

# Commission Meeting Minutes

## APPROVED

### Location of Meeting:

Davenport Hotel  
10 South Post Street  
Spokane, WA 99001  
(509) 455-8888

### Date and Time of Meeting

Thursday, October 9, 2014  
10:00 a.m.

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

### Commissioners

- ✓ Chris Stearns, Chair  
Kelsey Gray, Ph.D. (call in)
- ✓ Julia Patterson
- ✓ Bud Sizemore
- ✓ Ed Troyer

### 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 -

### 1. Welcome (10:00 a.m.)

Acting Commission Chair Chris Stearns welcomed new Commissioner Ed Troyer to his first meeting. Governor Inslee recently appointed Detective Troyer to the Commission. Commissioner Troyer has been with the Pierce County Sheriff's Department for over 30 years and is their Media Relations and Public Information Officer. He is also the Executive Director of Pierce County Crime Stoppers and Board Chair of TAPCO Credit Union. Welcome Commissioner Troyer.

### 2. Problem Gambling Presentation: Current Issues and Future Impacts with Problem Gambling: *Maureen Greeley, Executive Director, Evergreen Council on Problem Gambling*

This was a follow up to a presentation Ms. Greeley made to the Commission earlier in the year. Getting more information about problem gambling was one of the topics at the Commissioners' Strategic Issues Discussions last year. Most of the problem gambling issues currently surfacing are very similar to the gambling issues we encounter (ex:

social gaming, internet gambling, etc). Washington per capita spending on problem gambling is much lower than the per capita spending in many other states. The state program served about 1100 people last year. Unfortunately, due to reductions in funding, the Evergreen Council had to stop paying for in-patient residential treatment for clients. (The only in-patient residential treatment centers are out-of-state, but the Evergreen Council had paid for patients to go to these).

The last prevalence studies done in WA were in 1998 and 1999. For the adult population, about two to four percent of the population are problem gamblers; for youth, it's about 8-9%. These percentages have been the same for more recent studies done in other states & countries.

Commissioner Patterson said she is very interested in how Washington compares to other states and how we can improve. She wondered if there were any regulations that the Commission could change that might help. The Commissioners had several questions. There will likely be a future Round Table Discussion about problem gambling, as there was a lot of interest in the topic.

3. **Money Laundering Staff Presentation (PowerPoint):** *Presented by Gary Drumheller, Agent-in-Charge, and Eric Gural, Special Agent*

Educating themselves on various gambling topics, such as money laundering, was also one of the topics at the Commissioners' Strategic Issues Discussions last year. Special Agent Gural and Agent-in-Charge Drumheller did an excellent job of covering the basics of money laundering and specific examples of investigations our agency had been involved with. The following representatives from agencies we have worked with spoke in strong support of the importance of our work and collaboration with them.

1. John Grasso, Deputy Prosecutor, Spokane County stated WSGC is one of the finest organizations he's worked with. The cases don't go to trial; they settle because they are so well done. Agents are becoming experts on the eastern side of the state regarding money laundering. He gives Special Agent Gural's contact numbers to other law enforcement agencies, so they may benefit from his expertise.
2. Lee Bennett, Chief, Airway Heights PD, stated they have roughly 8,000 residents, and a fairly small police department of fourteen. He is stretched pretty thin, but is able to call on the Gambling Commission agents when he needs expertise in gambling and money laundering. Chief Bennett commends Gary Drumheller and the others in his department.
3. Frank Harrill, Regional Agent in Charge, FBI - The agency and is on the cutting edge of computer forensics. He said, "The criminal element and gambling will always intersect."
4. Rodney Schurger, Sgt., Kalispel Tribal Police - Had a huge prostitution case, involved over 22,000 pages of documents, couldn't have done it without WSGC.
5. Kelly Justice, Detective, Airway Heights PD said that he applauded the Gambling Commission on all the good work they do.
6. In addition, the Commissioners have been taking several tours of licensed organizations & tribal casinos as part of their goal of educating themselves on gambling. While in Spokane, individual Commissioners toured Aces Casino, Black

Pearl, and the Spokane Youth Sports Assoc. (bingo operation). Commissioners spoke about what they had learned during these tours. In addition, Commissioner Stearns and Commissioner Sizemore attended G2E in Las Vegas earlier in the month. They will be reporting on the conference at the November Commission meeting.

**4. Director's Report:** *David Trujillo advised the Commission of the following informational items.*

- a) Correspondence
- b) News Articles
- c) Follow-up on Assignments from October 2013 and January 2014 Strategic Topics Discussion
- d) Monthly Update Reports
- e) House-Banked Card Room Summary of Activity

**5. Approval of Minutes – July 11, 2014 Commission Meeting**

Commissioner Sizemore made a motion to approve the July minutes.  
Commissioner Troyer seconded.  
Motion approved 4:0.

**6. Approval of Minutes – August 14, 2014 Commission Meeting**

Commissioner Patterson made a motion to approve the August minutes.  
Commissioner Sizemore seconded.  
Motion approved 4:0.

- ADMINISTRATIVE PROCEDURE ACT PROCEEDINGS -

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

Assistant Director Tina Griffin explained there were currently 50 house-bank card rooms operating and requested the approval of licensees listed on pages one through fourteen.

Commissioner Patterson made the motion to approve.  
Commissioner Troyer seconded.  
Motion approved 4:0

**8. Default:** *Presented by Administrator Amy Hunter*  
Elisha Zaugg, Class III Employee, Revocation

On March 20, 2014, information was filed in Grays Harbor County Superior Court charging Elisha Zaugg with Rape, 1<sup>st</sup> Degree.  
Commissioner Sizemore made the motion to revoke Ms. Zaugg's certification.  
Commissioner Troyer seconded.  
Motion Approved 4:0

## Rules Up For Final Action

**9. Petition from the Public: Squaxin Island legal department.** *Presented by Administrator Amy Hunter*

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

A Petition for Rule Change was submitted by Nathan Schreiner, representing the Little Creek Casino. The proposed change would update requirements for out-of-state licensees who do not have a business office or licensed premise in the state by allowing them to use registered agent services with locations in the state.

Commissioner Patterson moved to approve the rule change.

Commissioner Troyer seconded.

Motion approved 4:0

Effective January 1, 2015

**10. Staff Proposed Rule Change:** *Presented by Assistant Director Tina Griffin*

WAC 230-15-740 Preparing required financial statements.

The proposed change would allow house-banked card room licensees with gross receipts less than \$6 million for the business year to submit a financial statement that is reviewed, rather than audited, which is less expensive. This will save card rooms money, while still ensuring we have the information we need. This will reduce costs for about 20 card rooms reporting at the end of this year.

Commissioner Patterson moved to approve the rule change.

Commissioner Troyer seconded.

Motion approved 4:0 with some small language changes.

Effective January 1, 2015

**11. Staff Proposed Rule Change:** *Presented by Assistant Director Mark Harris*

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

The proposed changes would establish safeguards for House-Banked and Class F Card Room Surveillance video recordings and ensure equipment has sufficient resolution to pursue investigations. These changes will help protect card rooms against cheating and theft.

Commissioner Troyer moved to approve the rule change.

Commissioner Patterson seconded.

Motion approved 4:0

Effective January 1, 2015

**12. Staff Proposed Rule Change: *Presented by Assistant Director Mark Harris***

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

WAC 230-11-105 Retain and store raffle records

These changes bring rules in-line with current practice.

WAC 230-06-045 The proposed change would allow all aspects of a raffle to be conducted off the licensed premises.

WAC 230-11-105 The proposed change would clarify the records custodian is responsible for retaining all raffle records in Washington State after the raffle has been completed. The name, address, and phone number of the records custodian would need to be reported to us.

Commissioner Patterson moved to adopt the rule change.

Commissioner Troyer seconded.

Motion approved 4:0

Effective January 1, 2015.

- PUBLIC MEETING -

**13. Nomination and Election of Chair & Vice-Chair – Effective October 9, 2014, to June 30, 2015**

Commissioner Stearns was unanimously elected as Chair and Commissioner Sizemore was unanimously elected as Vice-Chair. See the following link to a press release about the election.

<http://www.wsgc.wa.gov/publications/press-releases/comm-stearns-and-sizemore-101514.pdf>

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

Maureen Greeley announced that the Evergreen Council on Problem Gambling will be hosting their Four Directions conference from November 3 – 6, 2014, and extended an invitation to all who would like to attend.

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

**Chair Stearns** announced that the Executive Session was expected to last approximately one hour and at the end of the executive session the public meeting would be resumed solely for the purposes of adjourning. At 1:12 p.m. the Commission went into an Executive Session to discuss pending investigations, tribal negotiations, and litigation. At approximately 2:15 p.m. Chair Stearns adjourned the Executive Session.

**Adjourn**

**Chair Stearns** adjourned the public meeting at 2:15p.m.