

**WASHINGTON STATE
GAMBLING COMMISSION MEETING
THURSDAY, FEBRUARY 12, 2009
MINUTES**

Chair Peggy Ann Bierbaum called the meeting to order at 1:35 p.m. at the Great Wolf Lodge located in Grand Mound and introduced the members present:

MEMBERS PRESENT: **Commission Chair Peggy Ann Bierbaum, Quilcene**
 Commissioner Alan Parker, Olympia
 Commissioner John Ellis, Seattle
 Commissioner Keven Rojecki, Tacoma
 Commissioner Mike Amos, Selah

STAFF: **Rick Day, Director**
 Mark Harris, Assistant Director – Field Operations
 David Trujillo, Assistant Director – Licensing Operations
 Amy Hunter, Administrator – Communications & Legal
 Jerry Ackerman, Senior Counsel, Attorney General’s Office
 Gail Grate, Executive Assistant

Staff Accomplishments

Director Rick Day introduced Jessica Quiles, who is the agency’s Public Records Officer and Supervisor of the Forms and Records Unit. Chair Bierbaum and Director Day presented Jessica with a certificate for recognition of ten years of state service.

3. Agenda Review (taken out of agenda order)

Director Day pointed out a large stack of additions to the Commissioners’ agenda packets, which will be identified as the topics are discussed. Director Day reviewed Thursday and Friday’s agendas, noting that the Petitions for Review are scheduled to be heard first to accommodate Assistant Attorney General Bruce Marvin. Director Day understood that Mr. Estabrook would not be in attendance today and AAG Marvin would handle that. Also, a withdrawal for the declaratory order, Item #2, was received; Director Day recommended inserting the Defaults, Item #5, into that slot. **Chair Bierbaum** agreed. **Director Day** pointed out Friday’s agenda included final action on the Coalition rule pertaining to the administrative hearings, indicating there was a fourth option provided that both staff and the Coalition have agreed to.

Chair Bierbaum asked if the agency update presentation listed under the Director’s Report was happening today. **Director Day** explained the PowerPoint was presented to the two legislative work sessions and was just included for the Commissioners information and to answer any questions on the slides.

Chair Bierbaum asked which Petition for Review AAG Marvin wanted to take first. **Assistant Attorney General H. Bruce Marvin** replied that Amy Goins was first on the agenda, but he did not see her.

Chair Bierbaum asked if Amy Goins or Naomi Goins was present. No one responded. Chair Bierbaum asked if AAG Marvin had expected Ms. Goins to be present. **AAG Marvin** replied that, of the three, Ms. Goins was the one he felt was most likely to appear, and proposed starting with the Petition for Review of Robert Estabrook to give Ms. Goins some time to arrive in case she is running late.

1. **Petitions for Review** *(taken out of order)*

c) ***Robert E. Estabrook, Card Room Employee, Revocation***

AAG Marvin reported that Mr. Estabrook had contacted him yesterday to inform the Commission that he was marrying his common law wife on Thursday and could not move the ceremony to attend the hearing. Mr. Estabrook had indicated he would submit some written materials to the fax number staff provided, but AAG Marvin has not received anything.

Chair Bierbaum asked if AAG Marvin had given Mr. Estabrook an explanation of the possible ramifications for his not attending the hearing. **AAG Marvin** replied he had not spoken with Mr. Estabrook in person, but had left a voice mail. AAG Marvin mentioned there was a bit of a history there which he would not go into. AAG Marvin's understanding was that Mr. Estabrook was not asking for a continuance, did not ask for additional time, but simply said he was not going to be able to make it to the hearing. Mr. Estabrook asked in a voice mail to AAG Marvin whether he could submit written materials. **Chair Bierbaum** indicated she was looking at the tab under notice of Commission's review that was sent to him about this hearing. Paragraph 5 says: should the licensee fail to appear at the review as scheduled, a default hearing pursuant to RCW 35.05.440 will be entered. So Mr. Estabrook was notified of the possible ramifications. **AAG Marvin** affirmed Mr. Estabrook received notice that a default judgment could be entered. If he had sent in some written materials, AAG Marvin thought the Commission would have gone ahead and addressed this on the merits. At this point in time, AAG Marvin thought the appropriate response would be to just simply go ahead and enter a default.

Chair Bierbaum asked if there were any questions; there were none. Chair Bierbaum asked if Mr. Robert Estabrook or anybody on his behalf was present. No one stepped forward.

Commissioner Ellis made a motion seconded by Commissioner Rojecki to enter a default order affirming the initial order of the Administrative Law Judge revoking Robert E. Estabrook's card room employee license. Vote taken; the motion passed unanimously.

1. **Petition for Review** (taken out of order)

b) ***Sharkey's Pub, Sumner, Revocation***

Chair Bierbaum asked AAG Marvin if he expected anyone from Sharkey's Pub to appear. **AAG Marvin** replied that Tristan Marshall, doing business as Sharkey's Pub, did not show up to her original hearing. He explained this was essentially a motion to vacate a default judgment that was entered against her when she failed to appear at her hearing before the Administrative Law Judge (ALJ). An initial default order was entered; there were findings of fact and conclusions of law issued by the ALJ, and Ms. Marshall subsequently within the appropriate time frame filed a Motion for Reconsideration or motion to reopen the hearing. AAG Marvin understood that, as of today's date, Ms. Marshall continues to be out of compliance, has not filed activity reports for Sharkey's Pub for many quarters, and continues to owe gambling taxes to the municipality of Sumner. Under the circumstances, AAG Marvin's recommendation would have been that the Motion for Reconsideration be denied by virtue of the fact that she does not appear to have a meritorious defense. **Chair Bierbaum** clarified that the Commission was considering the matter of the revocation of the license to conduct gambling activities of Sharkey's Pub.

Chair Bierbaum asked if Tristan Marshall or anybody on behalf of Sharkey's Pub was present; no one stepped forward. Chair Bierbaum asked AAG Ackerman if, since this was submitted as a motion to vacate the default judgment and Ms. Marshall did not appear, the motion is stricken or if the Commission has to consider this on the merits. **AAG Jerry Ackerman** believed at this point the proper action for the Commission would be to simply deny the motion since it is a motion to vacate and since there has already been a default, the default will stand. **AAG Marvin** recommended that, absent Ms. Marshall's attendance, the Commission moves to deny the Motion for Reconsideration.

Commissioner Ellis made a motion seconded by **Commissioner Rojecki** to grant the state's motion to deny Sharkey's Pub's motion to vacate the default judgment. *Vote taken: the motion passed unanimously.*

1. **Petition for Review** (taken out of order)

a) ***Amy R. Goins, Card Room Employee, Revocation***

Chair Bierbaum asked if Ms. Amy Goins or anyone on her behalf was present; no one stepped forward.

AAG Bruce Marvin reported that Amy Goins is a licensed card room employee who was employed at All Star Lanes Casino. The ALJ entered an initial order revoking her license based on a cheating incident that took place at the Suquamish Clearwater Casino on October 15, 2007. Given that Ms. Goins has not appeared to contest this or to represent herself, AAG Marvin asked that the Commission enter a default order in this matter and dispose of the case in that manner. **Chair Bierbaum** asked if AAG Marvin was going to be available for a few more minutes. **AAG Marvin** affirmed. **Chair Bierbaum** thought Ms. Goins was going to be here. **AAG Marvin** replied he had not been in contact with her, but thought she

would have been the one that would have been most likely to show up. AAG Marvin agreed with giving her another 20 minutes or half-an-hour. **Chair Bierbaum** suggested calling her cell phone number. In the meantime, to give Ms. Goins the extra time, the Commission will hear the defaults. **AAG Marvin** agreed to try to reach her on her cell phone.

5. **Defaults** *(taken out of order)*

a) ***Jazzbones, Oak Harbor, Revocation***

Ms. Melinda Froud, lead staff attorney, reported the licensee, P.W. Venture, Inc., d/b/a Jazzbones, Oak Harbor, failed to disclose Terry Suzuki as an owner or substantial interest holder; Mr. Suzuki has a 1998 conviction for bank fraud. The licensee also failed to disclose that Mr. Suzuki contributed about \$247,250 to the licensee. On December 5, 2008, the Director issued administrative charges by certified and regular mail. On January 7, 2009, the certified mail receipt was returned to Commission staff, but the regular mail was not returned. On December 29, 2008, the Communication and Legal Division's legal secretary spoke with Mr. Suzuki who said he would let Susan Kim, who is identified as the sole owner, know about the deadline to request a hearing. The licensee did not respond to the charges and by failing to respond, Jazzbones waived its right to a hearing and the Commission may enter a final order in default pursuant to RCW 34.05.440. Staff recommends the Commission revoke the license of Jazzbones, Oak Harbor.

Chair Bierbaum asked if there was anyone present on behalf of P.W. Venture, Inc., d/b/a Jazzbones of Oak Harbor; no one stepped forward.

Commissioner Rojecki made a motion seconded by **Commissioner Amos** to revoke the license of Jazzbones, Oak Harbor. *Vote taken; the motion passed unanimously.*

5. **Defaults** *(taken out of order)*

b) ***Sambeun Phet, Card Room Employee, Revocation***

Ms. Froud reported that while working as a dealer, Mr. Sambeun Phet prearranged cards during the course of his dealing shifts. Mr. Phet would finish his shifts as dealer and then return immediately as a player at the same table where he had been dealing, knowing that the cards had been prearranged. Over a period of six days, Mr. Phet wagered and won over \$18,000. At Mr. Phet's insistence, his shift supervisor and girlfriend under-reported his winnings to conceal the cheating and so management would not know how much Mr. Phet had won. On December 16, 2008, Director Day issued administrative charges by certified and regular mail. On January 6, 2009, the certified mail receipt was returned to Commission staff; the regular mail was not returned. On January 2, 2009, the Communication and Legal Division's legal secretary made a courtesy call to the licensee, but Mr. Phet's telephone number was disconnected. The licensee did not respond to the charges and by failing to respond, Mr. Phet waived his right to a hearing and the Commission may enter a final order of default. Staff recommends the Commission revoke Mr. Phet's license.

Chair Bierbaum asked if Mr. Sambeun Phet or someone on his behalf was present; no one stepped forward.

Commissioner Ellis asked about the language that says the certified mail receipt was returned to the Commission and if that meant it was returned signed by the addressee of the mailing. **Ms. Froud** responded that the certified mail was undeliverable, but the regular mail had not been returned so service was made through the regular mail.

Commissioner Ellis made a motion seconded by **Commissioner Rojecki** to enter an order revoking the gambling license of Sambeun Phet. *Vote taken; the motion passed unanimously.*

2. **Consideration of a Declaratory Order** (*Withdrawn by the petitioner*)

a) *Puget Sound Amateur Poker League*

3. **Director's Report**

a) *Player Terminals Allocation Graph – Revised*

Director Day explained staff made adjustments to the Player Terminals Allocation Graph that was presented last month on both its depth and the color graph indications. At the end of December there were about 21,544 tribal lottery terminals in play, consisting of over 9,000 X2 terminals and just under 12,000 X terminals. The growth between May 2007 and 2008 was primarily a result of the Spokane Tribe coming into full compliance with 600 terminals and the Snoqualmie Tribe opening their casino with 1,600 terminals.

Chair Bierbaum asked if these numbers were just Class III terminals. **Director Day** affirmed. **Chair Bierbaum** asked whether staff knew how many Class II terminals there are. **Director Day** responded that staff does a verified count at the end of January. **Chair Bierbaum** said it would be interesting to see those numbers. **Director Day** affirmed the Commission would see those numbers.

Chair Bierbaum asked if AAG Marvin had been able to contact Ms. Goins. **AAG Marvin** reported he was unable to get a response from her but left his cell phone number and a message that the Commission would wait about 45 minutes to hear from her. AAG Marvin introduced his legal assistant, Candy Vervair, who was sitting in today and had wanted to watch him and the Commission in action. AAG Marvin thought she was kind of disappointed that he did not have much to present. **Chair Bierbaum** joked that Ms. Vervair did not get to see AAG Marvin's exemplary legal skills. **AAG Marvin** indicated it would not be an imposition to wait for Ms. Goins, and thanked the Commission for accommodating him by allowing him to go out of order.

b) *Quarterly Budget and Staffing Update* (PowerPoint Presentation)

Mr. Terry Westhoff, Business Operations Administrator, updated the Commission on the Governor's spending freeze status. Early this year, the Commission asked for a quarterly status of agency activity in areas addressed by Governor Gregoire's August memorandum

requesting agencies make adjustments to certain areas of state spending. On December 22, 2008, the Governor lifted the freeze, but requested that agencies stay within their budgeted staff levels and encouraged them to spend below those levels if possible. Our agency has 6 fewer positions and 12 less positions filled than at the end of last fiscal year. Staff intends to move forward with filling several internal recruitments and once those are filled, will work to fill external recruitments of those positions that are open. The state government layoff and RIF list will be considered for qualified applicants. Starting July 1, the agency has a reduced FTE level for next fiscal year. Fuel usage is projected to be reduced by almost 10 percent this year from what it was last year, which would be almost 30 percent reduction in the last four years. The Governor had requested state agencies to reduce about 20 percent, so our agency is well beyond what was requested. The agency is operating below its allotment for travel; about \$37,000 was for out-of-state travel, of which \$27,000 was reimbursed to the agency. The agency has well under spent for equipment, in part because staff has been waiting for federal forfeiture funds to purchase vehicles, computers, and other law enforcement-related equipment. The agency has not spent any money in personal service contracts this year, but expects to spend some by the end of the year while still continuing to be well below allotment levels. The agency is continuing to follow the spirit of the Governor's request in all areas and in the overall budget.

Director Day clarified that most of the vacant position being filled externally are agent positions. **Mr. Westhoff** affirmed, adding there are some supervisory positions being filled that will probably open some special agent positions.

Mr. Westhoff reported that in July 2008, the Commission approved a revised budget for the current fiscal year, and in August 2008 approved a budget for the 2009-2011 biennium. In these budgets, the Commission took significant steps in reducing expenditures to align them with long-term revenue expectations. Since that time, the seriousness of the national and state economic condition has become more evident. The Governor also requested spending freezes and submitted her 2009-2011 proposed budget in December, which includes some changes to the Commission's approved budget. **Mr. Westhoff** pointed out some areas of licenses as far as the number of licenses between the beginning of the fiscal year and the end of December. Punchboard/pull-tabs, bingo, and manufacturers were relatively stable; house banked card rooms went from 83 to 80; card room employees and amusement game numbers dropped; and tribal certification numbers are up because of the opening of the Snoqualmie Casino. **Director Day** clarified the trend with punchboard/pull-tabs was different than in the past. **Mr. Westhoff** affirmed; noting that during the first six months of last year there was about a 1 percent drop. The Governor's 2009-2011 proposed budget was released in December and reduced the Commission's expenditures almost \$3 million less than the Commission's approved budget, but FTE levels remain the same. This difference in expenditure authority may seem alarming, but the Commission's budget is inclusive of forfeiture fund spending and the Governor's budget only includes net expenditures out of the gambling revolving fund. The forfeiture funds are required to be maintained separately and are restricted to only law enforcement purposes. From the standpoint of what the Commission intends to expend, there is no material difference between the two budgets. Although the Commission's budget is not in the legislative budget bills, it is in the budget

and OFM will likely incorporate that budget into the State budget system. This fiscal year FTE levels were reduced by 8, from 174.4 to 166.4, and starting next biennium another 6 will be eliminated for a total of 160.4 FTEs. The overall drop in expenditures is about \$1.7 million from the original 2007-2009 biennium. The Commission plans to close some of the small sub-offices: East Wenatchee, Arlington, the smaller Tacoma office, the small sub-office in Spokane. The larger regional offices will remain open. The Commission is saving about \$15,000 per year due to changes made to communications in the remaining satellite offices. The Commission's working capital balance is important because of the large fluctuation in revenue from month-to-month while expenditures remain relatively flat. The Working Capital Balance is below the OFM recommended level, but the Commission will be able to adequately meet obligations during the year as long as it is able to remain at or near the revenue and expenditure estimates. The total number of licenses has more than doubled since 1995; however, that growth has been in the area of individual licenses and certifications. House-banked card rooms, which were introduced around the 1999-2000 timeframe, and increased tribal certification numbers due to new tribal casinos and expansions are the largest areas of increase. Organization license numbers have steadily decreased since the mid-1990s by 15 percent. As such, field enforcement staff has been the largest single area of FTE reduction over the past five years with 21 percent less allotted staff than in 2003. The FTE growth that occurred between 1998 and 2003 was mainly due to the introduction of the house-banked card rooms. There are currently about 9 vacant special agent FTEs, which has resulted in existing agents having to expand their coverage area.

Commissioner Ellis asked how the total number of organizational licenses at the end of 2008 matched against the number of licenses previously shown in which there are 80 house-banked card rooms and 44 manufacturers. Commissioner Ellis assumed that part of the reason there are not more organizational licenses is because many of the house-banked card room licensees may be multiple locations of a single organization. **Mr. Westhoff** replied that even if they are owned by one entity, each of those licenses or establishments would be their own. Basically there has been a reduction in the number of house-banked card rooms from close to 100 a few years back down to 80. **Commissioner Ellis** noted the slide shows 52 total organizational licenses. **Mr. Westhoff** explained that 52 is the number of FTEs and the left hand side shows the number of actual licenses as a little over 3,000, which includes punchboard/pull-tabs and all types of organizational licenses. **Commissioner Ellis** said he had misread the chart. **Chair Bierbaum** indicated that, if she added up the number of licenses shown on a previous slide, it did not look like it would equal the number of organizational licenses. **Mr. Westhoff** explained the first slide was inclusive of all licenses – about 20,000. **Chair Bierbaum** clarified she was actually talking about five slides behind which showed a number of licenses and the change between July and December: Punchboard/pull-tab licensees, bingo licensees, house-banked card room licensees. It does not look like those would all add up to 3,200. **Mr. Westhoff** responded that slide did not include all licenses that some licenses were not listed (like raffles) – it was just a sample, not an all inclusive list. **Chair Bierbaum** had one more comment with the graph – it actually looks like the Commission is doing okay because in 1995 there were 5,000 organizational licenses with 57 FTEs regulating them and now there are 3,200 and 52 FTEs. That suggests

the FTE to licensee ratio is good. **Mr. Westhoff** agreed. The level over the past five years had about a 15 percent drop in organizations and about a 21 percent drop in staff; a little bit more staff drop than licensees, but the decrease in organizations is being addressed with a decrease in staff.

Commissioner Parker asked if part of this was a reflection of maturation within the market. Looking back to when house-banked card rooms were first authorized until today, there were people who got into that business who then for some reason or another discontinued, which was more of a reflection of people thinking this was something they were going to pursue. **Mr. Westhoff** replied staff has seen some house-banked card rooms that were very unhealthy financially that continued to move on and change ownership or continued to operate at a loss that may no longer be operating now. However, the other side of that is there is continued growth and more tribal casinos opening that has impacted house-banked card rooms. A combination of things may be the result. **Commissioner Parker** thought it was too early to project the impact of the economic downturn on this activity and where it is going because we are in unknown territory right now. **Mr. Westhoff** agreed. Staff is starting to look at the revenue projections when planning for the next biennium. AD Harris' staff went out and discussed with licensees on the house banked card room side, and found that none of them planned on going out of business; some planned on increasing, some decreasing. Right now, it appears that in the next year or so there may be some leveling off for a period. **Commissioner Parker** asked if Mr. Westhoff had a sense of decline in revenue or a decline in income among the tribal casinos. **Mr. Westhoff** explained he did not have any good information on that right now to say one way or another, but he was hearing there would probably be less growth and probably standing pat a little more, but that is not official information but more of an informal discussion. **Commissioner Parker** asked if Director Day had anything more definite. **Director Day** thought it was probably too early to determine from the figures staff looks at. December is one of the biggest months for renewals and the license figures through December appear to be stable and does not show any dramatic impact from the economic situation. As that deepens nationally, June's numbers may change dramatically. Staff has no concrete revenue information relative to the tribes, just antidotal, and has no consistent information about a downturn. **Mr. Westhoff** added that, historically, gambling has been relatively resilient in downturns in economy, but the nation has not been in an economic situation like this in a long time, so there could be some impact. **Commissioner Parker** thought the next economic forecast would be coming out next month. **Director Day** understood there would be a preliminary forecast on February 19, and the next state forecast would be the first week of March.

Chair Bierbaum commented that National Public Radio (NPR) had a segment on gambling and stated that historically gambling has been somewhat resilient in economic downturns, but in Atlantic City and some of the other places they are in fact experiencing a 7 percent downturn, which is significant. **Director Day** thought Las Vegas and other destination areas have had a fairly dramatic impact.

Mr. Westhoff reported there are currently 28 tribal casinos with 20 FTEs regulating them, including supervisory staff. Since the first tribal casino opened about 17 years ago, both the

tribes and the state have learned and become more effective and efficient at co-regulating tribal casinos and have been able to reduce the ratio of state tribal gaming agents to casinos. When comparing total net gambling receipts to FTE levels, through June 30, 2008, gambling grew in the tribal arena but has had a slight decrease in other areas. There will be about a 19 percent drop in FTE levels between 2002 and 2010.

Commissioner Rojecki asked about the OFM recommended working capital balance and the letter from OFM allowing the Commission to go below that balance. **Mr. Westhoff** replied that approval was to allow the Commission, if needed, to go below the line of zero because of the Commission's fluctuation in revenue. Luckily the Commission has not had to go into the red at all. **Commissioner Rojecki** wanted to make sure that somebody else would not come back later and say the Commission did not receive that approval or they are not supposed to do it that way. **Director Day** clarified that was just for when the Commission dealt with the working capital balance where it was necessary to operate between the two-month balance but no lower than \$1.8 million to accommodate the fluctuation and ensure the Commission did not go below zero. The below zero was because the Commission anticipated the federal forfeiture funds but could not guarantee when those funds would come in. That letter was a way to protect against the possibility that the federal money might still be in the mail or in the electronic transaction system working its way to the Commission. Staff expects the money will be deposited in the account any time; hopefully not going to the bail-out. **Mr. Westhoff** affirmed, adding that the funds were still in the mail.

Commissioner Ellis asked if there was an obvious reason for the decrease in the working capital balance during the period around fiscal year 2003 where the gap between revenues and expenditures was significant, approaching \$1 million. Generally the rule would be that when revenues significantly exceed expenditures, the working capital balance goes up; and when the reverse is true, the balance goes down. **Mr. Westhoff** explained the decrease was because of the \$4.95 million transfer made to the general fund.

Director Day reported the agency-request legislation has been making great progress and thanked the Commission Ex-Officio members for their help this year, which has been very effective. The committee chairs have been involved and made sure the requested legislation moved forward as well. The rules committee members, which staff has contacted, have also given excellent support in getting the bills from one spot to the other.

c) *Legislative Update*

Ms. Amy Hunter reported the first cutoff for bills to make it out of the original committee is Wednesday, February 25. Most years, Commission staff is asked to give an agency overview and an update on the budget, so a PowerPoint presentation was given to the House Commerce and Labor Committee and also to the Senate Labor, Commerce, and Consumer Protection Committee. Ms. Hunter reviewed various bills:

- Substitute House Bill 1040 and Substitute Senate Bill 5040 would allow the agents to issue civil infractions to underage gamblers and impose a \$125 fine, which is really

\$256 when the statutory assessments are added. The Senate version passed the Senate 46 to 0 and the House version made it out of the original committee and out of rules. Senator Delvin is the prime sponsor of the Senate Bill, and staff worked with his office on the press release that was provided to the Commissioners. The reason these are now substitute bills is that a small amendment was requested to be made to make it clearer that the Commission was not trying to seize or forfeit prizes that minors legitimately can win, such as bingo prizes. On Tuesday evening, staff learned that the Superior Court Judge's Association had a concern about the jurisdiction on the cases so on page 2 of the bill, line 14, it says that municipal and district courts have jurisdiction over these cases. Ms. Hunter explained that the superior courts each have a juvenile court division, so they think it would be a better fit for those divisions to have jurisdiction instead of the municipal and district courts. Staff contacted the Administrator of the Courts and was told there should not be a difference in the amount of the costs, whether it is superior court or municipal courts that have jurisdiction. Staff has been working with Representative Alex Wood, the prime sponsor on the house bill, and expects there will be a floor amendment early next week to change the jurisdiction, striking municipal and district courts and replacing with superior courts, juvenile court divisions. Ms. Hunter spoke with a representative from the Superior Court Judge's Association this morning and was told they would be happy with that language; it had actually gone on their opposed list because of the way it is currently worded. The language had been patterned after the tobacco infractions and the Judge's Association had not been satisfied with that language either.

Director Day interrupted to make the Commissioners aware of the proposed change and the reason it was there in case they had a difference of opinion. Since it is agency-approved legislation, staff checked with the Governor's office to ensure they would be all right with the change, and Director Day received an indication this morning that they would be okay with the change. **Chair Bierbaum** asked if any of the Commissioners had a problem with that; no one did.

- House Bill 1217 and the companion Senate Bill 5324 would allow the Commission to determine where amusement games could be located. Both versions of this bill are moving and both are out of the original committee. The House version is actually out of rules and waiting for action on the House floor. The Senate version is still in rules, but staff has a fairly good commitment that it should get out of rules.
- House Bill 2162 dealing with local authorities' ability to control zoning was sponsored by Representative Conway, the Chair of the Commerce and Labor Committee, and is actually about the third draft this year. It may be the shortest bill seen and is probably the easiest to read and understand. The bill gives local jurisdictions the authority to limit the number of house-banked card room locations to those locations that are licensed and operating on the effective date of this bill, which would typically be about 90 days after adjournment. If a city has a prohibition or a limitation on house-banked card rooms and they repeal that prohibition, they could not reinstate it for at least five years. A concern of the industry has been that there are card rooms currently allowed in a location that is going to be annexed into a new jurisdiction that prohibits card rooms

and they will have to close. This provision says if a city has a prohibition or they have limited the number of card rooms, and they annex an area that is within a jurisdiction that permits house banked card rooms, the city cannot prohibit or limit that card room for at least three years. The bill also requires local jurisdictions to file their ordinance with the Commission, and requires the Commission to adopt rules allowing electronic filing of those ordinances. Licensees are required to verify to Commission staff that they are permitted to conduct house-banked card rooms in their location. This bill gives the Commission absolute immunity from legal actions relating to the Commission's decision to issue or renew licenses. It also prevents the court, board, agency, entity, or tribunal of any kind from joining the Commission as a party to any legal action. The bill is scheduled for hearing next Tuesday. Staff has a few technical changes or suggestions to this bill: staff suggests the term licensed and operating on page 2, lines 8 and 24 be just licensed locations. In subsection 5(b), staff suggests giving the Commission clear rulemaking authority on what verification is needed from the licensee that they are operating in a location that is okay with a local jurisdiction. With those changes, staff would recommend the Commission support this bill or, at a minimum, be neutral, which is a different position than in the past. This is the bill Dolores Chiechi with the Recreational Gaming Association (RGA) mentioned at the last Commission meeting that the industry was working on and the industry will be interested in the Commission's position.

Commissioner Ellis noted that Section 2 of the bill talks in terms that a person would expect to see relating to a license – to engage in any gambling activities authorized by the chapter – but then in the subsections of that section, the focus shifts from gambling activities to simply the number of house-banked social card games. The legislation does not seem to apply to poker games or card rooms that are offering only poker, to the extent there are any. Commissioner Ellis asked if this would work in reality. He assumed the industry has looked at it and staff has looked at it, and it must make sense. Does it result in any unusual applications because of that difference? **Ms. Hunter** did not think so; she thought it was very intentional. The terms that are used are because the concern has been about house-banked card games, which is exactly what this bill addresses. **Commissioner Ellis** indicated that, when looking at subsection (b) of that section where it talks about limiting the number of house-banked social card games, it might have said house-banked licensees as opposed to social games. It almost sounds like a limitation on the number of tables, as opposed to the number of licenses. Maybe **Ms. Chiechi** can respond to that issue, if it is an issue. **Director Day** agreed that would bear looking at again because it does give that impression and leads to the game rather than the licensed location. **Director Day** thought that was part of the reason for staff's recommended change, but perhaps staff has not gone far enough with it.

Chair Bierbaum asked if Mr. Faulkner wanted to address the Commission.

Mr. Max Faulkner, President of the Recreational Gaming Association, thanked the Commissioners for the opportunity to address this legislative issue and asked for their support and a letter addressed to Chair Conway and whoever is on the Senate side. The

RGA has been working with the Association of Washington Cities (AWC) and they have had a lot of input into the bill. Pretty much across the board, any jurisdiction interested in zoning is really in favor of this legislation. Currently cities can either allow card rooms or ban them; there is no third choice, which has caused some jurisdictions legal problems. They are happy with what they have, but do not want any more, and they do not have any choice.

Commissioner Amos asked if the AWC was in favor of something like this bill. **Mr. Faulkner** affirmed, adding the RGA has worked with Stan Finkelstein, their director, and their lobbyist Jim Justin. The cities of Kirkland and Lakewood are really out front on wanting this legislation. Mr. Faulkner also spoke to a few city councils, including Pullman and Ellensburg. Some of them did not necessarily want to go on the record, but there were none that Mr. Faulkner came across that were against this bill.

Commissioner Parker asked if the Commission needed to adopt a motion or if they could just delegate and ask Director Day to follow up because there are still questions that need to be addressed with finality in terms of language. **Director Day** replied that if staff is going to testify in support of the bill, they would need the Commission's motion and affirmation to that extent. Staff would say the technical changes are pretty simplistic and not too common. Even if the Commission were neutral, staff would most likely offer those to the committee as information. It is entirely up to the Commission. If they want to remain neutral, that could be indicated by a nod of the head. If the Commission wants to support or oppose the bill it could impact the legislation, so staff would ask for a vote. Director Day felt safe to guarantee that Chair Conway will ask for the Commission's position, because they were neutral on the last one, and opposed the bill the other years.

Chair Bierbaum agreed that if it were an issue that only had some kind of ancillary impact on gambling, it would be appropriate to stay neutral, but when it directly involves gambling issues, it seems a little incongruous to not take any position. Chair Bierbaum recalled that, during the Commission's work session in January, Representative Alexander felt one of his roles was to regularly report to the Legislature on issues related to gambling. **Director Day** thought this bill represented the most limited application to resolve the question and the problems the cities have. It was clear the sponsors are trying to, as best they can, accommodate both the Commissions' concerns and any other concerns. This is an opportunity that provides the cities some jurisdiction. The whole zoning law grew out of the corruption issues and the selling of licenses back in the 1970s. From staff's perspective, this draft limits those kinds of possibilities to the extent seen in the past ten years.

Commissioner Rojecki asked if this law was enacted would it take care of the City of Renton issue where they have an ordinance that does not necessarily meet the intent of the law. **Director Day** affirmed it would provide the City of Renton the recipe to take care of that.

Commissioner Ellis asked what the staff's current level of concern was. As he recalled, one of the areas of concern about this legislation in the past has been the economic effect of potentially increasing the value of existing licenses to the extent that cities limit the number of licenses and foreclose new competition, potentially causing a New York Taxi Medallion effect where taxi cab medallions become enormously expensive because of limitations on supply. Is staff concerned about that, at this point, since this draft seems to leave open that possibility? **Director Day** thought it did present some concern, but not to the extent it was in previous bills, which was a statewide freeze. This attempts to stay out of the limitations and control over buying and selling, so the current gambling statute is sort of a laissez faire system where the Commission cannot limit; if the business is qualified the Commission has to grant. They cannot buy and sell a license; they can buy and sell the business. That is why staff was looking for a change to a location rather than licensed and operating; it should clarify that if an owner is selling their business this law is not intended to interfere in that. To some extent, it will create some artificial value, but staff did not believe it was like what was in some of the previous pieces of legislation.

Commissioner Rojecki made a motion seconded by **Commissioners Parker and Amos** directing staff to prepare a position in support of House Bill 2162.

AAG Ackerman thought the issue Commissioner Ellis raised was quite apt. One of the issues under this current language is that the language does suggest that a city can limit the number of card games, which again may mean card tables as opposed to the number of facilities. So there is language that needs to be corrected to make it clear legally what is being done. AAG Ackerman indicated this was the first time he has seen this bill; he was not aware it was out there and had not been consulted on it. Subsection 6, says to issue a renewal or not issue a license under this section, but licenses are not issued under this section. These are just language clean-up issues and AAG Ackerman thought he understood what was attempted to be accomplished through this subsection, but would ask the maker of the motion to perhaps consider allowing the Director and his staff to propose any needed technical amendments to clarify language. **Director Day** added staff had been advised by Mr. Justin that because of the time crunch they were in they dropped it, but they would definitely be open to the modifications necessary to fix any problems with the language.

Commissioner Rojecki amended his motion seconded by **Commissioners Parker and Amos** directing staff to prepare a position in support of House Bill 2162 and allow the **Director and staff to propose any needed technical adjustments to clarify the language. *Vote taken; the motion passed unanimously.***

Chair Bierbaum called for a break at 2:45 p.m. and reconvened the meeting at 3:10 p.m.

1. **Petition for Review** *(taken out of order)*

a) ***Amy R. Goins, Card Room Employee, Revocation***

Chair Bierbaum asked if Amy Goins or someone on her behalf was present; no one stepped forward.

AAG Bruce Marvin reported that an initial order was issued in 2008 revoking Ms. Goins license. She had a hearing scheduled in November of 2008, but contacted the Commission and asked for a continuance due to illness. Staff stipulated to that and the Commission granted the continuance until today. On January 21, 2009, Ms. Goins was forwarded a notice of hearing informing her that the case had been reset for today and also notifying her that if she failed to appear, a default order would be entered. Ms. Goins was contacted by telephone and messages were left, but staff has not heard back from her. Ms. Goins has not made an appearance today and, accordingly, AAG Marvin moved at this time to have a default order entered against her.

Chair Bierbaum hated to enter an order in default because that meant Ms. Goins could move to vacate it. Ms. Goins requested this review and there was a lot of paper generated, including the expense of the tapes. Chair Bierbaum asked if the Commission could just consider this on its merits or did they have to consider it as a default. **AAG Ackerman** affirmed the Commission could consider it on the merits. He did not know if AAG Marvin had wished to offer any further argument if that was the course the Commission chose to go. The written record is there; Ms. Goins waived the opportunity for oral argument, so the Commission can consider it either way. **AAG Marvin** indicated he had no preference, pointing out that Ms. Goins could just as easily file a motion for reconsideration and, procedurally, the Commission would be in the same place as a motion to vacate a default. **Commissioner Ellis** said, in his experience, the Commission has taken a very, very lenient standard in looking at motions to vacate defaults, which is somewhat consistent with the general direction of the law. But, at the same time, on a motion for reconsideration, in his recollection, the Commission takes them very seriously and does not grant them readily. Giving people who miss their previous opportunity to argue another opportunity does not happen as often in a motion for reconsideration.

AAG Marvin said he would gladly move ahead with a motion to consider the petition on the merits, if that was what the Commission would like. AAG Marvin previously provided the procedural history and there was an initial order entered. The basic facts established in that order were as follows: the petitioner was a licensed card room employee employed at All Star Lanes Casino as a dealer. On October 15, 2007, she was playing blackjack at the Suquamish Clearwater Casino with a friend when a casino employee caught her past-posting a bet. Past-posting a bet is basically when the cards have been played, the player looked at the hand, and then actually placed the bet after the fact, which of course if done successfully, guarantees they are going to win. In this particular game, there were two opportunities to wager; a standard wager and a bonus wager, which depends upon the composition of a particular hand. On the hand in question, the petitioner made an \$85 standard wager, the cards were dealt, she looked at the cards, realized she had a winning bonus wager hand and

tucked the cards, and then moved the \$85 standard wager into the bonus wager area. At this point it caught the dealer's attention and he contacted surveillance and asked for a review of the \$85 bonus wager. And the review on surveillance videotape established that had in fact been what happened; that she had looked at her cards, realized she had a winning hand, and moved the chips over, and then claimed the win. As a result she was banished from the casino, taken into custody, and ultimately charged with first degree cheating. Ms. Goins was employed as a card room employee at the All Star Casino, a non-tribal casino. Surely, if someone should know about past-posting and know better than not to try to cheat a casino, it would be somebody in Ms. Goins' position. In November of 2007, Ms. Goins entered a one-year diversion program in which she admitted to facts sufficient to establish first degree cheating. At the time of the hearing, she was still under the one-year probationary period. If she completes this program, the first degree cheating felony would be erased from her record. The Gambling Commission rules and regulations strongly frown upon card room employees, licensees, who engage in criminal acts, particularly when they are criminal acts involving gambling activities. As a card room employee, Ms. Goins is expected to be beyond reproach in terms of how she behaves as a card room employee and also within the casino industry in general. The fact that she engaged in a cheating activity within a gambling context is very troubling, and clearly provides grounds under a number of RCWs and WACs, which are set forth in the briefing provided. Based on this set of facts, the ALJ determined that Ms. Goins had engaged in behavior that disqualified her to hold a license in the state of Washington and issued an initial order revoking that license. At this time staff would ask the Commission, based on the presentation and materials before them, to issue a final order that affirms the ALJs initial order in its entirety.

Chair Bierbaum asked if there were any questions from the Commissioners.

Commissioner Parker thought AAG Marvin did a good job on presenting the case.

Commissioner Ellis made a motion seconded by **Commissioner Parker** to enter an order affirming in entirety the initial order of the Administrative Law Judges revoking the license of Ms. Amy Goins. *Vote taken; the motion passed unanimously.*

c) Legislative Update (continued)

Ms. Hunter continued her Legislative Update, explaining that when the Commission is either in support of a bill or opposes a bill, the process is for staff to draft a letter to the Chair of the committee where the bill is going, then send that to Chair Bierbaum for approval and signature. That would then be converted into a position statement and posted on our website.

Chair Bierbaum asked if Ms. Hunter could send the draft to all the Commissioners so they can all weigh in on it. **Ms. Hunter** affirmed she could do that. **Commissioner Rojecki** thought that could be a problem with the Open Public Meetings Act if the Commissioners actually commented back and forth to each other. He felt it would be sufficient if the Commissioners replied back to the Director. **AAG Ackerman** agreed Commissioner Rojecki was absolutely right, and suggested the Commissioners not direct comments on the draft to each other. The draft can be sent to each of the Commissioners. Any comments

they wish to make as to the content of the draft could be sent to either Director Day or to Ms. Hunter. If one of the Commissioners feels there is some fundamental problem or issue with the draft, AAG Ackerman suggested that it be directed to Director Day who can then determine whether it is necessary to ask for a special meeting, which might be done telephonically, or if the matter could be held over to another Commission meeting. Director Day can then coordinate the receipt of comments and possible issues without potentially violating the Open Public Meetings Act, which could occur if there was a direct exchange among the members of the Commission. **Chair Bierbaum** agreed.

Ms. Hunter continued her report on the other bills:

- Senate Bill 5589 consolidates certain councils, boards, committees, and commissions. This bill makes the Horse Racing Commission functions part of the Gambling Commission. It preserves the Commission structure and takes effect on August 1, 2009, which is during the peak of the live horseracing season. There was a hearing on the bill before the Senate Government Operations and Elections Committee on January 27. The bill is still in committee and has not been scheduled for executive action. Since today has been our first opportunity to discuss the bill with the Commissioners, Ms. Hunter let the Committee know that the Commission had not yet met to discuss the bill and her testimony was neither pro nor con. Instead Ms. Hunter raised a couple of technical issues and sent the committee some technical suggestions, as did the Horse Racing Commission. The testimony by the Horse Racing Commission was very similar to Ms. Hunter's in that their Commission also had not had a chance to meet and discuss the bill, and pointed out other duties that the Horse Racing Commission has that were not related to regulating gambling. Two other organizations testified against the bill; Emerald Downs and one of the equine lobbying groups. The Washington Federation of State Employees also testified with concerns because the Horse Racing employees have a bargaining unit and the bill does not address that. Should the bill begin to move, staff would recommend the Commission be neutral and point out the technical suggestions.

Chair Bierbaum asked if there were any questions. There were none. Chair Bierbaum indicated she was torn over this because everyone knows how much she loves horses. **Commissioner Parker** did not think the Commission needed to take a vote on this.

- House Bill 1497 would eliminate approximately 370 of the 470 boards and commissions, including the Gambling Commission, Horse Racing Commission, Lottery Commission, and Liquor Control Board. The bill actually only refers to 9.46.041, which is the provision about how members are appointed. This bill was referred to committee and has not been scheduled for a hearing, nor does it seem likely to move. If the bill were to move, staff would recommend the Commission be neutral and provide technical recommendations, including there are many other provisions in the Gambling Act that would need to be reviewed to fix the references to the Commission. The Joint Legislative Audit and Review Committee did a review of boards and commissions.
- House Bill 2087 and House Bill 2151, which were not included in the agenda packet because they are over 300 pages, are the Governor's government reform bills that were

introduced on Tuesday and are scheduled for a hearing tomorrow. They do not impact the Gambling Commission, but do eliminate about 100 boards, committees, and commissions. On Tuesday by Executive Order, the Governor eliminated approximately 50 different boards. There are also some other mergers that are part of those bills, like merging the Department of Archeology and the Historical Preservation into State Parks.

- Engrossed Substitute Senate Bill 5460 is the belt tightening bill that reduces the administrative costs of state government. This bill moved through the Senate very quickly, passing 49 to 0, and had a House hearing very quickly and executive action was taken on it yesterday. The bill, as worded, could impact the Commission's ability to hire staff and make some other decisions; although, the bill allows the Director of OFM to make case-by-case exceptions for agencies. The bill puts the Governor's requested freeze on certain expenditures into law for the remainder of this biennium, which would be June 30, 2009. It expands the freeze to all agencies, not just executive cabinet agencies, and freezes personal service contracts, equipment, and out-of-state travel and training. Staff had been working with legislators to get an exemption to continue to hire agents who are in law enforcement positions. There had been an exemption like that before in the Governor's memo about freezing and staff felt and got confirmation that it was just an oversight that the Commission had not been included. The agency has about nine vacant special agent supervisor positions and is especially low on staff in the eastern region. The exemption will allow the Commission to be able to fill the vacant special agent positions. Staff recommends the Commission be neutral on this particular bill. If staff has any requests for different exceptions, the list would be brought to the Commission for approval at the April Commission meeting. Exceptions could include travel, purchases of equipment over \$1,000, or anything that would need to go to the Director of OFM. If approved, staff would pursue the exception process that is in the bill. **Director Day** stated that Representative Alexander had requested for the amendment to include the Commission. **Ms. Hunter** clarified it actually ended up being Representative Linville, but there were good commitments from Representative Alexander and also from Representative Conway.
- House Bill 1053 and companion Senate Bill 5124 increase the price of raffle tickets from \$25 to \$100 or more, if allowed by Commission rule. The Commission decided to take a neutral position on this bill last month. Ms. Hunter spoke with Representative Moeller, who is the prime sponsor of the House bill, and he explained the intent of the bill was to allow the Commission to set the raffle limits beyond \$100 and that he was very comfortable with the Commission doing this by rule. Both versions of the bill are out of their respective committees and are both in rules.
- House Bill 1273 would allow local governments to do raffles as long as all of the net receipts from the raffles are used for community activities or tourism promotion activities. Staff would recommend the Commission take a neutral position on this bill, which is the same position that as last year. The House committee had a hearing on the bill and passed it out; the bill is in rules. Senate Bill 5645 does the same thing as House Bill 1273. There was a hearing on the bill on Monday, and it is scheduled for executive action today.

- House Bill 1552 deals with public access at open public meetings and requires agencies to allow formal public testimony before adopting any ordinance, resolution, rule, regulation, order, or directive. It defines formal public testimony as oral testimony given before the governing body in a manner that allows all persons attending the meeting to hear. The bill has a hearing scheduled for February 20.
- House Bill 1676 also deals with the Open Public Meetings Act and was requested by the Attorney General and by the State Auditor. This bill allows agencies to record executive sessions if they want, and makes the recordings exempt from public disclosure unless disclosure is explicitly authorized by a resolution of the governing body. It leaves the choice up to the body to decide if they want to record their executive sessions. If an agency intentionally violates the Open Public Meetings Act, it allows the court to require that the executive sessions be recorded for two years, requires the AG's office to publish a pamphlet explaining requirements of the Open Public Meetings Act in plain language, and requires training for any members of the commissions. This bill has not been scheduled for a hearing yet.

Ms. Hunter reported that Commissioner Amos's confirmation hearing was on January 15 before the Senate Labor, Commerce, and Consumer Protection Committee and they took executive action that same day and recommended he be confirmed. Staff worked with Commissioner Amos on a press release about the hearing. Ms. Hunter explained the Commerce and Labor Committee had heard Commissioner Ellis' confirmation hearing in 2008 and ran out of time by the full Senate. The plan is that the committee will take executive action on the appointment, it will go into rules, and then presumably to the floor.

Chair Bierbaum asked if there were any questions; there were none.

d) Correspondence

Director Day identified a letter from Ron Crockett from Emerald Downs who had a difference of opinion on the horse racing section of the gambling net receipts pie chart that staff prepares annually to show the different shares of different industries. Director Day understood staff has redone some work and reconfirmed the information with Director Lopez of the Commission, who said the primary difference had to do with the pie chart being calendar year. Staff's numbers have always come from the Director's office of the Horse Racing Commission and he reaffirmed the calculations were correct for the fiscal year. The next item of correspondence is from long-serving Commissioner Alan Parker who has submitted his resignation from the Commission effective March 31. Staff has definitely enjoyed working with Commissioner Parker and he contributed greatly to this Commission's effectiveness and respect. Director Day wished him the best as he moves on, noting there would be another opportunity next month. **Chair Bierbaum** said it has been an honor having met Commissioner Parker and working on the Commission for him; it was a memory she was not likely to forget soon. **Director Day** explained the last item of correspondence was clarification regarding the increase in the Lottery's net receipts, which the Commission had requested from staff. Ms. Hunter contacted the Lottery Commission and found that they primarily attribute their growth to the mega millions jackpots – four large mega million

jackpots this past year. **Chair Bierbaum** asked what a mega million jackpot was. **Director Day** replied it was the multi-state lottery, and when it gets up around \$130 million and greater people are more likely to buy a ticket. It creates more advertisement, excitement, and discussion. **Commissioner Rojecki** added it also creates more revenue for the state.

e) *Monthly Update Reports and News Articles*

Director Day noted there were no seizures to report at this point. He has heard rumblings about the potential for something relative to internet gambling to be introduced federally.

Comments From the Public Regarding Director's Report

Chair Bierbaum called for public comment on the Director's Report; there was none.

4. **New Licenses and Class III Certifications**

Commissioner Ellis made a motion seconded by **Commissioners Amos and Rojecki** to approve the list of new licenses, changes, and tribal certifications as listed on pages 1-13. *Vote taken; the motion passed unanimously.*

Other Business/General Discussion/Comments from the Public

Chair Bierbaum called for public comment; there was none.

Executive Session to discuss pending investigations, tribal negotiations and litigation and adjournment

At 3:40 p.m. **Chair Bierbaum** called for an Executive Session to address pending investigations, tribal negotiations, and litigations. **Chair Bierbaum** called the meeting back to order at 4:15 p.m. and immediately adjourned.

**WASHINGTON STATE
GAMBLING COMMISSION MEETING
FRIDAY, FEBRUARY 13, 2009
MINUTES**

Chair Peggy Ann Bierbaum called the meeting to order at 9:15 a.m. at the Great Wolf Lodge located in Grand Mound and introduced the members present:

MEMBERS PRESENT: **Commission Chair Peggy Ann Bierbaum, Quilcene**
 Commissioner Alan Parker, Olympia
 Commissioner John Ellis, Seattle
 Commissioner Keven Rojecki, Tacoma
 Commissioner Mike Amos, Selah

STAFF: **Rick Day, Director**
 Mark Harris, Assistant Director – Field Operations
 David Trujillo, Assistant Director – Licensing Operations
 Amy Hunter, Administrator – Communications & Legal
 Jerry Ackerman, Senior Counsel, Attorney General’s Office
 Gail Grate, Executive Assistant

6. Approval of Minutes – January 8-9, 2009, Regular Meeting

Commissioner Amos made a motion seconded by **Commissioner Rojecki** to approve the minutes of the January 8 and 9, 2009, regular commission meeting. *Vote taken; the motion passed unanimously.*

RULE UP FOR FINAL ACTION

7. Petition for Rule Change – Coalition for Responsible Gaming and Regulation: Administrative Hearings

a) **New Section WAC 230-17-137** – Adjudicative proceedings – Consideration of aggravating and mitigating circumstances

Amendments:

Option #1 – Petitioner’s Option
January 2009 Meeting – Discussed

Option #2 – Petitioner’s Option
February 2009 Meeting – Up for Discussion & Possible Final Action

Option #3 – Staff’s Option
February 2009 Meeting – Up for Discussion & Possible Final Action

Ms. Hunter reported this was the fourth month this has been on the agenda. Staff believes an agreement has been reached with the Coalition on Option #4. Ms. Hunter explained the language in Option #4 is similar to Nevada's to make it clearer that this does not limit the Commission's authority to impose any type of discipline it may deem appropriate. It adds in aggravating factors, which were missing from prior drafts, and requires that aggravating or mitigating factors be raised at the hearing before the Administrative Law Judge (ALJ). Subsection 3 says that staff will report to the Commission on the impacts of the rule in the spring of 2011. Staff would recommend final action on Option #4.

Chair Bierbaum asked if there were any questions.

Commissioner Ellis asked if the effective date of July 1, 2009, had been agreed to between the Commission staff and the Coalition. **Ms. Hunter** replied they had not discussed that. **Commissioner Ellis** thought Mr. Malone would be able to respond to that on behalf of the Coalition.

Chair Bierbaum asked if Mr. Malone wanted to respond.

Mr. Dave Malone, representing the Coalition, replied that the effective date had not been addressed, but he would prefer it be effective within the 31 days. If the ALJ is already considering these issues, Mr. Malone did not think the effective date needed to be postponed until July, but was open to suggestion on that matter. With that said, the Coalition agrees with the Commission's proposal. It has been a long two and a half years of trying to strike a compromise and Mr. Malone thought they had finally reached that compromise. The Coalition agrees that as long as things are brought up at the administrative hearing level before an ALJ and evidence is introduced on the record, then it would be subject to appeal; things could not just be introduced before the Commission at the appellate level. Mr. Malone indicated that Mr. Gabe Galanda was present and may want to comment on behalf of Bally. Mr. Malone was contacted by Jim Beaulaurier last night and authorized to speak on behalf of IGT in this matter and state that they support the joint proposal of Option #4. **Director Day** responded that staff would have no objection to an effective date of 31 days from filing.

Commissioner Ellis stated, on behalf of the Commission, they certainly appreciated the effort that the Coalition and staff have put into this proposal. The Commission was glad to see this agreed proposal.

Commissioner Parker arrived at 9:25 a.m.

Mr. Gabe Galanda, counsel with Williams Kastner in downtown Seattle on behalf of Bally Technologies, declared their support for Option #4 as presented and styled as a joint proposal. Mr. Galanda understood Ms. Hunter's and Mr. Malone's comments with respect to when a party must raise aggravating or mitigating factors and presumed what was intended by Section 2 was that it must be done before the close of the record in the adjudicative proceeding. Mr. Galanda wanted to illuminate that clarification, if necessary.

If that is in fact the intent, Mr. Galanda was whole-heartedly in support of this rule. **Ms. Hunter** affirmed that was the intent.

Commissioner Ellis made a motion seconded by Commissioner Amos that the Commission approve New Section WAC 230-17-137 in the form of Option #4 submitted as a joint proposal, with an effective date 31 days from filing. *Vote taken; the motion passed unanimously.*

RULES UP FOR DISCUSSION AND POSSIBLE FILING

8. Petition for Rule Change – Harmon Consulting, Inc. – Reducing Audited Financial Statement Requirements for House Banked Card Rooms

a) Amendatory Section WAC 230-15-740 – Preparing required financial statements

Assistant Director David Trujillo reported this had been up for discussion and possible filing at the January meeting but because of time constraints, and with the agreement of Mr. Harmon, it was held over until this month. The petitioner is proposing to amend WAC 230-15-740 because the rule imposes unreasonable costs and accounting standards for audited financial statements have changed. AD Trujillo explained that the current rule is in place as a result of a compromise reached in 2004 after a lengthy, interactive process between staff and industry. The discussion at that time was not whether audits were necessary, but whether the threshold should be \$3, \$4, or \$5 million. At that time the Commission chose to go with a more lenient structure, recognizing the business reality that lower performing licensees may not be able to afford the cost of an audit. At the January meeting, the Commission asked staff to contact the State Auditor's office to identify if there was any guidance regarding audited financial statements. Staff was advised by representatives of the Auditor's office that it is standard practice for cities and towns to submit audited financial statements to the Auditor's office for their compliance reviews. Staff contacted 15 other state gaming jurisdictions and found that Nevada and California have compilation review and audit tiered systems and 12 require audits to be performed. In his letter of support for the petition, David Pardey of Skyway Park Bowl and Casino stated his operation could save as much as \$10,000 based on quotes he received. Also in support of the petition, Roxanne Hanson of Diamond Lil's stated the costs associated with audited financial statements for her two clubs were \$40,000. Ms. Hanson also added that state agents regularly check for compliance and ask for much of the same information submitted for the audit, plus her clubs are randomly audited by other agencies such as Department of Revenue, Employment Security, the IRS, and others. The third letter in support of the petition was from Margaret Rhoads, controller of Hawks Prairie Casino, who cites accounting industry costs that have increased far out of proportion to inflation. The American Institute of Certified Public Accountants (AICPA) maintains that a greater possibility of irregularities exists in operations where people are handling large amounts of cash. Gaming operations are subject to a greater than normal risk of loss as a result of employee or customer dishonesty. The AICPA provides specific guidance when it comes to audits of casinos that is specific to the peculiarities of gaming operations and is in addition to generally accepted auditing standards (GAAP). The published guidance continues to expand, indicating the AICPA is elevating,

not decreasing, their published standards. No statements opposing the petition have been received, but two letters were received from accounting firms responding to an inquiry by staff seeking input on this petition. Baker, Overby & Moore is neutral in their position, but provided comments as to the difference between the objectives of an audit and the objectives of a review. LeMaster Daniels is also neutral in their position and provided a chart on what they consider to be significant differences between audit and review procedures for house-banked card games. AD Trujillo reviewed the Rules Summary, noting that at this time staff recommends denying the petition.

Chair Bierbaum asked if there were any questions or if Mr. Harmon would like to speak.

Mr. Monty Harmon, Harmon Consulting, appreciated the Commission's responses and inquiries. As Commissioner Rojecki had mentioned, given time, staff could look into information from other states and Mr. Harmon could possibly provide a better case for this petition. Mr. Harmon had hoped to have this filed so there would be discussion and education on this topic. He covered a lot last month on how he wanted to represent this petition and since then has put in a public disclosure request asking the Commission for information on the other states. Mr. Harmon also contacted the Executive Director of the Board of Accountancy to obtain more information. When talking with the other states, he found that the states of Colorado and Nevada both have an audit requirement for \$10 million gross receipts or higher. Mr. Harmon would appreciate establishing a higher limit, if the staff and Commissioners felt it would be appropriate to retain the audit requirement and file the petition. When Mr. Harmon brought this petition forward, he believed a review was sufficient when looking at card rooms and not casinos and riverboats that have higher volumes of activity. Mr. Harmon understood Chair Bierbaum's comment that she really could not vote for this the way it stands. He looked at that alternative as something the Commission might be able to support, if not his petition after continuing this discussion. Originally, the Commission had a requirement of \$5 million, which was lowered as the rule was amended to address the industry's concern with better financial information being provided to the Legislature and provided some of the burden to the smaller clubs that this petition is attempting to relieve. Mr. Harmon asked staff to consider an alternative like the tiered systems that California and Nevada have. Mr. Harmon understood Commissioner Parker's concern that the agency could use a little more reassurance. He tries to be independent as he works with the members of the card room industry, and came forward with this petition as a result of observing the financial difficulties they were having; it is a distressed industry. Mr. Harmon realized the Commission has been working extensively with rule changes and amendments to increase the card rooms' ability to have income, and he appreciated those efforts, adding his are along the same lines with this rule petition. Mr. Harmon read part of an e-mail he received from the Rick Sweeney, Executive Director of the Board of Accountancy, and provided a copy for the record. His phone number is at the bottom of the e-mail and Mr. Sweeney welcomes dialogue and talks about the difference between an audit and a review. One of the response letters had a very good accountability as far as what are the differences between the audit and a review. Mr. Harmon said that, basically, the Commission was looking at the testing of internal controls and specific transactions. He disagreed with staff that relying on audited statements was a good

regulatory policy and, therefore, could reduce the number of agents in the field. That is precisely why there are the problems in industries with financial statements. The SEC needs to be inside the businesses looking at them. The Gambling Commission needs to be inside these businesses looking at them. The people testing transactions at the licensing level are beginning audit staff not familiar with the industry; not nearly as competent as Commission agents.

Mr. Chris Kealy, on behalf of the RGA, noticed the agenda packets included submittal of a lot of the dialogue from 2004 when this rule came about and the threshold went from \$5 million to \$3 million. He was probably the only one from the industry who was a big proponent for the audits at that point. Mr. Kealy's position was that an audit only costs a couple thousand dollars more; the quotes were \$2,000 more for an audit versus a review. Post Sarbanes-Oxley, most accounting firms have dropped auditing as a component. Similar to pregnancies in doctor's offices, they have just eliminated the risk of audits because there are too many things that can go wrong. The way it was described to Mr. Kealy was that, from an auditing perspective, an audit was really targeting bigger companies. The scale of the American economy has changed in the last ten years and he thought this petition might be worth filing to either look at raising those levels or addressing them in some form. Direct quotes Mr. Kealy received on audit versus reviewed for his books were \$15,000 for an audit and \$8,500 for a reviewed. He has two facilities, so that would be the economic savings of about \$13,000. The value of the audit has been minimized repeatedly in the way people are looking at books and the way businesses operate. Now, more than ever, they look more at the integrity of the individual owning the business. There are people out there, like Madoff, inventing statements; and fraud is fraud, and the audit condition at this point will not catch that. Mr. Kealy has a much greater confidence in the Gambling Commission's ability to do the necessary forensic accounting and to follow what is going on in the card room businesses; they do a far better job. The single biggest issue found through audits is the instances of loans and undocumented loans. Reviewed statements will still catch competent people that are reporting accurately; audits or reviews are not going to catch illicit activity. That activity is much better vested in the responsibility of the Gambling Commission staff. Mr. Kealy was hopeful to be able to work through a negotiated situation with staff that they would find acceptable in the coming months or next year. He agreed with staff that the current petition as presented should not be filed, or be filed for an obvious amendment – one might be premature to the other. Mr. Kealy testified he stands in support of understanding that the insurance companies post Sarbanes-Oxley have jacked up the rates by which accounting firms can do audits, which has then limited the supply. Because the card rooms are such small companies, in the audits they receive they normally get a junior accountant that knows very little about what they are doing. They are between 22 and 28 years old, annoy everybody, never really understand anything, and it has proven to be a tedious process that served very little benefit to Mr. Kealy's business over the period of time. Mr. Kealy noted that if he wanted to do public works in the state of Washington – he used to be a public works utility contractor and road contractor – reviewed statements are the standard by which he would use his accounting to demonstrate the use of public funds related to roads, road construction, and school construction. That standard is completely adequate for those funds for the state of Washington.

Commissioner Ellis said the materials indicated a major reason for increased scrutiny in this particular industry is the large amount of cash that is being handled and asked how that compared to the situation that Mr. Kealy was facing in the highway construction industry. **Mr. Kealy** replied that in the road construction industry, the integrity of the field people to make the change orders necessary to adapt to road conditions when they were cutting into things and digging up stuff, and dealing with unknown earth cross sections is a very important issue in public works. That was one \$1.5 million job in particular and was a lot of public money that needed to be accounted for. The large amount of cash that is transacted in card rooms on a daily basis, although it sounds big when saying \$3 million, but when it is backed up to \$12,000 a day, it is not as much money as it sounds. And that \$12,000 a day has a lot of demands on it. At the last meeting, it was mentioned that the Commission did not see where \$10,000 savings on a business doing \$3 million was that significant, but Mr. Kealy said that threshold was very sensitive to everybody. His facility in Everett is running around a \$3 million threshold and the audit expense, specifically, is a gatekeeper to him right now. As of March 31, he will make a decision on whether to close that business, and that \$15,000 is part of his decision-making factor. Mr. Kealy can close the business on March 31 and still abide by the law and be done with that business, which would lose 92 jobs in the Everett community. He would close the building and move on with his life because of the current economic situations. The threshold really needs to move up, which is quite frankly the honest answer. **Commissioner Ellis** joked he needed an audit for what Mr. Kealy just said, and asked if it was a matter of \$6,500 for his Everett facility, which is the difference between what was quoted for an audit versus what was quoted for a review. **Mr. Kealy** replied that was one of the gatekeepers, but he also looks at the overall expense because it becomes a capital expense; there is the license renewal and a few other things that hit at the same time. And then there is the summer season, which he had to look at and say no thanks to the increase in minimum wage, the increase of this cost, the increase of that cost, the mounting increasing cost to a business that lost \$600,000 last year; and he is done. Mr. Kealy went to the City and asked for a tax break and he came to the Commission to ask them to look at audit standards; he is looking at every aspect of his business and plans to make a decision on March 31. **Commissioner Ellis** thought the proposal before the Commission would be a \$6,500 impact for Mr. Kealy. **Mr. Kealy** affirmed, adding that when looking at a budget every element has to be dealt with.

Commissioner Parker pointed out the last witness referred to the role of an audit more as a device to catch wrong doers, which seemed from the Commission's point of view as regulators they were looking at an audit as a tool to make a record. The Commission is not doing this in order to monitor things so people can be caught in the act, which is an important distinction between the purpose of the rule – not really engaged in the law enforcement tool, but engaged in a regulatory function. Commissioner Parker was not persuaded to vote in favor of the petition.

Commissioner Ellis said that, based on what Mr. Kealy suggested, to the extent that the industry believes that a higher number as the minimum level requiring an audit might be appropriate, they can engage the staff in a dialogue on that point. But based on the record

before the Commission, his reaction was similar to Commissioner Parker's. Staff is looking for a level of assurance in the audits, not requiring an extensive financial investigation by agency field staff. And the audits seem to have been effective to provide that. Commission Ellis would not be in favor at this point of having the proposed petition filed.

Chair Bierbaum noted her comments last month were pretty strong, but did not feel any differently about it today than last month. She agreed with Commissioner Ellis and with Mr. Kealy that maybe there would be some merit in raising the threshold for requiring audits, but to simply do away with the requirement of audited financial statements, Chair Bierbaum could not even imagine she would ever vote for that. Chair Bierbaum said she would certainly not vote to file this proposal.

Commissioner Rojecki indicated he had some empathy for the industry, but thought this was not the right plan to file and urged all parties to get together and try to work on this.

Mr. Harmon said his intent was to have dialogue today, and in light of the sentiments expressed by the Commissioners, he asked to withdraw this petition and come back at a later date with something that might be more palatable and acceptable. **Chair Bierbaum** agreed that would be a good idea, adding the Commission was pleased that Mr. Harmon submitted this petition because it provided an opportunity to consider this issue, to think about it, and to get information about the difference between audited and reviews. It was a worthwhile discussion, but Chair Bierbaum thought it would be a good idea to work with staff on some other way to handle this issue. **Mr. Harmon** agreed to work with staff, and withdrew his petition.

9. Allowing Minors to Sell Raffle Tickets

- a) **Amendatory Section WAC 230-03-140** – Full and regular membership requirements
- b) **Amendatory Section WAC 230-11-030** – Restrictions on ticket sales

Ms. Hunter reported this would remove the requirement for charitable and nonprofit organizations to have a license in order to allow minors to sell raffle tickets, so long as those organizations have youth as a primary purpose. They still have to have three members or advisors who are 18 supervise the raffle and an adult member or advisor designated as the raffle manager. If the organization is going to be under the \$5,000 threshold, it would not need to get a license, which would help the very small organizations. Staff would recommend filing the two rules that you have for further discussion.

Chair Bierbaum asked if the Commissioners had any questions; no one responded. Chair Bierbaum called for public comment; there was none.

Commissioner Rojecki made a motion seconded by **Commissioner Amos** to accept for filing and further discussion Amendatory Sections WAC 230-03-140 and WAC 230-11-030, as presented by staff. *Vote taken; the motion passed unanimously.*

10. Allowing Amusement Games at Family Sports Complexes

- a) **Amendatory Section WAC 230-13-150** – Amusement game locations
- b) **Amendatory Section WAC 230-13-080** – Operating coin or token activated amusement games
- c) **Amendatory Section WAC 230-13-135** – Maximum wagers and prize limitations at certain amusement game locations

Assistant Director David Trujillo reported that in May 2008, the Commission approved adding another location to the list of authorized locations for amusement games. Staff removed the language “commercially operated” from the rules. The petitioner who put forward the amusement game location for family sports complexes has not been able to operate because they are a nonprofit organization and the language says commercially operated. Staff had thought the organization would be able operate starting July 1, 2008. This petition would rectify that situation and allow the petitioner to operate. Staff recommends filing the three amendments for further discussion

Chair Bierbaum asked if the Commissioners had any questions; there were none. Chair Bierbaum called for public comment; there was none.

Commissioner Rojecki made a motion seconded by **Commissioner Ellis** to accept for filing and further discussion Amendatory Sections WAC 230-13-150, WAC 230-13-080, and WAC 230-13-135, as presented by staff. *Vote taken; the motion passed unanimously.*

11. Petition for Rule Change – Allowing Poker Supervisors to Receive Tips

- a) **Amendatory Section WAC 230-15-475** – Tips from players and patrons to card room employees

Assistant Director Mark Harris explained that when the petition was originally submitted there were some questions about whether the petitioner was talking about managers of card rooms, supervisors, or poker floor supervisors. Staff clarified with the petitioner that the concern was with the managers of the card room and that they still wanted the poker floor supervisors to be allowed to accept tips. With that clarified, staff reviewed WAC 230-15-475, which prohibits house banked card room employees directly concerned with the management, supervision, accounting, security, or surveillance from receiving tips; basically prohibiting managers from receiving tips. The wording though says house banked card game licensees, which was added during the RSP process, which would not allow poker floor supervisors to receive tips. This was previously allowed in a rule interpretation that was not addressed in the RSP process. Staff would like to add back the verbiage allowing poker floor supervisors to receive tips. The Commission received many letters that supported part of the change and opposed other parts; many are pro adding back the word verbiage for allowing poker floor supervisors to receive tips while not allowing managers of a card room to receive tips.

Commissioner Ellis was somewhat confused and asked if the reference to poker managers in the correspondence meant a poker manager, a floor supervisor, or a card room manager.

AD Harris replied there are a lot of terminology inconsistencies used in the rule versus what is used in the industry. For the most part, the poker floor supervisors are the ones that supervise the poker activity. There is also a card room manager, or manager level, involved in that. The petitioner did not want the managers to receive tips, which the current rule does not allow, but wanted the poker supervisors to receive tips. Because of house-banked card game operator verbiage, poker floor supervisors were prohibited from receiving tips, which is contrary to the rule interpretation staff had prior to the RSP process. **Commissioner Ellis** asked if AD Harris' understanding of these letters was that basically they are not in favor of the card room manager receiving tips, but are only in favor of the poker floor supervisors receiving tips. **AD Harris** affirmed that was his understanding.

Commissioner Rojecki asked if this petition, if approved, would allow what was previously authorized prior to the rules simplification. **AD Harris** affirmed. **Commissioner Rojecki** asked for clarification that staff did not purposely leave that provision out during the rule simplification, but it was inadvertently left out for whatever reason. **AD Harris** affirmed that the rule interpretation was inadvertently left out and, barring that, the new verbiage used throughout the rules manual for house-banked card game licensees incorporated nonhouse-banked games operated at house-banked card rooms.

Commissioner Ellis recalled seeing something in the materials indicating that in tribal casinos across the board, poker floor managers are not able to accept tips. **AD Harris** replied supervisors can accept tips, but managers cannot. **Commissioner Ellis** asked if that was dictated in the National Indian Gaming Commission Operating Standards; the name of which he could not recall at the moment. **AD Harris** did not believe that was the case, based on his conversation with the Assistant Director of the Tribal Gaming Unit.

Chair Bierbaum asked if the petitioner would like to speak on behalf of this petition.

Ms. Erin Louis, Petitioner, explained the petition arose from a concern throughout the gaming community, players and employees alike, that there is an inconsistency when card room managers are allowed to accept tips while other gaming managers are not. The special privilege leaves a door open for preferential decisions in a setting that is supposed to be equitable. With managers allowed to accept tips, it is inevitable that some managers will abuse their power, which is damaging to the integrity of the entire industry. Ms. Louis saw no reason for poker managers to have the ability to accept tips while other managers could not, which she thought was for good reason. Particularly in the gaming industry, management's obligation to objectivity is paramount. This amendment would help promote the fair treatment of patrons and employees, and seems to be in line with the Commission's original intent for the rule. Ms. Louis has seen personally, both as a player and as an employee, the damage that can come from manager gratuity. Players become uncomfortable in an environment where they already feel disadvantaged; employees feel pressured and intimidated; and it is often that card room managers are easily enticed to look the other way when players violate the rules. Ms. Louis asked for the Commission's support for this petition and requested the new rule become effective 31 days from filing.

Chair Bierbaum asked where Ms. Louis was from. **Ms. Louis** replied she has lived in Olympia for about nine years.

Chair Bierbaum called for public comment.

Mr. Tony Nguyen, a casino employee in the poker room and table games, testified that on table games there are managers that just stand there and manage; but in the poker rooms most of the managers there are supervising, regulating, making sure the customers are happy, and also providing other things that table games managers do not do. Mr. Nguyen wanted to make the decision of tipping them because they do make a change for the employees there. And if they are supporting the table, to have the players sit down and play, there is no pressure or anything like “please tip me more, you will be getting more benefits” because all the players are playing against each other. If another player sees a player tip the floor supervisor more, it is absurd because that is their money coming out too. Then they will think that poker room is not a legitimate poker room and they would not want to come to Hawks Prairie and play. Now if everybody comes in and says Hawks Prairie is a homey place, it is because they provide great customer service and are not giving more money to this person to get more benefit. On table games it is different because the customer is playing against the house. In the poker room they are playing against everybody. So it does not show any favoritism to tip more or to show they are going to get more advantage or get more comp points; it is just for getting better service. As Mr. Nguyen saw it, working for eight to ten years in the poker room and table games, he pushes to show customer service, and if he sees his floor supervisor do a good job, he tips; if he did not think so, he would give them about 2 percent and ask that they please do this better so that they look better as a team. That is the way Mr. Nguyen felt about poker managers or floor supervisors; he wants the tip.

Ms. Dollene Fletcher testified she has been in the industry for about 15 years and had worked at an Indian casino where they did tip their floor and managers. She did not want anybody to take away her rights to make her decision if her floor does a good job. Sometimes the manager has to act as the floor because there is nobody else around, and if they have done a good job, Ms. Fletcher wanted to be able to tip them. In this industry, they live on tips. It is no different than a person that is a waitress that tips their busboy or whatever. Ms. Fletcher wanted to be able to have those rights and did not want somebody to tell her that even if that person has done an extremely good job she could not do that. Things are too hard now; times are too tough, and it is hard for people to live on just a minimum wage. Ms. Fletcher felt she should be able to have the choice.

Mr. Leroy White Mountain testified he has worked in both native and non-native casinos. He felt like he had been a victim of somebody. When he started working at Hawks Prairie Casino, he had been trained at Red Wind Casino where it was strictly prohibited to tip his manager. It had nothing to do with the floor supervisors, who were able to be tipped. Mr. White Mountain was on call the first six months of his employment with Hawks Prairie. Then when he asked to get hours and started working, he did not know he was supposed to tip the manager. As a result of that, he lost hours; there were people that got hired after him

that got full-time hours while he maintained a five-day work week with only four hours a day. After going to both the casino manager and his manager asking for more hours, both written and verbal, there were other people that were hired on behind him that obviously knew how to tip the manager. Mr. White Mountain felt like there was a huge conflict of interest and that he was a victim of that, which is why he was in support of this petition.

AAG Ackerman indicated that, as he looked at the materials in the packet, the first line says the petition comes from a poker player who requests that poker managers at house banked card rooms be prohibited from accepting tips from players or patrons. AAG Ackerman thought that was in fact the petition, but then when he read the language in the proposed rule it appears to do just the opposite. The insertion under subsection 4, which appears to be the only change to the existing rule, the insertion says “however this restriction does not apply to poker floor supervisors.” AAG Ackerman is hearing the petitioner say these folks should not be getting tips and yet the proposed rule specifically says they will be eligible for tips. AAG Ackerman asked what he was missing. **AD Harris** replied there are two separate levels: the floor supervisor that supervises the poker players; and the manager-level position above that. The petitioner does not want the manager-level position to receive tips, but wants to allow the floor supervisor position to receive tips. So the added language would allow the floor supervisor to receive tips, which was currently authorized under a rule interpretation that did not get into the Rule Simplification Process. The petitioner does not want the manager-level positions in the card room to receive tips. **Chair Bierbaum** pointed out they were already prohibited from receiving tips. **AD Harris** affirmed. **Commissioner Ellis** understood previous dialogue where regardless of whether the floor supervisor was a poker manager or a floor supervisor, their function was to only manage poker tables; whereas when talking about the managers who would be prohibited from receiving tips, staff is talking about individuals who have broader management responsibility over poker, plus table games. **AD Harris** affirmed that was his understanding.

Commissioner Ellis made a motion seconded by **Commissioner Rojecki** to accept for filing and further discussion Amendatory Section WAC 230-15-475, as presented by staff. *Vote taken; the motion passed unanimously.*

Other Business/General Discussion/Comments from the Public/Adjournment

Chair Bierbaum called for public comment; there was none.

At 10:15 a.m. **Chair Bierbaum** announced the Commission would go into an Executive Session to address pending investigations, tribal negotiations, and litigations and would reconvene solely for the purpose of adjourning. The next meeting will be held in March at the Red Lion Hotel in Olympia. **Chair Bierbaum** called the meeting back to order at 10:45 a.m. and immediately adjourned.

Minutes prepared by:

Gail Grate, Executive Assistant