



Proposed Amendment to

- a) **Staff's Alternative #1: Wager increase to \$500 for Texas Hold'em "all in" bet only**
Amendatory Section WAC 230-15-135
Wagering limits for non house-banked card games
- b) **RGA's Alternative #2: Wager increase to \$300 for all bets in Texas Hold'em only**
Amendatory Section WAC 230-15-135
Wagering limits for non house-banked card games

January 2009 – Alternatives #1 and #2 Filed for Discussion

February 2009 – Study Session

March 2009 – Final Action - Held over until the April 2009 Commission Meeting

April 2009 – Final Action

ITEM 7 (a-b) on the April 10, 2009, Commission Meeting Agenda. Statutory Authority 9.46.070

Who proposed the rule change?

Dolores Chiechi, representing the Recreational Gaming Association.

Proposed Change

At the May 2008 meeting, the Commission filed a petition for rule change from the Recreational Gaming Association (RGA) to increase the maximum amount of a single wager in nonhouse-banked card games from \$40 to \$500. This change will only apply to house-banked card game licensees who offer nonhouse-banked cards games (i.e. poker) and meet the surveillance requirements specified in WAC 230-15-280.

Class E and Class F nonhouse-banked card game licensees will continue to be limited to a maximum single wager of forty dollars.

The RGA states that Tribal casinos are authorized to offer \$500 betting limits while house-banked card room licensees are limited to \$40. The strict regulations and controls required in security, surveillance and licensing of employees in these establishments are more than adequate to protect the public.

At the November 2008 meeting, the Commissioners held the petition over to the January 2009 meeting and asked staff to file the necessary paperwork with the Code Reviser's Office (a "102") to extend the discussion. Unfortunately, staff missed the filing deadline.

At their March 2009 meeting, the Commission held over Alternatives #1 and #2 until the April 2009 meeting.

At their January 2009 meeting, the Commission did not re-file the original petition and instead filed Alternatives #1 and #2.

- **Alternative #1:** At their November 2008 meeting, the Commission asked staff to draft alternative language to WAC 230-15-135 to only allow a specific type of "all-in" wager for Texas Hold'em to be up to \$500 while the rest remained at \$40. In order to place the wager, the player would be required to use all his or her remaining chips. If a player had more than \$500 in chips, they would not be eligible to place the wager. The house-banked card room must meet the surveillance requirements in WAC 230-15-280.
- **Alternative #2:** This Alternative was proposed by the RGA after staff asked for comments on Alternative #1. The RGA's alternative would allow single wagers up to \$300 for Texas Hold'em games only, as long as the house-banked card room meets the surveillance requirements in WAC 230-15-280. This alternative is broader than Alternative #1 and would result in a player being able to wager more money than in Alternative #1, but less than in the RGA's original proposal.

Attachments:

- Alternative #1: Staff's alternative amendment to WAC 230-15-135 – filed January 2009.
- Alternative #2: The RGA's alternative amendment to WAC 230-15-135 – filed January 2009.
- Petitioner's Original amendment to WAC 230-15-135 – filed May 2008. This petition was not re-filed January 2009 and is not available for final action.
- WAC 230-15-280
- Letter and petition for rule change received March 17, 2008.
- Spreadsheet dated September 15, 2008, outlining increases in card game activity.
- RCW 9.46.010
- Excerpts from Commission meeting minutes: October 2005, January 2006, February 2007, March 2007.

History of Rule

There have been two petitions in the past three years to change wagering limits.

- In October 2005, the Commission filed a petition submitted by the RGA requesting the wagering limits in poker be increased from \$25 to \$100. This petition only applied to house-banked card game licensees offering poker games. At their January 2006 meeting, the Commission denied the petition based on the reasoning that the increase in wagering limits would constitute an expansion of gambling. (Commission meeting minutes from January 2006 attached).
- In January 2007, the Commission filed a petition submitted by Andrew Kimmerle, a poker player, requesting the wagering limits for Texas Hold'em games (poker) be increased from \$25 to \$40. Mr. Kimmerle explained that his petition would allow both house-banked and nonhouse-banked card game licensees to offer poker games with a maximum \$40 wagering limit and increase interest in the game. At their March 2007 meeting, the Commission approved the petition and increased the maximum single wagering limits in poker from \$25 to \$40. The increase became effective April 2007. (Commission meeting minutes from February and March 2007 attached).

Under current wagering limits, a card room can offer a \$20/\$40 betting structure. Following is an example of the betting structure for a Texas Hold'em game:

1st Round: Dealt cards: \$20 wager, \$20 raise, \$20 raise, \$20 raise = \$80

2nd Round: Flop: \$20 wager, \$20 raise, \$20 raise, \$20 raise = \$80

3rd Round: Turn: \$40 wager, \$40 raise, \$40 raise, \$40 raise = \$160

4th Round: River: \$40 wager, \$40 raise, \$40 raise, \$40 raise = \$160

Texas Hold'em maximum wager: $\$80 + \$80 + \$160 + \$160 = \$480$ per player per hand

If a card room offered a \$150/\$300 betting structure, the increase would affect a Texas Hold'em game as follows:

1st Round: Dealt cards: \$150 wager, \$150 raise, \$150 raise, \$150 raise = \$600

2nd Round: Flop: \$150 wager, \$150 raise, \$150 raise, \$150 raise = \$600

3rd Round: Turn: \$300 wager, \$300 raise, \$300 raise, \$300 raise = \$1,200

4th Round: River: \$300 wager, \$300 raise, \$300 raise, \$300 raise = \$1,200

Texas Hold'em maximum wager: $\$600 + \$600 + \$1,200 + \$1,200 = \$3,600$ per player per hand

Tribal Limits

- Tribal – State Gaming Compacts limit Class II is \$40 and Class III poker wager limits to \$500.
- Tribal casinos are required to have Tribal Gaming Agents on site during all times games are operated.

Impact of the Proposed Change**Impact on House-Banked Card Game Licensees**

Some house-banked card game licensees may see an increase in gross receipts due to an increase in poker game business at the card room.

Impact on Nonhouse-Banked Card Game Licensees

Class E and Class F card room licensees would be limited to \$40 wagering limits. If players go to card rooms with the higher limits, Class E and F card rooms may see a decrease in gross receipts due to a decrease in poker game business.

Impact on Agency

We would continue to regulate poker games the same way as we currently do if the new limits were approved. We don't anticipate that all licensees will offer the higher wager limits and most players will not wager at the higher limits.

Under current state-tribal compacts, poker is considered Class III gaming if the wagering amount exceeds \$40, which is the current maximum amount allowed in non-tribal card rooms. The state has co-regulatory authority over Class III gaming. If the wagering limit at non-tribal card rooms is increased to \$300/\$500, the Class II threshold would be raised from \$40 to \$300/\$500. The state does not regulate Class II gambling activities at tribal casinos and tribes could devote more Class III tables to other Class III games.

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

Regulatory Concerns

As long as current standards were kept in place, there would be minimal change in our regulatory work for house-banked card rooms that offer poker games at the higher limits.

Resource Impacts

Minimal.

Policy Consideration

The proposed rule change is a policy decision.

- The Commission may wish to consider whether or not the proposal is consistent with the legislative intent expressed in RCW 9.46.010.
- The Commission established the current \$40 wager limit for nonhouse-banked card games effective April 2007. Prior to this increase, a \$25 wager limit had been in place since 2000, when it was increased from \$10.
- In comparison, the legislature has not increased the:
 - Pull-tab wager limit since 1998, when it was increased from \$.50 to \$1; or
 - Raffle ticket maximum price since 1995, when it was increased from \$5 to \$25.

Statements Supporting the Proposed Rule Change

- E-mail dated February 18, 2009, from Greg Hubly supporting Alternative #2
- E-mail dated February 18, 2009, from Fletcher Evans supporting Alternative #2
- E-mail dated February 18, 2009, from Brian Tervo supporting Alternative #2
- E-mail dated February 18, 2009, from Paul Chase supporting Alternative #2
- E-mail dated February 18, 2009, from Rob Lange supporting Alternative #2
- E-mail dated February 18, 2009, from Matt Hoback supporting Alternative #2
- E-mail dated February 14, 2009, from Christopher Handy supporting Alternative #2

At the January 2009 Commission meeting, Chris Kealy, Vice President of the RGA, testified in support of filing Alternative #1 and #2.

- E-mail dated December 11, 2008, from Andy Kimmerle, poker player, supporting the increase.
- At the October 2008 Commission meeting, two people testified in support of the increase.
 - Gary Murrey, Recreational Gaming Association.

<ul style="list-style-type: none"> ○ Chris Kealy, Iron Horse Casino in Auburn. • Letter dated September 5, 2008, from State Representative Dave Upthegrove supporting the Petition. • Letter dated September 8, 2008, from State Representative Steve Kirby supporting the Petition. • Letter dated September 8, 2008, from State Representative Brendan Williams supporting the Petition. • Letter dated September 8, 2008, from Dave Wilkinson, Skyway Park Bowl and Casino, supporting the Petition. • Letter dated June 25, 2008, from Andy Kimmerle supporting the increase. • E-mail dated May 1, 2008, from Brian Tervo supporting the increase.
Statements Opposing the Proposed Rule Change
<ul style="list-style-type: none"> • Letter dated November 13, 2008, from Senator Jeanne Kohl-Welles and Representative Steve Conway expressing “strong concern” about the Petition. • Letter dated November 12, 2008, from Senator Jim Hargrove opposing the Petition. • Letter dated November 12, 2008, from Senator Dan Swecker opposing the Petition. • E-mail dated November 13, 2008, from Representative Zack Hudgins expressing concern about the Petition.
Licensees Directly Impacted By the Change
House-banked card room licensees and nonhouse-banked (Class E and Class F) card room licensees.
Staff Recommendation
Final Action.
Proposed Effective Date for Rule Change
The petitioner requests an effective date of 31 days after adoption. If the Commission chooses to adopt a rule change, staff recommends an effective date of July 1, 2009.



August 2008 - Filed for Discussion

Proposed Amendment to
WAC 230-15-030 Authorized nonhouse-banked card games.
Proposed New Rule
WAC 230-16-157 Electronic poker tables.

September 2008 – Study Session

October 2008 – Discussion

**November 2008 – At the petitioner’s request, held over until
the WSGC Electronic Gambling Lab’s Report is available**

December 2008 – No Commission Meeting

January and February 2009 – Study Session

March 2009 – Held over until the April 2009 meeting

April 2009 – Final Action

ITEM 8 (a-b) on the April 10, 2009, Commission Meeting Agenda. Statutory Authority 9.46.070

Who proposed the rule change?

Dave Malone on behalf of PokerTek, Inc.

Proposed Change

PokerTek Inc. has submitted a petition for rule change that would allow electronic poker gambling tables (PokerPro) to be used in card rooms. WAC 230-15-030 is proposed to be amended to authorize electronic poker tables and the petitioner’s new section would set the standards for those tables. PokerPro provides an opportunity to play poker without a center dealer and uses electronic facsimiles of cards and chips. No physical gambling chips or cards are used during play.

PokerTek withdrew a similar petition at the March 2008 Commission meeting. PokerTek submitted a new petition to address technical deficiencies in the original submission, which was filed in August 2008. Following the November 2008 Commission meeting, PokerTek submitted the PokerPro table to our Electronic Gambling Lab for a full analysis.

Nonhouse-banked card games authorized in WAC 230-15-030 are only allowed to be played with traditional cards and gambling chips. The petitioner is requesting that electronic facsimiles of cards and electronic facsimiles of gambling chips be authorized for use in poker games. Additionally, a “live” center dealer would no longer be required for poker.

The PokerPro table has electronic facsimiles of cards, electronic facsimiles of gambling chips, and essentially, a center dealer. Players bet electronically and the table collects the rake, awards winnings and subtracts losses electronically from players’ accounts while players are signed onto the table; this is facilitated electronically by the table itself and no physical cards, chips or a licensed dealer are at the table. There is no chip tray or drop box attached to the table.

The petitioner provided a demonstration of the PokerPro table at the October 2008 Commission meeting.

After the November 2008 Commission meeting, PokerTek submitted the PokerPro table to our Electronic Gambling Lab for a full analysis. Paul Dasaro, Electronic Gambling Lab Administrator, has prepared the attached report, dated February 25, 2009, for your review.

At the March 2009 meeting, the petition was held over for Final Action at the April 2009 meeting.

Attachments

- Gambling Commission Electronic Gambling Lab Report dated February 25, 2009.
- RCW 9.46.0241
- Letter dated October 29, 2008, to Chair Bierbaum from Dave Malone.
- Letter dated July 29, 2008, from Dave Malone to Susan Arland, Rules Coordinator, providing supplemental information.
- Letter dated July 9, 2008, from Dave Malone to Susan Arland, Rules Coordinator, requesting that the Commission postpone taking action on their petition.
- Letter dated March 11, 2008, from Dave Malone to Dave Trujillo, Assistant Director, requesting that the Commission postpone taking action on their petition.
- Letter dated May 23, 2008, from Dave Malone to Susan Arland, Rules Coordinator.
- Letter dated February 29, 2008, from Dave Malone to Susan Arland, Rules Coordinator, including a list of jurisdictions that PokerTek is licensed in and PokerPro is approved for use.
- Attorney General Opinion dated July 21, 1999, which addresses electronic facsimiles of gambling activities and gambling devices.
- Excerpts from the Commission meeting minutes when the DigiDeal Petition for Rule Change was under discussion – April, May, June and July 2001.
- RCW 9.46.0282 and WAC 230-15-160 (“live” dealer required).
- Photo of the PokerPro tables.

History of Rule

In 2001, the Commission approved the use of electronic facsimiles of cards for house-banked card games. Following is a brief history of the DigiDeal table:

In March 2001, DigiDeal submitted a Petition for Rule Change requesting that electronic facsimiles of cards be authorized for use in house-banked card games. At their July 2001 meeting, the Commission approved the Petitioner’s request. The DigiDeal table is the only type of table with electronic facsimiles of cards that has been approved for use in Washington State. Attached are Commission meeting minutes from April, May, June and July 2001. At the July 2001 meeting, then ex-officio members and a number of other legislators generally opposed the Commission approving electronic facsimiles of cards.

The DigiDeal table is not a self-functioning table. A card room employee (CRE) is required to collect players’ bets of chips and to facilitate and continue card play. The table is equipped with drop boxes where the CRE collects player cash and exchanges it for chips from the chip tray located on the table. The drop for the table is counted in the count room.

Other jurisdictions:

In the petitioner’s letter dated February 29, 2008, the petitioner provided information on jurisdictions where PokerPro has already received or is seeking approval. **As part of this petition review, Commission staff contacted many of these state regulatory agencies. No known problems with the PokerPro table were described by any responding jurisdiction.**

The company of PokerTek and the PokerPro table are approved for operation by the:

- 1) **Arkansas Racing Commission**
- 2) **Indiana Gaming Commission**
- 3) **Iowa Racing and Gaming Commission**
- 4) **Michigan Gaming Control Board**
- 5) **Mississippi Gaming Commission**
- 6) **Connecticut**
- 7) **West Virginia Lottery Commission**

The California Department of Justice has registered the company of PokerTek which allows PokerTek to supply Tribes with gaming resources. This registration is good for two years while the full background investigation is completed.

The Louisiana Gaming Control Board has approved of the company PokerTek. While the PokerPro table was demonstrated, no property has yet requested the 90-day field trial needed for final approval.

The Nevada Gaming Control Board has approved the company PokerTek. The PokerPro table went through testing and was approved by the Nevada Gaming Control Board in March 2009.

Also, in the letter, a reference was made that Washington State Tribes have approved the PokerPro table for use. Commission staff was not able to confirm this; however, staff found no evidence that any PokerPro tables are currently in operation. One Tribe may have made their own determination the PokerPro table is Class II.

Staff was unable to confirm with the National Indian Gaming Commission if the PokerPro table was formally ruled or determined to be Class II.

Impact of the Proposed Change

The petitioner's proposed language in WAC 230-15-030 (3)(e) states that the table would not "accept cash or other instruments of value." However, player cards and wagering accounts in the cage may be considered instruments of value.

If this rule change is approved, it would allow an entirely electronic version of poker games.

Impact on Agency

Regulatory programs would need to be established.

Equipment and software specifications for testing purposes would need to be developed and staff training would be required.

The current I.D. Stamp of \$361.51 for electronic card facsimile tables would apply to this table.

Impact on Licensees

The benefits of this system to card game licensees may be to:

- 1) Reduce the opportunity for dealers and players to manipulate or introduce new cards, or steal gambling chips;
- 2) Reduce dealer labor costs;
- 3) Deal more hands of cards;
- 4) Increase the amount of fees taken in; and
- 5) Reduce costs for cards and gambling chips.

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

Impact on Tribal Casinos

Under Washington State law and the "friendly lawsuit", video poker is illegal in Washington State.

Approving the PokerPro table may impact the Tribe's ability to negotiate for similar games, such as video poker.

Regulatory Concerns

None.

Resource Impacts

Regulatory programs and staff training would need to be established for the tables.

There may be less staff time needed to investigate complaints of player and/or dealer cheating. Most theft complaints relate to the card dealer.

Policy Consideration

In 1994, the Legislature added:

- Video poker to the definition of a gambling device.
- To the Gambling Act's legislative declaration - to limit the nature and scope of gambling activities and keep the criminal element out of gambling (RCW 9.46.010).

The Commission should consider:

- 1) Whether or not this table is an electronic gambling device as defined in RCW 9.46.0241 (attached). "Gambling device" means any device or mechanism the operation of which a right to money, credits, deposits, or other things of value may be created, in return for a consideration, as the result of the operation of an element of chance, including, but not limited to slot machines, video pull-tabs, video poker, and other electronic games of chance.
 - The petitioner states in his letter dated July 29, 2008, that the PokerPro table is not a gambling device where one player plays against the house, i.e. video poker. The PokerPro table deals electronic facsimiles of cards to two to ten players who play against each other to determine winners and losers.
 - See report dated February 25, 2009, from our Electronic Gambling Lab.
- 2) If automatically crediting poker winnings to a player account in the cage is the same as crediting winnings to a cash card. Electronically crediting winnings to a cash card is something the Commission denied at their January 2008 meeting in relation to electronic video pull-tab dispensers.
 - The petitioner states in his letter dated July 29, 2008, that the PokerPro table does not automatically credit and debit a player's account in the cage.
 - After a technical review of the table, it is clear that a player's wins and losses are electronically transmitted to the player's account on the PokerPro system server.
- 3) If the ability of the player access card to access the wagering account makes the player access card an instrument of value. The petitioner states that the table would not "accept cash or other instruments of value."
 - The petitioner states in his letter dated July 29, 2008, that the player's access card is not an instrument of value.
 - The card is the instrument that allows players to play the game and access money they have on deposit.

- 4) That the change would remove “live” dealers from the poker game. The petitioner states that the table will be overseen by a card room employee. The table would replace physical gambling chips with electronic facsimiles of gambling chips.
- The petitioner states in his letter dated July 29, 2008, that a card room employee will be present to oversee the table and address game disputes.
 - The Commission has only allowed electronic facsimiles of cards and has required physical chips and a “live” dealer to control play at the table.

Staff has identified two additional rules that may need to be amended if the Commission passes this rule (WAC 230-15-080 and WAC 230-15-085)

Statements Supporting the Proposed Rule Change

At the August 2008 Commission meeting, Mr. Namchek, Vice President of Compliance for PokerTek and Frank Miller, attorney representing PokerTek, testified in support of the petition.

At the October 2008 Commission meeting, two people testified in support of the petition.

- Walter Scott, IGT, a licensed manufacturer of Tribal Lottery Systems
- Dolores Chiechi, Executive Director, Recreational Gaming Association.

Statements Opposing the Proposed Rule Change

- Letter dated November 13, 2008, from Senator Jeanne Kohl-Welles and Representative Steve Conway opposing the Petition.
- Letter dated November 12, 2008, from Senator Jim Hargrove opposing the Petition.
- Letter dated November 12, 2008, from Senator Dan Swecker opposing the Petition.
- E-mail dated November 13, 2008, from Representative Zack Hudgins expressing concern about the petition and urging the Commission to postpone action on the petition.

Licensees Directly Impacted By the Change

House-banked licensees, Class E and F card room licensees, manufacturers and distributors.

Staff Recommendation

After testing, the Washington State Gambling Commission Electronic Gambling Lab has concluded the PokerPro system is a gambling device under RCW 9.46.0241. Based on this, staff recommends the petition be denied.

Proposed Effective Date for Rule Change

The petitioner requests an effective date of 31 days from adoption. If the Commission chooses to adopt the rule change, staff recommends an effective date of July 1, 2009.



STATE OF WASHINGTON

GAMBLING COMMISSION

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

February 25, 2009

TO: Rick Day, Director

FROM: Paul Dasaro, Administrator
Electronic Gambling Lab

SUBJECT: POKERTEK “POKERPRO”

BACKGROUND

PokerTek, Inc. requested that the WSGC Electronic Gambling Lab (EGL) conduct technical evaluation and testing of their PokerPro table.

POKERPRO STRUCTURE

PokerPro is a networked computer system that allows participants to electronically play the game of poker. All aspects and features of the game including cards and chips are in an electronic format. The software version of PokerPro that EGL reviewed was running a version of non-house-banked Texas Hold ‘Em poker. The system is comprised of an electronic poker table, database servers, and various system management computers.

PokerPro Table- The PokerPro table is where participants play the game. The table is typically installed on a casino floor or poker room. It is comprised of a large flat-screen monitor embedded in the table center that graphically displays common information such as community cards, current pot value, and certain game flow information. The monitor is run by a dedicated computer housed inside the table. Arranged around the table perimeter are 10 touch screen interface terminals where players interact with the system and play the game. Each terminal includes a touch screen and card reader and is run by its own dedicated computer located inside the table. All the table monitors and associated PCs are used to display game play information and to allow players to interact with the system. None of the table computers perform any gaming or account management functions such as card shuffling or money handling. Those functions are performed by the PokerPro server located elsewhere in the gaming facility. Table components communicate with PokerPro server using a standard computer network. All communications between the table and server are encrypted.



PokerPro Table

PokerPro Server- Control of all game related functions including game play, card shuffling, and player account management occur on this server. In a typical casino installation, the server will reside in a secure data center or back office. PokerPro server software includes a database, various computer programs, and services. The database maintains information relating to system configuration, player accounts, security settings, and event history. Programs and services are the main workhorses of the system and perform most game related tasks. Though physically separate, both table and server operate as a single system. The PokerPro table provides the player interface while the server provides the game and player accounts.

Management Computers- PokerPro includes several computer programs used by casino operators to perform system management tasks. These programs typically reside on computers in areas throughout the gaming facility including cashier cage, accounting department, and casino floor.

- Customer Management System (CMS)- CMS is the portion of the PokerPro system that manages player accounts. Game participants must have an account in CMS in order to initiate play at the table and to convert winnings to cash once play has completed. A typical casino installation will have at least one computer running PokerPro CMS Workstation software, most likely at a cashier cage.
- PokerPro Floor Manager- Floor manager computers contain applications primarily used to manage tables, games and players. These computers may reside in casino offices or on the casino floor. Applications which typically reside on floor manager computers include:
 - PokerPro Director- Primarily used to manage players and game activity. Director functions include starting, pausing, or stopping games, moving an existing game to another table, reserving or assigning player spots, making adjustments to the pot, and viewing game details.
 - PokerPro Administrator- Allows managers to configure tables and game play settings by creating and maintaining game profiles. Profiles are used

to configure each game that tables can play. Profiles include configuration information for the table such as network configuration, bet requirements, game type, etc. Jackpot profiles can be created which designate jackpot prizes for certain types of poker hands. Managers can create multiple profiles and assign them to tables as needed.

- PokerPro Waiting List Kiosk- The kiosk is a proprietary touch screen device, usually placed close to PokerPro tables. It is used by patrons to reserve spots at the tables.

OPERATION AND GAME PLAY

PokerPro is designed to provide a player experience very similar to regular poker while substituting physical cards and chips for electronic ones and eliminating the need for a live dealer. Just like in regular poker, players must employ a combination of chance and skill to win money from other players. While game play characteristics may be configured and adjusted by the casino, generally speaking the same probabilities and techniques used to win in regular poker are present when playing PokerPro. Just like in regular non-house-banked poker, casinos make money by collecting a rake from players. On PokerPro the rake is collected automatically at predetermined points of play.

Cashless System Operation- Before players can begin playing, they must first create an account in the CMS system. An account is simply a record within the PokerPro database that keeps track of how much money each player has in the system. Through a cashier, players add funds to their account, are provided with a magnetic strip card, and select a Personal Identification Number (PIN) for security purposes. When a seat at the table is available, players join the game by inserting their card into the card reader at an individual interface terminal and entering their PIN number. The PokerPro system debits accounts by a player-determined amount and transfers the funds to a separate holding account. Like main player accounts, the holding account is held in the PokerPro database. The holding account is analogous to table stakes in a normal poker game. When joining a game, the system gives players a choice of how much of their account to convert to table stakes. The table stakes account is used to keep track of how much money each player has available for play while at the table. Player wins and losses are immediately reflected in their table stakes account. At the end of each hand, the server transfers the pot to the winning player's table stakes account. Losing player's table stakes are reduced accordingly. When players are done playing and leave the table, any remaining funds in their table stakes account are immediately transferred to their normal CMS account. Players may then use their card and PIN to cash out at a cashier workstation.

Game Play- When two or more players have joined a table, the PokerPro server initiates game play. The server utilizes a software random number generator to "shuffle" a virtual deck of fifty-two cards. Shuffle order is maintained on the server during play. One player is randomly chosen to be "dealer". Dealer assignment is only used to determine the starting point of the deal. Players do not have functional control of when and how the deal operates. Virtual playing cards are automatically dealt clockwise around the table, beginning with the player immediately to the left of the dealer. Players can view their hand of cards simply by touching their interface terminal screens. The corners of the

playing card image will flip up, revealing the value of the cards. This can be done surreptitiously to prevent other players from seeing the cards. The large central computer monitor displays public information such as community cards, identity of the current dealer, and the value of the pot. Other than viewing cards and a few other player interactions, the server controls game flow automatically and does not require input from casino personnel. At appropriate stages during game play, players are given the option to fold, check, call, and raise just like a regular poker game. Player actions at the table are communicated through the network to the server.

GAMBLING ELEMENTS

It is important to recognize that the PokerPro table only provides an interface to the game and cannot independently perform any gaming or cashless accounting functions. The database server is where all gaming functions take place. Since one cannot work without the other, table and server together functionally comprise a single device. Accordingly, any classification of PokerPro must necessarily include both the table and database server. Subsequent references to the PokerPro *system* should be understood to include both of these components.

In Washington there are three essential elements which must be present for a machine or system to be classified as a gambling device.

- **Operation creates right to things of value-** Operation of the PokerPro system creates the right to something of value. Prizes are an integral part of system operation and are handled and maintained electronically by that system. When players win hands, the value of the pot is automatically transferred to their table stakes account. There are no physical manifestations of winnings until the player withdraws cash from their CMS account. In this case, the value is credits in the player's account which are later redeemed for cash. This is different from an electronic card facsimile table where prizes are awarded in the form of physical chips and the machine is completely ignorant of cash, bets, or prizes.
- **Consideration-** Players must provide consideration in the form of table stakes. Consideration is provided through operation of the PokerPro system when players bet, call, or raise during each betting round. There are no physical manifestations of consideration during the game. Again this is unlike electronic card facsimiles where bets are made with physical chips or cash and the machine is ignorant of any cash, bets, or prizes.
- **Element of chance-** Although skill may be a factor in determining how some players perform over the long run in poker, an element of chance is crucially important in determining the result of any given hand. To accurately simulate a regular poker game, PokerPro electronically creates an element of chance within server software where a random number generator creates and sorts the virtual deck of cards.

VIDEO POKER COMPARISON- Traditional video poker consists of a stand-alone, house banked, computer operated gambling device which typically plays a type of draw poker. In traditional computer operated video poker, players play directly against the

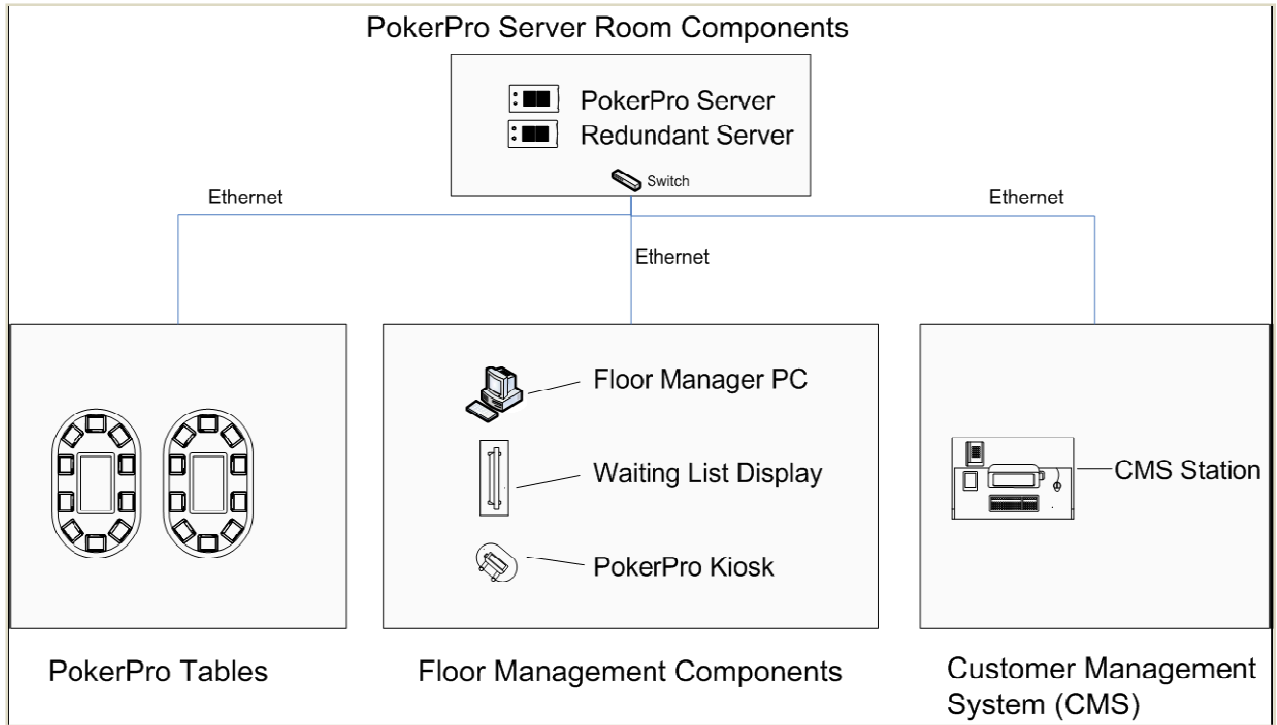
device much like a slot machine. As a non-house-banked game where players sit at a common table and compete against each other to win a pot, PokerPro is not *traditional* video poker. However, PokerPro does have some components and characteristics that are similar to those used in traditional video poker.

CONCLUSIONS

Based on this technical evaluation, the PokerPro system manifests all three elements of gambling and could potentially be used to play a type of video poker.

Attachment

PokerPro system structure:





Amendatory Sections

WAC 230-03-140 Full and regular membership requirements.

WAC 230-11-030 Restrictions on ticket sales.

January 2009 – Held over until the February Meeting

February 2009 – Filed for Discussion

March 2009 – Study Session

April 2009 – Final Action

ITEM 9 (a) on the April 10, 2009, Commission Meeting Agenda. Statutory Authority 9.46.070
Who proposed the rule change?
Staff
Proposed Change
Remove the requirement for charitable/nonprofit organizations to apply for a license in order to allow minors to sell raffle tickets.
History of Rule
<p>This rule change would allow persons under the age of 18 to sell raffle tickets for an unlicensed charitable or nonprofit organization. The current WAC governing this, WAC 230-03-140, is confusing. “Is applying for” a license implies that a license is required for minors to sell raffle tickets. In the past, we have required a raffle license if organizations had minors selling raffle tickets, even though RCW 9.46.0321 does not require a license if gross raffle revenue is \$5,000 or less.</p> <p>Small organizations such as Cub Scouts and Little Leagues typically have small raffles and profits are very low. Based on the amount of money (\$5,000 or under) and the low risk of the activity itself, staff recommends not requiring these organizations to have a raffle license.</p> <p>Charitable and nonprofit organizations that want to allow minors to sell raffle tickets must continue to meet the following requirements:</p> <ul style="list-style-type: none"> (a) Have the development of youth as a primary purpose; and (b) Have at least three members or advisors who are at least eighteen who supervises the raffle; and (c) Have an adult member or advisor designated as the raffle manager.
Impact of the Proposed Change
Small organizations with youth as their primary purpose will now be able to raise up to \$5,000 without obtaining a raffle license when they allow minors to sell raffle tickets. They would still need to meet the requirements (a)-(c) in History above.
Regulatory Concerns
None.
Resource Impact
None.
Policy Consideration
None.
Statements Supporting the Proposed Rule Change
None.
Statements Opposing the Proposed Rule Change
None.
Licensees Directly Impacted By the Change
Charitable or nonprofit organizations that allow minors to sell raffle tickets.
Staff Recommendation
Adoption.
Proposed Effective Date for Rule Change
July 1, 2009.



Proposed Amendatory Section
WAC 230-15-475
Tips from players and patrons to card room employees.

February 2009 – Filed for Discussion
March 2009 – Study Session
April 2009 – Final Action

ITEM 10 (a) on the April 10, 2009, Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
A poker player.	
Proposed Change	
<p>The petitioner requests that poker managers at house-banked card rooms be prohibited from accepting tips from players or patrons.</p> <p>The petitioner states that poker managers receiving tips results in inconsistent treatment of customers and employees. The petitioner states there is a significant conflict of interest and the petitioner has seen firsthand how the motivations of receiving tips can lead a manager to go against company policy, neglect responsibilities and make decisions based solely on personal gain. The petitioner further states that managers allow favored patrons to register for tournaments without payment via telephone, gamble while intoxicated, and under staff the poker room in order to increase their share of tips.</p> <p>Attachments:</p> <ul style="list-style-type: none"> • Petition for Rule Change and letter received December 24, 4008. • WAC 230-15-475 • Staff’s letter to house-banked card rooms notifying them of the proposed rule change. 	
History of Rule	
<p>Nonhouse-Banked Card Games</p> <p>In the past, there were no rules that addressed whether or not poker supervisors or managers were allowed to accept tips from players or patrons. A rule interpretation was created to clarify that poker supervisors were allowed to accept tips from players or patrons. During the Rules Simplification Project (RSP), this rule interpretation was inadvertently left out of the new rules. The proposed change would be consistent with current practice.</p> <p>House-Banked Card Games</p> <p>WAC 230-15-475 prohibits employees at house-banked card rooms directly concerned with management, supervision, accounting, security or surveillance to ask for, accept, or share any tips originating from players or patrons. The way this rule is written, “house-banked card game licensees,” it also applies to poker games at house-banked card rooms. This was an inadvertent change made during the RSP. This rule needs to be changed so poker supervisors at house-banked card rooms are allowed to receive tips.</p> <p>Tribal Casinos</p> <p>In Washington State tribal poker rooms, managers are not allowed to accept tips.</p>	
Impact of the Proposed Change	
<p>There should be no impact because the change is consistent with past rule interpretations.</p> <p>A Small Business Economic Impact Statement was not prepared because the rule change would not impose additional costs on any licensees.</p>	
Regulatory Concerns	
None.	

Resource Impacts
None.
Policy Consideration
None.
Statements Supporting the Proposed Rule Change
<p>Bold = Additions made after the February Commission Meeting</p> <ul style="list-style-type: none"> • E-mail dated January 25, 2009, from Vicki James • E-mail dated January 26, 2009, from LeRoy White Mountain • E-mail dated January 26, 2009, from Casey Kilduff • E-mail dated January 27, 2009, from Jim Unzicker • E-Mail dated February 20, 2009, from Erin Louis to Mark Harris, Assistant Director Field Operations. • 53 signatures on a petition • E-mail dated February 9, 2009, From Allen Brandon <p>At the February 2009 Commission meeting, the following testified in Support of the Petition</p> <ul style="list-style-type: none"> • Erin Louis the petitioner • Mr. Nguyen • Darleen Fletcher • Leo White Mountain
Statements Opposing the Proposed Rule Change
<p>Bold = Additions made after the February Commission Meeting</p> <ul style="list-style-type: none"> • Letter dated February 4, 2009, from Lynsey Howatt • E-mail dated February 6, 2009, from Andrea Retasket • E-mail dated January 29, 2009, from Carol Henry • E-mail dated February 4, 2009, from Jackie Vick • E-mail dated February 5, 2009, from Lisa Reinke • E-mail dated February 7, 2009, from Bob Thompson • Letter dated February 4, 2009, from Jason Stowe • Letter from Charlotte Reinecke • Letter dated February 11, 2009, from Robert Dayton, Hawk's Prairie Casino • 25 petitions submitted by Hawks Prairie Casino
Licensees Directly Impacted By the Change
House-banked card game licensees that offer poker games and card room employees that supervise poker games at house-banked card rooms.
Staff Recommendation
Final Action.
Proposed Effective Date for Rule Change
The petitioner did not request an effective date. If the Commission decides to adopt the change, staff recommends an effective date of July 1, 2009.

Amendatory Section:

WAC 230-15-475 Tips from players and patrons to card room employees.

(1) House-banked card game licensees may allow selected employees to accept tips from players or patrons.

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

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

(4) Employees directly concerned with management, supervision, accounting, security, or surveillance must not ask for, accept, or share any tip originating from players or patrons:

However, this restriction does not apply to poker “floor supervisors.”

(5) House-banked card game licensees must:

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

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

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

(6) Employees must:

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

camera coverage of the closed circuit television system at all times; and

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

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

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

(7) Licensees may determine whether employees must retain or pool tips among employees.

Employees must redeem all pooled tips under surveillance at the cashier's cage, count room, or a gaming table.

[Statutory Authority: RCW 9.46.070. 07-21-116 (Order 617), § 230-15-475, filed 10/22/07, effective 1/1/08.]

Rules Up For Discussion



Proposed Amendment to:

WAC 230-13-150

Amusement game locations.

WAC 230-13-080

Operating coin or token activated amusement games.

230-13-135

Maximum wagers and prize limitations at certain amusement game locations.

February 2009 – Filed For Discussion

March 2009 – Study Session

April 2009 - Discussion

ITEM 11 (a)-(c) on the April 10, 2009, Commission Meeting Agenda. Statutory Authority 9.46.070

Who proposed the rule change?

Staff.

Proposed Change

The proposed change would add family sporting complexes, whether operated by commercial or a charitable/nonprofit organization, as an authorized location to operate amusement games. The proposed amendments would do the following:

- WAC 230-13-150: Allow a charitable or nonprofit organization to operate amusement games at a family sports complex.
- WAC 230-13-080: Allow a charitable or nonprofit organization to operate coin operated or token activated amusement games at a family sports complex.
- WAC 230-13-080: Remove the restriction that a charitable or nonprofit organization be licensed for bingo or punch board/pull-tabs in order to operate amusement games. We don't see a regulatory reason for this restriction.
- WAC 230-13-135: Incorporate family operated sports complexes into the maximum wager and prize limitation rule.

Changes made after the February 2009 Commission Meeting:

Housekeeping: "es" added to family sporting complexes.

Attachments:

- Excerpts from the February 2008 Commission meeting minutes where the Starfire Sports petition was filed for discussion.
- Excerpts from the May 2008 Commission meeting minutes where the Starfire Sports petition was approved.

History of Rule

In May 2008, this rule was amended after a petition submitted by Starfire Sports to add a new location for placement of authorized amusement games. The change became effective July 1, 2008. The location

added was a “commercially operated family sports complex.” Unfortunately, it was not known by staff that the petitioner was a nonprofit organization, not a “commercially operated” sports complex. After the amendment was adopted, staff began working with the petitioner to issue an amusement game license and realized the rule change did not allow Starfire to operate amusement games.

Impact of the Proposed Change

This change will allow amusement games to be operated at a family sports complex, operated by either a commercial or charitable/nonprofit organization, as intended by the Commission’s prior approval.

Regulatory Concerns

None

Resource Impacts

Minimal.

Policy Consideration

None.

Statements Supporting the Proposed Rule Change

None.

Statements Opposing the Proposed Rule Change

None.

Licensees Directly Impacted By the Change

Family sports complexes and bona fide charitable and nonprofit licensees.

Staff Recommendation

File for further discussion.

Proposed Effective Date for Rule Change

June 15, 2009, if the rule is adopted at the May 2009 Commission meeting, to become effective 31 days from adoption.

Amendatory Section:

WAC 230-13-150 Amusement game locations.

(1) Amusement game operators must obtain written permission to operate at any location from the person or organization owning the premises or sponsoring the event where the operator will hold the activity.

(2) Operators may only conduct commercial amusement games at:

(a) Locations set out in RCW 9.46.0331; and

(b) ~~Commercially operated~~ Family sports complexes, offering sports such as indoor and outdoor soccer, lacrosse, baseball, Frisbee, and lawn bowling; and

(c) Skating facilities; and

(d) Grocery or department stores. A "department or grocery store" means a business that offers the retail sale of a full line of clothing, accessories, and household goods, or a full line of dry grocery, canned goods, or nonfood items plus some perishable items, or a combination of these. A department or grocery store must have more than ten thousand square feet of retail and support space, not including the parking areas.

(3) Operators must conduct amusement games in conformance with local zoning, fire, health, and similar regulations.

Bold = Changes made after the February 2009 Commission meeting.

Amendatory Section:

WAC 230-13-080 Operating coin or token activated amusement games.

(1) Coin or token activated amusement games must have nonresetting coin-in meters, certified as accurate to within plus or minus one coin or token in one thousand plays, which stop play of the machine if the meter is removed or disconnected when operating at:

- (a) Amusement parks; or
- (b) Regional shopping malls; or
- (c) Movie theaters; or
- (d) Bowling alleys; or
- (e) Miniature golf course facilities; or
- (f) Skating facilities; or
- (g) ~~Commercially operated~~ Family sports complexes, offering sports such as indoor and outdoor soccer, lacrosse, baseball, Frisbee, and lawn bowling; or
- (h) Amusement centers; or
- (i) Restaurants; or
- (j) Grocery or department stores. A "department or grocery store" means a business that offers the retail sale of a full line of clothing, accessories, and household goods, or a full line of dry grocery, canned goods, or nonfood items plus some perishable items, or a combination of these. A department or grocery store must have more than ten thousand square feet of retail and support space, not including the parking areas; or
- ~~(k) Any premises that a charitable or nonprofit organization currently licensed to operate punch boards, pull tabs, or bingo controls or operates.~~

(2) All coin or token activated amusement games must have a coin acceptor capable of taking money for one play and may have an additional acceptor to include paper money.

(3) Operators using amusement games that do not return change must have a change-making bill acceptor or the ability to get change in the immediate vicinity of such games. All amusement games using paper money acceptors must either:

- (a) Return change; or
- (b) Clearly disclose to players before play that change is not returned and disclose to them where at the location they may get change.

Bold = Changes made after the February 2009 Commission meeting.

Amendatory Section:

WAC 230-13-135 Maximum wagers and prize limitations at certain amusement game locations.

The maximum wager is fifty cents and the maximum cost for a prize is two hundred fifty dollars if school-aged minors are allowed to play amusement games at the following locations:

- (1) Regional shopping centers; and
- (2) Movie theaters; and
- (3) Bowling alleys; and
- (4) Miniature golf course facilities; and
- (5) Skating facilities; and
- (6) ~~Commercially operated~~ Family sports complexes, offering sports such as indoor and outdoor soccer, lacrosse, baseball, Frisbee, and lawn bowling; and
- (7) Amusement centers; and
- (8) Grocery or department stores. A "department or grocery store" means a business that offers the retail sale of a full line of clothing, accessories, and household goods, or a full line of dry grocery, canned goods, or nonfood items plus some perishable items, or a combination of these. A department or grocery store must have more than ten thousand square feet of retail and support space, not including the parking areas; and
- (9) Any business whose primary activity is to provide food service for on premises consumption.

Bold = Changes made after the February 2009 Commission meeting.

Rule Up For Discussion and Possible Filing



Proposed Amendment to:

WAC 230-15-455

Keeping funds to pay prizes, progressive jackpot prizes, and odds-based wager prizes.

ITEM 12 (a) on the April 10, 2009, Commission Meeting Agenda. Statutory Authority 9.46.070

Who proposed the rule change?

The Recreational Gaming Association.

Proposed Change

The Recreational Gaming Association (RGA) requests that WAC 230-15-455 be amended to eliminate the requirement for house-banked card room licensees to maintain an amount equal to **all** individual odds-based wager prizes offered which are greater than \$25,000 in a separate bank account. An "odds-based wager" means a wager where the player wins an amount over and above the amount he or she wagered if a fixed pattern or combination of cards occurs, for example, a royal flush, four aces, or a pair. Since the "odds based wager" prize is incorporated in the minimum cash on hand calculation, there is no longer a need for these funds to be held in a separate bank account.

The proposed change would allow house-banked licensees who offer more than one individual odds-based wager prize greater than \$25,000 to keep an amount equal to the **second** highest odds-based wager prize in a bank, mutual savings bank, or credit union in Washington state or possess a verifiable line of credit from a Washington state financial institution.

House-banked card room licensees are currently required to keep \$1,000 for each house-banked table on the gambling floor plus the amount of the largest single prize available in their cage, safe, and vault combined (WAC 230-15-050). WAC 230-15-050 already requires house-banked card room licensees to keep the largest single prize available in their cage. The proposed rule change would require the house-banked card room licensees to also keep an amount equal to the second highest odds-based wager in a bank account or through a verifiable line of credit.

Attachments:

- Memo to the Commission outlining their options for handling the petition.
- Letter notifying the petitioner that the petition will be up for filing at the April 2009 meeting.
- Petition dated January 20, 2009.
- Proposed change to WAC 230-15-455

History of Rule

WAC 230-15-455 has not been amended since it became effective in 2000 (previous WAC 230-40-808) when the other house-banked card room rules were passed. The rule was written to ensure house-banked card room licensees had enough money on hand in a separate bank account to pay out progressive jackpot prizes and the total of all individual prizes offered which exceed \$25,000.

House-banked card room licensees have not been offering odds-based prizes over \$25,000 so they have not been required to keep funds in a separate account. House-banked card room licensees have always been required to payout all prizes offered, but because the individual prizes did not exceed \$25,000 they were not required to keep them in a separate account.

When the wagering limits increased from \$200 to \$300 the aggregate amount set for the odds-based wager prizes also increased. House-banked card room licensees are now offering odds-based prizes of \$30,000.

House-banked licensees who are offering the \$300 wagering limits may have several tables with odds-based wager prizes of \$30,000. Under the current rule, house-banked card room licensees are required to keep the total of all of these prizes in a separate bank account. If a licensee is operating four house-banked tables that offer odds-based wager prizes of \$30,000 they would be required to keep \$120,000 in a separate bank account.

The house-banked card room licensees are also required to keep funds in the cage, safe, and/or vault as required by WAC 230-15-050. WAC 230-15-050 is a new rule and was not required when WAC 230-15-455 became effective.

Impact of the Proposed Change

Impact on Licensees:

Licensees who offer odds-based wager prizes over \$25,000 will not be required to keep funds in a separate bank account which will allow them more flexibility.

Regulatory Concerns

None. WAC 230-15-050 already requires licensees to have cash in their cage, safe, and vault to pay out the amount of the largest single prize. The house-banked card room licensees will also be required to keep an amount equal to the second highest odds-based wager in a bank account or through a verifiable line of credit as opposed to all of the funds in a separate bank account.

Resource Impact

None.

Policy Consideration

None.

Statements Supporting the Proposed Rule Change

None.

Statements Opposing the Proposed Rule Change

None.

Licensees Directly Impacted By the Change

House-banked card game licensees.

Staff Recommendation

File for further discussion.

Proposed Effective Date for Rule Change

The petitioner did not specify an effective date. If the Commission adopted the rule changes, staff recommends an effective date of January 1, 2010.

Amendatory Section:

WAC 230-15-455

Keeping funds to pay prizes, progressive jackpot prizes, and odds-based wager prizes.

(1) House-banked card game licensees must ensure that they have sufficient funds available to pay prizes, progressive jackpot prizes and odds-based wager prizes. An "odds-based wager" means a wager where the player wins an amount over and above the amount he or she wagered if a fixed pattern or combination of cards occurs, for example, a royal flush, four aces, or a pair.

(2) Licensees must not offer card games until they have met all of these requirements:

(a) Progressive jackpot prizes.

- i. Keep a separate bank account for progressive jackpot prizes ~~and odds-based wager prizes~~. The account must be kept in a bank, mutual savings bank, or credit union located in Washington state; and
- ii. Deposit ~~at least weekly~~ all funds accrued for progressive jackpot prizes at least weekly.
- iii. If the prize bank account is reduced below the level required, licensees must immediately stop operating games until they are in compliance.

(b) Odds-based wager prizes.

- i. Licensees offering more than one individual odds-based wager prize greater than \$25,000, must keep an amount equal to all individual the second highest odds-based wager prizes offered and all progressive jackpot prize funds in a bank, mutual savings bank, or credit union located in Washington state; or possess a verifiable line of credit from a Washington state financial institution for at least the amount required; and
- ii. Use the highest wager they allow to calculate the individual odds-based wager prize amount ~~and to determine the amount for this deposit~~ requirement; and
- iii. Licensees may limit pay outs by using table and/or individual player aggregates.

(3) A licensee's failure to keep funds as required in this rule is prima facie evidence of defrauding the public and a violation of RCW 9.46.190.



Rule Up For Discussion and Possible Filing

Proposed Amendment to:
WAC 230-15-040
Requirements for authorized card games.

ITEM 13 (a) on the April 10, 2009, Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
Robert Saucier of Galaxy Gaming, Inc.	
Proposed Change	
<p>The petitioner is requesting a rule amendment to increase the maximum number of games allowed within a single hand of cards from three to six. He has stated verbally to staff that he wants the rule change because he plans to request approval of a new type of card game. However, staff has not seen the new game. He has stated in the petition that the reason for the rule change is that WAC 230-15-040 is no longer needed.</p> <p>Attachments:</p> <ol style="list-style-type: none">1) Memo to the Commission outlining their options for handling the petition.2) Letter notifying petitioner that his petition will be up for filing at the April 2009 meeting.3) Petition dated February 19, 2009.4) Proposed amendment to WAC 230-15-040.5) Excerpts from the April and July 2007 Commission meeting minutes when Shuffle Master's Petition was filed and adopted.	
History of Rule	
<p>Up until December 31, 2007, no more than two separate games were allowed to be played within a single hand of cards (WAC 230-40-010). Bonus features and progressive jackpots associated with a house-banked table game are considered separate games. An example of a house-banked table game with at least two separate games within a single hand of cards is Fortune Pai Gow. In the game Fortune Pai Gow, a player can place two separate wagers: standard wager and bonus wager. A player could place a maximum wager on each betting spot for a total wager of \$600 per hand.</p> <p>In March 2007, Shuffle Master Gaming submitted a Petition for Rule Change to increase the maximum number of games allowed within a single hand of cards from two to three. The rule amendment was approved and became effective January 1, 2008. Approximately ten card games with three games within a single hand have been approved by staff. An example of a house-banked table game with at least three separate games within a single hand of cards is Progressive Fortune Pai Gow. In the game Progressive Fortune Pai Gow, a player can place three separate wagers: standard wager, bonus wager, and progressive jackpot wager.</p> <p>Tribal casinos do not have restrictions on the number of games allowed within a single hand. There is currently a card game approved for play, but not currently in play, in tribal casinos that offers thirteen separate wagers in a single hand.</p>	
Impact of the Proposed Change	
<p>Impact on House-Banked Card Room Licensees</p> <p>If the petition for rule change is approved, house-banked card room licensees will be able to offer games where a player could place six separate wagers within a single hand of cards. House-banked card room licensees will be able to offer players a different set of games that they have not seen before. This new game mix may attract players to the card rooms.</p>	

In many games, the additional games (betting spots) result in an increased hold for the house.

Impact on Commission

See regulatory concerns and resource impacts.

A small business economic impact statement was not prepared because the rule change would not impose additional costs on any licensees.

Regulatory Concerns

If house-banked card room licensees offer games with more than three wagers (games) within a single hand of cards, there may be an increase in dealer procedural errors (misdeal or incorrect payouts) and/or cheating or theft (cap a bet, pinch bet, switch cards, etc.). Dealers will have to watch more games on one hand. As the number of games within a single hand of cards increases, so do the number of additional payouts to memorize and more bets/chips on the table to track. The rule change may increase criminal activity in card rooms.

Resource Impacts

Additional staff time will be needed to review new games submitted for approval. If the games prove to be popular, additional staff training and regulatory time will be needed.

Policy Consideration

This has the potential to double the maximum wager amount in a single hand from \$900 to \$1,800.

The Commission increased the:

- Number of games in a single hand from two to three, effective January 1, 2008.
- House-banked card game wager limits from \$200 to \$300, effective January 1, 2009.
- Number of players at a house-banked card table from seven to nine, effective January 1, 2009.

Statements Supporting the Proposed Rule Change

None.

Statements Opposing the Proposed Rule Change

None.

Licensees Directly Impacted By the Change

House-banked card game licensees.

Staff Recommendation

File for further discussion.

Proposed Effective Date for Rule Change

The petitioner requests an effective date of 31 days after adoption. However, if the Commission chooses to adopt the rule change, staff recommends an effective date of January 1, 2010.



Rule Up For Discussion and Possible Filing

Proposed New Rule

WAC 230-15-267

Remote access of closed circuit television surveillance systems.

ITEM 14 (a) on the April 10, 2009, Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
Staff.	
Proposed Change	
<p>This new rule allows licensed gambling service suppliers who install and maintain closed circuit television surveillance systems (CCTV) to remotely access digital CCTV systems for maintenance or repair under the following restrictions:</p> <ol style="list-style-type: none">1. The card room licensee must notify us before the remote access occurs; and2. The card room licensee must document any remote access in their surveillance log; and3. Remote access will only be enabled for the duration of the maintenance or repair and the connection terminated immediately after.	
History of Rule	
<p>We require Class F and house-banked card game licensees to install and maintain CCTV system. Licensees may use either analog or digital recording equipment. There are no rules that specifically address whether or not licensed service suppliers should be allowed to remotely access digital CCTV systems for maintenance or repair.</p> <p>Licensed service suppliers have been permitted to conduct periodic remote access to digital systems to install upgrades and perform maintenance. The purpose of this new rule is to codify current industry practice and clarify that only licensed service suppliers can have remote access.</p>	
Impact of the Proposed Change	
Impact on Card Game Licensees and Licensed Service Suppliers	
<p>Service suppliers licensed to install and maintain CCTV systems will be able to remotely access digital CCTV systems for maintenance or repair. This is convenient for both card game licensees and service supplier licensees. Card game licensees will not have to wait for a licensed service supplier representative to physically come out to the card room to perform maintenance or repair work. Many licensed service suppliers are not located near card rooms with digital surveillance. Accessing a digital system remotely can be done almost immediately. This means that any problems with a digital surveillance system could potentially be corrected faster. In addition, card game licensees could potentially save money by not having a person come out to the card room to perform the maintenance or repair work. Licensed service suppliers could also potentially save money because they would not have to pay for traveling costs (i.e. airline fare, gas, traveling costs, etc.) for representative's to perform maintenance or repair work in person at card rooms. In addition, much of the maintenance or repair work may only take a few seconds, such as downloading a patch. Therefore, the proposed rule change, if adopted, may save service supplier representatives maintenance or repair time.</p> <p>A Small Business Economic Impact Statement was not prepared because the rule change would not impose additional costs on any licensees.</p>	
Regulatory Concerns	
None.	

Resource Impacts
Additional staff time may be needed to approve remote access requests and review surveillance logs of card game licensees.
Policy Consideration
None.
Statements Supporting the Proposed Rule Change
None.
Statements Opposing the Proposed Rule Change
None.
Licensees Directly Impacted By the Change
House-banked card rooms, Class F card rooms, and Service Suppliers licensed to install and maintain CCTV digital systems.
Staff Recommendation
File for further discussion.
Proposed Effective Date for Rule Change
January 1, 2010.

New Section:

WAC 230-15-267 Remote access of closed circuit television surveillance systems.

Licensed gambling service suppliers that install and maintain closed circuit television (CCTV) surveillance systems may remotely access digital CCTV systems for maintenance or repair under the following provisions:

1. The card room licensee must notify us before the remote access occurs; and
2. The card room licensee must document any remote access in their surveillance log; and
3. Remote access will only be enabled for the duration of the maintenance or repair and the connection terminated immediately after.