

**WASHINGTON STATE
GAMBLING COMMISSION MEETING
FRIDAY, MAY 14, 2010
APPROVED MINUTES**

Chair Keven Rojecki called the meeting to order at 9:35 a.m. at the Pasco Red Lion Hotel and introduced the members present.

MEMBERS PRESENT: **Commission Chair Keven Rojecki**, Tacoma
 Commissioner Mike Amos, Selah
 Commissioner Michael Reichert, Maple Valley
 Commissioner Rebecca Roe, Seattle
 Representative Gary Alexander, Olympia
 Representative Geoff Simpson, Covington
 Senator Jerome Delvin, Richland

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

AGENDA ITEMS WERE TAKEN OUT OF ORDER

2. Agenda Review / Director’s Report

Director Rick Day briefly reviewed staff recommended changes to the agenda for the Chair’s consideration. Director Day suggested the following order of presentation:

- Agenda Review and Director’s Report
- Approval of April Commission Meeting Minutes
- Approval of New Licenses and Class III Certifications
- Two Defaults
- Rules
- Qualification and Program Review
- Petition for Review
- Other Business / General Discussion / Comments from the Public
- Government-to-Government Relations Work Session, including lunch
- Executive Session to Discuss Pending Investigations, Tribal Negotiations, and Litigation
- Adjourn

Director Day explained the work session would take place in a smaller room starting about noon and would include representatives from the Yakama Tribe: Council Donald Isadore and Council Dawn Vyvyan. The work session is open to the public.

Chair Rojecki approved the rearrangement of the topics on the agenda.

Director Day thanked Gail Grate for her work in rearranging this month's agenda, including last minute airline flight changes, meeting room adjustments, lunch, and all the other back and forth arrangements that Ms. Grate kindly initiated and kept her patience in the process. This may look easy as everyone comes in and sits down, but it takes a lot of time to take care of the arrangements. Director Day said he appreciated Ms. Grate's work.

Legislative Update

Director Day distributed letters of thanks from Chair Rojecki to the Ex-Officio members for their help with 2010 legislation, including one piece of legislation that was introduced by Senator Prentice. The Commission owes a debt of gratitude and thanks for their help as this legislation moved forward.

Director Day reported the 2010 legislative session adjourned on April 13 after producing 337 bills. He reviewed the legislative summary prepared by Arlene Dennistoun who was not able to attend this meeting. Staff will continue to follow the Small Agency Cabinet Services (SACS) requirement in ESSB 6444. SACS generally supplies accounting support services for agencies of 50 people and less, but there was an effort this session to bring more agencies into that system. Staff are concerned that, in the end, the SACS would not be cost-effective because of the Commission's size. It would reduce 1.5 FTE positions in the Commission's accounting office. The transfer has been delayed to June 30, 2011, to provide time for staff to get together with the Office of Financial Management (OFM) and determine whether the SACS would be beneficial. OFM has some discretionary authority on whether to follow through with that requirement, so staff are looking forward to having a good discussion with OFM. Whether by hard work, legislative support, or just luck, the Commission did not see any legislative fund transfers or additional reductions. Director Day underscored the help of the Ex-Officio members and the discussions and knowledge that take place one-on-one in the Legislature. In this difficult session, the Commission emerged as best as possible. Staff had hoped the bill on the definition of gambling would pass, but is hopeful the court case will resolve the questions around it satisfactorily. Director Day pointed out a letter from Chair Kohl-Wells and Chair Steve Conway addressed to Glenn Johnson, President of the Association of Washington Cities. The letter deals with House Bill 2873, known as the zoning bill that allows local authority to prohibit certain types of gambling activities. House Bill 2873 was introduced last session, it went to a hearing, but did not go any further. The chairs of the two committees have asked the cities to lead the discussion in that effort and have requested the Commission be part of the discussion, if a bill comes forward again. Commissioner Reichert had requested some information during the session about the number of cities that have zoning ordinances of one

kind or another or grandfathering that affect the prohibition of gambling. In many cases, it is a partial prohibition. Staff plans to consolidate that information and make a short presentation to the Commission in advance of the next legislative session, so the Commission will be more familiar with the topic and aware of what is out there before things start heating up and the bill actually starts coming forward.

Correspondence

Director Day provided an update on the Texas Hold'em work group. A draft report was prepared for circulation that included recommendations from the group and potential WAC rules proposals, which involves the possibility of a pilot project. The work group may meet in June when Commissioner Ellis is back. They plan to have a proposal in July for the Commission to consider filing for discussion.

Assistant Director Mark Harris explained that a draft report, three versions of a WAC rule, and a draft program tracking form has circulated to the team members. It was presented at the study session yesterday in a draft format and will be presented to the Commission at the July Commission meeting. The group may meet once more to go over the information to make sure everything looks the way it should, and it will be presented to the agency Rules Team for their review process.

Director Day explained the letter from Cottage Café and Fireside Lounge was written in reference to the WAC changes that were made to controlling pull-tab prizes. It was received after the April Commission meeting. Director Day pointed out the memorandum from Assistant Director Tina Griffin, who made a presentation on the licensing process at the April Commission meeting. Commissioner Reichert had asked a question about a disclosure statement. The first part of the memorandum clarifies that the Commission has a cooperative agreement with other agencies, and that information is provided to other agencies when requested, but that information is not automatically provided. A disclosure will be added on the license applications informing the parties filling out the application that the information could be shared with other agencies if requested.

News Articles

Director Day pointed out an article documenting that Tracie Stevens from the Tulalip Tribe was recently nominated by the President of the United States to become the National Indian Gaming Commission Chairwoman, which is a compliment to Tracie Stevens, to the Tulalip Tribe, and to the state of Washington. Another news article was about a fairly significant investigation conducted by Gambling Commission agents that involved around \$175,000-\$200,000 embezzled from a card room in Spokane. Director Day pointed out an article regarding Officer Benjamin Kelly, who was designated as the Officer of the Month for March 2010. Officer Kelly started his career as an agent to the Gambling Commission and is now with the Seattle Police Department.

Chair Rojecki commented on the Cottage Café letter, indicating he thought what happens is something is heard through the grapevine, and then it goes two-fold, three-fold, and continues to be heard. He asked if staff responds to these letters to clarify the record that the way the person perceives the information may certainly not be the way the Commission perceives it. And then further, if there are controversial issues, does staff have a question/answer type thing that outlines what it does and how it impacts the person; good or bad. Chair Rojecki asked if there was a process to do that. **Director Day** responded that staff tries to respond to almost everything received and puts that type of information forward. As an example, he pointed out the response letter from our Rules Coordinator that is in front of the Goldie's letter, which goes into quite a bit of detail. Director Day did not think that currently there was an FAQ posted on the agency website when there was an issue that was more controversial in rules. **Chair Rojecki** added that it would be beneficial to post something, whether the change impacts the licensees or not and whether the impact is good or bad, just something indicating they are the facts as the Commission interprets that rule. **Director Day** thought that would be helpful and said staff would take a look at that.

Comments from the Public Regarding Director's Report

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

5. Approval of Minutes – Regular Meeting – April 8-9, 2010

Commissioner Amos made a motion seconded by **Commissioner Roe** to approve the minutes from the April 8-9, 2010, regular Commission meeting as submitted. *Vote taken; the motion passed with four aye votes.*

6. New Licenses and Class III Certifications

Deputy Director David Trujillo drew attention to the Commission approval list for new licenses and Class III certifications for May 2010. He pointed out a news article about a Bremerton casino folding, noting that particular facility was still on the house-banked card room report, but would be removed prior to the next Commission meeting. Staff recommends approval of the new licenses and Class III certifications listed on pages 1 through 17.

Commissioner Amos made a motion seconded by **Commissioner Roe** to approve the list of New Licenses and Class III Certifications as listed on pages 1-17. *Vote taken; the motion passed with four aye votes.*

7. Defaults

Deputy Director Trujillo explained that both of the defaults have to do with conditional certification, which is a mechanism in the Tribal Compacts allowing the Gambling Commission and the Tribal Gaming Agency to work together towards an agreement to place

someone to work at a tribal gaming operation when that person may not normally qualify under Gambling Commission guidelines.

a) **Arthur Andy, Class III Employee, Revocation**

Deputy Director Trujillo reported that Arthur Andy was granted conditional certification to work for a tribal gaming operation. The conditional certification was based on Mr. Andy's failure to pay court ordered fines and fees totaling almost \$11,000 and his failure to appear in court on 13 different occasions. When licensing staff completed a routine check in January 2010, they found that Mr. Andy was no longer employed by the tribal gaming operation. On January 14, Mr. Andy was convicted of new violations that increased total court ordered fines by almost \$2,300. On March 8, Director Day issued administrative charges to Mr. Andy by certified and regular mail. Legal staff received the signed certified mail receipt on March 19, 2010. On March 24, the Communications and Legal Department secretary unsuccessfully attempted twice to make a courtesy call to Mr. Andy. Mr. Andy has not responded to the charges, and staff requests his conditional certification be revoked.

Chair Rojecki asked if Mr. Arthur Andy or a representative was in the audience; no one stepped forward.

Commissioner Amos made a motion seconded by Commissioner Roe that the Commission revoke Arthur Andy's conditional certification. Vote taken; the motion passed with four aye votes.

b) **Alberta J. Youckton, Class III Employee, Revocation**

Deputy Director Trujillo reported that Alberta Youckton was granted conditional certification on November 30, 2009. Her criminal conviction record included a 1985 vehicular homicide, which was 24 years prior to her conditional certification. As of December 20, 2009, Ms. Youckton was no longer employed by the tribal gaming operation. Prior to granting conditional certification, Assistant Director Tina Griffin and Deputy Director Trujillo met with the Tribal Gaming Agency Director and sufficient reason was not found to preclude conditional certification and tribal licensure. Less than a month later, Ms. Youckton was no longer employed. On February 26, 2010, Director Day issued administrative charges to Alberta Youckton by certified and regular mail. The regular mail was not returned to Commission staff and on March 23, 2010, the certified envelope was returned as unclaimed. On March 15, the Communication and Legal Division secretary unsuccessfully attempted to make a courtesy call to Ms. Youckton. Alberta Youckton did not respond to the charges, and staff are asking that her conditional certification be revoked.

Chair Rojecki asked if Ms. Alberta Youckton or a representative was in the audience; no one stepped forward.

Commissioner Amos made a motion seconded by Commissioner Roe that the Commission revoke Alberta Youckton's conditional certification. Vote taken; the motion passed with four aye votes.

RULES UP FOR FINAL ACTION

8. Staff Proposed Rule Change – Requesting approval for large raffle prizes

- a) Amended Section WAC 230-11-065 – ((Own prizes for raffles before drawing date))
Raffle prizes
- b) New Section WAC 230-11-067 – Procedures for requesting approval to offer raffle prizes over forty thousand dollars or eighty thousand dollars annually

Deputy Director Trujillo explained the maximum price for a raffle ticket was increased from \$25 to \$100 last year by the Legislature. The Commissioners asked staff to look at developing rules to provide guidance on submission materials in the event a raffle licensee wished to exceed the raffle prize limitations allowed by administrative code. The requirement is for the licensee to bring their petition to the Commission, demonstrate good cause, and then the Commission will vote on whether to approve the request. There were no WAC rules that contemplated the large scale raffles, so staff developed WAC 230-11-067 to provide guidance to a licensee on how they can demonstrate good cause and what is expected if the licensee is seeking a large scale raffle where the prize exceeds the limitations. Staff has not received any statements either supporting or opposing this petition, and recommends adoption, with a proposed effective date of July 1, 2010.

Commissioner Amos asked if the only change to WAC 230-11-065 was the title. **Deputy Director Trujillo** replied it was also adding the change in subsection (3)(c).

Chair Rojecki thought these changes were good and they covered what the Commission requested.

Chair Rojecki called for public comment; there was none.

Commissioner Roe asked for clarification that the Commission was approving this to go out for public comment; or whether it had already been out for public comment. **Chair Rojecki** explained the process was to approve it for public comment at the Commission meeting, then it is heard three or four times. The licensees or public have to either come to the Commission meeting to make public comment, or they can submit a letter or email. This just opens the rule changes for public comment, and then the Commission will vote for final approval for this to be approved effective July 1. **Commissioner Roe** asked how many times this had been open for public comment. **Chair Rojecki** replied it first came up at the November 2009 meeting. **Director Day** added it would have been up twice on the Commission's public agenda, and it would have also been discussed twice at the informal study session before the Commission meeting – so a total of four months.

Commissioner Amos made a motion seconded by Commissioner Reichert to adopt the recommendation of staff in regards to WAC 230-11-065 and WAC 230-11-067 effective July 1, 2010. Vote taken; the motion passed with four aye votes.

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

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

Assistant Director Harris reported that card room licensees currently must keep a validated deposit slip and transfer information as part of their required daily records. A majority of the card room licensees are now using online banking. This rule change would allow them to have the option of having the agent verify the information online at the card room, as opposed to requiring them to have a hard copy in their records. This would apply for player-supported jackpots and progressive jackpot prizes. The rule change would bring Commission rules up-to-date with current technology, while not compromising the integrity of the regulatory program. The change would also codify current agency practice. Staff recommends adoption, with an effective date of July 1, 2010.

Chair Rojecki called for public comment; there was none.

Commissioner Roe made a motion seconded by Commissioner Amos to adopt the amendments to WAC 230-15-400 and WAC 230-15-720 effective July 1, 2010. Vote taken, the motion passed with four aye votes.

RULES UP FOR DISCUSSION AND POSSIBLE FILING

10. Staff Proposed Rule Change – Temporary licenses issued by the Director

- a) **Amended Section WAC 230-03-080** – License approval process

Deputy Director Trujillo reported there is inconsistency when comparing WAC 230-03-080 and RCW 9.46.070 Powers and Duties. Over time, various changes have been made to the existing rule, plus a legislative change, which resulted in the impression the WAC was more restrictive than the RCW and not just a clarification of the RCW. Staff is requesting to strike (1) and (2) after the RCW 9.46.070 reference in WAC 230-03-080 (1) because it has caused some anxiety and is not consistent with the RCW Powers and Duties sections (1) through (4). Staff recommends this amendment be approved for discussion and possible filing.

Commissioner Reichert asked how often this authority was used. He could see where it might be a problem for somebody expecting to get started and having to wait for a Commission meeting. **Director Day** replied the temporary authority was very significant because it allows the Director to allow somebody to start into business or start dealing if they appear qualified, and then the Commission would look at the final list and approve it at the next Commission meeting. Previously some of the sections allowed that and some sections did not. So the Legislature agreed and provided that possibility, but the Commission neglected to make the change to the WAC. **Commissioner Reichert** asked if, in the event staff made a ruling that the applicant was authorized or not authorized and the Director turned the applicant down, they would immediately come back as even their provisional – or they could challenge that decision. **Director Day** replied that if staff selected to deny somebody a temporary license, a statement of charges would be filed and it would actually go to a hearing as a denial and would not come back until there was a review and final decision. **Commissioner Reichert** thought that would be the same process as a non-temporary license. He clarified he was trying to figure out if it was a new procedure. **Director Day** explained that when somebody applies for any kind of license and the Director has the discretion to issue the temporary license, in the end the applicant needs a final, permanent license approved by the Commission. This allows staff to issue temporary licensing. **Commissioner Reichert** asked if the appeal process would be similar to the final decision if the temporary was not satisfactory to the applicant - would they begin there or would they wait for a final decision? He said he was trying to get a sequence. **AAG Ackerman** explained that under the APA and the Rules, it probably would be possible for someone to commence an appeal of a denial of the request for the granting of the temporary. As a practical matter however, he could not think of any exceptions to this, but thought in almost every case the licensing decision would come before the Commission prior to any appeal being processed on the temporary. **Commissioner Reichert** asked whether the normal course of the rest of the application process would be followed. **AAG Ackerman** affirmed, adding he supposed it would be possible for someone to go into Superior Court and seek a TRO under some theory, but just in terms of the administrative process, a decision on the merits of the actual application would take place prior to the time an appeal could be heard of the denial of the temporary.

Chair Rojecki called for public comment; there was none.

Commissioner Amos made a motion seconded by **Commissioner Roe** that the Commission file for further discussion proposed amendment to WAC 230-03-080. *Vote taken; the motion passed with four aye votes.*

Commissioner Reichert asked how many applications for temporary status would be turned down; whether it was a rare occasion or a regular occasion. **Director Day** replied an applicant would be turned down only if they were not qualified. **Commissioner Reichert** clarified he was just trying to get what the volume was. **Director Day** replied it would be a rare occasion. He thought the number of applications that are actually withdrawn or denied

was about 10 percent. **Deputy Director Trujillo** affirmed that was correct, adding staff does have a discussion with the applicant to try and facilitate their withdrawing their application rather than going through the administrative process. About 2 percent of those elect to go through the due process; the administrative action. But, generally speaking, around 8 to 10 percent of total applications do not qualify.

11. Petition From the Public – Great American Gaming, Corp. – Progressive jackpots for card games

a) Amended Section WAC 230-15-695 – Adjusted progressive jackpot amounts

Assistant Director Harris reported the Great American Gaming Corporation’s proposed change would allow house-banked card rooms offering progressive jackpot card games to reduce a reserve or secondary jackpot to seed a different progressive jackpot game without requiring them to recognize that money as gross receipts. Progressive jackpots are funded by a percentage of each progressive jackpot wager and are not required to be reported as gross receipts if it goes into the prize pool. The current rules allow reducing the amount of a reserve or secondary jackpot prize, as long as the funds are recognized as gross receipts. If a progressive jackpot game is permanently removed from play, the rules allow transferring all the money over to a new jackpot and not recognizing it as gross receipts. This petition would allow them to pull a portion off of the current jackpot backup prize to fund a new jackpot prize and not require them to recognize it as gross receipts. Staff recommends filing the petition for further discussion. The petitioner is not present today. The rule summary does not have an effective date, but the petitioner contacted staff and requested an effective date of 31 days from filing.

Chair Rojecki called for public comment; there was none.

Commissioner Roe made a motion seconded by **Commissioner Amos** to accept for further discussion and possible filing the proposed amendment to WAC 230-15-695. *Vote taken; the motion passed with four aye votes.*

Chair Rojecki called for a break at 10:25 a.m. and reconvened the meeting at 10:40.

3. Qualification/Program Review – Rotary Club of Columbia Center, Kennewick

Special Agent Mark Richart, Eastern Region Field Operations, presented the Program Review of the Columbia Center Rotary Club. WAC 230-07-080 requires the organization to prepare a summary of their qualifications for the Commission’s review at a public meeting every three years. SA Richart reported the Rotary International is a service club organization with 1.2 million members and 33,000 clubs worldwide. The clubs are nonpolitical, nonreligious, and open to all races, cultures, and creeds. Their motto is “Service Above Self.” SA Richart explained the purpose of the Program Review is to verify the organization continues to qualify and operate as a bona-fide charitable or nonprofit organization as required in RCW 9.46.0209 and WAC 230-07-020. SA Richart briefly

reported on his onsite review of the records of the Columbia Center Rotary and their accomplishments. His review found the licensee has provided services and grants that support their stated purposes; they have complied with the requirements of their bylaws and articles of incorporation; they hold elections every year, and have weekly general membership meetings. SA Richart introduced Janelle Harvey, the President of Columbia Center Rotary.

Ms. Janelle Harvey, President of Columbia Center Rotary, reported the Rotary celebrated its 25th anniversary this year. She thanked the Commissioners and staff for their time, and all the members that came to support them. Ms. Harvey explained that the video she would like to show was prepared for Rotary members and for people in the community to demonstrate a little bit about what Rotary does (*played Rotary Club video*). Ms. Harvey asked if there were any questions; there were none. She explained that a copy of the video had been provided for the Commission's records. Ms. Harvey noted that because of their involvement with clubs in Mexico, those clubs are now in partner to do a project in Pasco with the Columbia Center Rotary Club – so it works both ways.

Chair Rojecki thanked Ms. Harvey for her work. **Commissioner Reichert** also thanked Ms. Harvey, adding her presentation was very nice.

Special Agent Richart introduced Special Agent Khanhasa from the Financial Investigations Unit, who will present the Qualification Review.

Special Agent Donna Khanhasa, Financial Investigations Unit, reported that, in accordance with WAC 230-07-145, charitable and nonprofit licensees must report their progress toward their stated purpose on an annual basis. SA Khanhasa reviewed the history and financial information of the organization, including its stated purpose; the number of members, employees, and volunteers; their contributions; and the services provided. Financial statements have to be prepared by an independent CPA and be in accordance with generally accepted accounting principles. SA Khanhasa determined how much the organization made from gambling and non-gambling activities and how much of that money was spent towards their programs. Because the Rotary Club is licensed to take in \$3 million and \$4 million gross gambling receipts, they have to spend at least 60 percent of their net gambling income on functional expenses. SA Khanhasa determined that Rotary Club of Columbia Center is in compliance with significant progress requirements and that the organization does not have excessive reserves. Staff recommends Rotary Club of Columbia Center be approved to continue to be certified to conduct gambling activities in the state of Washington as a nonprofit organization.

Commissioner Roe made a motion seconded by **Commissioner Reichert** that the **Columbia Center Rotary be approved to continue to operate as a nonprofit gambling operation.** *Vote taken; the motion passed with four aye votes.*

Commissioner Reichert congratulated the Columbia Center Rotary Club.

4. **Petition for Review – New Grove, Licensee, Revocation** *Taken out of order*)

Assistant Attorney General H. Bruce Marvin was present for the State. Mr. Nguyen, owner of the New Grove, did not attend. AAG Marvin reported that Mr. Nguyen contacted him this morning to say he would not be attending the hearing because he was in negotiations with the City in an attempt to work out the overdue taxes he owed and asked for a continuance. Because New Grove failed to bring its motion for a continuance in a timely manner and because it has not shown good cause for seeking a continuance, AAG Marvin asked the Commission to deny the request for the continuance and allow this case to go forward and be heard on the merits.

Chair Rojecki asked if there were any questions.

AAG Ackerman explained that, as a matter of procedure, the first thing would be to issue a call to see if Mr. Nguyen or anyone on his behalf was present. If no one is present on behalf of Mr. Nguyen, then AAG Ackerman this would actually be a default situation. Mr. Nguyen has not submitted a request for a continuance in writing, but communicated his request with Mr. Marvin, who reported the contact to the Commission. AAG Ackerman believed that, technically, there was not a motion for a continuance before the Commission. The question then becomes whether or not the Commission wishes to proceed to have this matter argued and issue a decision on the merits, or to consider a possible motion to decide it based on a default, or to recognize the default but then to also address the merits and issue a final order.

Chair Rojecki asked if Mr. Nguyen or a representative for the New Grove was present; nobody stepped forward.

AAG Ackerman indicated the next step would be to decide whether the Commission would like to have AAG Marvin proceed to his arguments on the merits. The Commission could take a short recess and make that decision in executive session. Or the Commission could have AAG Marvin make his arguments and then go into executive session to decide how they wished to resolve it; either as a default or as a decision on the merits.

Commissioner Roe suggested allowing Mr. Marvin to make his arguments and then go into executive session. **Chair Rojecki** agreed.

AAG Marvin provided his argument in the matter for review. *(A recording and a transcript of the hearing is available upon request)*

At the conclusion of AAG Marvin's argument, **Chair Rojecki** again asked if Mr. Nguyen or a representative for the New Grove was present; nobody stepped forward.

Chair Rojecki recessed the meeting at 11:35 a.m. to deliberate the petition in executive session. The public meeting was reconvened at 11:45 a.m.

Commissioner Roe made a motion seconded by **Commission Amos** to affirm the initial, corrected order for the New Grove. *Vote taken; the motion passed with four aye votes.*

12. Other Business / General Discussion / Comments From the Public

Chair Rojecki called for general discussion or public comment.

Director Day expressed his appreciation to Chair Rojecki for his outstanding service as Chair of the Commission for the past year. He enjoyed working directly with Chair Rojecki very much and appreciated his continuing as Vice-Chair.

Representative Gary Alexander commented that there is pending legislation in front of Congress to legalize internet gambling and asked what the impact would be on Washington State if that legislation passes. **AAG Ackerman** replied there are actually several bills pending, but thought the main bill was one offered by Representative Frank. It is the second or third such bill he has offered in the past few years. Its impact on Washington State would depend upon whether a current opt-out provision in the bill remains in the bill. As drafted, the bill would legalize many, if not most, forms of internet gambling. The bill does contain a provision that says states and Indian tribes can opt-out of the legalization for activities that occur within their jurisdiction. There were also other bills submitted that, essentially, propose to tax internet gambling, once legalized by the federal government. **AAG Ackerman** clarified that when he referred to tax, he meant a federal tax, not a state tax. To the extent that those bills address internet gambling, they would obviously preempt state law, except insofar as they preserve state authorities with the opt-out provision. As **AAG Ackerman** has looked at those bills, they raise a lot of questions that he does not have answers to in terms of what authorities would be preserved to the states or how these bills would work as a practical matter. For instance, if the state of Washington opted out of the legalization of internet gambling, what would be the state's authority if a state that had not opted out offered internet gambling and their internet gambling got into the state of Washington? It is well known that the internet is not a hose with a handle that can just be turned on and shut off. This bill, or predecessors to this bill, have been offered for several years and they have never gotten out of committee. In fact, this bill has been sitting in committee for about a year now, and Representative Frank is the chairman of the committee the bill is sitting in, and they have not been able to move it. If a bill were to move, there probably would be a lot of amendments and a lot of attempts to reconcile the interests of the proponents and the opponents. The opponents are interest groups with some significant influence: major professional sports leagues that are adamantly opposed to the bill, various groups that have moral objections are opposed to the bill; various groups that have child welfare type interests are opposed to the bill; and certain other commercial interests. There are very influential folks on the other side of the bill that are expending resources to try and

move the bill. Bills that are introduced often look very different if or when they finally become law, and AAG Ackerman thought that would be the situation with this bill.

Chair Rojecki asked if there were any other questions or comments; there were none. At 11:55 a.m. the meeting was moved into another room for the Government-to-Government relations work session, which was open to the public.

1. Government-to-Government Relations Work Session *(No minutes were taken)*

Attendees included Donald Isadore and Dawn Vyvyn from the Yakama Tribe; Commissioners Keven Rojecki, Mike Amos, Michael Reichert, and Rebecca Roe; Representatives Gary Alexander and Geoff Simpson; Senator Jerome Delvin; Director Rick Day; Deputy Director David Trujillo; Assistant Director Mark Harris; and AAG Jerry Ackerman.

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

At 12:45 p.m., **Chair Rojecki** called for an Executive Session to discuss pending investigations, tribal negotiations, and litigation. He called the meeting back to order at 1:50 p.m. and immediately adjourned. The next meeting will be held in July at the Senate Hearings Room in Olympia.

(All four Commissioners and Representative Alexander were present during the Executive Session)

Minutes prepared by:

Gail Grate
Executive Assistant