



STATE OF WASHINGTON
GAMBLING COMMISSION

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

December Gambling Commission Meeting Minutes

Gambling Commission Headquarters

Virtual Meeting

***December 17, 2020**

Commissioners Present:

Bud Sizemore, Chair (Via Teams)

Julia Patterson (Via Teams)

Alicia Levy (Via Teams)

Lauren King (Via Teams)

Ex Officio Members Present:

Senator Steve Conway (Via Teams)

Senator Jeff Holy (Via Teams)

Representative Shelley Kloba (Via Teams)

Staff Present:

Dave Trujillo, Director; and Julie Anderson, Executive Assistant.

Staff Present-Virtual:

Tina Griffin, Assistant Director; Brian Considine, Legal and Legislative Manager (LLM); Julie Lies, Tribal Liaison; Heather LaLiberte, Public Information Officer; Ashlie Laydon, Rules Coordinator; and Suzanne Becker, Assistant Attorney General.

Public Meeting Call to Order

Chair Sizemore called the virtual meeting to order at 10:01 AM and announced that the commissioners would go directly into executive session to discuss potential litigation, including tribal negotiations, with legal counsel. Chair Sizemore asked Director Trujillo to call the roll. He announced that the public meeting would reconvene at 1:00 PM.

Executive session adjourned at 12:10 PM. The commissioners took a break until 1:00 PM.

Public meeting reconvened at 1:04 PM.

Chair Sizemore asked Director Trujillo to call roll to ensure a quorum for the public meeting. All commissioners were present. The Commission observed a moment of silence for the fallen officers that have lost their lives since we last met. Chair Sizemore gave a special recognition to Deputy Melvin from the Grant County Sheriff's Department, who passed away from COVID. He had 36 years with the department.

There were 107 people who attended the virtual meeting.

Tab 1

Consent Agenda

Commissioner Patterson moved to approve the consent agenda as presented.

* 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.

*Commissioner Levy seconded the motion.
The motion passed 4:0*

Director's Report

Director Trujillo recognized Cathee Gottfryd for 37 years of state service in Washington and almost 22 years with the Gambling Commission. He noted that Cathee will be missed in the licensing department because of her work ethic and her attention to detail. He wished her good luck in her future endeavors.

Tab 2

Rule for Discussion and Possible Filing – Raffle Activity

Ashlie Laydon, Rules Coordinator (RC), presented the materials for this tab. At the January 2020 meeting, commissioners initiated rule-making for raffles. Commissioners asked staff to continue their review of raffle rules for bundling and selling tickets at a discount, alternative drawing formats, and progressive raffles. Staff has determined rules for progressive raffles are not needed at this time. Gambling Commission staff received input from stakeholders and staff regarding potential rule changes that could be proposed to assist nonprofit organizations. After discussing some of the obstacles nonprofits face when conducting raffles, staff proposes amending rules regarding alternative drawing formats and bundling and selling tickets at a discount.

Draft language was sent out on Nov. 5, 2020 to all organizations that hold a license to conduct raffles in the state.

Staff recommended filing this language for further discussion.

Chair Sizemore asked for public comment. There was no public comment. Julie Anderson confirmed no activity in the chat room and no emails for public comment.

Commissioner King moved to file the proposed rule language as proposed and recommended by staff.

*Commissioner Levy seconded the motion.
The motion passed 4:0*

Tab 3

Rule for Withdrawal – Repealing WAC Definitions

RC Ashlie Laydon presented the materials for this tab. RC Laydon stated that at the February 2020 meeting, commissioners decided to initiate rule-making to consider placing the definitions of gross sales, net gambling receipts, net gambling income, and cost in the chapters where they are referenced, and also to consider amending net gambling receipts and cost to clarify sales tax. Staff has completed an extensive review and has found that these definitions strictly pertained to rules related to activity reporting. Since the Gambling Commission has completed its transition from activity reporting to quarterly license reporting, these definitions are no longer relevant and should be repealed.

Staff recommended withdrawal of this rule making. Staff will later repeal these definitions through the expedited rulemaking process.

Chair Sizemore asked for public comment. There was no public comment. Julie Anderson confirmed no activity in the chat room and no emails for public comment.

Commissioner Patterson moved to withdraw the rule as recommended by staff.

Commissioner King seconded the motion.

The motion passed 4:0

Tab 4

Rule Up for Final Action – Credit Card Authorization

Brian Considine, Legal and Legislative Manager (LLM), presented the materials for this tab. LLM Considine stated that at the September 2020 meeting, the commissioners decided to file draft language for further discussion to accept credit cards as a payment method option for card games, pull-tabs and bingo. At the October 2020 commission meeting, staff provided a presentation on current practices involving the use of credit cards in gambling activities, followed by a stakeholder panel discussion related to the draft language filed for further discussion at the September meeting. At the November 2020 commission meeting, staff facilitated additional discussion on the current rule-making and were asked to solicit additional stakeholder input from the Problem Gambling Task Force and gambling industry. On Nov. 20, 2020, draft language was sent via email to organizations currently licensed to conduct card games, bingo, and/or pull-tabs, and to manufacturers and distributors. In total, 30 stakeholders have expressed their support of the proposed language throughout this process. They would like to have the option to accept credit cards as a method of payment and believe this will help their businesses. Thirty-five stakeholders have expressed their opposition to the proposed language, citing fees, fears of fraudulent claims and/or credit card disputes, and problem gambling as their primary concerns.

Staff remains neutral; however, recommends the Commission take final action by either approving the proposed language as is, making it effective 31 days after filing, or withdrawing the rule-making at this time.

Chair Sizemore asked for public comment.

Roxane Waldron, Problem Gambling Program Manager, WA Health Care Authority, addressed the Commission and thanked Chair Sizemore and commissioners for the opportunity to speak about the proposed language change to WAC 230-06-305 that would allow operators to accept credit cards for card games, bingo and pull-tabs. Ms. Waldron explained that during the eight workdays that the comment period was open (Nov 30-Dec 10), she received only one written response. Antonio Edwards-Lenton, a prevention system manager at the Division of Behavioral Health & Recovery at HCA, shared these concerns:

“My comments are against the acceptance of credit cards as payment for gambling activities. ...Credit card gambling can lead to significant financial harm, far greater than that of the other forms of payment (because the credit) is not earned income or funds belonging to the gambler. This creates a false sense of “available funds” to use for games of chance that must be paid back when the credit card statement balance is due. Credit cards (should not be) be used for games of chance as they present considerable risks of significant financial harm.”

Ms. Waldron also presented information she received from the Washington State Lottery's Director of Legal Services, Kristi Weeks:

- Lottery direct sales are exclusively cash-only transactions.
- For over-the-counter sales, licensed retailers can choose to accept cash, credit, or debit - the Lottery currently has no rule or law that either prohibits or specifically allows cashless transactions by retailers. This allows retailers to combine customers' Lottery purchases with groceries or similar items.
- The Lottery is in the process of implementing cashless purchases at their vending machines. This won't be available for at least a year, but the Lottery has decided that the vending machines will accept only debit cards but not accept credit cards. This is based on consultation with the Evergreen Council on Problem Gambling and the Lottery's attention to the responsible gambling aspects of this transition. At this time, the Lottery also plans to have daily or weekly purchase limits, though the amounts are still to be decided.
- Lottery does not want people spending money they don't have on lottery tickets.”

In closing Ms. Waldron shared information from a paper published in March 2020 by the United Kingdom's Gambling Commission, titled, *The Role of Credit Cards in Gambling – Rapid Evidence Review*. Based on this and additional research on the impacts of credit card gambling, beginning on April 14, 2020, the UK instituted a ban on credit cards being used for gambling, including all online and offline gambling products with the exceptions of non-remote 'good cause' lotteries and the National Lottery tickets which are sold with other items in grocery stores and newsagents.

Neil McArthur, head of the UK Gambling Commission said in a statement:

‘The ban that we have announced today should minimize the risks of harm to consumers from gambling with money they do not have’

Ms. Waldron said: “In my role as the Problem Gambling Program Mgr., my focus is on both the behavioral health aspects as well as consumer protections from the potential negative impacts of gambling. Any change that increases opportunities to use credit to gamble is of concern to our program. I do understand that the Gambling Commission is required to consider fairness for all operators. However, I would point out that due to Tribal sovereignty, there are already existing differences such as the permitted use of slot-like machines within Tribal casinos, as well as the new opportunity for Tribes to negotiate sports wagering. We already know through research that credit cards can lead to significant and life-crushing indebtedness. This affects not just the gambler but also spouses or significant others, children, as well as school or workplace relationships. Just this week, I've been working with a spouse of a disordered gambler to place the individual into in-patient treatment due to, as he put it, ‘thousands and thousands of dollars that have now been lost to gambling. In some cases, disordered gambling leads to embezzlement or other illegal activities and even incarceration as the gambler struggles to fix their financial situation. In her opinion, she said that when considering the expansion of the use of credit cards for gambling, the rights of consumers and their families to be protected from incurring excessive debt that cannot be easily repaid should be given equal time and consideration to issues of fairness for operators. Even though the language change may seem small, once the door is opened to expanding the use of credit cards, it will be very difficult to close it again, as the UK is experiencing right now.

In closing, as the Problem Gambling Task Force Coordinator, at this time I'm unfortunately unable to provide a recommendation on behalf of the entire Task Force on the proposed language change, due to the small amount of feedback that I received from members. However, I believe that at a full Task Force meeting, members present could have a robust discussion on the issue and likely send forth a recommendation to the Gambling Commission on the proposed rule change.

Ms. Waldron concluded by announcing that the next full task force meeting will be held on Feb. 23, 2021. She also recommended that, rather than decide the issue today, the commissioners should request that the topic be added to the task force meeting agenda for Feb 23 or as Brian Considine mentioned, withdraw the proposed rule change altogether.

Katie Doyle, Washington Hospitality Association, represents hundreds of hospitality businesses statewide. She thanked the Commission for its time. She is in support of this rule change because it could provide operators flexibility in being able to decide whether they would like to use credit cards or continue with cash transactions for pull-tabs.

Chair Sizemore asked for additional public comment. Julie Anderson confirmed no activity in the chat room and no emails for public comment.

Commissioner Patterson moved to withdraw this rule-making.

Commissioner King seconded the motion.

The motion passed 4:0

Commissioner Levy, Senator Conway and Representative Kloba all agreed with the motion.

Tab 5

Defaults

Mathew P. Williams CR 2020-01020

Chair Sizemore asked if Matthew P. Williams was present. He was not.

Commissioner Levy moved to approve the final order and revoke the certification of Class III employee Matthew P. Williams.

Commissioner King seconded the motion.

The motion passed 4:0

Tifannie S. Gibson CR2020-00673

Chair Sizemore asked if Tifannie S. Gibson was present. She was not.

Commissioner Levy moved to approve the final order and revoke the license of public card room employee Tifannie S. Gibson.

Commissioner King seconded the motion.

The motion passed 4:0

Tab 6

Presentation- Gambling Commission Budget Review and Financial Update

Christopher Stanley, Chief Financial Officer (CFO), presented the agency's budget review and financial update. **Senator Conway** asked CFO Stanley if he knew if any of the licensees took advantage of any of the loans that the state has made available to them. **CFO Stanley** could not confirm at this time.

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

Tab 7

Legislative Update

LLM Brian Considine presented the materials for this tab. LLM Considine recapped the Agency Request Legislation process for 2021. He congratulated Representative Kloba on being named Chair of the House Commerce and Gaming Committee. Rep. Kloba stated that she is looking forward to the additional responsibilities and the ability to "up her game" professionally and continue the work with the Gambling Commission. **Chair Sizemore** also congratulated Rep. Kloba. **LLM Considine** briefed the commissioners on other changes to the House and Senate policy committees and that he would have more information for them at the January public meeting. Lastly, he summarized the process used during past sessions: He would provide information in a monthly session memo, and bring any gambling-related bills, and other bills of importance impacting the agency, to the Commission's attention and recommend which bills the commissioners may want to consider taking a position on, including any recommendation by staff.

Commissioners each signaled that they approved continuing this process for the 2021 session.

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

Tab 8

Sports Wagering Discussion

LLM Considine presented for this tab. He briefed the commissioners on sports wagering and that negotiations were on-going.; however, any final compact amendment will contain a licensing component where the final license classes will still require pre-licensing investigations. Therefore, at the January public meeting, staff will bring sports wagering pre-licensing qualification to the commissioners for their review and possible approval for further consideration. Staff will also send the draft rule language to tribes and sports wagering stakeholders, per the agency's customary public process asking for stakeholder feedback in rule-making. The pre-licensing qualification rules will be available for final action at the end of February through a special meeting, or at the March public meeting, if the commissioners approve of the initial draft rules at the January meeting. Once the final rules are approved, they will likely go into effect 31 days after they are filed with the Code Reviser.

Chair Sizemore announced that the next public meeting will be January 14, 2021 and to continue checking the website for the most current information.

The December meeting adjourned at 2:51 PM.