

**COMMISSION MEETING  
THURSDAY, AUGUST 14, 2003  
DRAFT MINUTES**

**Chair McLaughlin** called the meeting to order at 1:30 p.m., at the Heathman Lodge located in Vancouver. She welcomed the attendees and introduced the members and staff present:

**MEMBERS PRESENT:**                   **COMMISSIONER LIZ McLAUGHLIN, Chair;**  
**COMMISSIONER ALAN PARKER, Vice Chair;**  
**COMMISSIONER CURTIS LUDWIG; Kennewick**  
**COMMISSIONER GEORGE ORR, Spokane;**  
**COMMISSIONER JANICE NIEMI, Seattle;**  
**SENATOR MARGARITA PRENTICE, South Seattle;**  
**SENATOR SHIRLEY WINSLEY; Fircrest**  
**REPRESENTATIVE ALEX WOOD, Spokane;**

**STAFF PRESENT:**                   **RICK DAY, Director;**  
**ROBERT BERG, Deputy Director;**  
**ED FLEISHER, Special Assistant;**  
**AMY PATJENS, Manager, Communications and Legal Dept.;**  
**DERRY FRIES, Assistant Director, Licensing;**  
**JERRY ACKERMAN, Assistant Attorney General;**  
**SHIRLEY CORBETT, Executive Assistant**

**Commission 30<sup>th</sup> Anniversary Celebration:**

Commission staff presented a 20-minute video celebrating the advent of the Gambling Commission in 1973, and highlighting significant Commission activities and historical events through the years.

**Employee Service Recognition Awards.** **Director Day** read a letter to Chair McLaughlin from Governor Locke in recognition of her 5-years of devoted service to the state, and presented service recognition certificates from the Governor and the Commission. The following employee service recognition awards were presented by Chair McLaughlin and Director Day: Lynn Clevenger, Licensing Technician-5 years; Philette Hamakua-Ling, Licensing Supervisor-10 years; and Shanna Lingel, Special Agent-15 years. Director Day then read a letter to Commissioner Ludwig from Governor Locke in recognition of his 5-years of devoted service to the state, and Chair McLaughlin presented service recognition certificates from the Governor and the Commission.

**Director Day** acknowledged the following **Law Enforcement Academy Graduates**: Special Agents Joe Abrew, Keith Kam, and Joshua Stueckle. Director Day also reported that Kim Nary successfully completed the Gambling License Technician Program and was promoted to that position effective August 1, 2003.

1. **Review of Agenda and Director's Report:** **Director Day** identified and reviewed inserts added to the agenda packet. He noted there were no agenda changes, and highlighted the two-day agenda.

**Strategic Plan Presentation:** **Director Day** announced the proposed final draft of the Strategic Plan included the mission, vision, values and goals/projects. It is a 5-year plan developed through an inclusive process, which began 14-months ago with the creation of a team of employees to help guide the process of creating the plan. Director Day introduced Special Agent Shanna Lingel, Chair of the Strategic Planning Committee, who presented an overview of the plan.

**Shanna Lingel** explained the Strategic Plan would identify the agency's goals and the actions needed to achieve them, it determines the priority and resources allocated to the different projects that were brought forward to support the overall direction of the agency, it incorporates the agency's mission, vision, values, goals, projects, resources and performance measures, and outlines the environmental factors and current activities that are expected to affect the agency over the next few years.

The Strategic Planning Team was developed and the charter of the team was to develop, create and continuously review the plan, which should take the agency into the year 2008. Following the formation of the team, agency self-assessments and employee surveys were conducted. Planning meetings were conducted with staff, customers, and stake-holders. The agency's mission, vision and values, were reviewed and adjusted, staff developed six agency goals, approved and prioritized 27 projects, and prepared performance measures for the agency goals and projects. **Ms. Lingel** highlighted the individual goals, and the essential, important, and beneficial projects. She also reviewed the performance measures.

**Commissioner Orr** thanked all of the individuals who worked on the plan. He believed this was absolutely the right way to do things, and that it was important to do it before a political or budget crunch. **Director Day** affirmed this is a five-year plan that will help the Commission to direct resources. **Chair McLaughlin** verified that if the Commission approved the plan today, they would still have the opportunity to modify it in the future as necessary. Director Day affirmed, noting that it is a living plan that will need tweaking as it moves forward. **Commissioner Parker** made the same point, that an approval motion shouldn't be interpreted that it can't be revisited, discussed and perhaps elements of the plan modified. **Assistant Attorney General Ackerman** affirmed, and noted this Commission could not even bind a future Commission that may wish to dispense with this plan.

Commissioner Parker made a motion to officially support the Strategic Plan as presented and to recognize the tremendous good work invested, and the value of the plan. Chair Orr seconded the motion. Vote taken; the motion passed unanimously.

The Final Report on the Legislative Activities: Director Day noted that during the last legislative session, the agency was busy. Agency activities included 35 formal meetings with legislators, the Commission tracked 32 pieces of legislation, prepared ten fiscal notes, participated in eight hearings, and the Commission provided formal opinions on five different legislative issues. The Legislature did not abolish the Commission. It did not transfer additional revolving dollars; it did not change the local authority to prohibit gambling, but did help the Commission's authority to contract for problem gambling services. **Commissioner McLaughlin** thanked the ex-officios for their work. **Commissioner Parker** commented the various activities indicated how the system should work, and he acknowledged the ex-officios for bringing a tremendous amount of their experiences to the Legislature.

Summary Memo Concerning Budget and Fee Increase: Director Day addressed a graph contained in the agenda packet, which provided a picture of the Commission's revenue expenditures and fund balance. He noted that due to the reductions previously taken by the Commission, and the Commission approved 03-05 budget, (which was less than the previous biennium budget) staff did not recommend a fee increase for this fiscal year. The recommendation was based on projections, and staff would be keeping a close watch on the revenues in the event something changed dramatically. Expenditures as planned should keep the fund balance at about a three-month level -- the intent is to keep it at a minimal level with enough funds in the bank to manage the agency.

Diversity Plan: **Director Day** reported that development of a new Diversity Plan was one of the projects identified as a part of the Strategic Plan. He emphasized that there is strength in an organization that does not all look and think alike. A Diversity Plan Team was appointed to develop a plan to strengthen the diversity of our agency. Staff Attorney, Arlene Dennison and Licensing Technician, Roberta Carpenter presented an overview of the Diversity Plan developed by the five-member team. They noted that diversity promotes fairness and equity in hiring, training, retention, and promotion of underrepresented groups and protected classes. They identified underrepresented groups or affected groups as: women, people of color, people over age 40, Vietnam-era Veterans, and persons with disabilities.

The team identified the following new initiatives: mandatory training, a cultural audit of the agency, creation of an agency website; recruitment plan/tools, hiring, promotions, enhancing diversity awareness, and accountability and measuring success. The initiatives were independently highlighted.

**Chair McLaughlin** asked if the team had considered the recent U.S. Supreme Court Case about the Michigan State Law School, which is slightly different than Initiative 200, and suggested the team should possibly look at those instead of Initiative 200. **Commissioner Orr** complemented the efforts of the team and felt they were on the right track. He agreed the plan was challenging, but important throughout the agency including the middle and senior management.

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Summary of a Recent Decision from Division 1 in Court of Appeals on Local Authority (Zoning):

**Director Day** reported the Commission has been asked by the Chair of the Senate of Commerce and Trade Committee to participate in finding a solution, to see if there is room to modify that law.

**Chair McLaughlin** responded that they make the laws and if they wanted the Commission's opinion fine, however, she didn't think looking into compromising was a good idea. **Director Day** advised that he was prepared to continue to voice the opinion expressed by the Commissioners in writing during the last legislative session. Chair McLaughlin asked if it was appropriate to use our personnel to find something that they want. Director Day affirmed that was within the Commission's prerogative; however, he believed one of the reasons the Commission was asked to participate was because there is a section in the law that states the Commission shall give advice to the legislature. Director Day stated that participating wouldn't mean anything more than to convey the Commission's current opinion. Commissioner Orr noted that if the discussions lead to a proposal by the parties directly involved, certainly the Commission could take an appropriate position on the proposal; for, against, or neutral.

Correspondence: Director Day reviewed the correspondence contained in the agenda packet: a proposed letter from the Commission Chair to the Governor to establish closer communications with the Governor's Office, and recognizing that this is an independent Commission appointed by the Governor. The concept behind the correspondence was that there were several significant issues that will be coming forward relative to issues like tribal gaming that the Governor may have an interest in, and that he might want to express those interests. A meeting would enable the Commission to have that knowledge before undertaking decisions. Secondly, a meeting would at least make sure that there is an opportunity for appointed members to connect with the Governor's Office.

**Commissioner Niemi** wasn't convinced a meeting was necessary. **Commissioner Parker** responded that the Commission has already seen some things, which could have a grave impact on the Commission, and noted that sometimes the Commission doesn't even get invited to go to the table. He believed it would be important to meet with the Governor and at least ask to explain the ramifications of their decisions. Commissioner Niemi affirmed the need keep in contact with the Governor, and suggested a compromise; that staff schedule a meeting with the Governor and his representatives regarding gambling issues, instead of sending a letter. **Chair McLaughlin** felt it was important to meet specifically with the Governor -- this is a critical time for the governor's office, and even though staff will be involved, she believed it was important that the Governor knows that his opinions are what the Commission wants to hear. **Commissioner Ludwig** concurred; the Governor along with the Legislature make the policy for this state, and meeting with him would give the commissioners a chance to speak with him, and to listen to him. **Director Day** acknowledged that if the Governor wasn't available to meet with the Commission, he would let staff know. Chair McLaughlin thought that it was important, whether on the phone or in person, that the Commission meet directly with the Governor, and suggested the letter reflect "representatives" rather than "members" of the Commission, and the representatives would be determined on commissioner availability and participation by Director Day. Director Day affirmed. Chair McLaughlin called for comments from the public, and there were none.

## 2. **Group V Qualification Review:**

### **Silver Buckle Rodeo Club, Vancouver:**

**Deputy Director Robert Berg** reported the organization was formed in 1983 and has been licensed by the Commission to conduct gambling activities since 1984. The Compliance and Qualification review was for year ending June 30, 2002. The organization encourages and supports the participation of youth in equestrian events and studies. They have 15 active voting members and several volunteers. They have contributed over 1,000 hours of volunteer time. The organization holds Class L Bingo and Class L Pull-tab licenses. Commission staff evaluated the records from the non-profit organization, and determined they have made significant progress toward accomplishing its stated purpose. There were no exceptions noted in the review. They are qualified to operate as a nonprofit in the state of Washington under the Commission rules. It is staff's recommendation that the Commission certify this organization to conduct gambling activities in the state of Washington as a non-profit corporation. Deputy Director Berg noted their gambling revenue is down a little when compared with the year 2000. **Cindy Arnold**, the Executive Director of what is now the Silver Buckle Youth Equestrian Center, along with **Jack Easy** provided a video presentation highlighting the organization's activities.

In response to the revenue issue, **Ms. Arnold** explained that last year, the organization made less money than the year before -- and that they are just barely a Class L, she affirmed the organization is not making the money they used to, and she anticipated that trend to continue in the future.

**Commissioner Ludwig** made a motion seconded by **Commissioner Niemi** to certify the Silver Buckle Rodeo Club (Silver Buckle Youth Equestrian Center) in Vancouver to conduct gambling activities in the state of Washington as a nonprofit organization. *Vote taken; the motion passed with five aye votes.*

## 3. **Manufacturer Reports:**

### **Bourgogne et Grasset, Las Vegas, Nevada:**

#### **Paul-Son Gaming Corporation, Las Vegas:**

**Derry Fries**, Assistant Director, Licensing, consolidated the report of Bourgogne et Grasset (B&G) and Paul-Son Gaming Supplies Inc. Both entities have been previously licensed by the Commission, and merged together. He explained that when there is over a 50 percent change of stock, it requires a new application to be submitted. However, both corporations desire to remain separately licensed - Paul Son, Inc., as a Class E Manufacturer and B&G as a Class B Manufacturer.

Special agents of the Financial Investigations Unit conducted a personal and criminal background investigation on all substantial interest holders and initiated and completed a financial investigation of both the corporate and individual personal stockholders finances. In addition they completed on-site reviews of the corporate headquarters located in Las Vegas and Mexico. No disqualifying issues or information was found. Paul-Son and B&G are licensed in several states and countries. Based on staff's investigation, staff recommends licensing both applicants as requested: Paul-Son Gaming Supplies Inc., as a Class E Manufacturer and Bourgogne et Grasset for a Class B Manufacturer. Dave Malone, from the Frank Miller Law Firm was present.

**Chair McLaughlin** questioned who would be responsible in a case such as this merger if a subsidiary made a mistake or had violations, and whether it would necessitate a loss in one, or both licenses. **Jerry Ackerman** responded that initially the Commission would investigate both entities sources of funds and control to determine if they qualify for licensure, if the subsidiary did something resulting in the loss of their license they could not operate, however the parent company could continue to do so. **Special Assistant Ed Fleisher** added that was basic corporate law – if the subsidiary licensee is revoked, the Commission wouldn't take action against the parent group – the subsidiary would lose their money and license.

**Commissioner Ludwig** made a motion seconded by **Commissioner Orr** that Bourgogne et Grasset be licensed as a Class B Manufacturer and a Class A Distributor, and that Paul-Son Gaming Corporation be licensed as a Class E Manufacturer and a Class E Distributor.

**Chair McLaughlin** called for public comments and there were none. *Vote taken; the motion passed with five aye votes.*

#### **4. House-Banked Card Room Reports:**

##### **Sunset Café & Loose Wolf Casino, Cle Elum:**

**Collene Keifer**, Licensing Supervisor, reported the Sunset Café & Loose Wolf Casino is a commercial restaurant and lounge located in Cle Elum. Sunset Café and Quetzal Room Inc., was incorporated as a privately held corporation in July of 1973. She noted a change to the shareholder information contained in the agenda packets as follows: Joseph Carter owning 74.7% of the shares, Terry Carter owning 24.9% of the shares, and Robert Carter owning .3% of the shares. She reported there were no other licenses or pending locations at this time.

Special agents conducted criminal and personal history background checks on all substantial interest holders and their spouses. No disqualifying information was found. The Financial Investigations Unit initiated and completed a financial investigation on both the company and personal member finances to determine possible hidden ownership, unreported substantial interest holders, undisclosed ownership involvement in other activities/businesses, and, sources of all funding to start up the business and purchase/lease the equipment and or building. No information was found that would preclude any substantial interest holder or the corporation from involvement in the operation of a house-banked card room.

Special agents completed an on-site pre-operational review and evaluation (PORE) in July of 2003. Based on the results of the licensing investigation and the PORE, staff recommends Sunset Café and Quetzal Room, Inc., d/b/a Sunset Café & Loose Wolf Casino, be licensed as a house-banked card room authorized to operate up to five tables with a maximum betting limit of \$25.

**Commissioner Ludwig** commented that in view of the pending proposal to eliminate Phase II reviews, would the licensee be able to automatically increase to \$100.00 limits. **Director Day** affirmed.

Commissioner Ludwig made a motion seconded by Commissioner Orr to license Sunset Café & Loose Wolf Casino as a house-banked card room to operate up to five tables with a maximum betting limit of \$25. Chair McLaughlin called for public comments and there were none. *Vote taken; the motion passed with five aye votes.*

**Benny's Riverside Inn/Nightclub & Casino, Tukwila:**

**Roberta Carpenter**, Licensing Technician reported Benny's Riverside Inn, Inc., formerly Tukwila Riverside Inn Casino, Inc., was incorporated as a privately held corporation in January of 2002. She note share ownership as follows: Benny Woyvodich with 51 percent of the shares, and Ben E. Woyvodich with 49 percent of the shares. This licensee has no other locations licensed or pending at the present time.

Special agents conducted criminal and personal history background checks on all substantial interest holders and their spouses. No disqualifying information was found. The Financial Investigations Unit initiated and completed a financial investigation on both the corporate and personal member finances to determine possible hidden ownership, unreported substantial interest holders, undisclosed ownership involvement in other activities/businesses, and, sources of all funding to start up the business and purchase/lease the equipment and or building. No information was found. In July of 2003, special agents completed an on-site pre-operational review and evaluation (PORE). The PORE consisted of an examination and evaluation of the applicant's internal controls.

Based on the result of the licensing investigation and the PORE, staff recommends Benny's Riverside Inn Inc., d/b/a Benny's Riverside Inn/Nightclub & Casino, be licensed as a house-banked card room authorized to operate up to five tables with a maximum betting limit of \$25. **Donald Smith** introduced himself and provided an explanation about the play on "Ben's" name.

Commissioner Orr made a motion seconded by Commissioner Ludwig to license Benny's Riverside Inn/Nightclub & Casino as a house-banked card room to operate up to five tables with a maximum betting limit of \$25.

**Chair McLaughlin** called for public comments. **Senator Prentice** noted that five tables was a reduction from the previous activity. Mr. Smith affirmed noting this is in the dance area, and they are simply operating in a low-key and small area. *Vote taken; the motion passed with five aye votes.*

**Grand Central Casino of Lakewood, Lakewood: Lynn Clevenger**

**Lynn Clevenger**, Licensing Technician, reported Evergreen Entertainment Corporation was formed as a for profit corporation in August 1990. She identified the stock ownership: Evergreen: Great American Gaming Corp. with 50 percent of the shares, Steven Downen President with 28 percent of the shares, Terrance Cosgrove with 11 percent of the shares and Russell Moore with 11 percent of the shares. Great American Gaming Corp is 100 percent owned by Great Canadian Corporation of British Columbia. That ownership consists of Ross McLeod, Chairman of the Board with 53.2

percent ownership, Dora McLeod with 10 percent ownership, Jo Lynne Hoegg with 11.4 percent ownership, Charles Ming with 10 percent ownership, and other stockholders below a substantial interest.

Currently the applicant has one licensed house-banked location, Grand Central Casino in Tukwila, and a pending license for Grand Central Casino of Algona. The substantial interest holders of Evergreen Enterprises Corp. have a substantial interest in Big Al's Casino-Everett and Freddie's Club Casino-Everett, which are operating.

Special agents conducted criminal and personal history background checks on all substantial interest holders and their spouses. No disqualifying information was found. The Financial Investigations Unit initiated and completed a financial investigation on both the corporate and personal member finances to determine possible hidden ownership, unreported substantial interest holders, undisclosed ownership involvement in other activities/businesses, and, sources of all funding to start up the business and purchase/lease the equipment and or building. No information was found that would preclude any substantial interest holder or the corporation from involvement in the operation of a house-banked card room. In July of 2003, special agents completed an on-site pre-operational review and evaluation (PORE). The licensee was in compliance.

Based on the results of the licensing investigation and the PORE, staff recommends Evergreen Entertainment Corporation, d/b/a Grand Central Casino of Lakewood, be licensed as a house-banked card room authorized to operate up to fifteen tables with a maximum betting limit of \$25. **Steve Downen** introduced himself.

**Senator Winsley** asked if they built a large facility thinking they might get machines. **Mr. Downen** affirmed they were hopeful. **Commissioner Ludwig** inquired if the licensee was connected with Grand Central Casino in Tukwila and Mr. Downen affirmed that they are, and they were the previous owners of the Riverside Inn.

**Commissioner Ludwig** made a motion seconded by **Commissioner Orr** to license Evergreen Enterprise/Grand Central Casino of Lakewood as a house-banked card room to operate up to fifteen tables with a maximum betting limit of \$25. *Vote taken; the motion passed with five aye votes.*

#### **Midway Casino, Des Moines:**

**Philette Hamakua-Ling**, Licensing Supervisor, reported that Hughes Enterprises, Inc., d/b/a Midway Casino was located in Des Moines, and applied to operate ten tables. The organization was incorporated as a privately held corporation in August of 1973. Stock ownership was explained as follows: John Spitz, President 51 percent, and Janice Glomba-Spitz, Treasurer 49 percent. The licensee also owns Cascade Lanes, in Renton, which is licensed to operate 12 tables of house-banked card games, and has been licensed with the Commission since October 2000.

Special agents conducted criminal and personal history background checks on all substantial interest holders and their spouses. No disqualifying information was found. The Financial Investigations Unit initiated and completed a financial investigation on both the corporate and personal member

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finances to determine possible hidden ownership, unreported substantial interest holders, undisclosed ownership involvement in other activities/businesses, and, sources of all funding to start up the business and purchase/lease the equipment and or building. No information was found that would preclude any substantial interest holder or the corporation from involvement in the operation of a house-banked card room.

Special agents completed an on-site pre-operational review and evaluation (PORE) on July 9, 2003. The licensee was in compliance. Based on the result of the licensing investigation and the PORE, staff recommends Hughes Enterprises, Inc., d/b/a Midway Casino, be licensed as a house-banked card room and be authorized to operate up to ten tables with a maximum betting limit of \$25. **Jack Spitz** introduced himself. **Chair McLaughlin** called for questions, and there were none.

**Commissioner Orr** made a motion seconded by **Commissioner Ludwig** to license Midway Casino as a house-banked card room to operate up to ten tables with a maximum betting limit of \$25. *Vote taken; the motion passed with five aye vote.*

#### **House-Banked Card Room Status Report:**

**Philette Hamakua-Ling**, Licensing Supervisor, announced that with the today's approval, there are 81 currently licensed house-banked card rooms operating; there is one licensed but not operating, and 13 pending applications.

#### **5. Phase II Report:**

##### **BC MacDonalds, Tukwila:**

**Susan Blanchett**, Special Agent Supervisor, reported that BC MacDonalds is a commercial restaurant and card room located in Bothell. The business is owned by Washington Gaming, Inc. Majority shareholders are Tim Iszley and Michael Iszley with 63 percent, and 22 percent respective shares. BC MacDonalds began their house-banked activities on December 18, 2002. They are currently operating seven house-banked tables including one Blackjack, one Lucky Ladies, one Three Card Poker, one Fortune Pai-Gow, one Texas Shootout, and two Spanish 21 tables, with a maximum wager of \$25.

Staff conducted a comprehensive investigation including a review and observation of four key operating departments. The review team compared the licensee's actual operating procedures to those documented in the card room rules. The licensee's written internal controls were also compared to the card room rules to insure compliance and consistency. A review was conducted of the organization's gaming and organizational records to insure record keeping compliance. During the review, no hidden ownership or unreported third party financing were noted, and no material violations were found during the review. The Snohomish County Treasurer was contacted to verify the licensee was current on all gambling taxes. The Snohomish County Sheriff's Department was contacted to verify there had been no significant impacts of the card room on the community. Based on the results of the review, staff recommends BC MacDonalds be approved to operate at Phase II wagering limits effective immediately. **Tim Iszley** introduced himself.

**Commissioner Parker** inquired if there were other establishments that Mr. Iszley operated. **Mr. Iszley** affirmed; the Silver Dollar, Golden Nugget and the Hide-Away Poker Room. **Commissioner Ludwig** complimented Mr. Iszley on the Phase II report – noting there were no material violations found.

**Commissioner Ludwig** made a motion seconded by **Commissioner Orr** to approve BC MacDonalds to operate at Phase II wagering limits, to be effective immediately. *Vote taken; the motion passed with five aye votes.*

**6. New Licenses, Changes, and Tribal Certifications:**

**Commissioner Orr** made a motion seconded by **Commissioner Parker** to approve the new licenses, changes and Class III tribal certifications as listed on pages one through 21 on the approval list. *Vote taken; the motion passed with five aye votes.*

**7. Default Hearings: Amy Patjens**

**Robert Fitzgerald, Card Room Employee, Hideaway, Shoreline:**

**Amy Patjens**, Administrator, Communications and Legal Department, reported that while employed as a dealer at the New Grove, the Petitioner was observed stealing chips from both the casino players at his table. He admitted pocketing chips that were part of the casino's fee. Charges were brought against him and the Commission did not receive a response initially. The agency's legal secretary contacted him and asked him what he planned on doing, and he said he did not plan on requesting a hearing. He understood that he would be waiving his rights to a hearing. He also sent a letter confirming that, and stated that he planned to get out of the gambling business and return to college. Staff is therefore requesting that a default order be entered revoking his license.

**Commissioner Orr** made a motion seconded by **Commissioner Parker** to revoke Robert E. Fitzgerald's card room employee license. *Vote taken; the motion passed with five aye votes.*

**Sam Hoy, Card Room Employee Summary Suspension, Hawk's Prairie Casino, Lacey:**

**Amy Patjens**, Administrator, Communications and Legal Department, reported the Petitioner manipulated the casino's general ledger, payroll and accounting system and embezzled approximately \$7,000 between October 14, 2002 and January 31, 2003. The Director's Findings of Fact, Conclusions of Law and Order of Summary Suspension of License were personally served on the licensee at Billie's Casino. Mr. Hoy's license was taken by Commission agents. Mr. Hoy was afforded the opportunity to request a stay of the Summary Suspension by requesting a Stay Hearing in writing within 15-days of service. He was also afforded the opportunity to have an Administrative Hearing by requesting one in writing within 20-days of service of the summary suspension. The licensee indicated that he understood, and would not be requesting a hearing request. As of July 30, no request has been received. Staff recommends the Commission revoke Sam J. Hoy's card room employee license.

Commissioner Orr made a motion seconded by Commissioner Parker to revoke Sam J. Joy's card room employee license. *Vote taken; the motion passed with five aye votes.*

**James Dey, Card Room Employee, Hawk's Prairie Casino, Lacey:**

**Amy Patjens**, Administrator, Communications and Legal Department, reported that while employed as a security guard at Hawk's Prairie Casino, Mr. Dey took pull-tabs from the casino, which resulted in the loss of an undetermined amount of pull-tab revenue to the casino. On June 30, 2003, a Notice of Administrative Charges and Opportunity for Adjudicative Proceeding was issued to the licensee. The charges were mailed by certified and regular mail. On July 23, staff called the licensee and left a voice message reminding him of the deadline to respond to the charges, and informing him that if he failed to respond, an Order of Default would be issued, revoking his license. Mr. Dye did not return the call, nor has he responded to the charges; therefore he has waived his right to an administrative hearing. **Ms. Patjens** explained that because Mr. Dey waived his right to a hearing, staff recommends that the Commission revoke James Dye's card room employee license.

Commissioner Orr made a motion seconded by Commissioner Parker to revoke James Dye's card room employee license. *Vote taken; the motion passed with five aye votes.*

**8. Other Business/General Discussion/Comments from the Public:**

**Chair McLaughlin** called for comments from the public. There were none.

At 5:00 p.m., **Chair McLaughlin** called for an Executive Session to discuss pending investigations, tribal negotiations, and litigation. At 5:40 p.m., Chair McLaughlin reconvened the open public meeting and adjourned the meeting. She noted Friday's meeting would commence at 9:30 a.m.

**COMMISSION MEETING  
FRIDAY, AUGUST 15, 2003  
DRAFT MINUTES**

**Chair McLaughlin** called the meeting to order at 9:30 a.m., at the Heathman Lodge located in Vancouver. The following members and staff were present:

**MEMBERS PRESENT:**                   **COMMISSIONER LIZ McLAUGHLIN, Chair;**  
**COMMISSIONER CURTIS LUDWIG;**  
**COMMISSIONER GEORGE ORR;**  
**COMMISSIONER JANICE NIEMI;**  
**SENATOR MARGARITA PRENTICE;**

**STAFF PRESENT:**                   **RICK DAY, Executive Director;**  
**ROBERT BERG, Deputy Director;**  
**ED FLEISHER, Special Assistant;**  
**AMY PATJENS, Manager, Communications and Legal Dept.;**  
**DERRY FRIES, Assistant Director, Licensing;**  
**JERRY ACKERMAN, Assistant Attorney General;**  
**SHIRLEY CORBETT, Executive Assistant**

**9. Minutes: Regular Meeting, June 12 & 13, 2003 – Vancouver:**

Commissioner Orr made a motion seconded by Commissioner Ludwig to approve the regular meeting minutes of June 12 and 13, 2003, as presented. *Vote taken; the motion passed with five aye votes.*

**10. Petition for Review: Vannath Heng**

**Vannath Heng, Card Room Employee:**

**NO. CR 2002-01374 - Revocation of the License to Conduct Gambling Activities:**

**Commissioner Niemi**, Presiding Officer; **Vannara Lim**, State Certified Cambodian Interpreter; the **Petitioner** appeared on his own behalf. **Michael Lufkin**, Assistant Attorney General, appeared on behalf of Commission staff. Both parties presented their testimony; a transcript of the hearing is available upon request.

Commissioner Ludwig made a motion seconded by Commissioner McLaughlin to uphold the

Administrative Law Judge's order. *Vote taken; the motion passed with five aye votes.*

Assistant Attorney General Ackerman stated he would prepare the order and send it to both parties.

**11. Petition for Reconsideration:**

**Nostratollah Moradi, Card Room Employee Applicant:**

**Commissioner Niemi**, Presiding Officer, **Michael Lufkin**, Assistant Attorney General, appeared on behalf of Commission staff. **John Bockmeyer**, consultant in the gaming industry in Washington State and a former employer of Mr. Moradi, and the **Petitioner** appeared on his own behalf. Both parties presented their testimony; a transcript of the hearing is available upon request.

**Commissioner Orr** commented that based on a letter presented; he would make a motion to move to a hearing. **Chair McLaughlin** seconded the motion. **Commissioner Niemi**, affirmed the Commission would hear reconsideration, even though Mr. Moradi did not file a request for the reconsideration, to consider the affect of the ALJ's findings, in the underlying problem, based upon a letter from the Post Office. *Vote taken; the motion passed unanimously.*

**Commissioner Niemi** proceeded to the timeliness issue – that Mr. Moradi was not able to appear on his motion to reconsider the Administrative Law Judge's decision. Commissioner Niemi called for an executive session and reconvened the meeting at 10:40 a.m.

**Commissioner Parker** made a motion seconded by **Commissioner Orr** to reconsider the default. *Vote taken; the motion tied with two ayes, and two nays (McLaughlin and Ludwig voted nay).* **Commissioner Niemi** explained that mainly because the Commission has been rather liberal in how we handle the notification proceedings, she was going to vote to reconsider the default. *Therefore, the motion passed with three ayes votes.*

**Commissioner Niemi** called to order the reconsideration of the default and provided the ground rules: each side would have a maximum of ten minutes to tell the Commission why the Commission should affirm or deny the judgement of Administrative Law Judges.

After hearing testimony from both sides, **Commissioner Niemi** called for an executive session at 10:55 a.m., and recalled the open public meeting at 11:05a.m.

**Commissioner Parker** made a motion seconded by **Commissioner McLaughlin** to affirm the findings of the administrative law judge. Mr. Ackerman verified for the record, that the motion was to affirm the findings of the fact, conclusions of law and the initial order of the ALJ. Commissioner Parker affirmed.

**Chair McLaughlin** advised that she was feeling a bit hard-hearted because Mr. Moradi was very compelling. However, she didn't think that someone with a gambling addiction should be in casinos or in any other form of gambling. *Vote taken; the motion passed with five aye votes.*

**Commissioner Niemi** reported the motion was granted to affirm the findings of the fact and conclusions of law of the ALJ -- and this was a denial of a petition to obtain a gambling license.

**Commissioner Niemi** called a 15-minute recess at 11:05 a.m. and called the meeting back in session at 11:15 a.m.

Chair McLaughlin requested a change in agenda order (advancing to Agenda Item No. 16) because Commissioner Parker needed to vacate the meeting at noon.

### **Rules Up for Discussion and Possible Filing**

#### **16. Petition for Rule Change by the Recreational Gaming Association - Increasing Betting Limits for House-Banked Card Games:**

##### **WAC 230-40-120**

**Amy Patjens**, Administrator, Communications and Legal Department, reported this petition was submitted by the RGA to increase house-banked card game betting limits from \$100 to \$300. They submitted a petition in September 2001, to increase limits to \$500, withdrew it, and submitted a new petition in November 2001, with three options. In January 2002, the RGA asked that the petition be held over until after the legislative session.

She noted that an increase in betting limits could be interpreted as an expansion of gambling; secondly the legislature did not authorize changes on types of gambling or the operation of gambling in Washington, and this may increase the pressure to raise betting limits from one interest group to another. Tribal state Compacts authorize betting limits up to \$500, and most records indicate that most bet less than \$100. Records show house-banked facilities tend to struggle at the initial \$25 limits, and there is an item on table for the Phase II limits under Agenda Item 12.

**Ms. Patjens** explained the Commission has three options available regarding this petition: file for discussion, deny the petition in writing and state the reasons for that denial, or propose an alternative.

**Commissioner Ludwig** noted that without suggesting that he was supporting any increase in the wager limits, he would make a motion to file the petition for further discussion. The motion was seconded by Commissioner Niemi. **Chair McLaughlin** called for comments.

**Gary Murray**, President of the Recreational Gaming Association, reported that a number of factors have brought this to the surface and that an increase in the betting limits is necessary. However, due to the length of the prior proceedings, he recommended a presentation by the RGA be presented at the September Commission meeting. **Commissioner Parker** verified that the RGA had a copy of staff's initial cut and response, and noted the presentation should be responsive to the points staff has made. Mr. Murray affirmed the RGA would address the policy issues as outlined in Director Day's memo, as well as other things such as the economic motivations that have driven their interest

in purposing the petition.

**Commissioner Parker** asked staff for the kinds of reasons the Commission would not agree to such a petition. **Ms. Patjens** responded that under the Administrative Procedures Act, it requires the Commission to address the concerns raised in the petition. For instance, the Commission could say that as a matter of policy, the Commission doesn't think that the betting limits should be increased. The primary requirement is to explain whatever the reasons for denial are, as opposed to simply saying we are going to deny the petition. Commissioner Parker verified that if the Commission files the petition, it allows the chance to debate and consider the pros and cons. Ms. Patjens affirmed the Commission may file the rule and discuss it without any obligation.

**Senator Prentice** addressed the comment/statement that an increase would be considered an expansion of gambling, and indicated that it would be good to have an understanding of what the term "expansion of gambling" really means.

**Commissioner Niemi** expressed concern, in light of the review of 30-years of gambling, and asked everyone to realize that what happened 30 years ago is not what is happening right now. She noted that within the whole United States, gambling has changed. Commissioner Niemi hoped the Recreational Gaming Association's argument wouldn't be to "help us make more money" -- and to recognize that gambling has changed, and to explain that they want this petition because gambling has changed all across the board. She emphasized that Washington has a lot of tribes that have casinos, there are gaming rooms, and charitable gambling. She asked how this request fits in with what is going on now.

**Commissioner Parker** asked if there was anything in this petition that would make the Commission not consider this petition, which would then get into the merits. He thought it seemed appropriate to have petition before the Commission, because there are key issues to the Commission and to gambling. He advised that he was in favor of filing, to put the issues on the table. One of the points for discussion is whether an increase would be regarded by the Indian tribes who have compacts, if that would seem contrary to the spirit of their compacts. Commissioner Parker verified that tribes would be notified that this issue will be discussed, and confirmed that the Commission could hear from them also. **Ms. Patjens** affirmed.

*Vote taken; the motion passed with five aye votes.* Commissioner Parker was excused and Chair McLaughlin proceeded to Agenda Item number 12.

### **Rules Up for Final Action**

#### **12. Elimination of Formal Phase II Reviews:**

**WAC 230-40-803, WAC 230-40-120, and WAC 230-40-825:**

**Amy Patjens** reported this rule is up for final action today. Staff is recommending eliminating the Formal Phase II Review, and allowing card rooms to open with \$100.00 betting limits. Staff would still perform a review at the six-month mark, but we would no longer be required to do them right at

six-months, and they would no longer appear on the Commissions' agenda. However, the initial review of card rooms would continue to appear on the agenda.

Item 12(A) repeals the Phase II approval process. Item 12(B) removes the reference to \$25 wagers because under this proposal the single wager amount would be up to \$100. Item 12(C) deals with staff surveillance rooms.

**Ms. Patjens** explained that under the current rules, if a card room has fewer than five tables, and they are at the \$25 limit, and they decide they don't want to go up to the \$100 limit, they are not required to have their surveillance rooms staffed at all times. They were required to have a surveillance room but were not required to physically have a person present. This was in consideration for small operators with lower limits. Eliminating the Phase II approvals would mean they would be able to go up to the \$100 limit, and in doing so, would need those rooms staffed at all times. This rule would eliminate that option and impact three of the 81 house-banked card rooms that have currently been approved. The impacted licensees were notified, and staff has spoken to all three licensees. One advised that they have already staffed their surveillance room, the second may stop offering house-banked card rooms when their license expires, and the third was unsure if they were going to continue to offer house-banked card games. Staff recommends approval, and that the rule be effective 31-days after this final vote, which would be approximately September 15<sup>th</sup>.

**Commissioner Ludwig** noted this action eliminates operations with five tables or less with \$25 limits and asked if there wasn't a way that could be preserved -- for instance by saying, "if they operate less than five tables with no greater limits than \$25". **Ms. Patjens** affirmed that was a possibility. **Chair McLaughlin** inquired if there was a desire to amend the proposal. Commissioner Ludwig advised that he was simply thinking about the small operators and the cost of the surveillance system, and questioned whether to incorporate the language now or at another time. Ms. Patjens responded that staff could change some of the language to reflect that licensees that are licensed for five or fewer tables and operate a \$25 limit, shall not be required to provide a staffed surveillance room.

**Chair McLaughlin** asked Commissioner Ludwig if he would like to make that amendment so that the public may speak to the amendment. **Commissioner Ludwig** responded that he would like to know for sure how the staff feels about the amendment. **Commissioner Niemi** stated that it was admirable that we are concerned about the smaller gaming rooms with the \$25 limits. However, she asked if they have asked us to do this. Licensees have been mailed a notification that this topic was going to change. Commissioner Niemi suggested that if they don't care, there isn't a requirement for the Commission to do this. **Director Day** affirmed that of the three potentially impacted card rooms, one is already staffing, one has chosen not to move forward, and the third is unsure if they would continue to offer house-banked card room activities. From a staff perspective, Director Day advised he had a concern because this is one of the most critical areas to the integrity of the game, and this would making an exception for perhaps one facility. Commissioner Ludwig withdrew his comments based on the Director's comments. However, if they come forward later, he suggested they should be heard.

**Commissioner Ludwig** made a motion seconded by **Commission Niemi** to approve the rules contained in Item 12-A through 12-C. This will be a final action, there are no amendments on the floor. **Chair McLaughlin** called for public comment. **Mr. Ackerman** verified if the motion also included that it become effective 31-days after filing. Commissioner Ludwig and Commissioner Niemi concurred.

**Director Day** clarified that if the Commission chooses to adopt this rule, it does not increase the betting limits, but strengthens the surveillance. **Chair McLaughlin** called for public comment, there was none. *Vote taken; the motion passed with four aye votes.*

### Rules Up for Discussion

#### **13. Petition for Rule Change by Dwight Bailey - Licensure of Entities that Sell Merchandise to be used as Prizes for Pull-tab Games:**

##### **WAC 230-04-124:**

**Amy Patjens** reported this petition deals with businesses that sell merchandise for pull-tab prizes. The Petitioner, Dwight Bailey owns Spokane Pull-Tabs & Supply Company, and as a company he is licensed as a distributor to distribute pull-tabs, bingo paper, and other gambling related supplies. He packages them together, and is therefore required to be licensed. Mr. Bailey is concerned because there are some specialized businesses that target pull-tab operators and because they are not selling pull-tabs, they don't have to be licensed by the Commission. The last time staff contacted Mr. Bailey, the staff weren't sure his rules would accomplish the desired intent, and staff therefore does not support the petition.

The agenda packet contains a letter supporting the petition from Gasperetti's Distributing, and one of their representatives provided testimony at the last meeting, additionally a representative from Mr. Ed's also provided testimony. The Commission also heard from Billy Tackitt, who owns several of the Buzz Inn Restaurants. He considered this to be the "Monopoly Rule".

**Ms. Patjens** addressed a question on whether it was legal for pull-tab operators to purchase this type of merchandise, and there was a question about whether that had been what the legislature intended and what the RCW says. Since that meeting, Assistant Attorney General Ackerman found that the RCW's do not prevent anyone from buying that merchandise, and he reported that there was nothing in published sources that show such a discussion. Staff recommends further discussion.

**Chair McLaughlin** called for public comments. **Commissioner Niemi** questioned staff's recommendation to deny the petition. Ms. Patjens affirmed that staff did recommend denying the petition last month. When the rule comes up for final action, staff will be recommending the Commission not vote in favor of the proposed rule change.

**Ken Sroufe**, Mr. Ed's Bingo, addressed the Commission on behalf of the distributors. He advised that he was still concerned. The distributors understand staff doesn't want to get involved with

licensing everyone who sells merchandise married up with a pull-tab game or a punch board. However, at the same time, the distributors practice has been to package these as merchandise with the pull-tab game. He questioned if they do not package the merchandise with the pull-tab game, whether the merchandise was then a non-gaming entity. Basically, staff was saying they don't want to get involved in licensees buying from Costco, and etc. The distributors have concerns on that, because then anyone could buy from the gypsy, or Costco, and buy on credit. Distributors may buy merchandise on credit, however, they cannot sell on credit. He clarified that an operator may buy on credit, marry the merchandise with a pull-tab game, and it now becomes gaming paraphernalia that is purchased on credit and may not necessarily be paid for. **Mr. Sroufe** proposed the concept that any distributor may sell a set of Mariner's jackets on an invoice as merchandise, sell a pull-tab game on an invoice as gaming, and not have this fall under the requirements of the WAC. He suggested leaving this rule alone, and not doing anything until a study on discriminatory pricing and credit is facilitated. If the rule is approved as presented, he questioned if the Commission wasn't ignoring the fact that credit was being allowed for gaming paraphernalia when the merchandise is purchased from somebody and the purchasers don't have a trail that the merchandise is paid for, when it goes into gaming.

**Commissioner Ludwig** questioned what percentage of the industry in pull-tabs is merchandise. Mr. Sroufe responded that he didn't have those numbers off hand. Commissioner Ludwig commented that he thought it was pretty small, because the majority of the pull-tab games prizes award money. Commissioner Ludwig noted there aren't any restrictions where the money came from -- and an operator could borrow money from the bank -- which is credit. He asked why merchandise should be any different. **Mr. Sroufe** agreed, and wanted to put the merchandise in that separate category -- allowing a distributor to sell merchandise as a stand alone item on credit like everyone else. Currently, it's a bundled package. Commissioner Ludwig suggested that Mr. Sroufe didn't support the petition. Mr. Sroufe responded that he and the industry supports a change that would define that merchandise as not a gaming entity.

**George Panagiotu**, Gasperetti's Distributing, emphasized his point of interest is the desire to have an equal playing field. He explained that there is an underground economy selling merchandise at any price to anybody, with invoices that aren't even invoices. He believed there wasn't accountability, and that the accountability was very important in this particular aspect because the flares that are made have to be made correctly, with a numeric sequence. He noted the Gambling Commission has to be able to audit those particular purposes to see that they are within the percentage pay out, and that the flare has been made correctly with the proper size game to be fair to the general public as a gambling device. He believed that without being licensed, the Gambling Commission has no regulatory observation over that. Mr. Panagiotu commented that anyone could sell anything, and they are doing it, and licensed distributors have to compete with these people. They are giving invoices for items that are large items -- \$750 is the most expensive item they can have for merchandise, however, they will supply an invoice for \$500 -- it can't be audited by the Gambling Commission. He emphasized the distributors simply want an equal playing field.

**Commissioner Ludwig** inquired if Mr. Panagiotu would like not to be regulated on merchandise.

**Mr. Panagiotu** responded that would be an interesting reversal -- not being regulated, and he

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questioned if the Commission would want the industry and merchandise not to be regulated. **Mr. Panagiotu** believed not. **Commissioner Ludwig** responded that all establishments have to serve food and beverages – he assumed most of them serve food, and noted the Commission does not regulate the suppliers of their food – and that they could shop around for the best price on their food items. Mr. Biotio concurred, the point was that an operator may buy his merchandise from wherever he wants, however, that operator then has to be responsible for making the correct flare, the correct payouts, putting on a proper bag and presenting it in the general public where they won't be defrauded, and the Gambling Commission can audit that. If the operator is buying from a person that is unregulated, they don't have any auditing privileges. The operator that puts his own merchandise together is responsible and should be responsible for making their own flare, according to the regulations set by the Gambling Commission. **Director Day** reported that according to Commission statistical reports, merchandise prizes account for less than one percent of the prizes paid.

**Assistant Attorney General Ackerman** addressed the technical language offered in this petition, and he asked whether the Commission was satisfied with the language that follows the proviso, half way down the amendatory language. He indicated that he could read it to mean two or three things. He suggested that the proposed language itself needed more work. Mr. Ackerman expressed concern with the language that reads “provided that an operator may purchase merchandise prizes from a catalog, retail or specialty stores, bearing a receipt of total goods purchased which complies with Washington State Rules and Guidelines for offering non-cash prizes in a game of chance.” He suggested that since Mr. Bailey isn't here, to explain what he intended, perhaps further conversation between staff and Mr. Bailey would be appropriate.

**Chair McLaughlin** questioned if we were having any problems until Mr. Bailey's petition came along. **Commissioner Ludwig** responded that the Commission wasn't, but Mr. Bailey was. **Director Day** affirmed. Chair McLaughlin noted the subject would appear on the September agenda for final action. There were no further comments.

#### **14. Minimum Bankroll for House-Banked Card Rooms:**

##### **WAC 230-40-833:**

**Amy Patjens** explained the amendment to WAC 230-40-833 requires licensees to maintain a minimum bankroll to ensure they can pay out all advertised prizes and chips that are in play. The new proposal would require licensees to calculate how much cash should be on hand using a bankroll analysis worksheet. If the licensee finds that they have not met that minimum cash requirement, they would be required to let staff know immediately. The intent is to make sure they have enough cash on hand to pay out players who have won, and cash out chips. Due to comments received about the worksheet, staff expects the worksheet to change a bit. Staff recommends further discussion. **Chair McLaughlin** called for public comments.

Gary Murray, President, Recreational Gaming Association noted the Association has worked with staff and wanted to affirm they are open to suggestions in reworking the worksheet to better serve the industry. No other public testimony was offered.

**15. Card Room Rules:**

**WAC 230-08-010, WAC 230-12-340, WAC 230-40-010, WAC 230-40-040, WAC 230-40-125, WAC 230-40-805, and WAC 230-40-821:**

Item 15(A) WAC 230-08-010 the monthly record, is a housekeeping change. A reference to WAC 230-40-821 was added to Subsection one to clarify that the general accounting records for house-banked card rooms must comply with an additional WAC.

Item 15(B) WAC 230-12-340 is a general rule that licensees can not purchase gambling equipment on credit. An exception is made if they are purchasing expensive gambling equipment, such as Bingo ball blowers and pull-tab dispensing machines. The amendment clarifies, that small items such as chips, cards and other consumables cannot be purchased on credit, but must be paid in cash.

Item 15(C) and (E) WAC 230-40-010 and WAC 230-40-125 are up for repeal because they dealt with Washington Blackjack and there isn't anyone playing Washington Blackjack anymore. There were three, they were grand-fathered, however, none are playing today. No new operator may begin dealing Washington Blackjack. They had to be operating as of April 1 of 2000.

Item 15(D) WAC 230-40-040 simply strikes out the language restricting commissions only to Pai Gow Poker. Effectively, licensees may receive commissions for other games.

Item 15(F) WAC 230-40-805 is a clarification that any money removed from a jackpot must be used to purchase merchandise or prizes, or it should remain in the jackpot account.

Item 15(G) WAC 230-40-821 clarifies where records are to be stored and makes it consistent with other rules with similar retention requirements. The retention period, on site, would only be for a six-month period. There was some discussion regarding the convenience of electronic versus the volume of physical record requirements.

**Amy Patjens** reported that staff recommends further discussion on Items 15(A)-(G). **Chair McLaughlin** opened the agenda topic for public comments, there were none, and she noted the rules package would be before the Commission at the next meeting.

**Rules Up for Discussion and Possible Filing**

**17. Petition for Rule Change by Galaxy Gaming - New Card Games:**

**WAC 230-40-010**

**Amy Patjens** reported the petition submitted by Rob Saucier allows new types of card games. The proposal is to allow players to bet on the house's hand. Right now, the player can't bet on the house's hand (blackjack—bet on red or black cards).

**Ms. Patjens** noted that the staff was not offering a recommendation, because this is a policy call. The ability to bet on the house's hand may be considered by some to be an expansion of gambling. Some may feel that betting against a dealer may not make this a true social card game. The amendment adds more bonus games to card games. It may allow some games to be played that the Commission isn't even aware of yet, because they haven't been developed and/or created yet. Tribal/State Compacts do allow betting on the house's hand.

**Ms. Patjens** explained the Commission has three options; one is to file the rule for further discussion, deny it with an explanation, or to propose an alternative. **Chair McLaughlin** called for public comment.

**Robert Saucier**, Petitioner, explained that when this came up, he attempted to introduce language and was instructed to come back to the Commission with a petition, which is what he's done. **Chair McLaughlin** called for further public comments, and there were no other comments.

**Commissioner Orr** made a motion not to file the petition. **Chair McLaughlin** offered a second so the motion may go to a vote.

**Commissioner Ludwig** noted that if the Commission doesn't file the rule, a reason must be provided. He inquired if the Commission filed and the rule failed, whether the Commission needed to state a reason. Commissioner Orr responded in the negative. **Chair McLaughlin** reiterated that if she understood correctly, social card rooms are identified in RCW. She questioned whether betting on the dealer's hand is really a social card game. Commissioner Orr responded that he believed it becomes more than a social game. **Commissioner Niemi** believed the staff's view of a social card game was playing together without a dealer.

**Mr. Ackerman** advised that he understood the paragraph to be staff reciting the language in the intent section in RCW 9.46, which does say that gambling of this type is to be a social past time. Historically, Commission staff tried to hold the line and stay consistent with that social past time intent, rather than interpreting it to encourage high-stakes gambling. Over the years, they have looked at the gambling restrictions that are in the constitution, and as frequently mentioned by the legislation and the governor, every time the gambling statute gets amended for one reason or another. **Director Day** concurred that the rules that currently exist, reflect that nature. Every rule requires each player to have a hand, and the social concept of playing is still preserved in the rule, however, it is a discretionary concept.

**Chair McLaughlin** called for a vote from those wishing to approve not filing the petition. **Mr. Ackerman** noted that procedurally, if the motion is to not file, the Commission should call for public discussion. Chair McLaughlin opened discussion on not filing the petition.

**Robert Saucier** commented that the change is not too different from what is being done with games today. A player may place an insurance bet, and the player is wagering whether the dealer has a Blackjack or not. Secondly, certain games such as Match the Dealer are allowed in a limited form.

**Chair McLaughlin** asked if staff agreed with Mr. Saucier's statement. **Commissioner Orr** questioned the number of hands that would allow, and wagers. Mr. Saucier explained that it is not too different from what is currently being done, (community cards etc.) and isn't as radical of a change as it appears. **Commissioner Ludwig** questioned the side bets being referenced. Mr. Saucier explained they are similar to bonus or proposition bets -- betting between two players is not allowed. **Director Day** responded that it was fair to say there are some similar practices, which is why the petition is before the Commission.

**Max Faulkner**, Kegler's Inc., addressed the Director's memo on this issue and noted that only Commission staff allows different games to be put on the market. He questioned if allowing different games wasn't an expansion, and he didn't think this example would be either.

**George Teeney**, Last Frontier/ Phoenix Inn, La Center, believed this should be filed for discussion so the Commission could get a true picture of the types of games available. With no further comments, **Chair McLaughlin** closed the public testimony.

**Commissioner Niemi** noted that many of the comments relate to expanding gambling, and she didn't know where to draw the line. She advised that she would like to see where the Commission was going in the whole scheme of things. **Commissioner Ludwig** advised that he would prefer to table this item in order for all five commissioners to be present. *Vote taken; the motion had two aye and two nay votes.* **Mr. Ackerman** explained with a two-two vote, the petition would not go forward, however, it may be re-filed.

#### **18. Promotions for Gambling Activities:**

**WAC 230-12-050, WAC 230-20-050, WAC 230-20-052, WAC 230-20-190, WAC 230-20-242:**

**Amy Patjens** reported this rule is up for discussion and filing. Item 18(A) repeals the rule that restricts Bingo operators from transporting Bingo players from out of state more than once a week. This question was raised by Commissioner Ludwig quite awhile ago. The effect of the rule would be that Bingo operators could transport players as often as they wanted to.

Items (C) and (D) are housekeeping changes that would need to go along with Item (A). Items (D) and (E) address the streamline promotions and Item 18(E) deals with creativity and originality contests that Bingo operators sometimes give. They have also been covered in another WAC by reference so they are not needed. Staff recommends filing the rules package for further discussion.

**Chair McLaughlin** called for questions and there were none. She opened the agenda item for public discussion and there was none.

**Commissioner Orr** made a motion seconded by **Commissioner Niemi** to file the rules package.

**Commissioner Niemi** commented that she thought it was unconstitutional to deny the right to transportation unless the customer is under age. **Commissioner Ludwig** clarified his intent, that of all the gambling activities, Bingo players are sometimes older, and the restriction hampers their

ability to get out. Vote taken; the motion passed with four aye votes.

#### **19. Customer Appreciation Tournaments:**

##### **WAC 230-40-055:**

**Amy Patjens** reported this rule deals with card room tournaments. It limits the amount that may be required for a buy-in when setting up a game. The rules were originally passed in 1985, there was a small increase made in 1986, however, limits have remained the same for 17-years. The proposed rule would increase the player buy-in from \$50 to \$100, and the total from \$200 to \$400. One further change is required in Subsection 3 – the number \$50 should be \$100. She read into the record the correction and affirmed this was a policy call. Staff recommends filing for further discussion with the change quoted in Subsection 3.

**Commissioner Ludwig** made a motion seconded by **Commissioner Orr** to file the rule for further discussion. **Chair McLaughlin** called for public comments, there were none. Vote taken; the motion passed with four aye votes.

#### **20. Other Business/General Discussion/Comments from the Public:**

**Senator Prentice** thanked everyone for the messages she received from friends and industry associates when her husband recently passed away. She advised that it was amazing to her family how many friends Bill had made. Senator Prentice was also pleased to see that the Commission was dealing with the issue of diversity. She cautioned that if “you are doing it right, it is going to be very painful, and not to get spooked out -- if you are doing it right, you are really examining a lot of your own deeply held biases that many people don’t even realize are there.” She urged the Commission not to get discouraged.

With no other business, **Chair McLaughlin**, adjourned the meeting at 12:35 p.m. The next meeting is scheduled for September 11-12, 2003, in Leavenworth.

Minutes submitted by:

Shirley Corbett  
Executive Assistant