582</u>	<u>5,332,582</u>	<u>5,332,582</u>
Grand Prize - Annuity	N/A	978,791	4,000,000	
Grand Prize - Lump Sum Payment	* 5000	685,154	2,800,000	
Net to SOWA - Lump Sum Payment		1,272,428	2,532,582	
Net to SOWA - Annuity Option		1,174,549	2,132,582	
Grand Prize - House				4,520,000
Net to SOWA - House Option				812,582

* Prize would be awarded by SOWA and is not part of the Raffle budget



Rule-making Process Overview

Brian Considine

**Managing Attorney /Legislative Liaison,
Washington State Gambling Commission**

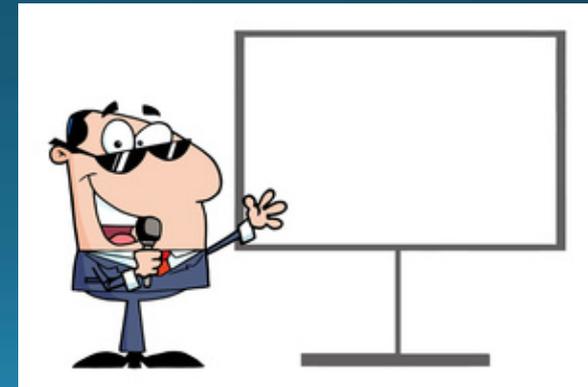
November 10, 2016





Overview

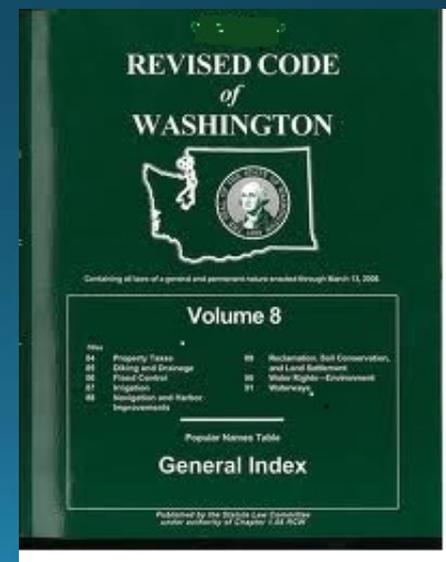
- Process has several layers
- Meant to take a few months
- Changes made to rules cause the process to take longer
 - Ex: Need to file proposed rule 6 weeks prior to final action





Statutory Authority

- Gambling Act
 - RCW 9.46 / RCW 9.46.070(14)
- Administrative Procedures Act
 - RCW 34.05.310 - .395





Administrative Procedures Act

- Three Main Rule-Making Requirements

- (1) Notice of Intended Rule-making (CR 101)

- RCW 34.05.310

- Requires a CR 101 be filed and *published* 30 days before an agency files its proposed Rule



Administrative Procedures Act

(2) Notice of Proposed Rule-making (CR 102)

- RCW 34.05.320
- Requires a CR 102 containing the proposed rule change be filed and *published* 20 days before final action on the rule can occur
- Small Business Economic Impact Statement



Administrative Procedures Act

(3) Order Adopting the Final Rule

- RCW 34.05.360, RCW 34.05.362, & 34.05.380
- Requires filing of the permanent rule (CR 103) with the Code Reviser's Office.
- Permanent rule must include a concise explanatory statement
- Rule usually becomes effective 31 days from filing – Agency can set a longer date, if needed



Regulatory Fairness Act

- RCW 19.85
- Requires a Small Business Economic Impact Statement (SBEIS) if a rule will impose more than minor costs to small businesses in an industry
- SBEIS must be filed with a CR 102





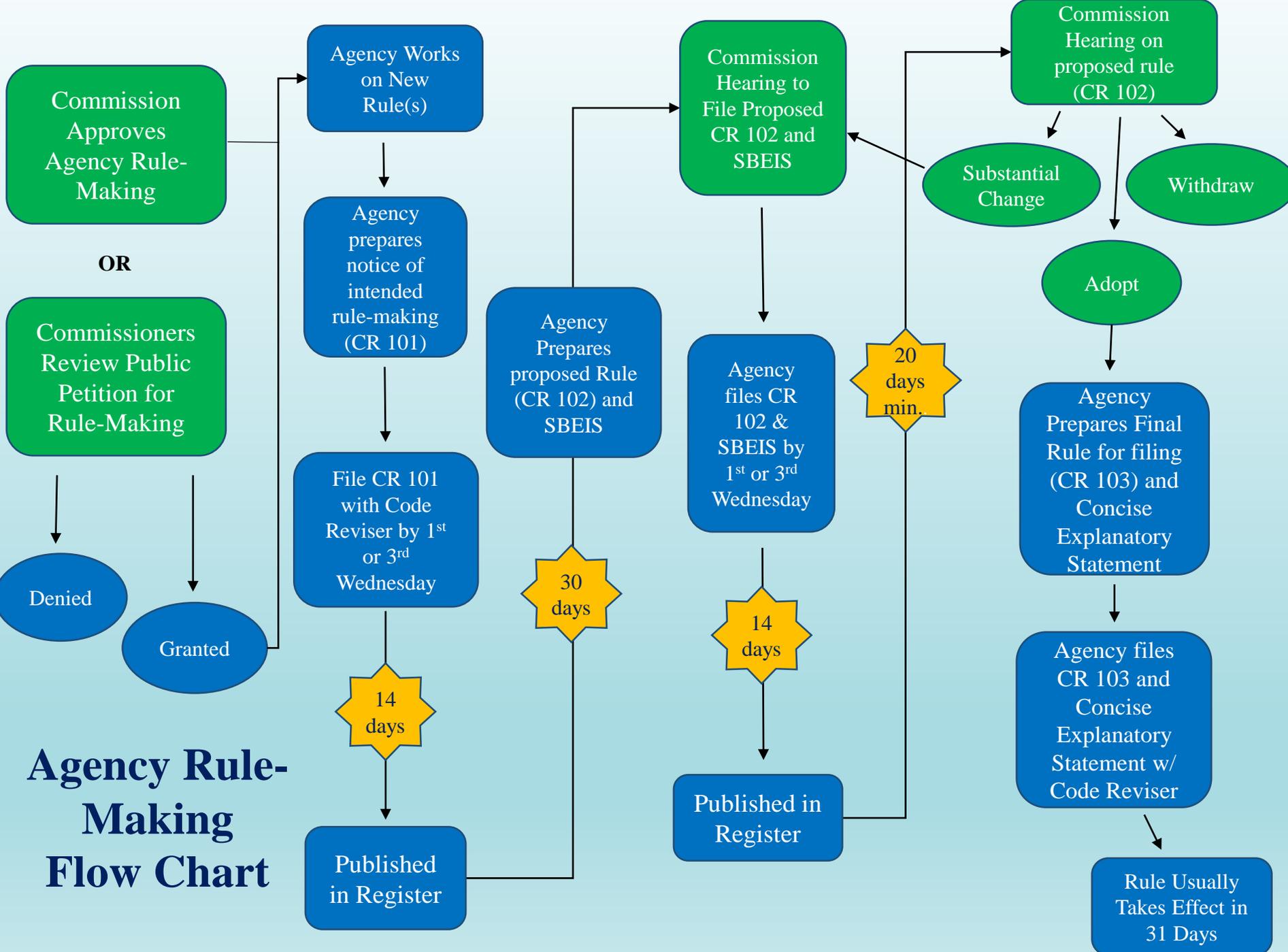
Code Reviser

- All rule-making documents are published in the *Washington State Register*. (RCW 34.08.020).
- The *Washington State Register* is the publication that provides official notice of all rule-making to the public (RCW 34.08.020 & RCW 34.08.050)
 - Meant to provide notice to all citizens without needing to be present at an agency public meeting
- The Washington State Code Reviser is responsible for publishing materials in the *Washington State Register*. (RCW 34.08.030)
- The Code Reviser is allowed to adopt rules regulating the rule-making process (RCW 34.05.385 & (RCW 34.08.030)

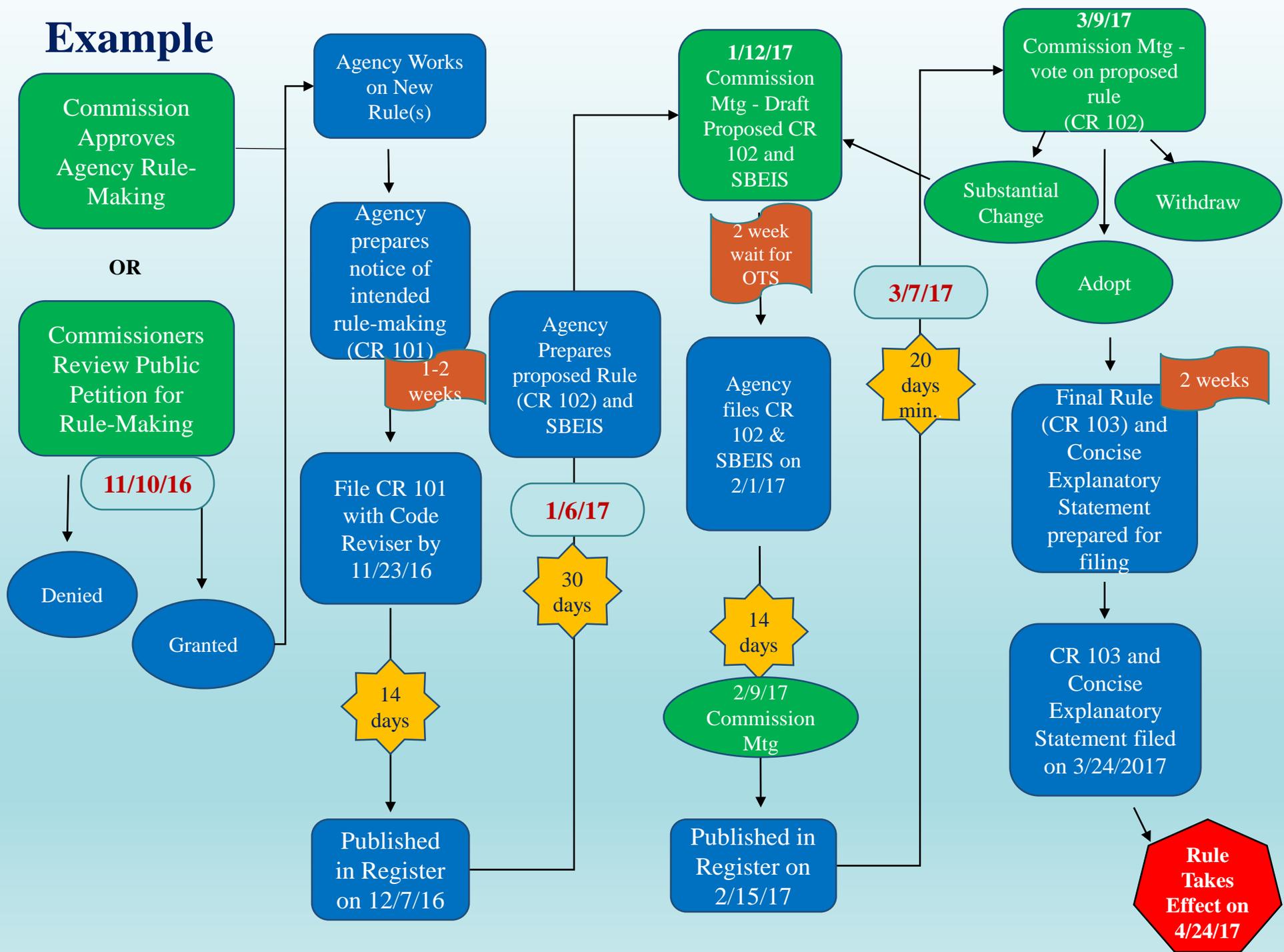


Code Reviser

- Code Reviser Rule-making Requirements (WAC 1-21)
- The Code Reviser only publishes the 1st and 3rd Wednesdays of each month. (WAC 1-21-030)
- Rule-making documents (CR 101, CR 102) must be at received by the Code Reviser by 12:00 noon (WAC 1-21-040):
 - **14 days before a distribution date if prepared by the Code Reviser's order typing service (OTS)**
 - *OTS is best practice and can add between 2 days and 3 weeks to the process*



Example



Amend

WAC 230-15-080 Authorized fees and authorized methods of collection.
WAC 230-15-135 Wagering limits for nonhouse-banked card games.



- November 2016 – Final Action**
- October 2016 – Further Discussion**
- September 2016 – Further Discussion**
- August 2016 – Further Discussion (Petition Revised)**
- July 2016 – Further Discussion**
- June 2016 – No Meeting**
- May 2016 – Up for Discussion and Possible Filing**
- April 2016 – Study Session**

TAB 8: November 2016 Commission Meeting Agenda. Statutory Authority 9.46.070, RCW 9.46.0282

Who Proposed the Rule Change?

Teresa Malphrus, owner of The Hideaway Restaurant and Casino, a 7 table Class F cardroom

Describe the Proposed Change / Background

In her original petition, Teresa Malphrus initially requested the following rule changes:

- Increase the maximum amount of a single wager on any authorized poker game, not just Texas Hold ‘Em, from \$40 to \$100 at Class F and house-banked cardrooms; and
- Allow Class F and house-banked cardrooms to assess players of nonhouse-banked card games a rake fee of up to 10% of the pot with no limit. Currently, the rake cannot be more than \$5 per hand or 10% of the total wagers for a hand, whichever is less.

Ms. Malphrus explained the reasons she is seeking these rule changes:

- “In November of this year, the voters in the state of Washington will be voting on one of 3 initiatives that would raise the minimum wage in each of the next four years, with a starting date effective January, 2017. In addition, in January of 2018, we will be required to provide paid sick leave at the rate of 1 hour for every 40 hours worked. Should this initiative pass, this will create additional financial challenges to the cardrooms [and] possibly to the WSGC that regulates our activities.
- As a Class F Cardroom Owner I am anticipating a passage of the initiative and am making some proposed changes that may help in generating additional revenue for the cardrooms.”

At the August Commission meeting, the Commissioners took final action on a petition which made changes to WAC 230-15-135 and increased the single wager limits for nonhouse-banked card games to \$100 for Class F and \$300 for house-banked card rooms. Ms. Malphrus then asked the Commissioners to change the language in WAC 230-15-135 to increase the single wager limits for nonhouse-banked card games to \$300 for Class F. The Commission made a motion to file this amended language for further discussion.

A Small Business Economic Impact Statement was not prepared. These rule changes would allow for higher betting limits and would benefit businesses. The rule change would not impose additional costs to licensees.

Attachments:

- Petition for rule changes from Teresa Malphrus in a letter dated April 10, 2016.
- May 4, 2016, email from Teresa Malphrus regarding changes to her original petition.
- Notice of rule-making sent to all card game licensees.

Licensees Impacted

With the proposed changes to the rake, three Class F card rooms and those house-banked card rooms that offer nonhouse-banked card games may be impacted if they choose to increase the wager limits.

With the proposed changes to the single wager limits, three Class F card rooms will be impacted.

Policy Considerations
None.
Statements Supporting
Stakeholder comments attached.
Staff Recommendation
Final Action on WAC 230-15-080 and Version 2 of WAC 230-15-135.
Proposed Effective Date for Rule Change
31 days from filing.

AMENDATORY SECTION (Amending WSR 07-09-033, filed 4/10/07,
effective 1/1/08)

WAC 230-15-080 Authorized fees and authorized methods of collection. Card game licensees must collect only one type of card game fee at a table at any given time. The following are authorized types of fees, the card game licensees who may use those fee types, and the methods of collection:

Authorized types of fees	Licensees authorized to use the fee types	Authorized methods of collection	Maximum amount to collect
<p>(1) Period of time - (a) Licensees must collect the fee at least once per hour at times the licensee chooses, for example, at thirty minute increments; and (b) Licensees must record all fees immediately after collection; or</p>	Class A, B, C, E, F	Direct collection; or Chip rack - Only allowed if licensed for three or fewer tables; or Drop box.	Not more than ten dollars per hour, per player.
<p>(2) Per hand played - (a) Players must place fees charged on a per-hand basis in a designated area of the table and dealers must collect them before dealing the first round of cards; and (b) After collecting the fees, dealers must deposit all chips or coins in either the drop box or chip rack; or</p>	Class F and house-banked	Drop box; or Chip rack - Only allowed if licensed for three or fewer tables.	Not more than one dollar per hand, per player.
<p>(3) Rake -</p>	Class F and house-banked		

Authorized types of fees	Licensees authorized to use the fee types	Authorized methods of collection	Maximum amount to collect
<p>(a) Dealers must collect fees charged on the amounts wagered during the play of the hand and place the fees in a designated area of the table; and</p> <p>(b) Once dealers accumulate the maximum fee for a hand, they must spread the chips or coins to allow players and the surveillance system to view the amount collected. After spreading the chips or coins, the dealer deposits them in either the drop box or chip rack.</p>		<p>Drop box; or Chip rack - Only allowed if licensed for three or fewer tables.</p>	<p>Not more than ((five dollars per hand or) ten percent of the total wagers for a hand((, whichever is less))).</p>

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-080, filed 4/10/07, effective 1/1/08.]

Version 2 (filed after August 2016 Commission Meeting)

AMENDATORY SECTION (Amending WSR 12-21-048, filed 10/12/12,
effective 1/1/13)

**WAC 230-15-135 Wagering limits for nonhouse-banked card
games.** Card room licensees must not exceed these wagering
limits:

(1) **Poker** -

(a) There must be no more than five betting rounds in any
one game; and

(b) There must be no more than four wagers in any betting
round, for example, the initial wager plus three raises; and

(c) The maximum amount of a single wager must not exceed
~~((forty dollars; however, class F and house-banked card game
licensees may offer a single wager not to exceed)):~~

(i) ThreeOne hundred dollars for ((the game of Texas
Hold'em;)) class F and house-banked card game licensees; and

(ii) Forty dollars for all other card game licensees.

(2) **Games based on achieving a specific number of
points** - Each point must not exceed five cents in value;

(3) **Ante** - No more than the maximum wager allowed for the first betting round for any game, except for Panguingue (Pan).

The ante may, by house rule:

(a) Be made by one or more players, but the total ante may not exceed the maximum wager allowed for the first betting round; and

(b) Be used as part of a player's wager((+)).

(4) **Panguingue (Pan)** - The maximum value of a chip must not exceed ten dollars. An ante must not exceed one chip. We prohibit doubling of conditions. Players going out may collect no more than two additional chips for going out from each participating player.

[Statutory Authority: RCW 9.46.070 and 9.46.0282. WSR 12-21-048 (Order 680), § 230-15-135, filed 10/12/12, effective 1/1/13; WSR 09-21-013 (Order 658), § 230-15-135, filed 10/9/09, effective 11/9/09. Statutory Authority: RCW 9.46.070. WSR 09-09-056 (Order 642), § 230-15-135, filed 4/10/09, effective 7/1/09; WSR 07-21-116 (Order 617), § 230-15-135, filed 10/22/07, effective 1/1/08; WSR 07-09-033 (Order 608), § 230-15-135, filed 4/10/07, effective 1/1/08.]

Amended Section

WAC 230-15-135 Wagering limits for nonhouse-banked card games.

Card room licensees must not exceed these wagering limits:

(1) **Poker** -

(a) There must be no more than five betting rounds in any one game; and

(b) There must be no more than four wagers in any betting round, for example, the initial wager plus three raises; and

(c) The maximum amount of a single wager must not exceed:

(i) One hundred dollars for class F and house-banked card game licensees and

(ii) Forty dollars for all other; however, class F and house-banked card game licensees may offer a single wager not to exceed one hundred dollars for the game of Texas Hold'em;

(2) **Games based on achieving a specific number of points** - Each point must not exceed five cents in value;

(3) **Ante** - No more than the maximum wager allowed for the first betting round for any game, except for Panguingue (Pan). The ante may, by house rule:

(a) Be made by one or more players, but the total ante may not exceed the maximum wager allowed for the first betting round; and

(b) Be used as part of a player's wager;

(4) **Panguingue (Pan)** - The maximum value of a chip must not exceed ten dollars. An ante must not exceed one chip. We prohibit doubling of conditions. Players going out may collect no more than two additional chips for going out from each participating player.

From: [Teresa Malphrus](#)
To: [Newer, Susan \(GMB\)](#)
Subject: WAC rule changes
Date: Monday, April 11, 2016 8:07:38 PM
Attachments: [hideaway_proposal.pdf](#)

Susan,

I've enclosed my letter and the two WAC rules with changes.

Please look it over and let me know if I should make changes or what more is needed.

Thanks again for your help.

Teresa Malphrus

The Hideaway



April 10, 2016

Ms. Susan Newer
C/O WSGC
4565 7th Ave. S.E.
P.O. Box 42400
Olympia, WA 98504-2400

Ms. Newer,

Thank you for guiding me through the process leading up to this letter proposing two WAC rule changes.

In November of this year, the voters in the state of Washington will be voting on one of 3 initiatives that would raise the minimum wage in each of the next four years, with a starting date effective January, 2017. In addition, in January of 2018, we will be required to provide paid sick leave at the rate of 1 hour for every 40 hours worked.

Should this initiative pass, this will create additional financial challenges to the cardrooms and possibly to the WSGC that regulates our activities.

As of the end of 2014, by your own online reporting, fourteen of the 49 remaining larger cardrooms were operating in the red, with several very close behind.

As a Class F Cardroom Owner I am anticipating a passage of the initiative and am making some proposed changes that may help in generating additional revenue for the cardrooms.

Both these changes have precedent.

WAC 230-15-135 (1c)

Wagering limits for nonhouse-banked card games.

The Game of Texas Holdem (a nonhouse-banked card game), currently has a maximum wager of one hundred dollars.

I am asking that all nonhouse-banked card games have a maximum wager of one hundred dollars.

My understanding is that the one hundred dollar limit in Texas Holdem has not resulted in any issues with the WSGC.

WAC 230-15-80 (3)

Authorized fees and authorized methods of collection.

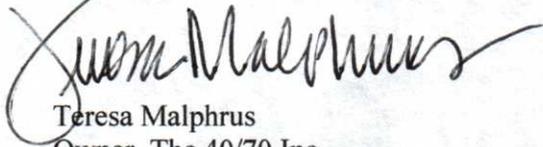
I am asking that the rake collection (house money) limit of ten percent of the pot up to five dollars be changed to ten percent of the pot with no regulation on limits.

The Player Supported Jackpot (PSJ) has already had all limit regulations removed. My understanding is that there has been no issue with the removal of those regulations with the WSGA. The rake, like the PSJ, will be regulated by what the players will be willing to accept while playing poker, i.e. what the market will bear.

I understand that the rake and the PSJ that each room chooses to take must be clearly communicated to the players. That would not change.

I appreciate consideration by the WSGC regarding the passage of these changes to existing WAC Regulations.

Regards,

A handwritten signature in black ink, appearing to read "Teresa Malphrus". The signature is fluid and cursive, with a large initial "T" and "M".

Teresa Malphrus
Owner, The 40/70 Inc.
Dbas/ The Hideaway Restaurant and Casino

Cc./ WSGC file

WAC 230-15-135

Wagering limits for nonhouse-banked card games.

Card room licensees must not exceed these wagering limits:

(1) Poker -

- (a) There must be no more than five betting rounds in any one game; and
- (b) There must be no more than four wagers in any betting round, for example, the initial wager plus three raises; and
- (c) ~~The maximum amount of a single wager must not exceed forty dollars; however,~~ Class F and house-banked card game licensees may offer a single wager not to exceed one hundred dollars. ~~for the game of Texas Hold'em;~~

(2) Games based on achieving a specific number of points - Each point must not exceed five cents in value;

(3) Ante - No more than the maximum wager allowed for the first betting round for any game, except for Panguingue (Pan). The ante may, by house rule:

- (a) Be made by one or more players, but the total ante may not exceed the maximum wager allowed for the first betting round; and
- (b) Be used as part of a player's wager;

(4) Panguingue (Pan) - The maximum value of a chip must not exceed ten dollars. An ante must not exceed one chip. We prohibit doubling of conditions. Players going out may collect no more than two additional chips for going out from each participating player.

Authorized types of fees	Licensees authorized to use the fee types	Authorized methods of collection	Maximum amount to collect
<p>(1) Period of time -</p> <p>(a) Licensees must collect the fee at least once per hour at times the licensee chooses, for example, at thirty minute increments; and</p> <p>(b) Licensees must record all fees immediately after collection; or</p>	Class A, B, C, E, F	Direct collection; or Chip rack - Only allowed if licensed for three or fewer tables; or Drop box.	Not more than ten dollars per hour, per player.
<p>(2) Per hand played -</p> <p>(a) Players must place fees charged on a per-hand basis in a designated area of the table and dealers must collect them before dealing the first round of cards; and</p> <p>(b) After collecting the fees, dealers must deposit all chips or coins in either the drop box or chip rack; or</p>	Class F and house-banked	Drop box; or Chip rack - Only allowed if licensed for three or fewer tables.	Not more than one dollar per hand, per player.
<p>(3) Rake -</p> <p>(a) Dealers must collect fees charged on the amounts wagered during the play of the hand and place the fees in a designated area of the table; and</p> <p>(b) Once dealers accumulate the maximum fee for a hand, they must spread the chips or coins to allow players and the surveillance system to view the amount collected. After spreading the chips or coins, the dealer deposits them in either the drop box or chip rack.</p>	Class F and house-banked	Drop box; or Chip rack - Only allowed if licensed for three or fewer tables.	Not more than five dollars per hand or ten percent of the total wagers for a hand., whichever is less.

From: [Teresa Malphrus](#)
To: [Griffin, Tina \(GMB\)](#)
Subject: Re: FW: WAC rule changes
Date: Wednesday, May 04, 2016 1:21:15 PM

Tina, the changes below are acceptable to complete the two proposals I've put for for consideration by the Gambling commission.
Thank you for your help through this process.
Teresa Malphrus

On May 4, 2016 1:02 PM, "Griffin, Tina (GMB)" <tina.griffin@wsgc.wa.gov> wrote:

From: Griffin, Tina (GMB)
Sent: Wednesday, May 04, 2016 10:00 AM
To: 'teresa@hideawaycasino.com' <teresa@hideawaycasino.com>
Cc: Wittmers, Keith (GMB) <keith.wittmers@wsgc.wa.gov>
Subject: RE: WAC rule changes

Teresa,

In my haste to resolve the language in WAC 230-15-135(1), I forgot there are other license classes of cardrooms that rely on the \$40 single wagering limits. Would you be agreeable to the following language:

WAC 230-15-135(1)(c) "The maximum amount of a single wager must not exceed: (i) One hundred dollars for class F and house-banked card game licensees and (ii) Forty dollars for all other card game licensees;"

Thank you for your consideration,

Tina Griffin
Assistant Director
Licensing, Regulation, and Enforcement Division
Washington State Gambling Commission
[360-486-3546](tel:360-486-3546)

From: Griffin, Tina (GMB)
Sent: Tuesday, May 03, 2016 10:12 PM
To: 'teresa@hideawaycasino.com' <teresa@hideawaycasino.com>
Cc: Wittmers, Keith (GMB) <keith.wittmers@wsgc.wa.gov>
Subject: FW: WAC rule changes
Importance: High

Hello Teresa,

Thank you for your letter. I understand from your letter that you are agreeable to leaving the word “than” in WAC 230-15-080(3). Unfortunately, your letter includes an “or”. Are you agreeable to the following for WAC 230-15-080(3), “Not more than ten percent of the total wagers for a hand”?

Lastly, your requested changes to WAC 230-15-135(1)(c), to strike the phrase, “The

maximum amount of a single wager must not exceed forty dollars”, eliminates the wagering limits for the eight licensed and operating card rooms in Washington. In doing so, you would be inadvertently causing them to no longer offer nonhouse-banked card games. I do not think this is your intent. It is my understanding from your letter you are asking the Commissioners to allow single maximum wagers of \$100 for nonhouse-banked card games offered by Class F and house-banked card rooms.

In order to continue to allow the eight Class E card rooms to continue to be operational and still meet your request, would you be agreeable to the following language changes to WAC 230-15-135(1)(c) “The maximum amount of a single wager must not exceed: (i) Forty

dollars for class E card game licensees; and (ii) One hundred dollars for class F and house-banked card game licensees”?

If you are agreeable to these two changes to the rule language you submitted, please let me know as soon as possible. An email reply is preferable. If you have any questions, please feel free to contact me at [360-507-3456](tel:360-507-3456) (cell) or [360-486-3546](tel:360-486-3546) (office).

Sincerely,

Tina Griffin

Assistant Director

Licensing, Regulation, and Enforcement Division

Washington State Gambling Commission

[360-486-3546](tel:360-486-3546)

From: Wittmers, Keith (GMB)
Sent: Tuesday, May 03, 2016 2:42 PM
To: Griffin, Tina (GMB) <tina.griffin@wsgc.wa.gov>
Subject: F. wd: WAC rule changes

FYI

Sent from my iPhone

Begin forwarded message:

From: Teresa Malphrus <teresa@hideawaycasino.com>
Date: May 3, 2016 at 2:14:52 PM PDT
To: <TINA.GRIFFEN@WSGC.WA.GOV>
Cc: <SUSAN.NEWER@WSGC.WA.GOV>, <KEITH.WITTMERS@WSGC.WA.GOV>
Subject: WAC rule changes

Tina, Please see changes requested regarding my two proposals currently under review by staff.

Thank You

Teresa Malphrus

The Hideaway



STATE OF WASHINGTON
GAMBLING COMMISSION

PO Box 42400 Olympia WA 98504-2400 (360) 486-3440 TDD (360) 486-3637 FAX (360) 486-3626

NOTICE OF RULE MAKING

May 9, 2016

Dear Card Game Licensee:

The Washington State Gambling Commission has received three petitions for rulemaking that will be up for discussion and possible filing at the May 12, 2016, Commission Meeting. The proposed rules address such things as hours of operation, gambling promotions, authorized fees and methods of collection, and nonhouse-banked card game wagering limits.

The proposed rules submitted by the petitioners can be found on our website at <http://www.wsgc.wa.gov/> under Public Meetings then May 2016. If you do not have access to the internet, you can obtain a copy of the proposed rule changes by contacting Hollee Arrona at (360) 486-3555.

These rules will be discussed at the May 2016 Study Session and Commission meeting, which will be held at the Red Lion Hotel at 2525 N. 20th Avenue in Pasco. You can participate in the meeting via phone. Please refer to our website, under Public Meetings to verify the agenda, meeting start times and instructions for participating via phone.

If the Commissioners file the petitions for further discussion, these rules will be discussed during at least two more Study Sessions and one more Commission Meeting. Refer to our website under Public Meetings at least two weeks prior to the meeting to verify meeting dates, times and agenda items.

We encourage you to comment on the proposed rules packages by attending an upcoming commission meeting or by sending us your comments. Lastly, if any of the proposed rule changes would cause a financial impact to your business, please let us know. All comments can be send to:

By email: Holley.Arrona@wsgc.wa.gov; or

By mail: WSGC
Attn: Hollee Arrona
P.O. Box 42400
Olympia, WA 98504

If you have any questions, please feel free to contact me at Tina.Griffin@wsgc.wa.gov or at (360) 486-3546.

Sincerely,

A handwritten signature in black ink, appearing to read "Tina Griffin".

Tina Griffin
Assistant Director



From: [Accounting](#)
To: [Newer, Susan \(GMB\)](#)
Subject: Rule Changes
Date: Wednesday, June 15, 2016 2:40:27 PM

Attention WSGC,

To whom it may concern

Please find below a list of potential rule changes that I support. I believe all of the following to be a positive change to assist Poker to not only remain strong but to grow and help support the now smaller number of casinos in Washington State.

1. Hours of Operation – would allow for 24-7 operations
2. Promotions – enhances opportunities for operating promotions
3. Poker wager limits – raises the poker limit to \$100 on all games and \$300 for poker games that also operate house banked games
4. Allows the rake at 10% removing the \$5 limit and allows for \$100 wager on all games, not just Texas Hold'em

Thank You,

Dan Baker
Controller
Black Pearl Spokane

From: [Newer, Susan \(GMB\)](#)
To: [Griffin, Tina \(GMB\)](#); [Hunter, Amy \(GMB\)](#)
Subject: FW: Rule Changes for Card rooms - Public Comment
Date: Wednesday, June 15, 2016 4:47:30 PM

FYI – This came in today from Susan’s email.

From: Mark and Patricia Greene [mailto:maloa@hotmail.com]
Sent: Wednesday, June 15, 2016 3:29 PM
To: Newer, Susan (GMB) <susan.newer@wsgc.wa.gov>
Cc: Lance Rinard <lancerin@aol.com>; Dolores (RGA) <DChiechi@rga-wa.org>
Subject: Rule Changes for Card rooms

Dear Susan,

As owner of Lancer Lanes and Casino I would like to let you know that I'm in favor of all the rule changes to do with 24 hours open, Poker limits and rake, and enhanced opportunities for promotions. Please go ahead and adopt the new rules for these items.

Thank you,

Mark Greene

From: [Newer, Susan \(GMB\)](#)
To: [Griffin, Tina \(GMB\)](#); [Hunter, Amy \(GMB\)](#)
Subject: FW: Rule Changes - Public Comment
Date: Wednesday, June 15, 2016 4:50:43 PM

[Another to add](#)

From: Ian Riley [mailto:ianriley@blackpearlspokane.com]
Sent: Wednesday, June 15, 2016 2:04 PM
To: Newer, Susan (GMB) <susan.newer@wsgc.wa.gov>
Cc: Dolores Chiechi <DChiechi@rga-wa.org>
Subject: Rule Changes

Attention WSGC

To whom it may concern

Please find below a list of potential rule changes that I support. I believe all of the following to be a positive change to assist Poker to not only remain strong but to grow and help support the now smaller number of casinos in Washington State.

1. [Hours of Operation – would allow for 24-7 operations](#)
2. [Promotions – enhances opportunities for operating promotions](#)
3. [Poker wager limits – raises the poker limit to \\$100 on all games and \\$300 for poker games that also operate house banked games](#)
4. [Allows the rake at 10% removing the \\$5 limit and allows for \\$100 wager on all games, not just Texas Hold'em](#)

Thank you,
Regards,
Ian Riley

From: [Newer, Susan \(GMB\)](#)
To: [Griffin, Tina \(GMB\)](#)
Subject: FW: Proposed Rule Changes - Public Comment
Date: Thursday, June 16, 2016 10:48:40 AM

From: Josh Herschlip [mailto:josh_herschlip@msn.com]
Sent: Thursday, June 16, 2016 12:31 AM
To: Newer, Susan (GMB) <susan.newer@wsgc.wa.gov>
Cc: Dolores Chiechi <dchiechi@rga-wa.org>
Subject: Proposed Rule Changes

My name is Josh Herschlip, I am the Regional Manager for the Buzz Inn Steakhouse Corporation, This includes representation of the Buzz Inn Steakhouse and Casino located in East Wenatchee. We also previously owned and operated Ace's Casino which was located in Arlington, WA. I'm contacting you regarding potential rule changes. The reason I mention the previous location is these rule changes could have been potential difference makers in our survival. Aces was located within 10 miles of three tribal casinos (Tulalip, Quil Ceda and Angel of the Winds)

*We support the change in the hours of operation. The forcing of closure to our establishments when a potential of business exists and is accessible throughout the state with no limitations creates an unfair advantage as well as limits customer base with staggered schedules. Many occupations include swing shift/ grave yard shifts the forced closure drives that potential business elsewhere.

*We support the changes in promotion allowances. These restrictions put a damper on our creativity and the possibilities of great promotions to entertain our guests. These promotions are how we create excitement about our businesses and generate new business! People like spinning wheels and the excitement of the possibility.

*We support the increased poker wagers. Increasing this wager not only helps level the playing field that exists in our state but makes it less of a conversation to our guests as what the difference of playing poker at a tribal casino and our card rooms. It also allows greater flexibility to games being spread. I believe most people agree poker is a game of skill and proper wagering is an important part of the game and allows players to better protect their investment or wager by betting accordingly to pot size. The greater the spread the better the game. That being said all games approved to be spread or played should allow for the same wager to alleviate confusion to our staffs, agents and guests.

*We support the change in rake structure. Allowing our operations to rake up to 10% of the pot allows for the rooms to absorb portions of the costs that have been added to our day to day operation.(Health Care, Minimum Wage Increase, Restrictive Scheduling, Sick Leave, Salary Structure as well as rising product cost) These are obviously much greater costs than increased rake can fix but it's a step in the right direction for those who offer poker. We are an industry in great need of finding a balance for gaming in our state we need new revenue to just survive, while the current rules allow the same industry to thrive with a few major adjustments to the rules.

Please support these changes and help the R.G.A. balance out gaming in our state!

Thank You For Your Time.
Josh Herschlip

From: [Newer, Susan \(GMB\)](#)
To: [Griffin, Tina \(GMB\)](#)
Subject: FW: Call to action reply - Public Comment
Date: Thursday, June 16, 2016 10:54:32 AM

FYI

From: B.J. Garbe [mailto:bj@lakebowl.com]
Sent: Thursday, June 16, 2016 10:17 AM
To: Newer, Susan (GMB) <susan.newer@wsgc.wa.gov>
Subject: Call to action reply

Hello Susan,

As part of the Call To Action email, I would like to let you know that Lake Bowl/Papa's Sports Lounge and Casino is in favor of all rule changes.

Thanks,

B.J. Garbe, CEO
Lake Bowl Inc.

From: [Newer, Susan \(GMB\)](#)
To: [Griffin, Tina \(GMB\)](#)
Subject: FW: petitions
Date: Monday, June 27, 2016 2:10:31 PM

From: George Teeny [mailto:gteeny@thephoenixcasino.com]
Sent: Monday, June 27, 2016 1:47 PM
To: Newer, Susan (GMB) <susan.newer@wsgc.wa.gov>
Cc: dolores@rga-wa.org; Jo England <jengland@thephoenixcasino.com>
Subject: petitions

Afternoon Commissioners

This email is to notify you that my club, The Phoenix Casino, supports the petitions that have been submitted to you by private parties and the RGA.

WAC rules to be modified and petitions to follow:

- 1) 230-15-025 ---- Hours of Operation
- 2) 230-06-030 ---- Restrictions and Conditions – Gambling Promotions
- 3) 230-06-031 ---- Promotional Contests of Chance
- 4) 230-15-080 ---- Authorized Fees and Authorized Methods of Collection
- 5) 230-15-135 ---- Wagering Limits for Nonhouse-Banked Card Games

These petitions, all or in part, will help the gaming industry as a whole.

However, with that being said, none of these petitions are the “golden ticket” for the commercial clubs to grow and prosper in the years ahead. The only thing that might have that affect will be some form of electronic (gaming) pull tab machines.

thank you for your time and consideration,
sincerely,
george teeny

Amend

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.



- November 2016 – Up for Further Discussion**
- October 2016 – Up for Further Discussion**
- September 2016 – Up for Further Discussion**
- August 2016 – Final Action**
- May 2016 – Up for Discussion and Possible Filing**
- April 2016 – Study Session**

TAB 9: November 2016 Commission Meeting Agenda.	Statutory Authority 9.46.070
Who Proposed the Rule Change?	
Recreational Gaming Association.	
Describe the Proposed Change / Background	
<u>Bold/Underline = Changes made after the October 2016 Commission Meeting</u>	
<p>The Recreational Gaming Association is requesting the following rule changes:</p> <p>Promotions (WAC 230-06-030): The proposed change would allow operators to offer gambling promotions that:</p> <ul style="list-style-type: none"> • Allow entry based on disclosed criteria; • Offer lottery tickets as a prize; • Add additional merchandise or cash prizes to licensed gambling activities; • Allow licensed manufacturers, distributors, and service suppliers to give licensees cash or merchandise to offer as a prize; and • Allow card rooms to use a physical drawing, spinning a wheel or selection from a group of concealed items to award a prize. <p>The proposed change clarifies when we review and approve gambling promotions. This occurs when cash or merchandise provided by a licensed manufacturer distributor or service provider for a single gambling promotion is over \$25,000.</p> <p>Currently, operators offering gambling promotions (1) must offer the promotion to all patrons of their establishments, (2) cannot use second elements of chance (spinning wheels, drawings, etc.) except for bingo operators and (3) cannot offer lottery tickets as prizes.</p> <p>Use of wheels in promotions (WAC 230-06-031): The proposed change would allow card room licensees to use spinning wheels in conjunction with promotions they offer to customers. Currently, card room licensees cannot use spinning wheels in conjunction with promotions.</p> <p>At the August meeting, the Commissioners suggested they work with staff and the RGA to add rule language limiting the promotional prizes awarded.</p> <p>Staff advised Commissioners at the September Commission meeting language was near completion and would be ready for their review in October. The change would allow manufacturers, distributors, and service suppliers to provide prizes to operators for promotions, but such promotions require advance approval by the Director if the cash or merchandise for a single promotion exceeds \$25,000. <u>At their October meeting, Commissioners voted to file version 3. During that meeting Commissioner Stearns</u></p>	

had some questions about when the director would disapprove a plan or promotion. Some additional language has been added, see language highlighted in yellow.

A Small Business Economic Impact Statement was not prepared because the rule change would not impose more than minor costs to licensees.

Attachments:

- March 21, 2016, letter from Dolores Chiechi, Executive Director of the RGA.
- April 25, 2016, email from Dolores Chiechi requesting to hold over the rule change to WAC 230-15-055.
- Notices of rule-making sent to all manufacturers, distributors, service suppliers, and card game licensees.

Licensees Impacted
Licensed card rooms, manufacturers, distributors and service suppliers.
Regulatory Impacts
This change clarifies which gambling promotions require staff approval before operating and clearly sets out the requirement for Director approval. These changes would reduce staff time since staff would not be reviewing all promotions.
Policy Considerations
None
Statements supporting
See comments attached.
Staff Recommendation
Further discussion.
Proposed Effective Date for Rule Change
31 days from filing.

VERSION 3 MADE AFTER SEPTEMBER COMMISSION MEETING.

***Note: Subsections (1) through (3) have been reordered.**

AMENDATORY SECTION (Amending WSR 14-17-056, filed 8/15/14,
effective 9/15/14)

**WAC 230-06-030 Restrictions and conditions for gambling
promotions.** Licensees may conduct gambling promotions to
encourage players to participate in ((a)) the gambling activity
they are licensed to conduct without our review or approval, ~~but~~
~~you must follow these~~ under these restrictions and conditions:

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

~~(2))~~ You must establish ~~standards~~ rules and restrictions to
determine how you will give promotional prizes and items to
players; and. (~~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;~~)

(2) You must display Aall rules and restrictions and
conditions, including any promotional materials or
advertisements, must be clearly posted in the area of the
gambling area and include them on promotional materials or
advertisements activity. For promotions on card games you must

~~post the restrictions and conditions near the card game where the promotion will be offered;~~ and

(3) You must give all players eligible for the promotion an equal opportunity to participate; and

~~((3)) (24) 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 we regulate as a promotional item)) ~~the promotional prize in a gambling promotion cannot be pull tabs, bingo paper, raffle tickets, or entry into another licensed gambling activity regulated by us;~~
and~~

~~((4) You must display all rules or restrictions clearly in the gambling area and include them on promotional materials or advertisements;)) (35) As part of a gambling promotion, you may add additional merchandise or cash prizes, including increasing payouts to licensed for gambling activities you are licensed to conduct 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~~

(6) Licensed manufacturers, distributors, and service suppliers may give cash or merchandise items to licensed operators to be used as promotional prizes as long as:

a) the cash or merchandise(s) is offered to all licensed operators; and

b) the gambling promotion is approved by the Director or Director's designee when a cash or merchandise provided to a licensed operator for a single promotion is over \$25,000.

(7) In order for a licensed manufacturer, distributor, and service supplier to receive approval, the plan for the gambling promotion must be submitted to the director at least ninety (90) days in advance of the intended start date. The promotion must include sufficient information for the director's approval, comply with all applicable federal and state laws, and include:

(a) the gambling promotion rules and restrictions; and

(b) how the operator will safeguard the prizes; and

(c) how the prizes will be given away; and

(d) the beginning and ending dates for the gambling promotion; and

(e) A detailed prize winner's record to be filled out upon completion of the promotion that includes the winner's name, prizes paid out, date the prize was awarded; and

(f) Any other information we request; and

(875) You must not give ~~the~~ promotional prizes or items based on additional elements of chance, ~~except that: by the use of physical drawings, spinning a wheel, or a player making a selection from a group of concealed items, unless you are doing so as part of a bingo game or awarding the 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) Licensed bingo operators are authorized to give promotional prizes or items as part of a bingo game; and based on an element of chance, such as drawing or spinning wheel; The promotional coupons have no value and are not considered part of the player's wager in determining the amount wagered; and

(b) Licensed card rooms are authorized to give promotional prizes or items as part of a physical drawing, spinning a wheel, or selecting from a group of concealed items; and Restrictions

~~on the use of promotional coupons must be disclosed on the coupon and any expiration dates must be included on the coupon; and~~

~~(c) The promotional coupon by itself is not a gambling activity.~~ **(9) 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.**

[Statutory Authority: RCW 9.46.070 and 9.46.0277. WSR 14-17-056 (Order 703), § 230-06-030, filed 8/15/14, effective 9/15/14.]

Statutory Authority: RCW 9.46.070. WSR 08-17-066 (Order 629), § 230-06-030, filed 8/18/08, effective 9/18/08; WSR 06-17-132 (Order 601), § 230-06-030, filed 8/22/06, effective 1/1/08.]

Version 2 - Changes since the May Commission Meeting are highlighted and bold. *Note: Subsections (1) through (3) have been reordered.

Amended Section

WAC 230-06-030 Restrictions and conditions for gambling promotions.

Licenses may conduct gambling promotions to encourage players to participate in **the a** gambling activity **they are licensed to conduct without our review or approval** under these restrictions and conditions:

(~~12~~) You must establish rules and restrictions 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))~~); and

(~~23~~) You must display all rules and restrictions clearly in the gambling area and include them on promotional materials or advertisements; and

(3) You must give all players **eligible for the promotion** an equal opportunity to participate; **allowing entries based on criteria, for example, time played or promotions for groups, such as “Ladies’ Night” are allowed;** and

(4) 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 **we regulate** as a promotional item; and

(5) As part of a gambling promotion, you may add additional merchandise or cash prizes, including increasing payouts, for gambling activities you are licensed to conduct;
and

(6) Licensed manufacturers, distributors, and service suppliers may give cash or merchandise items to licensed operators to be used as promotional prizes; and

(7) You must not give promotional prizes based on additional elements of chance, except:

(a) Licensed bingo operators may give items as part of a bingo game based on an element of chance, such as a drawing or spinning wheel;

(b) Licensed card rooms may only use physical drawings, spinning a wheel, or selecting from a group of concealed items; and

(8) 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.

Amended 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 promotional prizes on card games as set out in WAC**

230-06-030.

Original Language filed at the May 2016 Commission meeting.

Amended Section

WAC 230-06-030 Restrictions and conditions for gambling promotions.

Licensees may conduct gambling promotions to encourage players to participate in the a gambling activity they are licensed to conduct without our review or approval under these restrictions and conditions:

(1) You must give all players an equal opportunity to participate; allowing entries based on criteria, for example, time played or promotions for groups, such as “Ladies’ Night” are allowed; and

(2) You must establish rules and restrictions 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))~~; and

(3) You must display all rules and restrictions clearly in the gambling area and include them on promotional materials or advertisements; and

(4) 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 we regulate as a promotional item; and

(5) As part of a gambling promotion, you may add additional merchandise or cash prizes, including increasing payouts, for gambling activities you are licensed to conduct; and

(6) Licensed manufacturers, distributors, and service suppliers may give cash or merchandise items to licensed operators to be used as promotional prizes; and

(7) You must not give promotional prizes based on additional elements of chance, except:
(a) Licensed bingo operators may give items as part of a bingo game based on an element of chance, such as a drawing or spinning wheel;

(b) Licensed card rooms may only use physical drawings, spinning a wheel, or selecting from a group of concealed items; and

(8) 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.

Original Language filed at the May 2016 Commission meeting.

Amended 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 promotional prizes on card games as set out in WAC 230-06-030.



Post Office Box 1787 ♦ Olympia, WA 98507-1787 ♦ 360-352-0514

March 21, 2016

Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504-2400

RE: Petition for Rule Changes:
WAC 230-15-025 - Hours of play
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 - Promotional Contests of Chance (PCOC)
WAC 230-15-055 - Limit on number of players at each table

Dear Commissioners:

On behalf of our members, we respectfully submit the attached rules changes for review and consideration.

These changes would authorize licensees to:

- Request the authorization to operate gambling 24 hours a day 7 days a week (as other venues are allowed), retaining the requirement of input from local law enforcement;
- Conduct varied promotions for patrons, within specified parameters, without hindering staff with a review of each idea;
- Utilize spinning wheels in promotional contests of chance and offer prizes or contests for patrons with certain hands of cards during play; and
- Allow patrons to make wagers on the line (line-betting) on all games of baccarat - staff's rule change last year allowed this only on non-proprietary games - house banked card room licensees only offer proprietary games of baccarat, similar to those offered at other venues.

We request that the Commission consider filing these petitions for further discussion. We will provide further information before and during our presentation at the May meeting. We anticipate letters of support from house banked card room licensees will ensue once the petitions appear on the Commission's formal agenda.

Thank you in advance for your attention and consideration.

Sincerely,

Dolores A. Chiechi
Dolores A. Chiechi
Executive Director
Attachments

Rancour, Michelle (GMB)

From: Dolores Chiechi <DChiechi@rga-wa.org>
Sent: Monday, April 25, 2016 1:02 PM
To: Trujillo, Dave (GMB)
Cc: Rancour, Michelle (GMB); Griffin, Tina (GMB); Stueckle, Joshua (GMB)
Subject: Requested May Mtg changes
Attachments: Number of players.docx

Greetings:

Please accept this as a notice requesting postponement until the July meeting of RGA's presentation and the discussion and possible filing of the "number of players" rule relating to mini-baccarat.

Please let me know you received this request.

Thank you for your attention to and consideration of this request.

Dolores A Chiechi
Executive Director
Recreational Gaming Association
PO Box 1787
Olympia, WA 98507-1787
360-352-0514 office
WWW.RGA-WA.ORG

UNITED WE STAND - DIVIDED WE FOLD



STATE OF WASHINGTON
GAMBLING COMMISSION

PO Box 42400 Olympia WA 98504-2400 (360) 486-3440 TDD (360) 486-3637 FAX (360) 486-3626

NOTICE OF RULE MAKING

May 9, 2016

Dear Licensee:

The Washington State Gambling Commission has received a petition for rulemaking that will be up for discussion and possible filing at the May 12, 2016, Commission Meeting. The proposed rules address such things as gambling promotions. The proposed rules submitted by the petitioners are attached.

These rules will be discussed at the May 2016 Study Session and Commission meeting, which will be held at the Red Lion Hotel at 2525 N. 20th Avenue in Pasco. You can participate in the meeting via phone. Please refer to our website, under Public Meetings to verify the agenda, meeting start times and instructions for participating via phone.

If the Commissioners file the petitions for further discussion, these rules will be discussed during at least two more Study Sessions and one more Commission Meeting. Refer to our website under Public Meetings at least two weeks prior to the meeting to verify meeting dates, times and agenda items.

We encourage you to comment on the proposed rules packages by attending an upcoming commission meeting or by sending us your comments. Lastly, if any of the proposed rule changes would cause a financial impact to your business, please let us know. All comments can be send to:

By email: Hollce.Arrona@wsgc.wa.gov; or

By mail: WSGC
Attn: Hollee Arrona
P.O. Box 42400
Olympia, WA 98504

If you have any questions, please feel free to contact me at Tina.Griffin@wsgc.wa.gov or at (360) 486-3546.

Sincerely,

Tina Griffin
Assistant Director





STATE OF WASHINGTON
GAMBLING COMMISSION

PO Box 42400 Olympia WA 98504-2400 (360) 486-3440 TDD (360) 486-3637 FAX (360) 486-3626

NOTICE OF RULE MAKING

May 9, 2016

Dear Card Game Licensee:

The Washington State Gambling Commission has received three petitions for rulemaking that will be up for discussion and possible filing at the May 12, 2016, Commission Meeting. The proposed rules address such things as hours of operation, gambling promotions, authorized fees and methods of collection, and nonhouse-banked card game wagering limits.

The proposed rules submitted by the petitioners can be found on our website at <http://www.wsgc.wa.gov/> under Public Meetings then May 2016. If you do not have access to the internet, you can obtain a copy of the proposed rule changes by contacting Hollee Arrona at (360) 486-3555.

These rules will be discussed at the May 2016 Study Session and Commission meeting, which will be held at the Red Lion Hotel at 2525 N. 20th Avenue in Pasco. You can participate in the meeting via phone. Please refer to our website, under Public Meetings to verify the agenda, meeting start times and instructions for participating via phone.

If the Commissioners file the petitions for further discussion, these rules will be discussed during at least two more Study Sessions and one more Commission Meeting. Refer to our website under Public Meetings at least two weeks prior to the meeting to verify meeting dates, times and agenda items.

We encourage you to comment on the proposed rules packages by attending an upcoming commission meeting or by sending us your comments. Lastly, if any of the proposed rule changes would cause a financial impact to your business, please let us know. All comments can be send to:

By email: Holley.Arrona@wsgc.wa.gov; or

By mail: WSGC
Attn: Hollee Arrona
P.O. Box 42400
Olympia, WA 98504

If you have any questions, please feel free to contact me at Tina.Griffin@wsgc.wa.gov or at (360) 486-3546.

Sincerely,

A handwritten signature in black ink, appearing to read "Tina Griffin".

Tina Griffin
Assistant Director



From: [Arrona, Hollee \(GMB\)](#)
To: [Griffin, Tina \(GMB\)](#)
Subject: FW: Washington State Gambling Commission - Notice of Rule Making
Date: Tuesday, May 17, 2016 9:50:25 AM
Attachments: [05 09 2016 Notice of Rule Making - with attachments.docx](#)

From: Jim Wisler [mailto:jwisler@masque.com]
Sent: Tuesday, May 17, 2016 2:00 AM
To: Arrona, Hollee (GMB) <hollee.aronna@wsgc.wa.gov>
Cc: LaMont, Jennifer (GMB) <jennifer.lamont@wsgc.wa.gov>
Subject: RE: Washington State Gambling Commission - Notice of Rule Making

Hollee,

Thanks for your email from May 10th. Unfortunately, after or trip to Washington, I had to travel out of state again last week. I see from your letter that the proposed rule changes were up for discussion and possible filing at the May 12 Commission meeting. Hopefully, it is not too late to include Masque's comments, which are included in the attached redline.

We created the redline by saving the pdf to a docx format, pasting the existing proposed changes as redline text on one computer and then adding Masque's proposed additions/changes in redline text on my computer. The two redlines will show up as different redline colors to easily differentiate the two. For example: on my machine one redline shows up as red text, the other as blue text.

Please let me know if you have any comments and/or questions.

Kind regards,
Jim

From: DONOTREPLY (GMB) [mailto:donotreply@wsgc.wa.gov]
Sent: May 10, 2016 1:17 PM
To: Griffin, Tina (GMB)
Subject: Washington State Gambling Commission - Notice of Rule Making

A Notice of Rule Making is attached.

Hollee Arrona
Administrative Assistant
Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504
(360) 486-3555

From: [Josh Herschlip](#)
To: [Newer, Susan \(GMB\)](#)
Cc: [Dolores Chiechi](#)
Subject: Proposed Rule Changes
Date: Thursday, June 16, 2016 12:30:48 AM

My name is Josh Herschlip, I am the Regional Manager for the Buzz Inn Steakhouse Corporation, This includes representation of the Buzz Inn Steakhouse and Casino located in East Wenatchee. We also previously owned and operated Ace's Casino which was located in Arlington, WA. I'm contacting you regarding potential rule changes. The reason I mention the previous location is these rule changes could have been potential difference makers in our survival. Aces was located within 10 miles of three tribal casinos (Tulalip, Quil Ceda and Angel of the Winds)

*We support the change in the hours of operation. The forcing of closure to our establishments when a potential of business exists and is accessible throughout the state with no limitations creates an unfair advantage as well as limits customer base with staggered schedules. Many occupations include swing shift/ grave yard shifts the forced closure drives that potential business elsewhere.

*We support the changes in promotion allowances. These restrictions put a damper on our creativity and the possibilities of great promotions to entertain our guests. These promotions are how we create excitement about our businesses and generate new business! People like spinning wheels and the excitement of the possibility.

*We support the increased poker wagers. Increasing this wager not only helps level the playing field that exists in our state but makes it less of a conversation to our guests as what the difference of playing poker at a tribal casino and our card rooms. It also allows greater flexibility to games being spread. I believe most people agree poker is a game of skill and proper wagering is an important part of the game and allows players to better protect their investment or wager by betting accordingly to pot size. The greater the spread the better the game. That being said all games approved to be spread or played should allow for the same wager to alleviate confusion to our staffs, agents and guests.

*We support the change in rake structure. Allowing our operations to rake up to 10% of the pot allows for the rooms to absorb portions of the costs that have been added to our day to day operation.(Health Care, Minimum Wage Increase, Restrictive Scheduling, Sick Leave, Salary Structure as well as rising product cost) These are obviously much greater costs than increased rake can fix but it's a step in the right direction for those who offer poker. We are an industry in great need of finding a balance for gaming in our state we need new revenue to just survive, while the current rules allow the same industry to thrive with a few major adjustments to the rules.

Please support these changes and help the R.G.A. balance out gaming in our state!

Thank You For Your Time.
Josh Herschlip

From: [Newer, Susan \(GMB\)](#)
To: [Griffin, Tina \(GMB\)](#)
Subject: FW: Call to action reply - Public Comment
Date: Thursday, June 16, 2016 10:54:32 AM

FYI

From: B.J. Garbe [mailto:bj@lakebowl.com]
Sent: Thursday, June 16, 2016 10:17 AM
To: Newer, Susan (GMB) <susan.newer@wsgc.wa.gov>
Subject: Call to action reply

Hello Susan,

As part of the Call To Action email, I would like to let you know that Lake Bowl/Papa's Sports Lounge and Casino is in favor of all rule changes.

Thanks,

B.J. Garbe, CEO
Lake Bowl Inc.

From: [Newer, Susan \(GMB\)](#)
To: [Griffin, Tina \(GMB\)](#); [Hunter, Amy \(GMB\)](#)
Subject: FW: Rule Changes - Public Comment
Date: Wednesday, June 15, 2016 4:50:43 PM

[Another to add](#)

From: Ian Riley [mailto:ianriley@blackpearlspokane.com]
Sent: Wednesday, June 15, 2016 2:04 PM
To: Newer, Susan (GMB) <susan.newer@wsgc.wa.gov>
Cc: Dolores Chiechi <DChiechi@rga-wa.org>
Subject: Rule Changes

Attention WSGC

To whom it may concern

Please find below a list of potential rule changes that I support. I believe all of the following to be a positive change to assist Poker to not only remain strong but to grow and help support the now smaller number of casinos in Washington State.

1. [Hours of Operation – would allow for 24-7 operations](#)
2. [Promotions – enhances opportunities for operating promotions](#)
3. [Poker wager limits – raises the poker limit to \\$100 on all games and \\$300 for poker games that also operate house banked games](#)
4. [Allows the rake at 10% removing the \\$5 limit and allows for \\$100 wager on all games, not just Texas Hold'em](#)

Thank you,
Regards,
Ian Riley

From: [Newer, Susan \(GMB\)](#)
To: [Griffin, Tina \(GMB\)](#); [Hunter, Amy \(GMB\)](#)
Subject: FW: Rule Changes - Public Comment
Date: Wednesday, June 15, 2016 4:48:19 PM

FYI – From Susan’s email.

From: Accounting [mailto:accounting@blackpearlspokane.com]
Sent: Wednesday, June 15, 2016 2:39 PM
To: Newer, Susan (GMB) <susan.newer@wsgc.wa.gov>
Subject: Rule Changes

Attention WSGC,

To whom it may concern

Please find below a list of potential rule changes that I support. I believe all of the following to be a positive change to assist Poker to not only remain strong but to grow and help support the now smaller number of casinos in Washington State.

1. Hours of Operation – would allow for 24-7 operations
2. Promotions – enhances opportunities for operating promotions
3. Poker wager limits – raises the poker limit to \$100 on all games and \$300 for poker games that also operate house banked games
4. Allows the rake at 10% removing the \$5 limit and allows for \$100 wager on all games, not just Texas Hold'em

Thank You,

Dan Baker
Controller
Black Pearl Spokane

From: [Newer, Susan \(GMB\)](#)
To: [Griffin, Tina \(GMB\)](#); [Hunter, Amy \(GMB\)](#)
Subject: FW: Rule Changes for Card rooms - Public Comment
Date: Wednesday, June 15, 2016 4:47:30 PM

FYI – This came in today from Susan’s email.

From: Mark and Patricia Greene [mailto:maloa@hotmail.com]
Sent: Wednesday, June 15, 2016 3:29 PM
To: Newer, Susan (GMB) <susan.newer@wsgc.wa.gov>
Cc: Lance Rinard <lancerin@aol.com>; Dolores (RGA) <DChiechi@rga-wa.org>
Subject: Rule Changes for Card rooms

Dear Susan,

As owner of Lancer Lanes and Casino I would like to let you know that I'm in favor of all the rule changes to do with 24 hours open, Poker limits and rake, and enhanced opportunities for promotions. Please go ahead and adopt the new rules for these items.

Thank you,

Mark Greene

From: [Newer, Susan \(GMB\)](#)
To: [Griffin, Tina \(GMB\)](#); [Hunter, Amy \(GMB\)](#)
Cc: [Anderson, Julie \(GMB\)](#); [Arrona, Hollee \(GMB\)](#)
Subject: FW: Proposed Rule changes - Public Comment
Date: Wednesday, June 22, 2016 12:37:44 PM
Attachments: [image001.jpg](#)

From: David Fretz [mailto:dfretz@gagaming.com]
Sent: Wednesday, June 22, 2016 12:21 PM
To: Newer, Susan (GMB) <susan.newer@wsgc.wa.gov>
Subject: Proposed Rule changes

Susan,

Please accept this note in support of the recent rule changes proposed by the RGA. As an industry, House Banked Card Rooms are facing challenges that will result in expense increases that could devastate our industry. As such, enhancements, no matter how small, that could potentially help increase revenues or attract/retain our guests would be beneficial.

Regards,



David Fretz

President - Great American Gaming Corporation
12715 4th Ave W.
Everett, WA 98204
253.480.3000 Ext. 100

Notice Regarding Confidentiality of Transmission

This message is intended only for the person to whom it is addressed and may contain information that is privileged and confidential. If you are not the intended recipient, you are hereby notified that any dissemination or copying of this is prohibited. Please notify us of the error in communication by telephone (604) 303-1000 or by return e-mail and destroy all copies of this communication. Thank you.

From: [Newer, Susan \(GMB\)](#)
To: [Griffin, Tina \(GMB\)](#)
Subject: FW: petitions
Date: Monday, June 27, 2016 2:10:31 PM

From: George Teeny [mailto:gteeny@thephoenixcasino.com]
Sent: Monday, June 27, 2016 1:47 PM
To: Newer, Susan (GMB) <susan.newer@wsgc.wa.gov>
Cc: dolores@rga-wa.org; Jo England <jengland@thephoenixcasino.com>
Subject: petitions

Afternoon Commissioners

This email is to notify you that my club, The Phoenix Casino, supports the petitions that have been submitted to you by private parties and the RGA.

WAC rules to be modified and petitions to follow:

- 1) 230-15-025 ---- Hours of Operation
- 2) 230-06-030 ---- Restrictions and Conditions – Gambling Promotions
- 3) 230-06-031 ---- Promotional Contests of Chance
- 4) 230-15-080 ---- Authorized Fees and Authorized Methods of Collection
- 5) 230-15-135 ---- Wagering Limits for Nonhouse-Banked Card Games

These petitions, all or in part, will help the gaming industry as a whole.

However, with that being said, none of these petitions are the “golden ticket” for the commercial clubs to grow and prosper in the years ahead. The only thing that might have that affect will be some form of electronic (gaming) pull tab machines.

thank you for your time and consideration,
sincerely,
george teeny

From: [Newer, Susan \(GMB\)](#)
To: [Griffin, Tina \(GMB\)](#)
Subject: FW: petitions
Date: Monday, June 27, 2016 2:10:17 PM

From: George Teeny [<mailto:gteeny@thephoenixcasino.com>]
Sent: Monday, June 27, 2016 1:49 PM
To: Newer, Susan (GMB) <susan.newer@wsgc.wa.gov>
Cc: dolores@rga-wa.org; Jo England <jengland@thephoenixcasino.com>
Subject: FW: petitions

Afternoon Commissioners

This email is to notify you that my club, [THE LAST FRONTIER CASINO](#), supports the petitions that have been submitted to you by private parties and the RGA.

WAC rules to be modified and petitions to follow:

- 1) 230-15-025 ---- Hours of Operation
- 2) 230-06-030 ---- Restrictions and Conditions – Gambling Promotions
- 3) 230-06-031 ---- Promotional Contests of Chance
- 4) 230-15-080 ---- Authorized Fees and Authorized Methods of Collection
- 5) 230-15-135 ---- Wagering Limits for Nonhouse-Banked Card Games

These petitions, all or in part, will help the gaming industry as a whole.

However, with that being said, none of these petitions are the “golden ticket” for the commercial clubs to grow and prosper in the years ahead. The only thing that might have that affect will be some form of electronic (gaming) pull tab machines.

thank you for your time and consideration,
sincerely,
george teeny



New Section

WAC 230-15-353 Using match play coupons in nonhouse-banked card games.

Amend

WAC 230-15-453 Using match play or similar coupons in gambling promotions.

November 2016 – Further Discussion

October 2016 – Up for Possible Filing

September 2016 – Study Session

August 2016 – Study Session

Tab 10: November 2016 Commission Meeting Agenda.

Statutory Authority 9.46.070

Who Proposed the Rule Change?

Warren Montney, Lucky Bridge Casino, a 15 table house-banked card room in Kennewick

Describe the Proposed Change / Background

Bold/Underline = Changes made after the October 2016 Commission Meeting

Mr. Montney is seeking a rule change to help start a live poker game after a player has been eliminated from a poker tournament.

The petitioner is seeking a rule change to allow Match Play coupons to be awarded to eligible participants of card tournaments as a gambling promotion. The Match Play coupons could be then be used by the card tournament players in a live card game after the players finish playing in the card tournament. Players would use their money with the Match Play coupon to place their wager in a live poker game.

After further review by staff, the proposed change to WAC 230-15-453 would not allow Match Play coupons to be awarded as promotional prizes on nonhouse-banked card games, such as poker. WAC 230-15-453 is under the title of “Operating House-Banked Card Games.” Any changes to WAC 230-15-453 would impact house-banked card games only, which is not what the petitioner requested.

Based on this, staff is proposing a new rule, WAC 230-15-353, which will allow Match Play coupons to be awarded as promotional prizes on nonhouse-banked card games offered by class F and house-banked card room licensees. This will meet the intent of the petitioner’s request.

The proposed rule changes by the Recreational Gaming Association to WAC 230-06-030 (Tab 9), gambling promotions, would be necessary in order to achieve the changes sought by Mr. Montney.

Attached:

- September 30, 2016 email from Mr. Montney with the rule language requested.
- August 23, 2016 email from Mr. Montney to pull rule petition from September and forward to October Commission meeting in Spokane.
- Petition for Adoption, Amendment or Repeal of a State Administrative Rule received on July 18, 2016 from Mr. Montney.

Licensees Impacted

Card room licensees that have card tournaments. **As of September 30, 2016, there were 3 Class F card rooms and 50 house-banked card rooms that may offer nonhouse-banked and house-banked card games. Both groups can offer tournaments under their license.**

Regulatory and Resource Impacts

Minimal

Stakeholder Feedback

Victor Mena, President of the RGA, testified in support of the petition at the October meeting.

Staff Recommendation

Recommend filing WAC 230-15-353 for further discussion. In October, you filed the changes to WAC 230-15-453, which the petitioner would like to continue to move forward with as well.

Up For Filing at the November 2016 Commission Meeting

New Section

WAC 230-15-353 Using match play coupons in nonhouse-banked card games.

Match play coupons may be offered as gambling promotions in nonhouse-banked card games offered by Class F and house-banked licensees with the following restrictions:

- (1) The coupons have no value and cannot be redeemed for cash.
- (2) Match play coupons may be used as part of a player's wager. The dealer will exchange the match play coupon for the required amount of chips once the match play coupon is used as part of a player's wager and placed into the pot. Upon redemption, the coupon is no longer valid, it cannot be re-used, and must be retained as part of the daily card game records.
- (3) Restrictions on the use of coupons must be disclosed on the coupon.
- (4) Expiration dates must be included on the coupon.
- (5) Match play coupon promotions must be given to all players eligible for the promotion and may be awarded based on the outcome of a card game or tournament.

Filed at the October 2016 Commission Meeting

Amended Section

WAC 230-15-453 Using match play or similar coupons in gambling promotions.

Match play coupons may be offered as gambling promotions with the following restrictions:

(1) The coupons have no value. Players cannot "double down" on the "match play" portion of the wager.

(2) Players may double down on the chip portion of the wager, not to exceed maximum wagering limits.

(3) A match play coupon is not considered part of the player's wager in determining the amount wagered. Match play coupons may be used by players who wager the maximum allowed.

(4) A match play coupon is itself a gambling promotion and cannot be awarded as a prize in a promotional contest of chance, as authorized in RCW 9.46.0356, ~~or as a prize on a card game.~~

(5) Restrictions on the use of coupons must be disclosed on the coupon.

(6) Expiration dates must be included on the coupon.

(7) Match play and other similar type coupon promotions such as Lucky Bucks and Free Ace, etc., ~~must~~ be given to all players eligible for the promotion. ~~participants in a card tournament as long as they are given to all participants and are not awarded based on the outcome of the tournament.~~

(8) Coupon promotions allowing free play must not be given out based upon the outcome of a card game or tournament.

From: [Stueckle, Joshua \(GMB\)](#)
To: [Rancour, Michelle \(GMB\)](#); [Griffin, Tina \(GMB\)](#)
Subject: FW: Petition
Date: Friday, September 30, 2016 3:09:50 PM
Attachments: [Montney Petition 10-2016.docx](#)

[Here you go, hot off the press](#)

From: warren m [mailto:warrenmontney@gmail.com]
Sent: Friday, September 30, 2016 3:06 PM
To: Stueckle, Joshua (GMB) <joshua.stueckle@wsgc.wa.gov>
Subject: Petition

Josh Enclosed please find the Petition for rule change to file with the commission. I would like this rule effective date to be 31 days from filing
Thanks for your Help
Warren Montney
Lucky Bridge casino
509.308.4173 Cell

ORIGINAL LANGUAGE

WAC 230-15-453 Using match play or similar coupons in gambling promotions.

Match play coupons may be offered as gambling promotions with the following restrictions:

- (1) The coupons have no value. Players cannot "double down" on the "match play" portion of the wager.
- (2) Players may double down on the chip portion of the wager, not to exceed maximum wagering limits.
- (3) A match play coupon is not considered part of the player's wager in determining the amount wagered.

Match play coupons may be used by players who wager the maximum allowed.

(4) A match play coupon is itself a gambling promotion and cannot be awarded as a prize in a promotional contest of chance, as authorized in RCW 9.46.0356, ~~or as a prize on a card game.~~

(5) Restrictions on the use of coupons must be disclosed on the coupon.

(6) Expiration dates must be included on the coupon.

(7) Match play and other similar type coupon promotions such as Lucky Bucks and Free Ace, etc., ~~mustay~~ be given to all players eligible for the promotion. ~~participants in a card tournament as long as they are given to all participants and are not awarded based on the outcome of the tournament.~~

(8) Coupon promotions allowing free play mustay not be given out based upon the outcome of a card game or tournament.

From: [Stueckle, Joshua \(GMB\)](#)
To: [Rancour, Michelle \(GMB\)](#)
Subject: Fwd: Request for rule change.
Date: Wednesday, August 24, 2016 2:05:24 PM

Begin forwarded message:

From: "Stueckle, Joshua (GMB)" <joshua.stueckle@wsgc.wa.gov>
Date: August 23, 2016 at 12:02:29 PM PDT
To: "Griffin, Tina (GMB)" <tina.griffin@wsgc.wa.gov>
Cc: "Anderson, Julie (GMB)" <julie.anderson@wsgc.wa.gov>
Subject: FW: Request for rule change.

Tina,
FYI....

I spoke with Warren about changing to the October commission meeting. He gladly agreed as the Spokane venue is much closer.

Thanks,
Josh

From: warren m [<mailto:warrenmontney@gmail.com>]
Sent: Tuesday, August 23, 2016 11:54 AM
To: Stueckle, Joshua (GMB) <joshua.stueckle@wsgc.wa.gov>
Subject: Request for rule change.

Josh,
After our phone conversation today. It appears to me that all parties would be better served if we pull my request for a rule change regarding non cash value chips/ coupons in player banked poker games off the September agenda, and place it on the October Agenda in Spokane.
Thank you for the heads up regarding this issue
Warren Montney
Lucky Bridge Casino
Kennewick Wa
Cell 509.308.4173

From: [Rancour, Michelle \(GMB\)](#)
To: [Griffin, Tina \(GMB\)](#)
Subject: FW: Request for rule change. Warren Montney
Date: Wednesday, July 20, 2016 4:10:12 PM
Attachments: [07 2016 Warren Montney Petition.pdf](#)

Tina,

I forwarded this on Monday.

Michelle

From: Rancour, Michelle (GMB)
Sent: Monday, July 18, 2016 11:50 AM
To: Griffin, Tina (GMB) <tina.griffin@wsgc.wa.gov>; Anderson, Julie (GMB) <julie.anderson@wsgc.wa.gov>
Cc: Stueckle, Joshua (GMB) <joshua.stueckle@wsgc.wa.gov>; Hunter, Amy (GMB) <amy.hunter@wsgc.wa.gov>
Subject: RE: Request for rule change.

Tina, Julie & Josh,

Attached is the rule petition received from Mr. Warren Montney in PDF format.

I will build his rule making file and take care of the CR-101 to file.

Michelle Rancour

Assistant to Deputy Director
[Washington State Gambling Commission](#)
PO Box 42400, Olympia WA 98504-2400
(360) 486-3447
Twitter @WAGambling

From: Griffin, Tina (GMB)
Sent: Monday, July 18, 2016 8:14 AM
To: Anderson, Julie (GMB) <julie.anderson@wsgc.wa.gov>
Cc: Rancour, Michelle (GMB) <michelle.rancour@wsgc.wa.gov>; Stueckle, Joshua (GMB) <joshua.stueckle@wsgc.wa.gov>; Hunter, Amy (GMB) <amy.hunter@wsgc.wa.gov>
Subject: FW: Request for rule change.

Hello Julie,

We will be getting a rule petition from Mr. Monty this week most likely. Please to the CAT agenda a

new rule petition for Mr. Monty. The below email summarizes his request.

Michelle, once the petition comes in provide it to Julie so she can include it in the CAT packet.

Josh, please work on a rules summary. It should be brief. Use the current petitions as an example. Please also check with Mr. Monty to see if he plans on attending the August/Olympia meeting.

Thanks,
Tina

From: Newer, Susan (GMB)
Sent: Friday, July 08, 2016 4:50 PM
To: Griffin, Tina (GMB) <tina.griffin@wsgc.wa.gov>; Hunter, Amy (GMB) <amy.hunter@wsgc.wa.gov>
Cc: Trujillo, Dave (GMB) <dave.trujillo@wsgc.wa.gov>
Subject: FW: Request for rule change.

This came in Friday afternoon.

Michelle

From: warren m [<mailto:warrenmontney@gmail.com>]
Sent: Friday, July 08, 2016 4:02 PM
To: Newer, Susan (GMB) <susan.newer@wsgc.wa.gov>
Subject: Request for rule change.

Susan, I would like to discuss a rule change with you regarding poker. I Have previously asked my Gaming agent about this and he said the law does not currently allow it. I would like to be able to use "blind chips" in live play poker. they would work as follows. We would give them out as " house added money to tournament players or in other promotional ways. They would only be used for the big blind or for the person in the small blind to call the big blind amount. They would have zero cash value. but as soon as they are placed into the pot the house will replace them with live chips.

There would be no rake on those chips. so if there was a PSJ rake the PSJ dollar would not be dropped until someone calls with their own live chips. If a player has only blind chips in front of them they cannot call any raises or bets with blind chips.

If a player has no live chips they would be treated as all in. and all additional action will be in a side pot. I feel this is just one of those rules that never got changed you can use "match play " or "Free play " coupons on house bank games. When the rule was created for poker they made it so you can only use live chips because the pot belongs to the players. As long as the rule applies that the house replaces the Blind Chips with live chips as soon as they hit the pot. the issue of a player being awarded non cash value chips. is moot.

The other issue is that the house needs to be able to decide if "non cash value chips" may go apply towards the minimum buy in.

In years gone buy I filled out rule change request forms. now that link just goes to your email. so if that form still exists please let me know and I will fill one out. Feel free to call me and discuss this issue if anything seems unclear or unworkable.

Thanks ,
Warren Montney
Lucky Bridge Casino
509-308-4173



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 Warren Montney
Name of Organization Tri-Cities Gaming DBA Lucky Bridge Casino
Mailing Address _____
City _____ State WA Zip Code _____
Telephone _____ Email _____

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: WSGC

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: _____

I am requesting the following change: _____

To allow no cash value chips to be used in poker games provided the house exchanges them for cash value chips when they are placed into the pot.

This change is needed because: _____

It is often difficult to get a live poker game after a tournament this will help the licensee do so.

The effect of this rule change will be: _____

Free plays can be used in house banked games but not poker because you cannot award one to another player as part of a pot. This is a simple work around.

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): _____

Addendum to rule change request.

As part of the requested rule change I would like clarification to the rule to include the ability to award no cash value chips as house added prizes to a poker tournament in which people pay a fee to participate in .

A sample of how this would work could be the first 6 players knocked out of the poker tournament get \$25 in no cash value chips or coupons with a printed amount on them . the house may stipulate if they may be placed into the pot at any time or only from the blind positions for amounts totaling the amount of the big blind or less.

As soon as they are bet the house will replace them with cash value chips and the game will progress as normal, players who only have non cash value chips will be treated as "all in" for any additional wagering .

This will give us a way to generate a live game from tournament play which is the primary purpose of having tournament play in a poker room.

**The next meeting of the
Washington State
Gambling Commission
will be held**

**Thursday, January 12th and
Friday, January 13th, 2017**

at

**The Hub
676 Woodland Square Loop SE
Lacey, WA 98501**

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