

**COMMISSION MEETING
TUESDAY, OCTOBER 19, 2004
DRAFT MINUTES**

Chair Niemi called the telephone conference meeting to order at 9:00 a.m., at the Washington State Gambling Commission headquarters, located in Lacey. She welcomed the attendees and introduced the members and staff present:

MEMBERS PRESENT: **COMMISSIONER JANICE NIEMI, Chair;**
 COMMISSIONER CURTIS LUDWIG, Kennewick;
 COMMISSIONER LIZ MCLAUGHLIN, Everett;
 COMMISSIONER GEORGE ORR, Spokane;
 REPRESENTATIVE ALEX WOOD, Spokane;

STAFF PRESENT: **RICK DAY, Director;**
 NEAL NUNAMAKER, Deputy Director;
 AMY BLUME HUNTER, Administrator-Legal;
 DAVE TRUJILLO, Acting Administrator-Licensing;
 JERRY ACKERMAN, Assistant Attorney General;
 SHIRLEY CORBETT, Executive Assistant

1. New Licenses, Changes, and Tribal Certifications:

Commissioner Ludwig made a motion seconded by Commissioner Orr to approve the new licenses, changes, and Class III tribal certifications as listed on pages one through 22 on the approval list. *Vote taken; the motion passed with four aye votes.*

2. House-Banked Card Room Reviews:

Bluz at the Bend, Spokane:

Dave Trujillo, Administrator for Licensing Services, reported that Bluz Incorporated doing business as Bluz at the Bend has submitted an application to operate eight house-banked card games and pull-tabs. They are located in Spokane. Bluz at the Bend is wholly owned by Randy Sines, who also has an ownership in another commissioned licensee, DigiDeal Corporation. Commission staff conducted a pre-licensing investigation and a pre-operational review. Based upon those investigations, staff recommends Bluz Incorporated doing

business as Bluz at the Bend be licensed as a house-banked card room authorized to operate up to eight tables with a maximum betting limit as allowed under WAC 230-40-120.

Commissioner Orr inquired if DigiDeal was also applying for or has received a license for Marilyn's on Monroe—a new facility next to the Davenport Hotel in Spokane. **Mr. Trujillo** affirmed that a facility called Marilyn's was being started in Spokane; however, he was not exactly sure if this was a DigiDeal enterprise—a license application had not been submitted at this point. He advised that he would check and report back at the next meeting.

Representative Wood affirmed hearing the same information.

Commissioner Orr made a motion seconded by **Commissioner Ludwig** authorizing Bluz, Inc., doing business as Bluz at the Bend to be licensed as a house-banked card room authorized to operate up to eight tables with the maximum betting limit allowed under WAC 230-40-120.

Chair Niemi asked for more information on the DigiDeal ownership as a Class E manufacturer and a Class D distributor, and how staff handled that review. **Mr. Trujillo** responded that the current rules are specific when it comes to prohibitions on marketing levels relating to punchboard and pull-tab manufacturers and distributors for service suppliers. He reported that at this point and time, Mr. Sines from DigiDeal Corporation does not manufacture or distribute punchboard or pull-tabs; therefore, there is no prohibition to keep them from being able to operate punchboard or pull-tabs. They have also advised that they do not plan to manufacture punchboards or pull-tabs.

Commissioner Orr noted that many house-banked card rooms have punchboards or pull-tabs as well as the dealing tables—since DigiDeal manufactures dealing tables, he inquired if there were any prohibition considerations there—or whether that was something for the Commission to consider in the future. **Mr. Trujillo** responded that staff has talked a little bit about whether or not to look at that issue in the future, and noted that at the present time there is no prohibition. **Chair Niemi** suggested that staff pass the word to Bluz at the Bend that the Commissioners have talked about this issue and have some concerns. Mr. Trujillo affirmed and noted that early in the process, staff sent them a letter advising them that at the present time there were no prohibitions; however, things could change in the future.

With no further comments, **Chair Niemi** called for the vote, vote taken; the motion passed with four aye votes.

3. Discussion in Response to a Staff Report Regarding the Potential Impacts of I-892:

Chair Niemi complimented Amy Hunter, noting that the Initiative 892 impact memorandum provided was exceptionally well done and made her aware of problems that she probably wouldn't have been aware of by just reading the Initiative. She stated it was a terribly complex issue. She advised that she was concerned that anything said as Commissioners might be construed as being for or against Initiative 892. However, she affirmed the Commissioners could talk about whether or not the Commission should send this memorandum to the legislative staff, and the media, or wait until after the election, if the Initiative should pass.

Commissioner Ludwig questioned what would happen if the Commission took no other action on this item. **Ms. Hunter** advised that staff has already had a request for the impact memo from Legislative staff, additionally, there are several reporters who know the Commission has been working on this issue and she anticipated requests from them as well. **Chair Niemi** affirmed that sending the memo to all of those people would be appropriate.

Commissioner Orr suggested sending the memo with a special news release because of the financial impact on the agency. He also addressed an example regarding FBI background checks, and while the Commission is authorized to ask for that information, the Lottery Commission doesn't currently have the authority for that information to be shared. He indicated that was just the tip of the iceberg regarding some of the impacts of this Initiative.

Alex Wood commented that people in Spokane were already voting via absentee ballots and that he has seen absolutely no coverage on this issue except perhaps a quick mention in the newspaper. **Commissioner Orr** thought it wouldn't be a bad idea to send the media a copy of the impact statement.

Chair Niemi advised that she would like to hear from Commissioner McLaughlin and Director Day and she inquired if any of the public members present wanted to comment. She asked if Ms. Chiechi had an opportunity to review the material. Ms. Chiechi responded that staff had not released the information yet. Staff provided a copy to Ms. Chiechi.

Commissioner Ludwig suggested that the conference call agenda packet was sufficient public record. **Chair Niemi** thought it would be fine to provide the media the statement with a press release. **Representative Wood** responded that Commissioner Ludwig's point was well taken, and that maybe the Commission should just let the media know we have information and if they would like it, staff could provide it to them. **Commissioner Orr** supported a press release with perhaps a web site where the public could read and obtain the report.

Director Day suggested the Commission consider handling this matter in a similar fashion as when the Commission considers legislation and related issues—in this case it wouldn't be a position statement, but it would deal with the impact information. The staff could distribute the information in a manner that would be similar to legislation that has come before the Commission. He noted that generally there is specific legislation through the legislative members that would have specific concerns. In this case, staff would probably distribute the impact memo to the key staff or the key committee chairs involved. Then, staff would have the information available for public distribution. He noted the Commission wouldn't normally provide a specific press release.

Jerry Ackerman, Assistant Attorney General, suggested that since the Commission didn't intend to take a position on the Initiative, that perhaps the Commission should follow the procedure outlined by Director Day and give the information to the normal legislative and executive branches and officials the Commission typically communicates with—and simultaneously put the report on the Commission's website. He suggested that if there was going to be any kind of press release, that perhaps it should say nothing more than the fact that the Commission has undertaken the study and has provided it to the appropriate

legislative and executive branch officials, and placed the study on the website. That would keep the Commission in the information providing position and yet remain in a neutral advocacy position.

Chair Niemi agreed. She inquired if anyone had any objection to handling this in the manner recommended. **Commissioner Ludwig** and **Commissioner Orr** agreed it was appropriate. **Commissioner McLaughlin** responded that she had considered the issue and also concurred. **Representative Wood** also agreed; however, he stressed that it best be done quickly since people were already voting.

4. Other Business/General Discussion/Comments from the Public:

With no further comments on the Initiative, **Chair Niemi** asked for any other comments before adjourning. **Commissioner McLaughlin** commented that it was certainly good to hear all of her fellow commissioners. Each commissioner conveyed his or her independent wishes to Commissioner McLaughlin for a speedy recovery.

With no further comments, the meeting adjourned at 9:30 a.m.

Minutes submitted by:

Shirley Corbett
Executive Assistant