

# Commission Meeting Minutes

## APPROVED

### Location of Meeting:

Heathman Lodge  
7801 NE Greenwood Drive  
Vancouver, WA 98662  
(360) 254-3100

### Date and Time of Meeting

Thursday, May 7, 2015  
10:00 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  
Matt Kernutt, 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*

Chair Stearns called the meeting to order at 10:10 a.m. and introduced the members present. Chair Stearns also introduced the new Assistant Attorney General, Matt Kernutt. Vice-Chair Sizemore arrived at 10:35 a.m.

#### Director's Written Report presented by Director David Trujillo

**Director Trujillo** said he didn't want to reiterate what was in his written report so he would keep this agenda item short. He introduced Executive Assistant Michelle Rancour, who discussed the tentative Commission Meeting Dates and Locations for 2016

**Ms. Rancour** referred to her memo, which listed the costs from 2014 and 2015, and the dates for 2016 with tentative locations. Ms. Rancour was asked why there was no Spokane meeting; **Ms. Rancour** replied Yakima was traded for Spokane. **Commissioner Gray** asked

folks in the audience how they feel about traveling to Spokane. **Dolores Chiechi**, Executive Director of Recreational Gaming Association, commented traveling to Spokane for a one-day meeting seems over the top; she likes the option of traveling to Yakima, Tri-Cities, and Wenatchee.

**Commissioner Gray** said the 2016 schedule looked fine, and no one else commented.

**Director Trujillo** congratulated Chair Stearns on his reappointment by Governor Inslee for another six year term, which will expire in 2021. "Wow," replied Chair Stearns.

**Chair Stearns** mentioned the problem gambling summit that he, Commissioner Patterson and others attended, and asked Commissioner Patterson to give a brief report.

**Commissioner Patterson** said the summit was fascinating and they learned a great deal more than expected. They learned about ethics, how to deliver services and that problem gambling is a public health issue. Washington invests about one-third less state funds than other states. Providers resist providing data; no one knows exactly why. Social gaming is a growing problem with young people and extremely addicting, isolating and is a natural segue to gambling; however, no one knows where/when the crossover is from social gaming to gambling.

**Commissioner Patterson** asked staff to explore the following five options:

1. Can staff explore Massachusetts' system? Explore ways to obtain better data, and explore options to get more funds for treatment.
2. Explore whether the entities profiting from gambling are contributing appropriately to fund problem gambling.
3. Can staff make it mandatory for licensees to ask whether someone has a gambling problem?
4. Post more information on our website.
5. We need more treatment dollars but we need staff to help figure out how much is available in conjunction with health insurance and the Affordable Care Act.

**Commissioner Troyer** commented a majority of funding comes from licensees and Tribes.

**Assistant Director Tina Griffin** confirmed organizations with annual gross receipts of \$50K and up pay the 0.13 percent of B&O tax imposed by state law to fund problem gambling. Ms. Griffin said manufacturers do not pay a percentage for problem gambling.

**Commissioner Gray** asked if the Tribes contribute the same percentage. **Assistant Director Julie Lies** confirmed the Tribes contribute the same 0.13 of net receipts for problem gambling.

**Commissioner Patterson** emphasized the national per capita contribution is 32 percent; Washington is at 10 percent.

**Chair Stearns** added the per capita in Oregon was \$1.31. He also mentioned the awareness campaigns generate lots of calls, but providers are asking where we send them. There is another Problem Gambling Summit scheduled for Sept 21-24, and he will try to attend.

**Dolores Chiechi** clarified there were no state general funding for Problem Gambling; all funds for Problem Gambling are contributed by the industry and Tribes. One option for more Problem Gambling funds would be partnering with others for legislation. She also added that the 0.13 percent was also paid by the Horse Racing Commission and the Lottery.

**Director Trujillo** shared a point of interest in the term "gamify." Educators are bridging learning through gaming and education to teach kids. **Commissioner Gray** commented kids are learning technology at a younger and younger age; her 2 year old grandson can play social media games. **Chair Stearns** also commented on social gaming, but he did not know how the Commission would regulate. Growing up, a lot of games were card games, but today it's all mobile/video interfaces.

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

**Staff Attorney Arlene Dennistoun** explained the regular 2015 session ended early on April 24, and special session began on April 29. Many bills that did not pass the normal cutoff are now still alive and back in the house of origin. The only significant bill staff are tracking right now is SB 5681, which authorizes annual transfers from the Lottery to the Gambling Commission. The Senate passed it again without any opposition; however it's back in the House Appropriations Committee and no hearing has been scheduled. We completed a draft letter requested for the Commissioners to send to the legislature to let the legislature know about the "hot topics" that continue to be raised every year, or that are new trends that we're willing to work on with the legislature.

**- ADMINISTRATIVE PROCEDURE ACT PROCEEDINGS -**

**Rules Up For Further Discussion**

**Petition from Harmon Consulting for Class 12 Amusement Games**

*presented by Mark Harris, Assistant Director*

**Proposed Amendatory Section:** WAC 230-13-005 Amusement Game Authorized

**Proposed New Section:** WAC 230-13-067 Group 12 – Electronic puzzle and pattern solving game standards.

**Changes made after the April 2015 Commission Meeting in Bold**

**Alternative WAC 230-13-067:**

**Staff worked with the petitioner to format this new rule to match current amusement games rules.**

**Group 12 amusement games would be for adults, over 18 years of age, only and may only be operated by licensees where persons under 18 years of age are prohibited from entering the area.**

The petitioner is proposing a new amusement game, group 12, to authorize electronic amusement games where players discern a pattern and choose the correct symbol to complete that pattern. No prize is ever awarded unless the player correctly completes the skill puzzle.

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**Commissioner Troyer** asked if persons of 18, 19, and 20 years old were able to gamble. Assistant Director Mark Harris replied, yes, they can go into card rooms and gamble as long as there is no alcohol. Commissioner Troyer commented he was not comfortable with lack of clarity on where these amusement games would be located.

**Martin Durkin, Muckleshoot Tribe representative** commented he was perplexed about the game, and had never seen a puzzle game like this before. It is a game that gets people ready to gamble. Mr. Durkin would like the Commission to consider not allowing puzzle machines to resemble a gambling machine, and using symbols that are used by current gambling machines. The proposed current machine looks like a non-functioning gambling device. **Commissioner Troyer** agreed with Mr. Durkin.

**Mr. Monty Harmon** thanked staff for working on the petition. The game is like “Candy Crush;” and we tried to develop a game that would be popular. **Vice Chair Sizemore** asked what the impact was if the game were prohibited from looking like a slot machine. **Mr. Harmon** replied the machine doesn't look like a gambling device.

**Commissioner Patterson** asked where this age group, 18-21 year olds, would be able to access/play machines. **Mr. Harmon** said any establishment would be able to locate the game so long as this age group is required to stay away from alcohol. Each location is responsible for designating areas for 18 year olds. **Director Trujillo** pointed out the RCW allows 18 year olds to gamble. **Commissioner Patterson** said games like this will make it more difficult to regulate and keep problem gambling from taking hold. **Chair Stearns** added that social games that look like slot machines are already out there being played, so don't know what we can do. Social/mobile gaming may be something the legislature would look at to regulate.

**Chair Stearns** asked for further questions, there were none.

**Electronic raffle systems** *presented by Mark Harris, Assistant Director*

Proposed New Section: WAC 230-11-999 Pilot project allowing the use of electronic raffle systems to conduct 50/50 raffles.

**Changes/Additions made after the April 2015 Commission Meeting in Bold:**  
**Fees to offset agency costs to administer the pilot project were increased from one percent to three percent of gross receipts; and**  
**A definition of sporting event was added to the Operating Agreement; and**  
**Charitable or nonprofit organizations will also be able to lease their electronic raffle systems as part of the pilot project.**

**Assistant Director Mark Harris** explained this new rule would authorize a pilot project to test the regulatory and economic impact of charitable/nonprofit licensees using electronic raffle systems to conduct 50/50 raffles. In a 50/50 raffle, 50 percent of the proceeds from ticket sales are awarded to one winner with the remaining 50 percent going to the charitable/nonprofit organization operating the raffle. Applicants and licensees that choose to

participate in the pilot project will pay a fee to offset agency costs to administer the pilot project. Manufacturers, service suppliers and raffle operators will need to sign an Operating Agreement with the Director and follow technical and operating requirements in their relevant appendices.

Following is a brief description of the Electronic Raffle System:

- In other states or provinces (Illinois, Colorado, North Dakota, Ohio, and British Columbia), electronic raffle tickets are typically sold at major sporting events by persons staffing kiosks equipped with touch screen devices and other staff moving around the facility with handheld wireless equipment.
- The electronic raffle system is used to print raffle tickets and customer receipts, account for raffle ticket sales, and show progressively increasing prize amounts.
- All other aspects of the raffle, including a manual drawing of winning tickets, must follow existing raffle requirements.
- Electronic raffle systems will be reviewed and approved by commission staff. Any conditions or restrictions for operating the system would be included in a letter to the manufacturer approving its use.

**Assistant Director Mark Harris** pointed out that RCW 9.46 prohibits WSGC from funding problem gambling.

**Commissioner Patterson** wanted clarification on how organizations such as 4-H would qualify and be able to use the e-raffles.

**Commissioner Troyer** commented there were a lot of issues with this rule; motioned to extend final decision another six months for further study.

**Assistant Attorney General Matt Kernutt** added the pilot program would allow staff to find out what works and what does not. He further explained because it was a staff petition, Commissioners can choose to extend time to make a final decision.

**Commissioner Troyer** said he wants to do it the right way because there's no turning back once Commissioners move the rule petition forward.

**Commissioner Gray** added she wants to see what answers develop with doing the pilot program.

**Commissioner Patterson** supports extending out to learn more about the system.

**Chair Stearns** commented it would be hard to pull back, once the program was allowed.

**Commissioner Troyer** replied it was a huge jump to have this system in play with 60K people having access to gamble.

**Director Trujillo** pointed out the system excludes the use of credit cards.

**Commissioner Troyer** replied he wants a level of certainty on how much of the money raised goes back to charity. He added he has heard about other orgs that don't know where the money has gone, and the money being eaten up by administrative costs.

**Ken Cook licensee /CEO of Point Streak**, manufacturer of the e-affle, devices stated he bought the company that was already approved by the WSGC to operate e-raffles. When they bought the business, they had eight clients; now they have two hundred. Wants to know

what black hole or misappropriation is referring to. All they've done is develop an electronic auditing system for raffle ticket sales. Hasn't seen any misuse of funds & can work with staff to avoid misuse. All they're doing is providing tools for ch/nps to raise funds.

**Commissioner Troyer** said he's not opposed to charities raising funds, but charities need to have a an amount certain, say 75 percent of all funds goes to charities.

**Mr. Cook** said he has seen a few charitable/nonprofits who have lost money, but his business has helped them by raising over \$100 million dollars.

**Martin Durkin, Muckleshoot Tribal representative** commented that legislature spent a lot of time on enhanced raffles and ended up allowing only 2 per/year. This e-affle system is a progressive jackpot and an expansion of gambling. Mr. Durkin suggested not allowing the internet; limiting alcohol, so things do not get out of hand, and limits tickets to \$10 per person.

**Commissioner Patterson** said she felt that staff needs to answer the questions raised today; needs to get to yes comfortably.

**Commissioner Gray** commented she felt it was preempting the work of staff by deciding to delay.

**Chair Stearns** called for further comments, there were none.

Commissioners decided they were uncomfortable making a decision until more information is available. Commissioners Troyer, Sizemore and Patterson, and Chair Stearns, agreed to wait till the November meeting to decide whether to go forward with a pilot program. Commissioner Gray opposed the decision to delay after all the work staff had completed.

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

**Assistant Director Tina Griffin** explained there are currently 49 HBCR licensed, and shared the pre-licensing report for IGT.

Ms. Griffin requested the approval of licenses and Class III employees listed on pages one through 17.

**Vice Chair Sizemore** moved to approve the new licenses and Class III employees listed on pages 1 through 17.

**Commissioner Gray** seconded.

**Motion approved 5:0.**

**Defaults** *presented by Staff Attorney Arlene Dennistoun*

**a) Sluggers Sports Bar & Grill, Organization, Revocation**

The licensee failed to timely submit its gambling taxes due to the City of Kirkland. Additionally, Sluggers has failed to timely submit its activity reports.

**Commissioner Troyer** moved to revoke.

**Commissioner Gray** seconded.

**Motion approved: 4.0**

Commissioner Patterson did not vote.

**b) Dane E. Andrus, Manufacturer Representative, Revocation**

The licensee was charged with Robbery, 1<sup>st</sup> degree (class A felony) and Attempting to Elude Police (class C felony). Prosecution of the crimes is pending and Mr. Andrus is in custody. Mr. Andrus had his pending state charges dismissed without prejudice and has now been indicted on Federal charges for Bank Robbery and Brandishing of a Firearm During a Crime of Violence, in violation of Title 18, and is currently in custody on a U.S. Marshall Hold, pending further disposition.

**Commissioner Troyer** moved to revoke

**Vice-Chair Sizemore** seconded.

**Motion passed 4:0**

Commissioner Patterson did not vote.

**c) Richard Wines, Card Room Employee, Revocation**

The licensee, who was employed as a Security Officer, took a guitar from behind the security podium on January 4, 2015. A customer had left the guitar there on January 1, 2015, intending on retrieving the guitar later. The conduct was recorded on surveillance video.

**Vice-Chair Sizemore** moved to revoke

**Commissioner Troyer** seconded.

**Motion passed 4:0**

Commissioner Patterson did not vote.

**d) William Lamb, Card Room Employee, Revocation**

The licensee and former ten percent owner of the Wild Goose Casino, removed cash without authorization from the card room's table drop boxes before the cash was counted. Mr. Lamb admitted to taking approximately \$1,800 from the business when the business was closed.

**Vice-Chair Sizemore** moved to revoke.

**Commissioner Troyer** seconded.

**Motion approved 5:0**

**- PUBLIC MEETING -**

**Approval of Minutes – April 9, 2015 Commission Meetings**

**Chair Stearns** called for a motion to approve the April minutes.

**Commissioner Patterson** moved to approve.

**Commissioner Gray** seconded.

Vice Chair Sizemore abstained.

**Motion passed 4:0.**

**Nomination and Election of Chair & Vice-Chair – Effective July 1, 2015, to June 30, 2016**

**Commissioner Gray** nominated Commissioner Stearns as Commission Chair for the term expiring on June 30, 2016.

**Commissioner Sizemore** seconded the nomination.

*The vote was taken; the motion passed with five aye votes.*

**Chair Stearns** asked if there was a motion to nominate a Commissioner for the vice-chair position.

**Commissioner Troyer** nominated Commissioner Sizemore as Commission Vice Chair for the term expiring on June 30, 2016.

**Commissioner Gray** seconded the nomination.

*The vote was taken; the motion passed with five aye votes.*

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

**Chair Stearns** called for further comments, there were none.

**Adjourn**

Chair Stearns adjourned the meeting at 12:00 p.m.