



STATE OF WASHINGTON
GAMBLING COMMISSION

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

October Gambling Commission Meeting Minutes

Virtual Meeting

*October 14, 2021

Commissioners Present:

Bud Sizemore, Chair (Via Teams)

Julia Patterson (Via Teams)

Alicia Levy (Via Teams)

Kristine Reeves (Via Teams)

Ex Officio Members Present:

Senator Steve Conway (Via Teams)

Representative Shelley Kloba (Via Teams)

Staff Present – Virtually:

Tina Griffin, Interim Director; Julie Lies, Tribal Liaison (TL); Ashlie Laydon, Rules Coordinator (RC); Adam Teal, Acting Legal Manager; Rashida Robbins, Administrative Assistant and Suzanne Becker, Assistant Attorney General.

Vice Chair Patterson called the virtual meeting to order at 9:01AM. After ensuring a quorum, Commissioners Reeves, Levy and Vice Chair Patterson immediately convened into Executive Session to discuss with legal counsel the risk of litigation, to which the commission is likely to become a party. Chair Sizemore joined the Executive Session at 9:05AM. Executive Session adjourned at 10:00AM.

Chair Sizemore called the public meeting to order at 10:04AM. Interim Director Griffin called the role to ensure a quorum. Chair Sizemore asked for a moment of silence to acknowledge any law enforcement officers that have been lost since the last time the commission met.

Interim Director's Report

Interim Director Tina Griffin provided a brief update on sports wagering adding, 17 Tribal-State Compact Amendments authorizing sports wagering have been approved by the Gambling Commission, 15 have been signed by the Governor, 13 have been published in the Federal Register, and 1 through a Memorandum of Incorporation. Currently, Snoqualmie Indian Tribe is the only sportsbook open to date. She also updated Commissioners regarding the on-going enforcement efforts involving illegal online sports wagering.

Tab 1

Consent Agenda

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

Commissioner Levy seconded the motion.

The motion passed. 4:0

* 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.

Tab 2

Muckleshoot Indian Tribe Compact Amendment Hearing

Honorable Donny Stevenson, Vice Chair, Muckleshoot Tribal Council, Tina Griffin, Interim Director; Julie Lies, Tribal Liaison presented the material for this tab. **Interim Director Griffin** explained the process and **Tribal Liaison Lies** provided a detailed account of the compact changes to the Tribe's Amendment. She explained that the Amendment will include new provisions for the Tribe that do not exist in other tribes' Compacts regarding security features for the Tribal Lottery System. The Amendment will also include wager limits from \$1,000 to \$5,000 if pre-screened for 25% of table games in operation. **Vice Chair Stevenson** gave a short presentation of the tribe's history and accomplishments and thanked the commission for this opportunity.

Public Comment

There was no public comment.

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

Senator Conway seconded the motion.

The motion passed 6:0

Chair Sizemore

Vice Chair Patterson

Commissioner Levy

Commissioner Reeves

Senator Conway

Representative Kloba

Next steps include forwarding the agreement to Governor Jay Inslee for his signature and final execution.

Tab 3

Chapter 230-23 WAC- Self-Exclusion.

Ashlie Laydon, Rules Coordinator presented the materials for this tab. RC Laydon provided draft language with revisions for statewide self-exclusion rules, adding ways for gambling treatment counselors to sign the forms to confirm identities of self-exclusion participants. In addition, staff added a three-year enrollment option. The agency also committed to exploring an online enrollment process after their computer modernization project is finished. Commissioners had a rich discussion regarding the rollout plan and asked staff to make the process to enroll in the program as easy as possible.

Commissioner Patterson asked AAG Becker if the monies forfeited could be allotted to a particular place. AAG Becker said that *"the forfeited funds are to go to the Problem Gambling Fund and/or a charitable or nonprofit organization that provides Problem Gambling Services or increases awareness about problem gambling pursuant to rules adopted by the commission"*.

Commissioners and staff took a short break while staff worked on suggested language changes. The proposed rule language change is as follows: "The licensee will issue checks to the same monetary value confiscated within three business days after collecting or refusing to pay any

winnings from gambling or chips in the possession of a participant on the self-exclusion list as follows. A, a minimum of 70% of the confiscated funds must be dispersed to the problem gambling account created in RCW 42.05.751, and B, the remainder of the confiscated funds, if any, must be distributed to a charitable or nonprofit organization that provides gambling disorder services or increases awareness about gambling disorders."

(We had other rule changes read into the record as well. Do we need to insert all of that in here? Please check with Ashlie to make sure the above is correct.)

Public Comment

Tana Russell, Assistant Director at the Evergreen Council on Problem Gambling spoke to the commission. She asked about why the term "problem gambling" was changed to "gambling disorder", because in her opinion she said that it narrows the population it captures a bit. She followed up by saying, "problem gambling is a term used more loosely to describe the outreach or treatment work. Gambling disorder is the clinical diagnosis where they have to meet at least four out of nine diagnostic criteria".

Roxane Waldron, Problem Gambling Program Manager had a correction to RCW 41.05.751, it says 42 in the rule.

Commissioner Patterson move to approve the draft language as amended for further discussion and for staff to make non-substantive modifications for clarity as presented by staff.

Commissioner Levy seconded the motion.

The motion passed 4-0

Tab 4

Chapter 230-19 WAC- Sports Wagering.

Ashlie Laydon, Rules Coordinator presented the materials for this tab. RC Laydon stated that in April and May 2021, the Commission reached a tentative sport wagering Compact Amendment with fifteen Tribes. At the June 10, 2021 public meeting, Commissioners chose to file draft language for further discussion. Draft language was filed with the Office of the Code Reviser on June 23, 2021 and was published in the Washington State Register (WSR 21-13-165) on July 7, 2021 for further discussion. At the July 8, 2021 public meeting, Commission staff was directed to provide Commissioner's rule options for consideration at our July 28, 2021 special meeting. Based on comments and concerns received, especially concerns centered on proposed rules in chapter 230-19 WAC, Commissioners directed staff to continue to work with stakeholders on chapter 230-19 WAC with the intent of bringing draft language back at the October 14, 2021 public meeting. Stakeholder feedback was as followed:

- Staff met with GeoComply, at their request, on September 9, 2021 who expressed concerns that a number of the sections had been struck, the GLI requirements had been removed, and were seeking clarification on operational requirements.
- A meeting was held with Tribal leaders and representatives on September 15, 2021 to discuss the proposed rules. The general feedback received was that the proposed rules were too broad and that the tribal-state sports wagering compact amendments are the governing authority over sports wagering, and therefore rules are not necessary. Suggested that if language is necessary, then one rule would be sufficient to specify that sports wagering vendors may facilitate sports wagering only as authorized by and compliant with tribal gaming compact and/or internal controls.

- Written feedback was received from FanDuel who expressed concerns over the timeliness of unusual and suspicious reporting requirements.
- A stakeholder meeting was held on September 22, 2021 to discuss the draft rules with those stakeholders who have a vested interest in sports wagering, primarily sports wagering vendors. Feedback received at this meeting was related to the removal of GLI requirements, and clarification of the timeline for these rules.

Public Comment

Tim Woolsey, council for Suquamish Tribe said, *“I just wanted to say that we're disappointed that the commission is ignoring the requests by the tribes, and just want to remind the commission that the state of Washington has waived its sovereign immunity under the Compacts, and if we're continuing down this path, the tribes may seek other remedies to fix the situation. Thanks”*.

Senator Conway addressed Mr. Woolsey by saying, *“He was very familiar with the process of waiving sovereign immunity. We have done this at different times in the legislature and at the request of the tribes. I guess what I'm asking you, is that what you think needs to be done, in terms of this rulemaking that there is an approach with the tribes on waiving sovereign immunity?”*

Tim Woolsey said *“the state's attempt to regulate Indian gaming has been well litigated. And this is just another sign of that, and the tribes aren't happy about it. And the sovereign immunity waiver is a method for resolving those conflicts through an external body.*

Commissioner Patterson moved to approve the draft rule language for further discussion as presented by staff.

Chair Sizemore seconded the motion.

The motion passed 3-0

Commissioner Levy was absent.

Tab 5

Applying for a gambling service supplier license.

Ashlie Laydon, Rules Coordinator presented the materials for this tab. RC Laydon stated that in July 2021, Commissioners chose to take final action on rules to address licensing and regulation, and licensing fees consistent with the Gambling Act and recently negotiated tribal-state sports wagering compact amendments. As part of these Compact Amendments, sports wagering systems need to be tested and certified by an independent testing lab to ensure they meet or exceed GLI-33 standards and provisions outlined in Compact and Appendices. Independent Testing Labs must be licensed by both the Tribe(s) and the Gambling Commission. WSGC staff does this is through a gambling service supplier license, and therefore WAC 230-03-210, Applying for a gambling service supplier license, must be amended to include performing the testing and certification of sports wagering systems as a service requiring a gambling service supplier license. WAC 230-11-305- Electronic raffle systems, was presented for final action. This rule requires an independent testing lab, licensed by us, to perform testing and certification of electronic raffle systems to ensure the system meets or exceeds GLI-31 and complies with Washington gambling laws and rules before the electronic raffle system will be authorized to be brought into this state. Therefore, amending WAC 230-03-210, Applying for a gambling service supplier license, to include performing the testing and certification of gambling

equipment as required by Title 230 WAC will cover the testing of electronic raffle systems and any future gambling equipment, we may require certification by an independent testing lab.

Chair Sizemore asked if there was an independent test lab only does GLI-33 testing or only sports wagering equipment testing that we know of. (What was our answer?)

Commissioner Patterson moved to approve the draft rule language for further discussion as presented by staff.

Commissioner Reeves seconded the motion.

The motion passed 3-0

Commissioner Levy was absent.

Tab 6

Minimum cash on hand requirements.

Ashlie Laydon, Rules Coordinator presented the materials for this tab. Ann Huysmans, of Galaxy Gaming Inc., Las Vegas, Nevada, is proposing to amend WAC 230-15-050, Minimum cash on hand requirements, to allow operators who are running house-banked jackpots to keep the required jackpot money in a separate, off-site bank account rather than on the premises. The petitioner feels this change is needed because operators have expressed security concerns associated with keeping large sums of money on the premises. The petitioner feels the effect of this rule change would reduce the risk of burglaries, theft, misappropriation of funds associated with having large sums of cash on the premises. The petitioner feels that this rule change would allow for increased accountability and tracking of funds as financial institutions are heavily regulated and maintain numerous records for various regulators, both at the federal and state level. **RC Laydon** stated that at the August 2021 public meeting, Commissioners accepted a petition and chose to initiate rule-making to address minimum cash on hand requirements, including keeping jackpot money in a separate, off-site bank account rather than on the premises. Staff recognizes the petitioner's safety concerns for card rooms and for players leaving card rooms with large sums of money on their persons.

Commissioner Patterson moved to approve the draft rule language for further discussion as presented by staff.

Commissioner Reeves seconded the motion.

The motion passed 3-0

Commissioner Levy was absent.

Tab 7

Electronic Raffles

Ashlie Laydon, Rules Coordinator presented the materials for this tab. RC Laydon said that at the March 2020 meeting, Commissioners accepted a petition and chose to initiate rule-making to allow sports teams charitable foundations to operate electronic raffles at sporting events. At the August 2021 meeting, Commissioners chose to file draft language for further discussion. Draft language was sent out to the sports team charitable foundations of the NHL Seattle, Seattle Mariners, Seattle Sounders FC, and Seattle Seahawks, as well as electronic raffle manufacturers and distributors for review and feedback on August 11, 2021. Staff has put considerable time and resources into meeting with stakeholders and drafting rules that will both meet the needs of the petitioners and fit within the parameters of the Gambling Act. There are some concerns that staff

cannot address, as the Gambling Act does not allow for, such as the use of a cloud-based server and the transmission of gambling information over the internet. However, staff has made efforts to address other petitioner concerns:

- Allowing for remote access of the electronic raffle system for repair, trouble shooting, and technical support,
- Allowing for refunds,
- Allowing for ticket sales in areas where a ticket to the sporting event is required for entry,
- Allowing the affiliated nonprofit organizations to deduct expenses up to a maximum amount before calculating prizes, and
- Working with licensees to develop internal controls.

Staff recommends final action be taken on the language before you today, which includes non-substantive changes to the following rules in order to provide clarity to licensees:

- WAC 230-03-138 Defining “qualified sports team.” Language was added to this rule to clarify that a qualified sports team does not include lower-level teams, such as minor farm or development leagues.
- WAC 230-03-153, Applying to operate electronic raffles. Language was added to this rule to clarify that charitable or nonprofit organizations must be established by, or directly affiliated with a qualified sports team to apply for an electronic raffle license.
- WAC 230-06-050, Review of electronic or mechanical gambling equipment. Reference to WAC 230-16-005, was removed as this rule has been repealed and the correct WAC, WAC 230-06-116 was cited. The language was also clarified by citing WAC 230-11-305, subsection (3).
- WAC 230-11-305, Electronic raffle system standards. Language in subsections (1) and (2) were revised to clarify the application process.

By taking final action today, these rules would become effective on or after November 18th, 2021.

Public Comment

David Trout, on behalf of BUMP addressed the commission. He said that *“there’s regulations, the rules have already been proposed to be adopted, requiring GLI-31. And GLI-31 addresses cloud-based computing and non-manual drawings. And so, we think that GLI-31, the gold standard in monitoring, which this committee is already looking at, if that’s part of the rules for the protections that the commission would need to move forward”*.

Amber Carter, on behalf of the Seattle Mariners spoke to the commission. She said *“We spoke to you back in August about our support for these proposed rules. We just want to extend that support again today. Our nonprofit has a long history of giving back through our foundations to advance youth physical activity prevents homelessness and promote community leadership. This is a tool that will be used to modernize 50/50 raffles to help streamline the management while continuing to protect its integrity. And while we recognize that the rules did not go as far as our request initially sought; we do believe that these represent a substantial step forward on streamlining other provisions in the rules. An example of that is allowing a modest raffle at each of our home games to support these nonprofit activities, and to have a deduction for overhead expenses, through the charitable work of our foundations. Again, we appreciate the step forward. We look forward to future discussions in future modernization efforts, but at the time, we support these rules as presented. Thank you.”*

RC Laydon, read public comment into the record from **Ken Cook of Ascend Fundraising Solutions**, which is a manufacturer, and it says, *“We have discussed this internally and we have*

decided to provide services in the state of Washington providing enough interest. While we agree with the position that BUMP has identified, it would be in everyone's interest if RNG and AWS were allowed in the state."

"In our opinion, the only way this initiative will get off the ground on the proposed timeline is to follow the existing rules set forth by the working committee and the commission initially. We are currently offering services in a state with similar limitations. We are confident that we can meet the state regulations provided. Although not ideal, it is certainly achievable."

"We hope that by identifying the caveats around operating with localized servers, WSGC in the future will offer the opportunity to pilot and demonstrate the efficiency, safety and compliance that conducting a raffle using AWS and RNG presents to the charitable foundations would be acceptable to the commission. Best regards, Ken Cook."

Commissioner Patterson moved to approve rule language for final action as presented by staff.

Commissioner Reeves seconded the motion.

The motion passed 3-0

Commissioner Levy was absent.

Tab 8

Repeal of rule requiring identification at the door.

Ashlie Laydon, Rules Coordinator presented the materials for this tab. RC Laydon said that Molly Riley, of Chehalis, Washington, is proposing to repeal the rule that requires "casinos" to verify the identification of each patron entering their facility. The petitioner feels this change is needed because it conflicts with other federal, state, or local laws and/or rules. The petitioner also feels that this change would be a kind consideration to patrons because casinos use methods to document patron identification therefore, they should know their customers. While the Gambling Act, specifically RCW 9.46.228, requires that you must be eighteen to play card games, nothing in the Gambling Act, or the gambling rules (Title 230 WAC) requires card rooms to card every patron that enters their facility. Card rooms may have their own internal procedures for verifying the age of patrons and therefore this may be done by verifying identification upon entry. Staff recommends denial of this petition as no rule exists to repeal. Staff recommended the petitioner follow up with card room and/or casino directly to seek clarification and/or resolution in this matter.

Commissioner Reeves moved to deny the petition in writing for all the reasons presented by staff.

Commissioner Patterson seconded the motion.

The motion was denied 3-0

Commissioner Levy was absent.

Tab 9

Agency Director Hiring Discussion

Lisa Benavidez, Human Resources Director presented the materials for this tab. Chair Sizemore handed the gavel to Vice Chair Patterson to oversee this agenda item. HRD Benavidez gave a short update on the director hiring process. She announced that the hiring committee met, and it was determined that they will need an additional meeting. After that meeting the committee will take action at a public meeting to determine which if any candidates will move forward for further consideration.

Commissioner Reeves thanked the HR staff on their fine work.
Vice Chair Patterson handed the gavel back to Chair Sizemore.

Public Comment

There was no public comment.

Chair Sizemore gave a short update on the G2E global gaming expo that he attended virtually.

The next meeting of the Washington State Gambling Commission will be held virtually and is scheduled for November 16th.

There were 72 people that joined the meeting.