

# Commission Meeting Minutes

## APPROVED

### Location of Meeting:

Comfort Inn Conference Center  
1620 74<sup>th</sup> Avenue SW  
Tumwater, WA 98501  
(360) 352-0691

### Date and Time of Meeting

Thursday, August 14, 2014  
11:30 a.m.

### ✓ Indicates Commissioners and Ex Officio Members Present.

#### Commissioners

Mike Amos, Chair  
✓ Kelsey Gray, Ph.D.  
✓ Chris Stearns, Acting Chair  
✓ Julia Patterson  
✓ Bud Sizemore

#### Ex Officio Members

✓ Senator Steve Conway  
Senator Mike Hewitt  
Representative Christopher Hurst  
✓ Representative Bruce Chandler

#### Staff

✓ David Trujillo, Director  
✓ Mark Harris, Assistant Director – Field Operations  
✓ Tina Griffin, Assistant Director – Licensing Operations  
✓ Julie Lies, Assistant Director – Tribal & Technical Gambling  
✓ Amy Hunter, Administrator – Communications & Legal  
✓ Callie Castillo, Assistant Attorney General  
✓ Michelle Rancour, Executive Assistant

## - PUBLIC MEETING -

Please note agenda items may be taken out of sequence at the discretion of the Chair.

### Welcome

*Chris Stearns, Acting Commission Chair*

Acting Chairman Chris Stearns called the Gambling Commission meeting to order at 12:15 p.m. at the Tumwater Comfort Inn Conference Center and introduced the members present.

### Executive Session to Discuss Pending Investigations, Tribal Negotiations and Litigation

Acting Chair Stearns announced there would be an executive session working lunch. He excused the audience and asked everyone to meet back at 1:15 p.m. for the rest of the meeting.

**Acting Chair Stearns** called the meeting back to order at 1:30 p.m. and announced the next item on the agenda.

### **Open Public Meetings Act Training Video**

Required by RCW 42.30 (passed during the 2014 session)

This was a 20 minute video covering 15 areas. The Commissioners are required to have this training once every 4 years, based on a new law.

### **Director's Report**

*David Trujillo, Director*

a) Staff Recognition

**Keith Schuster** was recognized for 15 years of service to the Gambling Commission. Keith started with the Gambling Commission in 1998. Keith has a master's degree in Finance, is a CFE & CPA and also has a long and distinguished military career. Keith just accepted a position with the State Board of Accountancy.

b) Correspondence

**Director Trujillo** commented there were three letters from the Tribes; Lummi Nation, Swinomish Tribe, and the Cowlitz Indian Tribe.

c) News Articles

**Director Trujillo** pointed out a July 9, 2014, article: "Gambling Online, Gambling in Casinos: What's More Addictive?"

d) Monthly Update Reports

**Director Trujillo** drew attention to the Administrative Case Update included in the Commission packet.

e) Strategic Topics Discussion Progress:

There were several follow up items, including:

1. Customer Satisfaction Survey

**Commissioner Gray** said that she liked that the survey includes which region the person is from. She said she had a few other small comments, which she would e-mail to staff. Director Trujillo said one of the things staff noticed in preparing these materials was that the survey was difficult to find on our website; it has since been moved. Acting Chair Stearns asked for a show of hands from the audience of anyone who has completed the on-line survey. One person raised their hand.

**Commissioner Patterson** said she hopes we get a response from this survey. She said people may be heavily surveyed. She is interested in the results from the survey.

2. Report back from June NAGRA meeting, which AD Griffin, SAC Herrington & S/A Dibble attended.

**AD Griffin** spoke briefly about the Internet Gambling Task Force section she attended. She said that other states look very much to WA for our expertise.

There was also discussion about electronic raffles at sporting events (these are not being done in Washington right now).

3. Training WSGC provides

**Commissioner Gray** commented that this was an impressive amount of training. She asked whether the agency was paid for this training. The response from staff was that we recover some of it through cost recovery. We don't get paid for most of the training.

4. Educational tours – proposed schedule for remainder of 2014. Staff plans to begin these tours as part of the September Commission meeting.

f) Request for Attorney General Opinion (AGO)

This is a follow up from the July meeting on the Lowmon petition, requesting an informal Attorney General Opinion.

One of the Commissioners asked how long it would likely take to get a response. AAG Castillo said their office's informal guideline is about three months; however, it depends on the complexity of the issue and workload of the person writing the opinion

5. **Approval of Preliminary Budget for 2015-17 Biennium (PowerPoint Presentation)**

*Judy Pittelkau, Administrator*

Approved with three decision packages requesting money for the general fund -- \$27.3 million and 127 FTE's.

**Commissioner Patterson** asked what the numbers would be if the decision packages are not approved and included as part of the statewide budget. Without the decision packages, the budget would be reduced by about \$3million and 14.5 FTE's for the biennium.

The decision packages are for:

1. Funding 11 Law Enforcement Positions
2. Increased Health Care Costs (the increase is the equivalent of 3.5 FTE's)
3. Market Study

**Commissioner Patterson** said she was interested in what our ex officios think and whether they think there will be support.

**Representative Chandler** said they will eagerly await the Governor's budget.

**Senator Conway** said the Gambling Commission is a critical agency in the state for ensuring legal gambling and needs to be supported. This issue needs to be addressed and hope the stakeholders will step up.

**Commissioner Gray** moved to accept the Preliminary Budget for 2015-17 Biennium and the decision packages.

**Commissioner Sizemore** seconded the motion.

Budget approved along with the approval to submit three (3) decision packages.

**Motion approved.** 4:0

6. **Criminal History Investigations**

*Jennifer LaMont, Program Manager*

This presentation explained the Gambling Commission's role with background investigations. **Jennifer LaMont, Program Manager**, included several examples of many cases the Criminal History Investigations division has worked on.

**Senator Conway** asked how staff coordinates with the Tribes.

**Ms. Lamont** responded staff tries not to duplicate the Tribes work. Some Tribes run fingerprints through the National Indian Gaming Commission (NIGC); staff does accept those results. If staff does not think someone is qualified, staff will talk to the Tribe regarding the decision.

**7. Approval of Minutes – April 10, 2014 Commission Meeting**

**Commissioner Gray** moved to approve the minutes.

**Commissioner Patterson** seconded.

**Approved** 3:0 with Commissioner Sizemore abstaining, as he was not at the meeting.

**8. Approval of Minutes – May 8 – 9, 2014 Commission Meeting**

**Commissioner Sizemore** moved to approve the minutes.

**Commissioner Patterson** seconded

**Approved** 4:0

**- ADMINISTRATIVE PROCEDURE ACT PROCEEDINGS -**

**9. New Licenses and Class III Employees**

*Tina Griffin, Assistant Director*

Tina Griffin, Assistant Director, reported that staff recommends approval on pages 1 thru 12. There were no changes to the House-Banked Card Room report, there were still 50 card rooms operating.

**Commissioner Gray** moved to approve

**Commissioner Sizemore** seconded

**Approved** 4:0

**Rules Up For Final Action**

**10. Petition from the Public: Omega Gaming, licensed distributor** *Mark Harris, Assistant Director*

**Nonhouse-Banked Card Games**

**WAC 230-15-030 Authorized nonhouse-banked card games.**

This Petition for Rule Change from Omega Gaming USA, a licensed distributor, requests an amendment to allow nonhouse-banked card games to be approved by the director or the director's designee.

**Commissioner Patterson** moved to adopt the proposed new rule WAC 230-15-030 with an effective date 31 days from filing.

**Commissioner Sizemore** seconded the motion.

**Motion Approved**, effective 31 days from filing. 4:0

**11. Petition from the Public: Rocky Mt. Elk Foundation, raffle licensee** *Mark Harris, Assistant Director*

**Members-Only Raffles**

**WAC 230-06-030 Restrictions and conditions for gambling promotions.**

**WAC 230-11-070 Defining "members-only" raffles.**

**New Rule: WAC 230-11-091 Members-only progressive raffles.**

Gambling Commission Meeting

August 14, 2014

APPROVED Minutes

Page 4 of 7

This Petition for Rule Change from the Rocky Mountain Elk Foundation, a raffle licensee, requests that progressive raffles be allowed as part of members-only raffles.

The petitioner, Wayne Marion, addressed the Commission and thanked them for their support.

**Commissioner Sizemore** said he would like to hear back from staff after a couple of these have occurred to see if there have been any consumer protection type issues.

**Commissioner Gray** made a motion to approve the proposed amendments to WAC 230-06-030, and WAC 230-11-070, and the new section WAC 230-11-091, becoming effective 31 days after filing.

**Commissioner Patterson** seconded the motion.

**Motion approved** effective 31 days from filing. 4:0

### *Rules Up For Discussion*

#### **12. Staff Proposed Rule Change**

*Tina Griffin, Assistant Director*

##### **Licensing and I.D. Stamp Fee Increase**

The Commissioners filed these two alternatives for discussion at their July meeting.

##### **Fee Increase**

**Alternative #1:** 6% fee increase effective November 1, 2014.

**Alternative #2:** 4% fee increase effective November 1, 2014, and a 2% increase effective November 1, 2015.

**Commissioner Gray** commented that she felt if the Commission approved the fee increase, then option number one would be the better choice because of costs associated with a second increase.

**Commissioner Patterson** said she agreed. There was some discussion about whether they should remove Alternative number two from further discussion. Director Trujillo explained they can have it on their agenda next month, but just not further consider it.

**Victor Mena**, Recreational Gaming Association, and Chief Operating Officer of Washington Gold Coast, commented that the industry recognizes that the fee increase was inevitable, and was not in favor of it with reductions in House-banked Card Rooms and Pull-tabs operators. He also recognizes there are some issues that still need to be addressed from public safety perspective.

**Monty Harmon**, President of Evergreen Gaming, publicly traded company based out of Canada with four House-banked Card Room's in Washington. Mr. Harmon said he hoped to bring forward some rule changes in the next few months to better help operate in this market.

The Commissioners' would consider alternatives one and two at the next Commission meeting in September.

*Rules Up For Discussion and Possible Filing*

**13. Petition from the Public: Squaxin Island legal department Amy Hunter, Administrator  
Appointing a Resident Agent**

**WAC 230-03-052 Resident agent to be appointed by out-of-state applicants and licensees.**

This Petition for Rule Change from Nathan Schreiner, representing the Little Creek Casino, requests changes to requirements for resident agents.

The petitioner had been present, but needed to leave.

There were no comments from the public.

**Commissioner Gray** made a motion to file for further discussion the proposed rule changes to WAC 230-03-052 and WAC 230-03-050.

**Commissioner Sizemore** seconded the motion.

**Motion approved** to file for further discussion. 4:0

**14. Staff Proposed Rule Change:** Tina Griffin, Assistant Director

**Financial Statement for House-Banked Card Rooms**

**WAC 230-15-740 Preparing required financial statements.**

This staff proposal would increasing the dollar limit, from \$3 million to \$6 million, in determining the level of service required by a certified public accountant preparing financial statements for house-banked card rooms.

**AD Griffin** explained the staff proposed rule change and that staff had worked very closely with RGA and the house-banked card room licensees over the past eight to ten months in preparing the proposal. Staff has a statement in support from the RGA and from thirteen house-banked card rooms'. Staff recommends filing the rule for further discussion.

**Victor Mena**, President of Recreational Gaming Association, spoke in support of the rule. Mr. Mena said the rule modification would benefit the smaller operators.

**Commissioner Patterson** moved to file for further discussion.

**Commissioner Gray** seconded the motion.

**Motion approved** to file for further discussion. 4:0.

*Senator Conway left the meeting at 3:40 p.m.*

**15. Staff Proposed Rule Change:** Mark Harris, Assistant Director

**House-Banked and Class F Card Room Surveillance**

**WAC 230-15-295 Digital video recording equipment requirements.**

This staff proposal will update digital video recording requirements for house-banked and Class F card rooms.

**Commissioner Sizemore** moved to file for further discussion.

**Commissioner Patterson** seconded the motion.

**Motion approved** to file for further discussion. 4:0.

**16. Staff Proposed Rule Change:** Mark Harris, Assistant Director

**Raffle Records**

**WAC 230-11-105 Retain and store raffle records**

Gambling Commission Meeting

August 14, 2014

APPROVED Minutes

Page 6 of 7

**WAC 230-06-045 Conducting gambling activities on licensed business premises only.**

This staff proposal would bring these rules in line with current practice.

**Commissioner Gray** moved to file for further discussion.

**Commissioner Patterson** seconded the motion.

**Motion approved** to file for further discussion. 4:0.

**- PUBLIC MEETING -**

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

No comments.

**Adjourn**