



**WASHINGTON STATE
GAMBLING COMMISSION PUBLIC
MEETING - July 2021**

Gambling Commission Headquarters
Lacey, WA

COMMISSIONERS



Bud Sizemore
Chair



Julia Patterson
Vice Chair

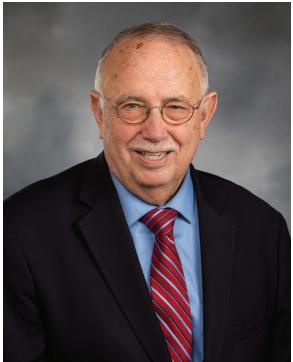


Alicia Levy



Kristine Reeves

EX OFFICIOS



Senator
Steve Conway



Senator
Jeff Holy



Representative
Shelley Kloba



Representative
Brandon Vick



Washington State Gambling Commission

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STATE OF WASHINGTON

GAMBLING COMMISSION

“Protect the Public by Ensuring that Gambling is Legal and Honest”

Gambling Commission Meeting Agenda

Thursday, July 8th, 2021

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Please note, agenda times are estimates only. Items may be taken out of sequence at the discretion of the Chair. Commissioners may take action on business items.

Administrative Procedures Act Proceedings are identified by an asterisk (*)

PUBLIC MEETING

	Executive Session – Closed to the Public Discuss potential agency litigation with legal counsel, including tribal negotiations.	<i>Bud Sizemore, Chair</i>
Tab 1 1:00	Call to Order *Consent Agenda <ul style="list-style-type: none"> June 10th & 11th, 2021 Commission Meeting New Licenses and Class III Employees Licenses 	<i>Bud Sizemore, Chair</i> (Action)
Tab 2	Skokomish Indian Tribe <ul style="list-style-type: none"> Compact Amendment Hearing for Sports Wagering 	(Action) <i>The Honorable Tom Strong, Vice Chair, Skokomish Tribal Council</i> <i>Tina Griffin, Interim Director</i> <i>Julie Lies, Tribal Liaison</i> <i>Brian Considine, Legal and Legislative Manager</i>
Tab 3	Petition for Rule Change <ul style="list-style-type: none"> Adopting Rules for Manufacturers Selling to Distributors 	(Action) <i>Ashlie Laydon, Rules Coordinator</i> <i>Walter Antoncich, Petitioner</i>
Tab 4	Rules Up for Discussion Only <ul style="list-style-type: none"> Sports Wagering Rules 	<i>Brian Considine, Legal and Legislative Manager</i>
Tab 5	2022 Agency Request Legislation	<i>Brian Considine, Legal and Legislative Manager</i>
	Director Hiring Update	<i>Lisa Benavidez, HR Director</i>
	Commission Meetings – Post Pandemic	<i>Bud Sizemore, Chair</i>
	Public Comment	
Public Comment can be provided:		
<ul style="list-style-type: none"> Before and during the Commission meeting you may email Julie.Anderson@wsgc.wa.gov ; or During the meeting you may use the Microsoft Office Teams Chat Box; If you are attending the meeting by phone, we will offer you an opportunity to comment. 		
	Adjourn	

Upon advance request, the Commission will pursue reasonable accommodations to enable persons with disabilities to attend Commission meetings. Questions or comments pertaining to the agenda and requests for special accommodations should be directed to Julie Anderson, Executive Assistant at (360) 486-3453 or TDD (360) 486-3637. Questions or comments pertaining to rule changes should be directed to the Ashlie Laydon, Rules Coordinator (360) 486-3473. Please silence your cell phones for the public meeting



STATE OF WASHINGTON
GAMBLING COMMISSION

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

June Gambling Commission Meeting Minutes

Gambling Commission Headquarters

Virtual Meeting

*June 10th & 11th, 2021

Commissioners Present:

Bud Sizemore, Chair (Present)

Julia Patterson (Via Teams)

Lauren King (Via Teams)

Kristine Reeves (Via Teams)

Ex Officio Members Present:

Senator Steve Conway (Via Teams)

Senator Jeff Holy (Via Teams)

Representative Shelley Kloba (Via Teams)

Staff Present:

Tina Griffin, Interim Director; and Julie Anderson, Executive Assistant.

Staff Present-Virtual:

Brian Considine, Legal and Legislative Manager (LLM); Julie Lies, Tribal Liaison (TL); Ashlie Laydon, Rules Coordinator (RC); and Suzanne Becker, Assistant Attorney General.

Public Meeting Call to Order

Chair Sizemore called the virtual meeting to order at 9:32 am. Chair Sizemore asked Interim Director Tina Griffin to call the roll to ensure we had a quorum. Chair Sizemore also mentioned that TVW would be live streaming the meeting. He asked for a moment of silence to recognize the fallen law enforcement officers that lost their lives since the commission last met.

Tab 1

Suquamish Tribe Proposed Compact Amendment 5

Honorable Leonard Forsman, Chair, Suquamish Tribe, Rion Ramirez, CEO of Port Madison Enterprises, Tina Griffin (Interim Director, WSGC) and Julie Lies (Tribal Liaison, WSGC) presented the material for this tab. **Chair Forsman** thanked the commission for this opportunity. **Interim Director Griffin** explained the process and **Tribal Liaison Lies** discussed the details of the Tribe's Compact Amendments. **Chair Forsman and Rion Ramirez** gave a short presentation of the tribe's history and accomplishments.

Chair Sizemore asked for public comment. There was no public comment.

Chair Sizemore asked Julie Anderson if there was any emails or chat activity. **Julie Anderson** replied that were none.

Commissioner Reeves moved to forward the proposed compact to the governor for review and final execution.

Commissioner Patterson seconded the motion.

* Governor Inslee issued [Proclamation 20-28.4](#) et al that suspended certain Open Public Meeting requirements, including in-person public meetings requirements for this Commission Meeting.

The motion passed 6:0

Chair Forsman Thanked the Commission for their time.

Tab 2

Sports Wagering Proposed Compact Amendment

Tina Griffin: Interim Director (ID), Julie Lies; Tribal Liaison (TL) and Brian Considine; Legal and Legislative Manager (LLM) presented the material for this tab. **ID Griffin** began the presentation. **LLM Considine** gave a quick background on House Bill 2638, authorizing sports wagering in Class III Tribal Gaming Facilities only subject to compact amendments to be negotiated consistent with the Gambling Commissions five pillars. **TL Lies** summarized the four compact amendments related to sports wagering.

Chair Sizemore asked if there were any questions or comments from Commissioners or Ex Officios. **Senator Holy** expressed his appreciation of staff around the definition of premises. **Commissioner Reeves** asked if it is the agency's intent to exclude tribal smoke shops or tribal cannabis stores from the non-adjointing piece of this definition? TL Lies replied that *"the smoke shops and cannabis shops were not items that we discussed during this definition."* Rion Ramirez said *"cannabis stores and smoke shop, to my knowledge, we don't have any that are connected if they were within the casino, that would be something that's different. Cannabis is problematic for gaming because it's considered a criminal enterprise."*

Representatives from **Tulalip Tribe of Washington:** *The Honorable Teri Gobin, Chairwoman The Honorable Glen Gobin, Vice Chair, Suquamish Tribe: The Honorable Leonard Forsman, Chair and Rion Ramirez, CEO of Port Madison Enterprises, Snoqualmie Indian Tribe: Stanford Le, CEO and President Snoqualmie Casino, Kalispel Tribe of Indians: Kevin Zenishek, Executive Director of Casino Operations* presented to the commission as lead negotiating tribes.

Next, the tribes adopting Suquamish Tribe's Compact Amendment Language had an opportunity to present.

Confederate Tribes of the Colville Reservation: *The Honorable Karen Condon, Colville Business Council Secretary*

Cowlitz Indian Tribe: *Kara Fox-LaRose, President and General Manager ilani Resort*

Jamestown S'Klallam Tribe: *The Honorable W. Ron Allen, Chairman*

Lummi Nation: *The Honorable Lawrence Solomon, Chairman*

Muckleshoot Indian Tribe: *The Honorable Jaison Elkins, Tribal Council Chair*

***Puyallup Tribe of Indians:** * Letter from *The Honorable Bill Sterud, Chairman*

Shoalwater Bay Indian Tribe: *The Honorable Charlene Nelson, Chairwoman*

Spokane Tribe: *The Honorable Carol Evans, Chairwoman*

***Squaxin Island Tribe:** Letter from *The Honorable Kris Peters, Chair*

Stillaguamish Tribe of Indians: *The Honorable Shawn Yanity, Chairman*

Swinomish Indian Tribal Community: *The Honorable Jeremy Wilbur, Vice Chair Swinomish Senate*

Commissioners and Staff took a 15 minutes break. After the break **ID Griffin** called the role to confirm a quorum.

Tulalip Tribe of Washington

Commissioner Reeves moved to forward the proposed Compact Amendment for the Tulalip Tribe to the governor for review and final execution.

Commissioner King seconded the motion.

ID Griffin called the roll.

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Suquamish Tribe

Commissioner Patterson moved to forward the proposed Compact Amendment for the Suquamish Tribe to the governor for review and final execution.

Senator Conway seconded the motion.

ID Griffin called the roll.

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Snoqualmie Indian Tribe

Commissioner King moved to forward the proposed Compact Amendment for the Snoqualmie Indian Tribe to the governor for review and final execution.

Commissioner Patterson seconded the motion.

ID Griffin called the roll.

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Kalispel Tribe of Indians

Commissioner Patterson moved to forward the proposed Compact Amendment for the Kalispel Tribe of Indians to the governor for review and final execution.

Senator Holy seconded the motion.

ID Griffin called the role.

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Confederated Tribes of the Colville Reservation

Commissioner Reeves moved to forward the proposed Compact Amendment for the Confederated Tribes of the Colville Reservation to the governor for review and final execution.

Senator Holy seconded the motion.

ID Griffin called the roll.

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Cowlitz Indian Tribe

Commissioner King moved to forward the proposed Compact Amendment for the Cowlitz Indian Tribe to the governor for review and final execution.

Senator Conway seconded the motion.

ID Griffin called the roll.

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Jamestown S’Klallam Tribe

Commissioner Patterson moved to forward the proposed Compact Amendment for the Jamestown S’Klallam Tribe to the governor for review and final execution.

Commissioner King seconded the motion.

ID Griffin called the roll.

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Lummi Nation

Commissioner Reeves moved to forward the proposed Compact Amendment for the Lummi Nation to the governor for review and final execution.

Commissioner Patterson seconded the motion.

ID Griffin called the roll

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Muckleshoot Indian Tribe

Commissioner King moved to forward the proposed Compact Amendment for the Muckleshoot Indian Tribe to the governor for review and final execution.

Senator Conway seconded the motion.

ID Griffin called the roll.

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Puyallup Tribe of Indians

Commissioner Patterson moved to forward the proposed Compact Amendment for the Puyallup Tribe of Indians to the governor for review and final execution.

Senator Conway seconded the motion.

ID Griffin called the roll.

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Shoalwater Bay Indian Tribe

Commissioner Reeves moved to forward the proposed Compact Amendment for the Shoalwater Bay Indian Tribe to the governor for review and final execution.

Senator Conway seconded the motion.

ID Griffin called the roll.

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Spokane Tribe

Commissioner King moved to forward the proposed Compact Amendment for the Spokane Tribe to the governor for review and final execution.

Senator Holy seconded the motion.

ID Griffin called the roll.

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Squaxin Island Tribe

Commissioner Patterson moved to forward the proposed Compact Amendment for the Squaxin Island Tribe to the governor for review and final execution.

Commissioner King seconded the motion.

ID Griffin called the roll.

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Stillaguamish Tribe of Indians

Commissioner Reeves moved to forward the proposed Compact Amendment for the Stillaguamish Tribe of Indians to the governor for review and final execution.

Senator Conway seconded the motion.

ID Griffin called the roll.

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Swinomish Indian Tribal Community

Commissioner King moved to forward the proposed Compact Amendment for the Swinomish Indian Tribal Community to the governor for review and final execution.

Commissioner Patterson seconded the motion.

ID Griffin called the roll.

The motion passed. 7:0

Commissioner Levy and Ex Officio Vick were excused.

Chair Sizemore asked for public comment. There was no public comment.

Chair Sizemore thanked the Commissioners, Ex Officios and WSGC staff for all their hard work getting 15 Sports Wagering Amendments approved to go to the governor's office for final execution.

Tab 3

Sports Wagering Rules

LLM Considine and **Christopher Stanley, Chief Financial Officer (CFO)** presented the material for this tab. LLM Considine provided a general overview of the rules packet, including identification of the draft rules and stakeholder comments received prior to the meeting. He indicated that the Commissioners received an updated set of draft sports wagering rules for the meeting and the updated draft they have is the same one that has been posted in the packet on the agency's public meeting webpage.

He indicated that the rules seek to establish the agency's regulatory relationship with our new vendor licensees. The rules do not seek circumvent compact negotiations as some comments assert. Instead, the rules provide the legal framework for when we need to work with licensees on things that occur outside of a tribal casino or on an issue we're asked to investigate.

Rules are an extension of our authority under the Gambling Act, including updated authority that came from HB 2638. Today's hearing is the Commissioners' initial review with the opportunity to file draft proposed initial rules (CR 102). Stakeholders and the public will have further opportunity to comment on these rules during the entire rule-making process.

The process for these rules is going quicker than normal and we would have liked to have more time for stakeholder review and comment. However, rules are being brought to the Commissioners now to meet the end of August deadline previously established for rules to become effective. This timeline is challenging, but staff has done their best to keep to this timeline.

Staff continue to review comments and these rules for edits. Changes can still be made to these rules. However, the state's administrative procedures act requires that the final rules not be substantially different from the proposed rules that are filed for publication in the state register or the agency is legally required to re-file the updated proposed draft rules for publication prior to final action.

The goal of these rules is to include current practice and then incorporate changes as needed and consistent with this new activity, compacts, and state law. The order of going through the rules is for CFO Stanley to give a presentation on the licensing fees. Then, LLM Considine would generally review the topics covered in amendments and/or new rules to WAC 230-03; WAC 230-05; WAC 230-06; and WAC 230-19.

CFO Stanley gave a presentation identifying the licensing fees of \$85,000 for major vendors, \$10,000 for mid-level vendors, and \$5,000 for ancillary vendors. The proposed fee amounts are set to fund five FTEs needed for the agency to license and regulate vendors and this new activity. **Commissioner Reeves** asked about the construct around the percentage of licensing revenue that this represents overall for the agency. **CFO Stanley** explained that this was a small fraction of the work. Staff recommends filing draft language for further discussion at a Special Commission Meeting to be held on Wednesday, July 28, 2021.

LLM Considine then went through the different rule categories and topics. WAC 230-03 covers the Licensing/pre-licensing process; applying for a license; substantial interest holders; information needed from licensees; new license types-Major, Mid-level, and Ancillary and requirements for each license type; new vendor representative license types and licensing requirements; renumbering some rules not being amended; and repealing a rule that is no longer applicable and could cause confusion.

WAC 230-05 covers reporting and licensing fees (See CFO Stanley presentation); quarterly reporting; and individual license fees.

WAC 230-06 covers adding or removing sports wagering vendors from current requirements, including rules related to equipment. Contract review and rule language in the current version will be changed to mirror that found in WAC 230-03 to address some concerns regarding the possible breadth of the review in the current rule language. It also includes the Trade Show Rule

currently in WAC 230-16. The rule is being moved to allow for inclusion of sports wagering vendors.

WAC 230-19 covers definitions; record-keeping for auditing and investigation purposes; sports wagering menu; sports wagering integrity; integrity monitoring providers; sports wagering system requirements for vendors; geofence/geolocation; sports wagering account requirements; and records retention schedule.

After LLM Considine's presentation, **Chair Sizemore** asked for public comment. There was no public comment.

Then, LLM Considine asked the Commissioners to file draft rules that reflect additional staff technical edits, including changes related to the comments, and any additional changes and/or direction from Commissioners. This is needed to allow staff to continue to review the language and make technical edits to clean it up before filing with the Code Reviser.

No additional changes from Commissioners.

Commissioner Patterson moved to file draft language with the code reviser for further discussion and give staff the ability to make technical edits or changes to these rules consistent with public comments.

Commissioner Reeves seconded the motion.

The motion passed. 4:0

LLM Considine recommended the Commissioners schedule a special meeting on July 28, 2021. This date will allow the agency to meet the end of August target for rules to become effective.

Chair Sizemore asked the Commissioners to check their calendars to commit to July 28 for the special commission meeting. Commissioners Reeves, Patterson and Sizemore all committed to that date.

ID Griffin read the names of 40 staff members that worked on the Sports Wagering process into the record.

Chair Sizemore adjourned day one at 2:58pm announcing that day two of the meeting will reconvene at 9:30 am June 11.

Commissioners Present:

Bud Sizemore, Chair (Present)

Julia Patterson (Via Teams)

Lauren King (Via Teams)

Kristine Reeves (Via Teams)

Ex Officio Members Present:

Senator Steve Conway (Via Teams)

Senator Jeff Holy (Via Teams)

Representative Shelley Kloba (Via Teams)

Staff Present:

Tina Griffin, Interim Director; and Julie Anderson, Executive Assistant.

Staff Present-Virtual:

Brian Considine, Legal and Legislative Manager (LLM); Julie Lies, Tribal Liaison (TL); Ashlie Laydon, Rules Coordinator (RC); and Matt Kernutt, Assistant Attorney General.

Day 2 Public Meeting and Call to Order

Chair Sizemore called the second day of the commission meeting to order at 9:32 am. Chair Sizemore asked Interim Director Tina Griffin to call the roll to ensure a quorum. He announced that the meeting agenda would start with the Petition for Review.

Tab 4

Consent Agenda

Commissioner Reeves moved to approve the consent agenda as presented by staff.

Commissioner Patterson seconded the motion.

The motion passed. 4:0

Tab 5

Petition for Review-2010 Toyota Tundra, Case No. 2018-00771

Assistant Attorney General Chad Standifer represented the Washington State Gambling Commission's agency staff and **Attorney Charles R. Steinberg** represented Francisco Cuevas-Suarez.

Commission Staff, through Assistant Attorney General Chad Standifer, filed a Petition for Review of the Administrative Law Judge's Initial Order granting Claimant Francisco Cuevas-Suarez's Summary Judgment Motion and finding that the Commission improperly seized to forfeit a 2010 Toyota Tundra. Commission Staff requested, and received, a continuance to file their Petition for Review.

Attorneys for the parties gave oral argument for their positions. Commissioners asked questions of both attorneys and oral argument was included.

Chair Sizemore and Commissioners Patterson, Reeves and King adjourned the public meeting to a closed session with AAG Matt Kernutt for deliberation.

Following oral argument and review of the record, the Commission denies Commission staff's Petition for Review, and affirms and adopts the initial order as its final order with one amendment: In paragraph 5.13 of the initial order, the Commissioner strikes the word "solely."

Tab 6

Defaults

Martin Siergiey, CR 2021-00309

Staff recommends that the Commission sign the proposed final order and revoke Martin Siergiey's Class III Employee Certification, Number 69-23072.

Chair Sizemore asked if Martin Siergiey was in attendance. He was not.

Commissioner Patterson moved to approve the final order and revoke the class III employee certification for Martin Siergiey.

Commissioner King seconded the motion.

The motion passed 4:0.

Big Bottom Roadhouse, CR 2020-00878

Staff recommends that the Commission sign the proposed final order and revoke Big Bottom Roadhouse's Punchboard/Pull-Tab and Nonhouse-Banked Card Room licenses, Numbers 05-21524 and 65-07482.

Chair Sizemore asked if anyone representing Big Bottom Roadhouse was in attendance. They were not.

Commissioner King moved to revoke the punch board/pull-tab license and the nonhouse-banked cardroom license for Big Bottom Roadhouse for the reasons presented by staff and identified in the record.

Commissioner Patterson seconded the motion.

The motion passed. 4:0.

Tony Holroyd, CR 2021-00073

Staff recommends that the Commission sign the proposed final order and revoke Tony Holroyd's Public Card Room Employee license, Number 68-35889.

Chair Sizemore asked if Tony Holroyd was in attendance. He was not.

Commissioner Reeves moved to revoke Tony Holroyd's public cardroom employee license for reasons presented by staff.

Commissioner Patterson seconded the motion.

The motion passed. 4:0

Tab 7

Agency Request Legislation

LLM Considine presented the materials for this tab. **LLM Considine** gave a brief timeline of the ARL for 2022. At the July Commission meeting, Commissioners will be asked to identify and prioritize topics to explore for 2022 ARL. At the August Commission meeting, Commissioners will be provided draft language to consider on topics they identified in July. At the September meeting, Commissioners will vote on the identified topics and language for 2022 ARL.

Senator Conway asked about state funding for criminal enforcement. **CFO Stanley** stated, *"Brian and I discussed this topic quite a bit over the last couple of weeks. I think both he and I feel like we still have more groundwork to lay, and especially given the fact that the legislature just gave us a \$3.6 million deposit in the back of the budget. It seemed like the kind of thing that we were going to hold over for a biennial budget. So instead of working on it this summer, we will be working on its next summer for the next big budget, and then make a pretty concerted push at that point."*

Commissioner Patterson stated *"I just wanted to put you on notice that next year, I probably will ask, with hopes of support from Senator Conway and Representative Kloba, that the Gambling Commission be given an early review of what potential recommendations are coming forward from the taskforce. Then we'd be able to have a conversation with our legislators about how it does, we could be most helpful in like I said, doubling down in support of those recommendations. I think it would probably be around this time next year."*

Senator Conway replied, *“I think that the Gambling Commission is the only place where the major stakeholders around Problem Gambling really meet each other. The legislative committees are not the place for that. So, it's probably worthy of the Gambling Commission to be hosting some of the conversation with stakeholders around the recommendations.”*

Chair Sizemore asked the opinions of the Ex Officios present at the meeting if they thought this topic should be a behavioral health issue? Ex officios indicated that the behavioral health and gambling-related committees are good to consult with.

Senator Conway asked about future Commission meetings and if they will continue to have a virtual component or not. The Gambling Commission will notify Commissioners and Ex Officios if the status of the next meeting changes, but at this point the July meeting will be virtual.

Tab 8

Director Hire Update

Lisa Benavidez, Human Resources Director presented the materials for this tab. HRD Benavidez gave a short update on the director hiring process. She hired Phyllis Gallegos. She will be starting at the WSGC on June 16th. Ms. Gallegos has specific experience in executive level recruitment for state agencies and other public employers. She's very well versed in developing recruitment announcements, plans and strategies to garner interest from a diverse candidate pool. She has experience identifying both active and passive candidates and reaching out to them, developing selection processes and assisting with hiring decisions and onboarding.

Commissioner Patterson asked for a timeline of when the Commissioners would be able to conduct interviews. HRD Benavidez estimated they may be able to begin interviews in six to eight weeks.

Tab 9

Election of Officers

Commissioner Patterson nominated Bud Sizemore as Commission Chair for the term to begin at the conclusion of the June meeting and ending after the Commission's June 2022 Commission Meeting.

Chair Sizemore asked if there were any other nominations. There were none.

Chair Sizemore called for a vote.

Motion passed 4:0

Commissioner King nominated Commissioner Patterson for Vice Chair. Chair Sizemore asked if there any other nominations. There were none.

Chair Sizemore called for a vote.

Motion passed 4:0

Public Comment

Chair Sizemore asked for public comment.

Nancy Watson from Tacoma, Washington said, *“I also had a comment yesterday, and I live in Tacoma. I've just been retired for a few years. I worked as an HR manager and a consultant in the past. I have an MBA in finance, only so that I can successfully fend off challenges and criticisms from finance people, which you run into all the time with HR. I'm also the mother of four children. I also have four young adults who were in my care, who have had problems with homelessness, with gambling addiction, with heroin, the usual things you find here in the city where I live of Tacoma. So that gives you a little bit of background about me. But I made a comment yesterday, I was concerned about the sports gaming, I wasn't very well prepared. But I*

was very concerned that there was a commitment to introduce kiosk or signage in support of the sports gambling problem. I was concerned because it was so vague, and the lack of specificity just made me want to reach out and call Maureen from the Evergreen Council for Problem Gambling. Because I felt like hello. I mean, I know there have been so many studies done. We're doing another taskforce now, but I felt like shouldn't these compacts come out the door with the best recommendations of not our clinical people because I'm not talking at the end of the whole collapse of problem gambling, but our best resources on the front end for outreach? What can we do with signage? Because I know from talking to Maureen, people have come up with some good answers to these questions. I thought how can we send out a compact without these details? I was so happy to hear Commissioner Reeves talk about the social justice issue because one thing that has really impacted me very much personally is my stepdaughter, her boyfriend, his whole family came from Shreveport, Louisiana. They are African American, and they have really struggled with gambling issues. I don't know why, but when I see things like this, it's as though I'm walking down the road. I've seen a car accident, their bodies laying on the road. I can't get it out of mind. I want these people to have help. I want them to help now, not after we do more studies. So, when I think of the signage that could be in the gambling casinos, I feel like, "Sure, it's a long shot." But literally, in my mind, this could save somebody's life. That's what's going through my head. So, I just wanted to explain a little bit more because I didn't want anyone to think that I don't trust the tribal leaders to come up with their own version of signage. Of course, I know they're very, very capable people working in each of the nations who work in mental health. They have social workers; they have everything we have. But I just wanted to say that the problem on our side, the tribe of the people of Washington who are not in a tribe, but are just people who may be struggling, they may be low income, I feel like these people have to get ... We have to represent them. Our Washington State Gambling Commission, and any other resources we can come up with, we have to support them. So, I just wanted to explain that I wasn't trying to be disrespectful. But I just think in the interest of supporting all of our people, we really need to make sure that we have resources, so that before these compacts get finalized, somebody can say, "Here's what we need. Here's what we the people of Washington have to see if we're going to implement sports gambling." So that's all I had to say. Thank you for your patience."

Commissioner Patterson thanked Ms. Watson for her testimony. Commissioner Patterson also asked ID Griffin what the best way for Ms. Watson to express her concerns or her ideas to the tribes. ID Griffin thought that the appropriate place would be from the Problem Gambling Taskforce. She also stated that even though we cannot change the compact language that was already voted on, but maybe there are other areas to explore.

Commissioner Reeves also expressed her gratitude for Ms. Watson's concerns due to her own experiences.

Chair Sizemore announced that the June meeting would be the last Commission meeting for Commissioner King. She was appointed to the United States District Court for the Western District of Washington. Commissioner King will be missed on the commission. Chair Sizemore presented her (virtually) with the Medal of Merit. Commissioner King said it was an honor and a privilege to serve as a commissioner.

Chair Sizemore announced that the Commissioners would go into Executive Session for about 90 minutes following a short break to discuss potential agency litigation with legal counsel, including tribal negotiations. Returning to the public meeting for adjournment purposes only.

After Executive Session **Chair Sizemore** announced that the July meeting would have a full agenda and continue to watch the website for details.

The June meeting adjourned at 2:45 PM.

There were 158 people that joined the first day of the meeting and 38 the second day.



COMMISSION APPROVAL LIST
(New Licenses & Class III Gaming Employees)
July 2021

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Based upon the licensing investigations, staff recommends approving all new Licenses and Class III employees listed on pages 1 to 16.



HOUSE-BANKED PUBLIC CARD ROOM REPORT

Licensed and Operating		41			
	City	Commission Approval Date	License Expiration Date	Org #	License #
ALL STAR CASINO	SILVERDALE	Jan 14, 1999	Jun 30, 2021	00-18357	67-00058
BLACK PEARL RESTAURANT & CARD ROOM	SPOKANE VALLEY	Jan 10, 2013	Sep 30, 2021	00-22440	67-00321
BUZZ INN STEAKHOUSE/EAST WENATCHEE	EAST WENATCHEE	Oct 10, 2002	Dec 31, 2021	00-11170	67-00183
CARIBBEAN CARDROOM	KIRKLAND	Nov 14, 2019	Sep 30, 2021	00-24515	67-00343
CASINO CARIBBEAN	KIRKLAND	Nov 14, 2019	Sep 30, 2021	00-24512	67-00341
CASINO CARIBBEAN	YAKIMA	Nov 14, 2019	Sep 30, 2021	00-24513	67-00342
CHIPS CASINO/LAKEWOOD	LAKEWOOD	Apr 8, 1999	Dec 31, 2021	00-17414	67-00020
CLEARWATER SALOON & CASINO	EAST WENATCHEE	Feb 14, 2019	Dec 31, 2021	00-24296	67-00339
COYOTE BOB'S CASINO	KENNEWICK	Jul 10, 2009	Mar 31, 2022	00-21848	67-00282
CRAZY MOOSE CASINO II/MOUNTLAKE TERRACE	MOUNTLAKE TERRACE	Jul 10, 2009	Mar 31, 2022	00-21849	67-00283
CRAZY MOOSE CASINO/PASCO	PASCO	Jul 10, 2009	Mar 31, 2022	00-21847	67-00281
FORTUNE CASINO - RENTON	RENTON	Jan 8, 2015	Sep 30, 2021	00-23339	67-00327
FORTUNE CASINO - TUKWILA	TUKWILA	Oct 8, 2015	Jun 30, 2021	00-23465	67-00329
GOLDIE'S SHORELINE CASINO	SHORELINE	May 13, 1999	Dec 31, 2021	00-17610	67-00016
GREAT AMERICAN CASINO/EVERETT	EVERETT	Nov 12, 1998	Dec 31, 2021	00-19513	67-00194
GREAT AMERICAN CASINO/LAKEWOOD	LAKEWOOD	Aug 14, 2003	Jun 30, 2021	00-19258	67-00184
GREAT AMERICAN CASINO/TUKWILA	TUKWILA	Jan 15, 1998	Sep 30, 2021	00-12554	67-00012
HAWKS PRAIRIE CASINO	LACEY	Jul 12, 2001	Jun 30, 2021	00-17579	67-00091
IRON HORSE CASINO	AUBURN	Jan 9, 2003	Dec 31, 2021	00-19477	67-00192
JOKER'S CASINO SPORTS BAR & FIESTA CD RM	RICHLAND	Nov 12, 1998	Dec 31, 2021	00-15224	67-00006
LANCER LANES/REST AND CASINO	CLARKSTON	Nov 13, 2008	Sep 30, 2021	00-21681	67-00276
LAST FRONTIER	LA CENTER	Feb 11, 1999	Sep 30, 2021	00-11339	67-00055

Licensed and Operating**41**

	City	Commission Approval Date	License Expiration Date	Org #	License #
LILAC LANES & CASINO	SPOKANE	Jul 12, 2007	Jun 30, 2021	00-21305	67-00267
MACAU CASINO	TUKWILA	Nov 14, 2019	Sep 30, 2021	00-24514	67-00344
MACAU CASINO	LAKEWOOD	Nov 14, 2019	Sep 30, 2021	00-24516	67-00345
NOB HILL CASINO	YAKIMA	Sep 12, 2001	Dec 31, 2021	00-13069	67-00173
PALACE CASINO LAKEWOOD	LAKEWOOD	Jan 14, 1999	Dec 31, 2021	00-16542	67-00028
PAPAS CASINO RESTAURANT & LOUNGE	MOSES LAKE	Aug 13, 1998	Jun 30, 2021	00-02788	67-00004
RC'S AT VALLEY LANES	SUNNYSIDE	Nov 16, 2017	Mar 31, 2022	00-16220	67-00336
RIVERSIDE CASINO	TUKWILA	Aug 14, 2003	Jun 30, 2021	00-19369	67-00187
ROMAN CASINO	SEATTLE	Feb 10, 2000	Mar 31, 2022	00-17613	67-00057
ROXY'S BAR & GRILL	SEATTLE	Nov 18, 2004	Jun 30, 2021	00-20113	67-00231
ROYAL CASINO	EVERETT	Sep 9, 2010	Jun 30, 2021	00-22130	67-00301
SILVER DOLLAR CASINO/MILL CREEK	BOTHELL	Sep 9, 2010	Jun 30, 2021	00-22131	67-00302
SILVER DOLLAR CASINO/RENTON	RENTON	Sep 9, 2010	Jun 30, 2021	00-22134	67-00305
SILVER DOLLAR CASINO/SEATAC	SEATAC	Sep 9, 2010	Jun 30, 2021	00-22128	67-00299
SLO PITCH PUB & EATERY	BELLINGHAM	Aug 12, 1999	Jun 30, 2021	00-16759	67-00038
THE PALACE	LA CENTER	Apr 9, 1998	Jun 30, 2021	00-16903	67-00010
WILD GOOSE CASINO	ELLENSBURG	Apr 8, 2004	Dec 31, 2021	00-20009	67-00212
WIZARDS CASINO	BURIEN	Feb 11, 2010	Dec 31, 2021	00-21998	67-00287
ZEPPOZ	PULLMAN	Nov 13, 2008	Mar 31, 2022	00-18777	67-00209

Licensed but Not Currently Operating**2**

	City	Commission Approval Date	License Expiration Date	Org #	License #
CLUB HOLLYWOOD CASINO	SHORELINE	Sep 9, 2010	Jun 30, 2021	00-22132	67-00303
EMERALD DOWNS	AUBURN	May 11, 2017	Mar 31, 2022	00-23814	67-00335

Applications Pending**1**

	City	Commission Approval Date	License Expiration Date	Org #	License #
LUCKY DRAGONZ CASINO	SEATTLE			00-23001	67-00323

ORGANIZATION NAME

LICENSE NUMBER

PREMISES LOCATION

NEW APPLICATIONS**RAFFLE**

BEHIND THE BADGE FDN
00-22093 02-09016

14905 SE 58TH ST
BELLEVUE WA 98006

BURKE FAMILY MEMORIAL FOUNDATION
00-24714 02-21155

7606 W 21ST AVE
KENNEWICK WA 99338-9163

CENTERFORCE
00-24403 02-21024

5204 SOLBERG DR SW
LAKEWOOD WA 98499

HUMANE SOCIETY FOR SEATTLE/KING CO
00-11050 02-02045

1400 6TH AVE
SEATTLE WA 98101

KIWANIS CLUB/KENNEWICK
00-14357 02-08172

421 E COLUMBIA DR
KENNEWICK WA 99336

ST PATRICK'S CATHOLIC CHURCH
00-00134 02-00398

1016 N 14TH AVE
PASCO WA 99301

VIKING CREW OF SELAH
00-24230 02-20913

801 N 1ST ST
SELAH WA 98942

PUNCHBOARD/PULL-TAB NONPROFIT

FOE 02622
00-00595 05-02173

1517 W BROADWAY
MOSES LAKE WA 98837

PUNCHBOARD/PULL-TAB COMMERCIAL STIMULANT

GRANT PARK LANTERN
00-24754 05-21714

1002 S PERRY
SPOKANE WA 99210

MILLERS T&T LOUNGE
00-24746 05-21711

307 S 1ST ST
SELAH WA 98942

THE TRAILHEAD BAR & GRILL
00-24722 05-21704

30319 SR 706 E
ASHFORD WA 98304

NON HOUSE-BANKED CARD GAME

MILLERS T&T LOUNGE
00-24746 65-07516

307 S 1ST ST
SELAH WA 98942

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

DISTRIBUTOR REPRESENTATIVE

FOLEY, JOHN J
22-01299

TABS PLUS
AUBURN WA 98002

MANUFACTURER REPRESENTATIVE

BRILLON, ROBERT
23-03204

BLUBERI GAMING CANADA INC
DRUMMONDVILLE QC J2C7E9

CAGLIA, WILLIAM M
23-02539

IGT
LAS VEGAS NV 89113

CHOATE, JAMES E
23-03210

EVERI PAYMENTS INC
LAS VEGAS NV 89113-2175

GILLIAM, TIMOTHY E
23-03209

BLUBERI GAMING USA INC
LAS VEGAS NV 89139

HOLLANDER, DAVID R
23-00566

IGT
LAS VEGAS NV 89113

JUNDI, ZUHAIR A
23-03206

EVERI PAYMENTS INC
LAS VEGAS NV 89113-2175

MADISON, JAMES A
23-03203

ECLIPSE GAMING SYSTEMS
DULUTH GA 30096

PENA, SADAF
23-03207

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

PETERSEN, KEVIN R
23-03208

ECLIPSE GAMING SYSTEMS
DULUTH GA 30096

SCHLAGEL, HALEY N
23-03205

EVERI GAMES INC.
AUSTIN TX 78746

NON-PROFIT GAMBLING MANAGER

GROVE, GARY R
61-04752

FOE 02622
MOSES LAKE WA 98837

HARTZELL, AMANDA D
61-04754

SISTER REBECCA BERGHOFF FDN
UNION GAP WA 98903

JOHNSON, PATRICK D
61-04747

FOE 03602
OCEAN PARK WA 98640

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

NON-PROFIT GAMBLING MANAGER

KETCHUM, BECKI S 61-04749	FOE 00483 PORT ANGELES WA 98362-9095
MCNULTY, KATHLEEN P 61-04750	FOE 00483 PORT ANGELES WA 98362-9095
MOORE, WESLIE A 61-04746	FOE 00696 ROSLYN WA 98941
POGORELC, RONDA L 61-04755	GRANGE 00153 CHEHALIS WA 98532
ST MARY, RAYMOND L 61-04753	SISTER REBECCA BERGHOFF FDN UNION GAP WA 98903
WEBB, DANA C 61-04430	FOE 02069 SEDRO WOOLLEY WA 98284
WEST, DORI L 61-04566	SISTER REBECCA BERGHOFF FDN UNION GAP WA 98903
WISE, MARLENE K 61-04751	FOE 00483 PORT ANGELES WA 98362-9095

SERVICE SUPPLIER REPRESENTATIVE

BYERS, ANDREW H 63-00973	NORTH AMERICAN VIDEO BRICK NJ 08723
LYDEN, JOHN A 63-00975	MAVERICK WASHINGTON KIRKLAND WA 98034
PANZARELLA, ANTHONY M 63-00969	TECHNOLOGENT IRVINE CA 92618
SMITH, EUGENE JR 63-00972	MAVERICK WASHINGTON KIRKLAND WA 98034
SYKES, NICHOLAS R 63-00971	SURVEILLANCE SYSTEMS ROCKLIN CA 95677

CARD ROOM EMPLOYEE

ANDERSON, ERICA K 68-36143	B	NOB HILL CASINO YAKIMA WA 98902
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PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

ASUMU MOKUY, LOIDA C 68-36147	B	GREAT AMERICAN CASINO/LAKEWOOD LAKEWOOD WA 98499
BARRAGAN-BAUTISTA, MIGUEL A 68-36158	B	NOB HILL CASINO YAKIMA WA 98902
BRADLEY, ALEXANDER F 68-36161	B	GOLDIE'S SHORELINE CASINO SHORELINE WA 98133
BURNHAM, BEAUX A 68-35526	B	ZEPPOZ PULLMAN WA 99163
CARR, SHANNON K 68-22692	B	IRON HORSE CASINO AUBURN WA 98002
CHEN, JOHNNY 68-36142	B	IRON HORSE CASINO AUBURN WA 98002
CLARK, MAMIE A 68-36154	B	NOB HILL CASINO YAKIMA WA 98902
COLLIER, JOHNALEE D 68-36172	B	MACAU CASINO TUKWILA WA 98188
CORTEZ, SALVADOR E 68-33860	B	CHIPS CASINO/LAKEWOOD LAKEWOOD WA 98499
COTHREN, LONDON M 68-36157	B	JOKER'S CASINO SPORTS BAR & FIEST, RICHLAND WA 99352-4122
CUTLER, BRYAN J 68-36170	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
DAWSON, TAYLOR J 68-36156	B	WILD GOOSE CASINO ELLENSBURG WA 98926
DO, THUY Q 68-36173	B	RIVERSIDE CASINO TUKWILA WA 98168
EATON MCFARLAND, DAKOTA E 68-36144	B	LAST FRONTIER LA CENTER WA 98629-0000
EROL, UGUR A 68-11886	B	BLACK PEARL RESTAURANT & CARD I SPOKANE VALLEY WA 99206-4719
GALLOWAY, KYLE Z 68-34760	B	THE PALACE LA CENTER WA 98629

PERSON'S NAME
 LICENSE NUMBER

EMPLOYER'S NAME
 PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

GOMEZ, ANNDREA E 68-36180	B	NOB HILL CASINO YAKIMA WA 98902
HARMON, NORMAN L JR 68-36162	B	WIZARDS CASINO BURIEN WA 98166-2524
HUNTER, RONALD P 68-36155	B	FORTUNE POKER RENTON WA 98057
KALII, JOHN A III 68-23656	B	PALACE CASINO LAKEWOOD LAKEWOOD WA 98499-8434
KOHN, JESSICA L 68-31739	B	WIZARDS CASINO BURIEN WA 98166-2524
LANE, MICHAEL L 68-24987	B	PALACE CASINO LAKEWOOD LAKEWOOD WA 98499-8434
LINSCHOTEN, FAWN M 68-36164	B	THE PALACE LA CENTER WA 98629
LOPEZ, CHRYSTAL A 68-36174	B	SILVER DOLLAR CASINO/SEATAC SEATAC WA 98188
MCNEEL, SEAN M 68-36168	B	COYOTE BOB'S CASINO KENNEWICK WA 99336
MITCHELL, NYLE A 68-36145	B	LILAC LANES & CASINO SPOKANE WA 99208-7393
MOON, DAWN M 68-36152	B	LAST FRONTIER LA CENTER WA 98629-0000
NGUYEN, CAM DUNG T 68-34096	B	LUCKY DRAGONZ CASINO SEATTLE WA 98178
NGUYEN, HIEU T 68-12993	B	FORTUNE CASINO - RENTON RENTON WA 98055
OKAHARA, GARRETT A 68-36167	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
PEARSON, TORRANCE L 68-36163	B	BUZZ INN STEAKHOUSE/EAST WENAT EAST WENATCHEE WA 98802
PRASEUTH, TONY 68-36150	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

RAHMIG, CHARLES N 68-23727	B	JOKER'S CASINO SPORTS BAR & FIEST RICHLAND WA 99352-4122
RUSSELL, CALE K 68-24345	B	PAPAS CASINO RESTAURANT & LOUNC MOSES LAKE WA 98837
STAR LAYNE, TRACI J 68-06578	B	IRON HORSE CASINO AUBURN WA 98002
STEVENSON, CHRISTOPHER D JR 68-36160	B	CRAZY MOOSE CASINO II/MOUNTLAK MOUNTLAKE TERRACE WA 9804
SULLIVAN, ANGELA M 68-35635	B	LILAC LANES & CASINO SPOKANE WA 99208-7393
TA, ALI I 68-29602	B	JOKER'S CASINO SPORTS BAR & FIEST RICHLAND WA 99352-4122
TANASSE, MADDISON S 68-36159	B	CASINO CARIBBEAN YAKIMA WA 98901
TULLAR, JOSHUA D 68-36146	B	GREAT AMERICAN CASINO/LAKEWOO LAKEWOOD WA 98499
ULLOM, MARA M 68-36153	B	JOKER'S CASINO SPORTS BAR & FIEST RICHLAND WA 99352-4122
VANDERSLOOT, CASSANDRA N 68-33696	B	THE PALACE LA CENTER WA 98629
VO, QUY D 68-34175	B	GREAT AMERICAN CASINO/LAKEWOO LAKEWOOD WA 98499
WISE, MICHAEL G 68-36166	B	BLACK PEARL RESTAURANT & CARD I SPOKANE VALLEY WA 99206-4715
XING, MU 68-36169	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
YOO, CHEANG K 68-23327	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
ZURYBIDA, PAUL V 68-36171	B	CARIBBEAN CARDROOM KIRKLAND WA 98034

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

CHEHALIS CONFEDERATED TRIBES

HAMMERMEISTER, MICHELLE M
69-50300

HARVEY, MARCUS W
69-50340

KOWALSKI, DESTINEA R
69-50299

PHAM, NICHOLAS R
69-50339

SPEZZA, ROXANNE L
69-50338

COLVILLE CONFEDERATED TRIBES

BROKENROPE, ZETTA L
69-35803

CARDEN, GEROLD L
69-50412

GEORGE, RAYLEAN D
69-50278

GEORGE, TIFFINE D
69-50374

JOHN-WILLIAMS, PRECIOUS J
69-50411

LEZARD, CHRISTOPHER R
69-30252

PORTILLO SERVIN, ALMA R
69-47999

SANCHEZ ARELLANO, JENNIFER N
69-50375

WILLIAMS, FLORENCE L
69-23244

COWLITZ INDIAN TRIBE

AMMENTORP, STEPHAN P
69-50376

BARR, CHANDLER R
69-50369

CHOI, YONG J
69-50289

COLE, MONICA R
69-50368

COMER, SAVANNAH R
69-50323

DAVIS, JUDITH A
69-50284

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

COWLITZ INDIAN TRIBE

FELDMAN, NOAH H
69-50392

GARCIA RUIZ, SERGIO
69-50316

HASART, THOMAS R
69-50321

HERTZBERG, ELIJAH Z
69-50377

HOYT, DEREK O
69-50393

KOLBE, MATHEW J
69-50285

LEHMANN, MARCELLA F
69-50394

LEI, XIAOHONG
69-50384

MARCEAU, FLORENE L
69-17597

MCCLENAHAN, ERIC B
69-50366

MCCULLY, TYSON C
69-45826

MINGS, MICHEALA E
69-50395

MONGE, LUIS E
69-50286

NAGEL, MICHELLE E
69-49899

NGUYEN, HUONG T
69-49838

NULPH, SHANTEL I
69-45794

PHAN, PETER M
69-50326

RAYMOND, MALIO D
69-50327

ROBB, JAYDEN A
69-50367

SESE, MANUELITO T
69-50256

WILLIAMS, DANIELL N
69-50385

YUAN, HANQING
69-50318

KALISPEL TRIBE

DUONG, WILSON P
69-42595

ELLIOTT, MICHAEL W
69-50257

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

KALISPEL TRIBE

FINLEY, ERIC A
69-24655

FOSBURGH, RACHEL R
69-50290

FRY, JADIN L
69-47494

HART, WESLEY B
69-50304

HERNANDEZ, DYLAN K
69-50362

JARVIS, JARED J
69-50381

JESERITZ, ANDREW D
69-50383

LU, LIANG
69-50382

NEAL, BREANNA N
69-50275

PIERRE, RYEAN R
69-50291

RHEA, LILLIAN M
69-50380

RUNIONS, CRYSTAL R
69-50274

THOMPSON, BRADLEY R
69-50305

WHIPPLE, RICHARD V
69-50379

LUMMI NATION

AYALA, IRENE M
69-18554

CHARLES, VELENE C
69-50409

NAWABI, MASIHULLAH
69-50408

RAIGUEL, DUSTIN J
69-50330

WASHINGTON, NATALY I
69-50266

MUCKLESHOOT INDIAN TRIBE

ATOFAU, TANISHA S
69-50301

BROOKS, DARIUS J
69-50303

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

MUCKLESHOOT INDIAN TRIBE

BUCKLER, KELLEY
69-17531

EYLE, BRANDON P
69-29838

FRANCO, BRENN A
69-50224

LOCKREM, KRISTOPHER A
69-50019

MARKANTONATOS, KIALANI S
69-48556

TODECHEENIE, MARSHAL J
69-50355

WINKLER, DESTINY R
69-50302

NISQUALLY INDIAN TRIBE

ACKERSON, LAUREN L
69-50336

CARPENTER, TESSA L
69-50335

GILMORE, DAVID J
69-50282

NOBLE, RONI S
69-50283

SANCHEZ, JOSE R
69-50356

SANG, SARAH S
69-50357

SORTOR, LISA A
69-37580

NOOKSACK INDIAN TRIBE

ESHUIS, LAUREN A
69-50306

GOLDSTON, TYLER A
69-47875

PORT GAMBLE S'KLALLAM TRIBE

JARREAU, MARY E
69-50371

KARPER, JOSEPH T
69-50297

PEREIRA, NICOLE R
69-25573

WALKER, JOSHUA D
69-50372

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

PUYALLUP TRIBE OF INDIANS

BARKLEY, VICTORIA V
69-06988

CALDWELL, KATSUKO
69-50403

CAPOEMAN, JENNIFER L
69-11373

EDWARDS, JOHN J
69-50361

FUIMAONO, JANELLA P
69-50315

HANSON, CONRAD E
69-50400

HARA, KENT S
69-50402

HAWKINS, THOMAS J III
69-50401

HAYES, RYDER A
69-50311

IRVIN, DARNELL A
69-50399

KOSH, ALEX A
69-50352

MARRERO-VAZQUEZ, KEVIN M
69-50310

MURRIETTA, MALIAH N
69-50313

PARKER, KALLALE T
69-50271

ROSARIO, YVETTE
69-50309

SANTIAGO, ANTONETTE T
69-29812

TALL, LARRY D
69-50314

WHITEARM STAR, THOMAS
69-50353

QUINALT NATION

ALDRICH, SHEILA A
69-50287

LISLE, BRIAN P
69-50343

LITTLE, ROBERT W
69-50325

SCHWANK, THEODORE C
69-50341

TOM, HALLYE R
69-35500

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

SKOKOMISH TRIBE

BOUCHER, JOHN F
69-50328

LINN, SHAWNA K
69-50246

SNOQUALMIE TRIBE

CAGDAN, IAN C
69-50349

CASANOVA, SEAN D
69-46011

CHEN, QI T
69-50351

DUAN, DONGJIN
69-50345

ELL, JUSTIN M
69-47509

GLOVER, CORY M
69-41375

LAEK, SEYLA
69-50418

LAM, BRIAN M
69-20401

LE, TOAN
69-50419

MARTY, BETH M
69-41374

MOHAN, ASHWINI R
69-50347

MOLLA, ETENESH D
69-50348

NEMEREVER, MARIAH M
69-50364

PICH, SARUN
69-31825

RANDAZZO, JULIE M
69-50363

STRAUB, SHERI L
69-50346

TIM, BOREY
69-50344

TOUCH, LAKHENA
69-31826

YANG, NAN
69-50350

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

SPOKANE TRIBE

ADAMS, TANI D
69-50281

CARTER, JOLENE W
69-50255

CASELL, KARA B
69-43549

GILTNER, NANCY R
69-43596

HILL, TODD W
69-50288

JOHNSON, MICHELLE C
69-50307

LAWSON, KYLE J
69-50205

LOCKLIN, ZACHARY K
69-50296

MICHEL, CHARLIE T
69-50245

PRITCHARD, DAVID R
69-50206

SANCHEZ, JADEN S
69-50254

SAUNDERS, MICHAEL C
69-50253

SOMES, TROY A
69-50334

SQUAXIN ISLAND TRIBE

BENDER, TENESSA S
69-50324

CRUZ LOPEZ, LEA C
69-50244

GUTHRIE, DEVON M
69-44005

LIMA, JULIO C
69-50279

MCGRAW, KATHRYN K
69-50370

PHILLIPS, TRACIE M
69-50360

RUCSHNER, TRAVIS A
69-50295

SCHACHER, MILES F
69-50280

WAGNER, ALEXIS V
69-50273

WHITENER, JACQUELINE B
69-32402

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

STILLAGUAMISH TRIBE

COSTELLO, CONNER J
69-50329

DECROW, AURIK C
69-50434

KENOYER, BRIAN R
69-50337

MASON, CONSTANZE K
69-50365

PETTIS, SAMSON W
69-50433

SANABRIA, FERNANDO
69-50404

SCHAEFER, GARY L
69-50277

TULLOCH, BRADLEY J
69-50276

WILSON, BRYCE A
69-45991

ZIMA, SIERRA S
69-50432

SUQUAMISH TRIBE

CLAYTON, STEPHEN T
69-50413

NOLET, GENEVIEVE J
69-50312

ROSENBERGER, TAYLOR W
69-50373

SWINOMISH INDIAN TRIBAL COMMUNITY

ARISTIDE, JEAN F
69-50259

BIRD, JOHN M
69-50405

FRANCIS, BRIAN H
69-11668

HANSEN, PRESTON T
69-50406

LISENBY, JAMES C
69-50308

LITKE, LEANNA M
69-50407

THOMAS, ANGELA K
69-50415

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

THE TULALIP TRIBES

ABRAHAM, KEITH A
69-50317

DU, XIAO O
69-39561

FLORES, ROSALINDA N
69-29433

FRYBERG, TYLEE C
69-50214

GARCIA, ELODIA P
69-03525

GOBIN, KALEB K
69-50193

HORNE, MALACHI
69-50359

JACKSON, ZION E
69-50265

NAVARRO, DANIEL R
69-50200

NAVARRO, JAIME LIND D
69-50387

NGUYEN, KIMBERLY
69-50201

PABLO, RIELLY J
69-39062

PEREZ, MARCO A
69-50386

SMALL, DANIELLE C
69-50320

STEELE, ALEXANDER F
69-50202

VERZOLA, LEVI W
69-50322

UPPER SKAGIT INDIAN TRIBE

HUTSON, TRISTAN S
69-50292

MCGINNIS, CODY J
69-50294

PETTERSEN, HANNAH R
69-50258

YAKAMA NATION

COZAD, KENDALL B JR
69-50267

GEORGE, WINONA D
69-50262

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

YAKAMA NATION

LEWIS, AYLAA
69-44938

SCHRECK, KATHLEEN E
69-50427

TOMMA, GLENDA J
69-38594

WAHSISE, ANDREA L
69-31045

WHALAWITSA, RIAN C
69-50428

WHITE, MORISSA C
69-41098

YORK, RICKY J
69-22207



Skokomish Indian Tribe

Compact Amendment Hearing for Sports Wagering
July 8, 2021

Honorable Tom Strong, Vice Chair, Skokomish Tribal Council

Tina Griffin, WSGC Interim Director

Julie Lies, WSGC Tribal Liaison

Brian Considine, WSGC Legal and Legislative Manager

Commissioners



Chair Bud Sizemore



Vice Chair Julia Patterson



Alicia Levy



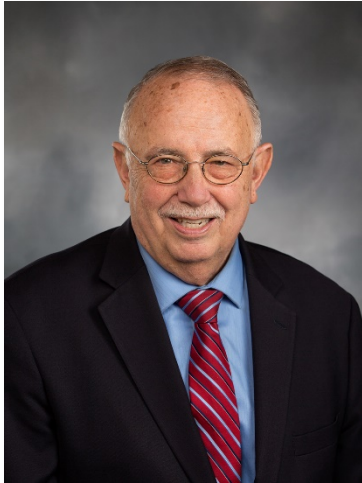
Kristine Reeves



Vacant

Appointed by the Governor, with consent of the Senate, for a six-year term

Ex Officio Members



Senator
Steve Conway
29th District



Senator
Jeff Holy
6th District



Representative
Shelley Kloba
1st District



Representative
Brandon Vick
18th District

1988: Indian Gaming Regulatory Act

“Class III gaming activities shall be lawful on Indian lands only if such activities are... located in a State that permits such gaming... and are conducted in conformance with a tribal-state compact...”

1988: Indian Gaming Regulatory Act

“The purpose of this chapter is... to protect such gaming as a means of generating tribal revenue.”

“The State must negotiate in good faith when a compact or amendment is requested by a tribe.”

Negotiation Topics

Casino-style gaming activities
Criminal and civil jurisdiction
Fees for state regulation
Remedies for breach of contract
Standards of operation



Our Mission

*“Protect the public by ensuring
that gambling is
legal and honest”*

Public Protection Interests



No criminal involvement

Gaming conducted fairly, honestly

Gaming limited to authorized activities

Minimize negative impacts on local law enforcement, emergency services

Background

HB 2638 signed in March 2020:

Legislation authorized sports wagering only at Class III Tribal Gaming Facilities subject to a compact amendment

Areas to be negotiated:

Licensing and Commission Fees to pay for regulation

How sports wagering will be conducted, operated, and regulated (including mobile wagering)

Issues related to criminal enforcement, including money laundering, sport integrity, and information sharing between the Commission and the Tribe

Responsible and problem gambling



22 Tribes operate 29 Class III Casinos

Background

Wagering Authorized:

- Professional Sports
- Collegiate Sports except for in-state colleges
- Olympic/International Sports
- Esports
- Mobile/Internet on Tribal Casino Premises

Wagering Prohibited:

- High School or Youth Sports
- In-state Collegiate sports/events
- Minor League Sports
- Fantasy Sports
- Mobile/Internet Off Tribal Casino Premises

Additional Criminal Integrity Provisions:

- Money Laundering & Professional Gambling Updates
- Sport Integrity: Match-fixing & Contest Manipulation



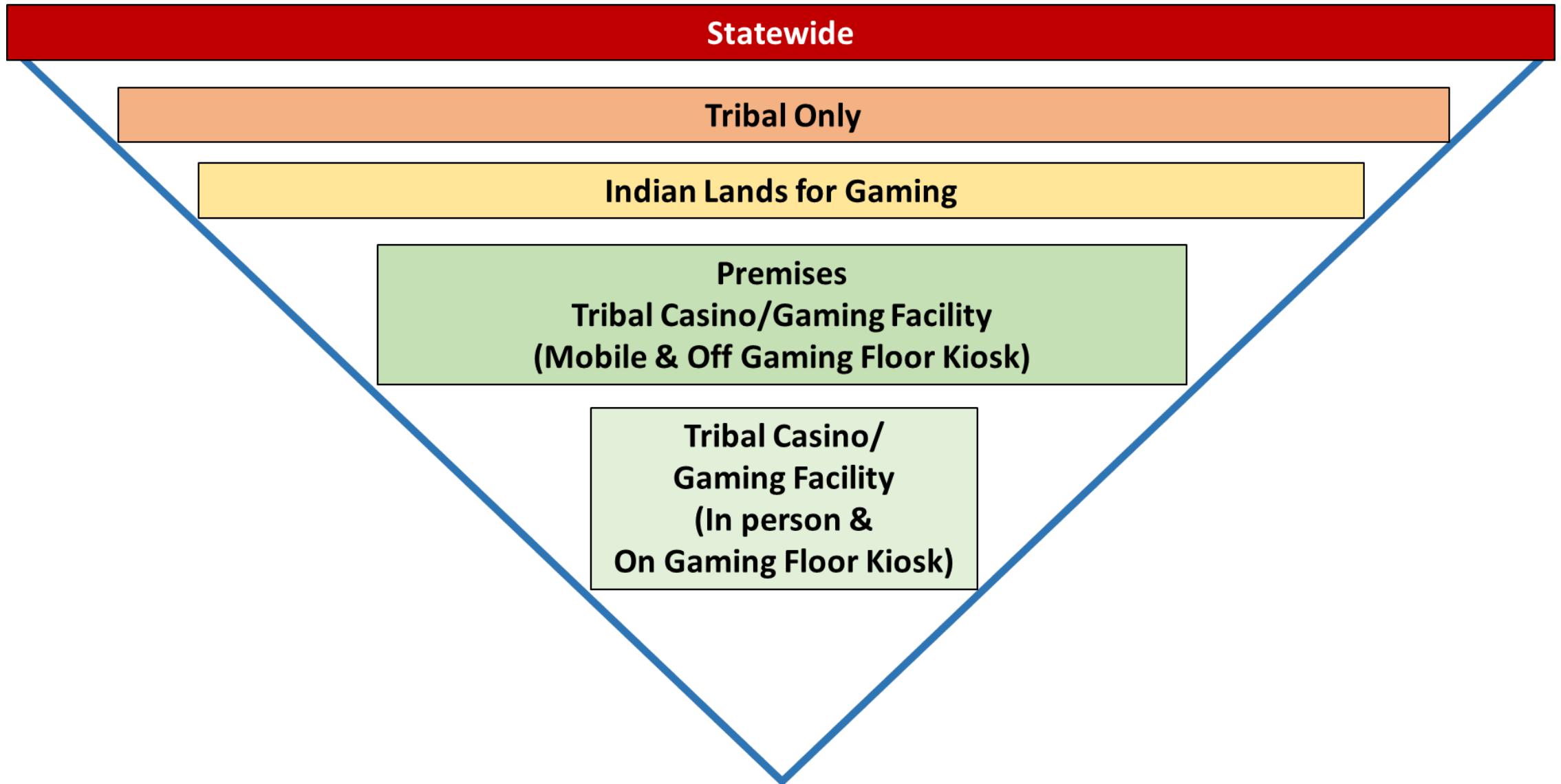
Appendix S: Summary of Provisions

RCW 9.46.0364	Appendix Provisions
1. Licensing	3 new vendor types for Sports Wagering: Major; Mid-Level; Ancillary Gaming Employees & non-Sports Wagering vendors follow Compact process
2. Fees *Certification Fees *Start-Up Fees (In Amendment)	Per WAC Pro rated share of all Tribes operating on 3/30/2023 <i>unless all tribes agree to alternative distribution method in MOU</i>

Appendix S: Summary of Provisions

RCW 9.46.0364	Appendix Provisions
3. Operation/Regulation	
Location	<p>Wagering to occur via:</p> <ul style="list-style-type: none">• Sportsbook within the Gaming Facility• Kiosks in Gaming Facility and on the Premises• Mobile within the Premises and Geofenced permitted boundary <p>Servers within the Gaming Facility</p> <p>Cloud Storage for back-up in WA only</p>

Appendix S: Premises



Appendix S: Summary of Provisions

RCW 9.46.0364	Appendix Provisions
3. Operation/Regulation	
Location	<p>“...physically present on the premises of that tribe’s gaming facility.” Premises is the Gaming Facility and adjacent or adjoining amenities (hotels, restaurants, conference or entertainment spaces, common areas, parking lots, garages, other improved areas) DOES NOT INCLUDE non-adjoining convenience stores or golf courses.</p> <p><u>Black’s Law</u> Premises 2. A house or building, along with its grounds (smoking is not allowed on these premises).</p> <p><u>Merriam-Webster</u> Premises 2: a tract of land with its component parts (as buildings) also : a building or part of a building usually with its appurtenances (as grounds or easements)</p>

Appendix S: Summary of Provisions

RCW 9.46.0364	Appendix Provisions
3. Operation/Regulation	
Player Accounts	<p>Required for mobile.</p> <p>In person identification /registration</p> <p>Protection of PII</p> <p>Use of ‘digital wallet’ for payment of wagers, but not connected to other gaming</p>
Authorized Wagers	<p>SGA maintains an Authorized Wagering Menu (AWM).</p> <p>Initial list from agreed upon jurisdiction</p> <p>TGA approves and send to SGA for review and add to the AWM.</p>

Appendix S: Summary of Provisions

RCW 9.46.0364	Appendix Provisions
3. Operation/Regulation	
Prohibited Wagers	<p>Collegiate Sports Events involving a collegiate institution located within WA</p> <p>Minor League Sports</p> <p>Events where the outcome has already been determined</p> <p>Sports events with underage participants unless regulated by a Sports Governing Body, like the Olympics.</p>

Prohibited Wagers – WA College Sporting Events



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See terms for details.



CBS SPORTS 2021 NCAA Bracket



National Championship

Indianapolis, IN
April 05



First Four
March 18



Appendix S: Summary of Provisions

RCW 9.46.0364	Appendix Provisions
3. Operation/Regulation	
Prohibited Participants	<p>Proxy or Agents;</p> <p>Athlete, player, coach, manager, referee or other official in a sports event that has access to non-public information; holds a position of authority over event participants; or whose participation may undermine the integrity of wagering on the event. (integrity)</p> <p>Prohibited from wagering if on the self-exclusion list.</p>
SW System	<p>Must meet GLI-33</p> <p>Tested by ITL, Approved by TGA</p> <p>Coordinated training on system w/TGA & SGA at agreed upon locations</p>

Appendix S: Summary of Provisions

RCW 9.46.0364	Appendix Provisions
3. Operation/Regulation	
House Rules	House rules posted for the patrons. House rule information can be part of Internal Controls. Approved by TGA, concurred with by SGA
Reserve Requirements	Must have ability to cover all outstanding Sports Wagering liabilities
Internal Controls	Details of provisions will be included in Tribe's ICs which will follow Compact approval process.

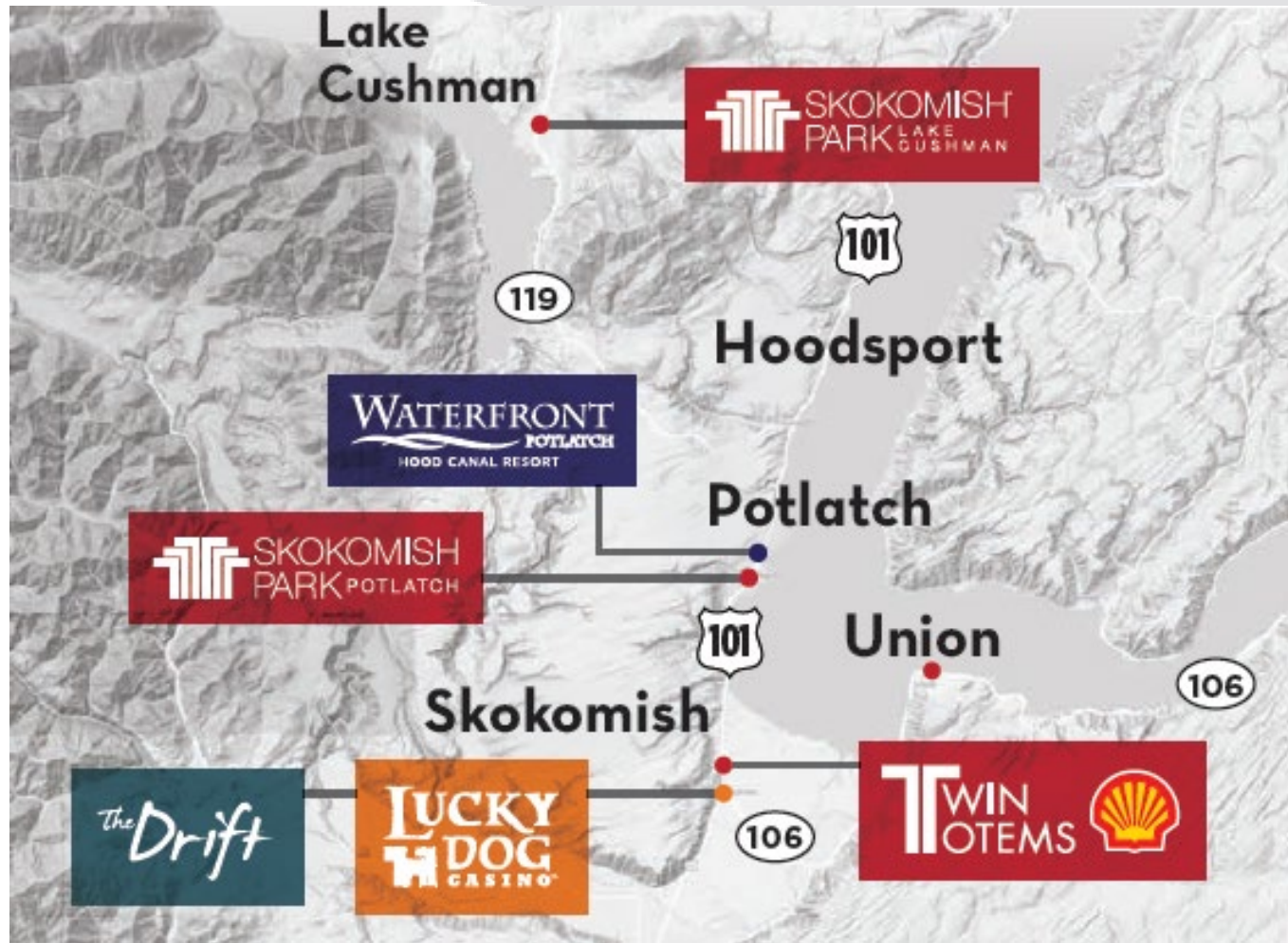
Appendix S: Summary of Provisions

RCW 9.46.0364	Appendix Provisions
4. Criminal Enforcement	
AML	<p>Anonymous wagers up to \$2,000 (windows & on gaming floor kiosks)</p> <p>Player account required for off gaming floor kiosk</p> <p>Must follow federal AML requirements (also included in Internal Controls)</p>
Integrity	<p>Integrity Monitoring Provider required; notice to SGA on suspicious wagering</p>
Info Sharing	<p>Compact provisions plus requirements in 9.46.0364</p>

Appendix S: Summary of Provisions

RCW 9.46.0364	Appendix Provisions
5. Responsible/Problem Gambling	<ul style="list-style-type: none">Sports Wagering Net Win included in Problem Gambling ContributionResponsible Gaming- annual training & create policyMobile or Player Accounts – offer self imposed limitsMobile and kiosks – display commitment to RGConsider participation in statewide Self-ExclusionConsider results of PGTF

Skokomish Indian Tribe



CASINO DETAILS



- Opened in 2000
- Located on the Skokomish Reservation Seven Miles North of Shelton on Highway 101

**LUCKY
DOG
CASINO™**





**LUCKY
DOG
CASINO™**



OPERATION



- 13,000 SQ Feet of Gaming and Retail
- 175 TLS Gaming Devices
- 60 Employees
- Casino Expansions in 2006 and 2013

LUCKY
DOG
CASINO™



LUCKY DOG CASINO™





OFFERINGS



- Non-Smoking Gaming, Restrooms, Refreshment Area and Cash Services Area
- The Drift Restaurant and Bar Open From 10:30 to Close Daily
- Opens 10 AM Daily, Closes at 12:00 AM Sunday to Wednesday, 2:00 AM on Thursday to Saturday

LUCKY THE DOG CASINO™



- Event Room with a Capacity of 300
- Three Convenient Entrances, Two Parking Lots
- Four EV Charging Stations





LUCKY
DOG
CASINO™



Sports Wagering



- The revenue for the casino would be small.
- The tribe is looking for an additional amenity for its casino and an added benefit to the community.
- We would be providing sports wagering in a safe, controlled and legal environment.



Public Comments



Next Steps - Vote

Forward to Governor for review & final execution

OR

Return to WSGC Director for further negotiation



Rule Petition to Adopt

Rules for manufacturers selling pull-tabs to distributors.

July 2021 – Commission Review

May 2021 – Rule-Making Petition Received

Tab 3: JULY 2021 Commission Meeting Agenda.

Statutory Authority 9.46.070

Who Proposed the Rule Change?

Walter Antoncich, a licensed pull-tab distributor, from Lake Forest Park, Washington

Background

Walter Antoncich, of Lake Forest Park, Washington, is proposing to adopt a rule to require all manufacturers to sell to all licensed distributors on an equal basis under a fixed set of rules, similar to what previously existed in WAC 230-12-330, Availability of gambling equipment and related products and services – Prices – Contracts – Discounts – Restrictions – Exceptions., which was repealed by the agency in 2005.

The petitioner feels this change is needed because the near total dominance of one manufacturer has created a situation where that manufacturer can essentially eliminate distributors at will. The petitioner feels that the lack of competition will ultimately have a tremendous ripple effect with significant loss of revenue to local jurisdictions and that smaller operations at both the distributor and operator level have been severely impacted and will continue to be beyond repair.

The petitioner feels the effect of this rule change would help ensure a competitive balance that would ensure a healthy industry benefiting all parties. The petitioner feels there would be very little additional work on behalf of the agency as they would only need to investigate if a complaint was made.

Attachments:

- Petition
- Email Correspondence
- WAC 230-12-330
- Stakeholder Feedback

History of Rule

The Gambling Commission first adopted a rule in 1973 to address credit, pricing, and sales between manufacturers and distributors: **WAC 230-12-200, Prohibited practices – Contracts – Gifts – Rebates, etc.** This rule was amended in 1977 to require that all services and gambling related equipment be available to all licensees without discrimination. In 1997, the rule was repealed and replaced with a number of rules addressing credit and pricing restrictions, including **WAC 230-12-330, Availability of gambling equipment and related products and services – Prices – Contracts – Discounts – Restrictions – Exceptions**, which required manufacturers and distributors to make their products and services available to all licensees without discrimination and prohibited discriminatory pricing.

2005 Repeal of Rules

WAC 230-12-330, and several other rules were repealed or amended to no longer require manufacturers and distributors to offer their products and services to all licensees without discrimination and remove credit and pricing restrictions between manufacturers and distributors following several public meetings regarding the Gambling Commission's role in market competition and an approved budget reduction for the 2005-07 biennium.

In 2005, the Commission considered, and eventually did, repeal WAC 230-12-330 because:

- 1) The Commission's role is to regulate gambling, and not to control market competition,
- 2) There are other legal remedies that could be pursued other than rely on Commission rules, such as anti-trust laws, and
- 3) Removing credit and pricing restrictions between manufacturers and distributors also supported budget reductions that were made at the time.

Numerous manufacturers and distributors opposed the repeal of rules requiring the sale of products to all licensees and credit and discriminatory pricing rules because of concerns over market instability, lack of control in the marketplace, and adverse impacts on small manufacturers and distributors. Small businesses stated they would not be able to compete with larger businesses and would be forced out of business.

Jerry Ackerman, Senior Assistant Attorney General made comments at the September 2005 public meeting that the Gambling Commission exists by statute to make sure that gambling is honest and legal. It does not exist to level playing fields or to control commercial competition. Mr. Ackerman suggested that if the Gambling Commission can no longer identify a regulatory purpose for these rules, then these rules no longer fit within the Gambling Commission's statutory authority. On the other hand, if they are deemed to be necessary and right for the effective regulation of gambling, then he believed they were within the Gambling Commission's authority.

2006/2007 Petitions to Reinstate Credit and Discriminatory Pricing Rules

In 2006 and 2007, the Gambling Commission received, and denied, petitions to reinstate the credit and discriminatory pricing rules. The Commission's reasoning for denial, in part, was:

- 1) Regulating business relationships between distributors and manufacturers is generally outside the Commission's mission, and
- 2) There are other legal remedies that the petitioner could pursue other than rely on Commission rules, such as anti-trust laws.

2009 Investigative Report

Staff reported to the agency's Commissioners on five complaints made between 2005 and 2008. Each was found to have a legitimate business reason for manufacturers not selling to distributors.

2011 Petition to Reinstate Credit and Discriminatory Pricing Rules

In 2011, the Gambling Commission received, and denied, a petition to reinstate a rule requiring manufacturers to make their products and services available to all distributors without discrimination. The Commissioners denied the petition because:

- 1) Regulating lawful business relationships between distributors and manufacturers is generally outside the Commission's mission,
- 2) There are other legal remedies that the petitioner could pursue other than rely on Commission rules, such as anti-trust laws,
- 3) Before repealing the credit rules in 2005, the Commissioners carefully considered all arguments for three months, and had given them due consideration, and
- 4) The Commission denied two previous petitions (2006 and 2007) to reinstate discriminatory practices.

Policy Considerations

Consistency with Past Decisions

Commission staff believe that regulating lawful business practices between licensees continues to be outside the scope of the Gambling Commission's mission to keep gambling legal and honest. A different outcome with this petition would be a change of direction since 2005 and require the agency to determine how we would incorporate this into our mission.

Agency Resource Impact

Work on rules to implement the policy being requested by the petitioner would require the agency to devote a lot of resources to the development of rules. Additionally, adoption of a rule such as WAC 230-12-330 would add to the workload of the agency and its agents because we would need to regulate the sales, services, pricing schedule, and credit terms between licensees. This would require the agency to evaluate what additional FTEs are needed for this work and if current licensing fees can support any staffing changes that might be needed. Currently, it would likely require at least the equivalent of 0.5 FTE devoted to enforcement. However, staff would need to go through a full analysis should the petition be accepted.

Current Licensees

There are five licensed pull-tab/punchboard manufacturers and ten licensed pull-tab/punchboard distributors.

Staff Recommendation

Under the requirements of the Administrative Procedure Act, the Commission must take action on a petition within 60 days of receiving it. Your options are:

- 1) Initiate rule-making proceedings by filing the rule as proposed for further discussion; or
- 2) Deny the petition in writing, a) stating the reasons for denial and specifically address the concerns stated in the petition, or b) where appropriate, indicate alternative means by which the agency will address the concerns raised in the petition.

Staff recommends denial of this petition as regulating lawful business relationships between distributors and manufacturers is generally outside the Commission's mission. Additionally, there are other legal remedies that the petitioner could pursue, such as anti-trust laws, other than have the Commission adopt rules.

Laydon, Ashlie (GMB)

From: dan.heisel@watech.wa.gov on behalf of WSGC Web <no.reply@wsgc.wa.gov>
Sent: Monday, April 19, 2021 7:44 PM
To: Rules Coordinator (GMB)
Subject: Request a Rule Change Submission from wsgc.wa.gov

External Email

Submitted on Monday, April 19, 2021 - 7:44pm Submitted by anonymous user: 67.170.16.253 Submitted values are:

Petitioner's Name: Walter Antoncich
Mailing Address: 18559 35th ave n.e.
City: Lake Forest Park
State: Wa
Zip Code: 98155
Phone: 2067959293
Email: waltantoncich@comcast.net

Rule Petition Type: New Rule – I am requesting WSGC to adopt a new rule.

==New Rule – I am requesting WSGC to adopt a new rule.==

Subject or purpose of the rule: To require all manufacturers to sell to all licensed distributors on an equal basis with a fixed set of rules.

The rule is needed because: The near total dominance of one manufacturer has created a situation where they can essentially eliminate distributors at will . The lack of competition will ultimately have a tremendous ripple effect with significant lost revenue to cities and counties. Smaller operations on both the operator and distributor level have already been severely impacted and will continue to be harmed beyond repair.

The effect of this rule change will be: A competitive balance will help ensure a competitive balance which will ensure a healthy industry which will benefit all parties. There would be very little extra work for WSGC as they would only need to investigate when a complaint was issued

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.wsgc.wa.gov%2Fnode%2F18%2Fsubmission%2F2363&data=04%7C01%7Crules.coordinator%40wsgc.wa.gov%7C3d7e672fd5924393c02508d903a63351%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C637544834654236914%7CUnknown%7CTWFpbGZsb3d8eyJWljoIMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6Iik1haWwiLCJXVCi6Mn0%3D%7C1000&odata=RpX5NgL%2B7acVAmnTdaTWxOsWmoHoyP8pnImTtxAc4r8%3D&reserved=0>

From: [Khanhasa, Donna \(GMB\)](#)
To: [Tri-Focus Antoncich](#)
Cc: [Deckert, Angela \(GMB\)](#)
Subject: RE: Arrow International, Inc. decision to stop selling product to Tri-Focus Enterprises, Inc.
Date: Monday, March 29, 2021 2:55:00 PM

Dear Mr. and Mrs. Antoncich,

Thank you for your time today. Per our phone call, we have received similar complaints in the past. In regards to Arrow International, Inc. refusing to sell their products to Tri-Focus Enterprises, Inc., we have found there are no violations of current gambling rules and regulations (i.e. Title 230 WAC or RCW 9.46).

As we discussed, you can petition for a rule change on our website at:

<https://wsgc.wa.gov/commission/request-rule-change>.

You may be able to request contact information through a Public Records Request on our website at

<https://www.wsgc.wa.gov/about-us/public-records>.

If you feel Arrow International, Inc. has violated RCW 19.86, I would refer you to the Attorney General's office to file a complaint. Here is a link to their website: <https://www.atg.wa.gov/>.

Please contact me if you have any additional questions.

Best regards,

Donna D. Khanhasa, CFE

Special Agent | Licensing Unit
Washington State Gambling Commission

P.O. Box 42400 | Olympia | WA | 98504

Cellphone: (360) 280-7018

Email: Donna.Khanhasa@wsgc.wa.gov

Web: www.wsgc.wa.gov

From: Tri-Focus Antoncich <tri-focus@comcast.net>
Sent: Thursday, March 25, 2021 3:14 PM
To: Khanhasa, Donna (GMB) <donna.khanhasa@wsgc.wa.gov>
Cc: Deckert, Angela (GMB) <angela.deckert@wsgc.wa.gov>
Subject: Arrow International, Inc. decision to stop selling product to Tri-Focus Enterprises, Inc.

External Email

Dear Ms. Khanhasa,

My name is Walt Antoncich and together with my wife, Wendy own and operate Tri-Focus, Enterprises, Inc.

By means of this email we would like to bring to your attention a situation which occurred last week and are looking to rectify. Let me begin by giving you a brief history of our company which is critical to the issue we're presenting.

We began Tri-Focus Enterprises, Inc., a licensed pull tab distributorship in 1988. At one point in time there were approximately 25+ distributors licensed by the state. Over the years we've seen distributors come and go with just a handful remaining today. As the oldest licensed distributor we've survived challenges that most other distributors have not had to deal with, not to mention dealing with overly aggressive distributors who have strong Arrow relationships. These are but a few of the issues:

Gambling Commission:

- Rule change allowing manufacturers to indiscriminately decide which licensees they would or would not sell to.
- Rule change allowing distributors to sell product at different prices from operator to operator.
- Rule change regarding restructuring of base license and tax fees with a top end cap which on a percentage basis benefits the larger distributors.

Arrow Policies:

- Determining minimum quantities purchased.
- Establishing 30-day payment policy for us and 60-plus days for selected other distributors and allowing them a high accounts receivable which in turn reflects the variety and number of games they're able to carry in their inventory.
- Not being allowed product that other distributors have access to (ie: Lucky Draw)Not being advised as a matter of course and having to ask about future runs and pre-orders.
- Denied opportunity to purchase loose deals meaning we could only purchase only 'by the case'.
- Limited to only one pick up per week.*
- Minimum of 5 cases purchased per 'brand'.*

*These rules have relaxed in the past year but still leaves us knowing there are limits with which we can operate.

With this brief glimpse into our history, I'll get to the matter at hand.

On Wednesday morning, 3/17, I received a call from Bill Wickersham, our Arrow sales rep in the Lynnwood office informing us that while all current pre-orders would be honored, from that point forward they would no longer be selling us any more product in the entire line of Arrow games. (This would include Universal and Trade products which they had previously purchased.) Being blindsided with this news, I asked Bill for the reason this decision had been made and he had nothing to offer, that all he was told to do was to make the call. I asked him who he'd gotten the notice from and

all he could offer was that “it came down the chain”.

We then called Kathy Donnelly, an accounting manager at Arrow International to see if she knew why we had been cut off. Aside from previous accounting personnel, she's the only person we've had contact with at the corporate level. She told us she hadn't heard anything about it and would look into it and get back to us. By the way, we have an impeccable accounting record with all manufacturers so this couldn't have been the problem. She advised she'd get back to us the next day, Thursday to let us know what she could find. When she did call back it was to let us know that it was a “management decision” and nothing more could be done. While we weren't happy with her answer we weren't surprised by it either. When we asked for Dennis and John Gallagher's contact information, she advised as that as a corporate officer she wasn't in a position to give us that information.

We then called the Gambling Commission and got a return call from Nicole in Spokane who directed us to Angela Deckert. We explained what had happened and Angela suggested emailing you, because to the best of her knowledge there were no WAC rules violations but that being knowledgeable in regards to licensing you'd have a different view of the situation.

We're looking for a number of things here. The first and most important goal is to have Arrow rescind their decision. With them owning 85-90% of the market in Washington their decision practically destroys our ability to stay in business. So, (1) we're hoping there's something in the WAC or RCW rules we can use to challenge their decision. (2) we'd like contact information for the Gallagher's and (3) if you're unable to find any violations or have no contact information for the Gallagher's, that perhaps you're able to direct us to any resource that could give us some legal direction.

We've been in business as a licensed pull tab distributor for 33 years and have built our company on being straightforward, honest and transparent and have survived all the curve balls thrown at us from all directions all these years and to have it come down to this, with no explanation or legitimate reason after all this time reeks of market domination. We've had an exceptional record with local WSGC agents and licensing staff at the Gambling Commission, manufacturer reps on the local level, one or two distributors and all of our customers – past and present.

We were told by Bill Wickersham that we could purchase Arrow/Trade and Universal products from Tabs Plus. Why give us this option and not sell directly to us? Terry is a fair man and understandably would mark up product as well he should, but now we're at a disadvantage by having to pay more and travel from north Seattle to Auburn 2-3 times a month.

Since we've been licensed by the State without any issue for 33 years and have purchased Arrow product (be it Arrow, Specialty, Bingo King, Trade and Universal under the Arrow umbrella) all this time, then we should have the same rights to compete on a level playing field. There is no legitimate reason for Arrow's course of action. Ten years ago a WAC rule pertaining to manufacturers selling to all licensed

distributors on an equitable basis was rescinded. The unintentional consequence of this was to allow Arrow to violate RCW 19.86.020. If we go out of business because of this then the state has unwittingly opened the door and allowed Arrow's monopoly on the market to happen, with just a few very large distributors remaining to divvy up and share the wealth of pull tab sales around the state.

We so appreciate your looking into this issue and hope you can help us resolve this unpleasant and unfair situation. We'll continue to provide you both with any correspondence we have with any involved parties. We look forward to hearing from you.

Sincerely

Walt Antoncich
President
Tri-Focus Enterprises, Inc.

(ii) The name of the licensed distributor and the name of any person directly or indirectly benefiting from a "promotional activity";

(iii) The value of any gift or service provided. The value shall be based on the cost to the manufacturer to provide such;

(iv) The date a "promotional activity" was provided;

(v) The place the "promotional activity" occurred, if applicable; and

(vi) The name of the owner, partner, officer, or other representative of the manufacturer who authorized the "promotional activity."

Can a manufacturer or distributor loan equipment to a distributor or operator?

(6) A manufacturer or distributor may loan gambling equipment to licensed distributors or operators subject to the following restrictions:

(a) Equipment loans may be made for the following reasons:

(i) To a distributor for displaying the manufacturer's products, limited to one such loan, per product, per calendar year;

(ii) To a licensed distributor or operator for training of employees, limited to one such loan, per calendar year; or

(iii) For use as a replacement by a licensed operator while awaiting delivery of a product that has been purchased, leased, or removed for repair;

(b) Equipment loans shall be limited to ninety days per loan.

(7) This section shall not apply to transactions conducted with tribal governments operating class III casinos under tribal/state compacts or with management companies operating such casinos on the behalf of tribal governments.

[Statutory Authority: RCW 9.46.070 (14) and (20), 97-20-026, § 230-12-320, filed 9/22/97, effective 1/1/98.]

WAC 230-12-330 Availability of gambling equipment and related products and services—Prices—Contracts—Discounts—Restrictions—Exceptions. Manufacturers and distributors shall make their products and services available to all licensees without discrimination. Except as authorized by this section, gambling equipment, devices, related paraphernalia or supplies, and services shall be offered to any licensee wishing to purchase such, for the same price and terms. The following restrictions, procedures, and exceptions apply to prices and terms related to sales of gambling-related products or services:

Pricing shall be consistent - exceptions.

(1) **Discriminatory prices are prohibited.** Prices are considered discriminatory when identical or similar items or services are offered to different persons for a different price or under different terms or conditions: Provided, That prices set under the following criteria shall not be considered discriminatory:

(a) **Prices that are established in advance** and available for review by the commission and customers prior to accepting a sales order utilizing such. For purposes of this section, prices are deemed to be established and available when they

have been mailed or transmitted by facsimile to the commission at least forty-eight hours prior to completing sales transactions or accepting orders for products or services;

(b) **Separate and different price schedules** established by manufacturers or distributors for transactions conducted with licensees at different marketing levels when such prices are progressively lower at each marketing level above the operator level;

(c) **Prices that are based upon the delivery location** of an item or service. If the price of an item or service is based upon "free on board" (FOB) terms at a specific location, such price may be varied based upon delivery at a different location, if such is justified by objective evidence. The burden of proof regarding such price differentiation is borne by the seller. Such prices are subject to all other requirements of this section; and

(d) **Short-term price reductions or "sales"** by manufacturers or distributors are authorized when every licensee is afforded an opportunity to participate. For purposes of this section licensees will be deemed to have been afforded an opportunity to participate when:

(i) All prices and terms are clearly posted at all sales outlets for the benefit of operators and provided to all customers serviced by mobile sales representatives;

(ii) Manufacturers provide full details of the sale to all licensed distributors, including prices and terms, at least forty-eight hours prior to accepting orders for products or services being offered at a sale price. Such notice shall be by mail or telephone facsimile; and

(iii) Any limitations or conditions of the sale are clearly stated in advertisements or notices for such sale.

Contracts restricting sales not allowed.

(2) Except as set forth in WAC 230-12-230, licensees shall not enter into contracts that directly or indirectly restrict the distribution or use of gambling equipment, devices, paraphernalia, supplies, or services: Provided, That holders of proprietary rights to products or services that have been gained through patents, copyrights, trademarks, or other similar rights bestowed by state or federal law or by courts shall be allowed to enter into license agreements with manufacturers that restrict the ability to manufacture or distribute products or services if all other requirements of this section are met. The following transactions are prohibited:

(a) An operator or distributor shall not agree to deal in, purchase, sell, lease, or operate any particular brand or brands of gambling device or equipment to the exclusion of any other brand of gambling device or equipment;

(b) A manufacturer or distributor, or licensed representative or employee thereof, shall not sell or offer to sell, lease, or loan any gambling-related product, service, or merchandise if such is contingent upon the purchase or order of another product, service, or merchandise; and

(c) Except as set forth in this subsection, no person shall enter into any agreement, express or implied, that prohibits a person from selling or providing any gambling-related product or service within a particular geographic area: Provided, That -

(i) Licensed manufacturers, distributors, and service suppliers may enter into such agreements with its licensed representative; and

(ii) An operator may enter into an agreement with a licensed service supplier that is supplying only management or consulting services when such agreement only restricts the service supplier from supplying the same or similar services to other operators within a specified geographic area.

Discounts.

(3) Manufacturers and distributors may offer discounts of base prices that are authorized by this section when such discounts are nondiscriminatory. For purposes of this title, discounts will be deemed to be nondiscriminatory when:

(a) Offered to all licensees on the same terms;

(b) The scheme upon which the discount is based is in writing and submitted to the commission at least forty-eight hours prior to being offered;

(c) The discount applies to:

(i) A single sales transaction; or

(ii) Multiple sales transactions, which are made over a period of time not to exceed one week. For purposes of this section, one week shall be defined as seven consecutive days; and

(d) The level of a discount is based only upon any of the following criteria:

(i) The amount of product sold or the dollar value of the sale;

(ii) Whether the purchaser makes full payment in cash at time of sale;

(iii) Whether the purchaser makes final payment for a transaction within a predetermined time period for sales made under "trade account" terms; and

(iv) Any other structure or terms, subject to preapproval by the director. The manufacturer shall pay for the approval process and any additional requirements necessary to assure compliance with this section.

Limiting sales to specific market levels.

(4) A licensed manufacturer or distributor may elect to limit sales of products and services to licensees at any marketing level. For purposes of this section, marketing levels are defined as manufacturer, distributor, and operator. If a manufacturer or distributor elects to make sales to any licensee at a marketing level, sales must be made to all licensees at the same level. Provided, That if the distributor is in violation of WAC 230-12-340, the manufacturer shall not be required to make sales to that distributor: Provided further, That transactions between a manufacturer and distributor, when both are owned and operated by the same persons, are considered internal to that business. For purposes of this section, internal transactions are not considered sales at a different marketing level. All other restrictions of this section apply to such sales. For example:

(a) A licensed manufacturer may elect to sell or provide products and services only to distributors; or

(b) A licensed distributor may elect to sell or provide products and services only to operators.

Minimum purchasing requirements not allowed - exceptions.

(5) Manufacturers or distributors shall not set minimum purchase requirements for any product or service, except as authorized below:

(a) Minimum purchase requirements are not allowed for purchases made under prepaid or cash on delivery (COD) terms: Provided, That manufacturers may establish and charge a reasonable fee for services to handle an order for products or services below a specified level, if such policy is in writing and provided to distributors prior to accepting orders;

(b) Minimum purchase restrictions may be set for transactions between manufacturers and distributors that are conducted using trade account terms, as authorized by WAC 230-12-340;

(c) Discounts may be set based upon a minimum purchase amount as authorized by subsection (3) of this section; and

(d) Minimum purchase restrictions may be placed on products being offered for a bargain or "sale" price if a bargain or "sale" price is established for any and all levels of purchases under such terms.

Sales of nongambling products and services.

(6) A manufacturer or distributor shall not grant licensees, nor shall such licensees accept, more favorable prices, credit terms, or other arrangements than those extended to nonlicensed persons purchasing identical or similar nongambling goods or services. The price of nongambling goods or services sold to licensees shall be in conformity with the open market price in the locality where sold. The terms of such sales shall not exceed those normally granted in accordance with the customary business practice of the particular trade in the locality where such sales are made.

Transactions with tribal casinos.

(7) This section shall not apply to transactions conducted with tribal governments operating class III casinos under tribal/state compacts or with management companies operating such casinos on the behalf of tribal governments.

[Statutory Authority: RCW 9.46.070.02-10-003 (Order 411), § 230-12-330, filed 4/18/02, effective 7/1/02. Statutory Authority: RCW 9.46.070(11). 98-08-011, § 230-12-330, filed 3/18/98, effective 7/1/98. Statutory Authority: RCW 9.46.070 (14) and (20). 97-20-026, § 230-12-330, filed 9/22/97, effective 1/1/98.]

WAC 230-12-335 Control of gambling equipment—Sales and purchases by and to licensees only—Authorized transfers of gambling equipment. It shall be the responsibility of all licensees to ensure that gambling equipment is closely controlled and possessed only by authorized persons. Gambling equipment possessed by unauthorized persons is subject to seizure and forfeiture. It shall be the responsibility of all licensees to report all unauthorized possession of such equipment to the commission. The following restrictions and exceptions apply to the transfer of gambling equipment:



Arrow International, Inc.

Helping you accomplish great things!

June 28, 2021

Ms. Ashlie Laydon
Rules Coordinator
Washington State Gambling Commission
P.O. Box 42400
Olympia, WA. 98504-2400

RE: Petition for Proposed Rule Requiring Manufacturers to Sell to All Distributors on Equal Basis

Dear Ms. Laydon:

I am writing on behalf of Arrow International, Inc. (“Arrow”), a manufacturer of bingo and pull-tab supplies with production facilities in Lynnwood, Washington. Arrow has been licensed as a bingo and pull-tab manufacturer in Washington for over 30 years and has been operating a manufacturing facility there since 1996. Arrow is strongly opposed to the Petition for a rule change filed by Walter Antoncich on April 19, 2021 and respectfully urges the Commission to decline to move forward with a rule.

The type of rule requested in the petition is not new. Petitions for nearly identical rules have been filed with the Commission on multiple occasions; 2006, 2007 and again in 2014. Each time, the Commission has rejected the petition because, among other reasons, restrictions on pricing are “outside the Commission’s mission.”¹ Nothing has changed since 2014 that would make restrictions on pricing between a manufacturer and distributor a part of the Commission’s mission. In fact, bingo and pull-tab receipts have declined to the point that they now comprise only about 2.5% of the total gaming market in the state. Imposing sales and pricing restrictions on such a small slice of the overall gambling pie would be hard to justify as a central Commission function.

But more importantly, the current proposal suffers from the same flaws as previous attempts at controlling the market relationship between distributors and manufacturers. You may recall that prior to 2005, there was a rule in effect that required manufacturers to sell their products to all distributors at similar prices and terms. Unlike the current proposal, the rule contained a number of important exceptions, including an

¹ Excerpt from January 2007 Commission meeting minutes.



allowance for short-term price reductions (sales), minimum purchasing requirements, payment methods, delivery locations and marketing levels. Importantly, there was a corollary rule that limited credit sales between manufacturers and distributors to sixty (60) day terms. The credit limitation was an integral component of the entire regulatory scheme as it allowed a manufacturer to report a delinquent distributor to the Commission and discontinue sales to any distributor that failed to cure the delinquency within a specified period of time.

When the previous pricing and credit rules were repealed, the Commission conducted a series of public hearings and engaged in a meaningful dialog with the industry and the public. As part of those discussions, then Executive Director Rick Day said:

“...the basic question raised in this process hasn’t been answered: whether the rules that are subject for amendment and repeal fit in with what the Commission is responsible to do within its mission and statutory foundation. Staff reached the conclusion it did not and subsequently proposed the rules package identifying the rules that could be eliminated.”²

During that same meeting, Assistant Attorney General Ackerman stated that “if the Commission can no longer identify a regulatory purpose for these rules, then these rules no longer fit within the Commission’s statutory authority.”³ Chair Ellis, then stated:

“...he didn’t think the enforcing of the credit or the pricing rules was crucial to the Commission’s performance. He advised that he has not been able to identify any way in which they directly or indirectly further the Commission’s important business of keeping organized crime out of gambling and protecting the public from fraudulent gambling practices; therefore, these cuts were easier than most.”⁴

Commissioner Ellis elaborated further indicating that he “believed the underlying policy considerations were paramount: that it is difficult to justify the different types of restrictions on a firm’s ability to set their own prices and make their own decisions as to credit.” He said he did not believe that a “real showing had been made to continue that kind of restrictive business environment.”⁵

After repeal of the sales, pricing and credit rule in 2005, similar proposals to the current one came before the commission on three more occasions: 2006, 2007 and again in 2014. In each instance, the proposals were rejected by the Commission based on the same rationale as used in 2005—“restrictions on pricing are outside the Commission’s mission.”⁶

² Excerpt from September 2005 Commission meeting minutes.

³ Id.

⁴ Id.

⁵ Id.

⁶ Excerpt from January 2007 Commission meeting.



The petition currently under consideration does not include a proposed rule, but from the petition, it is possible to assume that the petitioner is seeking a restrictive rule comparable to that proposed in the past: manufacturers must sell product to all distributors at the same price and on the same terms. Presumably, there would be no exceptions for credit worthiness, minimum purchasing requirements, delinquency, or any of the other exceptions that existed prior to 2005. Most importantly, there is no indication that the rule would contain a credit restriction prohibiting credit beyond 30 or 60 days or allow a manufacturer to cease sales upon a distributor's failure to timely pay. The lack of these exceptions makes the proposal entirely unworkable.⁷

The current petition for a rule change arose after Arrow made the difficult decision to discontinue sales of its products to Mr. Antoncich. Mr. Antoncich is a very small distributor, who purchases very small quantities of product from Arrow.⁸ Like other small distributors across the country, Mr. Antoncich cannot meet Arrow's minimum purchasing requirements; requirements that have needed to change as a result of the coronavirus pandemic.

Last March, like all of the other manufacturers, Arrow's facility was shuttered. During the past year, inventory has been completely depleted, and production has suffered from a shortage of labor and materials. Arrow, like the other manufacturers, is working at maximum capacity, but cannot meet the current demand for product. Orders are now extended out for over six-months, and game variety has been limited. At this time, Arrow has been required to concentrate on large production runs to fulfill the needs of its largest customers. Small distributors, like Mr. Antoncich, simply cannot meet the purchasing requirements necessary.

Supply chain issues are not isolated to the pull-tab industry. Many producers, wholesalers and retail outlets cannot get products. Because of these supply chain shortages, the local hardware store, for example, cannot access the same products available to the big box outlets like Home Depot or Costco. Pull-tab Manufacturers, like Arrow, must have the flexibility to make sales decisions that benefit its overall customer base, which may include focusing its limited supply of product on those customers who can purchase in large quantities. Mr. Antoncich will not be without the ability to get Arrow product. He currently buys from other distributors who can meet our minimum purchasing requirements. In fact, by doing so, he has access to a much greater variety of product in a much shorter period of time.

We do not know if the current circumstances will be the "new normal." However, we know that in order to survive in a post-pandemic economy, Arrow needs the

⁷ In 2007, Assistant Director Mark Harris said with respect to a nearly identical proposal that it will "add a new regulatory requirement that would require the commission to indefinitely revoke the manufacturer's license if they don't comply" triggering a time and resource intensive administrative hearing. See excerpt from January 2007 Commission meeting minutes.

⁸ Less than \$30,000 year to date.



flexibility to make business decisions that support its overall business and benefit its broad customer base. A rule, like that proposed by Mr. Antoncich, will restrict sales and undermine our ability to get the maximum amount of product into the market in the most efficient and cost-effective manner. We ask that you reject the petition for a rule change and allow Arrow and the other Washington-licensed manufacturers to continue to operate without pricing and sales restrictions as has been the case for the past sixteen (16) years.

If possible, I intend to participate in the Commission meeting remotely on July 8, 2021 and will be available to answer any questions you may have. In the meantime, feel free to contact me with any immediate questions or concerns.

Sincerely,


Mary B. Magnuson
Vice President of Government Affairs





Sports Wagering Rule-Making
 Chapter 230-03 WAC; Chapter 230-05 WAC; and Chapter 230-06 WAC
 Amendments
 Chapter 230-19 WAC New Rules

July 2021 – Discussion
June 2021 – Discussion & Possible Filing
July 2020 – Initiated Rule-Making

Tab 4: JULY 2021 Commission Meeting Agenda.	Statutory Authority RCW 9.46.070, RCW 9.46.130, RCW 9.46.210, RCW 9.46.240, and any uncodified provisions in 2020 c 127 (HB 2638)
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Who Proposed the Rule Change?

Washington State Gambling Commission Staff

Background

Bold = Changes made after June 2021 Commission Meeting.

On March 25, 2020, Governor Jay Inslee signed House Bill 2638 that authorizes sports wagering for Class III tribal facilities under terms negotiated in tribal-state compacts. It also added or amended several criminal, regulatory, and licensing statutes in the Gambling Act and gives the Gambling Commission authority to adopt or amend any rules needed for the regulation of sports wagering.

At the July 2020 meeting, Commissioners initiated rule-making to adopt new rules and amend current rules to implement the new sports wagering law, including creating a new state regulatory structure to cover all aspects of sports wagering consistent with any new tribal-state wagering compact amendments.

In April and May 2021, the Commission reached a tentative sports wagering compact amendment agreement with fifteen Tribes. Of the fifteen Tribes, there are four different, but similar, sports wagering compact amendments that address the agency’s five sports wagering pillars: (1) Licensing and Regulation; (2) Agency Funding; (3) Money Laundering and Criminal Enforcement; (4) Sport and Gambling Integrity; and (5) Responsible and Problem Gambling.

At the June 10, 2021 meeting, Commissioners approved filing of draft language for further discussion. The language before you was filed with the Office of the Code Reviser on June 23, 2021 and will be published in the Washington State Register (WSR 21-13-165) on July 7, 2021 for further discussion. Additionally, the draft language was posted on our website and sent out to sports wagering stakeholders and current licensees for awareness, review, and comment. Final action on the language cannot be taken until on or after July 27, 2021.

However, based on stakeholder comments received on some of the proposed rules, including comments received after the June 10, 2021 Commission Meeting, Commission Staff will look to provide Commissioners options on rules, including possible rule packages, for review and discussion at our July 8, 2021 public meeting.

Proposed Sports Wagering Rules

The proposed sports wagering rules create a licensing and regulatory system consistent with the Gambling Act and recently negotiated tribal-state sports wagering compact amendments.

These rules look to amend and/or add current rules in chapter 230-03 WAC, Permitting and Licensing Rules; chapter 230-05 WAC, Fees; and chapter 230-06 WAC, Rules for All Licensees. It also looks to add a new chapter of sports wagering rules to our rules in chapter 230-19 WAC.

Attachments:

- WAC 230-03-035
- WAC 230-03-040
- WAC 230-03-045
- WAC 230-03-060
- WAC 230-03-065
- WAC 230-03-070
- WAC 230-03-075
- WAC 230-03-195
- WAC 230-03-196
- WAC 230-03-200
- WAC 230-03-229 (NEW)
- WAC 230-03-231 (NEW)
- WAC 230-03-233 (NEW)
- WAC 230-03-234 (NEW)
- WAC 230-03-311 (NEW)
- WAC 230-03-312 (NEW)
- WAC 230-03-313 (NEW)
- WAC 230-03-320
- WAC 230-03-330
- WAC 230-03-335
- WAC 230-05-110
- WAC 230-05-112
- WAC 230-05-120
- WAC 230-05-124
- WAC 230-05-125
- WAC 230-05-126
- WAC 230-05-170
- WAC 230-05-175
- WAC 230-06-030
- WAC 230-06-050
- WAC 230-06-054
- WAC 230-06-082
- WAC 230-06-084 (NEW)
- WAC 230-06-110
- WAC 230-06-116 (NEW)
- WAC 230-06-120
- WAC 230-19-005 (NEW)
- WAC 230-19-010 (NEW)
- WAC 230-19-015 (NEW)
- WAC 230-19-020 (NEW)
- WAC 230-19-025 (NEW)
- WAC 230-19-030 (NEW)

- WAC 230-19-035 (NEW)
- WAC 230-19-040 (NEW)
- WAC 230-19-045 (NEW)
- WAC 230-19-050 (NEW)
- WAC 230-19-055 (NEW)
- WAC 230-19-060 (NEW)
- Repealer of WAC 230-03-408
- Repealer of WAC 230-05-101
- **Repealer of WAC 230-16-005**
- Stakeholder Feedback

Stakeholder Outreach and Feedback

Proposed sports wagering rules were distributed to stakeholders and Tribal leaders and representatives on May 27, 2021. A deadline of June 7, 2021 was given for comments and suggested edits to be reviewed by staff for our June 10, 2021 public meeting. **Comments received before the June 10, 2021 meeting were reviewed by staff before filing the proposed rules. Changes related to some comments to licensing provisions, contract reviews, accounting records, substantial interest holders, sports wagering integrity, integrity monitoring provider, sports wagering systems, and sports wagering accounts were incorporated in the rules filed with the Code Reviser.**

However, some comments and proposed changes were significant policy changes that could not be incorporated without Commissioner approval.

As of close of business on June 30, 2021, feedback from the following stakeholders was received:

- BetMGM
- Cowlitz Tribal Gaming Authority
- DraftKings Inc.
- FanDuel
- Rush Street Interactive
- Sightline Payments
- **Spokane Tribal Business Council**
- Sportradar
- Suquamish Tribe
- **Tulalip Tribes**
- **Washington Indian Gaming Association**

Staff Recommendation

Discussion only.

Commissioners cannot take final action but can give direction on what should be considered at our July 28, 2021 special meeting.

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-03-035 Applying for a license. (1) You must fully complete the license application form we provide in order to be considered for a license. You must submit it with the appropriate fees online in the manner we require, or return it, along with the appropriate fees, to our headquarters office.

(2) (~~((If your application is incomplete,))~~) You must provide us with the required items within thirty days of notification of an incomplete application or we may administratively close the application.

(3) Applicants for a new organization license or permit will submit the base license fee for each authorized activity they are applying for with their application.

(4) Applicants for a new individual license will submit the new application fee they are applying for with their application.

AMENDATORY SECTION (Amending WSR 07-21-116, filed 10/22/07, effective 1/1/08)

WAC 230-03-040 Signing the application. The applicant signs the application under oath and under penalty of perjury under the laws of the state of Washington. This oath affirms that the information on the application and any accompanying materials is accurate and complete.

(1) The person signing the application must be:

(a) The highest ranking officer, or their designee, of a charitable, nonprofit, or profit-seeking corporation, or limited liability company seeking licensure; or

(b) The owner of a sole proprietorship seeking licensure; or

(c) All partners of a partnership or general partner of a limited partnership seeking licensure.

(2) The person seeking an individual license and a designated officer of the organization for which the person will work must both sign the application.

AMENDATORY SECTION (Amending WSR 13-09-048, filed 4/15/13, effective 5/16/13)

WAC 230-03-045 Defining substantial interest holder. (1) "Substantial interest holder" means a person who has actual or potential influence over the management or operation of any organization, association, or other business entity.

(2) Evidence of substantial interest may include, but is not limited to:

(a) Directly or indirectly owning, operating, managing, or controlling an entity or any part of an entity; or

(b) Directly or indirectly profiting from an entity or assuming liability for debts or expenditures of the entity; or

(c) Being an officer or director or managing member of an entity;
or

(d) Owning ten percent or more of any class of stock in a privately or closely held corporation; or

(e) Owning five percent or more of any class of stock in a publicly traded corporation; or

(f) Owning ten percent or more of the membership shares/units in a privately or closely held limited liability company; or

(g) Owning five percent or more of the membership shares/units in a publicly traded limited liability company; or

(h) Providing ten percent or more of cash, goods, or services for the start up of operations or the continuing operation of the business during any calendar year or fiscal year. To calculate ten percent of cash, goods, or services, take the operational expenses of the business over the past calendar or fiscal year, less depreciation and amortization expenses, and multiply that number by ten percent; or

(i) Receiving, directly or indirectly, a salary, commission, royalties, or other form of compensation based on the gambling receipts.

(3) Spouses of officers of charitable or nonprofit organizations and spouses of officers or board members of publicly traded entities or subsidiaries of publicly traded entities are not considered substantial interest holders, unless there is evidence to the contrary. If so, then an investigation will be conducted to determine if they qualify as a substantial interest holder.

(4) Spouses of officers, owners, or shareholders owning ten percent or more of the organizations' shares of a sports wagering organization are not considered substantial interest holders.

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-03-060 Fingerprinting. (1) The following persons must submit fingerprints and undergo a national criminal history background check:

(a) Substantial interest holders of commercial businesses and charitable or nonprofit organizations who live or have lived out of the state in the last ten years; and

(b) Card room employees, commercial and nonprofit gambling managers, and manufacturer, distributor, service supplier, call centers for enhanced raffles, ~~((and))~~ linked bingo prize provider, and sports wagering vendor representatives; and

(c) Any other substantial interest holder when we have information they may not be qualified for licensure or to participate in a gambling activity.

(2) Recreational gaming activity and agricultural fair permit holders do not need to submit fingerprints.

AMENDATORY SECTION (Amending WSR 13-09-048, filed 4/15/13, effective 5/16/13)

WAC 230-03-065 Spouses must also be qualified. (1) Applicants' spouses must also meet the qualifications to hold a gambling license when married persons who maintain a marital community apply for or

hold a license to operate gambling activities. This includes, but is not limited to, owners and substantial interest holders of commercial gambling establishments.

(2) If you are a licensed employee of a gambling operation, officer of a charitable or nonprofit organization, or an officer or a board member of a publicly traded entity or subsidiary of a publicly traded entity, your spouse does not need to meet the licensing qualifications, unless they are deemed to be a substantial interest holder.

(3) Spouses of owners and substantial interest holders of a sports wagering organization are not considered substantial interest holders.

AMENDATORY SECTION (Amending WSR 06-07-157, filed 3/22/06, effective 1/1/08)

WAC 230-03-070 Training required for licensing. (1) You must complete a training course we establish if you:

(a) Signed the licensing application; or

(b) Are a manager; or

(c) Are responsible for conducting gambling activities or completing records.

(2) You must complete training within thirty days of the effective date of your license.

(3) We do not require manufacturers (~~(or)~~), manufacturers' representatives, or major sports wagering vendors to complete training. However, all licensees are expected to know and follow all rules upon receiving your license.

AMENDATORY SECTION (Amending WSR 06-07-157, filed 3/22/06, effective 1/1/08)

WAC 230-03-075 Withdrawing your application. (1) You may withdraw your license application for any reason by sending written or electronic mail notice to us. We must receive your written request at our headquarters office before we issue or deny the license.

(2) Withdrawing an application will not affect any future application for a license.

AMENDATORY SECTION (Amending WSR 06-07-157, filed 3/22/06, effective 1/1/08)

WAC 230-03-195 Additional information required from manufacturer ((and)), distributor, and sports wagering vendor license applicants.

If you are applying for a manufacturer (~~(or)~~), distributor, or sports wagering vendor license, you must attach the following to your application form or submit the following in a manner we require:

(1) A list of all businesses or corporations which you, or officers, directors, or substantial interest holders of your business, ei-

ther directly or indirectly, own or control as a substantial interest holder; and

(2) A list of all businesses or corporations licensed to conduct gambling activities or to supply gambling-related equipment, supplies, or services in which you, officers, directors, or substantial interest holders of your business have any interest; and

(3) A list of all jurisdictions in which you or any of the officers, directors, or substantial interest holders of your business have had a gambling-related license at any level during the previous ten years; and

(4) A statement about whether you, or officers, directors, or substantial interest holders have ever been part of a business that had a gambling-related license denied, revoked, or suspended by any jurisdiction for a period longer than thirty days.

NEW SECTION

WAC 230-03-196 Additional information required for sports wagering vendors. Sports wagering vendor applicants must provide contracts and agreements, or proposed contracts or agreements, with any third parties, excluding contracts or agreements with Washington state tribes, that are part of their sports wagering offerings for review for compliance with chapter 9.46 RCW and Title 230 WAC. Contracts or agreements to be provided for review will relate to the applicant's or third-party vendor's sports wagering equipment, goods, services, and information.

AMENDATORY SECTION (Amending WSR 06-07-157, filed 3/22/06, effective 1/1/08)

WAC 230-03-200 Defining "gambling equipment." "Gambling equipment" means any device, gambling-related software, expendable supply, or any other paraphernalia used as a part of gambling or to make gambling possible. "Gambling equipment" includes, but is not limited to:

- (1) Amusement games;
- (2) Punch boards and pull-tabs;
- (3) Devices for dispensing pull-tabs;
- (4) Electronic devices for conducting, facilitating, or accounting for the results of gambling activities~~((r))~~ including, but not limited to:
 - (a) Components of a tribal lottery system;
 - (b) Components of a sports wagering system;
 - (c) Electronic devices for reading and displaying outcomes of gambling activities; and
 - ~~((e))~~ (d) Accounting systems that are a part of, or directly connected to, a gambling system including, but not limited to:
 - (i) Bet totalizers; or
 - (ii) Progressive jackpot meters; or
 - (iii) Keno systems;
- (5) Bingo equipment;

(6) Devices and supplies used to conduct card games, fund-raising events, recreational gaming activities, or Class III gaming activities, as defined in the Indian Gaming Regulatory Act at U.S.C. 25 chapter 29 § 2703 and in tribal-state compacts including, but not limited to:

- (a) Gambling chips;
- (b) Cards;
- (c) Dice;
- (d) Card shuffling devices;
- (e) Graphical game layouts for table games;
- (f) Ace finders or no-peek devices;
- (g) Roulette wheels;
- (h) Keno equipment; ((and))
- (i) Tables manufactured exclusively for gambling purposes; and
- (j) Sports wagering systems.

LICENSING SPORTS WAGERING VENDORS

NEW SECTION

WAC 230-03-229 Applying for a major sports wagering vendor license. You must apply for a major sports wagering vendor license if you provide integral sports wagering goods or services in our state. This includes:

- (1) Managing a Tribe's or Tribes' sports wagering operations;
- (2) Being a Tribe's or Tribes' primary consultant who provides substantial sports wagering related services;
- (3) Being a manufacturer or distributor of a sports wagering system(s);
- (4) Providing bookmaking services; or
- (5) Providing sports wagering risk management services.

NEW SECTION

WAC 230-03-231 Applying for a mid-level sports wagering vendor license. You must apply for a mid-level sports wagering vendor license if you provide services or equipment related to data, security, and integrity that include, but are not limited to:

- (1) Integrity monitoring;
- (2) Data to be used by a Tribe(s) or sports wagering vendor, including data to set odds;
- (3) The compilation, furnishing, or storage of data for use in sports wagering;
- (4) Initial or annual wagering system security testing or assessment;

- (5) Geofence and geolocation compliance and monitoring; and
- (6) Sports wagering account management, including Software-as-a-Service (SaaS) products.

NEW SECTION

WAC 230-03-233 Applying for an ancillary sports wagering vendor license. You must apply for an ancillary sports wagering vendor license if you provide necessary sports wagering support services that include, but are not limited to:

- (1) Mobile payment processing for use in mobile sports wagering;
- (2) Know your customer or identity verification for use in mobile sports wagering; and
- (3) Marketing or promotional affiliates for a sports wagering vendor or tribal sports wagering operator where the contractual financial arrangement is based on a percentage of an operator's sports wagering revenue.

NEW SECTION

WAC 230-03-234 Sports wagering vendor applicants and associated entities in their corporate structure. You must apply for a sports wagering vendor license if you enter into contracts or agreements to provide sports wagering gaming goods or services to operators or other sports wagering vendors for sports wagering goods or services in our state. Any associated organizations linked to the sports wagering applicant in their corporate structure, who provides sports wagering goods or services to the applicant, must comply with our rules. The applicant will have the ultimate responsibility for any goods or services provided by another legal entity associated to the applicant. This only includes organizations in the applicant's corporate ownership structure.

NEW SECTION

WAC 230-03-311 Applying for a major sports wagering vendor representative license. You must apply for a major sports wagering representative license if you, as an individual, are employed or contracted by a major sports wagering vendor to represent, service, or work in any sports wagering activities in our state or you supervise those who do.

NEW SECTION

WAC 230-03-312 Applying for a mid-level sports wagering vendor representative license. You must apply for a mid-level sports wagering representative license if you, as an individual, are employed or contracted by a mid-level sports wagering vendor to represent, service, or work in any sports wagering activities in our state or you supervise those who do.

NEW SECTION

WAC 230-03-313 Applying for an ancillary sports wagering vendor representative license. You must apply for an ancillary sports wagering representative license if you, as an individual, are employed or contracted by an ancillary sports wagering vendor to represent, service, or work in any sports wagering activities in our state or you supervise those who do.

AMENDATORY SECTION (Amending WSR 13-19-056, filed 9/16/13, effective 10/17/13)

WAC 230-03-320 Substantial interest holders not required to be licensed as representatives. (1) If you are a substantial interest holder in a business licensed to operate a manufacturer, distributor, gambling service supplier, call centers for enhanced raffles, or linked bingo prize provider or a spouse of the same, you do not have to have an additional license to perform representative duties connected with that licensed business.

(2) If you are a substantial interest holder in a business licensed as a sports wagering vendor, you do not need to have an additional sports wagering vendor representative license to perform representative duties connected with that licensed business.

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-03-330 Representing one or more licensed businesses. (1) If you are a licensed distributor representative, gambling service supplier representative, or a linked bingo prize provider representative or applying for one of these representative licenses, you must represent only one licensed distributor, gambling service supplier, or linked bingo prize provider at a time.

(2) If you are a licensed manufacturer representative, you may represent more than one licensed manufacturer.

(3) Sports wagering vendor representatives may represent more than one licensed sports wagering vendor so long as their representa-

tion would not create a conflict that would undermine the integrity of sports wagering or a sporting event.

(4) If the owner you represent owns more than one licensed business, you may represent the owner in all those licensed businesses, including licensed manufacturers.

((4)) (5) You must submit an application and pay a fee before beginning work at a new or additional employer.

AMENDATORY SECTION (Amending WSR 13-19-056, filed 9/16/13, effective 10/17/13)

WAC 230-03-335 Representatives must not work before receiving a license. If you are applying for a license as a representative for a manufacturer, distributor, gambling services supplier, call centers for enhanced raffles, a sports wagering vendor, or linked bingo prize provider, you must not work until you receive a license from us.

NEW SECTION

The following sections of the Washington Administrative Code are decodified and recodified as follows:

Old WAC Number	New WAC Number
230-03-230	230-03-226
230-03-232	230-03-227

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-05-110 Defining "gross gambling receipts rate." "Gross gambling receipts rate" is the rate listed in this chapter that licensees use to calculate their quarterly license fees, if applicable. This also is the rate used for quarterly license reports.

AMENDATORY SECTION (Amending WSR 20-08-095, filed 3/30/20, effective 4/30/20)

WAC 230-05-112 Defining "gross gambling receipts." (1) "Gross gambling receipts" means the amount due to any operator of an authorized activity as described in subsection (5) of this section.

(2) The amounts must be stated in U.S. currency.

(3) The value must be before any deductions for prizes or other expenses, such as over/short.

(4) "Gross gambling receipts" does not include fees from players to enter player-supported jackpots. However, any portion of wagers deducted for any purpose other than increasing current prizes or repayment of amounts used to seed prizes are "gross gambling receipts."

(5) Gross gambling receipts for authorized activities:

Activity:	Gross gambling receipts include amounts due to any operator for:
(a) Punch board and pull-tab	Purchasing chances to play.
(b) Raffles and enhanced raffles	Purchasing chances to enter.
(c) Bingo	Fees or purchase of cards to participate.
(d) Amusement games	Amounts paid to play amusement games.
(e) Card games	<ul style="list-style-type: none">• "Net win" from house-banked card games;• Tournament entry fees;• Administrative fees from player-supported jackpots;• Fees to participate in nonhouse-banked card games.

Activity:	Gross gambling receipts include amounts due to any operator for:
(f) Manufacturers and distributors	<p>(i) Fees from sales, rentals, leases, royalties, and service fees collected for the following gambling equipment in Washington to include, but not limited to:</p> <ul style="list-style-type: none"> • Bingo paper or bingo cards; • Punch boards and pull-tabs; • Devices for dispensing pull-tabs; • Electronic devices for conducting, facilitating or accounting for the results of gambling activities; • Cards; • Dice; • Gambling chips; • Cash exchange terminals; • Progressive meters; • Gambling software; • License agreements; • Card shuffling devices; • Graphical game layouts for table games; • Ace finders or no-peek devices; • Roulette wheels; • Keno equipment; • Tables manufactured exclusively for gambling purposes; • Bet totalizers; • Electronic devices for reading or displaying outcomes of gambling activities; • Tribal lottery systems and components thereof. <p>(ii) Fees from the service, repair and modification of gambling equipment in Washington to include, but not limited to:</p> <ul style="list-style-type: none"> • Charges for labor and parts for repairing gambling equipment; • Service fees related to gambling operations; • Training or set-up fees; • Maintenance contract fees related to gambling equipment and operations.

Activity:	Gross gambling receipts include amounts due to any operator for:
(g) Gambling service suppliers	<p>Fees from gambling-related services provided in or to be used in Washington to include, but not limited to:</p> <ul style="list-style-type: none"> • Consulting, advisory or management services related to gambling; • Interest from financing the purchase or lease of gambling equipment, infrastructure or facilities or equipment that supports gambling operations; • Acting as a lending agent, loan services or placement agent; • Assembly of components for gambling equipment to be used under a contract with a licensed manufacturer; • Ongoing financial arrangements for gambling related software with a licensed manufacturer; • Installing, integrating, maintaining, or servicing digital surveillance systems that allow direct access to the operating system; • Training individuals to conduct authorized gambling activities; • Performing testing and certification of tribal lottery systems in meeting requirements specified in the tribal-state compacts; • Providing nonmanagement related recordkeeping or storage services for punch board and pull-tab operators; • Ownership of proprietary games or equipment.
(h) Punch board/pull-tab service businesses	<p>Providing nonmanagement related recordkeeping or storage services for punch board and pull-tab operators.</p>
(i) Fund-raising event distributors	<p>Fees from contracts to organize and conduct recreational gaming activities.</p>
(j) Fund-raising events and agricultural fairs	<p>Fees received from the operation of bingo, amusement games, raffles, lotteries, contests of chance, and/or net win from table games operated at a fund-raising event.</p>
<u>(k) Major sports wagering vendor</u>	<p><u>Fees or revenues received from providing sports wagering goods and services, including management, consulting, sales, rentals, leases, and royalties, for any sports wagering activities in Washington.</u></p>

Activity:	Gross gambling receipts include amounts due to any operator for:
<u>(l) Mid-level sports wagering vendor</u>	<u>Fees or revenues received from providing sports wagering goods and services, including sales, rentals, leases, and royalties, for any sports wagering activities in Washington.</u>
<u>(m) Ancillary sports wagering vendor</u>	<u>Fees or revenues from providing sports wagering goods and services, including sales, rentals, leases, and royalties, for any sports wagering activities in Washington.</u>

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-05-120 Paying annual license fee. (1) All licensed organizations will pay annual license fees (~~(in up to five payments)~~). The annual license fee will be up to five payments and includes:

(a) A base license fee paid with your:

(i) Initial application for a new license or permit; or

(ii) License renewal or annual permit application; and

(b) Quarterly license fees, if applicable, based on the gross gambling receipts reported on your quarterly license report.

(2) Licensed organizations starting a new activity will begin paying quarterly license fees, if applicable, on that activity upon completion of the first quarter, whether a partial or full quarter, after your license or annual permit was issued.

(3) Individual licensees will pay an annual license fee with their initial application or license renewal application.

AMENDATORY SECTION (Amending WSR 20-12-046, filed 5/28/20, effective 6/28/20)

WAC 230-05-124 Quarterly license reports and quarterly license fees. (~~All~~) Licensed organizations must submit quarterly license reports (and). Licensed organizations must also submit quarterly license fees to us, if applicable, for each licensed gambling activity beginning with the first quarter of their license year. The quarterly license fee is due with the quarterly license report.

The quarterly license reports must be in the format we require and must:

(1)

Cover the period:	Be received by us no later than:
January 1 through March 31	April 30
April 1 through June 30	July 31
July 1 through September 30	October 31

Cover the period:	Be received by us no later than:
October 1 through December 31	January 31

(2) Be received online at our administrative office or postmarked no later than the dates indicated in the table in subsection (1) of this section; and

(3) Be submitted even if there is no quarterly license fee payable to us; and

(4) Be accurate; and

(5) Be completed by the highest ranking executive officer or a designee. If someone other than the licensee or an employee prepares the report, the preparer must include his or her name and business telephone number on the report; and

(6) Be submitted for any period of time the license was valid, even if there was no gambling activity or the gambling license was not renewed.

AMENDATORY SECTION (Amending WSR 18-11-055, filed 5/10/18, effective 6/10/18)

WAC 230-05-125 Report gross gambling receipts on the quarterly license report. (1) You must report your gross gambling receipts for each of your licensed gambling activities during the previous quarter on your quarterly license report.

(2) You must submit a quarterly license report even if you:

(a) Only need to pay your base license fee;

(b) Have paid the maximum annual license fee for your license year;

~~((b))~~ (c) You do not owe a quarterly license fee for the quarter;

~~((e))~~ (d) Have no gross gambling receipts to report;

~~((d))~~ (e) Close your business;

~~((e))~~ (f) Surrender your license;

~~((f))~~ (g) Do not renew your license; or

~~((g))~~ (h) Your license is revoked or suspended.

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-05-126 Online filing and payments required with waivers available upon request for good cause. (1) All licensees must submit the following online, where applicable:

(a) Renewal application and base license fees; and

(b) Quarterly license fees; and

(c) Quarterly license reports.

(2) We may waive these requirements if a licensed organization can show good cause. The reasons for good cause include:

(a) You do not have access to the internet using your own computer or similar equipment; or

(b) You do not have a bank account; or

- (c) Your bank is unable to send electronic fund transactions; or
- (d) Some other circumstance or condition exists that, in our judgment, prevents you from submitting online.
- (3) We may waive these requirements if a licensed individual can show good cause. The reasons for good cause include:
 - (a) You do not have access to the internet using your own computer or similar equipment; or
 - (b) You do not have a bank account or credit card; or
 - (c) Your bank is unable to send electronic fund transactions; or
 - (d) Some other circumstance or condition exists that, in our judgment, prevents you from submitting online.
- (4) You must request a waiver when applying for a new license or permit.
- (5) A waiver will cover all fees and reports required under subsection (1) of this section.

AMENDATORY SECTION (Amending WSR 18-11-055, filed 5/10/18, effective 6/10/18)

WAC 230-05-170 Fees for other businesses. All other business organizations must pay the following fees:

- (1) Annual licenses or permits:

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Agricultural fair bingo (annual permit)	\$200	-	-
Call centers for enhanced raffles	\$4,800	-	-
Commercial amusement games	\$500 plus \$65 per approved location	1.130%	\$11,000
Distributor	\$700	1.430%	\$7,000
Fund-raising event distributor	\$280	1.430%	\$1,000
Linked bingo prize providers	\$1,500	.046%	\$20,000
Manufacturer	\$1,500	1.430%	\$25,000
Manufacturer's special sales permit	\$250	-	-
Punch board/pull-tab service business permit	\$250	-	-
Gambling service supplier	\$300	1.430%	\$7,000
<u>Major sports wagering vendor</u>	<u>\$85,000</u>	=	=
<u>Mid-level sports wagering vendor</u>	<u>\$10,000</u>	=	=
<u>Ancillary sports wagering vendor</u>	<u>\$5,000</u>	=	=

- (2) Events or permits:

License or Permit Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Recreational gaming activity	\$65	-	-
Special property bingo	\$30	-	-

(3) Change fees:

Change of:	Fee
Name	\$100
Location	\$100
Business classification (same owners)	\$100
Corporate stock/limited liability company shares/units	\$100
License transfers	\$100

(4) Other fees:

Transaction	Fee
Add a new amusement game location	\$65
Defective punch board/pull-tab cost recovery fees	Up to \$100
Duplicate license	\$50
Pre- and post-licensing investigations	Cost reimbursement
Review, inspection, and/or evaluation of gambling equipment, supplies, services, games, schemes, or group 12 amusement games	Deposit and cost reimbursement

AMENDATORY SECTION (Amending WSR 18-08-053, filed 3/30/18, effective 5/1/18)

WAC 230-05-175 Individual license fees. Individuals must pay the following fees:

(1) Annual license and additional employer fees:

License Type	New Application Fee	Annual Renewal Fee	Additional or Change of Employer Fee
Call center for enhanced raffle representative	\$275	\$170	-
Card room employee license - Nonhouse-banked (Class A)	\$200	\$95	\$65
Card room employee license - Class F and house-banked (Class B)	\$275 (in-state) \$340 (out-of-state)	\$170	\$65
Charitable or nonprofit gambling manager	\$200	\$95	\$95
Commercial gambling manager	\$200	\$95	\$95
Distributor representative	\$275	\$170	\$65
Linked bingo prize provider representative	\$275	\$170	\$65
Manufacturer representative	\$275	\$170	\$65

License Type	New Application Fee	Annual Renewal Fee	Additional or Change of Employer Fee
Gambling service supplier representative	\$275	\$170	\$65
<u>Major sports wagering vendor representative</u>	<u>\$275</u>	<u>\$170</u>	<u>\$65</u>
<u>Mid-level sports wagering vendor representative</u>	<u>\$275</u>	<u>\$170</u>	<u>\$65</u>
<u>Ancillary sports wagering vendor representative</u>	<u>\$275</u>	<u>\$170</u>	<u>\$65</u>

(2) Class B card room employees must pay the out-of-state application fee if over the last ten years the applicant lived outside of Washington for six nonconsecutive months or more.

(3) Other service fees:

Transaction	Fee
Change of name	\$30
Card room employee emergency waiver request	\$65
Duplicate license	\$30

(4) Military personnel returning from service. If a license expires while an individual is on active military service, the individual may apply to have their license reissued at the renewal fee. The application must be received within six months after completing their active military service. The applicant must provide evidence of the completion date of active military service.

WAC 230-06-030 Restrictions and conditions for gambling promotions. Licensees may conduct gambling promotions to encourage players to participate in the gambling activity they are licensed to conduct without our review or approval under these restrictions and conditions:

(1) You must establish rules and restrictions to determine how you will give promotional prizes and items to players; and

(2) You must comply with all applicable federal, state, and tribal laws and rules; and

(3) You must display all rules and restrictions clearly in the gambling area and include them on promotional materials or advertisements; and

~~((3))~~ (4) You must give all players eligible for the promotion an equal opportunity to participate; and

~~((4))~~ (5) Except for members-only progressive raffles conducted as authorized in WAC 230-11-091, you must not give another chance to participate in a gambling activity we regulate as a promotional item; and

~~((5))~~ (6) As part of a gambling promotion, you may add additional merchandise or cash prizes, including increasing payouts for gambling activities you are licensed to conduct; and

~~((6))~~ (7) Licensed manufacturers, distributors, and service suppliers may give cash or merchandise items to licensed operators to be used as promotional prizes as long as:

(a) The cash or merchandise is offered to all licensed operators; and

(b) The gambling promotion is approved by the director or director's designee when cash or merchandise provided to a licensed operator for a single promotion is over twenty-five thousand dollars; and

~~((7))~~ (8) In order for a licensed manufacturer, distributor, and service supplier to receive approval, the plan for the gambling promotion must be submitted to the director at least ninety days in advance of the intended start date. The promotion must include sufficient information for the director's approval, comply with all applicable federal and state laws, and include:

(a) The gambling promotion rules and restrictions; and

(b) How the operator will safeguard the prizes; and

(c) How the prizes will be given away; and

(d) The beginning and ending dates for the gambling promotion; and

(e) A detailed prize winner's record to be filled out upon completion of the promotion that includes the winner's name, prizes paid out, date the prize was awarded; and

(f) Any other information we request; and

~~((8))~~ (9) You must not give promotional prizes or items based on additional elements of chance except that:

(a) Licensed bingo operators are authorized to give promotional prizes or items as part of a bingo game; and

(b) Licensed card rooms are authorized to give promotional prizes or items as part of a physical drawing, spinning a wheel, or selecting from a group of concealed items; and

~~((9))~~ (10) You must not combine gambling activities and related gambling promotions in any way with a promotional contest of chance as defined in RCW 9.46.0356.

AMENDATORY SECTION (Amending WSR 19-11-047, filed 5/10/19, effective 6/10/19)

WAC 230-06-050 Review of electronic or mechanical gambling equipment. (1) When you are required to 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 accepting orders for gambling equipment when you are licensed.

(5) Only gambling equipment approved by the director or director's designee is allowed in Washington except as provided under WAC 230-16-005 and 230-19-045.

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

(7) Gambling equipment must operate as approved by the director or director's designee except as provided under WAC 230-19-045.

(8) 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.

(9) 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.

AMENDATORY SECTION (Amending WSR 14-09-037, filed 4/11/14, effective 7/1/14)

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 except for sports wagering vendors as provided under WAC 230-19-045.

AMENDATORY SECTION (Amending WSR 18-05-029, filed 2/9/18, effective 7/1/18)

WAC 230-06-082 Manufacturers, distributors, gambling service suppliers, sports wagering vendors, linked bingo prize providers, and call centers for enhanced raffles reporting changes in licensed employees. Manufacturers, distributors, gambling service suppliers, sports wagering vendors, linked bingo prize providers and call centers for enhanced raffles licensees must:

(1) Submit an application and the required fees before allowing licensed employees or sports wagering vendor representatives to begin working.

(2) Notify us in the format we require when a licensed employee or sports wagering vendor representative no longer works for them. We must receive the notice at our Lacey office within ten days of the licensed ((employee's)) employee or representative's last day.

NEW SECTION

WAC 230-06-084 Submitting sports wagering related contracts and agreements. Sports wagering vendors must provide contracts or agreements, or changes to contracts or agreements, with any third parties, excluding contracts or agreements with Washington state tribes, that are part of their sports wagering offerings within thirty days of the effective date of the contract or agreement. Contracts or agreements to be provided will relate to the applicant's or third-party vendor's sports wagering equipment, goods, services, and information.

AMENDATORY SECTION (Amending WSR 18-05-029, filed 2/9/18, effective 7/1/18)

WAC 230-06-110 Buying, selling, or transferring gambling equipment. (1) All licensees and persons authorized to possess gambling equipment must closely control the gambling equipment in their possession.

(2) Before selling gambling equipment, licensees must ensure that the buyer possesses a valid gambling license or can legally possess the equipment without a license.

(3) Licensees buying, selling, or transferring gambling equipment must ensure that it will be used pursuant to all state laws and rules, or laws and rules in the jurisdiction(s) where the activity is occurring.

(4) Before purchasing gambling equipment, licensees must ensure that the seller possesses a valid gambling license.

((+4)) (5) Applicants for Class F or house-banked card room licenses may purchase and possess gambling equipment during the prelicensing process, but only after receiving written approval from us.

((+5)) (6) Charitable and nonprofit organizations conducting unlicensed bingo games, as allowed by RCW 9.46.0321, may possess bingo equipment without a license.

~~((+6))~~ (7) Group 12 amusement games can only be sold or leased to amusement game licensees by a licensed manufacturer or distributor. Amusement game licensees can lease or rent group 12 amusement games for operation at approved amusement game locations.

~~((+7))~~ (8) Licensees may transfer gambling equipment as a part of a sale of a business as long as a condition of the sale is that the buyer receives a gambling license before the sale is complete. Licensees must make a complete record of all gambling equipment transferred in this manner, including I.D. stamps. Licensees must report these transfers, including a copy of the inventory record, to us.

NEW SECTION

WAC 230-06-116 Transporting, displaying, and selling gambling equipment at trade shows. (1) "Trade show" when used in this section means an exhibition where licensees can promote their products and services to operators of authorized gambling activities in Washington; the exhibition is not open to the public; and it is of limited duration.

(2) "Gambling equipment" as used in this section has the same meaning as in WAC 230-03-200.

(3) "Demonstration mode" when used in this section means when gambling equipment cannot be used for actual wagering and the equipment's coin or bill acceptor is removed or physically restricted from use.

(4) Licensees may transport, display, and accept orders for the sale or lease of their products at trade shows only under the following conditions:

(a) All products must be manufactured by a licensee for activities authorized by state laws or tribal-state compacts, or is Class II gaming equipment as authorized by federal law for use on tribal lands; and

(b) All gambling equipment physically displayed must be in demonstration mode and either:

(i) Approved for sale or lease in the state; or

(ii) Not approved by us but is only used for authorized activities under state laws or tribal-state compacts, or is Class II gaming equipment as authorized by federal law for use on tribal lands, and is transported into the state no more than ten days before a trade show begins and is removed from the state within ten days following the last day of a trade show.

(c) Gambling equipment must have a sign posted in close proximity to the device that contains the phrase, "No one under 18 years of age is allowed to operate this machine."

(5) Licensees must provide notification that they will be transporting, displaying, or accepting orders for gambling equipment on a form prescribed by us at least ten days before a specified trade show.

(6) Gambling equipment at a trade show is subject to on-site inspection by us.

WAC 230-06-120 Selling or transferring gambling equipment when no longer licensed. (1) If we have revoked your operator ~~((~~☒~~))~~, distributor, or sports wagering vendor license, your license has expired, or you have voluntarily surrendered your license, you may only sell or otherwise transfer gambling equipment to a licensed manufacturer ~~((~~☒~~))~~, distributor, or sports wagering vendor, as applicable, and consistent with all laws and rules, including WAC 230-06-110.

(2) Transfers of gambling equipment in this manner are subject to the following requirements:

(a) The transfer must be complete within thirty days of the date the license became invalid; and

(b) Distributors must use the cash or credit against amounts they owe manufacturers; and

(c) Operators ~~((~~☒~~))~~, distributors, or sports wagering vendors selling the equipment must report to us within ten days of the transaction a complete inventory of all the gambling equipment transferred, including commission I.D. stamps; and

(d) Manufacturers ~~((~~☒~~))~~, distributors, or sports wagering vendors receiving the equipment must prepare a credit memorandum and retain it with their records.

Chapter 230-19 WAC
SPORTS WAGERING

NEW SECTION

WAC 230-19-005 Sports wagering definitions. Definitions for sports wagering used in the chapter are:

(1) "Affiliate" means an individual or organization that promotes sports wagering websites in exchange for a commission or fee.

(2) "Authorized sports wagering menu" means the official list of sports, leagues, and types of wagers authorized through the tribal-state sports wagering compact process to be offered for sports wagering in the state.

(3) "Esports" means a video game competition in which players and teams compete against each other.

(4) "Geofence" means a virtual geographic boundary that enables software or other technology to determine geolocation and detect when a mobile device enters or leaves an approved designated area that allows a patron to place a wager for mobile sports wagering.

(5) "Integrity monitoring provider" means an independent organization licensed to receive reports of unusual wagering activity from a sports wagering operation for the purpose of assisting in identifying suspicious wagering activity.

(6) "Minor league" means a lower professional league or division within a sport, such as baseball or hockey, where a professional team has the exclusive contractual rights to promote and relegate players.

(7) "Mobile device" means a portable electronic equipment used in mobile sports wagering, for example a smartphone.

(8) "Mobile sports wagering" means any sports wagering on a platform that is deployed and accessed through the internet or an application installed on a mobile device.

(9) "Prohibited sports wagering participant" means any person who is prohibited pursuant to RCW 9.46.037 and any person whose participation may undermine the integrity of the wagering or the sporting event, or any person who is prohibited for other good cause including, but not limited to, any person placing a wager as an agent or proxy; and person who is an athlete, coach, referee, player, in, or on, any sporting event overseen by that person's sports governing body; any person who holds a position of authority or influence sufficient to exert influence over the participants in a sporting event that is the subject of a wager, or as identified to us or by a tribal gaming agency.

(10) "Sports wagering account" means an electronic account established by a patron for the purpose of sports wagering, including deposits, withdrawals, wagered amounts, payouts on winning wagers, or similar adjustments.

(11) "Sports wagering kiosk" means a self-service automated device used by patrons to make wagers on sporting events, obtain wagering information, redeem sports wagering vouchers and wagering tickets, and any other automated functions used for sports wagering.

(12) "Sports wagering system" means all equipment, hardware, data networks, communications technology, and software used in a sports wa-

gering operation and that directly affect the wagering and results of sports wagering including, but not limited to:

(a) Interactive components, including all associated equipment and software that comprise the sports wagering platform used by a sports wagering operation or for online or mobile sports wagering;

(b) Sports wagering kiosks; and

(c) Ticket or voucher redemption devices.

This does not include a mobile device owned and used by a patron to place a sports wager.

(13) "Sports wagering vendor" means all three sports wagering license types: Major, mid-level, and ancillary identified in this chapter unless identified otherwise in these rules.

(14) "Suspicious wagering activity" means unusual wagering activity that cannot be explained and is indicative of illegal activity including, but not limited to: Money laundering, match fixing, manipulation of an event, misuse of inside information, or other activity that is prohibited by federal, state, tribal, or local law.

(15) "Unusual wagering activity" means abnormal wagering activity or pattern of behavior exhibited by one or more patrons as a potential indicator of suspicious activity. Abnormal wagering activity may include, but is not limited to, the size of a person's wager or increased wagering volume on a particular event or wager type and/or other deviations readily apparent based on prior wagering history.

NEW SECTION

WAC 230-19-010 Sports wagering vendors must ensure sports wagering vendor representatives are licensed. (1) Sports wagering vendors must ensure all sports wagering vendor representatives are licensed as required by rule.

(2) Sports wagering vendors must take all measures necessary to prevent an unlicensed sports wagering vendor representative from working in our state.

NEW SECTION

WAC 230-19-015 Accounting records for sports wagering vendors. Sports wagering vendors must keep and maintain a complete set of records for their licensed activity in the state and include, at a minimum:

(1) Double entry method accounting updated at least once a month, including a monthly balance for each account; and

(2) Maintain their records in accordance with generally accepted accounting principles and ensure that records can be reconciled to the licensee's federal income tax return; and

(3) Maintain and keep for at least three years following the end of the fiscal year:

(a) **Cash disbursements book (check register)** - Documenting all expenses, both sports wagering and nonsports wagering related, with invoices or other appropriate supporting documents. Information must be entered monthly and include, at least:

- (i) The date the check was issued or payment made; and
- (ii) The number of the check; and
- (iii) The name of the payee; and
- (iv) Type of expense; and
- (b) **Cash receipts** - Recording cash sales and cash received from all sources. Information must be entered for each payment received monthly and include, at least the:
 - (i) Date; and
 - (ii) Name of the person paying; and
 - (iii) Amount; and
- (c) **General ledger** - For sales that are greater than five hundred thousand dollars per year, a general ledger must be kept containing, in addition to all other accounts by month, a separate sales account for each type of sale; and
- (d) **Bank reconciliation** - Reconciling their accounts each month. "Reconcile" means the sports wagering vendor must compare the two balances, resolve any differences, and document the comparison and the differences in writing; and
- (e) **Copies of all financial data** - Supporting tax reports to governmental agencies; and
- (f) Maintain copies of all contracts related to sports wagering they enter into which fully disclose all terms.

NEW SECTION

WAC 230-19-020 Sales invoices for sports wagering vendors.

Sports wagering vendors must document each sale of equipment or services, any return or refund, or any other type of transfer of sports wagering equipment in the state, with a standard sales invoice and credit memo. These must:

- (1) Be prenumbered sequentially at the time of purchase, using not less than four digits. Computer generated numbering systems may be used if:
 - (a) The system numbers the invoices and credit memos sequentially; and
 - (b) The same system is used for all sales; and
 - (c) A manual override function must not be used; and
- (2) Record:
 - (a) The date of sale. The date of delivery must also be entered if different from the date of sale; and
 - (b) The customer's name and complete business address; and
 - (c) A full description of each item sold, or service provided; and
 - (d) The quantity and price of each item; and
 - (e) The gross amount of each sale, including all discount terms and the total dollar amount of any discount.

NEW SECTION

WAC 230-19-025 Sales journals for sports wagering vendors.

Sports wagering vendors must keep a monthly sales journal for transactions in the state containing, at least:

- (1) Each date of sale; and
- (2) Each sale invoice number; and
- (3) The name of the person paying; and
- (4) Sale categorized by the sports wagering goods, equipment, or services sold; and
- (5) The total amount of each invoice.

NEW SECTION

WAC 230-19-030 Authorized sports wagering menu. (1) Sports wagering vendor may only offer, facilitate, or promote wagering that is on the authorized sports wagering menu.

(2) The authorized sports wagering menu will be updated by us as leagues, organizations, or types of wagers are approved or removed.

(3) The authorized sports wagering menu will be published on the agency's website.

NEW SECTION

WAC 230-19-035 Sports wagering integrity. (1) Sports wagering vendor and vendor representatives must promptly notify us upon any discovery of a violation or a suspected violation of chapter 9.46 RCW, this chapter, or other federal, state, tribal, or local statute, ordinance, administrative rule, or court order.

(2) Sports wagering vendor and vendor representatives must monitor for unusual and suspicious wagering activity.

(3) Sports wagering vendor and vendor representatives must make reasonable efforts to detect and prevent prohibited sports wagering participants from participating in sports wagering.

(4) Sports wagering vendor and vendor representatives must promptly notify us, in the format we require, when unusual wagering activity or suspicious wagering activity is identified, including changes with the status of, or information related to, a previously reported unusual or suspicious wagering activity.

(5) Sports wagering vendor and vendor representatives will provide sports wagering information to us, or an integrity monitoring provider(s), designated by us, when requested.

(6) Sports wagering vendor and vendor representatives will provide us access to their sports wagering system, including hardware and software, if needed, to access specific information or data to assist us with integrity monitoring and investigations.

NEW SECTION

WAC 230-19-040 Integrity monitoring provider requirements. (1) Integrity monitoring providers must have systems to receive and analyze sports wagering data and information to be able to monitor, identify, and report on unusual or suspicious wagering activity.

(2) Integrity monitoring providers will provide us access to required sports wagering information to assist us with integrity monitoring and investigations.

(3) Integrity monitoring providers must immediately notify us when they identify unusual wagering activity or suspicious wagering activity.

(4) Integrity monitoring providers must immediately notify us, and all other integrity monitoring providers, sports wagering operators, and all other agencies or organizations as directed by us, on any previously reported unusual wagering activity it finds rises to the level of suspicious wagering activity.

NEW SECTION

WAC 230-19-045 Sports wagering system requirements. (1) Sports wagering vendors must be licensed before the sale or delivery of a sports wagering system(s) to be used in our state.

(2) All sports wagering systems, including sports wagering kiosks, must be tested and certified by a licensed independent testing laboratory.

(3) All sports wagering systems must meet or exceed Gaming Laboratory International GLI-33: Standards for Event Wagering Systems, including appendices and amendments; the standards established under tribal-state sports wagering compact amendment appendices, and any applicable provisions of tribal-state compacts and appendices for which the sports wagering system will operate or additional standards agreed to by us and a tribal gaming agency.

(4) All sports wagering systems must be approved by the tribal gaming agency where the system is to be installed and operated.

(5) No substantive modifications to a sports wagering system may be made after an independent test laboratory has certified a sports wagering system without the modification being certified by the independent test laboratory.

(6) A sports wagering system shall have controls in place to review the accuracy and timeliness of any data feeds used to offer or settle wagers.

(7) The primary server for a sports wagering system must be in our state and located within a tribal gaming facility.

(8) Cloud storage for sports wagering data and information may be used for duplicate or backup data. Cloud storage facilities, as specified in the applicable tribal-state sports wagering compact amendment, must be located in our state.

(9) Sports wagering systems, at a minimum, must be capable of generating reports necessary to record the adjusted gross receipts, wagering liability, ticket redemption, and such other information relating to sports wagering as required by us, a tribal gaming agency, or internal controls. These reports include, but are not limited to:

- (a) Gaming operation revenue;
- (b) Gaming operation liability;
- (c) Future event;
- (d) Significant events and alterations;
- (e) Wager record information;
- (f) Market information;
- (g) Contest or tournament information;
- (h) Sports wagering account information;
- (i) Sports wagering system information;
- (j) Significant event information;
- (k) User access information;
- (l) Wagering device information;
- (m) Promotion or bonus information;
- (n) Event game play;
- (o) Expired ticket; and
- (p) Any other reports required by us or a tribal gaming agency.

(10) Sports wagering systems, including sports wagering kiosks and mobile sports wagering will, at a minimum, allow for a display of commitment to responsible gaming and link to, or provide notice of, the tribal sports wagering operator's responsible gaming policies. Responsible gaming solutions include:

- (a) Patron controlled wager and deposit limits; and
- (b) Problem gambling resources for patrons.

(11) Sports wagering vendors bringing sports wagering systems, equipment, components, and kiosks, into our state must provide us access to the sports wagering system(s), including hardware, software, or other related sports wagering equipment, as needed, for us to develop our regulatory program and trainings.

NEW SECTION

WAC 230-19-050 Geofence and geolocation requirements. (1) Mobile sports wagering must be contained to an approved tribal gaming facility premises as approved pursuant to each tribal-state sports wagering compact amendment. Sports wagering vendors will have geofence and geolocation compliance and monitoring controls to ensure wagers cannot be placed in violation of federal, state, or tribal laws and rules.

(2) Geofence and geolocation systems will be updated, as needed or required by tribal-state compact, to ensure that the system detects and mitigates existing and emerging location fraud risks.

NEW SECTION

WAC 230-19-055 Sports wagering account requirements. (1) Sports wagering vendor and vendor representatives that manage or have access to a sports wagering account must maintain and produce all sports wagering account information when requested by us or a tribal gaming agency.

(2) A sports wagering account connected to a sports wagering system, or mobile sports wagering, must ensure that a sports wagering pa-

tron cannot have more than one active sports wagering account and username for each sports wagering operation authorized through tribal-state compact.

(3) A sports wagering account must be registered and verified in-person at a tribal gaming facility before the acceptance of any wager using that sports wagering account.

(4) A patron's identification for a sports wagering account must be reverified upon reasonable suspicion that the patron's identification has been compromised.

(5) Sports wagering vendors who maintain sports wagering account funds shall hold these funds at a federally regulated financial institution who does business in our state.

(6) Patron funds held in a sports wagering account shall not be allowed to be transferred from an individual's patron account to another different individual's patron account.

(7) Sports wagering vendor and vendor representatives will not require or advise a patron to transfer or maintain sports wagering account funds in order to circumvent or violate any provision or requirement established in any federal, state, tribal, or local statute, ordinance, administrative rule, or court order.

(8) Sports wagering vendor and vendor representatives that direct, assist, or manage sports wagering accounts shall provide a conspicuous and readily accessible method for a patron to close their sports wagering account and any fund balance remaining in a patron's closed sports wagering account will be dispersed pursuant to the internal controls of the tribal sports wagering operator.

(9) Patrons are prohibited from allowing any other patron to access or use their sports wagering account.

NEW SECTION

WAC 230-19-060 Records retention for sports wagering vendors.

Where applicable, sports wagering vendors must retain the following records:

- (1) For at least five years:
 - (a) Suspicious wagering activity; and
 - (b) Unusual wagering activity.
- (2) For at least three years at the end of their fiscal year:
 - (a) All required accounting records;
 - (b) Sales invoices;
 - (c) Sales journals; and
 - (d) Credit memos.
- (3) For at least two years:
 - (a) Data feeds;
 - (b) Sports wagering account information;
 - (c) Mobile wagering account information; and
 - (d) Geofence or geolocation information.

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 230-03-408 Applying for sports wagering
prelicensing investigation.

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 230-05-101 Implementation of new permit and
 license fees.

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 230-16-005 Transporting, displaying, and selling
gambling equipment at trade shows.

From: [Considine, Brian \(GMB\)](#)
To: [Laydon, Ashlie \(GMB\)](#)
Subject: FW: BetMGM Comments on WA State Proposed Rules
Date: Monday, June 7, 2021 2:05:17 PM
Attachments: [image002.png](#)
[image004.png](#)

Brian J. Considine
Legal and Legislative Manager
Washington State Gambling Commission
(360) 486-3469 (office)
(360) 485-8921 (mobile)
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From: Limun, Jeremy <jlimun@mgmresorts.com>
Sent: Monday, June 7, 2021 1:42 PM
To: Considine, Brian (GMB) <brian.considine@wsgc.wa.gov>
Cc: Limardo, Rick <rlimardo@mgmresorts.com>
Subject: BetMGM Comments on WA State Proposed Rules

External Email

Hi, Brian. Thank you so much for the opportunity to participate in the rulemaking process. Our regulatory team shortly will be sending our public comments. But I just wanted to flag just three substantive items in advance (overall, the rules were positive so we don't have a lot of issues).

1. **Remote registration and tribal mobile:** Clarification on whether verification on a mobile device at a tribal gaming facility would be permissible and the definition of tribal premises for purposes of geofencing.
2. **Vendor and occupational licensing:** We have a couple of comments and points of clarification on the types of vendors and employees that will require licensing.
3. **Temporal requirements:** We have some recommendations on some of the notification windows.

As always, please don't hesitate to let us know if you have any questions on our comments or on the rules in general. Thank you.

Regards,

Jeremy Limun

Director, Government Affairs
MGM Resorts International
O 702-692-6881
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jlimun@mgmresorts.com



June 7, 2021

VIA E-mail to Brian Considine at Brian.considine@wsgc.wa.gov and Ashlie Laydon at Ashlie.laydon@wsgc.wa.gov

Washington State Gambling Commission

Dear Brian and Ashlie,

On behalf of BetMGM, LLC (“BetMGM”), we would like to express our appreciation for seeking our input during the stakeholder process to develop the state’s event wagering rules.

BetMGM is a market leading online gaming and entertainment company. Born out of a partnership between MGM Resorts International and Entain Plc, BetMGM has exclusive access to all of MGM's U.S. land-based and online sports betting, major tournament poker, and iGaming businesses. BetMGM currently offers sports betting in 12 U.S. jurisdictions (Colorado, Indiana, Iowa, Michigan, Mississippi, Nevada, New Jersey, Oregon, Pennsylvania, Tennessee, Virginia, and West Virginia).

BetMGM appreciates the opportunity to provide the following feedback and commends your commitment to transparency and fostering a robust event wagering market in a responsible and expeditious manner. As a premier sports betting operator in the country, BetMGM stands ready to be a resource to the Commission as it aims to establish a successful event wagering industry. Please feel free to reach out to us with any questions or if you would like to discuss any of the topics presented below in further detail.

1. Rule: WAC 230-03-060 Fingerprinting.

(1) The following persons must submit fingerprints and undergo a national criminal history background check:

- (a) Substantial interest holders of commercial businesses and charitable or nonprofit organizations who live or have lived out of the state in the last ten years; and
- (b) Card room employees, commercial and nonprofit gambling managers, and manufacturer, distributor, service supplier, call centers for enhanced raffles, **and** linked bingo prize provider, **and sports wagering vendor** representatives; and
- (c) Any other substantial interest holder when we have information they may not be qualified for licensure or to participate in a gambling activity.

BetMGM Comment:

BetMGM seeks confirmation that this requirement would apply to substantial interest holders of sports wagering vendors. It is unclear is this would apply to businesses that are licensed as a sports wagering vendor

It appears that the impact of this language will be determined by the definition of "sports wagering vendor representatives." As discussed relating to 230-03-311 below, the regulation



could be read expansively to apply to all BetMGM employees. Clarification is requested on that definition to analyze the impact of this fingerprinting requirement.

2. Rule: WAC 230-03-200 Defining “gambling equipment.”

(4)(b) Components of a sports wagering system;

BetMGM Comment:

BetMGM seeks clarification of what defines “Components” of a sports wagering system.

3. Rule WAC 230-03-230

You must apply for a major sports wagering vendor license if you provide integral sports wagering goods or services in our state. This includes:

- (1) Managing a Tribe’s or Tribes’ sports wagering operations;
- (2) Being a Tribe’s or Tribes’ primary consultant who provides substantial sports wagering related services;
- (3) Being a manufacturer or distributor of a sports wagering system(s);
- (4) Providing bookmaking services; or
- (5) Providing sports wagering risk management services.

BetMGM Comment:

BetMGM seeks confirmation that companies that contract with tribes to operate sports wagering will be required to hold this “major sports wagering vendor license” and seeks further clarification regarding the use of the term “sport wagering operator” and what that terms applies to as used in the draft rules.

For (5) “Providing sports wagering risk management services” BetMGM seeks clarification on the scope of risk management services that are included in this subrule. Does this include Geo-comply? PEN Testing? Other?

4. Rule WAC 230-03-231 Applying for a mid-level sports wagering vendor license

(1) Integrity monitoring

BetMGM Comment:

BetMGM seeks clarification on the scope of “integrity monitoring” that is included in this subrule. Does integrity monitoring include Sports wagering testing or firms conducting PEN testing? BetMGM recommends amending to specify “Integrity monitoring provided by independent test laboratories.”

Rule (cont.)

(4) Initial or annual sports wagering system security testing or assessment;

BetMGM Comment:

BetMGM recommends specifying a timeframe for this such as, “the responsible party shall perform an integrity and security assessment of the event wagering system within ninety (90) days after the commencement of operations, and annually. The assessment shall be submitted to



the Commission no later than thirty (30) days after the assessment.” This will provide operators a chance to formulate a remediation plan after such security testing / assessment.

In addition, suggesting independent integrity and security assessment professionals shall obtain a license prior to conducting an assessment will create a limited pool of professionals to select from. Operators have a vested interest ensuring the most qualified security assessment professionals are selected. BetMGM recommends affording companies select security professionals based on the industry known credentials.

5. Rule WAC 230-03-311 Applying for a major sports wagering vendor representative license

You must apply for a major sports wagering representative license if you, as an individual, sell, market, promote, represent, service, or otherwise work in any sports wagering activities under employment or contract to a major sports wagering vendor in our state or you supervise those who do.

BetMGM Comment:

BetMGM seeks clarification regarding the limits of this licensing requirement. Would this requirement extend to anyone that works for a Major Sports Wagering Vendor and require that all employees be licensed as a representative? Would this extend to all traders that activate markets in WA, all compliance personnel that perform work relating to WA, etc.?

BetMGM seeks further clarification that this “representative” license will not apply to “substantial interest holders” of a Major Sports Wagering Vendor.

BetMGM recommends that this “representative” license apply only to those Major Sports Wagering Vendor employees that are physically located in Washington.

6. Rule WAC 230-03-335 Representatives must not work before receiving a license.

If you are applying for a license as a representative for a manufacturer, distributor, gambling services supplier, call centers for enhanced raffles, a sports wagering vendor, or linked bingo prize provider, you must not work until you receive a license from us.

BetMGM Comment:

BetMGM seeks confirmation that this rule does not prohibit a licensee from hiring and training personnel before they are licensed.



BETMGM

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

(1) You must establish rules and restrictions to determine how you will give promotional prizes and items to players;

...

(7) Licensed manufacturers, distributors, and service suppliers may give cash or merchandise items to licensed operators to be used as promotional prizes as long as:

(a) The cash or merchandise is offered to all licensed operators; and

(b) The gambling promotion is approved by the director or director's designee when cash or merchandise provided to a licensed operator for a single promotion is over twenty-five thousand dollars;

BetMGM Comments:

(1) BetMGM seeks clarification as to whether these "established promotional rules" have to initially be approved by the regulator before a licensee can proceed with promotions without further review and approval.

(7) BetMGM seeks clarification as to what situations this section would apply to? Is this referring to an industry-wide promotion that a manufacturer/distributor/supplier wants to initiate? Are these requirements therefore imposed on the manufacturer/distributor/supplier and not the operator/vendor?

8. Rule WAC 230-06-082

Manufacturers, distributors, gambling service suppliers, **sports wagering vendors**, linked bingo prize providers and call centers for enhanced raffles licensees must:

(1) Submit an application and the required fees before allowing licensed employees **or sports wagering vendor representatives** to begin working.

(2) Notify us in the format we require when a licensed employee **or sports wagering vendor representative** no longer works for them. We must receive the notice at our Lacey office within ten days of the licensed employee's **or representative's** last day.

BetMGM Comment:

(1) See Comment to 230-03-335 - BetMGM seeks confirmation that it can hire and train personnel before they are licensed.

(2) See comment on representative licensing. If representative licensing extends to all or a significant portion of Vendor employees tracking and providing such notification within the proposed timeframe will be difficult and overly burdensome.



BETMGM

9. Rule (NEW) WAC 230-17-xxx Authorized Sports Wagering Menu

- (1) Sports wagering vendor licensees may only offer, facilitate, or promote wagering that is approved on the Authorized Sports Wagering Menu.
- (2) The Authorized Sports Wagering Menu will be updated as leagues, organizations, or types of wagers are approved or removed.
- (3) The Authorized Sports Wagering Menu will be published on the commission's website.

BetMGM Comment:

What, if any, process will exist for operators to request additional events or wager-types?

10. Rule (New) WAC 230-17-xxx Sports Wagering Integrity

- (1) Sports wagering vendor and vendor representative licensees must immediately notify us upon any discovery of a violation or of a suspected violation of RCW 9.46, this Chapter, or any violation of local, state, tribal, or federal ordinances, statutes, administrative rules or court orders.

...

- (4) Licensees must immediately notify us, in the format we require, when unusual wagering activity or suspicious wagering activity is identified, including changes with the status of, or information related to, a previously reported unusual or suspicious wagering activity.

BetMGM Comment:

Similar to the above requirement **WAC 230-06-054** , BetMGM recommends providing a 72 hour notification window to be added.

11. Rule (NEW) WAC 230-17-xxx Integrity Monitoring Provider Requirements

- (3) Integrity Monitoring Providers must immediately notify us when they identify unusual wagering activity or suspicious wagering activity.
- (4) Integrity Monitoring Providers must immediately notify us, and all other Integrity Monitoring Providers, sports wagering operators, and all other agencies or organizations as directed by us, on any previously reported unusual wagering activity it finds rises to the level of suspicious wagering activity.

BetMGM Comment

Similar to the above comment , BetMGM recommends providing a 72 hour notification window to be added.



BETMGM

12. Rule (NEW) WAC 230-17-xxx Sports Wagering System Requirements

(2) All sports wagering systems must be tested and certified by a licensed independent testing laboratory.

(3) All sports wagering kiosks must be tested, **approved**, and certified by a licensed independent testing laboratory.

(4) All sports wagering systems must be approved by the Tribal Gaming Agency where the system is to be installed and operated.

BetMGM Comment:

BetMGM recommends removing “approved” from subsection (3) to require the kiosks to be tested and certified by a laboratory, but ultimately “approved” by the Tribal Gaming Agency.

13. Rule (NEW) WAC 230-17-xxx Sports Wagering System Requirements

(9) Cloud storage for sports wagering data and information may be used for duplicate or backup data. Cloud storage facilities must be located in the state.

BetMGM Comment:

BetMGM recommends allowing cloud storage facilities outside the state, so long as it is accessible to the Commission.

Rule (cont.)

(11) Sports wagering systems and sports wagering kiosks will, at a minimum, allow for a display of commitment to responsible gaming and link to the Class III tribal sports wagering operator’s responsible gaming policies. It will also have solutions for including, but not limited to: patron controlled wager and deposit limits; and connecting players to problem gambling resources.

BetMGM Comment:

BetMGM seeks clarification as to whether there will there be any responsible gaming requirements specific to mobile applications?

Rule (cont.)

(12) Licensees bringing sports wagering systems, components, and kiosks into the state must provide us access to the sports wagering system(s), including hardware, software or other related sports wagering equipment as needed for us to develop our regulatory program and trainings. Sports wagering system hardware, software, or other related equipment provided to us must be identical or substantially similar to what is deployed in the state.

BetMGM Comment:

How far in advance is access to sports wagering systems, components, and kiosks required to be provided?



BETMGM

14. Rule (NEW) WAC 230-17-xxx Geofence and Geolocation Requirements

(1) Mobile sports wagering must be contained to an approved Class III tribal gaming facility premises as approved pursuant to each tribal-state sports wagering compact amendment. Licensees will incorporate controls, including geofence and geolocation compliance and monitoring, to ensure wagers cannot be placed in violation of federal, state, or tribal laws and rules within each jurisdiction.

BetMGM Comment:

BetMGM seeks clarification as to the meaning of “premises” (i.e. does the premises include all lands owned by the tribe? Some subset of tribal lands where a physical gaming facility exists? Or some other definition?).

15. Rule (NEW) WAC 230-17-xxx Sports Wagering Account Requirements

(1) Licensees that manage or have access to a sports wagering account must maintain and produce all sports wagering account information when requested by us or a tribal gaming agency.

BetMGM Comment:

BetMGM recommends adding a temporal requirement i.e. such information must be produced within 10 days of a request.

Rule (cont.)

(3) A sports wagering account must be registered and verified in-person at a tribal gaming facility before the acceptance of any wager using that Sports Wagering Account.

BetMGM Comment:

BetMGM seeks clarification on the definition of “in-person.” Would verification on a mobile device on or at a tribal gaming facility suffice?

16. Rule (NEW) WAC 230-17-005 Sports Wagering Definitions

(13) “**Sports wagering vendor**” means all three sports wagering licensees—major, mid-level, and ancillary—identified in this Chapter unless identified otherwise in these rules.

BetMGM Comment:

BetMGM recommends specifically identifying each level of sports wagering vendor license to clarify which vendors will require a major, mid-level, and ancillary license.

From: [Edward Fleisher](#)
To: [Considine, Brian \(GMB\)](#)
Cc: [Griffin, Tina \(GMB\)](#); [Suzanne \(ATG\)](#); [Sizemore, Bud \(GMB\)](#); [Laydon, Ashlie \(GMB\)](#); [James, Sharon M. \(ATG\)](#); [Lies, Julie \(GMB\)](#); [Kara Fox-Larose](#); [Paul Dasaro](#); [Phil Harju](#)
Subject: Sports Wagering Draft Rules for Comment
Date: Friday, June 4, 2021 3:28:58 PM

External Email

Brian – Thank you for seeking stakeholder input on the proposed Sports Wagering Rules.

While I may have additional suggestions as the process moves forward, at this time I will limit my comments to three areas where I have significant concerns with the state’s approach.

My first and by far biggest concern is the proposed language for WAC Sub-Chapter 230-17.

This sub-chapter sets forth definitions, accounting standards, records keeping requirements, and other operational requirements for sports wagering.

Placing this language in the Washington Administrative Code is simply inappropriate. It is disrespectful of tribal sovereignty, of government-to-government relationships, of the role of Tribal Gaming Agencies as the primary regulator of Class III Gaming, and of the long hours of work invested by all sides in the compact negotiation process.

IGRA (and state law) require that Tribal gaming be conducted according to the language and requirements of the IGRA, the compact and the internal controls, not by the WAC regulations unilaterally adopted by the state.

In the Sports Wagering Compact negotiations, when the Tribes agreed to the state’s position of adding new licensing categories for sports wagering, we understood that this would involve new state rules for certification (licensing) of sports wagering vendors and representatives. We did not expect that the state would expand the scope of their rulemaking from Sports Wagering Vendor Licensing to the general regulation of sports wagering activities.

This rule making must distinguish between rules related to the backgrounding and licensing of Vendors, and rules related to the operation and conduct of a Tribe's Sports Book activities. The former is a proper subject of state rule making, the latter belongs in a Compact and/or the internal controls agreed to by a Tribe and the state of Washington. We spent many hours in negotiations discussing what language should be in the Compact and what should reside in the IC’s. The state cannot now ignore that process and adopt its own rules for regulation of Class III Sports Wagering, which it appears to me is exactly what you are attempting to do in Sub-Chapter 230-17.

I would request that all this proposed language in Chapter 230-17 be stricken from the rule making.

-

My second concern is the contract submission requirements in WAC 230-03-xxx titled “Additional information required for sports wagering vendors”, and in WAC 230-06-xxx titled “Submitting sports wagering related contracts and agreements for review”.

Why is this requirement placed on Sport Wagering vendors, when it is not placed on other licensees? I am unaware of any other area where you make licensees submit contracts for review before they are even signed.

I am concerned that by submitting these proprietary business agreements to the state, they will become public records. If you think some Public Records exemption applies, please let me know.

Finally, I am concerned that these sections are written so broadly that it is not clear exactly what range of contracts a vendor would have to submit.

My third area of concern is the Fee Schedule in WAC 230-05-170. For other type of class III vendors, the fee has a minimum and a maximum based on the amount of Gross Receipts. Why is there only a single fixed fee for Sports Wagering Vendors regardless of size or amount of business conducted in the state? Also, the fee for Major SW Vendors is \$85,000, which is 3.5 times the maximum fee charged Manufacturers, who’s fees range from \$1,500 to \$25,000. What is the rational behind that?

Again, thanks for the opportunity to provide input on the proposed rules. I hope my comments are helpful.

Ed Fleisher
General Counsel
Cowlitz Tribal Gaming Authority

NOTICE: This communication may contain confidential, privileged information. Please do not read, copy, or disseminate it unless you are an intended recipient. If you have received it in error, please notify us by e-mail or by calling 360-790-2036. Thank you.

From: [Kevin Cochran](#)
To: [Considine, Brian \(GMB\)](#); [Laydon, Ashlie \(GMB\)](#)
Cc: [Griffin Finan](#)
Subject: DraftKings -- WSGC Sports Wagering Rules Comments
Date: Monday, June 7, 2021 5:58:37 AM
Attachments: [DraftKings WSGC Sports Wagering Rules Comments -- 6-7-2021.pdf](#)

External Email

Dear Legal and Legislative Manager Considine and Rules Coordinator Laydon,

Attached you will find DraftKings Inc.'s ("DraftKings") comments to the Washington State Gambling Commission's Sports Wagering Draft Rule Changes. Thank you for your consideration of DraftKings' comments. Please do not hesitate to reach out to us if you have any questions regarding our submitted comments.

Thanks and have a nice week,

Kevin

KEVIN COCHRAN

Senior Manager, Government Affairs and Senior Corporate Counsel
DraftKings Inc.
215-290-4428





June 7, 2021

Via Email to Brian.Considine@wsgc.wa.gov and Ashlie.Laydon@wsgc.wa.gov

Brian Considine, Legal and Legislative Manager
Ashlie Laydon, Rules Coordinator
Washington State Gambling Commission
4565 7th Avenue S.E.
Lacey, WA 98503
(360) 486-3440

RE: Proposed WSGC Sports Wagering DRAFT Rule Changes (5/28/2021)

Dear Legal and Legislative Manager Considine and Rules Coordinator Laydon,

In response to the Proposed WSGC Sports Wagering DRAFT Rule Changes promulgated by the Washington State Gambling Commission (“Commission”), DraftKings Inc. (“DraftKings”) submits the following comments. As a leading sports wagering operator in the United States, DraftKings has first-hand experience with the topics addressed in the proposed rules and respectfully submits these comments based on its operational knowledge and its consumers’ experience in multiple regulated markets.

WAC 230-03-035 Applying for a license

DraftKings respectfully requests that the Commission consider amending WAC 230-03-035(2), with respect to the timeline for an incomplete application being administratively closed. As currently constructed, the subsection is vague and leaves to question when exactly the application remediation period begins. To help provide more clarity within the rule, DraftKings respectfully requests that the notification be in specific reference to an incomplete application. The proposed amendment would read as follows:

*(2) If the application is incomplete, you must provide us with the required items within thirty days of notification **of an incomplete application** or we may administratively close the application.*

WAC 230-03-311 Applying for a major sports wagering vendor representative license

DraftKings respectfully requests that the Commission narrow the reach of WAC 230-03-311, with respect to who must apply for a major sports wagering representative license. As currently constructed, the language could require the entire workforce of a sports wagering vendor to be



licensed as a major sports wagering vendor representative. If the Commission were to require all employees to be licensed as a vendor representative, this would be overly burdensome on vendors and the Commission. DraftKings respectfully suggests the language be amended in the following way:

You must apply for a major sports wagering representative license if you, as an individual, ~~sell, market, promote, represent, service, or otherwise~~ work in any sports wagering activities under employment or contract to a major sports wagering vendor in our state or you supervise those who do.

With the above changes, DraftKings believes that the Commission will still be able to license appropriate persons, including those that work in sports wagering, their managers, or those that service sports wagering kiosks, but will not reach the next wave of persons that could be wrapped into this requirement, like business development representatives or lawyers.

WAC 230-05-170 Fees for other businesses

DraftKings respectfully requests that the Commission consider lowering the base license fee for all three levels of sports wagering vendors. As currently drafted, these fees are higher for vendors in similar on-premises wagering jurisdictions but also higher than many states where mobile sports wagering is offered statewide. This is important to note as the total addressable market in jurisdictions that legalize statewide mobile sports wagering is significantly larger than those that only permit retail/on-premises wagering. DraftKings requests that these fees be lowered in the following manner to not be prohibitive for vendors entering Washington to help create a successful sports wagering market.

<i>Major Sports Wagering Vendor</i>	<i>\$85<u>15</u>,000</i>
<i>Mid-level Sports Wagering Vendor</i>	<i>\$10<u>5</u>,000</i>
<i>Ancillary Sports Wagering Vendor</i>	<i>\$5,0<u>1,5</u>00</i>

WAC 230-06-xxx Submitting sports wagering related contracts and agreements for review

DraftKings respectfully requests the requirement in WAC 230-06-xxx that any new or amended contract be submitted to the state prior to execution be stricken in its entirety. As drafted, this requirement is untenable for vendors. Sports wagering vendors are rapidly growing companies and onboard lots of vendors each year, and as written, many of these vendors could be interpreted under this requirement to “relate to [a sports wagering vendor’s] goods and/or services” in the state that in actuality have a very limited connection to the state or the sports wagering vendor’s sports wagering activity. In addition, requiring vendors to submit contracts and agreements, or changes to contracts and agreements, ahead of execution to those contracts or agreements to onboard



vendors with minimal impact on our operations in Washington would be very burdensome on vendors and create a significant administrative challenge, especially when sports wagering vendors will need to onboard certain vendors in real-time to address issues that may arise. Further, requiring these contracts to be submitted as contemplated creates no benefit to the wagering public in Washington and could inhibit operators in providing the wagering services.

~~Sports wagering vendors must provide any new contracts or agreements or changes to existing contracts or agreements relating to their sports wagering goods and/or services in the state of Washington, to us, prior to execution of the contract or agreement.~~

If this requirement is not struck in its entirety, DraftKings respectfully requests the language be reduced to:

Annually with its license renewal, sports wagering vendors shall provide a list of vendors providing sports wagering goods and/or services in the state of Washington.

WAC 230-17-005 Sports Wagering Definitions

DraftKings respectfully requests the definition of “*sports wagering system*” be amended to better match the definition in other sports wagering jurisdictions, including Michigan. DraftKings also respectfully requests that the term “*sports wagering kiosks*” be removed from the definition, as it is already defined in this section. By defining a kiosk to be a sports wagering system, it could require that kiosks must be tested and certified under two different requirements, making the WAC 230-17-xxx(2) of Sports Wagering System Requirements section redundant.

~~(12) “Sports Wagering System” means all equipment, hardware, data networks, communications technology, and software used in a sports wagering operation and that directly affect the wagering and results of sports wagering, including, but limited to: (a) interactive components, including all associated equipment and software that comprise the sports wagering platform used by a sports wagering operation or for online or mobile sports wagering; (b) sports wagering kiosks; and (c) ticket or voucher redemption devices. This does not include a Mobile Device owned and used by a patron to place a Sports Wager.~~

WAC 230-17-xxx Accounting records for sports wagering vendors.

DraftKings respectfully requests that the Commission clarify the requirement that sports wagering vendors keep and maintain a complete set of records for their licensed activity to specify that it only relates to their activity in Washington. This requirement could be interpreted to mean the full extent of a sports wagering vendors’ licensed activity, even those outside of the state of



Washington, which is inconsistent with any other jurisdiction currently regulating sports wagering in the United States. The proposed amendment would read as follows:

Sports wagering vendors must keep and maintain a complete set of records for their licensed activity in the state of Washington and include...

DraftKings respectfully requests that the Commission narrow the scope of expenses that sports wagering vendors must document, from all expenses to sports wagering expenses in Washington. This requirement is broad and unduly burdensome for sports wagering vendors to comply with no corresponding benefit to the wagering public. DraftKings would also request that sports wagering vendors be able to enter this annually instead of monthly to further reduce the burden this requirement creates. The proposed amendment would read as follows:

(a) Cash disbursements book (check register) - Sports wagering vendors must document all sports wagering related expenses in the state of Washington, ~~both sports wagering and non sports wagering related~~, with invoices or other appropriate supporting documents. They must enter information annually ~~monthly~~ and include, at least:

- (i) The date the check was issued or payment made;*
- (ii) The number of the check; and*
- (iii) The name of the payee; and*
- (iv) Type of expense; ~~and~~*

DraftKings respectfully requests that the Commission narrow the requirement that sports wagering vendors must record all cash sales and cash received from all sources, from all cash sales and cash received to cash sales and cash received related to sports wagering in Washington. This requirement is broad and unduly burdensome for sports wagering vendors to comply with no corresponding benefit to the wagering public. The proposed amendment would read as follows:

Sports wagering vendors must keep a record of sports wagering related cash sales and cash received from all sources in the state of Washington.

WAC 230-17-xxx Sales invoices for sports wagering vendors

Similar to the reasons stated above for accounting records, DraftKings respectfully requests the Commission narrow the requirement to document transactions and transfers of equipment or services to those that take place in connection to sports wagering operations in Washington.



*Sports wagering vendors must document each sale of equipment or services, any return or refund, or any other type of transfer of sports wagering equipment **in connection to sports wagering operations in the state of Washington**, with a standard sales invoice.*

WAC 230-17-xxx Sales journals for sports wagering vendors

Similar to the reasons stated above for accounting records, DraftKings respectfully requests the Commission narrow the requirement that sports wagering vendors only be required to keep a monthly sales journal related to sales taking place related to their sports wagering operations in Washington.

*Sports wagering vendors must keep a monthly sales journal containing **information about sales for the sports wagering operations in the State of Washington**, **containing** at least:*

- (1) Each date of sale; and*
- (2) Each sale invoice number; and*
- (3) The name of the person paying; and*
- (4) Sales categorized by the sports wagering goods, equipment or services sold; and*
- (5) The total amount of each invoice.*

WAC 230-17-xxx Sports Wagering Integrity

DraftKings respectfully requests that the Commission consider amending the requirement that sports wagering vendors and vendor licensees immediately notify the Commission upon violation or suspected violation of local, state, tribal or federal ordinances, statutes, administrative rules or court order. This requirement serves a paramount policy goal, but DraftKings respectfully requests that sports wagering operators notify as soon as is practicably possible to afford sports wagering vendors and their representatives time to investigate the issue. This is especially important as it relates to “*suspected violations*” outlined in the draft rules.

*(1) Sports wagering vendor and vendor representative licensees must ~~immediately~~ notify us **as soon as practically possible** upon any discovery of a violation or of a suspected violation of RCW 9.46, this Chapter, or any violation of local, state, tribal, or federal ordinances, statutes, administrative rules or court orders.*

In subsection (3), DraftKings respectfully requests that licensees be required to make “commercially reasonable” efforts to detect and prevent prohibited sports wagering participants from participating in sports wagering. This is the standard traditionally used in other sports wagering jurisdictions. One example of where this is important deals with prohibited sports wagering participants. In order to correctly prevent those persons from wagering, sports wagering operators rely on lists that prevent account creation, payouts of certain winnings, etc. However, if



sports wagering operators do not have accurate or up-to-date lists and a prohibited sports wagering participant creates an account or places a wager, a sports wagering operator should not be held liable.

*(3) Licensees must make ~~all~~ **commercially** reasonable efforts to detect and prevent prohibited sports wagering participants from participating in sports wagering.*

In subsection (4) there is a similar notice requirement that DraftKings respectfully requests the Commission consider amending for the same reasons stated above to subsection (1), and further requests that licensees are only required to share “suspicious activity” with the Commission. Based on our understanding of the authorizing statute, the focus for the Commission is on suspicious activity, and the role of the Integrity Monitoring Provider is to help determine whether unusual activity arises to suspicious activity. The proposed changes incorporate these changes and read as follows:

*(4) Licensees must ~~immediately~~ notify us, **as soon as practically possible**, in the format we require, when ~~unusual wagering activity or~~ suspicious wagering activity is identified, including changes with the status of, or information related to, a previously reported unusual or suspicious wagering activity.*

DraftKings respectfully requests that the requirement that licensees provide the Commission access to its sports wagering system be amended to provide access in the form of reports and documentation and limit that access to the reports and documentation related to sports wagering in Washington. While DraftKings recognizes the importance of ensuring sports wagering is conducted with integrity, it believes reports and documentation can meet the Commission’s policy intentions without having direct access.

*“Licensees will provide us, or an Integrity Monitoring Provider(s) designated by us, ~~access~~ **relevant information and documentation related** to their sports wagering system **in the state of Washington**, ~~including hardware and software if needed to assist us with integrity monitoring and investigations.~~”*

WAC 230-17-xxx Integrity Monitoring Provider Requirements

DraftKings respectfully requests that the Commission consider amending WAC 230-17-xxx(1), with respect to the requirement that integrity monitoring providers be capable of receiving daily sports wagering information. The requirement as drafted could blur the role of the integrity monitoring provider. While it is important that an analytical system be capable of receiving and analyzing information daily, the primary role of the integrity monitoring provider is to receive alerts deemed “unusual” by sports wagering operators and help to determine if those alerts rise to



the level of “suspicious.” That is also congruent with the role specifically laid out in the definition of an “*Integrity Monitoring Provider*” in WAC 230-17-005(5). In order to remove the confusion that there may be required daily reporting, DraftKings respectfully suggests the following changes:

*(1) Integrity monitoring providers must have ~~analytical~~ systems to receive and analyze daily **unusual** sports wagering information and data from a sports wagering operation to assist in identifying and be able to monitor, identify, analyze, and report on suspicious or ~~unusual~~ wagering activity.*

In subsection 3, DraftKings respectfully requests that the requirement be amended to match how integrity monitoring is performed in other jurisdictions. Specifically, if an integrity monitoring provider receives reports of unusual wagering activity from a sports wagering operator or another source (ex. professional sports league), they will reach out to other sports wagering operators to investigate and try to determine if this arises to suspicious wagering activity. In contrast, when integrity monitoring providers identify suspicious wagering activity after investigating and reviewing unusual wagering activity, this triggers the integrity monitoring provider’s duty to notify the Commission. This is a process sports wagering operators are familiar with and has proven effective.

*(3) Integrity Monitoring Providers must immediately notify ~~us~~ **sports wagering operators** when they identify unusual wagering activity and notify the Commission when they identify or suspicious wagering activity.*

WAC 230-17-xxx Sports Wagering System Requirements

DraftKings respectfully requests that the Commission amend its kiosk testing requirement to sync with subsection (2) before it. The term “approved” is redundant and potentially confusing, as a kiosk will not be certified if it has not been approved.

(3) All sports wagering kiosks must be tested, ~~approved~~, and certified by a licensed independent testing laboratory.

DraftKings respectfully requests that the requirement that no substantive modifications be made without being previously certified by an independent lab be amended to clarify what substantive modifications rise to the level of needing subsequent certification. Specifically, DraftKings respectfully requests this to align with “high impact changes” as determined by the sports wagering operator according to its internal controls.

(6) No substantive modifications, as defined in a sports wagering operation’s internal controls, to a sports wagering system may be made after an Independent Test Laboratory



has certified a sports wagering system without the modification being certified by the Independent Test Laboratory.

In relation to the server location requirements, DraftKings respectfully requests that the term “primary server” be defined and that cloud storage be authorized for more than duplicate or back up data and that cloud storage facilities are not required to be located in the state. Making these changes would align with the other sports wagering jurisdictions across the country and requiring cloud storage to be in-state and only for duplicate or backup data is extremely burdensome on sports wagering operators.

*(8) The primary server, **defined as the server responsible for the acceptance and storage of patron wagers**, for a sports wagering system must be in the state and located within a Class III tribal gaming facility.*

(9) Cloud storage for sports wagering data and information may be used ~~for duplicate or backup data~~. Cloud storage facilities must be located in the state.

With respect to subsection (10), DraftKings respectfully requests further clarification as to what type of information is required to be included in sports wagering system reports. As an operator in numerous jurisdictions across the country, any logical uniformity that can be achieved for reporting requirements is extremely valuable and helps create a more efficient and safe process for both sports wagering operators and regulators. As currently drafted, these reporting requirements do not make it clear what type of information is required to be included, and likely create a framework where compliance is extremely difficult, as it is unclear how frequent these reports are required to be created and submitted to the Commission or a tribal gaming agency. Based upon DraftKings experience in other jurisdictions, a comprehensive report that includes information regarding Gaming Operation Revenues, Gaming Operation Liability, Future Events, Wager Record Information, and Expired tickets, has been sufficient for other regulators. DraftKings would also respectfully request the time to produce and submit these reports be a commercially reasonable time period, which is a standard that has been adopted in other sports wagering jurisdictions for certain reports, including Illinois. The proposed amendment would read as follows:

*(10) Sports wagering systems, at a minimum, must be capable of generating reports necessary to record the adjusted gross receipts, wagering liability, ticket redemption, and such other information relating to sports wagering as required by us, a tribal gaming agency, or internal controls. These reports **must be submitted upon request by the Commission in a commercially reasonable time period, and** include, ~~but are not limited to~~: (a) Gaming Operation Revenue reports; (b) Gaming Operation Liability reports; (c) Future Events reports; ~~(d) Significant Events and Alterations reports;~~ ~~(ed)~~ Wager Record Information reports; ~~(f) Market Information reports;~~ ~~(g) Contest/Tournament Information~~*



reports; (h) Sports Wagering Account Information reports; (i) Sports Wagering System Information reports; (j) Significant Event Information reports; (k) User Access Information reports; (l) Wagering Device Information reports; (m) Promotion/Bonus Information reports; (n) Event Game Play reports; and (oe) Expired tickets reports; and (p) any other reports required by us or a tribal gaming agency.

With respect to subsection (11), DraftKings respectfully requests a minor change that clarifies that patron-controlled wager and deposit limits are only guaranteed on mobile wagering systems, as wagers placed on kiosks and through cashiers may not have this functionality.

*(11) Sports wagering systems and sports wagering kiosks will, at a minimum, allow for a display of commitment to responsible gaming and link to the Class III tribal sports wagering operator's responsible gaming policies. It will also have solutions for including, but not limited to: patron controlled wager and deposit limits, **where permissible**; and connecting players to problem gambling resources.*

WAC 230-17-xxx Sports Wagering Account Requirements

DraftKings respectfully requests that the Commission consider amending WAC 230-17-xxx(3), the requirement that sports wagering accounts must be registered and verified in-person at a tribal gaming facility. As currently constructed, this section could be interpreted to require players to verify their sports wagering accounts in-person each time they return to a tribal gaming facility, regardless of whether they have previously registered at that same tribal gaming facility or already have an existing sports wagering account with a sports wagering vendor.

Additionally, DraftKings respectfully requests that the requirement allow players to register at a tribal gaming facility without having to interact with a sports wagering employee. Other sports wagering states, including Iowa and Illinois, two states that required in-person registration at a sports wagering facility in some capacity for some period of time, but the regulations have been drafted to allow for a completely automated sign up process for an account while at the facility. DraftKings respectfully requests that Washington take the same approach.

*(3) A sports wagering account must be registered and verified ~~in-person~~ at a tribal gaming facility before the acceptance of any wager using that Sports Wagering Account. **Players who have previously registered and have been verified at a tribal gaming facility will not be required to be subsequently registered or verified at that same tribal gaming facility thereafter.***

DraftKings respectfully requests subsection (4) be amended to match the requirement as it exists in other sports wagering jurisdictions, including Michigan.



*(4) A player's identification for a sports wagering account must be **periodically** reverified upon reasonable suspicion that the player's identification has been compromised.*

With respect to subsection (5), DraftKings respectfully requests further clarification on our interpretation that a licensee must hold player account funds at a federally regulated financial institution that is licensed to operate and thus do business in Washington, and not be physically located in the state.

* * * * *

Thank you for your consideration of DraftKings' comments in connection with the Proposed WSGC Sports Wagering DRAFT Rule Changes. DraftKings looks forward to continuing its work with the Commission to ensure that the Washington sports wagering market is best positioned for success.

Sincerely,

DraftKings Inc.

From: [Andrew Winchell](#)
To: [Considine, Brian \(GMB\)](#); [Laydon, Ashlie \(GMB\)](#)
Cc: [Cory Fox](#); [Alex Smith](#)
Subject: FanDuel Comments on "Proposed WSGC Sports Wagering DRAFT Rule Changes"
Date: Monday, June 7, 2021 7:42:00 AM
Attachments: [image001.png](#)
[FanDuel Comments on Proposed WSGC Sports Wagering DRAFT Rule Changes 6.7.21.pdf](#)

External Email

Dear Manager Considine and Coordinator Laydon,

Thank you very much for the opportunity to provide comments from FanDuel on the "Proposed WSGC Sports Wagering DRAFT Rule Changes." Attached please find our comments and please let me know if you have any questions or need additional clarification on our suggested changes.

Sincerely,

Andrew J. Winchell

Director, Government Affairs

Mobile: 845.325.6235

Email: andrew.winchell@fanduel.com

FANDUELGROUP





Cory Fox
cory.fox@fanduel.com

June 7, 2021

Via Email to Brian.considine@wsgc.wa.gov and Ashlie.laydon@wsgc.wa.gov

Brian J. Considine, Legal and Legislative Manager
Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504

Ashlie Laydon, Rules Coordinator
Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504

Re: FanDuel Comments on “Proposed WSGC Sports Wagering DRAFT Rule Changes”

Dear Manager Considine and Coordinator Laydon:

I write to provide comments on behalf of FanDuel Group, Inc. (“FanDuel”) regarding the Washington State Gambling Commission’s (“Commission”) “Proposed WSGC Sports Wagering DRAFT Rule Changes” (“Proposed Rules”). Based on our extensive experience as an operator in the sports betting industry and collaborator with regulators of sports betting in many states in the development of their regulations, we offer constructive feedback on ways in which the Proposed Rules can be improved for effectiveness and consistency with other state regulations.

Following the Supreme Court’s decision to strike down the Professional and Amateur Sports Protection Act (PASPA) in May of 2018, FanDuel has now become the leading sports wagering operator, and the largest online real-money gaming operator, in the United States. FanDuel currently operates sixteen (16) brick and mortar sportsbooks in nine (9) states and online sports wagering in ten (10) states. We appreciate the opportunity to share our perspective on sports betting regulation with you and have arranged our comments in three parts. Part I is focused on major issues of concern in the Proposed Rules that may significantly impact the ability of sports wagering operators to successfully operate in Washington. Part II is focused on areas in the Proposed Rules where adjustments can be made to improve the regulation and operation of sports wagering. Finally, Part III is focused on requests for clarification.

All changes will be shown as follows: proposed additional text will be bolded and underlined and all text to be deleted will be bracketed and struck through. For the sake of clarity, where we are suggesting changes to existing regulations that the Commission is also proposing changes, our additions will be shown in black, while Commission proposed changes will be shown in red.

Part I - Major Concerns.

- *Issue 1 – Sports Wagering Vendor Representative Licensing.*

The Proposed Rules include three new rules (WAC 230-03-311, 312, and 313) which require sports wagering vendors to have their business and marketing representatives licensed. As we have worked with regulators on employee and key employee licensing in numerous jurisdictions, we have not seen such a requirement applied to sports wagering. While requirements vary by state, generally, the employees who may be required to be licensed fall into one of three buckets: 1) employees who interact directly with the public in a retail setting; 2) employees who have the ability to directly implement changes to the sports wagering system; and 3) employees who have access to customer personally identifiable information (PII). We have not seen requirements by regulators to license our business and marketing representatives. To address this concern, we suggest the following amendments:

“(NEW) WAC 230-03-311 Applying for a major sports wagering vendor [~~representative~~] employee license

You must apply for a major sports wagering [~~representative~~] employee license if you, as an individual, [~~sell, market, promote, represent, service, or otherwise work in~~] have the capability to directly affect the outcome of a sports wagering or the capability of directly affecting a payout to a patron related to any sports wagering activities under employment or contract to a major sports wagering vendor in our state or you supervise those who do.”

“(NEW) WAC 230-03-312 Applying for a mid-level sports wagering vendor [~~representative~~] employee license

You must apply for a mid-level sports wagering [~~representative~~] employee license if you, as an individual, [~~sell, market, promote, represent, service, or otherwise work in~~] have the capability to directly affect the outcome of a sports wagering or the capability of directly affecting a payout to a patron related to any sports wagering activities under employment or contract to a mid-level sports wagering vendor in our state or you supervise those who do.”

“(NEW) WAC 230-03-313 Applying for an ancillary sports wagering vendor [~~representative~~] employee license

You must apply for an ancillary sports wagering [~~representative~~] employee license if you as an individual [~~sell, market, promote, represent, service, or otherwise work in~~] have the capability to directly affect the outcome of a sports wagering or the capability of directly affecting a payout to a patron related to any sports wagering activities under employment or contract to an ancillary sports wagering vendor in our state or you supervise those who do.”

- *Issue 2 – Clarification to allow sports wagering vendor representatives/employees to work while license application is pending.*

The Proposed Rules include an update to WAC 230-03-335 which adds representatives of sports wagering vendors to the list of those individuals who may not work until they have received their license. We support the requirement to ensure employees are properly licensed in order to perform their duties. However, for sports wagering operations to get up and running expeditiously in order to be fully operational for the upcoming NFL season (which represents a disproportionate share of annual sports wagering handle and revenue in all other sports wagering jurisdictions), we suggest that the Commission provide a temporary exemption through the end of this year to allow for sports wagering employees to be allowed to work while their license applications are pending. To address this concern, we suggest the following amendment:

“WAC 230-03-335 Representatives must not work before receiving a license. If you are applying for a license as a representative or employee for a manufacturer, distributor, gambling services supplier, call centers for enhanced raffles, a sports wagering vendor, or linked bingo prize provider, you must not work until you receive a license from us. However, if you apply for a license as a representative of a sports wagering vendor prior to December 31, 2021, you may continue to perform the same duties you conducted prior to the effective date of this regulation during the pendency of your application for a license.”

- *Issue 3 – Accounting and recordkeeping requirements for sports wagering vendors.*

The Proposed Rules include three new rules (all numbered as WAC 230-17-xxx) related to accounting and recordkeeping requirements for sales by sports wagering vendors. These requirements are very detailed and appear to be drafted to ensure that vendors who are subject to state licensing fees based on volume of sales appropriately report their income in the state. However, it is our understanding of the draft rules that sports wagering vendors are intended to be subject to flat license fees based on the category of vendor, and not pay an additional license fee based on their volume of sales in the state. Since these detailed recordkeeping requirements are not necessary to support license fee assessment, and they appear to go beyond the requirements of other jurisdictions as it relates to sports wagering vendors, we suggest their removal as follows:

~~“(NEW) WAC 230-17-xxx Accounting records for sports wagering vendors
Sports wagering vendors must keep and maintain a complete set of records for their licensed activity and include, at a minimum:~~

~~(1) Double entry method of accounting updated at least once a month, including a monthly balance for each account; and~~

~~(2) Maintain their records in accordance with generally accepted accounting principles and ensure the records can be reconciled to the licensee's federal income tax return; and~~

~~(3) Maintain and keep for at least three years following the end of the fiscal year:~~

~~(a) Cash disbursements book (check register) — Sports wagering vendors must document all expenses, both sports wagering and non-sports wagering related, with invoices or other appropriate supporting documents. They must enter information monthly and include, at least:~~

- ~~(i) The date the check was issued or payment made;~~
- ~~(ii) The number of the check; and~~
- ~~(iii) The name of the payee; and~~
- ~~(iv) Type of expense; and~~

~~(b) Cash receipts — Sports wagering vendors must keep a record of cash sales and cash received from all sources. They must enter information for each payment received monthly and include, at least, the:~~

- ~~(i) Date; and~~
- ~~(ii) Name of the person paying; and~~
- ~~(iii) Amount; and~~

~~(c) General ledger — Sports wagering vendors whose sports wagering related sales are greater than five hundred thousand dollars per year must have a general ledger which contains, in addition to all other accounts by month, a separate sales account for each type of sale; and~~

~~(d) Bank reconciliation — Sports wagering vendors must reconcile their accounts each month. "Reconcile" means the sports wagering vendors must compare the two balances, resolve any differences, and document the comparison and the differences in writing; and~~

~~(e) Copies of all financial data — Sports wagering vendors must keep copies of all financial data that supports tax reports to governmental agencies;~~

~~(j) Maintain copies of all contracts related to sports wagering they enter into which fully disclose all terms.~~

~~(NEW) WAC 230-17-XXX Sales invoices for sports wagering vendors~~

~~Sports wagering vendors must document each sale of equipment or services, any return or refund, or any other type of transfer of sports wagering equipment, with a standard sales invoice.~~

~~Sales invoices and credit memos — These invoices and credit memos must:~~

- ~~(1) Be prenumbered sequentially at the time of purchase, using not less than four digits. Sports Wagering vendors may use computer~~

~~generated numbering systems if:~~

- ~~(a) The system numbers the invoices and credit memos sequentially; and~~
- ~~(b) The sports wagering vendors use the same system for all sales; and~~
- ~~(c) The sports wagering vendors must not use a manual override function; and~~

~~(2) Record:~~

- ~~(a) The date of sale. Sports wagering vendors must also enter the date of delivery if different from the date of sale; and~~
- ~~(b) The customer's name and complete business address; and~~
- ~~(c) A full description of each item sold, or service provided, and~~
- ~~(d) The quantity and price of each item, and~~
- ~~(e) The gross amount of each sale, including all discount terms and the total dollar amount of any discount.~~

~~(NEW) WAC 230-17-xxx Sales journals for sports wagering vendors~~

~~Sports wagering vendors must keep a monthly sales journal containing, at least:~~

- ~~(1) Each date of sale; and~~
- ~~(2) Each sale invoice number; and~~
- ~~(3) The name of the person paying; and~~
- ~~(4) Sales categorized by the sports wagering goods, equipment or services sold; and~~
- ~~(5) The total amount of each invoice.]”~~

- *Issue 4 – Prevention of prohibited participants*

The Proposed Rules include a new rule (WAC 230-17-xxx – Sports Wagering Integrity (3)) which requires licensees to “make all reasonable efforts to detect and prevent prohibited sports wagering participants from participating in sports wagering.” While we appreciate the Commission’s decision to utilize a “reasonable effort” standard for this regulation, we believe this should be clarified to be a “commercially reasonable” standard. Such a standard has been adopted by multiple other jurisdictions including Colorado (Rule 7.11(2)(b)); Indiana (68 IAC 27-12-2(2)); and Virginia (11 VAC 5-80-70(2)). To address this concern, we suggest the following amendment:

WAC 230-17-xxx Sports Wagering Integrity (3):

“(3) Licensees must ~~[make all]~~ **take commercially** reasonable efforts to detect and prevent prohibited sports wagering participants from participating in sports wagering.”

- *Issue 5 – Requirement for sports wagering vendors to be licensed before the “sale” of a sports wagering system.*

The Proposed Rules include a new rule (WAC 230-17-xxx – Sports Wagering System Requirements) which provides that sports wagering vendors must be licensed before the “sale” or delivery of a sports wagering system to be used in Washington. We support the requirement to ensure vendors are properly licensed in order to perform their duties. However, for sports wagering operations to get up and running expeditiously in order to be fully operational for the upcoming NFL season (which represents a disproportionate share of annual sports wagering handle and revenue in all other sports wagering jurisdictions), we suggest that the Commission provide a temporary exemption through the end of this year to allow for sports wagering vendors be allowed to complete sales while their license applications are pending. To address this concern, we suggest the following amendment.

WAC 230-17-xxx – Sports Wagering System Requirements:

“(1) Sports wagering vendors must be licensed before the sale or delivery of a sports wagering system(s) to be used in our state. **However, if you apply for a license as a sports wagering vendor prior to December 31, 2021, you may conduct sales during the pendency of your application for a license.**”

- *Issue 6 – Server location and cloud storage requirements*

The Proposed Rules include a new rule which has two concerning provisions related to the operation of the sports wagering system (WAC 230-17-xxx – Sports Wagering System Requirements (8) and (9)). The first concern relates to the requirement in subdivision (8) which provides that “the primary server for a sports wagering system must be in the state and located within a class III tribal gaming facility.” We acknowledge the requirement for the placement of a server in the state as it relates to the conduct of mobile sports wagering, however, we would seek to be able to locate the server in a secure data center outside of the gaming facility. The second concern relates to the requirement in subdivision (9) that any cloud storage facilities must be located in the state. While mobile sports wagers must be processed within the state, other states have recognized that vendors and operators who are engaged in sports wagering in multiple jurisdictions utilize cloud-based solutions for data and that those cloud facilities are not required to be located within the state. To address these concerns, we suggest the following amendments:

WAC 230-17-xxx – Sports Wagering System Requirements (8) and (9):

“(8) The primary server for a sports wagering system must be in the state and located within a **secure data center** [~~Class III tribal gaming facility~~].

(9) Cloud storage for sports wagering data and information may be used for duplicate or backup data. [~~Cloud storage facilities must be located in the state.~~]”

- *Issue 7 – Requirement for “in-person” registration and verification of sports wagering accounts.*

The Proposed Rules include a new rule (WAC 230-17-xxx – Sports Wagering Account Requirements) which provides that patrons must have their accounts “registered and verified in-person at a tribal gaming facility” prior to customers being able to access their accounts. While this requirement may not seem onerous due to the fact that mobile sports wagering is geofenced to the tribal gaming facility, it will create an unnecessary burden on customers who will be required to appear in person and then wait on line to be personally verified by an employee of the operator. Only two states in the U.S. require in-person identity verification in order to create a sports wagering account (Illinois and Nevada) both of whom have considered eliminating the requirement. Additionally, Iowa and Rhode Island no longer have their in-person identity verification requirements. States have recognized that modern Know Your Customer (KYC) and identity verification procedures allow for patron identity verification to be completed successfully remotely and have abandoned the antiquated policy of requiring in-person identity verification. To address this concern, we suggest the following amendment:

WAC 230-17-xxx Sports Wagering Account Requirements:

“... (3) A sports wagering account must be registered and verified **[in-person at a tribal gaming facility]** before the acceptance of any wager using that Sports Wagering Account.”

Part II – Secondary Concerns.

- *Issue 1 – Clarification that sports wagering vendors and sports wagering vendor representatives are not required to complete training.*

The Proposed Rules include an update to WAC 230-03-070(3) which adds “major sports wagering vendors” to the exception for required training that is already granted to “manufacturers” and “manufacturers’ representatives.” While we believe this change is warranted, we believe this exemption should be extended to all sports wagering vendors and all sports wagering vendor representatives in order to parallel the exemption for all manufacturers and all manufacturer representatives. To address this concern, we suggest the following amendment:

WAC 230-03-070(3):

“(3) We do not require manufacturers, ~~[or]~~ manufacturer’s representatives, ~~[or major]~~ **sports wagering vendors, or sports wagering vendor representatives** to complete training....”

- *Issue 2 – Clarification that “Minor League” does not include alternative professional leagues.*

The Proposed Rules include a new rule (WAC 230-17-005) which provides for the definitions of terms related to sports wagering. Included among the definitions is one for the term “Minor League” which appropriately defines “minor leagues.” However, a small clarification would be helpful to guard against any misinterpretation that may prevent wagering on a number of international sports teams, where an entire team may be promoted, or relegated, between

professional leagues based upon the performance of the entire team. As an example, English professional soccer leagues see this movement of an entire team without being classified as a “minor league” in the traditional sense that we may apply to single, double, or triple-A baseball teams for example. To address this concern, we suggest the following amendment:

WAC 230-17-005(6):

“(6) “Minor League” means a lower professional league or division within a sport, such as baseball or hockey, where a professional team has the exclusive contractual rights to promote and relegate players. **“Minor League” does not include professional leagues where entire teams of players may be promoted or relegated between leagues based upon the performance of the entire team.**”

- *Issue 3 – Requirement for “immediately” notify the Commission of violations and unusual or suspicious activity.*

The Proposed Rules include two new rules (WAC 230-17-xxx – Sports Wagering Integrity and WAC 230-17-xxx – Integrity Monitoring Provider Requirements) which include an “immediate” reporting standard for sports wagering vendors to reports suspected violations or regulations or statutes and unusual or suspicious wagering activity. Sports wagering vendors need to report this information in a timely manner to the Commission, however, creating an “immediate” reporting requirement does not allow the sports wagering vendor the flexibility to conduct an initial investigation which would provide the Commission with useful information in the report. Additionally, such initial investigation may resolve the underlying concern (especially in relation to unusual wagering activity) and prevent the overreporting of “false alarms.” This prompt reporting standard is similar to that required in Michigan (R432.743). To address this concern, we suggest the following amendments:

“(New) WAC 230-17-xxx Sports Wagering Integrity

(1) Sports wagering vendor and vendor representative licensees must **[immediately] promptly** notify us upon any discovery of a violation or of a suspected violation of RCW 9.46, this Chapter, or any violation of local, state, tribal, or federal ordinances, statutes, administrative rules or court orders.

...

(4) Licensees must **[immediately] promptly** notify us, in the format we require, when unusual wagering activity or suspicious wagering activity is identified, including changes with the status of, or information related to, a previously reported unusual or suspicious wagering activity.

(NEW) WAC 230-17-xxx Integrity Monitoring Provider Requirements

...

(3) Integrity Monitoring Providers must **[immediately] promptly** notify us when they identify unusual wagering activity or suspicious wagering activity.

(4) Integrity Monitoring Providers must [~~immediately~~] **promptly** notify us, and all other Integrity Monitoring Providers, sports wagering operators, and all other agencies or organizations as directed by us, on any previously reported unusual wagering activity it finds rises to the level of suspicious wagering activity.”

- ***Issue 4 – Requirement for responsible gaming “link” and deposit limits on sports wagering kiosks.***

The Proposed Rules include a new rule (WAC 230-17-xxx – Sports Wagering Systems (11)) which provides requirements related to responsible gaming resources within the sports wagering system and displayed on kiosks. We strongly support making responsible gaming resources, including wager and deposit limits available to sports wagering patrons. However, as written, this rule appears to impose a “one size fits all” requirement on both mobile sports wagering and retail sports wagering through the use of kiosks. The rule requires the display of a “link” to a sports wagering operator’s responsible gaming policies in the kiosk interface itself. Additionally, the rule requires kiosks to have solutions for patron wager and deposit limits. Sports wagering kiosks may or may not have the functionality to be linked to a patron’s sports wagering account and may be used by patrons who have not established a sports wagering account with the operator or patrons who do not wish to access their account on the kiosk. As such, the requirement to provide wager and deposit limits on the kiosk may not be appropriate in every situation. Additionally, the functionality of kiosks may not include sending a customer to an outside website containing the operator’s responsible gaming policies via a “link” and should be updated to allow operators to provide a URL where the patron can access the responsible gaming policies on their own device. To address these concerns, we suggest the following amendments:

WAC 230-17-xxx – Sports Wagering Systems (11):

“(11) sports wagering systems and sports wagering kiosks will, at a minimum, all for a display of commitment to responsible gaming and **URL or** link to the Class III tribal sports wagering operator’s responsible gaming policies. It will also have solutions for including, but not limited to: patron controlled wager and deposit limits (**if applicable**); and connecting players to problem gambling resources.”

- ***Issue 5 – Requirement to maintain reserve funds in federally regulated financial institutions who do business in Washington.***

The Proposed Rules include a new rule (WAC 230-17-xxx – Sports Wagering Account Requirements (5)) which requires licensees who maintain player account funds to hold them in a “federally regulated financial institution who does business in our state.” To provide greater flexibility to licensees, we suggest that player account funds should be allowed to be held at a state or federally regulated financial institution in the United States. To address this concern, we suggest the following amendment:

WAC 230-17-xxx – Sports Wagering Account Requirements:

“... (5) Licensees who maintain player account funds shall hold these funds at a federally or state regulated financial institution in the United States [~~who does business in our state~~].”

- *Issue 6 – clarification for use of single wallet across multiple products*

The Proposed Rules include a new rule (WAC 230-17-xxx – Sports Wagering Account Requirements (6)) which prohibits the transfer of funds held in a sports wagering account from one patron account to another patron account. We fully support the prohibition on transferring of funds from one patron to another. However, we would seek clarification to ensure that this provision is not interpreted to prevent the use of a unified account and wallet by patrons to access the funds while in a jurisdiction where sports betting or other products offered by the licensee are legal and the licensee is authorized to offer those products. To address this concern, we suggest the following amendment:

WAC 230-17-xxx – Sports Wagering Account Requirements:

“... (6) Player funds held in a sports wagering account shall not be allowed to be transferred from a patron account of one individual to another patron account of a different individual.”

Part III Requests for Clarification.

- *Issue 1 – License fees for sports wagering vendors.*

The Proposed Rules include an update to WAC 230-05-170 to provide for the license fees for sports wagering vendors. As included in the chart it appears that the proposed license fees for sports wagering vendors are: \$85,000 for major; \$10,000 for mid-level; and \$5,000 for ancillary with no additional license fee based upon Gross Gambling Receipts. Can the Commission confirm this reading of the Proposed Rules?

We appreciate your time and consideration of our comments and would be happy to discuss at your convenience.

Sincerely,



Cory Fox

Government Affairs and Product Counsel Vice President



VIA EMAIL

Brian Considine
Legal and Legislative Manager
Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504

June 7, 2021

Re: Rush Street Interactive, L.P. – Comments to initial draft rules for sports wagering

Dear Mr. Considine:

On behalf of Rush Street Interactive, L.P. (“RSI”), we greatly appreciate the opportunity to provide comments to the Washington State Gambling Commission concerning the initial draft of proposed sports wagering rules.

Please accept our comments as follows:

WAC 230-05-120 Paying annual license fee.

We are seeking clarity that we can opt to make one payment annually for the annual license fee.

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

(9) We recommend adding a section to permit mobile sports wagering suppliers to offer promotional prizes based on chance, as they do in other jurisdictions. Our suggestion is: *(c) Licensed major sports wagering suppliers are authorized to give promotional prizes or items as part of a physical drawing, spinning a wheel, or selecting from a group of concealed items.*

(NEW) WAC 230-17-xxx Accounting records for sports wagering vendors

We are seeking clarification that while we need to maintain these records, we do not need submit them to WSGC. Should WSGC require any review of these records, we would ask for advance notice of such review and expectation.

(NEW) WAC 230-17-xxx Authorized Sports Wagering Menu

We believe that a statewide menu like this is always ideal. How will new event/sport approvals be handled? Will there be a licensee request process?



(New) WAC 230-17-xxx Sports Wagering Integrity

(6) In other jurisdictions, system access is provided to the regulators, not the integrity monitoring service. We recommend that WSGC take the same approach.

(NEW) WAC 230-17-xxx Sports Wagering System Requirements

(3) Recommend deleting “, approved,”. This is redundant with the requirement of certification.

(12) We seek clarification of the requirement to provide sports wagering system software to the WSGC that “must be identical or substantially similar to what is deployed in the state”. Please clarify that access to a non-production environment would be sufficient to comply with this requirement.

We would be pleased to discuss these comments or answer any questions you may have. I can be reached at: 312-915-2801 or lcox@rushstreetinteractive.com.

Sincerely,

Laura McAllister Cox

Laura McAllister Cox
Chief Compliance Officer

From: john@corridorcd.com
To: [Considine, Brian \(GMB\)](#); [Laydon, Ashlie \(GMB\)](#)
Cc: ["Jonathan Michaels"](#)
Subject: Comment on WA State Sports Regulation
Date: Thursday, June 3, 2021 10:29:10 AM
Attachments: [image003.png](#)
[INDIANA APPROVED PAYMENT METHODS.docx](#)

External Email

Brian and Ashlie – Thank you for the opportunity to provide feedback on the proposed sports wagering regulations released by your office on May 27th. I am reaching out to you on behalf of Sightline Payments a premiere payments solution provider for the digital and land based gaming industries. CC'd on this email is Jonathan Michaels, SVP of Strategic Developments and Government Affairs at Sightline. His team's expertise is relied on by regulators throughout the U.S., and they work closely with many of the leading sportsbook operators. We hope you will consider Sightline a resource to the WSGC on all matters related to the payments ecosystem.

With respect to the proposed rules we are requesting that the regulation includes defined payment methods for sports bettors, along with regulator flexibility to approve innovative payment solutions as the market evolves. Currently, under *230-17-005 Sports Wagering Definitions* the draft rules define "Sports Wagering Account" as "an electronic account established by a patron for the purpose of sports wagering, including deposits, withdrawals, wagered amounts, payouts on winning wagers, or similar adjustments." We would recommend adding this language to define payment methods that would be acceptable.

A patron's sports wagering account for sports wagering may be funded through the use of:

- 1) a patron's credit or debit card;**
- 2) a patron's deposit of cash or vouchers at a cashiering location approved by the executive director or executive director's designee;**
- 3) a patron's reloadable prepaid card, which has been verified as being issued to the patron and is nontransferable;**
- 4) promotional credit;**
- 5) winnings;**
- 6) adjustments made by the sports wagering operator with documented notification to the patron;**
- 7) ACH transfer, provided that the operator has security measures and controls to prevent ACH fraud regarding failed ACH deposits;**
- 8) wire transfer; or**
- 9) any other means approved by the commission.**

This is regulatory language we have seen in other jurisdictions. Attached is a summary of Indiana's sports wagering rules on payments for you to see as a good example of what state regulators have approved within their rules and regulations.

If you have any questions about this comment, or would like to schedule a time to discuss further, we would be happy to connect. The team at Sightline are happy to be a resource to you!

Appreciate your willingness to get input from industry.

Regards,

John A. Pappas
c. 202-870-7777
www.corridordc.com



INDIANA APPROVED PAYMENT METHODS

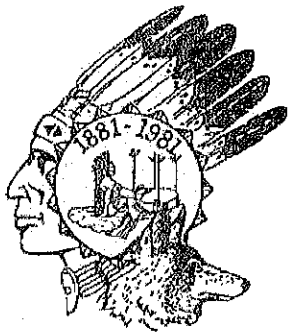
Sports Wagering Accounts

"Sports wagering account" means an account established by a sports wagering operator for an individual patron to use for online sports wagering. 68 Ind. Admin. Code 20-448(E) ch. 1, § 22.

A patron sports wagering account required for credit or debit card wagering. A patron may only place a wager via credit or debit card, whether the patron places the wager at a sports wagering lounge, sports wagering kiosk, online, or by a mobile device, if the patron has a sports wagering account with the sports wagering operator. 68 Ind. Admin. Code 20-448(E) ch. 7, § 6.

A patron's sports wagering account for sports wagering may be funded through the use of:

- 1) a patron's credit or debit card;
- 2) a patron's deposit of cash or vouchers at a cashiering location approved by the executive director or executive director's designee;
- 3) a patron's reloadable prepaid card, which has been verified as being issued to the patron and is nontransferable;
- 4) promotional credit;
- 5) winnings;
- 6) adjustments made by the sports wagering operator with documented notification to the patron;
- 7) ACH transfer, provided that the operator has security measures and controls to prevent ACH fraud regarding failed ACH deposits;
- 8) wire transfer; or
- 9) any other means approved by the commission.



SPOKANE TRIBAL BUSINESS COUNCIL

PO Box 100, Wellpinit, WA 99040

June 22, 2021

Tina Griffin
Interim Director
Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504

Dear Ms. Griffin:

On behalf of the Spokane Tribal Business Council, thank you for the opportunity to provide these comments on the draft sports wagering rules presented at the Washington State Gambling Commission's (WSGC) meeting on Thursday, June 10. For the reasons set forth herein, the Spokane Tribe is concerned that WSGC's draft rules improperly circumvent our co-regulatory relationship under the Indian Gaming Regulatory Act ("IGRA") and our gaming compact with the State of Washington.

As a preliminary matter, we are concerned that the draft rules were not made available to us in time to allow for a thoughtful review and discussion. Moving forward, we request timely notice of agency rulemaking that is directly related to STOI gaming activities.

As to the substance of the draft sports wagering rules, the Tribe has several concerns. Under IGRA, the co-regulatory relationship between the State of Washington and tribes is governed by the Class III gaming compacts. As fully recognized by section 2 of HB 2638, the operation of sports wagering on tribal lands is a feature of the compacts (which are negotiated between the State and tribes), not a feature of state rule (which is adopted as a unilateral action of the State). We appreciate this is the first time there has been legislation authorizing a tribal only activity, but that does not change the fact that IGRA—and therefore the compacts—are what govern the conduct and operation of the gaming activity.

While HB 2638 gave WSGC rulemaking authority over licensing (or more appropriately, certification), it did not give, nor would IGRA allow it to give, WSGC rulemaking authority over Tribal gaming activities *conducted on Spokane Indian lands*. Accordingly, I respectfully request that draft rule section 230-17 be removed in its entirety. That section is largely a restatement of what is already in compact, and that is where it should stay.

We acknowledge that HB 2638 authorizes WSGC to track and monitor certain transactions, require certain reports, and the like. However, those issues were discussed at the compact negotiation table, and we are frustrated that WSGC is taking a second bite at the apple by requiring certain reports and

documents *by rule* that the WSGC had already agreed would be handled *by compact* and internal controls. Any concern for WSGC to take action against our vendors for their failure to follow our compacts can be better addressed by including a catchall provision in the rules that says that. That is far more effective, efficient, and appropriate than restating tribal compacts in WSGC rules.

Next, we join the torrent of tribes and vendors who object to the proposed licensing fee structure. Sports wagering will be a minor financial addition to the Tribe's Class III gaming offerings. However, the proposed fee for major vendors is more than three times what TLS vendors currently pay. Excessive vendor certification fees lead to one of two outcomes: (1) the fee is passed on to the tribes (a de facto illegal tax on Class III tribal gaming revenues), or (2) the fee is not passed on to the tribes, and - as some vendors have already pointed out - vendors are dissuaded from participating in the Washington market at all. This is especially true here, for an on-premises only game, and even truer at smaller properties. Instead, WSGC should approach sports wagering vendors the same way the agency has approached other gaming vendors in the past: a more appropriate fee combined with special investigative fees as needed to address unique costs of investigating certain vendors.

Finally, we join in the Suquamish Tribe's comments to the draft rules, and we concur with the comments submitted by the Washington Indian Gaming Association.

Respectfully,



Carol Evans
Chairwoman

Cc: Brian Considine, Legal and Legislative Manager
Ashlie Laydon, Rules Coordinator

From: [John Pauley](#)
To: [Considine, Brian \(GMB\)](#); [Laydon, Ashlie \(GMB\)](#)
Cc: [Brandt Iden](#); [Daniel Lobo Guerrero](#); [Niki Metzgar-Schall](#)
Subject: Re: Sports Wagering Draft Rules for Comment
Date: Monday, June 7, 2021 2:21:12 PM
Attachments: [image002.png](#)
[image004.png](#)
[Supplier License - Model Language \(stakeholder approved\).pdf](#)

External Email

Hi Brian,

Our team at Sportradar thanks you for all your efforts as you continue the monumental task of launching sports betting in Washington. Although we did not have any edits or suggestions to submit by this morning, we have some clarifying questions that would likely apply to all vendors, especially mid-level sports wagering vendor licensees.

Our clarifying questions mainly focus on the quarterly license reports and fees, specifically:

- Will mid-level vendors be able to submit one comprehensive quarterly report/fee that covers total gross gaming revenue derived from services supplied to all WA bookmaking customers? Or will mid-level vendors need to submit individual quarterly reports/fees for each bookmaking customer we supply to in WA?
- Does the calculation of quarterly reports/fees apply to both fixed-fee and revenue-sharing agreements that mid-level vendors execute? If fixed-fee agreements also apply, will there be any changes in how to calculate total quarterly fees owed?

Lastly, we are hoping to clarify which data suppliers are captured under the mid-level vendor license. There are two main ways to supply data into a market, either **(1) the direct route**: supplying to B2Cs such as DraftKings or FanDuel, or **(2) the indirect route**: supplying to B2B platforms such as Kambi, IGT, or SciGames. While we believe both supply chain routes should be captured and require a mid-level vendor license, we have noticed some jurisdictions exempting the latter option completely in certain cases. Since data is the critical component that powers the entire betting operation, we raise this concern as a matter of licensure equity amongst existing and future data suppliers.

As a resource for you, I've attached our model supplier language that addresses both supply chain routes (found under the definition of a *sports betting supplier*). Although this model language is more for statutory purposes, we welcome the opportunity to walk you through these licensure equity concerns and how the WSGC can ensure all entities involved in the data supply chain are captured and licensed accordingly.

Again, we appreciate your efforts and transparency throughout this entire process. Our team remains open to further dialogue at your convenience.

Kind regards,
John

John Pauley

Government Affairs Manager

SPORTRADAR GROUP

mobile: +1 (636) 541-4431

e-mail: j.pauley@sportradar.com

www.sportradar.com

From: Considine, Brian (GMB) <brian.considine@wsgc.wa.gov>

Sent: Thursday, May 27, 2021 3:22 PM

Cc: Griffin, Tina (GMB) <tina.griffin@wsgc.wa.gov>; Becker, Suzanne (ATG) <suzanne.becker@atg.wa.gov>; Sizemore, Bud (GMB) <bud.sizemore@wsgc.wa.gov>; Laydon, Ashlie (GMB) <ashlie.laydon@wsgc.wa.gov>; James, Sharon M. (ATG) <sharon.james@atg.wa.gov>; Lies, Julie (GMB) <julie.lies@wsgc.wa.gov>

Subject: Sports Wagering Draft Rules for Comment

CAUTION: This email originates from outside of your organization. This message might not be safe, use caution opening it. If you find this e-mail suspicious, do not open attachments nor links and forward the mail to securityreport.

Hello,

You are receiving this email because the Washington State Gambling Commission (WSGC) has identified you and/or your organization as a stakeholder for our sports wagering rule-making.

Please find the attached draft proposed sports wagering rules. These are initial draft rules by Commission staff and we are still having these reviewed by our attorneys and agency leadership before we send them to our Commissioners at our June 10, 2021 public meeting. Therefore, we could have additional internal changes prior to the meeting.

However, we seek your input at this time and please provide any questions, comments or suggested edits to me (Brian.considine@wsgc.wa.gov) and our Rules Coordinator Ashlie Laydon (Ashlie.laydon@wsgc.wa.gov) **by Monday, June 7, 2021 at 8am pacific time.**

WSGC staff will review any comments, questions, or suggested edits, if submitted by the above-referenced deadline, for our June 10th public meeting. However, you are allowed and encouraged to comments during the entirety of this rule-making process, as needed. All written comments will become part of the official agency rule-making file.

Additionally, you are welcome to attend the agency's [June 10, 2021](#) public meeting and provide public comment during this public meeting. Please monitor our [public meeting webpage](#) as the call-in information and agenda will be posted about one week before our meeting.

Lastly, Commission Staff will recommend that the Commissioners hold a special meeting on or around July 28, 2021 for the Commissioners to review and approve final sports wagering rules to go into effect on or around August 30, 2021.

Please contact me if you have any questions about this process.

Sincerely,

Brian

Brian J. Considine
Legal and Legislative Manager
Washington State Gambling Commission
(360) 486-3469 (office)
(360) 485-8921 (mobile)
Brian.considine@wsgc.wa.gov



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Definitions

"Sports betting supplier" means a person that provides services, goods, software, or other components necessary for the creation of betting markets and determining bet outcomes, directly or indirectly to any license holder or applicant involved in the acceptance of bets. Examples include, but are not limited to providers of data feeds and odds services, internet platform providers, risk management providers, integrity monitoring providers, and other providers of sports betting supplier services as determined by the [regulator]. A sports governing body that provides raw statistical match data to one or more designated and licensed providers of data and odds services shall not be a sports betting supplier.

"Sports betting supplier license" means a license issued by the [regulator] to a sports betting supplier.

Sec. X Sports Betting Supplier License

(1) The [regulator] may issue a sports betting supplier license to a sports betting supplier. A person that is not licensed under this section shall not sell, lease, distribute, offer, or otherwise provide services, goods, software, or other components necessary for the creation of betting markets and determining bet outcomes, directly or indirectly to any license holder or applicant involved in the acceptance of bets, except that an interactive sports wagering operator shall not be required to obtain a separate sports betting supplier license in order to act as a sports betting supplier. A supplier must be licensed under this section if providing supplier services under a fixed-fee or revenue-sharing agreement.

(2) On application by an interested person, the [regulator] may issue a provisional sports betting supplier license to an applicant for a sports betting supplier license. A provisional license issued under this subsection allows the applicant for the sports betting supplier license to conduct business regarding the operation of sports betting with a license holder or applicant before the sports betting supplier license is issued. A provisional license issued under this subsection expires on the date provided by the [regulator].

(3) A person may apply to the [regulator] for a sports betting supplier license as provided in this act and the rules promulgated under this act.

(4) Except as otherwise provided in this section, an application under this section must be made on forms provided by the [regulator] and include the information required by the [regulator].

(5) The [regulator] shall require applicants to disclose the identity of (a) the applicant's principal owners who directly own five percent or more of the applicant; (b) each holding, intermediary or parent company that directly owns fifteen percent or more of the applicant; and (c) the applicant's board appointed CEO and CFO. The [regulator] shall have the authority to waive any or all qualification requirements for any person or entity in this subsection.

(6) Legislatively created entities such as sovereign entities, government entities, government agencies, pension investment boards, and public corporations, that are direct or indirect shareholders of the applicant, shall be waived from any information disclosure requests in connection to the license application as determined by the [regulator].

(7) Investment funds or entities registered with the Securities and Exchange Commission, whether as Investment Advisors or otherwise, as well as the entities under the management of such entities registered with the Securities and Exchange Commission, that are direct or indirect shareholders of the applicant, shall be waived from any information disclosure requests in connection to the license application as determined by the [regulator].

(8) In no scenario shall a person holding a sports betting supplier license or a temporary sports betting supplier license be subject to, or required to obtain, any additional license to offer the services under this section.

From: [Rion Ramirez](#)
To: [Considine, Brian \(GMB\)](#); [Laydon, Ashlie \(GMB\)](#)
Cc: [Griffin, Tina \(GMB\)](#); [Becker, Suzanne \(ATG\)](#); [Sizemore, Bud \(GMB\)](#); [James, Sharon M. \(ATG\)](#); [Lies, Julie \(GMB\)](#); [Tim Woolsey \(twoolsey@suquamish.nsn.us\)](#); [Devon Tiam](#); [Masse, Chris](#); [Jones, Brie Coyle](#); [Ramirez, Rion](#)
Subject: RE: Sports Wagering Draft Rules for Comment
Date: Monday, June 7, 2021 10:06:36 AM
Attachments: [image007.png](#)
[image008.png](#)
[image009.png](#)
[image010.png](#)
[image011.png](#)
[image012.png](#)
[image013.png](#)
[image014.png](#)
[image016.png](#)
[image018.png](#)
[DRAFT-Rules-Stakeholder.docx](#)

External Email

Dear Brian and Ashlie:

On behalf of the Suquamish Tribe, I write today to offer comments to the proposed draft sports wagering rules in advance of the upcoming Washington State Gambling Commission (“WSGC”) meeting. Attached is a redline of our recommended revisions, but I did want to highlight a few themes of concern that we had after reviewing the proposed draft.

First, the draft rules—and in particular, 230-17, Proposed Sports Wagering Rules—misunderstand the role (or lack thereof) of state regulations in the larger context of the Indian Gaming Regulatory Act (“IGRA”) and the tribes’ relationship with the state. State adopted rules cannot govern *tribal gaming activities*; rather, the co-regulatory relationship between the state and tribes is governed by the Class III gaming compacts, and supplemented by tribal ordinances and other tribal regulations. *See* 25 U.S.C. § 2710(d). The only appropriate purpose of state gaming regulations rules would be the certification of *tribal gaming vendors*.

This distinction is recognized by HB 2638, which as you know, authorized tribes to engage in sports wagering on Indian lands pursuant to their gaming compacts. Consistent with IGRA, the bill directed that the Commission’s five pillars (licensing; fees associated with the gambling commission's regulation of sports wagering; how sports wagering will be conducted, operated, and regulated; issues related to criminal enforcement, including money laundering, sport integrity, and information sharing between the commission and the tribe related to such enforcement; and responsible and problem gambling) be included *in those compacts*. The bill also confirmed that the Commission had authority to engage in rulemaking to issue licenses to sports wagering vendors. HB 2638 does not give the WSGC rulemaking authority over the activity of sports wagering on Indian lands. It gives the WSGC the authority to determine whether someone is qualified to be a vendor for sports wagering.

We acknowledge that section 7(6) of the bill gives the WSGC the authority to track and monitor gambling-related sports wagering transactions; however this authority is tied to WSGC’s enforcement of criminal laws related to suspicious or illegal wagering activities. Some of the obligations these draft rules purport to put on all vendors—not just those with access to integrity-related data—and the data WSGC is requesting goes beyond that purview

and would impose obligations on our vendors that are not market standard. Further, the proposed rules conflate licensees with operators. *See e.g.*, New WAC 230-17-xxx Sports Wagering Integrity at p. 9 (“Licensees must make all reasonable efforts to detect and prevent prohibited sports wagering participants from participating in sports wagering.”). Licensees will not be stopping people from betting. We, the tribal operators, will. And we are not licensees; instead, our relationship is governed by the compacts.

Not only does the approach in the draft rules conflict with IGRA, but it ignores the extensive negotiations and compromise we have engaged in to reach tentative agreement on our compact. For the last year, we have engaged in negotiations to ensure that the gaming compact covers all five pillars noted above in a way that works for the state and the tribes. We were therefore both surprised and disappointed to see much of what we already covered in the compacts reflected—unnecessarily, inappropriately, and in some cases, inconsistently—in the draft rules. For example, we agreed to deal with information sharing matters in our internal controls; yet these draft rules force our vendors to provide WSGC information that WSGC requests, irrespective of whether the data is even theirs or whether WSGC’s request comports with the parameters established in the compact or the internal controls. The result is an end-run around our compact negotiations and collaborative process. The compact and our internal controls are a negotiated set of documents; WSGC’s regulations are completely in WSGC’s purview.

Lastly, I would be remiss if I did not point out our concerns with the amounts of the proposed license fees. As you know, sports wagering here in Washington will be on an extremely limited, on-premises only basis. This means that, especially for the smaller properties, sports wagering will not be a particularly lucrative game. To charge our vendors more than three times the current highest vendor fee in the state is wholly out of line with the value of the activity. Moreover, a vendor’s supply chain could include multiple participants at the major, mid, and ancillary levels. If licensing is cost prohibitive, reputable vendors will take a pass on Washington. Please consider addressing these vendors like the other tribal licensees that WSGC certifies, where they pay an annual amount, plus any special investigative fees WSGC incurs. That way, WSGC can be sure that its costs, especially when higher in that first year, are covered, while at the same time making clear that these fees do not indicate the WSGC’s entry into improper tribal tax territory.

We may have additional comments depending on the final draft you consider on Thursday, but I wanted to provide you these preliminary comments ahead of the June WSGC meeting.

Thank you,

Rion Ramirez

Chief Executive Officer





PORT MADISON ENTERPRISES

AN AGENCY OF THE SUQUAMISH TRIBE

15347 Suquamish Way NE

Suquamish, WA 98392

 360-598-8711

 360-710-0733



From: Considine, Brian (GMB) <brian.considine@wsgc.wa.gov>

Sent: Thursday, May 27, 2021 12:22 PM

Cc: Griffin, Tina (GMB) <tina.griffin@wsgc.wa.gov>; Becker, Suzanne (ATG) <suzanne.becker@atg.wa.gov>; Sizemore, Bud (GMB) <bud.sizemore@wsgc.wa.gov>; Laydon, Ashlie (GMB) <ashlie.laydon@wsgc.wa.gov>; James, Sharon M. (ATG) <sharon.james@atg.wa.gov>; Lies, Julie (GMB) <julie.lies@wsgc.wa.gov>

Subject: Sports Wagering Draft Rules for Comment

Importance: High

***** This is from an external sender *****

Hello,

You are receiving this email because the Washington State Gambling Commission (WSGC) has identified you and/or your organization as a stakeholder for our sports wagering rule-making.

Please find the attached draft proposed sports wagering rules. These are initial draft rules by Commission staff and we are still having these reviewed by our attorneys and agency leadership before we send them to our Commissioners at our June 10, 2021 public meeting. Therefore, we could have additional internal changes prior to the meeting.

However, we seek your input at this time and please provide any questions, comments or suggested edits to me (Brian.considine@wsgc.wa.gov) and our Rules Coordinator Ashlie Laydon (Ashlie.laydon@wsgc.wa.gov) **by Monday, June 7, 2021 at 8am pacific time.**

WSGC staff will review any comments, questions, or suggested edits, if submitted by the above-referenced deadline, for our June 10th public meeting. However, you are allowed and encouraged to comments during the entirety of this rule-making process, as needed. All written comments will become part of the official agency rule-making file.

Additionally, you are welcome to attend the agency's [June 10, 2021](#) public meeting and provide public comment during this public meeting. Please monitor our [public meeting webpage](#) as the call-in information and agenda will be posted about one week before our meeting.

Lastly, Commission Staff will recommend that the Commissioners hold a special meeting on or around July 28, 2021 for the Commissioners to review and approve final sports wagering rules to go into effect on or around August 30, 2021.

Please contact me if you have any questions about this process.

Sincerely,

Brian

Brian J. Considine
Legal and Legislative Manager
Washington State Gambling Commission
(360) 486-3469 (office)
(360) 485-8921 (mobile)
Brian.considine@wsgc.wa.gov



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**Proposed WSGC Sports Wagering
DRAFT Rule Changes
(5/28/2021)**

Proposed changes to existing rules are noted in WAC 230-03; WAC 230-05; and WAC 230-06 and WAC 230-17. New rule sections are identified as "(NEW)." Otherwise, changes are amendments to rules that already exist.

Current rules in WAC 230-17 will be moved to a new sub-chapter and this sub-chapter will contain new sports wagering rules.

The tradeshow rule currently found in WAC 230-16, manufacturers and distributors, is moved to WAC 230-06 to allow for it to include sports wagering vendors.

WAC 230-03 Proposed Rule Changes

WAC 230-03-035 Applying for a license. (1) You must fully complete the license application form we provide in order to be considered for a license. You must submit it with the appropriate fees online in the manner we require, or return it, along with the appropriate fees, to our headquarters.

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

(3) Applicants for a new organization license or permit will submit the base license fee for each authorized activity they are applying for with their application.

(4) Applicants for a new individual license will submit the new application fee they are applying for with their application.

[Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-03-035, filed 2/9/18, effective 5/1/18; WSR 06-07-157 (Order 457), § 230-03-035, filed 3/22/06, effective 1/1/08.]

WAC 230-03-040 Signing the application. The applicant signs the application under oath and under penalty of perjury under the laws of the state of Washington. This oath affirms

WAC 230-03 Proposed Rule Changes

that the information on the application and any accompanying materials is accurate and complete.

(1) The person signing the application must be:

(a) The highest ranking officer, or their designee, of a charitable, nonprofit, or profit-seeking corporation, or limited liability company seeking licensure; or

(b) The owner of a sole proprietorship seeking licensure;
or

(c) All partners of a partnership or general partner of a limited partnership seeking licensure.

(2) The person seeking an individual license and a designated officer of the organization for which the person will work must both sign the application.

[Statutory Authority: RCW 9.46.070. WSR 07-21-116 (Order 617), § 230-03-040, filed 10/22/07, effective 1/1/08; WSR 06-07-157 (Order 457), § 230-03-040, filed 3/22/06, effective 1/1/08.]

WAC 230-03-045 Defining substantial interest holder. (1)

"Substantial interest holder" means a person who has actual or potential influence over the management or operation of any organization, association, or other business entity.

WAC 230-03 Proposed Rule Changes

(2) Evidence of substantial interest may include, but is not limited to:

(a) Directly or indirectly owning, operating, managing, or controlling an entity or any part of an entity; or

(b) Directly or indirectly profiting from an entity or assuming liability for debts or expenditures of the entity; or

(c) Being an officer or director or managing member of an entity; or

(d) Owning ten percent or more of any class of stock in a privately or closely held corporation; or

(e) Owning five percent or more of any class of stock in a publicly traded corporation; or

(f) Owning ten percent or more of the membership shares/units in a privately or closely held limited liability company; or

(g) Owning five percent or more of the membership shares/units in a publicly traded limited liability company; or

(h) Providing ten percent or more of cash, goods, or services for the start up of operations or the continuing operation of the business during any calendar year or fiscal

WAC 230-03 Proposed Rule Changes

year. To calculate ten percent of cash, goods, or services, take the operational expenses of the business over the past calendar or fiscal year, less depreciation and amortization expenses, and multiply that number by ten percent; or

(i) Receiving, directly or indirectly, a salary, commission, royalties, or other form of compensation based on the gambling receipts.

(3) Spouses of officers of charitable or nonprofit organizations and spouses of officers or board members of publicly traded entities or subsidiaries of publicly traded entities are not considered substantial interest holders, unless there is evidence to the contrary. If so, then an investigation will be conducted to determine if they qualify as a substantial interest holder.

~~(4) Spouses of officers, owners, or shareholders owning ten percent or more of the organization's shares of a sports wagering organization are not considered substantial interest holders, unless there is evidence to the contrary. If so, then an investigation will be conducted to determine if they qualify as a substantial interest holder.~~

Commented [A1]: Section 6.4 of Appendix S precludes licensing spouses of Principals.

WAC 230-03 Proposed Rule Changes

[Statutory Authority: RCW 9.46.070. WSR 13-09-048 (Order 687), § 230-03-045, filed 4/15/13, effective 5/16/13; WSR 06-07-157 (Order 457), § 230-03-045, filed 3/22/06, effective 1/1/08.]

WAC 230-03-060 Fingerprinting. (1) The following persons must submit fingerprints and undergo a national criminal history background check:

(a) Substantial interest holders of commercial businesses and charitable or nonprofit organizations who live or have lived out of the state in the last ten years; and

(b) Card room employees, commercial and nonprofit gambling managers, and manufacturer, distributor, service supplier, call centers for enhanced raffles, ~~and~~ linked bingo prize provider, and sports wagering vendor representatives; and

(c) Any other substantial interest holder when we have information they may not be qualified for licensure or to participate in a gambling activity.

(2) Recreational gaming activity and agricultural fair permit holders do not need to submit fingerprints.

[Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-03-060, filed 2/9/18, effective 5/1/18. Statutory Authority: RCW

WAC 230-03 Proposed Rule Changes

9.46.070 and 9.46.0209. WSR 13-19-056 (Order 692), § 230-03-060, filed 9/16/13, effective 10/17/13. Statutory Authority: RCW 9.46.070(7). WSR 13-17-018 (Order 690), § 230-03-060, filed 8/9/13, effective 9/9/13. Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-060, filed 3/22/06, effective 1/1/08.]

WAC 230-03-065 Spouses must also be qualified. (1)

Applicants' spouses must also meet the qualifications to hold a gambling license when married persons who maintain a marital community apply for or hold a license to operate gambling activities. This includes, but is not limited to, owners and substantial interest holders of commercial gambling establishments.

(2) If you are a licensed employee of a gambling operation, officer of a charitable or nonprofit organization, or an officer or a board member of a publicly traded entity or subsidiary of a publicly traded entity, your spouse does not need to meet the licensing qualifications, unless they are deemed to be a substantial interest holder.

WAC 230-03 Proposed Rule Changes

(3) Spouses of owners and substantial interest holders of a sports wagering organization are not considered substantial interest holders, unless there is evidence to the contrary.

Commented [A2]: Section 6.4 of Appendix S precludes licensing spouses of Principals.

[Statutory Authority: RCW 9.46.070. WSR 13-09-048 (Order 687), § 230-03-065, filed 4/15/13, effective 5/16/13; WSR 06-07-157 (Order 457), § 230-03-065, filed 3/22/06, effective 1/1/08.]

WAC 230-03-070 Training required for licensing. (1) You

must complete a training course we establish if you:

- (a) Signed the licensing application; or
- (b) Are a manager; or
- (c) Are responsible for conducting gambling activities or

completing records.

(2) You must complete training within thirty days of the effective date of your license.

(3) We do not require manufacturers, ~~or~~ manufacturers' representatives, or major sports wagering vendors to complete training. However, all licensees are expected to know and follow all rules upon receiving your license.

WAC 230-03 Proposed Rule Changes

[Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-070, filed 3/22/06, effective 1/1/08.]

WAC 230-03-075 Withdrawing your application. (1) You may withdraw your license application for any reason by sending written or electronic mail notice to us. We must receive your written request at our headquarters office before we issue or deny the license.

(2) Withdrawing an application will not affect any future application for a license.

[Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-075, filed 3/22/06, effective 1/1/08.]

WAC 230-03-195 Additional information required from manufacturer, distributor and sports wagering vendor license applicants. If you are applying for a manufacturer, ~~or~~ distributor, or a sports wagering vendor license, you must attach the following to your application form or submit the following in the manner we require:

(1) A list of all businesses or corporations which you, or officers, directors, or substantial interest holders of your

WAC 230-03 Proposed Rule Changes

business, either directly or indirectly, own or control as a substantial interest holder; and

(2) A list of all businesses or corporations licensed to conduct gambling activities or to supply gambling-related equipment, supplies, or services in which you, officers, directors, or substantial interest holders of your business have any interest; and

(3) A list of all jurisdictions in which you or any of the officers, directors, or substantial interest holders of your business have had a gambling-related license at any level during the previous ten years; and

(4) A statement about whether you, or officers, directors, or substantial interest holders have ever been part of a business that had a gambling-related license denied, revoked, or suspended by any jurisdiction for a period longer than thirty days.

[Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-195, filed 3/22/06, effective 1/1/08.]

WAC 230-03 Proposed Rule Changes

(NEW) WAC 230-03-xxx Additional information required for sports wagering vendors.

Sports wagering vendor applicants must provide contracts and agreements, ~~or proposed contracts or agreements,~~ with any ~~third parties~~ other vendors that are part of their sport wagering offerings in the state ~~and relate to the applicant's or a third party~~ the vendor's sports wagering equipment, goods, services, and information for review for compliance with Title 230 WAC and chapter 9.46 RCW. ~~Contracts or agreements to be provided for review will relate to the applicant's or a third party vendor's sports wagering equipment, goods, services, and information.~~ Provided, however, that nothing in this rule requires a sports wagering vendor to provide its contracts or agreements with a federally recognized Indian tribe.]

WAC 230-03-200 Defining "gambling equipment." "Gambling

equipment" means any device, gambling-related software, expendable supply, or any other paraphernalia used as a part of gambling or to make gambling possible. "Gambling equipment" includes, but is not limited to:

- (1) Amusement games;
- (2) Punch boards and pull-tabs;

Commented [A3]: Our strong preference is that this draft rule is deleted in its entirety, but at the very least this rule must exclude the tribe's agreements with sports wagering vendors.

Commented [A4]: Including sports wagering equipment in this definition results in a SW equipment provider needing two separate licenses: (1) major sports wagering vendor, and (2) manufacturer under 230-03-025 or distributor under 230-03-190. It is unduly burdensome to require two licenses for providing the same piece of sports wagering equipment, particularly for vendors providing mere components of a sports wagering system.

WAC 230-03 Proposed Rule Changes

(3) Devices for dispensing pull-tabs;

(4) Electronic devices for conducting, facilitating, or accounting for the results of gambling activities, including, but not limited to:

(a) Components of a tribal lottery system;

(b) Components of a sports wagering system;

(c) Electronic devices for reading and displaying outcomes of gambling activities; and

(~~d~~e) Accounting systems that are a part of, or directly connected to, a gambling system including, but not limited to:

(i) Bet totalizers; or

(ii) Progressive jackpot meters; or

(iii) Keno systems;

(5) Bingo equipment;

(6) Devices and supplies used to conduct card games, fund-raising events, recreational gaming activities, or Class III gaming activities, as defined in the Indian Gaming Regulatory Act at U.S.C. 25 chapter 29 § 2703 and in tribal-state compacts including, but not limited to:

(a) Gambling chips;

(b) Cards;

WAC 230-03 Proposed Rule Changes

- (c) Dice;
- (d) Card shuffling devices;
- (e) Graphical game layouts for table games;
- (f) Ace finders or no-peek devices;
- (g) Roulette wheels;
- (h) Keno equipment; ~~and~~
- (i) Tables manufactured exclusively for gambling purposes;;
and
(j) Sports wagering systems.

[Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-200, filed 3/22/06, effective 1/1/08.]

WAC 230-03-~~226230~~ Applying for linked bingo prize provider license.

(1) You must apply for a linked bingo prize provider license if you provide bingo operators the means to link bingo prizes, including:

- (a) Equipment and supplies to offer linked bingo; and
- (b) Linked bingo prize management; and

WAC 230-03 Proposed Rule Changes

(c) Distribution of necessary gambling equipment and supplies.

(2) Distributors must receive a linked bingo prize provider license before providing gambling equipment and supplies to play linked bingo games.

[Statutory Authority: RCW [9.46.070](#). WSR 06-07-157 (Order 457), § 230-03-230, filed 3/22/06, effective 1/1/08.]

WAC 230-03-~~227232~~ Applying for an enhanced raffle call center license.

(1) You must apply for an enhanced raffle call center license if you receive authorized enhanced raffle ticket sales.

(2) The licensing process may include an on-site review of your call center process to ensure compliance with applicable gambling laws and rules, and your qualifications for licensure.

[Statutory Authority: RCW [9.46.070](#) and [9.46.0209](#). WSR 13-19-056 (Order 692), § 230-03-232, filed 9/16/13, effective 10/17/13.]

WAC 230-03 Proposed Rule Changes

(NEW) WAC 230-03-230 Applying for a major sports wagering

vendor license

You must apply for a major sports wagering vendor license if you provide integral sports wagering goods or services in our state.

This includes:

(1) Managing a Tribe's or Tribes' sports wagering operations;

(2) Being a Tribe's or Tribes' primary consultant who provides substantial sports wagering related services;

(3) Being a manufacturer or distributor of a sports wagering system(s);

(4) Providing bookmaking services; or

(5) Providing sports wagering risk management services.

(NEW) WAC 230-03-231 Applying for a mid-level sports wagering

vendor license

You must apply for a mid-level sports wagering vendor license if you provide services or equipment directly related to ~~data,~~ security, and integrity. ~~This~~ includes, ~~but not limited to:~~

(1) Integrity monitoring;

Commented [A5]: Revised to align with Section 6.2.2 of Appendix S

WAC 230-03 Proposed Rule Changes

~~(2) Data to be used by a Tribe(s), or a sports wagering vendor, including data to set odds;~~

~~(3)(2) The compilation, furnishing, or storage of data for use~~

~~in sports wagering;~~

~~(4)(3) Initial or annual sports wagering system security testing~~

~~or assessment;~~

~~(5)(4) Geofence and geolocation compliance and monitoring; and~~

~~(6)(5) Sports wagering account management, including Software-~~

~~as-a-Service (SaaS) products.~~

(NEW) WAC 230-03-232 Applying for an ancillary sports wagering vendor license

You must apply for an ancillary sports wagering vendor license if you provide necessary sports wagering support services. ~~that~~

~~This includes, but not limited to:~~

(1) Mobile payment processing for use in a Mobile Sports Wagering;

(2) Know your customer or identity verification for use in Mobile Sports Wagering; and

WAC 230-03 Proposed Rule Changes

(3) Marketing or promotional affiliates for a sports wagering vendor or tribal sports wagering operator where the contractual financial arrangement is based on a percentage of an operator's sports wagering revenue.

(NEW) WAC 230-03-xxx Sports wagering vendor applicants and associated entities in their corporate structure.

You must apply for a sports wagering vendor license if you enter into agreements or contracts to provide sports wagering gaming goods or services to operators or other sports wagering vendors for sports wagering goods or services in Washington. Any associated organizations linked to the sports wagering applicant in their corporate structure, who provides sports wagering goods or services to the applicant, must comply with our rules. The applicant will have ultimate responsibility for any goods or services provided by another legal entity associated to the applicant. This only includes organizations in applicant's corporate ownership structure.

WAC 230-03 Proposed Rule Changes

**(NEW) WAC 230-03-311 Applying for a major sports wagering vendor
representative license**

You must apply for a major sports wagering representative license
if you, as an individual, sell, market, promote, represent,
service, or otherwise work in any sports wagering activities under
employment or contract to a major sports wagering vendor in our
state or you supervise those who do.

**(NEW) WAC 230-03-312 Applying for a mid-level sports wagering
vendor representative license**

You must apply for a mid-level sports wagering representative
license if you, as an individual, sell, market, promote, represent,
service, or otherwise work in any sports wagering activities under
employment or contract to a mid-level sports wagering vendor in
our state or you supervise those who do.

**(NEW) WAC 230-03-313 Applying for an ancillary sports wagering
vendor representative license**

WAC 230-03 Proposed Rule Changes

You must apply for an ancillary sports wagering representative license if you as an individual sell, market, promote, represent, service, or otherwise work in any sports wagering activities under employment or contract to an ancillary sports wagering vendor in our state or you supervise those who do.

WAC 230-03-320 Substantial interest holders not required to be licensed as representatives.

(1) If you are a substantial interest holder in a business licensed to operate a manufacturer, distributor, gambling service supplier, call centers for enhanced raffles, or linked bingo prize provider or a spouse of the same, you do not have to have an additional license to perform representative duties connected with that licensed business.

(2) If you are a substantial interest holder in a business licensed as a sports wagering vendor, or a spouse of the same, you do not need to have an additional sports wagering vendor representative license to perform representative duties connected with that licensed business.

WAC 230-03 Proposed Rule Changes

[Statutory Authority: RCW 9.46.070 and 9.46.0209. WSR 13-19-056 (Order 692), § 230-03-320, filed 9/16/13, effective 10/17/13.

Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-320, filed 3/22/06, effective 1/1/08.]

WAC 230-03-330 Representing one or more licensed

businesses. (1) If you are a licensed distributor representative, gambling service supplier representative, or a linked bingo prize provider representative or applying for one of these representative licenses, you must represent only one licensed distributor, gambling service supplier, or linked bingo prize provider at a time.

(2) If you are a licensed manufacturer or representative, you may represent more than one licensed manufacturer.

(3) Sports wagering vendor representatives may represent more than one licensed sports wagering vendor so long as their representation would not create a conflict that would undermine the integrity of sports wagering or a sport event.

~~(4)~~ (4) If the owner you represent owns more than one licensed business, you may represent the owner in all those licensed businesses, including licensed manufacturers.

WAC 230-03 Proposed Rule Changes

(54) You must submit an application and pay a fee before beginning work at a new or additional employer.

[Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-03-330, filed 2/9/18, effective 5/1/18; WSR 09-24-012 (Order 664), § 230-03-330, filed 11/20/09, effective 12/21/09; WSR 06-07-157 (Order 457), § 230-03-330, filed 3/22/06, effective 1/1/08.]

WAC 230-03-335 Representatives must not work before receiving a license. If you are applying for a license as a representative for a manufacturer, distributor, gambling services supplier, call centers for enhanced raffles, a sports wagering vendor, or linked bingo prize provider, you must not work until you receive a license from us.

[Statutory Authority: RCW 9.46.070 and 9.46.0209. WSR 13-19-056 (Order 692), § 230-03-335, filed 9/16/13, effective 10/17/13. Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-335, filed 3/22/06, effective 1/1/08.]

~~**(REPEAL) WAC 230-03-408 Applying for sports wagering prelicensing investigation.** (1) Any individual or organization anticipating applying for a future license to provide equipment~~

WAC 230-03 Proposed Rule Changes

~~and/or services for sports wagering pursuant to a tribal-state compact may apply for a prelicensing investigation.~~

~~(2) To apply, the applicant and each substantial interest holder will go through a prelicensing investigation to determine if the applicant and substantial interest holders are initially qualified.~~

~~(3) It is the responsibility of each applicant and persons who have a substantial interest therein to establish by clear and convincing evidence the necessary qualifications.~~

~~(4) A prelicensing investigation of the applicant includes, but is not limited to:~~

~~(a) Identification of all substantial interest holders of the applicant, and~~

~~(b) Conducting a criminal history background investigation on all substantial interest holders, and~~

~~(c) Verification that cash, goods or services for the startup of the operations or the continuation of the business is from a qualified source, and~~

~~(d) Compliance with all other applicable rules and laws.~~

WAC 230-03 Proposed Rule Changes

~~(5) You are required to complete an online application, submit any required supplemental documentation, and submit a five thousand dollar deposit for us to begin the prelicensing investigation process.~~

~~(6) We may request additional information during our prelicensing investigation. All work will stop until we receive the requested information. You must provide us with the required items within thirty days of notification or we will administratively close your prelicensing application.~~

~~(7) You must pay all costs associated with the prelicensing investigation.~~

~~(a) We will give you an estimate of the anticipated costs based on the information we have received at that time.~~

~~(b) You will be asked to pay the additional deposit to cover the anticipated costs, such as staff time to conduct the prelicensing investigation, travel time, and travel costs.~~

~~(c) We may amend our estimate during our prelicensing investigation process.~~

~~(d) You will have thirty days to submit any additional balance requested. We will not work on the application until we~~

WAC 230-03 Proposed Rule Changes

~~have received all funds requested. Failure to pay the balance within the required time frame will result in administrative closure of the application and all unused funds will be refunded.~~

~~(e) We will stop the prelicensing investigation process if the cost of our investigation exceeds the balance and request additional funds to cover the anticipated costs to continue our investigation. We will resume work upon receipt of the requested deposit to cover anticipated costs to complete the investigation.~~

~~(f) Any unused funds will be refunded.~~

~~(g) We will retain funds to cover all costs incurred if you withdraw your application or if your application is denied.~~

~~(8) Upon completion of a prelicensing investigation, a determination regarding an applicant's qualification will be made. Applicants who are qualified will receive a prelicensing investigation approval from us stating the determination is made based on the information and representations made by the applicant up to that date.~~

WAC 230-03 Proposed Rule Changes

~~(9) Applicants are required to provide notice of any changes to the organization or substantial interest holders after a prelicensing investigation approval has been issued and will be required to pay for any additional investigation costs.~~

~~(10) A prelicensing investigation approval is not a sports wagering license. You must apply for a sports wagering license once a sports wagering tribal-state compact(s) and future licensing rules are effective.~~

~~(11) Prelicensing investigation approval will be valid for one year from the date of issuance. The term of this approval can be extended by the director or designee if the year term is about to expire and sports wagering licensing rules are not in effect.~~

~~(12) Applicants who are determined to be unqualified to receive a prelicensing investigation approval will be given the following options:~~

~~(a) Have thirty days to correct the issue that keeps them from being qualified; or~~

~~(b) Withdraw their application; or~~

~~(c) Receive an application denial.~~

WAC 230-03 Proposed Rule Changes

~~[Statutory Authority: RCW 9.46.070, 9.46.075, and 9.46.153. WSR
21-06-067, § 230-03-408, filed 2/26/21, effective 3/29/21.]~~

WAC 230-05 Proposed Rule Changes

~~(REPEAL) WAC 230-05-101 Implementation of new permit and license fees. WAC 230-05-102 through 230-05-175 apply to all:~~

~~(1) Permits or license years ending on or after June 30, 2018;~~

~~(2) Permits or licenses issued on or after July 1, 2018;~~
and

~~(3) Other fees assessed in this chapter on or after July 1, 2018.~~

~~{Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-05-101, filed 2/9/18, effective 5/1/18.}~~

~~WAC 230-05-110 Defining "gross gambling receipts rate."~~

~~"Gross gambling receipts rate" is the rate listed in this chapter that licensees use to calculate their quarterly license fees, if applicable. This also is the rate used for quarterly license reports.~~

~~{Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-05-110, filed 2/9/18, effective 5/1/18.}~~

WAC 230-05 Proposed Rule Changes

~~WAC 230-05-112 Defining "gross gambling receipts." (1)~~

~~"Gross gambling receipts" means the amount due to any operator of an authorized activity as described in subsection (5) of this section.~~

~~(2) The amounts must be stated in U.S. currency.~~

~~(3) The value must be before any deductions for prizes or other expenses, such as over/short.~~

~~(4) "Gross gambling receipts" does not include fees from players to enter player-supported jackpots. However, any portion of wagers deducted for any purpose other than increasing current prizes or repayment of amounts used to seed prizes are "gross gambling receipts."~~

~~(5) Gross gambling receipts for authorized activities:~~

Activity:	Gross gambling receipts include amounts due to any operator for:
(a) Punch board and pull tab	Purchasing chances to play.
(b) Raffles and enhanced raffles	Purchasing chances to enter.
(c) Bingo	Fees or purchase of cards to participate.
(d) Amusement games	Amounts paid to play amusement games.
(e) Card games	• "Net win" from house-banked card games; • Tournament entry fees; • Administrative fees from player-supported jackpots; • Fees to participate in nonhouse-banked card games.

WAC 230-05 Proposed Rule Changes

Activity:	Gross gambling receipts include amounts due to any operator for:
(f) Manufacturers and distributors	<p>(i) Fees from sales, rentals, leases, royalties, and service fees collected for the following gambling equipment in Washington to include, but not limited to:</p> <ul style="list-style-type: none"> ▲ Bingo paper or bingo cards; ▲ Punch boards and pull tabs; ▲ Devices for dispensing pull tabs; ▲ Electronic devices for conducting, facilitating or accounting for the results of gambling activities; ▲ Cards; ▲ Dice; ▲ Gambling chips; ▲ Cash exchange terminals; ▲ Progressive meters; ▲ Gambling software; ▲ License agreements; ▲ Card shuffling devices; ▲ Graphical game layouts for table games; ▲ Ace finders or no peek devices; ▲ Roulette wheels; ▲ Keno equipment; ▲ Tables manufactured exclusively for gambling purposes; ▲ Bet totalizers; ▲ Electronic devices for reading or displaying outcomes of gambling activities; ▲ Tribal lottery systems and components thereof. <p>(ii) Fees from the service, repair and modification of gambling equipment in Washington to include, but not limited to:</p> <ul style="list-style-type: none"> ▲ Charges for labor and parts for repairing gambling equipment; ▲ Service fees related to gambling operations; ▲ Training or set-up fees; ▲ Maintenance contract fees related to gambling equipment and operations.
(g) Gambling service suppliers	Fees from gambling related services provided in or to be used in Washington to include, but not limited to:

WAC 230-05 Proposed Rule Changes

Activity:	Gross gambling receipts include amounts due to any operator for:
	<ul style="list-style-type: none"> ▲ Consulting, advisory or management services related to gambling; ▲ Interest from financing the purchase or lease of gambling equipment, infrastructure or facilities or equipment that supports gambling operations; ▲ Acting as a lending agent, loan services or placement agent; ▲ Assembly of components for gambling equipment to be used under a contract with a licensed manufacturer; ▲ Ongoing financial arrangements for gambling related software with a licensed manufacturer; ▲ Installing, integrating, maintaining, or servicing digital surveillance systems that allow direct access to the operating system; ▲ Training individuals to conduct authorized gambling activities; ▲ Performing testing and certification of tribal lottery systems in meeting requirements specified in the tribal state compacts; ▲ Providing nonmanagement related recordkeeping or storage services for punch board and pull-tab operators; ▲ Ownership of proprietary games or equipment.
<u>(h) Punch board/pull-tab service businesses</u>	Providing nonmanagement related recordkeeping or storage services for punch board and pull-tab operators.
<u>(i) Fund-raising event distributors</u>	Fees from contracts to organize and conduct recreational gaming activities.
<u>(j) Fund-raising events and agricultural fairs</u>	Fees received from the operation of bingo, amusement games, raffles, lotteries, contests of chance, and/or net win from table games operated at a fund-raising event.
<u>(k) Major Sports Wagering Vendor</u>	<u>Fees or revenues received from providing sports wagering goods and services, including:</u>

WAC 230-05 Proposed Rule Changes

Activity:	Gross gambling receipts include amounts due to any operator for:
(l) Mid-level Sports Wagering Vendor	management, consulting, sales, rentals, leases, and royalties, for any sports wagering activities in Washington. Fees or revenues received from providing sports wagering goods and services, including: sales, rentals, leases, and royalties, for any sports wagering activities in Washington.
(m) Ancillary Sports Wagering Vendor	Fees or revenues received from providing sports wagering goods and services, including: sales, rentals, leases, and royalties, for any sports wagering activities in Washington.

~~[Statutory Authority: RCW 9.46.070. WSR 20-08-095, § 230-05-112, filed 3/30/20, effective 4/30/20; WSR 18-05-026, § 230-05-112, filed 2/9/18, effective 5/1/18.]~~

Commented [A6]: If licensing fees as noted below are not based at all on GGR, why would definition of GGR and rules surrounding such reporting be necessary?

WAC 230-05-120 Paying annual license fee. (1) All

licensed organizations will pay annual license fees ~~in up to five payments~~. The annual license fee will be up to five payments and includes:

- (a) A base license fee paid with your:
 - (i) Initial application for a new license or permit; or
 - (ii) License renewal or annual permit application; and

WAC 230-05 Proposed Rule Changes

(b) Quarterly license fees, if applicable, based on the gross gambling receipts reported on your quarterly license report.

(2) Licensed organizations starting a new activity will begin paying quarterly license fees, if applicable, on that activity upon completion of the first quarter, whether a partial or full quarter, after your license or annual permit was issued.

(3) Individual licensees will pay an annual license fee with their initial application or license renewal application. [Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-05-120, filed 2/9/18, effective 5/1/18.]

WAC 230-05-124 Quarterly license reports and quarterly license fees. ~~All~~ Licensed organizations must submit quarterly license reports. Licensed organizations must also submit ~~and~~ quarterly license fees to us, if applicable, for each licensed gambling activity beginning with the first quarter of their license year. The quarterly license fee is due with the quarterly license report.

WAC 230-05 Proposed Rule Changes

The quarterly license reports must be in the format we require and must:

(1)

Cover the period:	Be received by us no later than:
January 1 through March 31	April 30
April 1 through June 30	July 31
July 1 through September 30	October 31
October 1 through December 31	January 31

(2) Be received online at our administrative office or postmarked no later than the dates indicated in the table in subsection (1) of this section; and

(3) Be submitted even if there is no quarterly license fee payable to us; and

(4) Be accurate; and

(5) Be completed by the highest ranking executive officer or a designee. If someone other than the licensee or an employee prepares the report, the preparer must include his or her name and business telephone number on the report; and

(6) Be submitted for any period of time the license was valid, even if there was no gambling activity or the gambling license was not renewed.

WAC 230-05 Proposed Rule Changes

[Statutory Authority: RCW 9.46.070. WSR 20-12-046, § 230-05-124, filed 5/28/20, effective 6/28/20; WSR 18-05-026, § 230-05-124, filed 2/9/18, effective 5/1/18.]

WAC 230-05-125 Report gross gambling receipts on the quarterly license report. (1) You must report your gross gambling receipts for each of your licensed gambling activities during the previous quarter on your quarterly license report.

(2) You must submit a quarterly license report even if you:

- (a) ~~Only need to pay your base license fee;~~
- (b) Have paid the maximum annual license fee for your

license year;

~~(c)~~ You do not owe a quarterly license fee for the quarter;

~~(d)~~ Have no gross gambling receipts to report;

~~(e)~~ Close your business;

~~(f)~~ Surrender your license;

~~(g)~~ Do not renew your license; or

~~(h)~~ Your license is revoked or suspended.

[Statutory Authority: RCW 9.46.070. WSR 18-11-055, § 230-05-125, filed 5/10/18, effective 6/10/18.]

Commented [A7]: Why? Is some other necessary WSGC action done based on the quarterly report?

WAC 230-05 Proposed Rule Changes

WAC 230-05-126 Online filing and payments required with waivers available upon request for good cause. (1) All licensees must submit the following online, where applicable:

- (a) Renewal application and base license fees; and
- (b) Quarterly license fees; and
- (c) Quarterly license reports.

(2) We may waive these requirements if a licensed organization can show good cause. The reasons for good cause include:

- (a) You do not have access to the internet using your own computer or similar equipment; or
- (b) You do not have a bank account; or
- (c) Your bank is unable to send electronic fund transactions; or
- (d) Some other circumstance or condition exists that, in our judgment, prevents you from submitting online.

(3) We may waive these requirements if a licensed individual can show good cause. The reasons for good cause include:

WAC 230-05 Proposed Rule Changes

(a) You do not have access to the internet using your own computer or similar equipment; or

(b) You do not have a bank account or credit card; or

(c) Your bank is unable to send electronic fund transactions; or

(d) Some other circumstance or condition exists that, in our judgment, prevents you from submitting online.

(4) You must request a waiver when applying for a new license or permit.

(5) A waiver will cover all fees and reports required under subsection (1) of this section.

[Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-05-126, filed 2/9/18, effective 5/1/18.]

WAC 230-05-170 Fees for other businesses. All other business organizations must pay the following fees:

(1) Annual licenses or permits:

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Agricultural fair bingo (annual permit)	\$200	-	-
Call centers for enhanced raffles	\$4,800	-	-

WAC 230-05 Proposed Rule Changes

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Commercial amusement games	\$500 plus \$65 per approved location	1.130%	\$11,000
Distributor	\$700	1.430%	\$7,000
Fund-raising event distributor	\$280	1.430%	\$1,000
Linked bingo prize providers	\$1,500	.046%	\$20,000
Manufacturer	\$1,500	1.430%	\$25,000
Manufacturer's special sales permit	\$250	-	-
Punch board/pull-tab service business permit	\$250	-	-
Gambling service supplier	\$300	1.430%	\$7,000
Major Sports Wagering Vendor	\$8525,000	-	-
Mid-level Sports Wagering Vendor	\$495,000	-	-
Ancillary Sports Wagering Vendor	\$5,000	-	-

Commented [A8]: These are excessively high and will prevent quality vendors from entering Washington. The fees should not dramatically depart from existing fee structure in Washington, i.e. the maximum annual fee of \$25,000 (plus special investigative fees).

License or Permit Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Recreational gaming activity	\$65	-	-
Special property bingo	\$30	-	-

Change of:	Fee
Name	\$100
Location	\$100
Business classification (same owners)	\$100
Corporate stock/limited liability company shares/units	\$100
License transfers	\$100

(4) Other fees:

Transaction	Fee
Add a new amusement game location	\$65
Defective punch	Up to \$100

WAC 230-05 Proposed Rule Changes

Transaction	Fee
board/pull-tab cost recovery fees	
Duplicate license	\$50
Pre- and post-licensing investigations	Cost reimbursement
Review, inspection, and/or evaluation of gambling equipment, supplies, services, games, schemes, or group 12 amusement games	Deposit and cost reimbursement

[Statutory Authority: RCW 9.46.070. WSR 18-11-055, § 230-05-170, filed 5/10/18, effective 6/10/18.]

WAC 230-05-175 Individual license fees. Individuals must

pay the following fees:

(1) Annual license and additional employer fees:

License Type	New Application Fee	Annual Renewal Fee	Additional or Change of Employer Fee
Call center for enhanced raffle representative	\$275	\$170	-
Card room employee license - Nonhouse-banked (Class A)	\$200	\$95	\$65
Card room employee license - Class F and house-banked (Class B)	\$275 (in-state) \$340 (out-of-state)	\$170	\$65
Charitable or nonprofit gambling manager	\$200	\$95	\$95
Commercial gambling manager	\$200	\$95	\$95
Distributor representative	\$275	\$170	\$65
Linked bingo prize provider representative	\$275	\$170	\$65
Manufacturer representative	\$275	\$170	\$65
Gambling service supplier representative	\$275	\$170	\$65
<u>Major sports wagering vendor representative</u>	<u>\$275</u>	<u>\$170</u>	<u>\$65</u>
<u>Mid-level sports wagering vendor representative</u>	<u>\$275</u>	<u>\$170</u>	<u>\$65</u>
<u>Ancillary sports wagering vendor representative</u>	<u>\$275</u>	<u>\$170</u>	<u>\$65</u>

WAC 230-05 Proposed Rule Changes

(2) Class B card room employees must pay the out-of-state application fee if over the last ten years the applicant lived outside of Washington for six nonconsecutive months or more.

(3) Other service fees:

Transaction	Fee
Change of name	\$30
Card room employee emergency waiver request	\$65
Duplicate license	\$30

(4) Military personnel returning from service. If a license expires while an individual is on active military service, the individual may apply to have their license reissued at the renewal fee. The application must be received within six months after completing their active military service. The applicant must provide evidence of the completion date of active military service.

[Statutory Authority: RCW 9.46.070. WSR 18-08-053, § 230-05-175, filed 3/30/18, effective 5/1/18.]

WAC 230-06 Proposed Rule Changes

WAC 230-06-030 Restrictions and conditions for gambling

promotions. Licensees may conduct gambling promotions to encourage players to participate in the gambling activity they are licensed to conduct without our review or approval under these restrictions and conditions:

(1) You must establish rules and restrictions to determine how you will give promotional prizes and items to players; and

(2) You must comply with all applicable federal, state, and tribal laws and rules;

~~(3)~~ You must display all rules and restrictions clearly in the gambling area and include them on promotional materials or advertisements; and

~~(4)~~ You must give all players eligible for the promotion an equal opportunity to participate; and

~~(5)~~ Except for members-only progressive raffles conducted as authorized in WAC 230-11-091, you must not give another chance to participate in a gambling activity we regulate as a promotional item; and

WAC 230-06 Proposed Rule Changes

~~(65)~~ As part of a gambling promotion, you may add additional merchandise or cash prizes, including increasing payouts for gambling activities you are licensed to conduct; and

~~(76)~~ Licensed manufacturers, distributors, and service suppliers may give cash or merchandise items to licensed operators to be used as promotional prizes as long as:

(a) The cash or merchandise is offered to all licensed operators; and

(b) The gambling promotion is approved by the director or director's designee when cash or merchandise provided to a licensed operator for a single promotion is over twenty-five thousand dollars; and

~~(87)~~ In order for a licensed manufacturer, distributor, and service supplier to receive approval, the plan for the gambling promotion must be submitted to the director at least ninety days in advance of the intended start date. The promotion must include sufficient information for the director's approval, comply with all applicable federal and state laws, and include:

(a) The gambling promotion rules and restrictions; and

(b) How the operator will safeguard the prizes; and

WAC 230-06 Proposed Rule Changes

(c) How the prizes will be given away; and

(d) The beginning and ending dates for the gambling promotion; and

(e) A detailed prize winner's record to be filled out upon completion of the promotion that includes the winner's name, prizes paid out, date the prize was awarded; and

(f) Any other information we request; and

~~(98)~~ You must not give promotional prizes or items based on additional elements of chance except that:

(a) Licensed bingo operators are authorized to give promotional prizes or items as part of a bingo game; and

(b) Licensed card rooms are authorized to give promotional prizes or items as part of a physical drawing, spinning a wheel, or selecting from a group of concealed items; and

~~(109)~~ You must not combine gambling activities and related gambling promotions in any way with a promotional contest of chance as defined in RCW 9.46.0356.

[Statutory Authority: RCW 9.46.070. WSR 17-04-009, § 230-06-030, filed 1/19/17, effective 2/19/17. Statutory Authority: RCW 9.46.070 and 9.46.0277. WSR 14-17-056 (Order 703), § 230-06-030, filed 8/15/14, effective 9/15/14. Statutory Authority: RCW

WAC 230-06 Proposed Rule Changes

9.46.070. WSR 08-17-066 (Order 629), § 230-06-030, filed 8/18/08, effective 9/18/08; WSR 06-17-132 (Order 601), § 230-06-030, filed 8/22/06, effective 1/1/08.]

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

equipment. (1) When you are required to 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.

WAC 230-06 Proposed Rule Changes

(4) You can begin accepting orders for gambling equipment when you are licensed.

(5) Only gambling equipment approved by the director or director's designee is allowed in Washington except as provided under WAC 230-16-005 ~~or under a tribal-state gaming compact and WAC 230-17-xxx(SW system rule).~~

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

(7) Gambling equipment must operate as approved by the director or director's designee ~~except as provided in a tribal-state gaming compact under WAC 230-17-xxx (SW System Rule).~~

(8) 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.

(9) 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 19-11-047, § 230-06-050, WAC (4/29/2021 08:38 AM) [5] NOT FOR FILING

WAC 230-06 Proposed Rule Changes

filed 5/10/19, effective 6/10/19; WSR 14-09-037 (Order 696), §
230-06-050, filed 4/11/14, effective 7/1/14; WSR 07-21-116

WAC 230-06 Proposed Rule Changes

(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.]

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 ~~except for sports wagering vendors as provided under WAC 230-17-xxx (SW System Rule).~~

[Statutory Authority: RCW 9.46.070. WSR 14-09-037 (Order 696), § 230-06-054, filed 4/11/14, effective 7/1/14.]

WAC 230-06-082 Manufacturers, distributors, gambling service suppliers, sports wagering vendors, linked bingo prize providers, and call centers for enhanced raffles reporting changes in licensed employees. Manufacturers, distributors, gambling service suppliers, sports wagering vendors, linked bingo prize providers and call centers for enhanced raffles licensees must:

WAC 230-06 Proposed Rule Changes

(1) Submit an application and the required fees before allowing licensed employees or sports wagering vendor representatives to begin working.

(2) Notify us in the format we require when a licensed employee or sports wagering vendor representative no longer works for them. We must receive the notice at our Lacey office within ten days of the licensed employee's or representative's last day.

[Statutory Authority: RCW 9.46.070. WSR 18-05-029, § 230-06-082, filed 2/9/18, effective 7/1/18.]

(NEW) WAC 230-06-xxx Submitting sports wagering related contracts and agreements for review.

Sports wagering vendors must provide any new contracts or agreements or changes to existing contracts or agreements relating to their sports wagering goods and/or services in the state of Washington, to us, ~~prior to execution of the contract or agreement.~~ Provided, however, that nothing in this rule requires a sports wagering vendor to provide its contracts or agreements with a federally recognized Indian tribe.

Commented [A9]: Our strong preference is that this draft rule is deleted in its entirety, but at the very least this rule must exclude the tribe's agreements with sports wagering vendors.

WAC 230-06 Proposed Rule Changes

WAC 230-06-110 Buying, selling, or transferring gambling

equipment. (1) All licensees and persons authorized to possess gambling equipment must closely control the gambling equipment in their possession.

(2) Before selling gambling equipment, licensees must ensure that the buyer possesses a valid gambling license or can legally possess the equipment without a license.

~~(3) Licensees buying, selling, or transferring gambling equipment must ensure that it will be used pursuant to all state laws or rules, or laws and rules in the jurisdiction(s) where the activity is occurring.~~

Commented [A10]: How could a vendor possibly ensure it will be used by someone else pursuant to all laws? That doesn't work.

(34) Before purchasing gambling equipment, licensees must ensure that the seller possesses a valid gambling license.

(45) Applicants for Class F or house-banked card room licenses may purchase and possess gambling equipment during the prelicensing process, but only after receiving written approval from us.

(56) Charitable and nonprofit organizations conducting unlicensed bingo games, as allowed by RCW 9.46.0321, may possess bingo equipment without a license.

WAC 230-06 Proposed Rule Changes

(~~6~~7) Group 12 amusement games can only be sold or leased to amusement game licensees by a licensed manufacturer or distributor. Amusement game licensees can lease or rent group 12 amusement games for operation at approved amusement game locations.

(~~7~~8) Licensees may transfer gambling equipment as a part of a sale of a business as long as a condition of the sale is that the buyer receives a gambling license before the sale is complete. Licensees must make a complete record of all gambling equipment transferred in this manner, including I.D. stamps. Licensees must report these transfers, including a copy of the inventory record, to us.

[Statutory Authority: RCW 9.46.070. WSR 18-05-029, § 230-06-110, filed 2/9/18, effective 7/1/18. Statutory Authority: RCW 9.46.070, 9.46.0201. WSR 16-19-015, § 230-06-110, filed 9/8/16, effective 10/9/16; WSR 16-08-033 (Order 718), § 230-06-110, filed 3/30/16, effective 4/30/16. Statutory Authority: RCW 9.46.070. WSR 08-11-044 (Order 628), § 230-06-110, filed 5/14/08, effective 7/1/08; WSR 07-21-116 (Order 617), § 230-06-110, filed 10/22/07, effective 1/1/08; WSR 06-17-132 (Order 601), § 230-06-110, filed 8/22/06, effective 1/1/08.]

WAC 230-06 Proposed Rule Changes

(NEW) WAC 230-06-115 Transporting, displaying, and selling gambling equipment at trade shows

(1) "Trade show" when used in this section means an exhibition where licensees can promote their products and services to operators of authorized gambling activities in Washington; the exhibition is not open to the public; and it is of limited duration.

(2) "Gambling equipment" as used in this section has the same meaning as in WAC 230-03-200.

(3) "Demonstration mode" when used in this section means when gambling equipment cannot be used for actual wagering and the equipment's coin or bill acceptor is removed or physically restricted from use.

(4) Licensees may transport, display, and accept orders for the sale or lease of their products at trade shows only under the following conditions:

(a) All products must be manufactured by a licensee for activities authorized by state laws or tribal-state compacts, or is Class II gaming equipment as authorized by federal law for use on tribal lands; and

WAC 230-06 Proposed Rule Changes

(b) All gambling equipment physically displayed must be in demonstration mode and either:

(i) Approved for sale or lease in the state; or

(ii) Not approved by us but is only used for authorized activities under state laws or tribal-state compacts, or is Class II gaming equipment as authorized by federal law for use on tribal lands, and is transported into the state no more than ten days before a trade show begins and is removed from the state within ten days following the last day of a trade show.

(c) Gambling equipment must have a sign posted in close proximity to the device that contains the phrase, "No one under 18 years of age is allowed to operate this machine."

(5) Licensees must provide notification that they will be transporting, displaying, or accepting orders for gambling equipment on a form prescribed by the gambling commission at least ten days before a specified trade show.

(6) Gambling equipment at a trade show is subject to on-site inspection by the gambling commission.

[Statutory Authority: RCW 9.46.070. WSR 19-11-047, § 230-16-005, filed 5/10/19, effective 6/10/19; WSR 07-19-069 (Order 615), § 230-16-005, filed 9/17/07, effective 1/1/08.]

WAC 230-06 Proposed Rule Changes

WAC 230-06-120 Selling or transferring gambling equipment

when no longer licensed. (1) If we have revoked your operator, or distributor, or sports wagering vendor license, your license has expired, or you have voluntarily surrendered your license, you may only sell or otherwise transfer gambling equipment to a licensed manufacturer or distributor or sports wagering vendor, as applicable, and consistent with all statutes and rules, including WAC 230-06-110.

(2) Transfers of gambling equipment in this manner are subject to the following requirements:

(a) The transfer must be complete within thirty days of the date the license became invalid; and

(b) Distributors must use the cash or credit against amounts they owe manufacturers; and

(c) Operators, ~~or~~ distributors, or sports wagering vendors selling the equipment must report to us within ten days of the transaction a complete inventory of all the gambling equipment transferred, including commission I.D. stamps; and

WAC 230-06 Proposed Rule Changes

(d) Manufacturers, ~~or~~ distributors, or sports wagering vendors receiving the equipment must prepare a credit memorandum and retain it with their records.

[Statutory Authority: RCW 9.46.070. WSR 07-21-116 (Order 617), § 230-06-120, filed 10/22/07, effective 1/1/08; WSR 06-17-132 (Order 601), § 230-06-120, filed 8/22/06, effective 1/1/08.]

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~(NEW) WAC 230-17-005 Sports Wagering Definitions~~

~~Definitions for sports wagering as used in this Chapter are:~~

~~(1) "Affiliate" means an individual or organization that promotes sport wagering websites in exchange for a commission or fee.~~

~~(2) "Authorized Sports Wagering Menu" means the official list of sports, leagues, and types of wagers authorized to be offered for sports wagering in the state.~~

~~(3) "Esports" means a video game competition in which players and teams compete against each other.~~

~~(4) "Geofence" means a virtual geographic boundary that enables software or other technology to determine geolocation and detect when a Mobile Device enters or leaves an approved designated area that allows a patron to place a wager for mobile sports wagering.~~

~~(5) "Integrity Monitoring Provider" means an independent organization licensed to receive reports of Unusual Wagering Activity from a Sports Wagering Operation for the purpose of assisting in identifying Suspicious Wagering Activity.~~

~~(6) "Minor League" means a lower professional league or division within a sport, such as baseball or hockey, where a professional team has the exclusive contractual rights to promote and relegate players.~~

Commented [A11]: Some of these definitions conflict with Appendix S. See email for additional rationale for deleting 230-17.

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~(7) "Mobile Device" means a personal portable electronic equipment used in Mobile Sports Wagering, for example a smartphone.~~

~~(8) "Mobile Sports Wagering" means any Sports Wagering on a platform that is deployed and accessed through the internet or an application installed on a Mobile Device.~~

~~(9) "Prohibited sports wagering participant" means any person who is prohibited pursuant RCW 9.46.037 and any person whose participation may undermine the integrity of the wagering or the sports event, or any person who is prohibited for other good cause, including, but not limited to: any person placing a wager as an agent or proxy; any person who is an athlete, coach, referee, player, in, or on, any sports event overseen by that person's sports governing body ; any person who holds a position of authority or influence sufficient to exert influence over the participants in a sports event that is the subject of a wager, or as identified by us or a Tribal Gaming Agency.~~

~~(10) "Sports Wagering Account" means an electronic account established by a patron for the purpose of sports wagering, including deposits, withdrawals, wagered amounts, payouts on winning wagers, or similar adjustments.~~

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~(11) "Sport Wagering Kiosk" means a self-service automated device used by patrons to make wagers on sporting events, obtain wagering information, redeem sports wagering vouchers and wagering tickets, and any other automated functions used for sports wagering.~~

~~(12) "Sports Wagering System" means all equipment, hardware, data networks, communications technology, and software used in a sports wagering operation and that directly affect the wagering and results of sports wagering, including, but limited to: (a) interactive components, including all associated equipment and software that comprise the sports wagering platform used by a sports wagering operation or for online or mobile sports wagering; (b) sports wagering kiosks; and (c) ticket or voucher redemption devices. This does not include a Mobile Device owned and used by a patron to place a Sports Wager.~~

~~(13) "Sports wagering vendor" means all three sports wagering licensees major, mid-level, and ancillary identified in this Chapter unless identified otherwise in these rules.~~

~~(14) "Suspicious wagering activity" means unusual wagering activity that cannot be explained and is indicative of match~~

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~fixing, manipulation of an event, misuse of inside information, or other activity prohibited by federal, state, tribal, or local law.~~

~~(15) **"Unusual wagering activity"** means abnormal wagering or pattern of behavior exhibited by one or more patrons as a potential indicator of suspicious activity. Abnormal wagering activity may include, but is not limited to, the size of a patron's wager or increased wagering volume on a particular event or wager type and/or other deviations readily apparent based on prior wagering history.~~

~~**(NEW) 230-17-xxx Sports wagering vendors must ensure sports wagering vendor representatives are licensed.**~~

~~(1) Sports wagering vendors must ensure all sports wagering vendor representatives are licensed as required by rule.~~

~~(2) Sports wagering vendors must take all measures necessary to prevent an unlicensed sports wagering vendor representative from working in our state.~~

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~(NEW) WAC 230-17-xxx Accounting records for sports wagering vendors~~

~~Sports wagering vendors must keep and maintain a complete set of records for their licensed activity and include, at a minimum:~~

~~(1) Double entry method of accounting updated at least once a month, including a monthly balance for each account; and~~

~~(2) Maintain their records in accordance with generally accepted accounting principles and ensure the records can be reconciled to the licensee's federal income tax return; and~~

~~(3) Maintain and keep for at least three years following the end of the fiscal year:~~

~~(a) Cash disbursements book (check register) — Sports wagering vendors must document all expenses, both sports wagering and non-sports wagering related, with invoices or other appropriate supporting documents. They must enter information monthly and include, at least:~~

~~(i) The date the check was issued or payment made;~~

~~(ii) The number of the check; and~~

~~(iii) The name of the payee; and~~

~~(iv) Type of expense; and~~

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~(b) **Cash receipts** — Sports wagering vendors must keep a record of cash sales and cash received from all sources. They must enter information for each payment received monthly and include, at least, the:~~

~~(i) Date; and~~

~~(ii) Name of the person paying; and~~

~~(iii) Amount; and~~

~~(c) **General ledger** — Sports wagering vendors whose sports wagering related sales are greater than five hundred thousand dollars per year must have a general ledger which contains, in addition to all other accounts by month, a separate sales account for each type of sale; and~~

~~(d) **Bank reconciliation** — Sports wagering vendors must reconcile their accounts each month. "Reconcile" means the sports wagering vendors must compare the two balances, resolve any differences, and document the comparison and the differences in writing; and~~

~~(e) **Copies of all financial data** — Sports wagering vendors must keep copies of all financial data that supports tax reports to governmental agencies; and~~

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~(j) Maintain copies of all contracts related to sports wagering they enter into which fully disclose all terms.~~

~~**(NEW) WAC 230-17-XXX Sales invoices for sports wagering vendors**~~

~~Sports wagering vendors must document each sale of equipment or services, any return or refund, or any other type of transfer of sports wagering equipment, with a standard sales invoice.~~

~~**Sales invoices and credit memos**—These invoices and credit memos must:~~

~~(1) Be prenumbered sequentially at the time of purchase, using not less than four digits. Sports Wagering vendors may use computer generated numbering systems if:~~

~~(a) The system numbers the invoices and credit memos sequentially; and~~

~~(b) The sports wagering vendors use the same system for all sales; and~~

~~(c) The sports wagering vendors must not use a manual override function; and~~

~~(2) Record:~~

(NEW) WAC 230-17, Proposed Sports Wagering Rules

- ~~(a) The date of sale. Sports wagering vendors must also enter the date of delivery if different from the date of sale; and~~
- ~~(b) The customer's name and complete business address; and~~
- ~~(c) A full description of each item sold, or service provided, and~~
- ~~(d) The quantity and price of each item, and~~
- ~~(e) The gross amount of each sale, including all discount terms and the total dollar amount of any discount.~~

~~**(NEW) WAC 230-17-xxx Sales journals for sports wagering vendors**~~

~~Sports wagering vendors must keep a monthly sales journal containing, at least:~~

- ~~(1) Each date of sale; and~~
- ~~(2) Each sale invoice number; and~~
- ~~(3) The name of the person paying; and~~
- ~~(4) Sales categorized by the sports wagering goods, equipment or services sold; and~~
- ~~(5) The total amount of each invoice.~~

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~(NEW) WAC 230-17-xxx Authorized Sports Wagering Menu~~

~~(1) Sports wagering vendor licensees may only offer, facilitate, or promote wagering that is approved on the Authorized Sports Wagering Menu.~~

~~(2) The Authorized Sports Wagering Menu will be updated as leagues, organizations, or types of wagers are approved or removed.~~

~~(3) The Authorized Sports Wagering Menu will be published on the commission's website.~~

Commented [A12]: This is inconsistent with Appendix S. Tribal Gaming Agency plays a major role in approving wagers.

~~(New) WAC 230-17-xxx Sports Wagering Integrity~~

~~(1) Sports wagering vendor and vendor representative licensees must immediately notify us upon any discovery of a violation or of a suspected violation of RCW 9.46, this Chapter, or any violation of local, state, tribal, or federal ordinances, statutes, administrative rules or court orders.~~

~~(2) Licensees must monitor for suspicious and unusual wagering activity.~~

~~(3) Licensees must make all reasonable efforts to detect and prevent prohibited sports wagering participants from participating in sports wagering.~~

Commented [A13]: This conflicts with Appendix S.

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~(4) Licensees must immediately notify us, in the format we require, when unusual wagering activity or suspicious wagering activity is identified, including changes with the status of, or information related to, a previously reported unusual or suspicious wagering activity.~~

~~(5) Licensees will provide sports wagering information to us when requested.~~

~~(6) Licensees will provide us, or an Integrity Monitoring Provider(s) designated by us, access to their sports wagering system, including hardware and software if needed to assist us with integrity monitoring and investigations.~~

~~(NEW) WAC 230-17-xxx Integrity Monitoring Provider Requirements~~

~~(1) Integrity monitoring providers must have analytical systems to receive and analyze daily sports wagering information and data and be able to monitor, identify, analyze, and report on suspicious or unusual wagering activity.~~

~~(2) Integrity Monitoring Providers will provide us access to required sports wagering information, including hardware and~~

Commented [A14]: This conflicts with Appendix S.

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~software as needed, to assist us with integrity monitoring and investigations.~~

~~(3) Integrity Monitoring Providers must immediately notify us when they identify unusual wagering activity or suspicious wagering activity.~~

~~(4) Integrity Monitoring Providers must immediately notify us, and all other Integrity Monitoring Providers, sports wagering operators, and all other agencies or organizations as directed by us, on any previously reported unusual wagering activity it finds rises to the level of suspicious wagering activity..~~

~~(NEW) WAC 230-17-xxx Sports Wagering System Requirements~~

~~(1) Sports wagering vendors must be licensed before the sale or delivery of a sports wagering system(s) to be used in our state.~~

~~(2) All sports wagering systems must be tested and certified by a licensed independent testing laboratory.~~

~~(3) All sports wagering kiosks must be tested, approved, and certified by a licensed independent testing laboratory.~~

~~(4) All sports wagering systems must be approved by the Tribal Gaming Agency where the system is to be installed and operated.~~

Commented [A15]: This is inconsistent with Appendix S.

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~(5) All sports wagering systems must meet or exceed Gaming Laboratory International GLI-33 sports wagering system standards, including any appendices or amendments; the standards established under tribal state sports wagering compact amendment appendices, and any applicable provisions of tribal state compacts and appendices for which the sports wagering system will operate or additional standards agreed to by us and a tribal gaming agency.~~

~~(6) No substantive modifications to a sports wagering system may be made after an Independent Test Laboratory has certified a sports wagering system without the modification being certified by the Independent Test Laboratory.~~

~~(7) A Sports Wagering System shall have controls in place to review the accuracy and timeliness of any data feeds used to offer or settle wagers.~~

~~(8) The primary server for a sports wagering system must be in the state and located within a Class III tribal gaming facility.~~

~~(9) Cloud storage for sports wagering data and information may be used for duplicate or backup data. Cloud storage facilities must be located in the state.~~

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~(10) Sports wagering systems, at a minimum, must be capable of generating reports necessary to record the adjusted gross receipts, wagering liability, ticket redemption, and such other information relating to sports wagering as required by us, a tribal gaming agency, or internal controls. These reports include, but are not limited to: (a) Gaming Operation Revenue reports; (b) Gaming Operation Liability reports; (c) Future Events reports; (d) Significant Events and Alterations reports; (e) Wager Record Information reports; (f) Market Information reports; (g) Contest/Tournament Information reports; (h) Sports Wagering Account Information reports; (i) Sports Wagering System Information reports; (j) Significant Event Information reports; (k) User Access Information reports; (l) Wagering Device Information reports; (m) Promotion/Bonus Information reports; (n) Event Game Play reports; (o) Expired tickets reports; and (p) any other reports required by us or a tribal gaming agency.~~

~~(11) Sports wagering systems and sports wagering kiosks will, at a minimum, allow for a display of commitment to responsible gaming and link to the Class III tribal sports wagering operator's~~

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~responsible gaming policies. It will also have solutions for including, but not limited to:~~

~~patron controlled wager and deposit limits; and connecting players to problem gambling resources.~~

~~(12) Licensees bringing sports wagering systems, components, and kiosks into the state must provide us access to the sports wagering system(s), including hardware, software or other related sports wagering equipment as needed for us to develop our regulatory program and trainings. Sports wagering system hardware, software, or other related equipment provided to us must be identical or substantially similar to what is deployed in the state.~~

~~(NEW) WAC 230-17-xxx **Geofence and Geolocation Requirements**~~

~~(1) Mobile sports wagering must be contained to an approved Class III tribal gaming facility premises as approved pursuant to each tribal state sports wagering compact amendment. Licensees will incorporate controls, including geofence and geolocation compliance and monitoring, to ensure wagers cannot be placed in violation of federal, state, or tribal laws and rules within each jurisdiction.~~

Commented [A16]: This conflicts with Appendix S. It is the Tribe's responsibility to meet geofence/geolocation standards set in the Compact.

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~(2) Geofence and geolocation systems will be updated, as needed or required by tribal state compact, to ensure that the system detects and mitigates existing and emerging location fraud risks.~~

~~(NEW) WAC 230-17-xxx Sports Wagering Account Requirements~~

~~(1) Licensees that manage or have access to a sports wagering account must maintain and produce all sports wagering account information when requested by us or a tribal gaming agency.~~

~~(2) A sports wagering account connected to a sports wagering system, or mobile sports wagering, must ensure that a sports wagering patron cannot have more than one active sports wagering account and username for each sports wagering operation authorized through tribal state compact process.~~

~~(3) A sports wagering account must be registered and verified in person at a tribal gaming facility before the acceptance of any wager using that Sports Wagering Account.~~

~~(4) A player's identification for a sports wagering account must be reverified upon reasonable suspicion that the player's identification has been compromised.~~

Commented [A17]: This conflicts with Appendix S.

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~(5) Licensees who maintain player account funds shall hold these funds at a federally regulated financial institution who does business in our state.~~

~~(6) Player funds held in a sports wagering account shall not be allowed to be transferred from a patron account to another patron account.~~

~~(7) Licensees will not require or advise a player to transfer or maintain sports wagering account funds in order to circumvent or violate any provision or requirement established in any local, state, tribal, or federal ordinances, statutes, administrative rules or court orders.~~

~~(8) Licensees that direct, assist, or manage sports wagering accounts shall provide a conspicuous and readily accessible method for a player to close his or her sports wagering account and any fund balance remaining in a player's closed sports wagering account will be dispersed pursuant to the internal controls of the Class III tribal sports wagering operator.~~

~~(9) Patrons are prohibited from allowing any other patron to access or use their player account.~~

(NEW) WAC 230-17, Proposed Sports Wagering Rules

~~WAC 230-17-xxx Record retention for sports wagering vendors.~~

~~Records retention sports wagering requirements for sports wagering vendors, where applicable, are:~~

~~(1) At least five years for records related to:~~

~~(a) Suspicious wagering activity; and~~

~~(b) unusual wagering activity.~~

~~(2) At least three years after the end of their fiscal year~~

~~for:~~

~~(a) All required accounting records;~~

~~(b) Sales invoices;~~

~~(c) Sales journals; and~~

~~(d) Credit memos.~~

~~(3) At least two years for:~~

~~(a) Data feeds;~~

~~(b) Player account information;~~

~~(c) Mobile wagering account information; and~~

~~(d) Geolocation or geofence information~~

~~4831-6882-6349.3~~



Board of Directors:

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The Tulalip Tribes are federally recognized successors in interest to the Snohomish, Snoqualmie, Skykomish, and other allied tribes and bands signatory to the Treaty of Point Elliott.

June 18, 2021

Tina Griffin
Interim Director
WSGC
P.O. Box 42400
Olympia, WA 98504

Bud Sizemore
Chairman
WSGC
P.O. Box 42400
Olympia, WA 98504

Re: Tulalip Tribes Comments on the WSGC Sports Wagering Rules

Dear Director Griffin and Chairman Sizemore,

On behalf of the Tulalip Tribes, we appreciate your work on the proposed Sports Wagering rules discussed at the WSGC public hearing June 10, 2021, and we thank you for opportunity to provide input of the proposal. We also want to express our concerns with the WSGC's proposed language, in what appears to be an attempt to circumvent the carefully negotiated sports wagering compact amendment negotiated between the Tulalip Tribes and the WSGC. The proposed language ignores the co-regulatory relationship between Indian Tribes and the State of Washington under the Indian Regulatory Gaming Act (IGRA) and the Tribal – State Gaming Compacts.

The WSGC is blurring the lines between its role to adopt Sports Wagering rules for the purpose of certifying sports wagering vendors and the general regulation of sports wagering activities on Indian lands, of which the WSGC has no authority to do under its rulemaking process. While the bill confirmed that the Commission had authority to engage in rulemaking to issue licenses to sports wagering vendors, this is a far cry from giving the WSGC rulemaking authority over the activity of sports wagering on Indian lands. Instead, Tribal government gaming in Washington State is conducted pursuant IGRA, tribal-state gaming compacts, tribal gaming ordinances, tribal regulations, and tribal internal controls.

The Tulalip Tribes spent significant tribal resources in government-to-government sports wagering compact negotiations with the WSGC which ultimately led to the Tulalip Tribes Appendix S. Throughout the compact negotiation each party made compromises, and, in many instances, Tulalip negotiated specific language out of the WSGC sports wagering proposal. To

see this same language inserted into this proposal appears like an attempted end-run around our government-to-government compact negotiation, and a loss of Tulalip's bargained-for-exchange.

We provide the following specific comments:

1. WAC 230-03-xxx and WAC 230-06-xxx – Additional information required for sports wagering vendors and Submitting sports wagering related contracts and agreements for review.

- a. Language in these sections that require vendors to provide vendor contracts and agreements to the WSGC and should be stricken. This language was first discussed in the government-to-government sports wagering negotiations. The parties agreed to remove this language based on these negotiations. Information contained in vendor contracts contain proprietary information and should be kept confidential. Even if the section is amended and limited to vendor-to-vendor contracts only, it is untenable for vendors because of its broad interpretation of who must be licensed as a vendor for goods and services. There are also routine modifications and amendments to contracts, a submission of which will be burdensome and create significant administrative challenges. At a minimum, contracts and agreements between vendors and tribal gaming operations should be excluded from this requirement.

2. WAC 230-17 - New Section.

- a. This entire section is problematic and should be deleted in its entirety. Some sections in WAC 230-17 are already addressed in Appendix S and are the tribes', not the vendors', responsibility. Other sections are inconsistent with Appendix S. For example, WAC 230-17-xxx (3) is inconsistent with Appendix S because it states that "All sports wagering kiosks must be tested, approved, and certified by a licensed independent testing laboratory." Pursuant to Appendix S, the tribal regulatory bodies "approve" the kiosks and sports wagering systems, not the independent testing laboratories.

The requirement in proposed rule WAC 230-17-xxx (10) requires that sports wagering system reports be provided, but the submission of sports wagering system reports are already addressed in Appendix S and will be further delineated in our internal controls.

WAC 230-17-xxx (Authorized Sports Wagering Menu) implies that a vendor will be accepting wagers. This is incorrect. The tribal gaming operations will be accepting wagers based on what is approved on the Authorized Sports Wagering Menu as agreed to in Appendix S. This section should be deleted in its entirety.

These examples are by no means exhaustive. We urge the WSGC to delete WAC 230-17 in its entirety for various substantive reasons.

3. WAC 230-05-170. Fees for other businesses.

- a. The Sports Wagering Vendor fees are extremely high. These costs will either be passed down to tribal government gaming operations, or simply prevent vendors from entering the market here in Washington State. We understand and agree that there may be additional costs associated with licensing sports wagering vendors, especially in the initial year. We do not believe, however, that the higher costs associated with the licensing sports wagering vendors in the first year will be representative of the second and third year etc. For this reason, we recommend that the WSGC lower the fees substantially and create a process to charge vendors additional fees to cover the costs should the costs exceed what is collected from the vendors. The WSGC has a loan they can pull from if they need to cover costs on the front-end.

We thank you for taking the time to address our concerns set forth in this letter. We also ask that you review closely other comments by both vendors and tribes, as we share similar concerns. Given the long-standing relationship between the Tulalip Tribes and the WSGC, we are optimistic that our concerns will be addressed. If you have any questions or would like to discuss this matter, please contact Lisa Koop Gunn, Attorney for the Tulalip Tribes.

Thank you,



Teri Gobin,
Tulalip Tribal Chairwoman

Cc:
Brian Considine, Legal and Legislative Manager
Ashlie Laydon, Rules Coordinator
President/COO, Kenneth Kettler
TGA Director, Lance Ledford



June 18, 2021

Bud Sizemore, Chair
Tina Griffin, Interim Director
Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504

Dear Bud and Tina:

On behalf of the Washington Indian Gaming Association (WIGA), I write today to offer feedback on the draft sports wagering rules presented at the Washington State Gambling Commission's (WSGC) meeting on Thursday, June 10. To summarize, WIGA is concerned that WSGC's draft rules improperly circumvent our co-regulatory relationship under the gaming compacts via unilateral rulemaking.

Prior to addressing the substance, I first wanted to address the process. The draft rules were made available to a blind copied stakeholder list by Brian Considine on Thursday, May 27. Some tribal staff are presumably on that list; many are not, and I suspect tribal leadership is not. You did not notify the tribal stakeholder list of these same draft rules until a full week later via email from Michelle Rancour. Seeing as that email was received near the close of business on Thursday, June 3, and comments were requested by 8:00 a.m. on Monday, June 7, considering the weekend, tribes really had only one business day to review and comment on the draft rules. I would ask that in the future when rules that affect a tribal gaming matter are issued—and especially when they affect a *tribal only* gaming activity—they really should be discussed through a government to government consultation with an opportunity for meaningful input. At the very least I would hope the draft rules would go to the tribes on the same schedule as other stakeholders.

As to the substance of the draft sports wagering rules, WIGA has several concerns. After a 25-year relationship between WSGC and Washington tribes, I know you understand the scope of the

Indian Gaming Regulatory Act (IGRA). Under IGRA, the co-regulatory relationship between the State of Washington and tribes is governed by the Class III gaming compacts. As fully recognized by section 2 of HB 2638, the operation of sports wagering on tribal lands is a feature of the compacts (which are negotiated between the State and tribes), not a feature of state rule (which is adopted as a unilateral action of the State). I appreciate this is the first time there has been legislation authorizing a tribal only activity, but that does not change the fact that IGRA—and therefore the compacts—are what govern the conduct and operation of the gaming activity.

Although HB 2638 gave WSGC rulemaking authority over licensing (or more appropriately, certification), it did not give WSGC rulemaking authority over tribal gaming activities *conducted on tribal lands*. Who is certified and how they are certified is a proper function of WSGC rules. See HB 2638 at section 3 (authorizing issuance of licenses for manufacturers and sports wagering service providers, and their employees). How those vendors interact with WSGC is also a proper function of the WSGC rules. But, attempting to address issues more appropriate for tribal gaming compacts is not. Therefore, I would respectfully request that draft rule section 230-17 be removed in its entirety. That section is largely a restatement of what is already in compact, and that is where it should stay.

I acknowledge that some sections of HB 2638 give you the authority to track and monitor certain transactions, require certain reports, and the like. But, as I understand it, those conversations were part of the compact negotiations. While Jamestown was not a direct party to those negotiations and I defer to my sister tribes and their experiences, you will likely hear from them directly that they are frustrated that you are taking a second bite of the negotiation apple by requiring certain reports and documents *by rule* that you had already agreed would be handled *by compact* and internal controls. I'm sure you can understand that this makes the negotiating tribes feel like what they thought was a fair compromise was really an underhanded way of getting the results WSGC wanted by rule instead. If you think you need a hook to take some kind of negative licensing actions against our vendors for their failure to follow the compacts, you can simply include a catchall provision in your rules that says that. That is far more effective, efficient, and appropriate than restating our compacts in your rules.

And finally, and I'm sure unsurprising to you, I take great issue with the proposed licensing fee structure. Sports wagering is another game being added to tribes' current offerings. Relative to our other forms of gaming, it will be a minor financial addition. However, the proposed fee for the major vendors is more than three times what our TLS vendors currently pay. As you likely recall from our conversations around the fee simplification project some years ago, excessive vendor certification fees lead to one of two outcomes: (1) the fee is passed on to the tribes, looking a lot like an unlawful tax on tribes and tribal gaming, or (2) the fee is not passed on to the tribes, and as some vendors have already pointed out, might dissuade vendors from participating in the Washington market at all. This is especially true here, for an on-premises only game, and even truer at smaller properties like 7 Cedars. I would encourage you to approach sports wagering vendors the same way you have approached other gaming vendors in the past: a more appropriate fee combined with special investigative fees as needed to address unique costs of investigating certain vendors. Here you are in an even better position because you can draw on the \$6 million cushion the loan provides you.

Under HB 2638, legal sports wagering will occur only in Indian country. The compacts govern sports wagering in Indian country. Therefore, much of what you are trying to accomplish in draft rule section 230-17 seems at worst, improper, and at best, unnecessary.

Very truly yours,

A handwritten signature in black ink that reads "W. Ron Allen". The signature is written in a cursive style with a large, sweeping initial "W" and a long, horizontal flourish at the end.

W. Ron Allen
Chairman, Washington Indian Gaming Association
Chairman, Jamestown S'Klallam Indian Tribe

Cc: Brian Considine, Legal and Legislative Manager
Ashlie Laydon, Rules Coordinator



**STATE OF WASHINGTON
GAMBLING COMMISSION**

“Protect the Public by Ensuring that Gambling is Legal and Honest”

July 1, 2021

TO: **COMMISSIONERS** **EX OFFICIO MEMBERS**
 Bud Sizemore, Chair Senator Steve Conway
 Julia Patterson, Vice-Chair Senator Jeff Holy
 Alicia Levy Representative Shelley Kloba
 Kristine Reeves Representative Brandon Vick

FROM: Brian J. Considine, Legal and Legislative Manager

SUBJECT: **2022 Agency Request Legislation**

We will begin discussing possible topics for 2022 agency request legislation at our July 8, 2021 Commission Meeting. On behalf of Commission staff, I will discuss two possible topics for agency request legislation:

- Bingo at Senior Housing/Community Centers (approved last year); and
- Financial Exploitation of Vulnerable Adults

I will ask you for any additional topics you wish to add to this list. In June, you indicated possible exploration of agency bills centered around Equity, Problem Gambling, and Funding for Criminal Enforcement.

After we’ve identified all topics, I will ask you to identify our top two or three agency request legislation priorities for 2022. I will bring draft agency request legislation to you at our August 2021 public meeting for your review and input. Then, I will ask you to approve any agency request legislation for filing with the Governor’s Office at our September 2021 public meeting.