



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 – Held over for Final Action in May
May 2009 - Final Action

ITEM 7 (a) on the May 15, 2009, Commission Meeting Agenda. Statutory Authority 9.46.070

Who proposed the rule change?

A poker player.

Proposed Change

The petitioner originally requested that poker managers at house-banked card rooms be prohibited from accepting tips from players or patrons. However, WAC 230-15-475 already prohibits poker managers and supervisors from receiving tips. The petitioner has clarified that her intent is to only allow poker supervisors to receive tips.

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.

Attachments:

- Petition for Rule Change and letter received December 24, 4008.
- WAC 230-15-475
- Staff's letter dated January 22, 2009, and e-mail dated January 26, 2009, to house-banked card rooms notifying them of the proposed rule change.
- Statements Supporting and Opposing the petitioner's request

History of Rule

House-Banked Card Games

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.

Nonhouse-Banked Card Games

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.

Tribal Casinos

In Washington State tribal poker rooms, managers are not allowed to accept tips.

Impact of the Proposed Change

There should be no impact because the change is consistent with past rule interpretations.

A Small Business Economic Impact Statement was not prepared because the rule change would not impose additional costs on any licensees.
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 • Tony Nguyen • Dollene Fletcher • LeRoy 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.]



Proposed Amendatory Section
WAC 230-15-320

Surveillance room requirements for house-banked card game licensees.

March 2009 – Filed for Discussion
April 2009 – Study Session
May 2009 - Final Action

ITEM 8 (a) on the May 15, 2009, Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
Delores Chiechi, representing the Recreational Gaming Association.	
Proposed Change	
<p>The petitioner is requesting a rule amendment to increase the winning payout verification limit from \$1,000 to \$3,000.</p> <p>The petitioner states that the current rule “potentially puts Surveillance Observers and Table Games Supervisors into a reactive mode verifying \$1,000 payouts since the frequency of such payouts increases significantly with \$300 wagers.”</p> <p>Attachments:</p> <ul style="list-style-type: none">• Petition for Rule Change and letter received January 20, 2009.• Proposed changes to WAC 230-15-320• WAC 230-15-310• E-mail dated March 12, 2009 from John McNutt• E-mail dated March 12, 2009, from David Fretz outlining jackpots of \$1,000 or greater hit on February 27, 2009, and March 2, 2009, at the Great American Casino.• Log entries from the Great American Casino dated December 19, 20, and 24, 2008, February 11 and 12, 2009.	
History of Rule	
<p>WAC 230-15-320 (4) requires surveillance observers at house-banked card rooms to use a pan-tilt-zoom (PTZ) camera to verify all winning payouts greater than \$1,000. Verification of the winning payout includes a surveillance observer using a PTZ camera to zoom in on the player’s face, the wager, and the winning hand of cards.</p> <p>In January 2009, wagering limits at house-banked card rooms increased from \$200 to \$300. The petitioner states that if house-banked card rooms choose to offer \$300 wagering limits, it is possible that surveillance observers will have to verify more jackpot payouts than normal if the payout verification limit remains at \$1,000. Many card games offered at house-banked card rooms have bonus payouts with 4:1 odds and are frequently paid. At \$300 betting limits and a payout verification limit of \$1,000, surveillance observers may spend more time verifying jackpot payouts and less time performing other necessary duties in the surveillance room.</p> <p>Agents rarely see wagers at the \$300 limit, particularly with the smaller card rooms. Agents see average bonus wagers of \$5-\$20 placed by patrons. When agents do compliance checks on bonus prize payouts, they are finding few prize payouts over \$1,000. As a result, staff does not anticipate an increase in the larger payouts. For example, if a player wagers \$300 on a bonus game with 4 to 1 odds, the payout would be \$1,200.</p> <p>Although agents rarely see \$300 wagers, information provided by the RGA shows when players bet at the maximum \$300 wager or close to the maximum \$300 wager, the current rule requires extra verification by security. This verification often occurs for the same player, over and over again, within a short period of time (see e-mail dated March 12, 2009, from David Fretz).</p>	

Impact of the Proposed Change

Impact on House-Banked Card Game Licensees

The petitioner states that:

- If the payout verification limit is increased from \$1,000 to \$3,000, surveillance observers at house-banked card rooms may not have to spend a large amount of time verifying jackpots.
- Increasing this surveillance payout requirement to \$3,000 would make this rule more consistent with WAC 230-15-319. WAC 230-15-319 requires card rooms to retain surveillance recordings of jackpot payouts of \$3,000 or more for thirty days.

At the March 2009 Commission meeting, staff asked the RGA to provide evidence this occurs frequently enough to offset the loss of detailed information presently used to resolve disputes. See attached printout provided by the RGA. The RGA also stated to staff that their concern was when a large number of jackpots were hit within a small amount of time. These situations would take security away from other functions in the surveillance room.

Impact on Commission

There is little to no impact on the Commission if the rule change is approved.

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

Regulatory Concerns

Staff would lose the ability to verify payouts under \$3,000.

House-banked card rooms would no longer be required to obtain detailed footage of jackpot payouts under \$3,000. If there is a complaint about a jackpot payout, the detailed surveillance recordings may not be available for staff review. In these situations, staff would require card rooms to pay the prize to the player pursuant to WAC 230-15-310.

Resource Impacts

None.

Policy Consideration

None.

Statements Supporting the Proposed Rule Change

Bold = Additions made after the March 2009 Commission Meeting

E-mail dated March 12, 2009 from John McNutt

E-mail dated March 12, 2009, from David Fretz outlining jackpots of \$1,000 or greater hit on February 27, 2009, and March 2, 2009, at the Great American Casino.

Great American Casino log entries dated December 19, 20, and 24, 2008, February 11 and 12, 2009.

Statements Opposing the Proposed Rule Change

None.

Licensees Directly Impacted By the Change

House-banked card game licensees.

Staff Recommendation

Final Action.

Proposed Effective Date for Rule Change

The petitioner did not request an effective date. If the Commission chooses to adopt the proposed rule change, staff recommends an effective date of July 1, 2009.

AMENDATORY SECTION (Amending Order 638, filed 11/18/08, effective 1/1/09)

WAC 230-15-320 Surveillance room requirements for house-banked card game licensees. House-banked card game licensees must maintain one or more surveillance rooms. They must:

(1) Control access to the surveillance room so that only surveillance department employees use the room. Owners or their approved supervisory or management personnel may also enter the surveillance room to monitor activities. Licensees may allow authorized personnel to escort any other person into the surveillance room for educational, investigative, or maintenance purposes; and

(2) Ensure that surveillance room entrances are not easily observed from the gambling floor; and

(3) Ensure that a surveillance employee is present in the room and monitoring activities using the equipment any time the card room is conducting gambling and during the count process. However, subject to subsection (4) of this section, licensees may operate the surveillance room without staff:

(a) For routine breaks that are less than thirty minutes per shift; or

(b) When only nonhouse-banked card games are operated with wager limits of forty dollars or less and such limits are documented in their internal controls.

(4) Ensure that any time a winning wager, a jackpot, or bonus pay out greater than (~~one~~) three thousand dollars is won, they use pan-tilt-zoom (PTZ) cameras to verify:

(a) Winning hands; and

(b) Amounts of the wager; and

(c) Amounts of the pay out; and

(d) Players who won the prize.



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

May 2009 – Final Action

ITEM 9 (a)-(c) on the May 15, 2009, Commission Meeting Agenda. Statutory Authority 9.46.070
Who proposed the rule change?
Staff.
Proposed Change
<p>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:</p> <ul style="list-style-type: none"> • 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. <p>Changes made after the February 2009 Commission Meeting: Housekeeping: "es" added to family sporting complex<u>es</u>.</p> <p>Attachments:</p> <ul style="list-style-type: none"> • 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
<p>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.</p>

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
Adoption.
Proposed Effective Date for Rule Change
July 26, 2009, to correspond with the effective date of HB 1217, which allows the Commission to authorize amusement game locations.

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.



Proposed Amendment to
WAC 230-03-185
Applying for a manufacturer license.

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

ITEM 10 (a) on the May 15, 2009, Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
Staff.	
Proposed Change	
We are adding back into the rule:	
<ul style="list-style-type: none"> • Notification that staff may conduct an onsite review of a manufacturer’s processes; and • That manufacturers must comply with quality control restrictions for gambling equipment used in Washington State. 	
History of Rule	
The rule was passed in March 2006 and became effective January 1, 2008. These requirements were formerly cited under WAC 230-04-110.	
These requirements helped applicants know that on-site reviews may be part of the licensing process.	
If a licensed manufacturer added new gambling equipment, we relied on this language to tell them that they could not sell the new equipment in Washington until we reviewed their manufacturing process to ensure they met our requirements.	
This language was used to review manufacturing processes when quality control issues were a concern.	
Impact of the Proposed Change	
This rule change codifies what was previously included in our rules and current agency practice.	
Regulatory Concerns	
None.	
Resource Impacts	
None.	
Policy Consideration	
None.	
Statements Supporting the Proposed Rule Change	
None.	
Statements Opposing the Proposed Rule Change	
None.	
Licensees Directly Impacted By the Change	
Gambling equipment providers.	
Staff Recommendation	
Adoption.	
Proposed Effective Date for Rule Change	
July 1, 2009.	



Proposed Amendment to
WAC 230-09-131
Poker tournaments authorized.

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

ITEM 10 (b) on the May 15, 2009, Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
Staff	
Proposed Change	
The change would allow Fund-Raising Events (FRE) licensees to award cash prizes at poker tournaments. The rule currently states that only merchandise prizes can be given away. The ability to award cash prizes was inadvertently removed during the Rules Simplification Project.	
History of Rule	
In November 2006 the Commission adopted rules authorizing poker tournaments at licensed FREs and Limited FREs.	
The ability to award cash and merchandise prizes for poker tournaments offered during a FRE was previously in WAC 230-25-045 “Chips used in card tournaments do not have a monetary value and may only be redeemed for prizes”.	
Only merchandise prizes can be given away at a <i>Limited</i> FRE. This includes poker tournaments operated under a Limited FRE license. This restriction is specific to Limited FREs and was not intended for regular FRE licensees.	
Impact of the Proposed Change	
The ability to award cash prizes at FRE poker tournaments may help charitable or nonprofit organizations draw additional poker tournament players. Additional players may increase their fund-raising at these events.	
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 FRE licensees.	
Staff Recommendation	
Adoption.	
Proposed Effective Date for Rule Change	
July 1, 2009.	



Proposed Amendment to
WAC 230-15-115
Standards for cards.

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

ITEM 10 (c) on the May 15, 2009, Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
Staff	
Proposed Change	
This change would no longer require house-banked licensees to use logo cards for nonhouse-banked games (i.e. poker).	
History of Rule	
Prior to the Rules Simplification Project (RSP), we only required logo cards for house-banked card games (such as Blackjack and Pai Gow). We allowed house-banked card game licensees to use nonlogo cards for nonhouse-banked games (i.e. poker).	
The requirement that house-banked licensees use logo cards for nonhouse-banked games was inadvertently added during the RSP.	
Impact of the Proposed Change	
If this rule change is not approved, house-banked licensees will have to purchase new decks of cards for nonhouse-banked games. The cost of such a purchase may be substantial for some licensees.	
If this rule change is approved there will be no change to our regulatory program.	
A Small Business Economic Impact Statement was not prepared because the rule change would not impose additional costs on businesses.	
Regulatory Concerns	
None.	
Resource Impacts	
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	
Adoption.	
Proposed Effective Date for Rule Change	
July 1, 2009.	



Proposed New Rule
WAC 230-15-158
Ensuring card room employees meet license requirements.

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

ITEM 10 (d) on the May 15, 2009, Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
Staff	
Proposed Change	
The proposed rule would clarify that card room licensees are responsible for ensuring their card room employees are properly licensed.	
History of Rule	
Former WAC 230-04-140 stated “Public card room operators shall not employ any unlicensed person to perform duties for which a license is required and shall take all measures to prevent an unlicensed person from doing so.”	
This rule was left out of the new Rules Simplification Rules manual because it was felt that RCW 9.46.158 would suffice. However, it has been determined that this rule is important because it clarifies that card room operators are responsible for ensuring that their employees are properly licensed.	
Since the new rule manual became effective in January 2008, commission staff found at least eight violations where a card room employee was allowed to work with an expired license.	
Impact of the Proposed Change	
Our regulatory program will not change. The new rule will make it clear that operators are responsible for employing card room employees that have a valid license.	
A small business economic impact statement was not prepared because the rule change would not impose additional costs on any licensees.	
Regulatory Concerns	
None.	
Resource Impacts	
None.	
Policy Consideration	
None.	
Statements Supporting the Proposed Rule Change	
None.	
Statements Opposing the Proposed Rule Change	
None.	
Licensees Directly Impacted By the Change	
Card room licensees.	
Staff Recommendation	
Adoption.	
Proposed Effective Date for Rule Change	
July 1, 2009.	

Amendatory Section

WAC 230-03-185 Applying for a manufacturer license.

(1) You must apply for a manufacturer license if you:

~~(1)~~ (a) Make or assemble a completed piece or pieces of gambling equipment for use in authorized gambling activities; or

~~(2)~~ (b) Convert, modify, combine, add to, or remove parts or components of any gambling equipment for use in authorized gambling activities.

(2) You must demonstrate your ability to comply with all manufacturing, quality control restrictions, and operations restrictions imposed on authorized gambling equipment that you want to manufacture or market for use in Washington state.

(3) The licensing process may include an on-site review of your manufacturing equipment and process for each separate type of authorized gambling equipment to ensure compliance capability.

Amendatory Section:

WAC 230-09-131 Poker tournaments authorized.

Licensees may operate poker tournaments at fund-raising events. Licensees must:

- (1) Adopt and prominently post tournament rules; and
- (2) Count all money paid to enter a tournament or purchase chips as a wager when determining their ten thousand dollar net receipts limits; and
- (3) Not allow chips used in poker tournaments to have a monetary value; and
- (4) Allow chips to be redeemed for cash and/or merchandise prizes ~~only~~; and
- (5) Maintain a record of all prizes awarded, including, at least:
 - (a) The amount paid for each prize; and
 - (b) For donated prizes, the name of the donor and a description of the prize(s) donated; and
 - (c) The name and complete address of each winner.

Amendatory Section:

WAC 230-15-115 Standards for cards.

(1) Card game licensees must:

(a) Supply cards of conventional size and design to maximize the integrity of the card games; and

(b) Safeguard all cards; and

(c) Not allow cards that have been modified or marked in any manner.

(2) For Class E, Class F, and house-banked games, the cards must:

(a) Be made by a licensed manufacturer; and

(b) Be purchased from a licensed manufacturer or distributor.

(3) ~~House-banked licensees must use cards with the house name or logo~~ Cards with the house name or logo must be used for house-banked card games.

New Section:

WAC 230-15-158 Ensuring card room employees meet license requirements.

Card game licensees must not allow any person to perform the duties of a card room employee until they have met our licensing requirements.



Rule Up For Discussion and Possible Filing

Proposed Amendment to
WAC 230-17-137

Guidelines for imposing penalties in disciplinary actions.

ITEM 11 (a) on the May 15, 2009, Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
Staff	
Proposed Change	
Housekeeping change to subsection (1)(L) to change “Commissioners” to “presiding officer”.	
When this rule was adopted in February 2009, an inadvertent typographical error in subsection (1)(L) listed the “Commissioners” rather than the “presiding officer” as the person that may consider the factors listed in the rule when determining administrative penalties.	
History of Rule	
This rule requires that, upon the request of any party, the presiding officer may consider a list of 14 aggravating and mitigating factors when determining whether to modify a penalty sought by Commission staff.	
In 2006, at the request of the Coalition for Responsible Gaming and Regulation (“Coalition”), staff began discussions on a draft version of this rule. The Coalition is a group that includes manufacturers, distributors, charitable/nonprofit organizations, and commercial operators. During these meetings, the parties discussed the Coalition’s concerns about some aspects of the administrative case process and worked on a rules proposal. However, an agreement satisfactory to both parties was not reached.	
In October 2008, the Commission filed a Petition For Rule Change submitted by the Coalition requesting a new rule to require the Commission and/or the presiding officer to consider a list of aggravating and mitigating circumstances when imposing administrative penalties. After months of discussion and several changes to the initial WAC language, the Commission adopted this version of the rule at their February 2009 meeting, to become effective March 20, 2009.	
Impact of the Proposed Change	
The change clarifies that the “presiding officer” rather than the “Commissioners” may consider any other aggravating and mitigating circumstances when imposing administrative penalties.	
A small business economic impact statement was not prepared because the rule change would not impose additional costs on businesses.	
Regulatory Concerns	
None.	
Resource Impacts	
None.	
Policy Consideration	
None.	
Statements Supporting the Proposed Rule Change	
None.	
Statements Opposing the Proposed Rule Change	
None.	
Licensees Directly Impacted By the Change	
Applicants and licensees.	
Staff Recommendation	
File for further discussion.	
Proposed Effective Date for Rule Change	
31 days from adoption.	

Amendatory Section:

WAC 230-17-137 Guidelines for imposing penalties in disciplinary actions.

(1) Without in any manner limiting the authority granted to the commission under chapter 9.46 RCW or other applicable law to impose the level and type of discipline it may deem appropriate, at the request of any party, the presiding officer may consider the following factors, along with such others as he or she deems relevant, in determining the administrative penalty to be assessed for the violation of a statute or rule:

- (a) The risk posed to the public health, safety, or welfare by the violation;
- (b) Whether there are special policy implications relating to the violation, for example, those regarding underage gambling;
- (c) Whether, and how, the violations impacted players, for example, failure to pay a player, and player-supported jackpot violations;
- (d) Whether the applicant, licensee, or permittee:
 - (i) Knew, or reasonably should have known, the action complained of was a violation of any law, regulation, or condition of their license;
 - (ii) Previously received a verbal warning, written warning, notice of infraction, notice of violation and settlement (NOVAS), or administrative charges from the commission for similar violations;
 - (iii) Made, or attempted to make, a financial gain from the violation;
 - (iv) Had an existing compliance program related to the violation; or
 - (v) Has subsequently initiated remedial measures to prevent similar violations from reoccurring;
- (e) Whether the violations were intentional, willful, or grossly negligent;
- (f) Whether requiring the applicant, licensee or permittee to implement a written self-enforcement and compliance program would assist in ensuring future compliance with relevant laws, regulations, and license conditions;
- (g) If the violation was caused by an officer or employee of the applicant, licensee, or permittee:
 - (i) Whether the individual who caused the violation acted within the scope of authority granted to him or her by the applicant, licensee or permittee; or
 - (ii) Whether the individual violated company policies, procedures, or other standards;

(h) The adequacy of any relevant training programs the applicant, licensee or permittee previously offered or made available to its employees;

(i) Whether and the extent to which the applicant, licensee or permittee cooperated with the commission during the investigation of the violation;

(j) The penalties imposed on other applicants, licensees or permittees for similar violations;

(k) Whether the applicant, licensee, or permittee reasonably relied upon professional advice from an accountant or other recognized professional, which was relevant to the conduct or action resulting in the violation; or

(l) Any other aggravating or mitigating circumstances the ~~commissioners~~ presiding officer deems relevant.

(2) A party intending to rely on any aggravating or mitigating factors must raise them at the initial hearing before the presiding officer in order to preserve them for any subsequent hearings before a reviewing officer.

(3) In the spring of 2011, staff will report to the commission on the impacts of this rule, if any.

[Statutory Authority: RCW [9.46.070](#). 09-05-084 (Order 641), § 230-17-137, filed 2/17/09, effective 3/20/09.]



Rule Up For Discussion and Possible Filing

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

ITEM 12 (a) on the May 15, 2009, Commission Meeting Agenda. Statutory Authority 9.46.070

Who proposed the rule change?

Robert Saucier, Galaxy Gaming, Inc.

Proposed Change

The petitioner is requesting that the maximum number of games allowed within a single hand of cards be increased 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. The petitioner states the reason for the rule change is that WAC 230-15-040 is no longer needed.

Staff understands the proposed card games feature four or five games within a single hand. Emperor's Challenge is one of these games and it has been approved for use at tribal casinos using four games within a hand. Emperor's Challenge using three games within a hand has been approved for use at house-banked card rooms.

April 2009 Commission Meeting:

At the April 2009 meeting, the Commission continued the petition for additional action at the May 2009 meeting.

Attachments:

- 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 May 2009 meeting.
- 3) Petition received February 19, 2009.
- 4) Proposed amendment to WAC 230-15-040.
- 5) Petitioner's PowerPoint presentation that will be given at the May 2009 meeting.
- 6) Excerpts from the April and July 2007 Commission meeting minutes when Shuffle Master's Petition was filed and adopted.

History of Rule

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.

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.

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.

Impact of the Proposed Change

Impact on House-Banked Card Room Licensees

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.

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

While staff has the regulatory concerns above, staff is not aware that this kind of regulatory limit exists in other jurisdictions. Staff recommends filing 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.

Amendatory Section:

WAC 230-15-040 Requirements for authorized card games.

(1) In order for a game to be authorized, the game must:

(a) Be played with standard playing cards or with electronic card facsimiles approved by the director or the director's designee; and

(b) Offer no more than ~~three~~ six separate games with a single hand of cards. We consider bonus features and progressive jackpots separate games. If a player does not have to place a separate wager to participate, we do not consider it a separate game. An example of this is an "envy" or "share the wealth" pay out when another player achieves a specific hand; and

(c) Not allow side bets between players.

(2) Card game licensees may use more than one deck of cards for a specific game. They also may remove cards to comply with rules of a specific game, such as Pinochle or Spanish 21.

(3) Players must:

(a) Compete against all other players on an equal basis for nonhouse-banked games or against the house for house-banked games. All players must compete solely as a player in the card game; and

(b) Receive their own hand of cards and be responsible for decisions regarding such hand, such as whether to fold, discard, draw additional cards, or raise the wager; and

(c) Not place wagers on any other player's or the house's hand or make side wagers with other players, except for:

(i) An insurance wager placed in the game of Blackjack; or

(ii) An "envy" or "share the wealth" wager which allows a player to receive a prize if another player wins a jackpot or odds-based wager; or

(iii) A tip wager made on behalf of a dealer.

(4) Mini-Baccarat is authorized when operated in the manner explained for Baccarat in the most current version of *The New Complete Hoyle, Revised* or *Hoyle's Encyclopedia of Card Games*, or similar authoritative book on card games we have approved. However:

- (a) Card game licensees may make immaterial modifications to the game; and
 - (b) Subsection (3) of this section does not apply; and
 - (c) The number of players is limited under WAC 230-15-055.
- (5) A player's win or loss must be determined during the course of play of a single card game.



Rules Up For Discussion and Possible Filing

Proposed Amendments to:

WAC 230-14-160 Progressive jackpot dispensers with a bank system.

WAC 230-14-165 Additional operating requirements for progressive jackpot pull-tab series.

WAC 230-14-175 Removing progressive jackpot pull-tab series from play.

ITEM 13 (a)-(c) on the May 15, 2009, Commission Meeting Agenda. Statutory Authority 9.46.070

Who proposed the rule change?

Robert Saucier, Galaxy Gaming, Inc.

Proposed Change

The petitioner is requesting several rule changes. He has stated verbally to staff that he wants the changes because he is developing a new type of electronic progressive jackpot pull-tab game. However, he has stated to staff that he does not have a prototype developed yet that staff can review. Later, the petitioner stated to staff that he plans to present the concept of the electronic pull-tab dispenser at the May 2009 Commission meeting, which staff has not yet seen.

He has stated in the petition that the reason for the rule change is that WAC 230-14-160 is no longer needed.

Staff has combined these three petitions in one rule summary because our understanding from the petitioner is that the changes are all necessary to allow his pull-tab dispenser concept. Additionally, the petitioner has stated to staff that he will be submitting additional rule changes necessary to allow his pull-tab dispenser concept. The petitioner has proposed the following rule changes to allow pull-tab operators to:

- Operate more than ten pull-tab dispensers in one bank system (WAC 230-14-160 (2)).
- Display progressive pull-tab dispensers in a location where players may not be able to observe all remaining pull-tabs in a series. Instead, players will be able to observe a counter displaying the number of remaining pull-tabs in a series (WAC 230-14-160 (3) (a)).
- Choose whether or not to have an owner or licensed commercial or charitable or nonprofit gambling manager on the premises at all times when progressive jackpot pull-tab series are operated (WAC 230-14-165 (1)).
- Offer merchandise prizes on progressive jackpot pull-tab series (WAC 230-14-165 (6) (b)).
- Remove progressive jackpot pull-tab series at a time other than the beginning or end of a business day (WAC 230-14-175 (1)).

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 May 2009 meeting.
- Petition received February 19, 2009.
- Proposed changes to WAC 230-14-160, WAC 230-14-165, and WAC 230-14-175.
- Petitioner's PowerPoint presentation that will be given at the May 2009 meeting.

History of Rule

A progressive jackpot pull-tab series is a pull-tab series in which operators award a progressive jackpot prize to a player who presents a winning pull-tab. Effective January 1, 2008, the Commission authorized the number of pull-tabs in individual pull-tab series and carry-over jackpot series to be increased from 10,000 to 25,000.

1. WAC 230-14-160 Progressive jackpot dispensers with a bank system.

Progressive jackpot pull-tab series are placed into progressive jackpot dispensers. Progressive jackpot dispensers hold and dispense pull-tabs from progressive pull-tab series. A bank system is a network of

pull-tab dispensers offering progressive jackpot pull-tab series connected by a computer. The computer records the total gross gambling receipts received by all the dispensers on the network and calculates the amount of the progressive jackpot on the networked dispensers.

WAC 230-14-160 (2) allows operators to have more than one bank system operating at one time. However, each bank system must not have more than ten pull-tab dispensers.

According to WAC 230-14-160 (3) (a), within each bank system, progressive jackpot dispensers must be located in close physical proximity on the business premises. The reason for this is so that players may observe all remaining pull-tabs in a series.

Staff is only aware of one location that operates progressive jackpot pull-tab dispensers with a bank system.

2. WAC 230-14-165 Additional operating requirements for progressive jackpot pull-tab series.

Operators must conduct progressive jackpot pull-tab series in the same way as other pull-tab series and must follow certain additional requirements. WAC 230-14-165 (1) requires an owner or licensed commercial or charitable or nonprofit gambling manager to be on the premises at all times when progressive jackpot pull-tab series are operated. At least one of the people listed above are required to be on the premises where the progressive jackpot game is offered so that they can redeem and verify the winning pull-tab for the progressive jackpot.

Currently WAC 230-14-165 (6) (b) prohibits operators from offering merchandise prizes on progressive pull-tab series. This prevents operators from having the ability to create a substitute flare (altered flare) changing the original prize offered on the manufacturer's flare.

3. WAC 230-14-175 (1) Removing progressive jackpot pull-tab series from play.

Operators must not remove a progressive jackpot pull-tab series from play before the progressive jackpot is won. However, operators may remove a series from play if they remove the series before the beginning or at the end of any business day. This prevents an operator from removing the game (jackpot) while there is current customer play on the game.

Impact of the Proposed Change

Impact on Pull-Tab Licensees

If the rule changes are approved, pull-tab licensees will be able to:

1. Operate more than ten pull-tab dispensers in one bank system.
2. Display progressive pull-tab dispensers in a location where players may not be able to observe all remaining pull-tabs in a series. Instead, players will be able to observe a counter displaying the number of remaining pull-tabs in a series.
3. Choose whether or not to have an owner or licensed commercial or charitable or nonprofit gambling manager on the premises at all times when progressive jackpot pull-tab series are operated.
4. Offer merchandise prizes on progressive jackpot pull-tab series.
5. Remove progressive jackpot pull-tab series at a time other than the beginning or end of a business day.

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

Regulatory Concerns

The petitioner has not addressed the pull-tab merchandise rules. There are other rules that address merchandise prizes that are not consistent with how the current progressive games are operated

(numbered tickets and substitute flare requirements). Staff believes that other rules regarding merchandise prizes may need to be changed to allow merchandise prizes to be used with progressive pull-tab games.

There may be concerns about eliminating licensed gambling managers overseeing these machines if these proposed changes increase the play of progressive pull-tabs.

Resource Impacts

Staff has not seen the petitioner's concept or a prototype.

Staff may receive additional complaints from players if games are pulled in the middle of the day.

Policy Consideration

These restrictions/limits protect players' ability to identify the possibility of winning, getting paid, and completing play that is in progress.

The petitioner's goal is to establish rules that would allow a new electronic pull-tab dispenser that staff and the Commission have not yet seen.

Statements Supporting the Proposed Rule Change

None.

Statements Opposing the Proposed Rule Change

None.

Licensees Directly Impacted By the Change

Pull-tab licensees.

Staff Recommendation

Deny the petition because the petitioner is asking the Commission to make specific rule changes without being able to see the pull-tab dispenser operate.

Proposed Effective Date for Rule Change

The petitioner did not specify an effective date. If the Commission chooses to adopt the rule change, staff recommends an effective date of January 1, 2010.

WAC 230-14-160

Progressive jackpot dispensers with a bank system.

(1) Operators may have more than one pull-tab dispenser for a series operating at one time.

(2) Operators may have more than one bank system operating at one time, but one bank system must not have more than ten pull-tab dispensers.

(3) In a bank system, progressive jackpot pull-tab dispensers must be:

(a) Located in close physical proximity on the business premises, so that players may observe all remaining pull-tabs in a series or alternatively have a counter displaying the number of remaining pull-tabs in a series; and

(b) Linked to a computer system which records all sales and the accrual of the progressive jackpot.

WAC 230-14-165

Additional operating requirements for progressive jackpot pull-tab series.

Operators must conduct progressive jackpot pull-tab series in the same way as other pull-tab series and must follow these requirements:

~~(1) An owner or licensed commercial or charitable or nonprofit gambling manager must be on the premises at all times when progressive jackpot pull-tab series are operated; and~~

~~(2) (1) Only owners and licensed individuals may have access to progressive jackpot pull-tab series and they must store the series in secured locations; and~~

~~(3) (2) Licensees must have sufficient funds available to pay all prizes on redemption of winning tabs. Failure to have sufficient funds available is prima facie evidence of defrauding the public; and~~

~~(4) (3) The current progressive jackpot total must be clearly displayed near the bank of machines at all times during the sale of progressive pull-tabs; and~~

~~(5) (4) Operators must prominently display one flare near the bank of machines; and~~

~~(6) (5) Operators must not use:~~

~~(a) Substitute flares; or~~

~~(b) Merchandise prizes; or~~

~~(c) (b) Last sale prizes; and~~

~~(7) (6) Operators must disclose the rules for playing out a series or carrying over accrued prizes.~~

WAC 230-14-175

Removing progressive jackpot pull-tab series from play.

Operators must not remove a progressive jackpot pull-tab series from play before the progressive jackpot is won. However, operators may remove a series from play if they:

~~(1) Remove the series before the beginning or at the end of any business day; and~~

~~(2) (1) Carry over the accrued jackpot prize from the series and any previously carried over accrued jackpot prize to a new series within twenty-four hours; and~~

~~(3) (2) Add the accrued jackpot prize to the starting jackpot amount for the new series when they place it out for play. The amount of the jackpot must not be decreased.~~



Rule Up For Discussion and Possible Filing

Proposed Amendment to
WAC 230-10-380

Relief reduction for minimum annual adjusted cash flow.

ITEM 14 (a) on the May 15, 2009, Commission Meeting Agenda. Statutory Authority 9.46.070

Who proposed the rule change?

Clyde Bock, licensed bingo manager, Ruth Dykeman Children Center.

Proposed Change

The petitioner is requesting that bingo licensees have the ability to apply up to 49% of gambling taxes paid to local governments as a credit when computing expenses for adjusted cash flow requirements.

Staff recommends a housekeeping amendment to change “license” year to “calendar” year to reflect current agency practice.

The purpose of the change is to help bingo licensees that maintain a positive cash flow throughout the year to remain in compliance, when gambling taxes paid to local governments push them out of compliance.

The petitioner verbally stated to staff that last year he paid \$78,000 in gambling taxes. In contrast, some jurisdictions do not charge charitable/nonprofit organizations a gambling tax. Mr. Bock stated that his organization pays 10% gambling tax on pull-tab net receipts and 2.5% on bingo net receipts. Until recently, he was paying 5% tax on bingo net receipts. The petitioner stated the rule change allows him to receive some recognition for taxes paid and brings his cash flow requirements more in line with bingo licensees that do not pay gambling taxes.

Attachments:

- Memo to the Commission outlining their options for handling the petition.
- Letter notifying Mr. Bock that the petition will be up for filing at the May 2009 meeting.
- Petition for Rule Change received April 1, 2009.
- Proposed amendment to WAC 230-10-380.

History of Rule

This rule allows the director to automatically grant up to a 25% reduction to the annual dollar amount required for annual adjusted cash flow for bingo licensees that fail to meet the minimum requirements. This automatic reduction can be granted once every four years.

Impact of the Proposed Change

This amendment would give bingo licensees that pay taxes to local governments the ability to meet adjusted cash flow requirements without using the 25% relief that may be granted by the director once every four years.

Bingo licensees that maintain a positive cash flow throughout the year would be able to apply 49% of gambling taxes paid to local jurisdictions toward adjusted cash flow requirements. The gambling tax credit would not be automatic; it will only be used if the licensee did not meet adjusted cash flow requirements. If the organization has a negative cash flow, they would not be able to apply the tax credit to their adjusted cash flow calculation.

The petitioner stated that gambling taxes are a tangible benefit to local governments. The petitioner stated the proposed change would make their cash flow requirements more consistent with licensees that do not pay gambling taxes.

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

Regulatory Concerns
None.
Resource Impacts
None.
Policy Consideration
None.
Statements Supporting the Proposed Rule Change
None.
Statements Opposing the Proposed Rule Change
None.
Licensees Directly Impacted By the Change
Bingo licensees that pay gambling taxes.
Staff Recommendation
File for further discussion.
Proposed Effective Date for Rule Change
The petitioner verbally requested an effective date of 31 days from adoption.

Amendatory Section:

WAC 230-10-380 Relief reduction for minimum annual adjusted cash flow.

(1) If a bingo licensee fails to meet the minimum annual adjusted cash flow requirements for any licensee calendar year and has maintained a positive cash flow, the licensee may apply as a credit up to forty-nine percent of gambling taxes paid to local governments when computing expenses for adjusted cash flow.

(2) If the licensee is still out of compliance, the director automatically grants relief, allowing ~~((a))~~ up to twenty-five percent reduction to the annual dollar amount of required adjusted cash flow for the year in which the licensee is out of compliance.

~~(3)~~ ~~(2)~~ No licensee granted relief is eligible to receive relief for any of the four licensee calendar years following the licensee calendar year for which the director granted the relief.

Rules Up For Discussion and Possible Filing



Pull-Tab Rules:

Amendatory Sections

WAC 230-05-030 Fees for other businesses.

WAC 230-14-065 One flare per punch board or pull-tab series.

WAC 230-14-080 Prize limits and percentage of winners required.

WAC 230-14-265 Retention requirements for punch boards and pull-tab series.

New Sections

WAC 230-14-320 Defining a cumulative prize pool pull-tab game.

WAC 230-14-325 Defining a cumulative prize pool pull-tab board.

WAC 230-14-330 Defining a cumulative prize pool pull-tab series.

WAC 230-14-335 Operating requirements for cumulative prize pool pull-tab series.

Manufacturing Rules:

Amendatory Section

WAC 230-16-052 Standards for flares.

New Sections

WAC 230-16-102 Cumulative prize pool pull-tab games.

WAC 230-16-104 Cumulative prize pool pull-tab series flare.

ITEM 15 (a) on the May 15, 2009, Commission Meeting Agenda. Statutory Authority 9.46.070

Who proposed the rule change?

Richard Norris, President Bonanza Press Inc.

Proposed Change

The petitioner is requesting the Commission authorize a new type of pull-tab game called a cumulative prize pool pull-tab game. The cumulative prize pool pull-tab game is two or more separate games packaged together, each with a unique serial number. Each separate game awards one chance to open a seal on the cumulative prize pool board (flare). The petitioner has proposed the following new rules:

- A definition of a cumulative prize pull-tab game and cumulative prize pool pull-tab board.
- A definition of a cumulative prize pool pull-tab series.
- Operating requirements for cumulative prize pool pull-tab series.
- Manufacturing standards for cumulative prize pool pull-tab games.
- Manufacturing requirements for cumulative prize pool pull-tab series flares.

In addition, the petitioner is requesting the following WAC amendments:

- WAC 230-05-030 – Fees for other businesses. The proposed change would add a requirement for Washington State Identification Stamps on cumulative prize pool pull-tab games.
- WAC 230-14-065 – One flare per punchboard pull-tab series. The proposed change would allow cumulative prize pool pull tab games to have a cumulative prize pool pull tab board and a flare.
- WAC 230-14-080 - Prize limits and percentage of winners required. The proposed change would allow manufacturers of cumulative prize pool pull-tab games to calculate the sixty percent prize payout requirement based on the total amount of prizes from the cumulative prize pool board and the instant winners from each series, divided by the number of series contained in the game.

- WAC 230-14-265 - Retention requirements for punch boards and pull-tab series. The proposed rule specifies requirements for retaining cumulative prize pool pull-tab games.
- WAC 230-16-052 – Standards for flares. The proposed change describes the standards for flares for cumulative prize pool pull-tab games.

On February 3, 2009, Bonanza Press submitted their initial petition requesting that cumulative prize pool pull-tab games be authorized. After reviewing the proposed rule changes, staff asked the petitioner to withdraw their request and work with staff to develop rules that would better meet the intent of his request. A letter withdrawing the petition was received February 19, 2009. Staff worked with the petitioner and on March 16, 2009, the petitioner submitted a second petition. Staff had concerns about the proposed language and has worked with the petitioner to develop the attached rules package that meets the needs of both the petitioner and staff to authorize the requested pull-tab game.

Attachments:

- 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 May 2009 meeting.
- 3) Petition received March 17, 2009, and proposed rule changes.

History of Rule

The following types of pull-tab games are authorized: progressive, carry over, event, bonus, and seal card pull-tab games. The new game the petitioner is requesting is similar to seal card pull-tab games.

Seal Card Pull-Tab Games

In seal card pull-tab games, there are a predetermined number of winning pull-tabs that allow players to put their name on a list on the flare. When the name list is full, the operator opens a sealed window on the flare to reveal which player wins the seal card pull-tab prize. Pull-tab operators must:

- Gather player contact information.
- Contact the seal card pull-tab winner within two business days of the end of the series.
- Allow the winner 14 days after being contacted to collect the prize.
- Award the seal card pull-tab prize.
- Disclose the method of choosing alternative winners, if a game is not sold out.

Cumulative Prize Pool Pull-Tab Games

In a cumulative prize pool pull-tab game, the tabs from one pull-tab game are broken out into two or more series; each has the same name and a unique serial number. Each series has its own flare, and sign-up list. In addition to the series flares, the game includes a cumulative prize pool pull-tab flare (cumulative prize pool board) with the same name. The cumulative prize pool board has the same number of seal card prizes as the number of series in the game.

Players purchase pull-tabs from the cumulative prize pool pull-tab series for the chance to instantly win a prize or to put their name on a sign-up list on the series flare. After each sign-up list is full, a sealed window is opened to determine which person on the list will open a seal on the cumulative prize pool board.

For example, one cumulative prize pool pull-tab game that contains 20 cumulative prize pool pull-tab series will have a cumulative prize pool board containing 20 seal card prizes available. Each series can be played individually or more than one series may be in play at a time. After each individual series is completed, the seal card winner will open a window on the cumulative prize pool board. Each one of these 20 series will have one winner for one of the 20 prizes displayed on the cumulative prize pool pull-tab board.

Impact of the Proposed Change

Impact on licensees

- Pull-tab licensees may be able to increase pull-tab sales with this new style of play.
- Pull-tab manufacturers may increase their sales since they would be able to offer a new type of game.

The petitioner stated to staff that several manufacturers licensed in Washington State are manufacturing these games (Universal, Arrow/Specialty, International Gamco, and Bonanza Press).

Impact on agency

- Staff training will be needed to ensure staff is familiar with this new type of pull-tab game.
- Some licensee training may be needed.

Regulatory Concerns

60% Payout Requirement: WAC 230-14-080 states that each individual pull-tab game must be capable of paying out sixty percent of the total gross gambling receipts. The cumulative prize pool pull-tab game will be capable of paying out 60% or more but the proposed change would allow for a different method for calculating the 60% payout requirement. The proposed change allows manufacturers to calculate the sixty percent prize payout based on the total amount of prizes from the cumulative prize pool board and the instant winners from each series divided by the number of series contained in the game.

For example, on the game staff reviewed, the 60% payout was calculated by adding the total amount of prizes available on the cumulative prize pool board (\$2,375) and dividing it by the number of individual series (20) in the cumulative prize pool pull-tab game (\$2,375 divided by 20 = \$118.75). The amount of \$118.75 (average cumulative prize amount) is added to the total instant winner prizes to get the total amount of prizes available (\$168.75). The total prizes available is then divided by the amount of possible gross receipts for that individual series (\$168.75 total prizes divided by \$226.00 total gross receipts = 75% payout for each series).

Other Jurisdictions

Cumulative pull-tab games are allowed in several other states including: Minnesota, Kentucky, Virginia, and Texas. Staff was able to make contact with a staff person at the gaming regulatory agencies in Minnesota, Virginia, and Texas. They noted the games range in popularity and there have not been any significant regulatory problems.

Resource Impacts

- Staff training will be needed to ensure staff is familiar with this new type of pull-tab game.
- Staff would likely be asked by licensees to provide training on the new games.

Policy Consideration

None.

Statements Supporting the Proposed Rule Change

None.

Statements Opposing the Proposed Rule Change

None.

Licensees Directly Impacted By the Change

Commercial and nonprofit pull-tab licensees and pull-tab manufacturers.

Staff Recommendation

File for further discussion.

Proposed Effective Date for Rule Change

The petitioner did not request an effective date. Staff recommends an effective date of January 1, 2010.

Amendatory Section:

WAC 230-05-030 Fees for other businesses.

All other business license applicants must pay the following fees to us when applying for gambling licenses, miscellaneous changes, or inspection services:

1. Commercial amusement games

License	Annual Gross Gambling Receipts	Fee
Class A	Premises only	*\$327/\$150
Class B	Up to \$50,000	\$460
Class C	Up to \$100,000	\$1,184
Class D	Up to \$250,000	\$2,644
Class E	Up to \$500,000	\$4,640
Class F	Up to \$1,000,000	\$7,968
Class G	Over \$1,000,000	\$9,970

*We reduce the license fee by \$177 when you apply for additional licenses at the same business premises, apply for multiple licenses at the same business premises, or a licensee is renewing an annual license.

2. Distributor

License	Annual Gross Sales	Fee
Class A	Nonpunch board/pull-tab only	\$659
Class B	Up to \$250,000	\$1,318
Class C	Up to \$500,000	\$1,980
Class D	Up to \$1,000,000	\$2,644
Class E	Up to \$2,500,000	\$3,446
Class F	Over \$2,500,000	\$4,242

3. Fund-raising event equipment distributor

License	Description	Fee
Class A	Rents or leases equipment for fund-raising event or recreational gaming activity up to 10 times per year.	\$260
Class B	Rents or leases equipment for fund-raising event or recreational gaming activity more than 10 times per year.	\$659

4. Gambling service supplier

License	Fee
Annual	\$687
Financing, consulting, and management contract review	\$143

5. Linked bingo prize provider

License	Fee
Annual	\$4,414

6. Manufacturer

License	Annual Gross Sales	Fee
Class A	Pull-tab dispensing devices only	\$659
Class B	Up to \$250,000	\$1,318
Class C	Up to \$500,000	\$1,980
Class D	Up to \$1,000,000	\$2,644
Class E	Up to \$2,500,000	\$3,446
Class F	Over \$2,500,000	\$4,242

7. Permits

Type	Description	Fee
Agricultural fair	One location and event only	\$27
Agricultural fair annual permit	Annual permit for specified different events and locations	\$189
Recreational gaming activity		\$59
Manufacturer's special sales permit		\$211
Punch board and pull-tab service business permit	Initial application fee	\$236
Punch board and pull-tab service business permit	Renewal	\$56

8. Changes

Application	Description	Fee
Name		\$27
Location		\$27
Business classification	Same owners	\$59
Exceeding license class	New class fee, less previous fee paid, plus	\$27
Duplicate license		\$27
Corporate stock/limited liability company shares/units		\$59
License transfers		\$59

9. Other fees

Type	Fee
Defective punch board/pull-tab cost recovery fees	Up to \$100
Failing to apply for license class upgrade	Up to fifty percent of the difference between our fees for the licensee's present license class and the new license class or one thousand dollars, whichever is less, plus \$27
Review of gambling equipment, supplies, services, or games	Cost reimbursement

10. Identification stamps

Type	Fee	
(a) Punch boards and pull-tabs		
(i) Standard	Wagers fifty cents and below Wagers over fifty cents	\$.28 \$1.11
(ii) Progressive jackpot pull-tab series	Per series	\$11.19
(iii) Pull-tab series with carry-over jackpots <u>and cumulative prize pool pull-tab series.</u>	Per series	\$1.11
(b) Pull-tab dispensing devices		
(i) Mechanical and electro-mechanical		\$.28
(ii) Electronic	Dispensing devices that require initial and ongoing evaluation of electronic components or functions, such as reading encoded data on pull-tabs, accounting for income or prizes	\$112.04 annually
Replacement of identification stamps		\$26
(c) Disposable bingo cards		
(i) Single game sets of individual cards or sheets of cards		\$.28
(ii) Multigame card packets		\$1.22

(iii) Cards used to play for linked bingo prizes	Fee per 250 cards	\$.44
(iv) Cards used to play for linked bingo prizes	Fee per 5,000 cards	\$8.96
(d) Coin or token-activated amusement games		
Annually - operated at any Class A amusement game license location		\$28.00
(e) Electronic bingo card daubers		
Annual		\$11.19
(f) Electronic card facsimile table		
Annual		\$381.50

11. Two-part payment plan participation

Annual participation		\$27
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Amendatory Section:

WAC 230-14-065 ~~One Flare~~ per for punch board or pull-tab series.

- 1) Punch board and pull-tab licensees must have in public view only one flare per punch board or pull-tab series. Flares must have a ~~Washington state identification~~ an I.D. stamp number and series number on their face.
- 2) Cumulative prize pool pull-tab games must have a cumulative prize pool board and a unique flare for each series.

Amendatory Section:

WAC 230-14-080 Prize limits and percentage of winners required.

Punch board or pull-tab operators must not possess, display, put out for play, sell, or otherwise transfer punch boards or pull-tab series that:

- (1) Have a total payout of less than sixty percent of the total gross gambling receipts of the board or series, except in cumulative prize pool pull-tab games. In cumulative prize pool pull-tab games, the sixty percent prize payout requirement will be calculated based on the total amount of prizes from the cumulative prize pool board and the instant winners from each series, divided by the number of series contained in the game; ~~or~~ and
- (2) Offer boards or series, except for progressive series or carry-over jackpots, with a single cash prize that is more than twenty-five hundred dollars; or
- (3) Offer a single merchandise prize that is more than twenty-five hundred dollars including markup; or
- (4) Have a single pull-tab or punch with multiple winning combinations that are more than the prize limit; or
- (5) Offer prizes for purchasing the last pull-tab or last punch (last sale) that are more than:
 - (a) One hundred dollars cash; or
 - (b) Merchandise that costs the licensee more than one hundred dollars; or
 - (c) The highest prize offered, whichever is less; or
- (6) Series that have a key to any winning numbers or symbols.

Amendatory Section:

WAC 230-14-265 Retention requirements for punch boards and pull-tab series.

(1) Punch board and pull-tab operators must keep all punch boards or pull-tab series removed from play, including, at least:

- (a) All prize flares; and
- (b) All unplayed tabs; and
- (c) All winning punches or tabs.

(2) Operators must make the items in subsection (1) of this section available on the licensed premises for us, local law enforcement, or local tax agencies to inspect.

(3) If stored off premises, operators must produce the game for inspection on demand.

(4) Operators must retain punch board or pull-tab series removed from play for:

(a) **Charitable or nonprofit operators** - Four months following the last day of the month in which the board or series was removed from play; and

(b) **Commercial operators** -

(i) Two months following the last day of the month in which they removed the board or series from play; and

(ii) Three months following the day they removed the board or series from play for winning punches or pull-tabs over twenty dollars. Operators must also retain the flare for these games; and

(c) **Carry-over jackpot series** - For four months after the last day of the month in which the carry-over jackpot was won; and

(d) **Progressive pull-tab series** - For one year. After the retention period, operators must destroy unsold progressive pull-tab series tabs in such a way that no one may find and use unopened winning tabs later; and

(e) **Cumulative prize pool pull-tab games** – for four months, following the last day of the month, in which the last seal is opened on the cumulative prize pool pull-tab game board.

New Section:

WAC 230-14-320 Defining a cumulative prize pool pull-tab game.

“Cumulative prize pool pull-tab game” means a pull-tab game that contains two or more series. Each series in the game has a unique serial number.

New Section:

WAC 230-14-325 Defining a cumulative prize pool pull-tab game board.

“Cumulative prize pool pull-tab game board” means the flare for a cumulative prize pool pull-tab game.

New Section:

WAC 230-14-330 Defining a cumulative prize pool pull-tab series.

“Cumulative prize pool pull-tab series” means individually packaged groups of pull-tabs that make-up a cumulative prize pool pull-tab game.

New Section:

WAC 230-14-335 Operating requirements for cumulative prize pool pull-tab games.

1) Operators must conduct cumulative prize pool pull-tab games in the same way as other pull-tab series and must follow these additional requirements:

- a) Cumulative prize pool pull-tab game boards must be displayed until the game is permanently pulled from play.
- b) Once a seal card winner from each series is revealed the seal card winner will pick one unopened seal from the cumulative prize pool pull-tab game board.
- c) If a player buys out a series, their name will be placed on all remaining empty lines on the list displayed on the series flare.
- d) Have more than one series in play at the same time, but may not comingle pull-tab series.
- e) Must not use substitute flares.

2) Operators must prominently post house rules of how the winner of a series will be chosen if the operator removes a series from play before the list on the series flare is completed. For example, once the seal is open and a player's name is not on that line, house rules could indicate that the name above the winning line would be declared the winner of the series.

Amendatory Section:

WAC 230-16-052 Standards for flares.

Flares must clearly display the:

- (1) Manufacturer of the punch board or pull-tab series. A stamp, seal or label identifying the manufacturer may be substituted if we have been informed; and
- (2) Manufacturer assigned series number; and
- (3) I.D. stamp; and
- (4) Cost of each punch or pull-tab; and
- (5) Total number of punches or pull-tabs in the series. For any newly designed flare or any previously designed flare for pull-tab series with a ticket count over six thousand, which has not yet been packaged, the number of pull-tabs must be printed in one-half inch size lettering; and
- (6) Prizes available and the winning number or symbols. For prizes over twenty dollars, the winning numbers or symbols must be printed so each can be permanently and conspicuously deleted off the flare as each prize is won.

- (a) A progressive jackpot meter board, for progressive jackpot series, is a supplement to the flare; and
- (b) For cumulative prize pool pull-tab games, the seal card prizes from the cumulative prize pool board are not required to be printed on the series flare.

New Section:

WAC 230-16-102 Cumulative prize pool pull-tab games.

- 1) Manufacturers of cumulative prize pool pull-tab games must meet all standards of pull-tab construction, including the seals on the board; and
- 2) A cumulative prize pool pull-tab game board must include at a minimum:
 - a) All seal card prizes; and
 - b) Manufacturers name or logo; and
 - c) Each cumulative prize pool pull-tab series number; and
 - d) Form number; and
 - e) Cost per play; and
 - f) Game name; and
- 3) A cumulative prize pool pull-tab game board must have the same number of seals as the number of series in the game.

New Section:

WAC 230-16-104 Cumulative prize pool pull-tab series flare.

A cumulative prize pool pull-tab series flare must meet the requirements of WAC 230-16-052 and include at a minimum:

- a) A perforated window or seal; and
- b) A list for players to write their name on for the chance to open a seal on the cumulative prize pool pull-tab board.



Rule Up For Discussion and Possible Filing

Proposed Amendment to
WAC 230-14-047

Standards for electronic video pull-tab dispensers.

ITEM 16 (a) on the May 15, 2009, Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
Jay Gerow, ZDI Gaming, Inc.	
Proposed Change	
<p>The petitioner is requesting that electronic video pull-tab dispensers be allowed to dispense a bundled pull-tab after all plays have been completed.</p> <p>Staff met with the petitioner after receiving the petition to review the proposed language. After discussions, both staff and the petitioner agreed that the Updated Proposed Amendment to WAC 230-14-047 more closely meets the intent of the petitioner's request.</p> <p>Attachments:</p> <ul style="list-style-type: none">• 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 May 2009 meeting.• Updated proposed amendment to WAC 230-14-047.• Petition for Rule Change received April 15, 2009.• Original proposed amendment to WAC 230-14-047.	
History of Rule	
<p>Following is a brief description of how video electronic pull-tab dispensers operate:</p> <ol style="list-style-type: none">1. A player inserts cash or a gift card2. The player presses a button3. The dispensing device opens a portion of the pull-tab to display a bar code4. The dispensing device reads the encoded data on the bar code and sends a signal to the video display to initialize it5. The dispensing device dispenses the pull-tab6. The player can open the perforated windows on the pull-tab and/or press a button on the dispensing device to display numbers, letters or symbols from the pull-tab on the video display7. It is not necessary for players to insert the pull-tab into the machine to determine if it is a winner8. The player must collect winnings from the operator <p>There are approximately 150 electronic video pull-tab dispensing devices being operated at approximately 55 licensed locations. Distributors also have these machines in their inventory.</p>	
Impact of the Proposed Change	
<p>WAC 230-14-047 requires pull-tabs to be dispensed from electronic video pull-tab dispensers before the results are dispensed on the video screen.</p> <p>Players must play the game through the dispenser. Players cannot open the paper pull-tab until the outcome is displayed on the video display. After the outcome of the entire bundled pull-tab has been displayed, the pull-tab is dispensed.</p>	
Regulatory Concerns	
None.	
Resource Impacts	
None.	
Policy Consideration	
<p>The Commission may want to consider if players should be required to play the game through the electronic video pull-tab dispenser.</p>	

Statements Supporting the Proposed Rule Change
None.
Statements Opposing the Proposed Rule Change
None.
Licensees Directly Impacted By the Change
Pull-tab operators that use electronic video pull-tab dispensers and manufacturers of electronic video pull-tab dispensers.
Staff Recommendation
File for further discussion.
Proposed Effective Date for Rule Change
The petitioner verbally requested an effective date of 31 days from adoption. However, if the Commission chooses to adopt the proposed rule change, staff recommends an effective date of January 1, 2010.

Amendatory Section:

WAC 230-14-047 Standards for electronic video pull-tab dispensers.

Electronic video pull-tab dispensers must be approved by us prior to use, meet the requirements below, and may incorporate only the features below and not perform additional functions.

(1) Electronic video pull-tab dispensers must dispense a paper pull-tab as defined in WAC 230-14-010 and follow the rules for:

- (a) Pull-tabs; and
- (b) Flares; and
- (c) Authorized pull-tab dispensers.

(2) Electronic video pull-tab dispensers that use a reading and displaying function must:

- (a) Use a video monitor for entertainment purposes only; and
- (b) Open all, or a portion of, the pull-tab in order to read encoded data that indicates the win or loss of the pull-tab if the dispenser is equipped to automatically open pull-tabs; and
- (c) Dispense the pull-tab to the player and not retain any portion of the pull-tab; and
- (d) Read the correct cash award from the pull-tab either when it is dispensed or when the pull-tab is reinserted into the dispenser; however, a bundled pull-tab may be dispensed after all plays have been completed; and
- (e) Display the cash award from the pull-tab, one pull-tab at a time; and
- (f) Provide:
 - (i) An electronic accounting of the number of pull-tabs dispensed; and
 - (ii) A way to identify the software version and name; and
 - (iii) A way to access and verify approved components; and
 - (iv) Security on the dispenser to prevent unauthorized access to graphic and prize amount displays.

(3) Gift certificates or gift cards used in electronic video pull-tab dispensers must:

(a) Be purchased with cash, check or electronic point-of-sale bank transfer before use in the dispenser; and

(b) Be convertible to cash at any time during business hours; and

(c) Subtract the cash value for the purchase of the pull-tab one pull-tab at a time.