

Commission Meeting Minutes

APPROVED

Location of Meeting:

Best Western Plus – Hawks Prairie
8326 Quinault Dr.
Olympia, WA 98502
(360) 943-4000

Date and Time of Meeting

Thursday, February 11, 2016
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 Brandon Vick

Staff

David Trujillo, Director
Amy Hunter, Deputy Director
Tina Griffin, Assistant Director – Licensing Regulation and Enforcement
Julie Lies, Tribal Liaison – Tribal & Technical Gambling
Matthew Kernutt, Assistant Attorney General
Michelle Rancour, Executive Assistant
Susan Newer, Public Information Officer

- PUBLIC MEETING -

Welcome

Chris Stearns, Commission Chair

Chairman Chris Stearns called the Gambling Commission meeting to order at 1:00 p.m. at the Best Western Hotel Hawks Prairie and introduced the members present.

A phone-in feature was offered. About 60 people were in the audience.

Executive Session to Discuss Pending Investigations, Tribal Negotiations and Litigation

Chair Stearns announced there would be an executive session immediately following the meeting. **Chair Stearns called for executive session at 11:30 a.m.** He excused the audience and announced the session would last approximately one and a half hours.

Agenda taken out of order at the request of the Director. Chair Stearns approved.

- ADMINISTRATIVE PROCEDURE ACT PROCEEDINGS -

Rules Up For Further Discussion

Group 12 Amusement Games

Presented by Tina Griffin, Assistant Director

Assistant Director Tina Griffin explained the handouts for Group 12, including a summary of seventeen people who testified at the January Commission meeting, and a summary of amusement game laws in other states. She also explained the documents located under the information tab in the commissioners packets.

Below are the three rules packages up for further discussion.

Group 12 Amusement Games. Package 1

Tina Griffin, Assistant Director

Filed 10/29/2015 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #15-22-054. Proposed Rule Making (CR-102) under WSR #16-04-053 with a published date of 2/17/2016.

- Amended Section: WAC 230-03-185 Applying for a manufacturer license.
 - *Alternative #1 and #2*
- Amended Section: WAC 230-03-190 Applying for a distributor license.
- Amended Section: WAC 230-05-030 Fees for other businesses.
- Amended Section: WAC 230-06-110 Buying, selling, or transferring gambling equipment.
 - *Alternative #1 and #2*
- Amended Section: WAC 230-13-010 Approval of new amusement games.
 - *Alternative #1 and #2*
- Amended Section: WAC 230-13-135 Maximum wagers and prize limitations at certain amusement game locations.
- Amended Section: WAC 230-13-160 Basing rent on a percentage of gross receipts

AD Griffin explained the above rules and their alternatives. (*A copy of the transcript is available upon request.*)

Group 12 Amusement Games Package 2

Presented by Tina Griffin, Assistant Director

Filed 10/29/2015 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #15-22-054

- Amended Section: WAC 23-13-080 Operating coin or token activated amusement games.

Assistant Director Tina Griffin explained this rule would limit the maximum number of Group 12 amusement games licensees could have. . It would allow for a maximum of 20 Group 12 amusement games for charitable nonprofit organizations and 10 for commercial licensees. **Commissioners** discussed further limiting the number of machines per location.

Group 12 Amusement Games Package 3

Presented by Tina Griffin, Assistant Director

Filed 10/29/2015 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #15-22-054

- Amended Section: WAC 230-13-005 Amusement games authorized.
- Amended Section: WAC 230-13-130 Display and exchange of amusement game prizes.
- Repealed Section: WAC 230-13-140 Price to play amusement games must be paid in cash or check.

Assistant Director Tina Griffin explained rules package three was also filed in January. Policy decisions were divided into two Options, All or Nothing, for discussion purposes. The Commissioners chose to mix and match the options: Option A, which included no replays, and defined merchandise as toys and other retail items. The other Option B does not include gambling activities, no gift cards, gift certificates, or cash as prizes.

AD Griffin further added from last month:

- 15 people testified preferring no rule changes, but if rule changes came, prefer option B.
- 2 people testified against the rules.

Chair Stearns opened the floor for questions and comments.

Public Comment

Thirteen people testified regarding Group 12 amusement games. (*A copy of the transcript is available upon request.*)

Vice Chair Sizemore moved to withdraw further consideration of Option B. The method of operation in Option A, which was more restrictive than Option B will continue to the March Commission meeting.

Commissioner Troyer seconded the motion.

Motion Approved 3.0

Rule Up for Discussion and Possible Filing

Group 12 Amusement Games.

Tina Griffin, Assistant Director

Filed 1/28/2016 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #16-04-052

- Repealed Section: WAC 230-13-067 Electronic puzzle and pattern solving game standards.

Commissioner Troyer moved to file Repeal section for further discussion.

Vice Chair Sizemore seconded.

Motion approved 3.0

Commissioners clarified direction for staff:

No cash back at all and no recordkeeping requirements.

Staff to continue working on regulating the appearance of the game so it doesn't look like a slot machine.

The Commissioner chose Option A, however, they would also like to allow:

- Operators to award food and beverage as prizes. Staff will need to determine the right mechanism that will allow for prize points won to be redeemed for merchandise, such as food and beverage sold by the business; o Replay of points won and asked if this was something they could consider;

- Stored value cards. A stored value card is a card that purchased points and points won can be loaded on and used within the same establishment it was issued from, such as the Game Works stored value cards.

Chair Stearns called for a 10 minute break at 3:00p.m.

Meeting called back to order at 3:20pm

- PUBLIC MEETING -

Director's Report *(Taken out of order) presented by David Trujillo, Director*

- a) Press Releases
- b) Correspondence
- c) News Articles
- d) Commissioner Training 2016
- e) Meeting Locations

Director Trujillo shared with Commissioners a recognition item for Gary Drumheller, Agent-In-Charge of Criminal Enforcement Unit, who recently received the FBI's LEEDA Trilogy Award. LEEDA stands for Law Enforcement Executive Development Association. In order to be a recipient of that award you have to have somewhere between 75 and 80 hours of leadership training in a criminal justice environment. AIC Drumheller is the third agency employee to receive the Trilogy Award.

Director Trujillo explained the training memorandum crafted by Chief Information Officer Kristin Bettridge, which is a snapshot of the training budget to date. That training budget will reset July 1st with the beginning of the new fiscal year. Director Trujillo asked commissioners if they found this useful. **Chair Stearns** replied it was incredibly useful and that he personally found the trainings very helpful. Director Trujillo shared the list of potential trainings for the rest of the year and asked Commissioners to connect with Chair Stearns to work through who attends, and staff will make sure that all the details are confirmed for each training.

Director Trujillo also shared a memorandum from Acting Executive Assistant Michelle Rancour regarding meeting locations for 2016, and a suggested change of location. Because there are two meetings scheduled for Eastern Washington, and neither for Spokane, Ms. Rancour suggested exchanging one of the meetings for a meeting in Vancouver, Washington. Staff would return to the Spokane area in fall of 2017.

Chair Stearns agreed with Ms. Rancour's recommendation, and would personally be comfortable with the change in location.

Legislative Update *(Taken out of order) presented by Legislative Liaison Brian Considine*

Legislative Liaison Brian Considine explained policy cut-off and because of that a lot of the bills that are in that memo and everything we were tracking is essentially dead.

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

Assistant Director Tina Griffin explained there are currently 48 licensed and operating house-banked card rooms. Staff recommends approval of the new licenses and Class III gaming employees listed on pages 1 through 24.

Vice Chair Sizemore made the motion to approve.

Commissioner Troyer seconded.

Motion Approved 3:0

Snoqualmie - Held over to the March meeting for lack of a quorum.

Default Presented by *Brian Considine, Managing Attorney*

a) Victor Arredondo, Card Room Employee, Revocation

Managing Attorney Brian Considine explained Mr. Arredondo claimed benefits from L&I while he was working as an employee. Staff recommends revocation of Mr. Arredondo's card room employee license.

Vice Chair Sizemore made a motion to enter the default order to revoke Mr. Arredondo license.

Cmsr. Troyer seconded.

Motion approved 3.0.

Approval of Minutes – January 14-15, 2016 Commission Meetings.

Held over to March Commission meeting.

Other Business/General Discussion/Comments from the Public

Chair Stearns opened the floor to further comments.

Victor Mena, President of Recreational Gaming Association (RGA)

Dolores Chiechi, Executive Director RGA, asked the Commission to accept a State of the Industry report in April.

Ezra Eickmeyer commented on Group 12. He asked, consider if someone was from out of state, can they walk out with a 3rd party gift card?

Commissioner. Troyer said it was eliminated in option B.

Rich Lemieux commented they could get on the computer and order something from Amazon.

Adjourn

Chair Stearns adjourned the meeting at 4:00 p.m.