

Oct. - Dec. 2007

New Ex-Officio Member Appointed



We are pleased to announce that Representative Gary Alexander (20th District) has been appointed as an Ex-Officio member of the Gambling Commission.

Representative Alexander was born in Seattle and moved to Thurston County in 1971. Representative Alexander is on the Appropriations Committee and is the Deputy Auditor for Thurston County.

Ex Officio members act as liaisons to the rest of the legislature on gambling issues. They only vote on tribal/state gaming compacts and amendments to compacts.

New Rules Manual Available in January

With assistance from licensees and other stakeholders, we just completed a three year project to "Plain Talk" all our rules (WAC 230) so they are easier to use and understand. In total, we rewrote over 600 rules and reduced the number of words in the rules by more than 63,700 words or thirty-seven percent.

New rules manuals will be mailed to all licensed operators, manufacturers, distributors and gambling service suppliers mid-January.

(Continued on page 10)

2008 Legislative Update

The Commission has two agency request bills carried over from the 2007 session:

HB 1345/SB 5375 creates a penalty for underage gamblers (\$257 fine) and states the age to gamble, which is normally 18 with some limited exceptions.

HB 1346/SB 5374 allows the Commission to create a barring list for persons with serious gambling convictions or those who have been barred in other

(Continued on page 2)

Washington State Gambling Commission

Focus on Gambling

Commissioners

Judge Janice Niemi (Ret.), Chair
Peggy Ann Bierbaum, Vice Chair
John Ellis
Alan Parker
Keven Rojecki

Ex-Officio Members

Senator Margarita Prentice
Senator Jerome Delvin
Representative Geoff Simpson
Representative Gary Alexander

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Administration

Director Rick Day
Executive Assistant Gail Grate
Deputy Director position vacant

Human Resources

Administrator Phyllis Halliday

Business Operations Division

Administrator Terry Westhoff

Information Technology Division

Administrator Tom Means

Licensing Services Division

Assistant Director David Trujillo

Communications and Legal Division

Administrator Amy Blume Hunter

Tribal Gaming Unit

Assistant Director Julie Lies

Electronic Gambling Lab

Administrator Dallas Burnett

Field Operations

Assistant Director Mark Harris

Eastern Region– Spokane

Agent in Charge Gary Drumheller

Northwest Region– Everett

Agent in Charge Greg Thomas

Southwest Region– Tacoma

Agent in Charge Jeannette Sugai



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Special Agent Identification

“Who are you?” I am a Special Agent with the Washington State Gambling Commission. “Well, I’m going to need to see some identification please...”

At some point, you may run into a Special Agent. How do you know if someone who claims to be a Special Agent is really a Special Agent? Unlike other law enforcement personnel, such as police officers, Special Agents do not wear uniforms.

All Special Agents are required to carry identification provided by the Washington State Gambling Commission. Identification includes a badge and an identification card. Special Agents carry a gold plated police badge with an emblem of George Washington in the middle of the badge. It should also have the following inscription written on the badge itself: “Special Agent Gambling Commission.” In addition to a badge, Special Agents are required to carry an identification card. All identification cards have a photo of the agent and signatures of the Special Agent and the Director of the Washington State Gambling Commission on the card.



So, the next time you ask “Who are you?” and the person tells you they are a Special Agent, you can ask to see their proper credentials because you now know what to look for.

2008 Legislative Update Continued

(Continued from page 1)

states. Over ten other states have these types of barring lists, including Nevada and New Jersey.

We also have two new budget related proposals.

Our first proposal is for the Commission to retain the interest on the gambling revolving fund. Thirty-eight other funds retain their interest. The Governor’s office has approved this request.

Our second proposal is budget related and would allow us to: Restructure some of our fees where we are not currently recovering our actual costs.

Increase some small fees that we have been unable to increase for over ten years due to the usually low percentage of the fiscal growth factor. Restructure house-banked card room fees to have them based on gross gambling receipts, rather than on the number of tables a house-banked card room operates. We anticipate this would decrease fees for some smaller house-banked card rooms and increase fees for some larger ones. All of the Commission’s other fees for operators are based on gross receipts.

With the passage of Initiative 960, our second proposal will also include general fee increases and new fees that the Commission planned to implement during this biennium using the rule making process.

Proposed Changes up for Final Action at the January 11, 2008, Commission meeting.

Electronic Video Pull-Tab Dispensers

At their October 2007 meeting, the Commission filed a proposal to no longer allow electronic video pull-tab dispensers. At that meeting, the Commission asked staff to work with the industry on an alternative.

At their November 2007 meeting, the Commission filed two alternatives.

Alternative #1 was brought forward by staff after incorporating suggestions from industry representatives.

This alternative is necessary because standards for electronic video pull-tab machines do not exist and the only reference in our rules to electronic video pull-tab dispensers is fee rule WAC 230-05-030. This means that staff and equipment providers have been operating together without clear guidance. Alternative #1 establishes baseline standards that explicitly authorize the use of the Gold Crown and ZDI type electronic video pull-tab dispensers by incorporating prior Commission decisions and more recent rule changes into a new rule. A new rule would also define cash. In short, this rule preserves the ability of the equipment providers to continue to use the dispensers currently authorized and would not change how the machines are currently operated.

Alternative #2 was brought forward by Jay Gerow, ZDI Gaming, and his attorney Joan Mell.

This alternative would explicitly authorize electronic video pull-tab dispensers to allow winnings of \$20 or less to be credited to a gift card and removes the definition of cash. This is not allowed now and is part of the current litigation with ZDI Gaming.

Proposed Change up for Final Action at the February 15, 2008, Commission meeting.

Forward your comments by February 5, 2008, to the address to the right of this page.

A poker player has requested a rule change to allow card rooms to operate card games twenty-four hours a day, five days a week and twenty hours a day, two days a week.

Currently, card rooms are authorized to operate up to twenty hours a day, seven days a week.

Packaging Pull-Tabs

The Washington Charitable and Civic Gaming Association is requesting that manufacturers be allowed to package pull-tab series containing more than 10,000 tickets in multiple packages, boxes, or containers. The following security requirements would be added to the rule:

- 1) Each container must be labeled to show the total shipping units, series number, and WSGC I.D. stamp number; and
- 2) Containers must be sealed and shrink wrapped; and
- 3) Cases (containing multiple containers) must be marked to identify contents; and
- 4) All containers in a series must be shipped together; and
- 5) Packaging containers must be identical within a series.

The petitioner also requests adding a requirement for pull-tab operators to attach a packing slip to the series invoice and have the invoice maintained as part of the permanent gambling record.



How to Comment on Proposed Rule Changes

If you would like to comment on a proposed rule change under review, you are encouraged to attend a Commission meeting. If you can't attend a meeting, please send your comments to:

Washington State Gambling Commission
Attention: Rules Team
P.O. Box 42400, Olympia, WA 98504
or E-mail: RulesTeam@wsgc.wa.gov

For detailed information about proposed rule changes, visit our website at www.wsgc.wa.gov. Select Public Meetings, January 2008 Commission meeting. For a brief outline of proposed and adopted rule changes select Rules and Laws, Rules under Review.

Recently Adopted Rule Changes

Minimum Bankroll

House-Banked Card Rooms

Remove page 11 and insert it in your new January 2008 Rules Manual.

This new rule requires house-banked card rooms to maintain a minimum amount of cash in their cage before opening for the business day.

House-banked card rooms will need to have the following amount of cash in their cage before opening the card room:

1. \$1,000 for each table licensed to operate; plus
2. The amount of the largest prize available, but not more than \$20,000.



For example: A house-banked card room that is licensed for 15 tables and its largest single prize is \$23,000 is required to have at least \$35,000 in their cage before opening for the business day ($15 \times \$1,000 = \$15,000 + \$20,000 = \$35,000$).

License Fee and I.D. Stamp Fee Increase

At their November 2007 meeting, the Commission approved a license and I.D. Stamp fees increase.

The Commission may not be able to implement the increase due to the passage of Initiative 960. If not, the increase will be included as part of a budget proposal we will be asking the legislature to approve during the 2008 Session.

Visit our website at

www.wsgc.wa.gov



What is a Study Session?

Study Sessions are held Thursday mornings of each Commission meeting. Study Sessions give staff, licensees and the public an opportunity to meet and discuss current issues, such as legislative bills and proposed rule changes.

Charitable and nonprofit operators generally meet at 10:00 a.m. and commercial operators at 11:00 a.m..

Study Session meeting agendas are posted on our website about two weeks before each meeting. Go to www.wsgc.wa.gov / Public Meetings, select Thursday's Commission meeting agenda, select Study Session agenda.

Licensees and the public are encouraged to attend.

Rule Changes Under Review at the February 14, 2008 Study Session

Rules Related to Penalties

In September 2006, the Coalition for Responsible Gaming and Regulation ("Coalition") which includes manufacturers, distributors, and commercial operators) contacted us to discuss their concerns about the monetary penalties for settlements. The Coalition also had concerns regarding some aspects of the administrative case process. Some Coalition members had the perception that Administrative Law Judges (ALJ) were hesitant to impose different penalties than what staff recommended.

Staff worked with the Coalition during the past year to develop the following proposed rule changes:

1. A new rule outlines the maximum fines, by license type, that may be imposed to vacate a suspension. The proposed maximum amounts for each license are based on past settlements. The Director has the discretion to set monetary penalties above the maximum, for cases involving extraordinary circumstances.
2. Language was added to clarify that the presiding officer has the authority to modify sanctions requested by the Commission during administrative hearings. This addition makes it clear that ALJ's can impose any penalties deemed appropriate.
3. A new rule provides guidelines for imposing penalties in administrative actions. The guidelines list a number of mitigating and aggravating factors designed to help ensure that the penalties imposed in administrative actions are fair and consistent. Although legal staff routinely consider these factors, this rule codifies the factors, so that all licensees will be aware of them.

Getting to Know Us The Electronic Gambling Lab

By: Dallas Burnett, Electronic Gambling Lab, Administrator

The purpose of our Electronic Gambling Lab is to test electronic gambling equipment and verify compliance with state rules, laws, or negotiated tribal compacts. This helps us meet our agency mission to Protect the Public by Ensuring that Gambling is Legal and Honest.

The Electronic Gambling Lab tests, documents and approves electronic gambling devices and equipment. The lab also trains regulators on equipment to help them regulate the electronic gambling activity.

Our testing engineers are the State's experts for gambling devices. They provide expertise to help investigate, regulate and review gambling equipment. They provide information that is vital to the development of proper internal controls and can point out potential security concerns. This expertise can only be developed through extensive training and continued involvement to understand how each system or component operates.

In 2006, the lab reviewed approximately 350 electronic gambling components. We averaged 12.7 hours per submission, and there were no serious flaws discovered in the field.



Washington State Gambling Commission 2008 Meeting Schedule

January 10 & 11

DoubleTree Guest Suites - Seattle
16500 Southcenter Parkway
Seattle, WA 98188 (206) 575-8220

February 14 & 15

Best Western – Tacoma Dome Hotel
2611 East E Street
Tacoma, WA 98421 (253) 272-7737

March 13 & 14

Red Lion Hotel – Olympia
2300 Evergreen Park Drive
Olympia, WA 98502 (360) 943-4000

April 10 & 11

Red Lion Hotel – Olympia
2300 Evergreen Park Drive
Olympia, WA 98502 (360) 943-4000

May 8 & 9

Red Lion Hotel - Pasco
2525 N. 20th Avenue
Pasco, WA 99301 (509) 547-0701

June No Meeting

July 10 & 11

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

August 14 & 15

Coast Wenatchee Center Hotel/Convention Center
201 North Wenatchee Avenue
Wenatchee, WA 98801 (509) 662-1234

September 11 & 12

Inn at Gig Harbor
3211 56th Street NW
Gig Harbor, WA 98335 (253) 858-1111

October 9 & 10

Red Lion Hotel at the Park
303 W. North River Drive
Spokane, WA 99201 (509) 326-8000

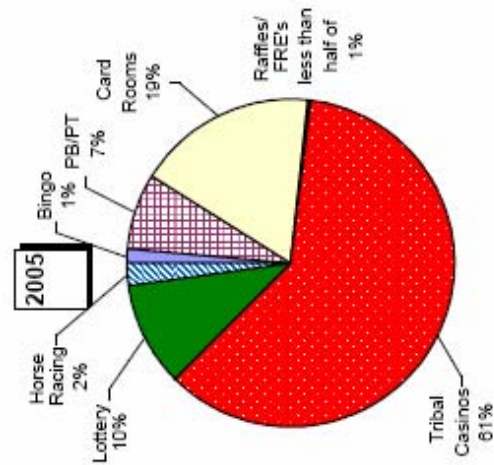
November 13 & 14

DoubleTree Hotel Seattle Airport (Tentative)
18740 International Boulevard
Seattle, WA 98188 (206) 575-8220

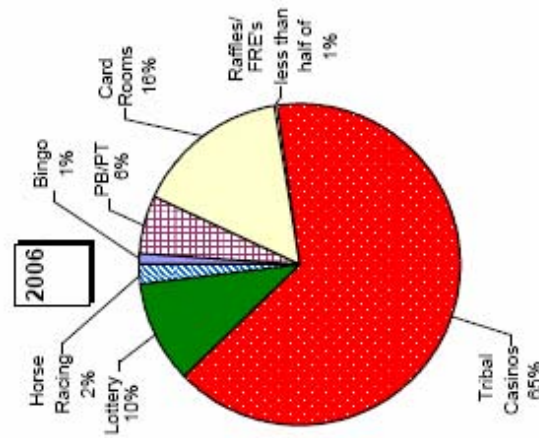
December No Meeting

Fiscal Year NET RECEIPTS COMPARISON

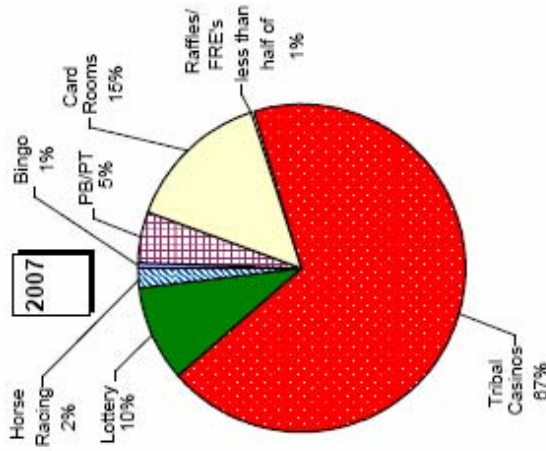
(Net = amount wagered minus amount paid out as prizes)



Bingo	25.1
PB/PT	126.2
Card Rooms	302.6
Raffles/FRE's	4.6
Tribal Casinos*	1,023.9
Lottery	177.2
Horse Racing	35.5
Total	\$1.695 B



Bingo	18.2
PB/PT	106.8
Card Rooms	289.5
Raffles/FRE's	4.5
Tribal Casinos*	1,192.8
Lottery	186.1
Horse Racing**	36.4
Total	\$1.834 B



Bingo	13.0
PB/PT	95.6
Card Rooms	285.3
Raffles/FRE's	4.9
Tribal Casinos*	1,338.3
Lottery	187.8
Horse Racing**	36.7
Total	\$1.962 B

(Dollar amounts = millions M, except where noted for total/s in billions B)

* Estimated

** Advance Deposit Wagering began June 2004, as authorized by the Horse Racing Commission.

There is a penalty for not turning in your report on time. The penalty ranges from a warning letter, a Notice of Violation and Settlement, or Administrative Charges for suspension or revocation of your license. Questions? Contact Financial Reporting at (800)345-2529, extension 3476 or extension 3477.

ACTIVITY REPORT DUE DATES

1st and 2nd quarters July 30

3rd and 4th quarters January 30

Late Activity Reporting

Administrative Charges were issued to the following licensees.

By: Haila Silvertrees, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Fraternal Order of Eagles #01722, Renton	Failure to timely submit its Punchboard/Pull-Tab Activity Report for the first and second quarters of 2007. This also violated a previous Settlement Order.	The licensee agreed to a 30-day suspension, with ten days deferred for two years, and 20 days vacated by a fine and costs totaling \$1,500.
Golden West Restaurant and Lounge, Tacoma	Failure to timely submit its Punchboard/Pull-Tab Activity Report for the first and second quarters of 2007. This also violated a previous Settlement Order.	The licensee agreed to a 30-day suspension, with ten days deferred for two years. Additionally, the licensee agreed to serve eight days of a previously deferred suspension.
King Solomon's Reef, Olympia	Failure to timely submit its Punchboard/Pull-Tab Activity Report for the first and second quarters of 2007. This also violated a previous Settlement Order.	The licensee agreed to a 30-day suspension, with ten days deferred for two years. Additionally, the licensee agreed to serve eight days of a previously deferred suspension.
Pike Place Bar and Grill, Seattle	Failure to timely submit its Punchboard/Pull-Tab Activity Report for the first and second quarters of 2007. This also violated a previous Settlement Order.	The licensee agreed to a 30-day suspension, with ten days deferred for two years. Additionally, the licensee agreed to serve eight days of a previously deferred suspension.
Bowlero Lanes/ Restaurant and Lounge, Lakewood	Allowed a minor to participate in a card game. Previously, staff issued a Notice of Violation and Settlement (NOVAS) to the licensee for the same violation.	The licensee agreed to a five-day suspension, with four days deferred for one year and one day served.

Administrative Case Update

By: Haila Silvertrees, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Diamond Lil's, Renton	Allowed a minor to participate in a card game. Previously, staff issued a NOVAS to the licensee for the same violation.	The licensee agreed to a five-day suspension, with four days deferred for one year and one day vacated by a fine and costs totaling \$10,367.
Freddie's Room, Renton	Allowed a minor to participate in a card game. Previously, staff issued a NOVAS to the licensee for the same violation.	The licensee agreed to a five-day suspension, with four days deferred for one year and one day vacated by a fine and costs totaling \$7,905.
Slo Pitch Pub and Eatery, Bellingham	Failure to maintain adequate surveillance coverage and log, and allowed unlicensed personnel into surveillance area.	The licensee agreed to a 15-day suspension, with ten days deferred for one year, two days served and three days vacated by a fine and costs totaling \$12,664.
Cadillac Island Casino, Longview	Failure to timely submit its financial statement.	The licensee agreed to a 15-day suspension, with 13 days deferred for one year and four days vacated by a fine and costs totaling \$12,107.
Classic Island Casino, Kennewick	Failure to timely submit its financial statement.	The licensee agreed to a 20-day suspension, with 16 days deferred for one year and four days vacated by a fine and costs totaling \$15,677.
Rainbow Fun Factory, Silverdale	Operated without a valid license.	The licensee agreed to a 15-day suspension with five days deferred for one year, and ten days vacated by a fine and costs totaling \$4,735. Additionally, the licensee agreed to pay \$597 in licensing fees.
Sage Bar, Applicant, Spokane	Operated without a valid license.	Once licensed the applicant agreed to a 15-day suspension with five days deferred for one year and ten days served. Additionally, the applicant agreed to pay back licensing fees of \$100.

Administrative Case Update

By: Haila Silvertrees, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Brian R. Eng, Card Room Employee (CRE), (formerly employed by Happy Days Casino), Tacoma	Conspired with others to cheat by removing and receiving decks of cards in exchange for payment.	The licensee did not respond to an Order of Summary Suspension, and a Default Order was entered revoking Mr. Eng's license.
Ryan S. Daniels, CRE, (formerly employed by Freddie's Club of Fife), Fife	Criminal History.	An Administrative Law Judge (ALJ) issued an Order revoking Mr. Daniels' license. The licensee filed a Petition for Review. The Commission upheld the Order.
Thompson Dillon, Class III employee, (formerly employed by the Puyallup Tribe of Indians), Tacoma	Criminal History.	The certified employee did not respond to charges and a Default Order was entered revoking his certification.
Chad W. Feldman, CRE, (formerly employed by New Phoenix and Last Frontier), LaCenter	Criminal History.	The ALJ issued an Order revoking Mr. Feldman's license.
Brian Kemp, Applicant, Everett	Criminal History.	The ALJ issued an Order denying Mr. Kemp's application.
Eric J. Mafnas, Applicant, Spokane	Criminal History.	The ALJ issued an Order denying Mr. Mafnas' application.
Cassie A. Tahkeal, Class III employee, (formerly employed by the Yakama Nation), Toppenish	Criminal History.	The ALJ issued a Default Order revoking Ms. Tahkeal's certification.

Administrative Case Update

By: Haila Silvertrees, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Jason Gonzales, CRE, (employed by Royal Casino), Everett	Failed to disclose a material fact.	Mr. Gonzales agreed to a 30-day suspension, with ten days deferred for one year, and 20 days served.
Jerome Kreig, Class III employee, (formerly employed by the Nisqually Indian Tribe), Olympia	Failed to disclose a material fact.	Mr. Kreig agreed to surrender his Class III certification for three years.
Curtis Titmus, Applicant, (formerly employed by Stillaguamish Tribe), Arlington	Ordered dealers to deal additional cards so that improper wagers were paid to patrons.	Mr. Titmus agreed to withdraw his application for a Class III certification and not reapply for three years.
Sokthea Phoun, Class III employee/CRE, (formerly employed by Muckleshoot Indian Tribe, and formerly employed by Point Defiance Café), Tacoma	Alleged theft of gambling chips.	Mr. Phoun agreed to surrender his Class III certification and license.

New Rules Manual Available in January Continued

(Continued from page 1)

If you have not received your new manual by the end of January, please call (360) 486-3440 and one will be mailed to you. Card room employees may also receive a copy of the manual by contacting us. Gambling rules are also available electronically on our website at www.wsgc.wa.gov / Rules and Laws / Gambling Rules.

Rewriting our rules manual using plain English techniques was one goal of our Strategic Plan. It is also in line with Governor Gregoire's Executive Order asking agencies to "Plain Talk" their communications with the public.

Washington State Gambling Commission

Our Mission

Protect the Public by Ensuring that
Gambling is Legal and Honest.

Our Vision

Anticipate, Innovate and Excel.

Our Values

Integrity, Professionalism,
Respect and Diversity

AMENDATORY SECTION

WAC 230-15-050 Minimum cash on hand requirements.

(1) Card game licensees must have sufficient cash on hand to redeem all chips issued for play and pay out all prizes.

(2) Before opening for the business day, house-banked card game licensees

must have at least the following minimum amount of cash in their cage:

(a) One thousand dollars for each house-banked table on the gambling floor; plus

(b) The amount of the largest single prize available or not more than twenty thousand dollars.

For example: If a house-banked card room has fifteen house-banked tables and a largest single prize of twenty-three thousand dollars, before opening, the cage must have at least thirty-five thousand dollars on hand: 15 tables x \$1,000 = \$15,000 + largest single prize or \$20,000 = \$35,000).

(3) Except for the restrictions on player-supported jackpot pay outs in WAC 230-15-405 and progressive jackpot pay outs in WAC 230-15-690, licensees may pay prizes by check if sufficient funds are available on deposit.

~~((3))~~ (4) Failure to keep funds to cash in chips, pay prizes, or redeem gambling related checks is *prima facie* evidence of fraud. Meeting the minimum cage cash amount does not relieve the licensee from the requirement to have sufficient funds available to redeem all chips and pay out all prizes.

Our Mission: Protect the Public By Ensuring that Gambling is Legal and Honest.

For Operational or Regulatory Questions, please call our field office closest to you.

Bellingham	360.676.2012	Spokane	509.325.7900
Everett	425.304.6300	Tacoma	253.671.6280
Kennewick	509.734.7412	Wenatchee	509.886.6230
Renton	425.277.7014	Yakima	509.575.2820

Headquarters – Lacey
800.345.2529 360.486.3440 TDD: 360.486.3637

Division	Extension	Division	Extension
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Washington State Gambling Commission

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 Location: 4565 7th Avenue SE, Lacey, WA 98503
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