



Focus on Gambling

Proposed Fee Increase Effective November 1, 2014.

The Commissioners asked staff to bring forward two alternative fee increases for filing at the July 2014 Commission meeting. See page 5 for how to submit your comments.

- **Alternative #1:** 6% fee increase effective November 1, 2014.
- **Alternative #2:** 4% fee increase effective November 1, 2014, followed by a 2% increase effective November 1, 2015.

This Newsletter is Going Paperless

We've been thinking about two big changes to this newsletter.

The first change we are looking at is going paperless and only distributing this newsletter electronically. This means the newsletter will no longer be printed and mailed to you.

Instead, we will e-mail you a link to the newsletter which is posted on our website under Publications. We have received several comments about going paperless in the past few years. Going paperless with this newsletter will save approximately \$14,000 each year in printing and mailing costs.



This change will begin with the next edition of this newsletter (Sept. 2014).

The second change we are looking at is no longer including text of amended rules in the back of this newsletter. Instead, we will e-mail you a link to revised rules the week after they are adopted by the Commissioners. When you click on the link, you will be taken to

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Commissioner Update



Julia Patterson was appointed as a Commissioner by Governor Inslee in April 2014. Commissioner Patterson is a former member of the Metropolitan King County Council, Washington State Senate, Washington State House of Representatives and the SeaTac City Council. Her public service career spans 24 years.



Bud Sizemore was appointed as a Commissioner by Governor Inslee in April 2014. Commissioner Sizemore is a former Mayor Pro Tempore and member of the Covington City Council, and Legislative Liaison for the Washington State Council of Fire Fighters. He is currently a fire fighter with the Kent Fire Department Regional Fire Authority.

Commission Geoff Simpson resigned as a Commissioner in April 2014. He was appointed in August 2013.

Commissioners

Mike Amos, Chair
Kelsey Gray
Chris Stearns
Julia Patterson
Bud Sizemore

Ex Officio Members

Senator Steve Conway
Senator Mike Hewitt
Representative Chris Hurst
Representative Bruce Chandler

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Administration

Executive Director - David Trujillo
Acting Executive Assistant -
Michelle Rancour
Deputy Director - Vacant position

Human Resources

Administrator - Lisa Benavidez

Business Operations Division

Administrator - Judy Pittelkau

Information Technology Division

Administrator - Tom Means

Licensing Services Division

Assistant Director - Tina Griffin

Communications and Legal Division

Administrator - Amy B. Hunter

Tribal Gaming Unit

Assistant Director - Julie Lies

Electronic Gambling Lab

Administrator - Paul Dasaro

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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Field Operations Regulatory Reform Program



Greetings. My name is Mark Harris and I am Assistant Director for Field Operations. I am writing this article to let you know about our regulatory reform program and the progress we have made toward this program's goals.

We regularly evaluate our regulatory processes to ensure they add value and that we are not placing unnecessary burdens on individuals or organizations. This is in line with one of our agency goals of "Anticipating and responding to the evolving gambling industry."

As part of our regulatory reform process, we recently changed the Class F and Class House-Banked Internal Control Templates and Card Room Daily Control Records Packets. We also reviewed card room rules for areas that created extra burdens for us and licensees without contributing significantly to our mission of "Protecting the public."

We proposed the first package of rule changes to the Commissioners at their March 2014 meeting and these changes were adopted at their May meeting (see page 7, 15-19). A second package of proposed rule changes pertaining to card rooms is anticipated later in 2014. We will continue this process with other gambling activities after that.

To advance our regulatory program, I have formed a work group of field agents and supervisors from across the state to thoroughly review and revise our current regulatory process. The work group has been meeting twice a month since December 2013.

The focus of the work group is to determine how to streamline regulation while still meeting our mission of "Protecting the public by ensuring gambling is legal and honest." We recognize that as risks, the gambling industry, and trends change, so should the primary focus of our regulatory program.



The work group continues to focus our regulatory efforts using a risk based model of regulation and enforcement to determine the best method to complete needed compliance inspections.

The work group has completed revisions to our punchboard/pull-tab (PB/PT), bingo, card room, amusement game, raffle, and fund raising event regulatory programs. The changes include streamlining our regulatory programs by:

- Discontinuing records inspections at licensees every three years as most steps are already performed during routine inspections.
- Removing duplication for licensees with multiple licenses like a bingo and PB/PT license.
- Combining and removing areas to be reviewed.
- Reducing and changing our frequency of inspections.

This will be a continuing process where we reevaluate programs for each activity annually to continue focusing our efforts on the areas of risk and changes to the gambling industry in Washington.

New Individual Application and License

By: Elizabeth Barrett, Licensing Operations Division

In our continuing efforts to streamline the application process and reduce printing costs, a [new individual application](#) has been created.

The [new individual application](#) combines four different applications previously used by individuals applying for a gambling license.

The [new individual application](#) will be used by applicants for a Public Card Room Employee, Non-profit Gambling Manager, Commercial Gambling Manager and Gaming Representative license.

You can find the [new application on our website](#). Please get rid of all old applications and use this new one.

We also changed the look of the individual license, which you will see in the very near future.

To the right is an example of what the new individual license will look like.

For questions, call the Individuals Unit at (360) 486-3440 ext. 2331.



This Newsletter is Going Paperless

(Continued from page 1)

our website where revised rules are posted under Rules & Laws; here you can read and/or print the rules. **This change will begin next month.** This means starting with the July 2014 Commission meeting, revised rules will be e-mailed to you and not included in the back of this newsletter.

WHAT YOU NEED TO DO:

Sign up for these e-mail notices today to continue receiving this important information!

It's easy; select **E-Mail Signup** on our website; enter your e-mail address and choose the e-mail notices you wish to receive.

If you have comments or concerns about either of these changes, let us know.

Remember to Always Disclose Your Criminal History

By: Julie Sullivan, Licensing Operations Division

Did you know you are responsible for reporting to us any new criminal actions filed against you?

Commission rules state you have 30 days to report, in writing, all criminal actions filed against you. This includes criminal traffic.



All licensees must report; whether you are a Card Room Employee or the owner of a licensed establishment. And, your reporting requirements do not end here.

Once a final decision or ruling on your criminal case has been made, you have 30 days to submit a copy of the final written decision. You are also required to report at your license renewal time. See [WAC 230-06-085](#) for more information.

An example of a good disclosure would look something like this:

“My name is Jane Doe, my license number (or social security number) is 68-XXXXX. On May 1, 2014, I was arrested for 4th Degree Assault, Domestic Violence. My next court date is July 1, 2014.”

False or misleading statements can put your license at risk, so it is important that your statement is clear. In the above example Ms. Doe stated exactly what her charge was, “4th Degree Assault, Domestic Violence.”

If Ms. Doe only disclosed “assault,” but was actually charged with a felony assault, we may determine her statement was misleading, even if that was not her intention.

Remember gambling laws state it is a licensee’s responsibility to prove though clear and convincing evidence they continue to qualify for a license. See [RCW 9.46.153](#) for more information.

E-mail or FAX your statements to:

- Julie.Sullivan@wsgc.wa.gov, or
- FAX (360) 486-3631.

For questions, contact Special Agent Julie Sullivan at (360) 486-3560.

Protecting Your Assets

By: Gary Drumheller, Eastern Region Field Operations Division

As we continue to regulate gambling establishments we also help our licensees protect assets from those that are in it only to make a quick buck illegally. Financial institutions are taking a stronger look at fraud and so is the federal government.

The Bank Secrecy Act (BSA) requires various businesses to complete certain forms. The reason for this requirement is to detect and prevent money laundering, and assist in preventing individuals from engaging in money laundering. The federal government requires some businesses, such as financial institutions and casino's, to file reports on certain financial transactions. Casino's and card rooms with gross receipts greater than one million dollars are required to comply with the provisions outlined in the BSA.



Gambling establishments must take adequate steps to identify their money laundering risk, put in place appropriate controls to mitigate that risk, and take steps to ensure that the controls are being effectively implemented.

To assist you in placing adequate controls, an article written by Chris Baysden, Senior Editor for the AICPA Magazines and Newsletter Team, interviewed Matt Mitchell. Mitchell is a fraud prevention officer for Caesars Palace in Las Vegas, Nevada. Here is the advice Mitchell provides businesses looking to start or improve a fraud prevention and detection program:

Analyze the data that you have. Point-of-sale systems typically offer a wealth of data, and some sets of it-once properly identified and tracked-can be powerful clues in fraud detection. "Once you start that process, the fraudsters immediately rise to the top-it's like cream," Mitchell said.

For example: Restaurants often use comp codes that allow managers to give patrons free meals-to compensate for poor service. Keeping track of the average number of comps can help auditors determine if servers are actually comping a meal in the system then pocketing the cash that was meant to pay for it. That practice can be a costly problem in swanky restaurants such as those found in casinos, because bills can easily reach several hundred dollars.

Point-of-sale systems that record every keystroke at a terminal can also be used to detect patterns indicative of fraud. "If I see a cancel check button followed within the

next 30 seconds by an open drawer button or something like that-that's not normal," Mitchell said. "So I can build analytics to identify those anomalies and report out on it." Suddenly, thousands of pages of journal data can be transformed into a quick recap of when and where suspect transactions occurred.

Don't underestimate the power of surveillance.

Accountants are good at spotting fraud red flags in the data. But organizations also need experts skilled in video or in-person surveillance to back up the accountants' observations. "Once you can marry those, you can almost always pursue prosecution," Mitchell said of fraud on the casino floor and in the hospitality side of the business. "Just the data itself won't get you to that next step. You need to have that linkage with the surveillance."

Constantly evaluate your control procedures. Controls are a balancing act, especially in a service industry.

Organizations don't want to give frontline employees the figurative key to the castle-such as a comp code, for instance. At the same time, managers aren't always available to deal with a client's problem as quickly as good customer service would dictate. Mitchell said that he's always asking, "What's the balance between too little access and too much access?" Some organizations don't give frontline employees any ability to deal with transactions like a comp. Others go the opposite route, relying on coaching and reviewing to address any potential abuse.

Integrity, tenacity, and attitude are crucial components when hiring fraud prevention personnel. "The folks that are on our teams that have done really well with this have a sense of ownership in the business," he said. "They are personally offended when somebody steals from the business."

Don't be afraid to start small. Beginning a fraud prevention program can seem like a daunting task, especially if management isn't keen on footing the bill for startup costs. But there's never a bad time to initiate such a program, even if it means beginning with baby steps. "Get some wins under your belt," Mitchell said. "When that happens and you can prove, even on a small scale, what the realizable outcome is, then I think that the business's leaders will see the value in creating a prevention program."

In addition to Mitchell's suggestions, if you have questions or would like some other advice on protecting assets from fraudulent activity, as well as, ensuring your business complies with BSA requirements, please contact your local gambling agency representative.

Rule Changes Under Review

At the July 2014 Commission Meeting

Up For Final Action

Manufacturer's Special Sales Permits

WAC 230-03-025 Applying for a manufacturer's special sales permit.

Staff proposes adding language to answer questions we frequently receive from applicants about this permit:

- Who can apply for this permit;
- How long the permit is good for;
- Activity allowed with this permit; and
- Rules permittees must follow.

Manufacturers and Distributors

New Rule: WAC 230-16-003 Availability of bingo and pull-tab products and equipment.

A Petition for Rule Change was submitted by John Lowman, a licensed distributor, requesting the Commission adopt rules to require licensed manufacturers to make bingo and pull-tab products and equipment available to all licensed distributors for the same price and terms.

The petition was filed for discussion at the April 2014 Commission meeting and discussed further at the May 2014 Commission meeting. After the May meeting, the petitioner submitted revised language for consideration at the July 2014 Commission meeting.

Up For Possible Filing

Fee Increase

The Commissioners asked staff to bring forward two alternative fee increases for filing at the July 2014 Commission meeting.

Alternative #1: 6% fee increase effective November 1, 2014.

Alternative #2: 4% fee increase effective November 1, 2014, and a 2% increase effective November 1, 2015.

If the rules are filed for further discussion, they will be discussed again at the August and September 2014 Commission meetings.

Here's how you can comment on proposed rule changes:

You are encouraged to attend a Commission meeting, see page 10 for meeting dates and locations. If you can't attend a meeting, please send your comments to us at:

Washington State Gambling Commission
Attention: Rules Coordinator
P.O. Box 42400, Olympia, WA 98504-2400
E-mail: RulesTeam@wsgc.wa.gov

At the August 2014 Commission Meeting

Up For Final Action

Nonhouse-Banked Card Games

WAC 230-15-030 Authorized nonhouse-banked card games.

A Petition for Rule Change was submitted by Omega Gaming USA, a licensed distributor, requesting an amendment to allow nonhouse-banked card games to be approved by the director or the director's designee.

Members-Only Raffles

WAC 230-06-030 Restrictions and conditions for gambling promotions.

WAC 230-11-070 Defining "members-only" raffles.

New Rule: WAC 230-11-091 Members-only progressive raffles.

A Petition for Rule Change was submitted by the Rocky Mountain Elk Foundation, a raffle licensee, requesting progressive raffles be allowed as part of members-only raffles.

Up for Possible Filing

House-Banked and Class F Card Room Surveillance

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

Changes to digital video recording requirements for house-banked and Class F card rooms.

Raffle Records

WAC 230-11-105 Retain and store raffle records

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

Changes to bring these rules inline with current practice.

Financial Statement for House-Banked Card Rooms.

WAC 230-15-740 Preparing required financial statements.

Increasing the dollar limit in determining the level of service required by a certified public accountant in preparing financial statements for house-banked card rooms.

Appointing a Resident Agent

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, regarding requirements for resident agents.

Electronic Raffle Systems

A Petition for Rule Change was submitted by Pointstreak, a licensed manufacturer requesting rules to allow electronic raffle systems.

Recently Adopted Rule Changes

See pages 11-14 for full text of these rule changes.

Background Checks on Landlords

Effective Date: July 1, 2014

Administrative Order: 700

New Rule: WAC 230-03-061 Fingerprinting persons holding an interest in the building of house-banked card room licensees or charitable or nonprofit licensees in regulatory groups III, IV, or V.

The Commissioners approved a new rule to make our rules consistent with RCW 9.46.070(7) by requiring persons holding an “interest” in a building used for a gambling activity to undergo background checks.

Gambling Equipment

Effective Date: July 1, 2014

Administrative Order: 696

WAC 230-06-050 Review of electronic or mechanical gambling equipment.

WAC 230-06-054 Notification of electronic or mechanical gambling equipment malfunctions.

The Commissioners approved amendments to WAC 230-06-050 to codify our practice of:

- Requiring all costs associated with the review of gambling equipment to be paid in full at the completion of the review.
- Requiring the version of gambling equipment/software submitted for review to be identical or substantially similar to what is marketed and used in Washington State.
- Including any security and surveillance requirements in our approval letter that must be met to operate the equipment.
- Requiring a business to be licensed and their gambling equipment approved by us before the equipment may be sold or leased in Washington State.

The Commissioners also approved a new rule, WAC 230-06-054, which requires licensees to notify us within 72 hours of identifying or becoming aware of an electronic or mechanical gambling equipment malfunction.

Electronic Pull-Tab Dispensers

Effective Date: May 12, 2014

Administrative Order: 698

WAC 230-14-047 Standards for electronic video pull-tab dispensers.

The Commissioners approved a rule change in response to an October 2013 Thurston County Superior Court decision. The court directed the Commission to allow a specific electronic video pull-tab dispenser, which permits the purchase of a pull-tab at the dispenser and allows pull-tab winnings of \$20 or less to be added onto a cash card at the dispenser.

Recording Pull-Tab Winner Information

Effective Date: July 1, 2014

Administrative Order: 695

WAC 230-14-110 Recording winners.

WAC 230-14-265 Retention requirements for punch boards and pull-tab series.

The Commissioners approved a Petition for Rule Change submitted by the owner of four licensed businesses to increase the threshold for recording identification information for punch board/pull-tab winners from “more than \$20” to “more than \$50”.

Stay Hearings

Effective Date: May 12, 2014

Administrative Order: 697

WAC 230-17-170 Petition and hearing for stay of the summary suspension.

The Commissioners approved a rule change to allow stay hearing to be held within 14 days, rather than seven, after we receive a licensee’s request for a stay hearing. This allows additional time for all parties to prepare for the hearing and is consistent with other state agencies.

Recently Adopted Rule Changes

See pages 15-19 for full text of these rule changes.

Card Game Rules

Effective Date: July 1, 2014

Administrative Order: 699

WAC 230-15-025 Hours of play.

WAC 230-15-111 Destruction and disposal of gambling chips.

WAC 230-15-335 Internal controls.

WAC 230-15-430 Internal control requirements.

WAC 230-15-465 Dealing all house-banked card games from a dealing shoe:

WAC 230-15-505 Selling gambling chips to players.

WAC 230-15-565 Access and entrance to cashier's cage.

WAC 230-15-575 Separate imprest bank allowed for nonhouse-banked card games.

WAC 230-15-580 Accepting checks at the cashier's cage.

WAC 230-15-380 Seeding a player-supported jackpot.

WAC 230-15-385 Collecting funds for a player-supported jackpot.

WAC 230-15-480 Commission on winning hands.

WAC 230-15-250 Recordkeeping for card tournaments.

WAC 230-15-355 Counting procedures for fees.

WAC 230-15-400 Accounting for player-supported jackpot funds.

WAC 230-15-530 Completing the credit process.

WAC 230-15-560 Operating the cashier's cage.

WAC 230-15-620 Concluding the count.

Repealed Section: WAC 230-15-570 Cashier's cage bank requirements.

The Commissioners approved changes to nineteen card game rules. These changes were made in conjunction with the card room industry to simplify and streamline requirements. See article on page 2 for more about our regulatory reform program.

The Following Licensees Successfully Passed Underage Gambling Inspections January - March 2014

House-Banked Card Rooms

| | |
|-----------------------|-------------------|
| Chip's Casino | Lakewood |
| Crazy Moose Casino | Mountlake Terrace |
| Freddie's Casino | Renton |
| Goldie's Casino | Shoreline |
| Great American Casino | Everett |
| Great American Casino | Kent |
| Great American Casino | Lakewood |
| Hawk's Prairie Casino | Lacey |
| Hollywood Casino | Shoreline |
| Iron Horse Casino | Auburn |
| Macau Casino | Lakewood |
| Palace Casino | Lakewood |
| Red Dragon | Mountlake Terrace |
| Royal Casino | Everett |
| Silver Dollar Casino | Mill Creek |
| Silver Dollar Casino | SeaTac |

Punch Boards/Pull-Tabs

| | |
|----------------------|-------------|
| 2121 Pub | Tacoma |
| Frankie's Sports Bar | Olympia |
| Roadhouse | Puyallup |
| Timeout Alehouse | Federal Way |

Notice of Violation and Settlement

The Notice of Violation and Settlement (NOVAS) is a way to resolve some gambling rule violations without going through the full administrative process. A NOVAS is issued by a field agent at the time of the violation. The written notice outlines the violation and how to correct it. Fines range between \$200 and \$500. The violation must be corrected and the fine paid within 15 days, or administrative action will be taken against the gambling license.

The Following NOVAS Were Issued During January - March 2014

| House-Banked Card Rooms | | Organizations | |
|---|---------------------------------------|--|------------|
| Allowed a minor to gamble | | Failed to submit quarterly activity report in a timely manner | |
| All Star Casino | Silverdale | Bank Tavern | Ephrata |
| Failed to properly control and account for cards in play | | FOE 2210 | Bingen |
| Buzz Inn Steakhouse | East Wenatchee | FOE 2485 | Kennewick |
| Failed to follow internal controls | | FOE 2888 | Lynnwood |
| Lancer Lanes Casino | Clarkston | FOE 2927 | Sunnyside |
| Failed to make sure the surveillance room was manned | | FOE 3004 | Okanogan |
| Lancer Lanes Casino | Clarkston | Glacier Peak Band Booster | Snohomish |
| Card Room Employees | | Marcos | Lynnwood |
| Allowed a minor to gamble | | Old Inn | Snohomish |
| Anthony York | All Star Casino, Silverdale | The Shop Tavern | Oroville |
| Allowed intoxicated patrons to gamble | | The Village Restaurant | Marysville |
| Brett Roe | Crazy Moose Casino, Pasco | The Wild Hare Bar and Grill | Everett |
| Edward Pola | Caribbean Casino, Yakima | Waterfront Seafood and Bar | Bellingham |
| Jesus Velasquez | Caribbean Casino, Yakima | Failed to retain deposit receipts and pull tab flare | |
| John Ilog | Crazy Moose Casino, Pasco | FOE 3708 | Bridgeport |
| Michael Duddy | Crazy Moose Casino, Pasco | Failed to renew license in a timely manner | |
| Nyles Wilson | Crazy Moose Casino, Pasco | LOOM 00482 | Pasco |
| Failed to accurately report tips | | Failed to pay pull-tab prize in a timely manner | |
| Chan Nhothsavath | Silver Dollar Casino, SeaTac | Pioneer House | Cashmere |
| Jennifer Soung-Goette | Wizard's Casino, Buriem | Distributors | |
| Jennifer Woodall | Coyote Bob's Casino, Kennewick | Failed to submit quarterly activity report in a timely manner | |
| Jon Blankenship | Crazy Moose Casino, Mountlake Terrace | Dunow Gaming | Kennewick |
| Kunthea Men | Silver Dollar Casino, SeaTac | | |
| Maria Teresa Madis | Hawk's Prairie Casino, Lacey | | |
| Extended credit to gamble | | | |
| Nghia Chau | Diamond Lil's, Renton | | |

Administrative Case Update

Administrative Charges were issued to the following licensees and their cases were settled/finalized in April 2014.

| Name | Violation | Case Outcome |
|---|--|--|
| Brian C. Zepeda, of Puyallup, Card Room Employee (CRE) and Class III Employee (formerly employed by Freddie's Club and Nisqually Tribe) | <ul style="list-style-type: none"> ● Criminal History | <ul style="list-style-type: none"> ● Prior to hearing, the licensee agreed to surrender his licenses. |
| James L. Contreras, of Maple Valley, Class III Employee (Snoqualmie Tribal Gaming Commission took action against the certified employee's tribal license) | <ul style="list-style-type: none"> ● Embezzlement. | <ul style="list-style-type: none"> ● The certified employee did not respond to the charges, and a Default Order revoking Mr. Contreras' certification was entered at the March Commission meeting. |
| Charlie's, Montesano | <ul style="list-style-type: none"> ● Failure to Make Second-Half Payment | <ul style="list-style-type: none"> ● Prior to hearing, the licensee agreed to a ten-day suspension, with three days deferred for one year and seven days served. |
| Chorak's Sportsman's Inn, Vashon | <ul style="list-style-type: none"> ● Failure to Submit Quarterly Activity Reports (QAR) | <ul style="list-style-type: none"> ● Prior to hearing, the licensee agreed to a 35-day suspension, with eight days deferred for two years and thirty days served, which includes three days from a previous Settlement Order. |
| Freddie's Club of Renton | <ul style="list-style-type: none"> ● Failure to Submit QARs ● Player Supported Jackpot Violations | <ul style="list-style-type: none"> ● Prior to hearing, the licensee agreed to a 25-day suspension, with 20 days deferred for one year and five days vacated by a fine of |
| Glory R. MacKenna, of Wenatchee, CRE (formerly employed by Buzz Inn Steakhouse) | <ul style="list-style-type: none"> ● Failure to pay a Notice of Violation and Settlement for failing to accurately report tips. | <ul style="list-style-type: none"> ● The licensee agreed to surrender her license. |
| Classic Island Casino, Kennewick | <ul style="list-style-type: none"> ● Failure to Pay Gambling Taxes | <ul style="list-style-type: none"> ● In the Commission's Amended Final Order, the Commission upheld the finding of willful disregard. The Commission also determined Classic Island Casino's licenses were surrendered, instead of revoked. |
| Shay's Restaurant, Shoreline | <ul style="list-style-type: none"> ● Fraud | <ul style="list-style-type: none"> ● The licensee did not respond to the Summary Suspension, and a Default Order revoking Shay's Restaurant's license was entered at the March Commission meeting. |
| Jacob C. Shepherd, of Oak Harbor, CRE (formerly employed by Element Casino) | <ul style="list-style-type: none"> ● Settlement Order Violation | <ul style="list-style-type: none"> ● The licensee did not respond to the charges, and a Default Order revoking Mr. Shepherd's license was entered at the March Commission meeting. |

Administrative Case Update

Administrative Charges were issued to the following licensees and their cases were settled/finalized in April 2014.

| Name | Violation | Case Outcome |
|--|---|---|
| Adam Kilminster, of Kenmore, CRE (formerly employed by Silver Dollar Casino) | <ul style="list-style-type: none"> • Theft | <ul style="list-style-type: none"> • Prior to hearing, the licensee agreed to surrender his license. |
| Robert E. Brooks, of Oak Harbor, Class III Employee (Swinomish Tribal Gaming Commission took action against the certified employee's tribal license) | <ul style="list-style-type: none"> • Theft | <ul style="list-style-type: none"> • The certified employee did not respond to the charges, and a Default Order revoking Mr. Brooks' certification was entered at the March Commission meeting. |
| Gina N. Syharath, of Tacoma, CRE (formerly employed by Wizards Casino) | <ul style="list-style-type: none"> • Theft | <ul style="list-style-type: none"> • Prior to hearing, the licensee agreed to a 90-day suspension of her license. |
| Aces Casino Entertainment, Spokane | <ul style="list-style-type: none"> • Undisclosed transfer of Aces Casino ownership • Internal Control Violation | <ul style="list-style-type: none"> • A Settlement in Lieu of Administrative Charges was issued. • The parties agreed Aces Casino Entertainment's license would be suspended for 15 days, with ten days deferred for one year and five days vacated by costs of \$5,000. |

Washington State Gambling Commission Meeting Schedule July - December 2014

July 11 One-day Meeting Grand Mound Great Wolf Lodge

20500 Old Highway 99 SW
Grand Mound, WA 98531 – (360) 273-7718

August 14 & 15

Comfort Inn Conference Center

1620 74th Avenue SW
Tumwater, WA 98501 – (360) 352-0691

September 11 & 12

Comfort Inn Conference Center

1620 74th Avenue SW
Tumwater, WA 98501 – (360) 352-0691

October 9 & 10

Spokane Davenport Hotel

10 South Post Street
Spokane, WA 99201 – (509) 455-8888

November 13 & 14

Comfort Inn Conference Center (Tentative)

1620 74th Avenue SW
Tumwater, WA 98501 – (360) 352-0691

December—NO MEETING

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Recently Adopted Rule Changes

Effective Date: July 1, 2014

Administrative Order # 700

NEW SECTION

WAC 230-03-061 Fingerprinting persons holding an interest in the building of house-banked card room licensees or charitable or nonprofit licensees in regulatory groups III, IV, or V.

- (1) Persons holding an "interest" in the building of house-banked card room licensees or charitable or nonprofit licensees in regulatory groups III, IV, or V licensees must undergo a national criminal history background check, including fingerprinting.
- (2) For those licensees licensed before July 1, 2014, the requirement only applies when there is a change in the:
 - (a) Location of the house-banked card room; or
 - (b) Location of the charitable or nonprofit licensee's gambling activity.
- (3) An "interest" means:
 - (a) Having fifty percent or more ownership in the building used for the gambling activity; or
 - (b) Having less than fifty percent ownership in the building used for the gambling activity and having actual or potential influence over the gambling activity.

Recently Adopted Rule Changes

Effective Date: July 1, 2014

Administrative Order # 696

AMENDATORY SECTION

WAC 230-06-050 Review of electronic or mechanical gambling equipment.

~~((1) Persons who wish to submit gambling equipment, supplies, services, or games for our review to verify compliance with chapter 9.46 RCW and Title 230 WAC must pay the application deposit before we perform the review. They must also reimburse us for any additional costs of the review.~~

~~(2) We may require manufacturers to submit certain electronic or mechanical gambling equipment for review. The equipment must meet technical standards for compliance, accuracy, security, and integrity. To allow for continued testing and training, staff may keep any equipment submitted for review for as long as the equipment remains in play in Washington. The manufacturers must reimburse us for any costs of the review. The commissioners and commission staff are not liable for any damage to equipment while in our possession.~~

~~(3) Licensees must operate equipment identical to the version the director or director's designee approved.~~

~~(4) If persons submitting equipment do not agree with the director or director's designee's decision, they may file a petition for declaratory order with the commission to be heard as a full review (*de novo*) by an administrative law judge, according to RCW 34.05.240 and chapter 230-17 WAC.)~~

(1) When you submit gambling equipment, supplies, services, or games for our review to verify compliance with chapter 9.46 RCW and Title 230 WAC, you must pay the application deposit before we perform the review. You must also reimburse us for any additional costs of the review. All costs must be paid in full prior to the completion of the review.

(2) The gambling equipment submitted for review must be identical or substantially similar to what will be marketed, distributed, and deployed in Washington. If the equipment is not sufficient for testing and review, we may require additional equipment or information.

(3) If your application is incomplete or we request additional information, you must provide us with the required items within thirty days of notification or we may administratively close your application.

(4) You can begin selling or leasing the gambling equipment when you are licensed and the gambling equipment has been approved by the director or director's designee.

(5) We may include security or surveillance requirements as part of gambling equipment approval.

(6) Gambling equipment must operate as approved by the director or director's designee.

(7) We may keep equipment submitted for review to allow for continued testing and training as long as the equipment remains in play in Washington. We are not liable for any damage to equipment while in our possession.

(8) If you do not agree with the director or director's designee's decision, you may file a petition for declaratory order with the commission according to RCW 34.05.240 and chapter 230-17 WAC.

[Statutory Authority: RCW 9.46.070. WSR 07-21-116 (Order 617), § 230-06-050, filed 10/22/07, effective 1/1/08; WSR 06-17-132 (Order 601), § 230-06-050, filed 8/22/06, effective 1/1/08.]

NEW SECTION

WAC 230-06-054 Notification of electronic or mechanical gambling equipment malfunctions.

Licensees must notify us, in the format we require, within seventy-two hours of identifying or becoming aware of an electronic or mechanical gambling equipment malfunction.

Recently Adopted Rule Changes

Effective Date: May 12, 2014

Administrative Order # 698

AMENDATORY SECTION

WAC 230-14-047 Standards for electronic video pull-tab dispensers.

Electronic video pull-tab dispensers must be approved by us prior to use (~~(, meet the requirements below, and may incorporate only the features below and not perform additional functions)).~~

- (1) Electronic video pull-tab dispensers must dispense a paper pull-tab as defined in WAC 230-14-010 and follow the rules for:
 - (a) Pull-tabs; and
 - (b) Flares; and
 - (c) Authorized pull-tab dispensers.
- (2) Electronic video pull-tab dispensers that use a reading and displaying function must:
 - (a) Use a video monitor for entertainment purposes only; and
 - (b) Open all, or a portion of, the pull-tab in order to read encoded data that indicates the win or loss of the pull-tab if the dispenser is equipped to automatically open pull-tabs; and
 - (c) Dispense the pull-tab to the player and not retain any portion of the pull-tab; and
 - (d) Read the correct cash award from the pull-tab either when it is dispensed or when the pull-tab is reinserted into the dispenser; and
 - (e) Display the cash award from the pull-tab, one pull-tab at a time; and
 - (f) Provide:
 - (i) An electronic accounting of the number of pull-tabs dispensed; and
 - (ii) A way to identify the software version and name; and
 - (iii) A way to access and verify approved components; and
 - (iv) Security on the dispenser to prevent unauthorized access to graphic and prize amount displays.
- (3) (~~(Gift certificates or gift)~~) Cash cards used in electronic video pull-tab dispensers must:
 - (a) Be purchased with cash, check, gift certificates, or electronic point-of-sale bank transfer before use in the dispenser; and
 - (b) Be convertible to cash at any time during business hours; and
 - (c) Subtract the (~~(cash value for the)~~) purchase price of the pull-tab one pull-tab at a time.
- (4) Electronic video pull-tab dispensers that accept cash cards may award any pull-tab cash prize of twenty dollars or less onto the cash card.

[Statutory Authority: RCW 9.46.070. WSR 08-03-052 (Order 621), § 230-14-047, filed 1/11/08, effective 2/11/08.]

Recently Adopted Rule Changes

Effective Date: July 1, 2014

Administrative Order # 695

AMENDATORY SECTIONS

WAC 230-14-110 Recording winners.

When punch board or pull-tab players win more than (~~(twenty)~~) fifty dollars or merchandise prizes with a retail value over (~~(twenty)~~) fifty dollars, operators must make a record by:

- (1) Having winners print their name and date of birth, in ink, on the side of the winning punch or tab opposite the winning symbol(s) and verifying the winner's identity and recording the current date and initialing the winning punch or tab; or
- (2) Recording the required information on a sheet of paper at least three inches by five inches and stapling the winning tab or punch to the paper if the pull-tab or punch is constructed or printed so that recording the information required in a legible manner is not possible.

[Statutory Authority: RCW 9.46.070. WSR 07-17-058 (Order 614), § 230-14-110, filed 8/10/07, effective 1/1/08.]

WAC 230-14-265 Retention requirements for punch boards and pull-tab series.

- (1) Punch board and pull-tab operators must keep all punch boards or pull-tab series removed from play, including, at least
 - (a) All prize flares; and
 - (b) All unplayed tabs; and
 - (c) All winning punches or tabs.
- (2) Operators must make the items in subsection (1) of this section available on the licensed premises for us, local law enforcement, or local tax agencies to inspect.
- (3) If stored off premises, operators must produce the game for inspection on demand.
- (4) Operators must retain punch board or pull-tab series removed from play for:
 - (a) **Charitable or nonprofit operators** - Four months following the last day of the month in which the board or series was removed from play; and
 - (b) **Commercial operators** -
 - (i) Two months following the last day of the month in which they removed the board or series from play; and
 - (ii) Three months following the day they removed the board or series from play for winning punches or pull-tabs over (~~(twenty)~~) fifty dollars. Operators must also retain the flare for these games; and
 - (c) **Carry-over jackpot series** - For four months after the last day of the month in which the carry-over jackpot was won; and
 - (d) **Progressive pull-tab series** - For one year. After the retention period, operators must destroy unsold progressive pull-tab series tabs in such a way that no one may find and use unopened winning tabs later; and
 - (e) **Cumulative prize pool pull-tab games** - for four months, following the last day of the month, in which the last seal is opened on the cumulative prize pull-tab game board.

[Statutory Authority: RCW 9.46.070. WSR 09-17-077 (Order 657), § 230-14-265, filed 8/14/09, effective 1/1/10; WSR 07-17-058 (Order 614), § 230-14-265, filed 8/10/07, effective 1/1/08.]

Recently Adopted Rule Changes

Effective Date: May 12, 2014

Administrative Order # 697

AMENDATORY SECTION

WAC 230-17-170 Petition and hearing for stay of the summary suspension.

- (1) When the director summarily suspends a license or permit, the affected licensee or permittee may petition for a "stay of suspension" as explained in RCW 34.05.467 and 34.05.550 (1).
- (2) We must receive the petition in writing within fifteen days of service of the summary suspension.
- (3) Within (~~seven~~) fourteen days of receipt of the petition, the presiding officer holds a hearing. If an administrative law judge is not available, the chairperson of the commission designates a commissioner to be the presiding officer. If the parties agree, they may have a continuance of the seven-day period.
- (4) The stay hearing must use brief adjudicative proceedings as set out in WAC 230-17-150. At the hearing, the only issues are whether the presiding officer:
 - (a) Should grant a stay; or
 - (b) Modify the terms of the suspension.
- (5) Our argument at the hearing consists of the information we used to issue the summary suspension and we may add any information we find after we order the suspension.
- (6) At the hearing, the licensee or permittee has the burden of demonstrating by clear and convincing evidence all of the following:
 - (a) The licensee or permittee is likely to prevail upon the merits of the evidence at hearing; and
 - (b) Without relief, the licensee or permittee will suffer irreparable injury. For purposes of this section, elimination of income from licensed activities must not be deemed irreparable injury; and
 - (c) The grant of relief will not substantially harm other parties to the proceedings; and
 - (d) The threat to the public safety or welfare is not sufficiently serious to justify continuation of the suspension, or that modification of the terms of the suspension will adequately protect the public interest.
- (7) The initial stay of the summary suspension order whether given orally or in writing takes effect immediately unless stated otherwise.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-170, filed 10/24/07, effective 1/1/08.]

Recently Adopted Rule Changes

Effective Date: July 1, 2014

Administrative Order # 699

AMENDATORY SECTION

WAC 230-15-025 Hours of play.

- (1) Licensees ~~((must not))~~ may only allow the use of their premises for card playing between the hours of 2:00 a.m. and 6:00 a.m. ~~((unless we approve different hours))~~ with written approval from us.
- (2) ~~((Licensees may request, in writing, different hours of operation. Once the request is received))~~ After we have received a written request, we will consult with the local law enforcement agency ~~((having))~~ with jurisdiction over the licensee's business and with other state agencies involved in regulation of the business. ~~((We may allow licensees to adjust closing hours, but licensees must.))~~
- (3) After you have received written approval to operate between the hours of 2:00 a.m. and 6:00 p.m. you may change your hours of operation without further approval from us. Class F and house-banked card rooms must include their hours of operation in their internal controls.
- (4) You must also meet the following requirements:
 - (a) Open the food and/or drink business being stimulated to the public for business any time licensees are conducting card games; and
 - (b) ~~((Have a licensed card room employee on duty and in the licensed card game area at all times during the hours of operation of a Class E, Class F, or house banked card games; and~~
 - ~~((e))~~ Observe a four-hour period of closure at the end of at least two business days a week before beginning the next period of operation; and
 - ~~((d))~~ (c) Comply with any other terms and conditions we require.
- ~~((3))~~ (5) We may deny the request for extended hours or revoke hours already approved if:
 - (a) The local law enforcement agency or a state agency objects; or
 - (b) We determine that the licensee has violated any provisions of chapter 9.46 RCW, any other commission rule, or any of the terms ~~((set forth in subsection (1) of this section))~~ of our approval.
- ~~((4))~~ (6) Licensees must submit all objections to revocations of operating hours in writing.
- ~~((5))~~ (7) If requested, we allow the licensee an opportunity for a brief adjudicative proceeding (BAP) before denying or revoking the licensee's authorization for extended card game hours. An administrative law judge hears the BAP, under the provisions of Title 230 WAC and chapter 34.05 RCW.

[Statutory Authority: RCW 9.46.070. WSR 08-09-056 (Order 624), § 230-15-025, filed 4/14/08, effective 7/1/08; WSR 07-09-033 (Order 608), § 230-15-025, filed 4/10/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-111 Destruction and disposal of gambling chips.

- ~~((Licensees must submit internal controls to us outlining the procedures for destroying or disposing of gambling logo chips.))~~
- ~~(1) Licensees' internal controls must set out the method for destroying logo chips that are damaged or worn. The internal controls must include, at least:~~
 - ~~(a) That chips must be destroyed or mutilated in such a way that they are unusable for play; and~~
 - ~~(b) The two departments, one of which must be the accounting department, that will be responsible for overseeing chip destruction; and~~
 - (c) Only licensed employees may perform chip destruction.
 - ~~(2))~~ (1) Licensees must record all gambling chips they destroyed on a chip destruction log in the format we require.
 - ~~((3))~~ (2) If a card room closes, the licensee or former licensee must:
 - (a) Sell or otherwise transfer gambling equipment to a licensed manufacturer or distributor; or
 - (b) Destroy the chips according to ~~((the))~~ their established ~~((internal controls))~~ procedures and provide the chip destruction log to us.

[Statutory Authority: RCW 9.46.070. WSR 07-21-116 (Order 617), § 230-15-111, filed 10/22/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-250 Recordkeeping for card tournaments.

- (1) Card game licensees must keep tournament records in the format we require.
- (2) On the ~~((daily control sheet))~~ card tournament summary for the first day of a tournament, card game licensees must include the total gross gambling receipts (total tournament entry fees) and attach it to the ~~((record))~~ summary of participants, entry fees, and buy-ins.
- (3) Class F licensees must attach the tournament records to the daily card game records for the date they awarded the majority of the prizes in the tournament.

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-250, filed 4/10/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-335 Internal controls. Class F licensees must establish internal controls that ensure gambling activities are closely controlled and operated fairly.

- (1) The internal controls must require, at a minimum:
 - (a) Trained personnel; and
 - (b) Segregation of duties for all employees involved in the operation ~~((; and~~
 - ~~((c) Fee collection and funds safeguarding procedures; and~~
 - ~~((d) Playing card and chip inventory)).~~
- (2) Licensees must inform their card room employees of the internal controls related to the employees' respective areas of responsibility.
- (3) Licensees and all card room employees must follow the internal controls at all times.

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-335, filed 4/10/07, effective 1/1/08.]

Recently Adopted Rule Changes

Effective Date: July 1, 2014

Administrative Order # 699

AMENDATORY SECTION

WAC 230-15-355 Counting procedures for fees.

- (1) We do not require Class F licensees using the drop box method to collect fees to have a separate count room if they have a secure location to count and they meet all other commission requirements for surveillance and counting procedures in WAC 230-15-275. Class F licensees must:
 - (a) Conduct the count at a specific time that licensees have reported to us; and
 - (b) Count all fees at least once every twenty-four hours; and
 - (c) Have at least two card room employees count and record the amount on the ~~(count)~~ card game control slip for each drop box; and
 - (d) Make an entry in the daily card room record for each type of fee collected at each table. Licensees must retain card game control slips for each table with the daily records.
- (2) If Class F licensees using the drop box method do not have a secure location to conduct the count, they must meet the count room requirements of WAC 230-15-605.

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-355, filed 4/10/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-380 Seeding a player-supported jackpot. Class F or house-banked licensees may:

- (1) ~~((Provide up to five thousand dollars seed money from house funds to start a PSJ. Licensees must issue))~~ Seed a PSJ and replenish the PSJ when depleted by issuing a check or ~~((make))~~ making an electronic bank transfer from the licensee's business account ~~((for the seed money to the PSJ account to start the prize fund))~~; and
- (2) ~~((Licensees may replenish the PSJ as funds are depleted with up to five thousand dollars at a time; and~~
- (3)) Recover seed money by having the custodian issue a check or make an electronic bank transfer from the PSJ account to the licensee's business account.

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-380, filed 4/10/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-385 Collecting funds for a player-supported jackpot. Class F or house-banked licensees may collect ~~((up to two dollars per hand or game))~~ funds from the pot for each player-supported jackpot. Licensees:

- (1) Must keep these funds separate from all other fees; and
- (2) Must use either the chip rack or drop box method to collect these funds.

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-385, filed 4/10/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-400 Accounting for player-supported jackpot funds. Class F or house-banked licensees must:

- (1) Maintain a separate bank account in a bank, mutual savings bank, or credit union in Washington state for holding player-supported jackpot (PSJ) funds; and
- (2) Deposit only funds from PSJs into the account; and
- (3) Not make payouts from the PSJ funds until licensees have

first deposited the funds in the PSJ account. However, licensees may pay out prizes won during the gambling day and deduct administrative expenses before licensees deposit the funds; and

- (4) Transfer or deposit the PSJ funds into the PSJ account or with an armored car service no later than the second banking day after the close of business; and
- (5) Identify all deposits or transfers of PSJ funds by the type of PSJ fund and date of collection. Licensees must keep the validated deposit receipts or transfer information as a part of their required daily records or have online access to their player-supported jackpot bank accounts; and
- (6) Transfer the amount from the PSJ account to the cage or general account before the end of the month if PSJ prizes are paid from the cage or general account. The licensee must keep the transfer information as part of the written records; and
- (7) Reconcile the account balance in their bank statement to the PSJ prize balance on their PSJ prize fund accrual record each month. "Reconcile" means the licensee must compare the two balances, resolve any differences, and document the comparison and the differences in writing. Licensees must keep the reconciliation as part of their records.

[Statutory Authority: RCW 9.46.070. WSR 10-11-087 (Order 669), § 230-15-400, filed 5/17/10, effective 7/1/10; WSR 09-19-051 (Order 660), § 230-15-400, filed 9/11/09, effective 1/1/10; WSR 07-10-034 (Order 611), § 230-15-400, filed 4/24/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-430 Internal control requirements. General accountability requirements.

- (1) House-banked card game licensees must have a system of internal controls including, at least:
 - (a) **Accounting controls** - Include the licensee's plan, procedures, and records concerned with the safeguarding of assets and the reliability of financial records. Licensees must design these controls to provide reasonable assurance that~~((~~
 - (i) ~~Transactions are executed with management's general and specific authorization; and~~
 - (ii)) transactions are recorded so that financial statements are prepared in conformity with generally accepted accounting principles (GAAP), and so that accountability for assets is maintained; and~~((~~ - (iii) ~~Access to assets is permitted only with management's authorization; and~~
 - (iv) ~~Records are compared with existing assets at least annually and appropriate action is taken within five working days to correct any differences; and))~~
 - (b) **Administrative controls** - Include, at least, the ~~((licensee's plan, procedures, and records outlining decision-making processes that lead to authorization of transactions. These must provide for:~~
 - (i) ~~Competent personnel with an understanding of internal control procedures; and~~
 - (ii)) segregation of incompatible functions so that no employee is in a position to commit and conceal errors or wrongdoings in the normal course of his or her duties.

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Designating a general manager.

- (2) The owner, partners, or board of directors for the licensee must designate an individual with overall responsibility for the business, called the "general manager." The general manager may also perform the duties of a gambling operations department manager; and

Establish separate departments or functions.

- (3) Licensees must establish separate departments or functions which must be independent from each other. At a minimum, these must include:

- (a) Surveillance;
- (b) Security;
- (c) Gambling; and
- (d) Accounting.

Surveillance department requirements.

- (4) The surveillance department manager must ensure that surveillance employees follow all requirements of the surveillance WACs, including, at least:
- (a) Closely and clandestinely observing the operation of the card games, the cashier's cage, and count room; and
 - (b) ~~((Recording video and audio of the activities in the count room; and~~
 - (e)) Monitoring for cheating, theft, embezzlement, and other illegal activities on the licensed premises; and
 - ~~((c)) (c) Recording video of unusual or suspected illegal activities; and~~
 - ~~((e)) (d) Notifying appropriate supervisors and us, within three working days, when they detect cheating, theft, embezzlement, or other illegal activities related to gambling; and~~
 - ~~((f)) (e) Giving our agents or law enforcement personnel immediate access to the surveillance room(~~;~~ and~~
 - ~~(g) Ensuring that each dealer is evaluated to determine if he or she follows all required dealer procedures set out in the house-banked card game licensee's approved internal controls; and~~
 - ~~(h) Documenting procedures about how winning wagers, jackpots, or bonus pay-outs will be verified; and~~
 - (i) Ensuring that all surveillance employees have demonstrated a knowledge of:
 - (i) Operating surveillance systems; and
 - (ii) Rules of play and procedures for the games being played; and
 - (iii) Overall procedures relating to the duties of all employees of the house-banked card room, including dealers, shift managers, floor supervisors, cage cashiers and count team members)).

Security department requirements.

- (5) The security department manager must ensure that security employees control(~~(;~~~~(a))~~) the transfer of cash and chips to and from the gambling tables, cage, and count room(~~;~~ and
- (b) Dealing shoes and new and used cards, when not in use or when held in evidence; and
 - (c) Disposing of or destroying used cards and dealing shoes, and observing accounting department employees when they destroy damaged chips when removed from service)).

Gambling operations department requirements.

- (6) The gambling operations department manager, or general manager, is responsible for house-banked card games and must ensure that(~~(;~~
- ~~(a))~~ the dealers operate card games at assigned gambling tables(~~;~~ and
 - ~~(b) Cards and dealing shoes are properly accounted for when in use on the gambling floor; and~~
 - ~~(c) There is adequate supervision on the business premises)).~~

Accounting department requirements.

- (7) The accounting department must be supervised by a person who reports directly to the general manager. The accounting department must, at least:
- (a) Implement and monitor accounting controls; and
 - (b) Control processes in the count room and cashier's cage; and
 - (c) Supervise the count room personnel and cashier's cage personnel; and
 - (d) Control the inventory of unused forms; and
 - (e) Reconcile the used and unused forms; and
 - (f) Prepare, control, and store records and data we require(~~;~~ and
 - ~~(g) Oversee, with the help of the security department, the destruction of damaged chips removed from service)).~~

[Statutory Authority: RCW 9.46.070. WSR 07-10-034 (Order 611), § 230-15-430, filed 4/24/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-465 Dealing all house-banked card games from a dealing shoe. House-banked card game licensees must deal all house-banked card games from a dealing shoe or a shuffling device we have approved with the exception of single and double deck card games which may be dealt by hand.

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-465, filed 4/10/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-480 Commissions on winning hands. The only direct or indirect fee (~~commission~~) licensees may collect is a (~~maximum of five percent~~) percentage from a winning hand in house-banked card games.

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-480, filed 4/10/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-505 Selling gambling chips to players. House-banked card game licensees must accurately account for all chips and cash when they sell chips to players. Licensees must sell chips only at the gambling table. (~~The dealer must:~~

- ~~(1) Spread the cash on the top of the gambling table so that the player, floor supervisor, and surveillance have a full view of the sale;~~
- ~~(2) Announce the amount loudly enough to be heard by the player and the floor supervisor assigned to the table;~~
- ~~(3) Have the floor supervisor verify all cash sales of one hundred dollars or more;~~
- ~~(4) Prove the denomination and the number of chips to the player, floor supervisor, and surveillance before giving the chips to the player. Licensees must include their method for proving~~

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~~chips in their internal controls; and~~
(5) ~~After giving the chips to the player, immediately remove the cash from the table top and put it in the drop box attached to the table.))~~

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-505, filed 4/10/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-530 Completing the credit process.

Requesting credit.

- (1) The floor supervisor must prepare a request for credit to authorize the cage to prepare a credit slip for removing gambling chips and coin to the cashier's cage.
- (2) The floor supervisor and a security department employee must sign the request for credit slip at the gambling table from which the gambling chips and coin are being removed.

Transporting requests for credit.

- (3) A security department employee verifies the chips and coin to the request for credit and then transports the original of the request for credit and the gambling chips or coin removed from the gambling table directly to the cashier's cage.
- (4) The dealer must place the duplicate copy of the request for credit face up on the gambling table. The form must not be removed until a credit slip is received from the cashier's cage.

Filling a request for credit.

- (5) The cashier must prepare a credit slip in the format we require whenever gambling chips or coin are removed from the gambling tables to the cashier's cage.
- (6) The cashier must compare the request for credit to the chips or coin and sign the credit slip.
- (7) A security department employee must compare and verify the request for credit to the credit slip and sign the credit slip.
- (8) A security department employee must transport the credit slip to the gambling table.
- (9) The cashier retains the original of the request for credit.

Receiving the credit.

- (10) On receiving the request for credit slip, the dealer and the floor supervisor verify the amount of the credit slip and sign the credit slip.
- (11) After the dealer and floor supervisor sign the credit slip, the security department employee must observe that the dealer immediately places the duplicate credit slip and the duplicate request for credit in the drop box attached to the gambling table from which the gambling chips or coin were removed.
- (12) The security department employee must return the original credit slip to the cashier's cage. The cage cashiers must keep together and control the original of the credit slip and request for credit.
- (13) If an error is made on the credit slip, the cage cashier must write "VOID" on the original and duplicate of the slip and sign the slip.
- (14) At the end of the day or shift, the cage cashier must forward all slips to either:
 - (a) The count team for agreement with the duplicate of the credit slip and duplicate of the request for credit removed from the drop box. After the count, all credit slips and requests for credit must be forwarded to the accounting

department for agreement with the triplicate; or
(b) The accounting department for agreement with the duplicate credit slip and duplicate request for credit slip removed from the drop box and the triplicate of the ~~((request for))~~ credit slip.

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-530, filed 4/10/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-560 Operating the cashier's cage.

- (1) House-banked card game licensees must have a cashier's cage used for securing and accounting for all chips and moneys in the card room portion of the business premises. Licensees must ensure that their cage cashiers, at least:
 - (a) Maintain the cage inventory including currency, coin, player checks, gambling chips, forms, documents, and records normally associated with the operation of a cage; and
 - (b) Receive gambling chips, cash, checks, and other cash equivalents from players in exchange for currency or coin or for check consolidations, total or partial redemptions, or substitutions; and
 - (c) Receive cash or chips from the count room; and
 - (d) Perform functions necessary to ensure accurate accountability of funds and chips consistent with these requirements, including, at least:
 - (i) Reconciling the total closing inventory with the total opening inventory; and
 - (ii) Receiving request for fill slips in exchange for issuing fill slips and requested chips or coin; and
 - (iii) Receiving chips or coins removed from gambling tables in exchange for issuing a credit slip; and
 - (iv) Receiving documents with signatures that ensure the effective segregation of duties; and
 - (v) Counting and recording the face value of each cage inventory item on a ~~((cashier's))~~ cage inventory count sheet, along with the total opening and closing inventories, at the end of each of their outgoing shifts; and
 - (vi) Signing, at their incoming and outgoing shift, ~~((the cashier's count sheet and))~~ the cage inventory count sheet, attesting to accuracy of the count; and
 - (vii) Preparing the overall cage reconciliation and accounting records; and
 - (viii) Forwarding, at the conclusion of the daily gambling activity, copies of the ~~((cashier's count sheet,))~~ cage inventory count sheet~~((s))~~ and related documents to the accounting department for reconciling the agreement of opening and closing inventories, notification of error slips, and the agreement of amounts on other forms, records, and documents recording transactions.
- (2) Licensees may sell merchandise items out of the cashier's cage as long as they have a separate bank and receipting system for the sale and accounting of these items.

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-560, filed 4/10/07, effective 1/1/08.]

Recently Adopted Rule Changes

Effective Date: July 1, 2014

Administrative Order # 699

AMENDATORY SECTION

WAC 230-15-565 Access and entrance to cashier's cage.

(1) House-banked card game licensees must limit entry to the cashier's cage to authorized personnel. ~~((Licensees must place on file with the accounting department the names of all persons:~~

- ~~(a) Authorized to enter the cage; and~~
- ~~(b) Who have the combination, keys, or the mechanism to open the locks to the entrance of the cage; and~~
- ~~(c) Who have the ability to operate the alarm systems.))~~

(2) Licensees must keep a sign-in log in the format we require of all persons accessing the cashier's cage.

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-565, filed 4/10/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-575 Separate imprest bank allowed for nonhouse-banked card games.

House-banked card game licensees operating both house-banked and nonhouse-banked games may sell chips for poker games through an imprest bank other than the cashier's cage. "Imprest bank" means the bank must replenish funds on a regular basis to maintain exactly the amount of outgoing cash, chips, or coin (expenditures) minus the amount of funds added. The bank must be located within the cashier's cage or another location approved in the internal controls.

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-575, filed 4/10/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-580 Accepting checks at the cashier's cage.

(1) House-banked card game licensees may accept checks from players as explained in WAC 230-06-005 and must meet the following additional requirements:

- (a) Licensees may only accept checks from players at the cashier's cage or poker podium; and
- (b) Before cashing the check, the cage cashier must examine the player's identification to confirm the player's identity; and
- (c) The cage cashier must:

- ~~(i) ((Endorse the check "for deposit only" to the licensee's bank account; and~~
- ~~(ii))~~ (ii) Initial the check; and
- ~~((iii))~~ (ii) Date and time stamp the check; and
- ~~((iv))~~ (iii) Verify that the player is not listed on the daily returned check report. If licensees use a check guarantee and collection service, the licensee may disregard this subsection; and
- ~~((v))~~ (iv) Exchange the check for currency and coin in the amount for which the check is drawn, minus any applicable fees; and
- ~~((vi))~~ (v) Forward all player checks to the main bank cashier.

(2) ~~((Before accepting a traveler's check from a player, the cage cashier must:~~

- ~~(a) Require the player to countersign the traveler's check in the cashier's presence; and~~

~~(b) Compare the countersignature with the original signature on the traveler's check; and~~

~~(c) Examine the traveler's check for any signs of tampering, forgery, or alteration; and~~

~~(d) Perform any other procedures that the issuer of the traveler's check requires in order to indemnify the acceptor against loss.~~

~~(3))~~ Licensees must deposit all checks received into their bank account, within two banking days after receipt. Checks deposited to an armored car service within two banking days meet this requirement.

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-580, filed 4/10/07, effective 1/1/08.]

AMENDATORY SECTION

WAC 230-15-620 Concluding the count.

(1) After the count team finishes their count, the cage cashier or accounting department employee must verify the contents of the drop boxes.

(2) In the presence of the count team and before looking at the master game report, the verifier must recount the cash, either manually or mechanically.

(3) The verifier must sign the master game report verifying that the cash count is accurate.

(4) Each count team member must sign the report attesting to the accuracy of the information recorded.

(5) After the report is signed, the ~~((original))~~ master game report must be taken directly to the accounting department, along with the requests for fills, the fill slips, the requests for credit, the credit slips, and the table inventory slips removed from drop boxes. The cage cashiers must not be allowed access to any of these records.

[Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-620, filed 4/10/07, effective 1/1/08.]

REPEALED SECTION

The following section of the Washington Administrative Code is repealed:

WAC 230-15-570 Cashier's cage bank requirements.

Washington State Gambling Commission

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