

**WASHINGTON STATE  
GAMBLING COMMISSION MEETING  
THURSDAY, MARCH 11, 2010  
APPROVED MINUTES**

**Chair Keven Rojecki** called the meeting to order at 1:35 p.m. at the Lacey Community Center and introduced the members present:

**MEMBERS PRESENT:**     **Commission Chair Keven Rojecki, Tacoma**  
                                  **Commission Vice-Chair John Ellis, Seattle**  
                                  **Commissioner Mike Amos, Selah**  
                                  **Commissioner Michael Reichert, Maple Valley**

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

**Staff Accomplishment:**

**Director Rick Day** and **Chair Rojecki** congratulated and presented Ms. Darleen McColley with a certificate for 20 years of Washington State service. Ms. McColley started in state government in March 1980 with the Department of Social and Health Services and in 1999 she came to the Washington State Gambling Commission. She presently works as the secretary and technical support for our Criminal Intelligence Unit. Ms. McColley is also a master gardener and likes to spend time with family and be outdoors.

Director Day pointed out that March 7 through the 13 is National Problem Gambling Awareness Week and there are a lot of new things happening, several that the Commission is involved in. One is the public service announcement program that was undertaken earlier as a result of our forfeiture funds regarding underage gambling and is ongoing. A couple of Commission agents will be joining the panel discussion at the University of Washington in Tacoma. The problem gambling program at this point has added inpatient treatment slots, which is a major step for the program in Washington. At next month’s Commission meeting, Director Day will show a film clip to the Commission, plus there will be additional information from the Evergreen Council on Problem Gambling regarding some things they are doing in cooperation with the Commission.

**1. Agenda Review / Director’s Report**

**Director Day** briefly reviewed Thursday and Friday’s agendas, noting there were no staff requested changes. He noted the Texas Hold’em work group was scheduled to meet immediately following Friday’s Commission meeting.

**Director Day** introduced Assistant Director Tina Griffin who will be giving a presentation regarding the licensing process and completion time. Director Day stated he was very proud of the staff in the Licensing Operations Division, which is the agency's first line of defense for the Commission's task of keeping the criminal element out of gambling and authorized gambling in the state of Washington. It is not unusual for Director Day to hear from licensees regarding the helpful and friendly attitude they encounter from agency staff whether renewing a license or getting a new license application completed.

Licensing Processing and Completion Time (PowerPoint)

**Assistant Director Tina Griffin** shared information regarding the agency's Licensing Operations Division staff and the functions of the Licensing Division. She also briefly reviewed the Consolidation Study Report, a result of the Office of Financial Management (OFM) being tasked by the 2009 Legislature with conducting a study on alternatives for consolidating or transferring activities and responsibilities of the Gambling Commission, Horse Racing Commission, Lottery Commission, and Liquor Control Board to achieve cost savings and regulatory efficiencies. The Directors of the four agencies, as well as interagency work groups, worked with OFM to complete the study, which was released in November 2009. OFM also sought input from stakeholders. The Licensing Operations Division is allotted 40.5 staff positions, of which 34.5 positions are currently filled. Staff's combined years of experience with the Commission is 318 years; an average of 9.2 years per person. The division has two certified public accountants on staff, five certified fraud examiners, an MBA, a chief warrant officer with the United States Army Reserve, two tribal members, and three from Washington tribal gaming agencies. Licensing has four major functions:

- **Licensing:** Conduct pre-licensing reviews and process initial renewal and change applications as well as changes to license records, and issue gambling licenses to those successful applicants.
- **Public Disclosure:** Identify and authorize the release of information associated with public disclosure requests of about 400 to 500 requests per year.
- **Investigations:** Conducting pre-licensing and post-licensing investigations, financial investigations and reviews, source of funds investigations, criminal history investigations, and reviews of charitable and nonprofit organizations. Staff also works in coordination with the tribal gaming agencies in regard to their licensing representatives and staff.
- **Financial Reporting:** Compile and analyze information from the gambling activity reports submitted by the licensees. Prepare and compile this information for staff, management, the Legislature, and the public to keep them informed of the gambling activities in Washington State.

**Director Day** interrupted to point out that one of those public disclosure requests involved over 14,000 documents. **Assistant Director Griffin** affirmed, noting that was only one request out of the average 400 to 500 requests received over the past few years.

**Assistant Director Griffin** reported the Consolidation Study Report directed the Gambling Commission, Horse Racing Commission, and Liquor Control Board to explore using the Department of Licensing's Master License Service (MLS) program for licensing

determinations. They provide a single centralized license process that covers most state agencies and city licenses. AD Griffin briefly reviewed the MLS process. Currently, the Lottery Commission uses MLS for their licensing process; the Liquor Control Board uses MLS for most of their licensing determinations, but retains final authority for issuing their own licenses; neither the Horse Racing Commission nor the Gambling Commission use MLS at this time. During the study, the license processes were analyzed:

- The Liquor Board and Lottery Commission have only organizational licensees, the Horse Racing Commission has mainly individual licensees with five race tracks, and the Gambling Commission has a mixture of individual and organizational licensees. As of December 31, 2009, there were 3,650 organizational licensees and 20,610 licensees comprised of 16,960 commercial, nonprofit, and Class III employees.
- The Liquor Board, Horse Racing Commission, and Gambling Commission conduct criminal record checks and source of funds investigations on applicants and licensees. The Lottery Commission relies on the Liquor Board and the Gambling Commission's criminal records checks. The Gambling Commission has a Memorandum of Understanding with the Lottery Commission to share license information.
- The Horse Racing Commission and Gambling Commission run fingerprint checks on our applicants and licensees, allowing the agencies to receive criminal history information from out of state. In 2008, staff ran a renewal criminal history check on a card room employee and found the employee had an out-of-state felony warrant for rape in Virginia. The agent contacted the local jurisdiction in Virginia to verify the warrant was active and extraditable. The agent then contacted the card room for the employee's work schedule and contacted Snohomish County Sheriff's office to arrange for the individual's arrest and extradition back to Virginia. The individual was convicted and sentenced to over 30 years.

**Assistant Director Griffin** reported that on January 21, 2010, Commission representatives met with the MLS program representatives and described the Commission's current fee structure and make-up of its licensees. There were challenges identified by the MLS representatives that included:

- The Gambling Commission's current fee structure was too complex and the MLS computer system may not be capable of handling the numerous classes that are within each license category.
- The MLS is only able to process licenses for business organizations; not individuals. Individual licensees make up approximately 82 percent of the Commission's licensee base.
- The MLS requires full fees at renewal time. The Commission currently has 630 licensees participating in a two-part payment plan allowing them to pay in two installments during the license year. In 2009, those 630 licensees had an average of over \$6,000 in license fees.
- The MLS is not equipped to handle any interim license changes throughout the year. Commission license fees are based on gross annual receipts that can change. Licenses are upgraded during the license year based on gambling activity fluctuations and downgraded at renewal based on past decreases in gambling activity. Staff will continue to meet with MLS representatives in the upcoming months to explore possible opportunities for using their services.

**Assistant Director Griffin** reported criminal records checks are conducted each year at renewal time on owners, officers of commercial and nonprofit organizations, and individual licensees. In 2009, approximately 1,850 applications were processed per month, and 3,150 new licenses and 15,320 renewal licenses were issued. Prior to 2006, there was only one process in regards to Class III certifications for the 20 tribes; currently there are 22 different processes and potential fees. The Commission has formalized information sharing agreements with: the tribal gaming agencies within the state, Department of Licensing, Board of Accountancy, Lottery Commission, Liquor Control Board, Department of Revenue, Department of Financial Institutions, and the Nevada Gaming Control Board.

**Commissioner Michael Reichert** asked, relating to the Commission's relationship with the other agencies, if there was a disclosure for the applicant that the information was going to be shared across the various bodies and how the applicant was made aware that information they provide the Gambling Commission may end up in the hands of the Lottery Commission. **Assistant Director Griffin** thought there was a statement on the bottom of the form that talks about the public disclosure; that somewhere on each application form is a statement regarding the Public Records Act.

**Chair Rojecki** asked about the current staff versus allotted staff, if that was because of the current hiring freeze. **Assistant Director Griffin** replied there had been a decline in the number of card rooms and with that decline goes a decline in card room employees. The tribes are also downsizing their employees. AD Griffin said she did not want to be overstaffed; although, she was trying to meet industry needs and be fiscally responsible.

**Director Day** acknowledged Commissioner Reichert's unanimous confirmation from the full Senate. He mentioned that Ms. Amy Hunter will return to parental leave until mid-June, so Ms. Arlene Dennistoun will be standing in for her for the next two Commission meetings.

#### Legislative Update

**Ms. Amy Hunter** distributed House Bill 2603, which is the version that passed the Legislature and should be on its way to the Governor's desk. She provided a brief update on seven bills:

- Senate Bill 6103, repairing the definition of gambling in light of the February 2009 Betcha.com court decision, died in the House Commerce and Labor Committee. They heard the bill but it was not brought up for executive action. That was a bill the Commission supported.
- House Bill 2394, requiring agencies to designate a tribal liaison and make reasonable efforts to collaborate with tribes when developing policies and agreements, died in House Rules. The Commission voted in support of that bill.
- House Bill 2603 required agencies to give businesses a copy of any rule they think was violated and give them at least two business days to correct the violation if it was a type that could be corrected before issuing any type of sanctions. The bill also gives exceptions, which is what most of the back and forth during session has been about, plus what the definition of a small business should be. In the end, the definition settled

on was those businesses that have 250 or fewer employees or gross revenue of less than \$7 million. None of the new exemptions would impact the Commission. Most of the businesses, if not all the businesses the Commission licenses, would meet this definition, plus some large manufacturers that would not meet that definition.

- Senate Bill 6683 required state agencies to implement processes to send all of their renewal notices to customers via electronic means by July 1, 2012, or opt out if they wanted a physical notice. The bill ended up dying in Rules.
- Senate Bill 6503 dealt with closing state agencies on specific days. When initially proposed, it had certain closure dates starting in March, but was changed through an amendment. The bill itself died, but eventually was amended into one of the budget bills. It appears that idea is dead, but since the session is not adjourning today, staff will watch it closely to see if it comes back to life.
- House Bill 3178 dealt with creating efficiencies in the use of technology in state government. The bill has had a lot of back and forth action and has continued to have a life in the last days of session. The House passed one version of the bill, the Senate then passed a slightly different version yesterday. The bill restricts some spending, requires the Office of Financial Management (OFM) to work with state agencies to generate Information Technology (IT) savings, requires OFM to develop and execute a pilot program for application-managed services,; adds some reporting requirements related to state agency IT expenditures, requires the Information Services Board to develop an enterprise-based strategy for information technology in government, and requires OFM to contract with an independent consultant to review the state's plan to consolidate state data centers and office space and provide different options. That report is due December 1, 2010.
- House Bill 2824 and Senate Bill 6444 are budget bills. The Senate bill seems to be the one that is moving, but both bills address the state's \$2.7 billion shortfall in different ways, looking at reduced spending, receipt of federal funds, additional revenues, fund transfers, and the reserves in the budget stabilization account. At this point, the bills do not include any transfers from the gambling revolving account. A reduction for our agency of about 1.1 FTE is still in the budget and deals with small agency client services, which is something set up through OFM for those very small agencies where it would not be practical to have their own IT or business office sections. The bill requires agencies with fewer than 176 FTEs to move some of their fiscal functions to OFM. It does allow the Director of OFM to give agencies an exemption. Mr. Westhoff has been working with OFM because the Gambling Commission is large enough that it would cost more to use their small agency client services option and could have some negative impacts on overall operations.

**Ms. Hunter** appreciated the Commission's support and help when these bills are reviewed and different positions are discussed. Ms. Arlene Dennistoun will provide a final update at next month's meeting on what happens with the state budget as it pertains to the Gambling Commission and also on House Bill 3178.

**Commissioner Reichert** indicated that on the back page of the section dealing with the legislation, was something on the Fiscal Impact on Expenditures that he believed had to do with technology and asked if Ms. Hunter was familiar with that. **Ms. Hunter** replied she

was not; that he was looking at a page from a fiscal note. **Commissioner Reichert** thought perhaps somebody in the finance office could answer his question later, but he was looking at where it shows FY '10, FY '11, FY '12 as negative, negative, negative, but then a positive for FY'14. Commissioner Reichert could not quite figure out what that meant, and asked if somebody could look at it and get back to him. Commissioner Reichert did not want to spend too much time on it, but wondered if machines were being given back or how staff would get to a positive on technology expenditures. **Ms. Hunter** replied she thought it had to do with combining all the agencies together, but she would get an answer for him. **Commissioner Reichert** said he would be interested in the thinking behind that entry. **Director Day** thought Mr. Westhoff may be able to shed some light on the question because he has been involved in the fiscal notes. It may very well have to do with savings if agencies only upgrade their computers every five years as opposed to other processes.

**Director Day** explained that, as with the Commission's Strategic Plan, the Diversity Plan is being brought before the Commission to be discussed, suggestions made, and then approved. The Diversity Plan was modified after receiving several good suggestions from the Commission. Mr. Terry Westhoff, Business Office Administrator, is the leadership member on the Diversity Team and will be presenting the Diversity Plan.

Diversity Plan – 2010 to 2015 (PowerPoint)

**Mr. Terry Westhoff** started by answering Commissioner Reichert's question. The document was from the fiscal note on the original IT bill with the five-year replacement. The reason for the positive number was how staff purchased the computers in the past. Because of the federal forfeiture money, staff made significant purchases of new computers, especially for Commission law enforcement personnel. What happens is how the computers are going to be changed out in FY '14, because of that large one-time purchase it would be a cost to the agency in that one year with regard to the new five-year replacement. The other years would be cost savings, which comes out to that \$83,000 number. Staff has more specific information on those calculations if Commissioner Reichert would like to see it. Mr. Westhoff offered to send the information to him at a later time. **Commissioner Reichert** affirmed that would be great.

**Mr. Westhoff** reported the new Diversity Plan states the purpose, goals, and objectives of diversity within the agency and focuses on strategic areas with regard to diversity. It updates the performance targets for measuring success from the last Diversity Plan based on staff experience. To align the Diversity Plan with the Strategic Plan, it was changed from a two-year plan to a five-year plan, but would be updated every two years. Mr. Westhoff reviewed the Strategic Plan goals that relate to the Diversity Plan, noting that the agency conference provides an opportunity for agency employees throughout the state to come together and get to know each other, while also providing important training and information to all employees. Mr. Westhoff went over the Objectives of the Diversity Plan, pointing out that Franklin County became the first county in the Pacific Northwest whose majority was Hispanic. This trend will continue, especially with future growth in Asian Pacific Islanders and Hispanic populations in Washington. The Strategic Focus is much the same as the last Diversity Plan: Recruitment, Retention, and Training & Awareness.

Historically, the turnover rate has been much lower than state averages. Agents in the Field Operations Division in the eastern region recently took the initiative to reach out to the Hispanic community to provide information about the Gambling Commission and job opportunities. As a result of their efforts, 12 applications were received for agent positions. The internet is another recruitment area where the younger generation gets their information about job opportunities. The agency will look at providing internship opportunities for college students and formalizing its internship program. High school students are also utilized in the agency, which helps them build job skills for the future. Our excellent in-training programs for new employees help attract job applicants to the agency. And this is a picture of our physical agility test for prospective special agent candidates. And the candidates, of course, have to pass this physical agility test and meet other requirements before being considered for special agent positions within the agency. Mr. Westhoff reviewed a few other training, recruitment, and retention plans that are included in the Diversity Plan: the Mentoring Program, Leadership Academy, Agency Teams, Tuition Reimbursement, training and support for professional certification. Employees are required to attend a diversity-related event at least once per year and have formal training every three years. Mr. Westhoff briefly reviewed diversity performance measures and the diversity profile. He noted there has been a decrease in the number of female agents over the past several years, in part because the Criminal Justice Training Commission changed to a single-result physical requirement for the physical agility test, which had an impact on our agency as far as the number of female candidates. Prior to the change, there were different requirements for males and females. One other accomplishment outside internal agency items is the Office of Minority and Women Business Enterprises establishes statewide goals for state agencies in conducting business with women and minority owned businesses that are certified through that agency. In fiscal year 2009, the Gambling Commission ranked fifth among all boards and commissions by spending 17 percent of its qualified purchases with certified firms. If compared to state agencies with over 25 FTEs, the Gambling Commission would have ranked second in the state, just behind Labor and Industries who had about 22 percent. Mr. Westhoff briefly reviewed some statistics from the agency survey. He pointed out that most agencies do not have a Diversity Team or a Diversity Plan. Staff recommends approval of the 2009-2014 Diversity Plan.

**Chair Rojecki** appreciated the very thorough presentation. He asked if there were any questions; there were none.

**Commissioner Ellis** made a motion seconded by **Commissioners Amos and Reichert** that **the Commission approve the 2009-2014 Diversity Plan as presented. *Vote taken; the motion passed with four aye votes.***

**Commissioner Ellis** noted that in its current composition, 50 percent of the Commissioners are members of protected groups: he is a veteran of the Vietnam War and Commissioner Reichert is a member of an American Indian Tribe.

**Commissioner Reichert** commended Mr. Westhoff and his staff for their work on this Diversity Plan. It is a challenging issue in our society, and he wanted to thank Mr. Westhoff for his work in that regard. Commissioner Reichert indicated one of the things he would

like to see explored as a Commission is the unique relationship the Commission has with the tribes in the state of Washington. Diversity goes beyond staff make-up and training of our staff, to the relationship they have with one of the Commission's major partner communities. Commissioner Reichert encouraged staff to look at a deliberate strategy relating to the Diversity Plan to address cultural awareness and relational awareness with its native brothers and sisters and the tribes they live in.

**Chair Rojecki** agreed that was a good point.

**Director Day** recalled that, because Chairman Ron Allen was unable to attend the Commission's Work Session to talk about Government-to-Government, the Commission would like staff to pursue further opportunities regarding Government-to-Government and request some presence, involvement, and discussions regarding that topic.

**Commissioner Reichert** said that would be great.

#### Correspondence

- > Training Videos Available on *YouTube*
- > Texas Hold'em Group Update – February 12<sup>th</sup> Meeting Minutes

**Director Day** pointed out a memorandum from Jessica Quiles, Forms and Records Supervisor in Licensing Operations Division regarding training videos available on *YouTube*. Donna Stewart from her unit took advantage of the internet to save costs for the agency. Ms. Stewart worked out a method to place the pre-recorded training CDs onto *YouTube*, which provides very easy access and will save staff the need to send out a lot of the self-conducted training tapes. Director Day thanked Donna Stewart for her initiative, and invited the Commissioners to explore those training videos and let staff know if they had any questions. The next item under Correspondence is an update on the Texas Hold'em discussion work group meeting held on February 12. There is a short memorandum from Assistant Director Mark Harris and a short meeting summary.

**Commissioner Ellis** thought the memorandum provides a good overview of the substance of the meeting. Most of the meeting was spent looking at available sources of information and discussing possible other sources of information that were useful in determining what approach to take with regard to Texas Hold'em. Assistant Director Harris and his staff had done a survey of card rooms in the state to determine what kinds of Texas Hold'em limit games card rooms are currently operating and the extent to which card room operators might be interested in higher limit games, which was very helpful. Ms. Linda Graves also provided some very useful information concerning problem gambling and various contacts. It was a helpful meeting and was intended to lead into a meeting tomorrow to address at least one proposal on behalf of the RGA for change in Texas Hold'em. The RGA had planned to circulate that proposal prior to the meeting today, but they must have gotten bogged down in the legislative process as a result of what is happening on the hill. Commissioner Ellis will check with RGA representatives and see where they stand before determining whether it makes sense to go ahead with the scheduled meeting tomorrow, or whether to postpone the meeting to be able to have something more concrete to discuss.

## Monthly Update Reports and News Articles

**Director Day** point out the federal update includes one of the pieces of potential legislation that has been introduced to add trust land on behalf of the Hoh Indian Tribe. Also included in the agenda packet was a rough map to show where the Hoh reservation is located geographically in the state of Washington. It is a very remote location near the Olympic National Park, and has a lot of continued flooding over the years of the Hoh Indian community.

**Commissioner Ellis** agreed, adding there was a front page article in the Seattle Times concerning the situation and the considerable depth of the difficulties the Tribe has had because of the repeated flooding and the loss of houses and other tribal facilities.

**Director Day** reported that Senate Bill 3018, which are amendments to the Internal Revenue Code, includes a subtitle C directed towards internet gambling that was introduced fairly recently. It is much like House Bill 2267, introduced by Representative Barney Frank. Director Day pointed out several news articles that may interest the Commission.

## Comments from the Public Regarding Director's Report

**Chair Rojecki** asked if there were any questions or public comment on the Director's Report; there were none.

## 2. New Licenses and Class III Certifications

**Assistant Director Tina Griffin** reported there were ten pages of new licenses and certifications for approval, a Pre-Licensing Report for Sessions Gaming, and a House-Banked Card Room Report. AD Griffin indicated there were currently 70 house-banked card room licensees, which was a decrease from the prior month because a house-banked card room closed at the end of February. That closure also impacted 60 house-banked card room employees. Staff recommends approving all new licenses and Class III certifications listed on pages 1 through 10.

**Commissioner Ellis** made a motion seconded by **Commissioner Reichert** to approve the list of New Licenses and Class III Certifications as listed on pages 1-10. *Vote taken; the motion passed with four aye votes.*

## 3. Approval of Minutes – February 11, 2010 – Regular Meeting

**Commissioner Amos** made a motion seconded by **Commissioner Ellis** to approve the minutes from the February 11, 2010, regular Commission meeting as submitted. *Vote taken; the motion passed with four aye votes.*

*Chair Rojecki called for a break at 2:55 p.m. and reconvened at 3:05 p.m.*

**4. Petition for Review – Angela Pagnossin, Card Room Employee, Revocation**

**Assistant Attorney General Bruce Marvin** was present for the State, as well as **Petitioner Angela Pagnossin**, representing herself. Because **Chair Rojecki** knew the petitioner, he recused himself from the hearing and turned the gavel over to Vice-Chair Ellis. Ms. Pagnossin and AAG Marvin provided their testimony in the matter for review. A recording and transcript of the hearing is available upon request.

At the conclusion of the testimony (4:00 p.m.), **Vice Chair Ellis** asked if there were any questions and called for an executive session to deliberate the matter; he recalled the public meeting at 4:40 p.m.

**Commissioner Reichert** made a motion seconded by **Commissioner Amos** to enter an order affirming the Initial Order of the ALJ revoking the license of Ms. Pagnossin to engage in gambling activities and denying the Petition for Review. *Vote taken; the motion passed with three aye votes (Chair Rojecki did not vote).*

**Commissioner Ellis** returned the gavel to Chair Rojecki.

**5. Other Business / General Discussion / Comments from the Public**

**Chair Rojecki** opened the meeting for other business, general discussion, and comments of the public. There was none.

**6. Executive Session to Discuss Pending Investigations, Tribal Negotiations and Litigation**

At 4:45 p.m., **Chair Rojecki** called for an Executive Session to discuss pending investigations, tribal negotiations, and litigation.

*[all four Commissioners were present during the Executive Session]*

**Adjournment**

**Chair Rojecki** called the meeting back to order at 5:20 p.m. and immediately adjourned.

**WASHINGTON STATE  
GAMBLING COMMISSION MEETING  
FRIDAY, MARCH 12, 2010  
APPROVED MINUTES**

**Chair Keven Rojecki** called the meeting to order at 9:15 a.m. at the Lacey Community Center and introduced the members present:

**MEMBERS PRESENT:**     **Commission Chair Keven Rojecki, Tacoma**  
                                  **Commission Vice-Chair John Ellis, Seattle**  
                                  **Commissioner Mike Amos, Selah**

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

**Chair Rojecki** asked if there were any changes to the agenda. **Director Day** replied there were none.

**RULE UP FOR FINAL ACTION**

**7. Staff Proposed New Rule – Prevent card rooms that share a common wall or structure from appearing as one large card room with more than 15 tables.**

*Amended Version up for Adoption*

- a) **New Section WAC 230-06-046** – Additional requirements for licensed business premises of Class E, F and house-banked card rooms.

**Deputy Director Trujillo** reported this rule proposes additional requirements for locations offering E, F, or house-banked card games and was designed to provide guidance to those seeking to open licensed card game locations that are located adjacent to one another. Staff believes this rule is necessary to not create a situation through the application process that would appear to bypass the 15-table limit established by the Legislature. The card game license application that was before the Commission in August 2009 brought to light how close these locations could become under the existing rules. Because staff does not know what creative form future card game license applications may look like, staff is anticipating a time when an applicant may bring plans for locating multiple card rooms into a business facility. For example, one owner may set up five corporations side-by-side in a strip mall and allow access from one to the other. If each business had 15 tables, staff felt that would be one large card room with 75 tables. This rule grandfathers existing locations that are licensed on the effective date of the rule. Staff recommends adoption of the Amended Version with one housekeeping change: under subsection (2) it would read “subsection (1)

of this section does not apply to Class E, F, and house-banked card room locations that have any of the features listed in subsection (1) of this section and were licensed on the effective date of this rule.” There have been statements in writing opposing the rule change, as well as prior testimony before the Commission.

**Chair Rojecki** asked if there were any questions or public comments.

**Chair Rojecki** asked for clarification. He was looking at the opposing statements where there was discussion about the mall, in theory, and asked whether this does not necessarily change that. **Deputy Director Trujillo** affirmed. **Chair Rojecki** asked if that would be something that common sense would prevail in the future; because there are no current casinos in a mall. **Deputy Director Trujillo** replied that, at the present time, there are no card rooms in a mall. In Olympia, the large indoor mall has multiple stores. As far as he knew there were no plans in the works to have house-banked card rooms in that type of location. DD Trujillo was not sure how to answer Chair Rojecki’s question, other than to say staff has not had any and would have to look at it when it came in. **Chair Rojecki** meant changing it in the future in the event that it actually did happen probably would not be as big of a deal.

**Commissioner Ellis** made a motion seconded by **Commissioner Amos** that the Commission approve the proposed new rule, WAC 230-06-046, additional requirements for licensed business premises of Class E, F, and house-banked card rooms including the amendatory language that Deputy Director Trujillo mentioned to subsection (2) of the new section, with the new rule to become effective July 1, 2010. *Vote taken; motion passed with three aye votes.*

## RULE UP FOR DISCUSSION

### **8. State Proposed Rule Change – Punchboard and pull-tab operators must only award cash or merchandise as prizes.**

*March 2010 Commission Meeting – Up for Discussion  
Staff’s Amended Version #2*

*Recreational Gaming Association’s Amended Version #3*

*February 2010 Study Session – Staff’s Amended Version #1 Discussed*

*January 2010 Commission Meeting – Original Version Filed for Discussion*

#### **a) Amended Section WAC 230-14-090 – Controlling prizes**

**Ms. Hunter** explained there are several different versions of amendments and this rule is just up for discussion. Prior to the rule simplification project (RSP), the pull-tab rule was very clear that prizes had to be paid out in either cash or merchandise. Unfortunately, this language was inadvertently left out during the RSP process. The rule change would restore the requirement and make it clear that punchboard and pull-tab operators are required to pay out all prizes in either cash or merchandise. The rule would allow trading winning pull-tabs for additional pull-tabs, which is the practice that has been allowed for many years. Ms. Hunter did not think it had ever been codified, but the licensees would like to see it codified. The idea would be that if a player won a cash prize in pull-tabs, they could ask the bartender

or pull-tab worker for more pull-tabs for the equivalent of their win or get part cash and part pull-tabs. Staff presented a rule at the February study session, which is in the packets. The Recreational Gaming Association (RGA) and others from the industry thought the staff version was too wordy, so staff went back and looked at their version and refined it to make it clearer, which is Amended Version #2. At the quarterly meeting with the RGA, staff showed them the new proposal and the RGA seemed satisfied with staff's Amended Version #2. It was brought up yesterday at the study session and most of the discussion was around the word "verbal." Amended #2 says there has to be a verbal request. Some of the discussion was regarding what if a customer nods their head back to the pull-tab worker, which is not verbal but is obviously a request. Questions included whether commission agents would give licensees administrative sanctions for the request not being verbal. Staff was not concerned and did not think the agents would do that, but the industry would rather see the word "verbal" taken out. Staff will look at their request and when the rule is up for final action next month will probably suggest that "verbal" be taken out. Staff is doing their best to respond to the industry's request to codify the trading of pull-tabs concept. The versions are up for discussion today; the Commission does not need to file them.

**Chair Rojecki** clarified that staff has put aside Staff Version #1 and the original version. **Ms. Hunter** affirmed, noting the amendments were in the agenda packets in order of what staff was asking the Commission to take the closest look at, which is Amended Version #2.

**Chair Rojecki** asked if there were any questions or public comment.

**Mr. Gary Murrey**, Recreational Gaming Association, affirmed there was a lot of discussion in the informal study session, adding he really appreciated the open dialogue. As Ms. Hunter pointed out, for a lot of the industry the concern is with the word "verbal." In discussing things with his colleagues this morning, Mr. Murrey thought the word might even get in the way of ADA requirements; somebody with speech problems may have problems saying the word "verbal." If the word "verbal" was struck, it would still get to everybody's end game of what they want. Mr. Murrey wanted to make sure, as Ms. Hunter pointed out, there were no problems with sanctions if somebody just pushed the pull-tabs out, or pointed, or whatever. Mr. Murrey would appreciate the Commission taking that into consideration.

## **RULES UP FOR DISCUSSION AND POSSIBLE FILING**

### **9. Staff Proposed Rule Change – Requesting Approval for Large Raffle Prizes.**

- a) **Amended Section WAC 230-11-065** – Raffle prizes
- b) **New Section WAC 230-11-067** – Procedures for requesting approval to offer raffle prizes over \$40,000 or \$80,000 annually.

**Assistant Director Griffin** reported that at the November 2009 meeting, the Commissioners requested staff to develop guidelines to help determine whether an organization has shown good cause to exceed raffle prize limits. WAC 230-11-067 outlines the requirements for raffle licensees to follow if the organization requests approval to offer raffle prizes exceeding \$40,000 per prize, or \$80,000 annually. The rules package clearly details the information expected from the applicants and licensees who are seeking approval to exceed

those prize limits. While this may require more staff time up front in working with the applicants and licensees, it will potentially save time once the operation begins the raffle. There are no statements supporting or opposing these rule changes. Staff recommends filing for further discussion.

**Chair Rojecki** thought this was self-explanatory and pretty clear and concise. He asked if there were any questions. **Commissioner Ellis** agreed, noting he was interested in it as well. This looks like it does a good job of requiring that all of the basic elements of the raffle be presented in connection with an application for a large prize. **Chair Rojecki** indicated there was nothing limiting in this; it appears to just be a collection of data to show what the event is going to be. **Assistant Director Griffin** affirmed.

**Chair Rojecki** called for public comment; there was none.

**Commissioner Ellis** made a motion seconded by **Commissioner Amos** that the Commission accept for filing for further discussion the Amended Section of WAC 230-11-065 and New Section WAC 230-11-067 in the form presented. *Vote taken; the motion passed with four aye votes.*

**10. Staff Proposed Rule Change – Verifying player-supported jackpot and progressive jackpot deposits online**

- a) **Amended Section WAC 230-15-400** – Accounting for player-support jackpot funds
- b) **Amended Section WAC 230-15-720** – Deposit and reconciliation requirements for progressive jackpot prizes

**Assistant Director Mark Harris** reported that card room licensees must keep validated deposit slips and transfer information as part of their required card room daily records. Currently, a majority of the card room licensees use online banking. This rule would allow them the option of having commission agents verify player-supported jackpot and progressive jackpot prize fund deposits online. The rule change would bring commission rules up-to-date with current technology, while not compromising the integrity of its regulatory program. Staff recommends filing the petition for further discussion.

**Commissioner Ellis** noted it was very easy to understand how the licensees would have online access to their player-supported jackpot bank accounts, but asked how the special agents would have access to those accounts to verify the amounts; would the agents need to get the user IDs and passwords to be able to access the online accounts? **Assistant Director Harris** responded this rule would allow the agents to sit with the licensees as they bring up the information on their computers and be able to verify the deposits. If needed, the licensees could print off a summary sheet for the agents to take offsite. The agents would not be allowed to have remote access to the licensees' accounts without the licensees being present. **Commissioner Ellis** noted it just obviates the need for them to have a paper record at the casino.

**Chair Rojecki** asked if there were any further questions or public comment; there were none.

**Commissioner Ellis** made a motion seconded by **Commissioner Amos** that the Commission accept for filing and further discussion the proposed amendments to WAC 230-15-400 and WAC 230-15-720. *Vote taken; the motion passed with four aye votes.*

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

**Chair Rojecki** asked if there were any further comments from the Commissioners or the public.

**Commissioner Ellis** announced that the Texas Hold'em working group meeting scheduled for this morning has been postponed. He asked the members of the group to meet him after the meeting to compare calendars and pick a mutually convenient date, or alternative dates, for holding that meeting.

With no further business, **Chair Rojecki** adjourned the meeting at 9:35 a.m. The next meeting will be held in April at the Red Lion Hotel in Olympia.

Minutes prepared by

Gail Grate, Executive Assistant