

CONDENSED RULES

SERVICE SUPPLIER APPLICATION

WAC00 230-03-020 Punch board and pull-tab service business permit. (1) You must apply for a punch board and pull-tab service business permit if you:

(a) Reconcile sales, prizes, and cash on hand for punch board and pull-tab series; or

(b) Complete records we require; or

(c) Store punch boards and pull-tab series removed from play.

(2) The owners or employees of the punch boards and pull-tab service business must not be employees of the operator.

(3) The owners or employees of the punch boards and pull-tab service business must not provide management advice to the operator.

(4) The punch board and pull-tab service business must apply for a gambling service supplier license if combined gross billings exceed twenty-five thousand dollars during the permit period.

WAC 230-03-025 Applying for a manufacturer's special sales permit. (1) You may apply for a manufacturer's special sales permit if you:

(a) Sell authorized gambling equipment; and

(b) Demonstrate that the anticipated profits from your sales will be below the cost of obtaining a manufacturer license.

(2) Otherwise, you must apply for a manufacturer license.

WAC 230-03-035 Applying for a license. (1) You must fully complete the license application form we provide in order to be considered for a license. You must return it, along with the appropriate fees, to our headquarters office.

(2) If your application is incomplete, you must provide us with the required items within thirty days of notification or we may administratively close the application.

WAC 230-03-040 Signing the application. The applicant signs the application under oath and under penalty of perjury under the laws of the state of Washington. This oath affirms that the information on the application and any accompanying materials is accurate and complete.

(1) The person signing the application must be:

(a) The highest ranking officer of a charitable, nonprofit, or profit-seeking corporation, or limited liability company seeking licensure; or

(b) The owner of a sole proprietorship seeking licensure; or

(c) All partners of a partnership or general partner of a limited partnership seeking licensure.

(2) The person seeking an individual license and a designated officer of the organization for which the person will work must both sign the application.

WAC 230-03-050 Additional information required from applicants for licensing. (1) Applicants must give us details or copies of the following information on or attached to their application:

(a) The name of the resident agent as required by state law, and the agent's business and home address; and

(b) Internal Revenue Service tax exemption letter, if one is necessary; and

(c) All lease or rental agreements, whether oral or written, between the applicant and the owner of the site where the applicant will conduct gambling activity; and

(d) Any franchise agreements or other agreements, whether written or oral, between the applicant and distributors or manufacturers of equipment or between the applicant and any other person whose agreements relate to gambling activities or gambling equipment; and

(e) All proposed financing, consulting, and management agreements or contracts between applicant and any gambling service supplier; and

(f) Enough personal information to ensure each substantial interest holder is qualified to hold a license or participate in an authorized gambling activity; and

(g) For commercial applicants: Articles of incorporation, limited liability corporation formation, partnership agreement, and other documents which set out the applicant's business structure; and

(h) For charitable and nonprofit organization applicants: Articles of incorporation and bylaws; or, if not a corporation, a copy of any bylaws and other documents which set out the organizational structure and purposes of the organization.

(2) Applicants must also give us any other information we request within thirty days of the request or within any other time frame we provide.

WAC 230-03-052 Resident agent to be appointed by out-of-state applicants and licensees. (1) All applicants and licensees that do not have a business office or licensed premises within Washington state must appoint a resident agent for receiving and accepting service of process and other communications from us.

(2) The resident agent must be:

(a) A natural person who is a resident living in Washington state; and

(b) At least eighteen years old.

(3) The resident agent's name, business address, and home address must be filed with us.

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WAC 230-03-210 Applying for a gambling service supplier license. (1) You must apply for a gambling service supplier license if you perform any of the following gambling-related services for compensation:

(a) Consulting or advisory services regarding gambling activities; or

(b) Gambling management services; or

(c) Financing for more than one licensee for purchases or leases of gambling equipment or financing for providing infrastructure or facilities, or equipment that supports gambling operations:

(i) Once you have financed more than one licensee, you must be a licensed gambling service supplier until all loans with licensees or previous licensees are paid.

(ii) Once you have been a licensed gambling service supplier, you must be licensed as a gambling service supplier again before financing purchases or leases for any licensee; or

(d) Acting as a lending agent, or loan servicer, or placement agent; or

(e) Providing the assembly of components for gambling equipment under a contract with a licensed manufacturer or entering into an ongoing financial arrangement for gambling related software with a licensed manufacturer; or

(f) Installing, integrating, maintaining, or servicing digital surveillance systems that allow direct access to the operating system; or

(g) Training individuals to conduct authorized gambling activities; or

(h) Providing any other service or activity where influence may be exerted over any gambling activity licensed by the commission; or

(i) Performing the testing and certification of tribal lottery systems in meeting requirements specified in the tribal-state compact.

(2) You do not need a gambling service supplier license if you are:

(a) A bank, mutual savings bank, or credit union regulated by the department of financial institutions or any federally regulated commercial lending institution; or

(b) A university or college regulated by the Washington state board of community and technical colleges and the higher education coordinating board that trains individuals to conduct authorized gambling activities; or

(c) An attorney, accountant, or governmental affairs consultant whose primary business is providing professional services that are unrelated to the management or operation of gambling activities; or

(d) A person who only provides nonmanagement-related recordkeeping services for punch board and pull-tab operators, when the combined total gross billings from such services do not exceed twenty-five thousand dollars during any calendar year; or

(e) A person who provides names, images, artwork or associated copyrights, or trademarks, or patent use, or other

features that do not affect the results or outcome of the game, for use in gambling equipment; or

(f) Regulated lending institutions.

WAC 230-03-211 Defining "lending agent," "loan servicer," or "placement agent." (1) "Lending agent," "loan servicer," or "placement agent" means any person or entity, other than a regulated lending institution, that finds, administers, facilitates, or services loans for a licensee.

(2) The services of lending agents, loan servicers, or placement agents include, but are not limited to:

(a) Charging an ongoing fee for their services;

(b) Maintaining rights as the lender;

(c) Determining when the loan is in default; and/or

(d) Maintaining access to collateral.

WAC 230-03-212 Defining "regulated lending institution." (1) "Regulated lending institution" means any state or federally regulated organization primarily in the business of lending money for investment purposes.

(2) "Regulated lending institutions" must:

(a) Register with the Securities and Exchange Commission or any United States federal or state governmental banking or financial regulatory agency.

(b) Be actively regulated by the Securities and Exchange Commission or any other United States federal or state governmental banking or financial regulatory agency. "Active regulation" means:

(i) Reporting annually on lending activities to the regulatory agency; and

(ii) Receiving regular audits or inspections by the regulatory agency.

(c) Act as passive investors in the licensee. "Passive investors" mean investors who have no actual or potential influence over the operations of the licensee. A "passive investor" does not:

(i) Appoint or have the right to appoint officers, directors, consultants, or other positions with the licensee;

(ii) Require the licensee to seek approval or authorization in making business decisions;

(iii) Have full access to the records of the licensee;

(iv) Have the ability to convert debt into shares which would result in the lender becoming a substantial interest holder in the licensee; or

(v) Have any other influence or control over the licensee.

(d) Have nongambling-related businesses as a majority of their outstanding loans receivable.

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WAC 230-03-215 Gambling service suppliers prohibited from assuming ultimate responsibility. If you are or are applying to be a gambling service supplier, you must not assume ultimate responsibility for any licensee's gambling activity.

WAC 230-03-220 Marketing level restrictions for punch board or pull-tab manufacturers, distributors, or operators. (1) The different marketing levels for punch board and pull-tabs are:

- (a) Operator; and
- (b) Distributor or manufacturer.

(2) If you are a manufacturer or distributor, or spouse of a manufacturer or distributor of punch boards, pull-tabs, pull-tab dispensing devices, or related equipment, you must not have a substantial interest in a business that operates punch boards or pull-tabs.

WAC 230-03-225 Marketing level restrictions for punch board or pull-tab gambling service suppliers. If you are a substantial interest holder in a licensed gambling service supplier who provides services to punch board and pull-tab operators, you must not hold a substantial interest in a licensed manufacturer or distributor of punch boards or pull-tabs.

WAC 230-03-280 Substantial interest holders not required to be licensed as card room employees. If you are a substantial interest holder in a business licensed to operate a public card room or a spouse of the same, you do not have to have an additional license to perform card room employee duties connected with that card room.

WAC 230-03-300 Applying for a manufacturer's representative license. You must apply for a manufacturer's representative license if you sell, promote, or provide a manufacturer's gambling equipment, or supplies, or you supervise those who do.

WAC 230-03-305 Applying for a distributor's representative license. You must apply for a distributor's representative license if you are employed by a licensed distributor to sell, promote, or provide that distributor's gambling equipment, or supplies, or you supervise those who do.

WAC 230-03-310 Applying for a gambling service supplier's representative license. You must apply for a gambling service supplier's representative license if you are employed by a licensed gambling service supplier to provide gambling-related services, or you supervise those who do.

WAC 230-03-315 Applying for a linked bingo prize provider representative license. You must apply for a linked bingo prize provider representative license if you are employed by a linked bingo prize provider in any of the provider's activities in connection with the management of a linked bingo prize game or distribution of supplies for those games.

WAC 230-03-320 Substantial interest holders not required to be licensed as representatives. If you are a substantial interest holder in a business licensed to operate a manufacturer, distributor, gambling service supplier, or linked bingo prize provider or a spouse of the same, you do not have to have an additional license to perform representative duties connected with that licensed business.

WAC 230-03-325 Office, clerical, or warehouse workers not required to be licensed as representatives. If you are an office, clerical, or warehouse worker and have contact with customers or potential customers only by telephone at your employer's business premises and work under the immediate and direct supervision of a substantial interest holder or a licensed manager or supervisor, you do not have to have a representative license.

WAC 230-03-330 Representing one or more licensed businesses. (1) If you are a licensed distributor representative, gambling service supplier representative, or a linked bingo prize provider representative or applying for one of these representative licenses, you must represent only one licensed distributor, gambling service supplier, or linked bingo prize provider at a time.

(2) If you are a licensed manufacturer representative, you may represent more than one licensed manufacturer.

(3) If the owner you represent owns more than one licensed business, you may represent the owner in all those licensed businesses, including licensed manufacturers, without applying for another representative license.

WAC 230-03-335 Representatives must not work before receiving a license. If you are applying for a license as a representative for a manufacturer, distributor, gambling services supplier, or linked bingo prize provider, you must not work until you receive a license from us.

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WAC 230-03-340 Gambling service supplier representative must report conflicts of interest. If a licensed gambling service supplier representative has a substantial interest in a licensed manufacturer or distributor, they must inform us, the punch board, pull-tab, or bingo operators to whom they provide services, and the affected licensed manufacturer or distributor of the substantial interest and their intention to act as a gambling service supplier representative.

WAC 230-05-001 Prorating or refunding of fees. (1) We may prorate organization license fees when we adjust expiration dates to schedule our workload.

(2) We may adjust expiration dates to end on the same day for organizations licensed for more than one activity. Whenever we adjust license expiration dates under this provision, we may prorate the required fees.

(3) We will not prorate or refund fees when:

- (a) You discontinue your gambling activities; or
- (b) You voluntarily surrender your license or permit; or
- (c) We suspend or revoke your license.

(4) We keep a portion of your application fees whether we deny or administratively close your application or you withdraw it.

(5) If you are a commercial stimulant or a charitable or nonprofit licensee, you have one year from your license expiration to apply for a partial refund of your license fee if your annual gross gambling receipts are less than the minimum for your license class. After our approval, we refund you the difference between the fees you paid and the fees for the license class level you actually met.

WAC 230-05-005 Fees for review of gambling equipment, supplies, services, or games. You must apply to us if you want to submit gambling equipment, supplies, services, or games for our review. You must pay the application deposit before we perform the review. You must also reimburse us for any additional costs of the review.

WAC 230-06-080 Report changes to application information and submit updated documents and information. (1) Licensees must notify us in writing if any information filed with the application changes in any way within thirty days of the change.

(2) Licensees must submit to us any new or updated documents and information, including the following:

- (a) Articles of incorporation or bylaws, or any other documents which set out the organizational structure and purposes; and
- (b) All oral or written contracts and agreements which relate to gambling activities or alter the organizational

structure of the licensee's organization or business activities in Washington; and

(c) All cash or asset contributions, draws from lines of credit, and loans (except those from recognized financial institutions) during any calendar year which by themselves or totaled together are more than ten thousand dollars. Cash or asset contributions do not include donations to licensed charitable or nonprofit organizations; and

(d) Internal Revenue Service tax deductible status of contributions for charitable and nonprofit organizations.

WAC 230-06-085 Report criminal actions filed. (1) Licensees must report to us in writing within thirty days all criminal actions filed against the licensee, any manager of the licensed gambling activity, the business organization, or any person holding a substantial interest in the business organization.

(2) We must receive a copy of the final written decision or settlement within thirty days after the case is resolved.

WAC 230-06-090 Report administrative and civil actions filed. (1) All licensees must report to us in writing within thirty days all administrative actions filed against them by other gambling regulatory agencies, including those from other countries and Indian tribes.

(2) Licensed organizations must report to us in writing within thirty days all civil and administrative actions that are filed by or against any manager of the licensed gambling activity, the business organization, or any person holding a substantial interest in the business organization. Actions include, but are not limited to:

- (a) Divorces; and
- (b) Bankruptcy; and
- (c) Tax liens; and
- (d) Business dissolutions.

(3) The report must consist of a complete copy of the original documents filed. Licensees must notify the commission of the final disposition of the case and include a copy of the final documents filed including, but not limited to, settlement agreements.

(4) For cases involving patent infringement on gambling equipment, licensees must send only the final written decision or settlement.

(5) We must receive a copy of the final written decision or settlement within thirty days after the case is resolved.

WAC 230-06-120 Selling or transferring gambling equipment when no longer licensed. (1) If we have revoked your operator or distributor license, your license has expired, or you have voluntarily surrendered your license, you may only sell or otherwise transfer gambling equipment to a licensed manufacturer or distributor.

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(2) Transfers of gambling equipment in this manner are subject to the following requirements:

(a) The transfer must be complete within thirty days of the date the license became invalid; and

(b) Distributors must use the cash or credit against amounts they owe manufacturers; and

(c) Operators or distributors selling the equipment must report to us within ten days of the transaction a complete inventory of all the gambling equipment transferred, including commission I.D. stamps; and

(d) Manufacturers or distributors receiving the equipment must prepare a credit memorandum and retain it with their records.

WAC 230-16-010 Manufacturers, distributors, and gambling service suppliers must comply with punch board and pull-tab rules. Manufacturers, distributors, and gambling service suppliers and their representatives must comply with WAC 230-14-030, 230-14-080, and 230-14-085.

WAC 230-16-020 Sales to Indian tribes. Licensed manufacturers, distributors, and gambling service suppliers may sell to Indian tribes operating Class II activities that are legal under federal law.

WAC 230-16-215 Accounting records and record retention for gambling service suppliers. Gambling service suppliers (service suppliers) must maintain records that document services they provide and receipts of payments for those services.

(1) Service suppliers must maintain an accounting system that includes, at least:

(a) **Sales invoices** - Sales invoices or detailed monthly billing statements issued to each customer. Service suppliers must maintain copies of these invoices or billing statements on their premises; and

(b) **Sales journal** - The sales journal must contain, at least, the following by month:

(i) Date of sale; and

(ii) The invoice number; and

(iii) The name of the person paying; and

(iv) Category of each service provided; and

(v) Payment amount; and

(c) **Cash receipts** - Service suppliers must record all cash receipts in an original book of entry like a sales journal, a check register, or a separate cash receipts journal. This record must include cash sales and cash received from all sources and, at least the following, by month:

(i) Date the payment was received; and

(ii) Name of the person paying; and

(iii) Payment amount; and

(d) **Bank statements** - Service suppliers must maintain copies of all deposits, deposit slips, and receipts; and

(e) **General ledger** - Service suppliers whose gambling related activities are greater than five hundred thousand dollars per year must have a general ledger which contains, in addition to all other accounts by month, a separate sales account for each type of activity; and

(f) **Copies of all financial data** - Service suppliers must maintain copies of all financial data that supports tax reports to governmental agencies.

(2) Service suppliers must:

(a) Maintain copies of all contracts they enter into with their customers which fully disclose all terms; and

(b) Keep and maintain required records for three years following the end of their fiscal year.