

# Commission Meeting Minutes

## APPROVED

### Location of Meeting:

DoubleTree by Hilton  
2300 Evergreen Park Drive  
Olympia, WA 98502  
(360) 943-4000

### Date and Time of Meeting

Thursday, March 12, 2015  
1:00 p.m.

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

### Commissioners

- ✓ Chris Stearns, Chair
- ✓ Bud Sizemore, Vice-Chair  
Kelsey Gray, PhD.
- ✓ Julia Patterson
- ✓ 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 -

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

### Welcome

*Chris Stearns, Commission Chair*

**Vice-Chair Sizemore** called me meeting to order at 1:10pm at the DoubleTree Hotel in Olympia and introduced the members present. **Chair Stearns** arrived shortly thereafter.

**Chair Stearns** gave an update from an iGaming Legislative Symposium he recently attended.

### Director's Written Report

*David Trujillo, Director*

No report this month.

### Results WA / Lean Presentation presented by *Hollie Jensen, Enterprise Lean Consultant*

*Julie Sullivan, Special Agent and Susan Newer, Public Information Officer & Rules Coordinator*

Public Information Officer Susan Newer introduced Hollie Jensen from Results Washington of the Governor's Office.

Ms. Hollie Jensen gave a PowerPoint presentation (available on our website) and spoke about the Lean program:

- Fosters the spirit of continuous improvement.
- Looks at entire systems from the ground up to see what's working and what's not so we can deliver better value to more citizens.
- Reduces waste and engages the people closest to the work – line staff – in improving their work processes scientifically.

Ms. Jensen said the Lean program has partners in Alaska Airlines, Boeing, Group Health, Starbucks and other high profile businesses.

Ms. Jensen showed a video about a food bank that went through the Lean process. Results:

- Increased the number of boxed meals it could pack in a truck from 864 to 1,260
- Box packing time was reduced from 3 minutes to 11 seconds
- Box distribution time was cut in half

Enclosed is a link to the video. We encourage you to take 6 minutes & watch this video. It is very inspiring, and we think you'll immediately start thinking about how small changes you could make would have big results. [Click here for the "Meals Per Hour" video](#)

Special Agent Julie Sullivan talked about the Licensing Operation Division's Lean project that was spotlighted in the Governor's 12/14 report to the legislature.

This project:

- Reduced the number of pages on the commercial license renewal application and made the application available to submit and pay on line through My Account.
- Consolidated 2 documents totaling 7 pages into 1 double-sided page.

The Governor's Office has a cost savings formula; using that formula, LOD's project:

- Saved the Public 722 hours annually
- Saved the Agency over \$70,000 annually
- One time cost implementation \$7,000

SA Sullivan also talked about 9 other lean projects the agency completed, with a saving of \$3,600 in fixed costs, like postage and paper, and reducing 1,260 hours of staff time.

Ms. Newer wrapped up by going over some cost saving ideas the agency has implemented. Last year, at the April and May Commission meetings, Director Trujillo asked for Cost Saving Ideas from Commissioners and stakeholders. He also asked staff for their cost savings ideas. All ideas were carefully reviewed by the Leadership Team and about 40 have been implemented. Ms. Newer shared five of those implemented cost saving ideas.

1. Paper "Focus on Gambling Newsletter" goes Electronic (FOG):

Since the '80s, our FOG newsletter has been printed and mailed to licensees. This newsletter is an important tool in staff's communications program to keep licensees updated. When technology allowed staff began posting the newsletter on our website and e-mailing it to licensees (which was 1999). As electronic communication grew, more licensees were getting the newsletter by e-mail. In fact, distribution has almost doubled. 3,500 mailed to 5,300 emailed newsletters. This is because staff are now reaching licensees previously unable to reach. As part of the Commission's commitment to shift to a digital working environment, staff no longer print / mail the newsletter (beginning 9/14). This saves \$14,000 printing and mailing costs each year. It also eliminates staff time locating forwarding addresses for newsletters returned in the US mail. And publishing online allows full color newsletters at no extra cost.

2. Card Room Connection Newsletter (CRC) Discontinued

- In 1997 the legislature approved house-banked card rooms (HBCR)
- In 1999 to meet the needs of the emerging HBCR industry, we began publishing the CRC
- Articles in this newsletter targeted card rooms & their employees
- Last year we checked in with the card room industry to see if the newsletter was still useful to them. The feedback staff received was the newsletter had served its purpose and run its course and the industry could get the same information in the FOG newsletter.
- Based on this feedback, the CRC was discontinued (6/14)
- Saves \$6,000 in printing & mailing costs, plus staff production time

3. Moving license renewals and activity reporting online

- This is a rules package that was adopted by the Commissioners last Friday.
- Saves 1,100 staff hours.
- Saves paper and moves us toward a digital working environment.
- Dept. of Revenue has similar requirements for their customers.

4. Tacoma Field Office (TFO): Our TFO has been staffed and representing our presence in Tacoma for over 25 years. With fewer staff, we are relocating staff from the TFO to our Renton Field Office, Lacey Headquarters, or a remote office. This will save \$85,000 each year in leasing costs.

5. Video Conferencing (VC):

The agency has several teams which include staff from across the state. Having cross divisional representation at meetings allows for collective feedback on decisions that affect staff agency wide and keeps communication channels open. Staff has been using VC to reduce travel costs. Ms. Newer talked about one Rules Team meeting last fall with a light agenda, instead of three members commuting to Lacey. They video conferenced in from Kennewick, Everett and Tacoma. This reduced travel time to zero, kept two cars off the road and eliminated a plane ticket.

As the Commission looks into the future, staff will be adding more digital services to better meet our customer needs; continue consolidating applications and forms; and adding processes and services on My Account.

For more info:

- [Click here for the Cost Savings / Lean press release.](#)
- [\(Click here for WSGC Lean PowerPoint Presentation\)](#)

**Chair Stearns** called for break at 2:20p.m.

**Chair Stearns** called the meeting back to order at 2:35p.m.

**License Fees in Today's Environment Part III** *presented by Tina Griffin, Assistant Director*

**Assistant Director Tina Griffin** went over a 30 page PowerPoint, continuing the discussion from previous meetings to answer the question "If we were to create a new fee structure today, what would it be?"

In response to questions answered last month, Assistant Director Mark Harris covered how pull-tabs are operated in Mississippi, Virginia and North Dakota.

**AD Griffin** presented 2 options, which have come up so far:

1. Making changes to the existing fee structure, which would include having the fees for commercial and nonprofit organizations be the same, changing the number of classes, and eliminating a few licenses.
2. Having fees be based on gross gambling receipts (GGR)  
There would be a small renewal fee. After that, fees would be due quarterly based on the licensee's prior quarter's performance.

**Commissioner Stearns** commented the presentation was excellent. Vice-Chair Sizemore said the team has done excellent work. He said he has struggled since he was first appointed to understand our fee schedule. He said, "I can't imagine if we started the agency today that we would do it in this way." We've now defined the problem. He felt the Commissioners needed to give staff direction on what to do next.

**Commissioner Patterson** said she would like to see a fee schedule that meets these principles:

- much easier to understand
- recovers the true cost for the work that's being done
- doesn't add extra burdens to small businesses

**Public Comment:**

**Dolores Chiechi**, Executive Director, Recreational Gaming Association, commented she really appreciated being part of the dialogue. It might be helpful to look at the work that a small group had done several years ago on fees. She suggested maybe one person from each segment of the industry could participate in these discussions. She said that those with higher gross receipts may be businesses that know what they are doing, so they may not actually cost the agency as much as some other businesses.

**Commissioner Troyer** said he would like to see some numbers attached with the two different proposals.

**Chair Stearns** said that in many areas charities are treated differently because of the public good and services they provide. Initially he thought having separate fees might continue to make sense. However, now that he sees that the fee amounts are so similar, he thinks it would be better if they paid the same amount. Both Commissioner Sizemore and Commissioner Patterson said they were not interested in differentiating between the two types of organizations.

**Dianne Sperry**, WOW Distributing, commented she likes the idea of having people who participate in the industry participate in the discussions. They will look at things from such a completely different perspective. She had some questions about where the fees go, what are the fees supposed to be doing, etc.

**Director Trujillo** pointed out that the industry representatives really are the industry experts, we are the regulatory experts.

**Vice-Chair Sizemore** thought that some people would dislike change simply because it's change. He said they have defined the problem and now it's time to work on the solution.

**Commissioner Patterson** said some people won't like this, but there will be some that will.

**Jay Gerow**, President, ZDI, asked whether this would be off the gross or net. For a lot of people that will make a huge difference. He pointed out that the taxes on pull-tabs when they are on gross can really hurt a business.

**Vice-Chair Sizemore** replied because the Commission is looking at all of the activities together, he thought that it would be simplified. He said that he understood his concern and that staff was hearing it as well.

**Victor Mena**, WA Gold Casinos, said this has been a great discussion and it's a discussion that other agencies should have also. Thirty to forty years ago, pull-tabs were the driving force. He pointed out that with card rooms; they also have card room employees. He said there's one element that a business doesn't have control over, which is legislative. He said that 20 percent is a high tax rate, which supply and demand are off. You have to look at what other factors will push it back. He talked about minimum wage.

**Director Trujillo** asked if the industry has looked at legislation. **Mr. Mena** responded that when they've brought this issue to legislators, they've been referred back to the local governments to work on changing the tax rates there instead [The RCW sets the maximum rates, but local governments can choose which specific rate they use, as long as they don't exceed the maximum rates].

At the May meeting, staff will bring the proposals back with numbers included.

**Legislative Update** *presented by Arlene Dennistoun, Staff Attorney*

b) New Bills Since February Commission Meeting (Commissioners may take a position on these bills.)

- SHB 2001 – Amusement Games (this bill did not make it out of House by the cut-off date, so it's dead for this session).

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- Fiscal Note for SHB 2001
- Other Bills that are still alive

**Staff Attorney Arlene Dennistoun** gave an informative update. The Commissioners discussed SB 6019, a bill related to hearings; this bill would apply to all agencies. The effect of this bill would be that licensees would not be able to appeal decisions from the Administrative Law Judges's to the Commissioners; instead they would have to appeal to Superior Court instead.

## - ADMINISTRATIVE PROCEDURE ACT PROCEEDINGS -

### New Licenses and Class III Employees presented by Tina Griffin, Assistant Director

**Assistant Director Tina Griffin** explained there were currently 49 licensed house-banked card rooms operating. Ms. Griffin requested the approval of licensees listed on pages one through nineteen.

**Commissioner Sizemore** made the motion to approve.

**Commissioner Troyer** seconded.

**Motion Approved 4:0**

### Default

*Amy Hunter, Deputy Director*

c) Lorraine Albertson, Non-Profit Gambling Manager, Revocation

**Deputy Director Amy Hunter** explained between December 1, 2013 and July 18, 2014, while acting as the FOE's gambling manager and bookkeeper, Lorraine Albertson withheld between \$20,000 and \$55,396 from pull-tab and bar deposits. She also wrote a \$5,000 check from the FOE gambling account. On September 17, 2014, Ms. Albertson confessed taking at least \$20,000 and admitted writing the \$5,000 check to cover for her gambling habit. On November 14, 2014, King County Superior Court filed an Information charging Ms. Albertson with Theft in the First Degree.

**Chair Stearns** asked if there were any questions, or if Ms. Albertson was in the audience. No one stepped forward. **Commissioner Sizemore** moved to revoke Ms. Lorraine Albertson's Non-Profit Gambling Manager license. **Commissioner Patterson** seconded the motion.

**Motion Approved. 4:0**

## - PUBLIC MEETING -

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

There were none.

### Executive Session

There was no executive session.

### Adjourn

**Chair Stearns** adjourned the meeting at 4:15 p.m.

# Commission Meeting Minutes

## APPROVED

### Location of Meeting:

DoubleTree by Hilton  
415 Capitol Way North  
Olympia, WA 98502  
(360) 570-0555

### Date and Time of Meeting

Friday, March 13, 2015  
9:30 a.m.

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

### Commissioners

- ✓ Chris Stearns, Chair
- ✓ Bud Sizemore, Vice-Chair  
Kelsey Gray, PhD.
- ✓ Julia Patterson
- ✓ 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 -

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

### Welcome

**Chair Stearns** called me meeting to order at 9:45a.m. at the DoubleTree Hotel in Olympia and introduced the members present. He then invited Maureen Greeley, Executive Director of the Evergreen Council on Problem Gambling to begin her presentation.

**Problem Gambling Presentation - An Introduction to Issues and a Consideration of the Continuum:** What is Problem Gambling and Why is it a Problem? *Presented by Maureen Greeley, Executive Director, Evergreen Council, and President of the National Council on Problem Gambling*

**Maureen Greeley** thanked the Commissioners and staff, and said she was keeping her presentation short to allow ample time for Ann H., a recovering gambling addict, to share

her story. It's a rare opportunity to hear from someone in the recovery community (Ann's story is below).

**Ms. Greeley** said March is problem gambling awareness month and there has been a lot of interest in social media and other forums from people wanting to learn more. Ms. Greeley shared a PowerPoint about problem gambling and why it's a problem ([Click here for Ms. Greeley's presentation](#)).

### **Treatment Funding:**

**Ms. Greeley** said Ann's story is just one of many she hears through her work at Evergreen, a nonprofit that helps problem gamblers. Washington State spent almost \$1.05 million last year on problem gambling education, awareness and training, which is far below the national per capita average. \$724,000 came from taxes paid by commercial and nonprofit gambling establishments and \$325,000 from Tribal nations. Maureen said the Tribes also fund their own problem gambling programs.

### **2014 Washington State Stats at a Glance:**

- 33 state certified problem gambling counselors.
- 528 clients received problem gambling treatment services.
- 8 out of 10 individuals assessed for a gambling disorder were admitted into treatment.
- No inpatient treatment programs.
- 20 Washington state residents attended inpatient treatment programs out-of-state, paid for with Washington State funds.
- Evergreen contracts with 3 inpatient facilities in Oregon, Minnesota, and Louisiana.

### **Partners in Caring and Helping:**

**Ms. Greeley** said Evergreen has an *“unprecedented partnership with the industry.”* She thanked the Gambling Commission, Washington's Lottery, The Recreational Gaming Association and Tribal nations for their support. Maureen said this partnership, with help from businesses and health care organizations, is raising awareness about problem gambling. She also talked about the Therapeutic Justice program in Pierce County's Drug Court and how it's helping problem gamblers.

**Ms. Greeley** said *“For years, the strong partnership between Evergreen and the Gambling Commission has allowed us to expand outreach, awareness, and prevention programs in Washington State through Public Service Announcements and community outreach.”*

**Ms. Greeley** invited the Commissioners to a one-day Regional Gambling Summit - **Focus on the Future conference in Seattle, April 29, 2015.**

### **Ann's Story:**

**Ann H.** talked for an hour about her seven year struggle with gambling addiction. Ann's story was compelling and, at times, brought tears to her eyes.

**Commissioner Patterson** commented *“You have an incredibly powerful story. I admire you so much for talking to strangers. Thank you for being vulnerable”* Ann said *“If I can help one person by coming here today, it was worth it.”*

Ann was living the American dream. She grew up in a great home; college educated, she was climbing the ladder of success in her profession. She had a husband, two daughters and a house with the white picket fence (literally).

Life changed after Ann took her family to Las Vegas for a work conference. It was here Ann discovered gambling. Ann said, *“Gambling was my escape, I thought I found the answer to stress.”* Returning home, Ann only gambled on Saturdays. It wasn't long until she was gambling every day after work, calling daycare to say she was working late, when really, she was gambling. Soon she was leaving work early, which progressed to taking 3 or 4 days off work each week and sneaking out of the house at night to gamble. As a tear slipped down her cheek, Ann confessed that once when her husband was at work she *“snuck out of the house and left the kids home alone.”*

The checking and savings accounts were emptied, the credit cards maxed, the daughters' education funds gone, at one point Ann was juggling 13 payday loans at one time. The money was gone, there was nothing left. Ann convinced her husband she was done gambling. They remortgaged the house and paid off all the bills. Soon, all that money was gone and the credit cards were maxed, again. They were in danger of losing the house.

*“The gambling escape was costing me my life”* Amy said. I became someone that wasn't me, *“I was lying, cheating and stealing.”*

### **The Turning Point:**

Ann's husband told her to *“Get out until you fix this.”* He'd said these same words many times before, but this time, Ann said, *“his voice was different and I finally asked for help.”*

The Evergreen Council on Problem Gambling arranged inpatient treatment for Ann at Vanguard Treatment Center in Minnesota. *“Vanguard saved my life”* said Ann. It was only after working with counselors at Vanguard that I finally admitted to myself, that *“my life was unmanageable.”*

Ann said her family had no money, she had spent it all. *“Without the state paying for my treatment, I never would have been able to get help.”* When I was away in Minnesota *“my family went to the food bank.”*

At Vanguard, Ann got the help she needed for her addiction. The house is gone, but they have repaid 80% of their debt and their daughters are going to college on loans. Ann said, *“I lost everything tangible, but I have my family and got my life back.”*

Staff will be distributing a press release in the next day or two about this presentation and to get the word out about March being problem gambling awareness month.

- ADMINISTRATIVE PROCEDURE ACT PROCEEDINGS -

**Rules Up For Final Action**

1. **Refunds and non-sufficient funds payments** *presented by Assistant Director Tina Griffin*  
**Processing Fee for Refunds and NSF Payments**

WAC 230-05-001 Prorating or refunding of fees.

WAC 230-05-010 Returned checks.

WAC 230-06-140 Partial refund of license fees if gambling receipts limit not met.

**Refunds:** The proposed change would allow us to retain our processing costs for issuing refunds for overpayments; Duplicate payments; and Prior year refunds.

**Nonsufficient Fund Recovery:** The proposed change would allow us to recoup our actual processing costs for all nonsufficient fund (NSF) payments, including electronic and credit card payments. The number of NSF payments is increasing because licensees are not entering their account and/or routing number correctly when paying online.

Our online payment webpage includes a note about the importance of correctly inputting banking information and we also ask banking information to be entered twice to catch any inputting errors.

**Vice-Chair Sizemore** moved to adopt the rule change. **Commissioner Troyer** seconded.

**Motion approved 4:0**

**Effective date 31 days from filing the adopted rule (The effective date is April 13, 2015).**

2. **Online processes for licensees** *presented by Assistant Director Tina Griffin*  
**Renewing Licenses and Reporting Activity Online**

New Rule: WAC 230-06-124 Online filing and payments required, with waivers available upon request for good cause.

WAC 230-06-125 Renew your license in a timely manner.

**Assistant Director Tina Griffin** explained the proposed changes would require all licensees to renew their license online and report activity (commercial & nonprofits) online.

Licensees may request a waiver for good cause, which would include:

- Not having access to the internet using their own computer or similar equipment;
- Not having a bank account;
- The licensee's bank is unable to send electronic fund transactions; or
- Some other circumstance or condition that prevents completing these transactions online.

Only licensed individuals (not organizations) can use a credit card to renew their license. If an individual doesn't have a credit card, they may request a waiver.

The Dept. of Revenue has similar requirements.

**Vice-Chair Sizemore** moved to adopt the rule change. **Commissioner Troyer** seconded.

**Motion approved 4:0**

**Effective Date: July 1, 2015.**

**AD Griffin** said the rule summary was incorrect and only 15-20% of licensed organizations are renewing their license online.

There was some discussion by the Commissioners on this rule change.

**Commissioner Troyer** said everyone needs a computer to get things done. He works for nonprofits and they need computers to operate.

**Commissioner Patterson** read from a stakeholder letter that was in the agenda packet. The letter was from senior center that had a bingo license with just a few members playing bingo, they didn't use computers and would want a waiver from filing online. Commissioner Patterson said she wasn't surprised they weren't using a computer.

**Commissioner Troyer** asked why senior center bingo is getting a license and shouldn't we stop that? He said he hoped staff wasn't raiding senior centers.

**Assistant Director Mark Harris** commented, no staff are not.

**Commissioner Patterson** asked "if someone sent in a one line request, could they get a waiver?"

**AD Griffin** said yes, if they request a waiver because they don't have a computer or meet other criteria in the rule to qualify for an exemption, a one line request is fine.

**Dolores Chiechi**, Executive Director of the Recreational Gaming Association spoke in support of the rule.

**- PUBLIC MEETING -**

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

**Chair Stearns** called for public comment, there were none.

**Adjourn**

**Chair Stearns** adjourned the meeting at 12:30 p.m.